



We would like to draw your attention to the NSDL Circular #NSDL/POLICY/DDP/2017/0005 dated June 13, 2017 & CDSL Circular #CDSL/OPS/DP/POLCY/3352 dated June 20, 2017 whereby they have issued a notification regarding Rajiv Gandhi Equity Savings Scheme (RGESS), 2012.

As per the directive of the Ministry of Finance, RGESS facility has been withdrawn with effect from April 01, 2017.

Extract from Circular is as below:

Pursuant to Finance Act, 2017, w.e.f. April 1, 2018, sub-section (5) of section 80CCG of Income Tax Act, 1961 has been inserted after sub-section (4) of section 80CCG of the Income Tax Act, 1961, as given below:

“(5) Notwithstanding anything contained in sub-sections (1) to (4), no deduction under this section shall be allowed in respect of any assessment year commencing on or after the 1<sup>st</sup> day of April, 2018.

Provided that an assessee, who has acquired listed equity shares or listed units of an equity oriented fund in accordance with the scheme referred to in sub-section (1) and claimed deduction under this section for any assessment year commencing on or before the 1<sup>st</sup> day of April, 2017, shall be allowed deduction under this section till the assessment year commencing on the 1<sup>st</sup> day of April, 2019, if he is otherwise eligible to claim the deduction in accordance with the other provisions of this section.”

In view of the above, ‘**new retail investor**’ (as defined in the scheme) shall not be eligible to avail the benefits of the scheme in respect of investment for with **initial year** (as defined in the scheme) **for financial year 2017-18 i.e. from April 1, 2017 onwards**. Accordingly, it is also advised that **NO** demat accounts should be enabled under RGESS i.e. enabling the RGESS Flag as ‘Y’ either through Creation/Modification module in the client maintenance module of DPM system beginning **April 1, 2017**. Further, in case any account has already been enabled RGESS facility after April 1, 2017, such accounts are required to **disabled for RGESS**.

For more details, we request you to refer the Circular available on NSDL website [www.nSDL.co.in](http://www.nSDL.co.in) / CDSL Website <https://www.cdslindia.com/index.html>