

Bharat ETF

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The foundation of the Bharat 22 ETF was laid by the government in the Union Budget 2017 as a vehicle to achieve its divestment target.

What is an Exchange Traded Fund (ETF)?

- An **index** is a collection of stocks representing a common theme. An **exchange traded fund (ETF)** is a marketable security that tracks the price movements of an index, commodity or other basket of assets. An ETF is able to replicate the price movements of an index because it owns shares of the stocks that make up that index

Bharat-22 ETF: (S&P BSE BHARAT-22 INDEX):

- It consists of *shares* of key CPSEs, Public Sector Banks (PSBs) and also Government owned shares in blue chip private companies. It is a well-diversified ETF spanning six sectors – basic materials, energy, finance, industrials, FMCG and utilities.
- The scheme is intended for investors who are seeking long-term wealth creation through a diversified portfolio which is largely comprised of high-quality public sector undertakings.

What are the tax implications?

- Short-term capital gains (STCG), that is, gains on investments held up to one year, is taxed at 15 per cent plus surcharge and cess as applicable.
- Long-term capital gains (LTCG), that is, gains on an investment held for more than one year are taxed at 10 per cent (only if the gains exceed Rs 1 lakh).

