



# : WHAT'S IN IT??

## For Home Buyers:

Home buyers have many a reason to cheer the Union 2014-15 Budget announced by the new Government on 10th July 2014.

Firstly, the interest exemption available for self occupied property has been hiked from Rs. 1.5 lakhs per annum to Rs. 2 lakhs per annum per individual. So, a couple with both husband and wife as joint property owners and servicing loan jointly, can now claim exemption on housing loan interest upto Rs. 4 lakhs. At home loan interest rates around 10.1-10.25%, that means entire interest on loans with current outstanding upto Rs. 40 lakhs can now be claimed under exemption. That's achche din for more than 80% home loan customers probably.

Secondly, the deduction limit under section 80-C has been hiked from Rs. 1 lakh per annum to Rs. 1.5 lakhs annum. Here again, the principal component of home loan repayment can be claimed as deduction.

Thirdly, the Finance Minister ushered in a more liberal FDI (Foreign Direct Investment) regime for the real estate sector. Look forward to your stalled fund starved projects obtaining some funding and moving towards completion, though it may be relatively slower process.

Fourth, the Finance Minister has signalled his commitment to bring in Real Estate Investment Trusts (REIT's) in India by giving "tax pass-through" treatment to REIT's - a globally acclaimed success model that Indian real estate sector has had to do without for so many years.

## For Manufacturing Sector:

- From the manufacturing sector's point of view, the Budget comes across more as a statement of intentions than concrete actions. Taking GST to its logical conclusion, one gets a positive comfort but there is no clear road map as to how resisting states will be won over.
- FDI in defence will be a positive step as this will help India to move up a notch or two in terms of high-tech manufacturing. Though the finance minister spoke about reviving the manufacturing sector, most of them seem to be secondary drivers except for metals.
- The boost to infrastructure such as 16 more ports, developing seven industrial cities, investment in roads, FDI in real estate etc. will trigger demand for construction-related manufacturing industries such as metals and cements. Revisiting coal linkages and harmonizing duty structure of coke and coal is also a positive step.
- Overall, it appears the government is still making up its mind on major policy decisions and to that extent this Budget looks like an Interim Budget. Having said that, many decisions related to mining and environmental clearances etc. are not necessarily related to only Budget and can be addressed any time.

### India's forex reserves up \$614 mn

India's foreign exchange reserves rose by \$614.6 million to \$316.39 billion for the week. The reserves had increased by \$856.6 million to \$315.77 billion for the week ended June 27, led by a sharp jump in overseas currency assets. Foreign currency assets, the biggest component of the forex reserves, jumped by \$760.6 million to \$286.57 billion. The foreign currency assets had grown by \$850.9 million to \$288.81 billion for the week. The foreign currency assets, expressed in US dollar terms, include the effect of appreciation or depreciation of non-US currencies held in reserve such as the pound sterling, euro and yen.

### LIC hikes stake in Infosys; buys shares worth Rs 1,100 cr

Life Insurance Corporation of India, the biggest institutional investor in the stock market, which held 3.25 per cent stake in Infosys during the January-March quarter, has increased holding to 3.82 per cent. Taking into account the current market value of Infosys shares, the 0.57 per cent hike in LIC's holding in the company would be worth about Rs 1,100 crore. Infosys shares closed at Rs 3,325.80 on Friday. Foreign Institutional Investors cut their exposure in Infosys to 41.58 per cent from 42.10 per cent during the period.

### Gold jewellery import dips 80% from Thailand in 2013-14

over the certificate of origin issue, import of gold jewellery from Thailand has dipped by 80.7 per cent to Rs 100.46 crore (351 kg) in 2013-14. Since 2011-12, import of gold jewellery from Thailand has come down. Similarly, the imports from Hong Kong, the UAE and the USA too have come down in 2013-14. This is, in order to contain widening current account deficit, the government has imposed restrictions on gold imports.

## INTERNATIONAL Happenings

### China demands wall around wealth management sector to cut risk

Banks must establish a separate department to carry out wealth management business by the end of September, as per China Banking Regulatory Commission (CBRC). China needs to reorganize its wealth management industry as it is unduly boosting funding costs and encouraging savers to behave like gamblers by chasing lucrative short-term returns, so this new rule helps to set up separate departments for risk management, accounting and statistical analysis for wealth management services, and give details for each wealth management product individually.

### Ukraine situation 'deteriorating', Angela Merkel, Vladimir Putin agree

Russian President Vladimir Putin and German Chancellor Angela Merkel agreed in talks in Brazil on Sunday that the situation in Ukraine, where Kiev is continuing an offensive against pro-Russian separatists in the east, is "deteriorating". Putin and Merkel had a constructive, very thorough dialogue during which they discussed in detail possible options for resolving the situation in Ukraine though two leaders agreed that unfortunately the situation is deteriorating."

### Alitalia boss hails job cuts deal for Etihad alliance

Etihad Airways is planning to buy a 49 percent stake in debt-laden Alitalia, which currently employs 12,800 people. Etihad's initial investment is expected to be around 560 million euros (\$762 million), and 660 million euros more has been mooted in future to develop the airline. Etihad's entry into Alitalia capital will create a new and very competitive sector of the Italian economy, strongly oriented towards foreign markets.

By Chitra A and Ashish Kumar