

HOMES AND GARDENS

Expectations unfulfilled



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Requests for increase in tax exemption for the home loan interest component and towards principal were ignored. By Balaji Rao

Another Budget has come and gone but the expectations on various fronts remain unfulfilled. The requests for increase in tax exemption for the home loan interest component (under Section 24) and towards principal contribution (under Section 80C) were ignored.

Though various sops were given to senior citizens, the common man did not get much to cheer about from this Budget.

The government continued its focus on affordable housing by announcing its intention to set up a dedicated affordable housing fund under the aegis of National Housing Bank and building of one crore affordable houses in rural areas.

Standard deduction, which was earlier done away with, has been reintroduced, allowing up to Rs.40,000 deduction for salaried class under medical and transport expenses, but increase in the cess from 3% to 4% will act as a dampener. The cess mobilised will be utilised for health and education related development.

This Budget was surprisingly senior-citizen friendly with a lot of benefits ranging from increased tax benefits on health insurance premiums to increase in taxable limits on interest income; up from Rs.10,000 to Rs.50,000.

The future of interest rates now hinges on crude oil prices and how inflation will play out. Whether the good intentions of the government to propel economic growth will transpire into reality will be interesting to watch.

The RBI and the Monetary Policy Committee will be meeting soon to give guidance on liquidity management, inflation and interest rate outlook and also how the government proposes to borrow from the market to meet its fiscal deficit targets for FY 2018-19.

The direction of the interest rates though is not looking great in the near term.

It will be a wait and watch on this front for the time being.



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