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Positive moves

THE FINANCIAL SECTOR in the words of the finance minister is the "lifeblood of any economy". The Budget has put more money in the hands of individuals by increasing the personal income tax exemption limit, removing 10 per cent surcharge on personal income tax and removing FBT. Surcharge on personal income tax and FBT contributed about Rs 11,500 crore in FY09 and the removal will enhance individual disposable income. Further, the commodity transaction tax (CTT), which was introduced by Finance Act, 2008, has been abolished. This move will ensure zero-tax regime in commodity futures trade and would help attract more participation in this segment. Another positive for the financial sector is the measures for the New Pension Scheme (NPS). Deduction under section 80-DD for maintenance of medical treatment of dependents has been raised from Rs 75,000 to Rs 1 lakh. This is positive for the health insurance sector.

Increase in MAT could bring more money into fixed income funds