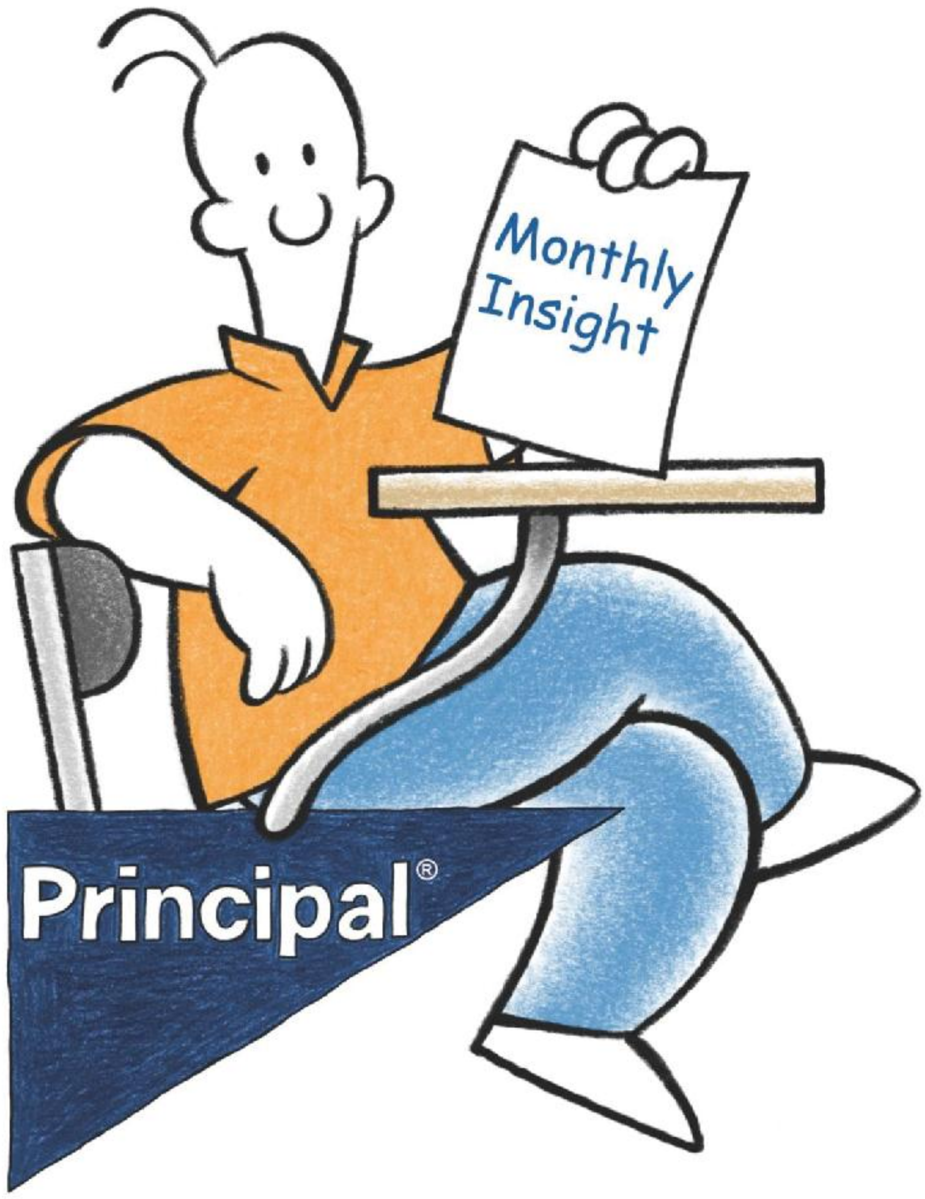


WE'LL GIVE YOU AN EDGE®

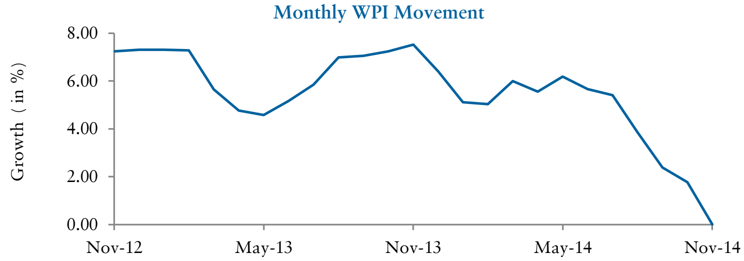
December 2014

Indian Economy

Economic Releases in December-2014			
Policy Rates	**Period**	**Actual**	**Previous**
Repo Rate^	31-Dec-14	8.00%	8.00%
Reverse Repo^	31-Dec-14	7.00%	7.00%
CRR^	31-Dec-14	4.00%	4.00%
Key Indicators	**Actual**	**Previous**	
Index Of Industrial Production (IIP)	-4.20% (Oct-14)	2.80% (Sep-14)	
Wholesale Price Index Inflation(WPI)	0.00% (Nov-14)	1.77% (Oct-14)	
Export (Y-o-Y)	7.27% (Nov-14)	-5.06% (Oct-14)	
Import (Y-o-Y)	26.80% (Nov-14)	3.60% (Oct-14)	
Current Account Deficit ($ Billions)	-10.1(Sep-14)	-7.84(Jun-14)	
Fiscal Deficit FYTD (INR Trillion)	475.75(Oct-14)	438.83(Sep-14)	

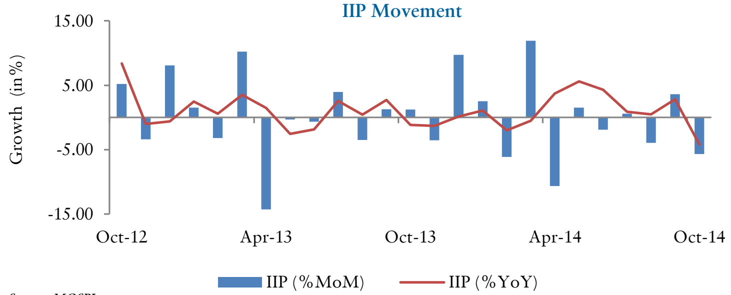
Source: RBI, Reuters; ^Based on Second-Quarter RBI Monetary Policy review released on 02-December 2014

Monthly WPI Movement



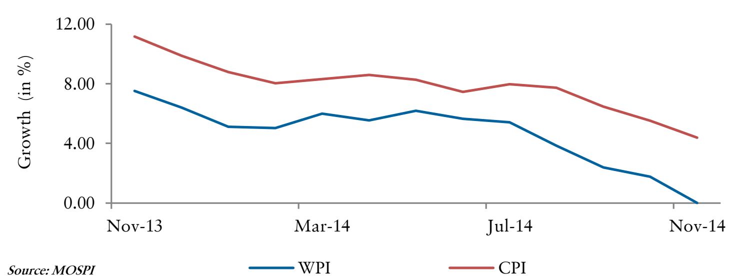
Source: Office of the Economic Adviser, Ministry of Commerce & Industry

IIP Movement



Source: MOSPI

WPI & CPI Movement over last 1-year



Source: MOSPI

- *The Central Bank kept interest rates unchanged for the fifth time in a row in its fifth bi-monthly monetary policy review.* However, the Central BankGovernor gave strong indications that rate cuts could come early in 2015 provided domestic inflationary pressures continued to ease as expected and fiscal developments remained encouraging.

- India's Current Account Deficit (CAD) for the second quarter of the current financial year widened to $10.1 billion compared to $5.2 billion in the previous year and $7.8 billion in the previous quarter. *The CAD now stands at 2.1% of Gross Domestic Product (GDP) compared to 1.2% in the previous year and 1.7% in the previous quarter.* However, the CAD is within the RBI's comfort zone of 2.5% of GDP.

- Government data showed that fiscal deficit stood at Rs. 5.25 trillion ($83.08 billion) during the period from April to November, or 98.9% of the full-year target. The deficit stood at 93.9% during the same period in the previous year. Net tax receipts stood at Rs. 4.13 trillion ($65.35 billion) in the first eight months of the current fiscal that ends in March 2015.

- *The Index of Industrial Production (IIP) in October contracted sharply by 4.2% compared to 2.8% in September.* The Consumer Durables sector output fell substantially by 35.2%. The manufacturing sector output also contracted by 7.6% compared to 1.3% in the same period of the previous year.

- Consumer Price Index (CPI)-based inflation eased to a record low of 4.38% in November from 5.52% in October. *This is the lowest level since the Government started releasing the data in 2012.* During November, food inflation eased to 3.14% against 5.59% a month ago due to softening of vegetable prices, which fell by 10.9% in November.

- The Wholesale Price Index (WPI)-based inflation for November plunged sharply to a 66-month low of 0.0% compared to 1.77% in October. This can be attributed to sharp decline in prices of food, fuel and manufactured items. The last time WPI touched lower than this level was in 2009 when it stood at -0.3%.

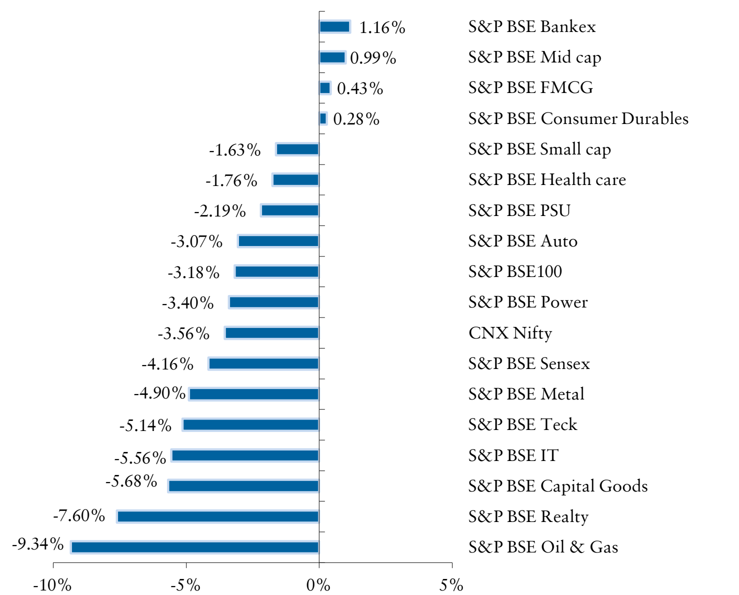
- Government data showed that eight core sector industries registered a growth of 6.7% in November against 3.2% in the same month last year. The growth during the period from April to November increased to 4.6% from 4.1% a year earlier. The growth was driven by higher production of cement and refinery products.

Indian Equity Market

Index PE Ratio & Returns	Closing Values#	1 Year	3 Year	5 Year
CNX Nifty*	8,282.70	31.39	21.40	9.75
CNX Nifty PE	16.62	15.65	13.68	21.85
S&P BSE Sensex*	27,499.42	29.89	21.14	9.50
S&P BSE Sensex PE	16.41	16.68	13.99	20.99

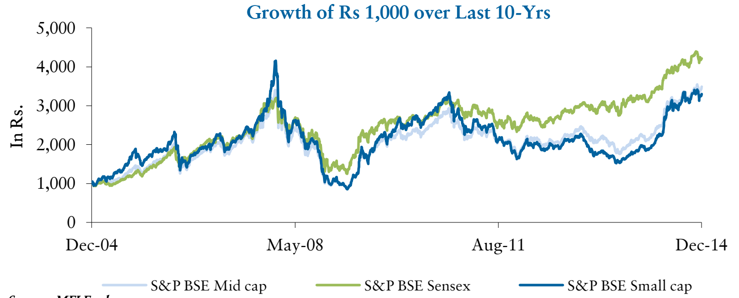
*Source: NSE, BSE, * Returns less than 1 year are absolute, greater than 1 year are Compounded Annualized , # As on 31-Dec-2014*

Monthly returns as on December 31,2014



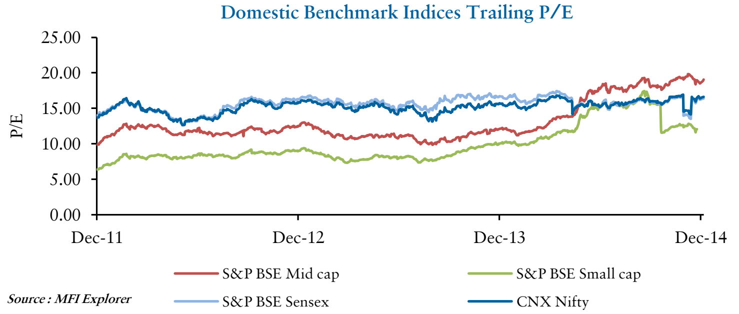
Source: MFI Explorer

Growth of Rs 1,000 over Last 10-Yrs



Source : MFI Explorer

Domestic Benchmark Indices Trailing P/E



Source : MFI Explorer

- Indian equity markets closed lower during the month under review after giving robust returns in November. *Profit booking in recent outperformers coupled with weakness in Chinese and European markets weighed on investor sentiments.* Meanwhile, a number of initiatives taken by the Government to boost the economy and hopes of rate cut by the Central Bank in early 2015 improved market sentiments to some extent.

- Key benchmark indices, S&P BSE Sensex and CNX Nifty, fell 4.16% and 3.56% to close at 27,499.42 and 8,282.70 points, respectively. While S&P BSE Small-Cap fell 1.63%, S&P BSE Mid-Cap bucked the trend, rising by 0.99%.

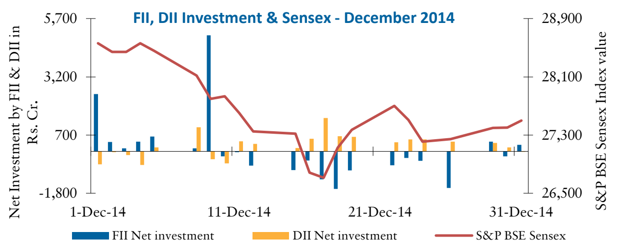
- According to data from the Central Depository Services (India) Limited, Foreign Portfolio Investors (FPI) were net buyers of Indian stocks worth Rs. 1,036.29 crore in December against Rs. 13,753.29 crore in the previous month. Domestic mutual funds remained net buyers in the equity segment to the tune of Rs. 6,850.90 crore in December.

- *Markets fell initially during the month as weakness in Chinese and European manufacturing activities in November raised concerns over global economic recovery.* The Central Bank, in its Bi-monthly Monetary Policy Review, kept interest rates unchanged. Besides, it gave strong indications that rate cuts could come early in 2015. This resulted in mixed reactions across different market sectors. While IT stocks fell due to strength in the domestic currency, rate-sensitive stocks rose on hopes of rate cut.

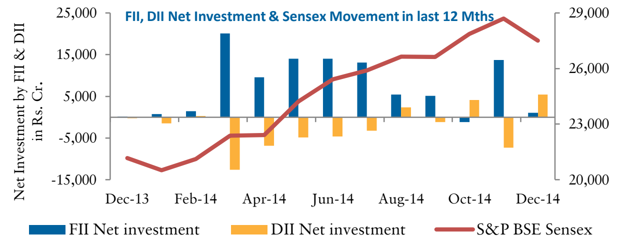
- Investor sentiments dampened after official data showed that the country's CAD widened in the second quarter. Moreover, weak European cues weighed on investor sentiments as a series of disappointing economic data from the region renewed concerns over the health of the global economy.

- *Bourses fell further after trade deficit of India widened in November due to rise in gold imports.* Meanwhile, a sharp rate hike by the Russian Central Bank reinforced concerns among emerging market investors. This prompted overseas institutional investors to reduce their holding in domestic stocks. Besides, weakness in global crude oil prices triggered heavy selling pressure in major state-owned oil exploration companies.

- *Markets continued with their downtrend after industrial production contracted in October,* the sharpest decline in at least two years, following weakness in manufacturing sector and dip in the output of capital as well as consumer goods.



Source: MFI Explorer



Source: MFI Explorer

- However, markets found some support as a Parliamentary Committee recommended raising the composite foreign investment cap in the insurance sector to 49% from 26% and supported a Government Bill to amend the Act. Moreover, *investors welcomed the Cabinet's decision to approve the Constitutional Amendment Bill regarding rationalization of Central and State indirect taxes into a harmonized Goods and Services Tax (GST).* Besides, the Government's decision to ease land acquisition rules boosted market sentiments.

- *The wholesale inflation dropped to zero in November, more than five-year lows,* led by sharp moderation in prices of food, fuel and manufacturing products. Moreover, retail inflation slowed to a multi-year low of 4.4% in the same month. This increased hopes that the RBI may cut interest rates soon.

- *Markets got additional support after the U.S. Federal Reserve (Fed) kept interest rates at near-zero levels and said it can be patient in deciding upon interest rate hike.*

- On the BSE sectoral front, barring S&P BSE Bankex, S&P BSE FMCG and S&P BSE Consumer Durables (CD), all the indices closed in red. S&P BSE Oil & Gas was the major laggard, down 9.34% followed by S&P BSE Realty and S&P BSE Capital Goods, which fell 7.60% and 5.68%, respectively. S&P BSE Auto dropped 3.07% as the Finance Ministry decided not to extend excise duty cuts on automobiles beyond December 31. CD stocks gained after the Government introduced a bill that seeks to amend the Constitution to create a harmonised GST.

Regulatory Update

- The Finance Ministry has decided not to extend excise duty cuts on automobiles and consumer durables beyond December 31. The move is expected to make these products costlier from next year.

- Price of non-subsidised cooking gas (LPG) was cut by Rs. 113 per cylinder and that of jet fuel by 4.1% on the back of fall in international crude oil prices. In five monthly reductions, non-domestic LPG rates have been slashed by Rs. 170.5 per cylinder, bringing the price at three-year lows.

- Petrol and diesel prices were cut by Rs. 2 per litre on the back of continued fall in international crude oil prices. The new rates have come into effect from the midnight of December 15. This is the eighth straight reduction in petrol prices since August and the fourth straight in diesel since October.

- The Government has increased excise duty on petrol and diesel by Rs. 2.25 and Re. 1 a litre, respectively. However, retail pump rates were not increased as oil firms decided to absorb the duty change for the time being.

- The Union Cabinet allowed state-run banks to raise equity capital from the market, subject to the condition that the Government stake should not fall below 52%. This opens the way for public offers by many state-run banks. The proposal is part of the Government's plans to cut banks' dependency on the Budget for capital.

- Securities and Exchange Board of India (SEBI)proposed a new set of norms for listing and trading of municipal bonds on stock exchanges so as to channel household investments into urban infrastructure development.

- The Central Bank, in order to ease the pressure on stressed assets, has allowed lenders to restructure existing loans above Rs. 500 crore to infrastructure and core industries' projects. Banks and financial institutions will now have an option to periodically refinance such loans.

- The Central Bank has simplified the definition of a non-cooperative borrower to include all those who have the ability to pay but can affect lenders' efforts to recover their dues, including by not providing necessary information. Now, a non-cooperative borrower is a defaulter who deliberately hinders the legitimate efforts of the lenders to recover their dues.

- The Union Cabinet has approved 100% Foreign Direct Investment (FDI) under the automatic route in medical devices sector to encourage manufacturing of equipments, including diagnostic kits and other devices.

- The Government has relaxed FDI rules for the construction sector in an effort to attract more investments into the country to build new hotels, housing and townships. Under the new rules, foreign investment is now allowed in projects with a minimum built area of 20,000 square metres, down from the previous 50,000 square metres threshold. The minimum capital investment by foreign companies has also been lowered to $5 million.

- The SEBI has notified new rules that allow launch of two new schemes in a year by mutual fund houses with net worth below Rs. 50 crore.

Source : Reuters

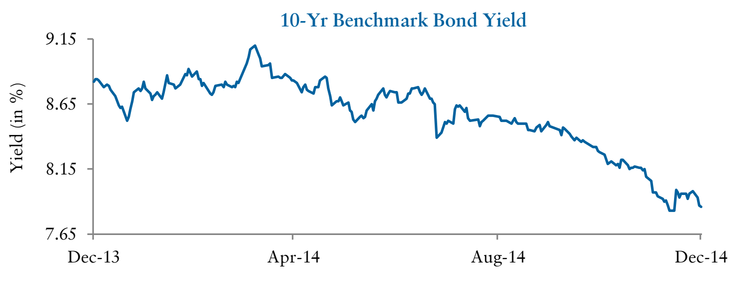
Indian Fixed Income

RBI Policy Rates		
Key Rates (%)	**Current^**	**Previous**
Reverse Repo Rate	7.00	7.00
Repo Rate	8.00	8.00
CRR	4.00	4.00
SLR	22.00	22.00
Bank Rate	9.00	9.00

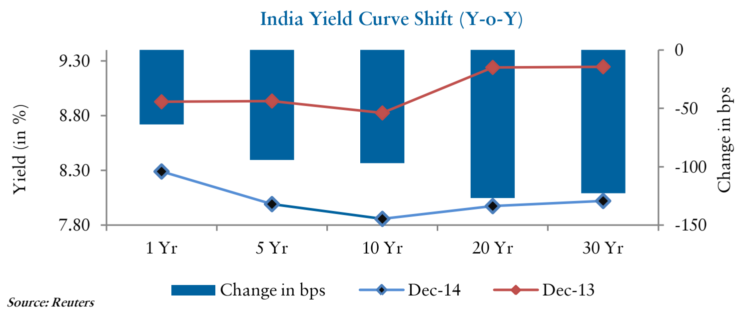
^Based on RBI Bi-Monthly Monetary Policy review released on 02-December-2014
Source: RBI

Debt Indicators (Yield %)	Dec-14	Nov-14
Call Rate	8.91%	7.94%
1 Mn NSE Mibor	8.59%	8.48%
10-Yr Benchmark Bond	7.86%	8.09%
91-Day T-Bill#	8.29%	8.29%
182- Day T-Bill#	8.35%	8.40%
364-Day T-Bill#	8.22%	8.32%

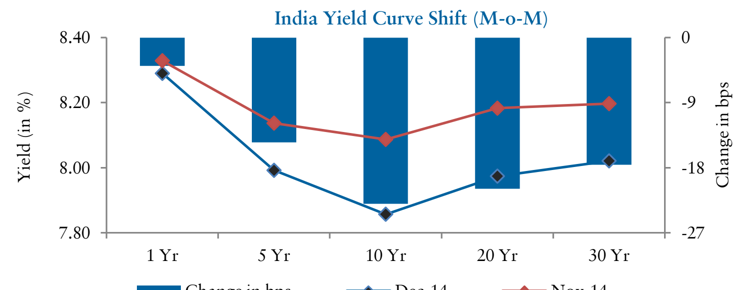
 # Indicates Monthly Average cut off during Auction
Source: RBI



Source: CCIL



Source: Reuters



Source: Reuters

- *The 10-year Indian benchmark bond yield eased for the fourth consecutive month on the back of a continued fall in global crude oil prices.* Expectations that the Central Bank would ease key policy rates early in 2015 also boosted market sentiments.

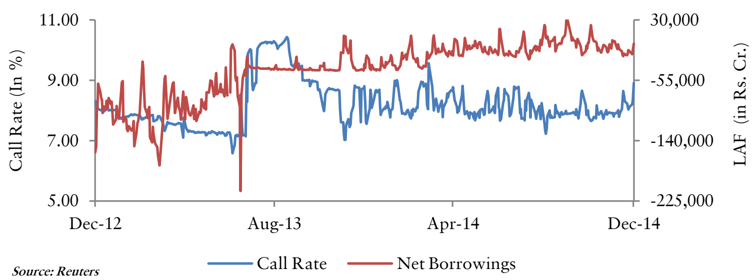
- *Bond yields dropped initially after international crude oil prices continued to fall.* Bond markets got more support after the Central Bank kept interest rates unchanged for the fifth time in a row in its fifth bi-monthly monetary policy review, but gave strong indications that rate cuts could come early in 2015. The Central Bank stated that a change in the monetary policy stance is likely early next year and it may take place outside the policy review cycle also provided domestic inflationary pressures continued to ease and fiscal developments remained encouraging.

- Bond yields fell further and touched a one-and-a-half-year low level of 7.78% after retail and wholesale inflation rates fell sharply in November. Government data showed that CPI-based inflation eased to a record-low level of 4.38% in November from 5.52% in October. This was the lowest level since the Government started releasing the data in 2012. During November, food inflation eased to 3.14% against 5.59% a month ago due to softening of vegetable prices, which fell by 10.9% in November. The WPI-based inflation also plunged sharply to a 66-month low of 0.0% in November compared to 1.77% in October. This can be attributed to sharp decline in prices of food, fuel and manufactured items. The last time WPI touched lower than this level was in 2009 when it stood at (-) 0.3%.

- *The downtrend in bond yields continued after the U.S. Fed in its monetary policy review pledged to be patient in determining when to raise interest rates.* Bond yields fell further on the back of sustained fall in global crude oil prices and expectations that foreign investors would continue to buy Indian bonds. FPI bought debt worth Rs. 11,836 crore during the month compared to Rs. 11,723 crore in the previous month and Rs. 5,290 crore in the same month of the previous year. Optimism about the Government's reforms agenda and hopes that the Central Bank would lower interest rates as domestic inflationary pressures eased also boosted bond markets.

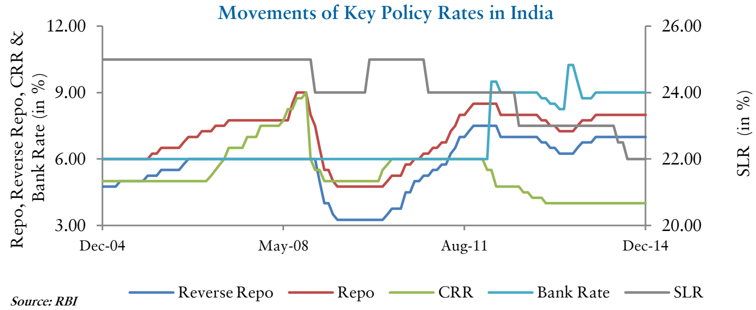
- However, gains were capped as a section of investors preferred to book profits after the recent bond rally. Global growth concerns also hit markets after the Central Bank of Russia unexpectedly increased its interest rate by 650 bps to limit the slide in the ruble and risks to inflation.

Liquidity Monitor - Call Rate and Net Borrowings



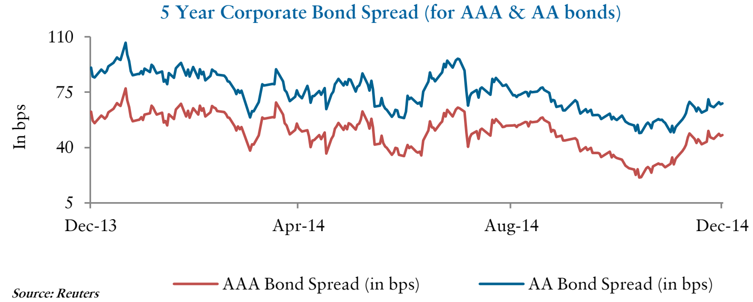
Source: Reuters

Movements of Key Policy Rates in India



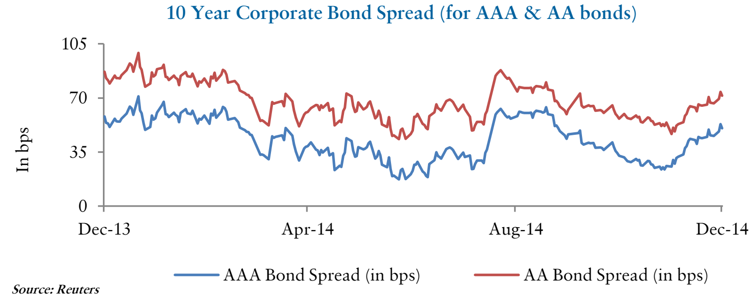
Source: RBI

5 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Reuters

10 Year Corporate Bond Spread (for AAA & AA bonds)



Source: Reuters

- The yield on the 10-year benchmark bond fell 23 bps to close at 7.86% against the previous month's close of 8.09%, after moving in the broad range of 7.78% to 8.11% over the month.

- *Call rates remained below the repo rate of 8% in the first half of the month but rose above 8% later* and finally closed the month at 8.91% compared to 7.94% in the previous month. Interbank call money rates moved in the range of 7.79% to 8.91% in December against 7.65% to 8.17% recorded in the previous month. Call rates remained higher at the money market due to sustained demand from borrowing banks amid advance tax outflows. Banks' net average borrowings through the Liquidity Adjustment Facility (LAF) window almost doubled to Rs. 11,238.55 crore compared to the previous month's average borrowing of Rs. 6,285.89 crore. Banks' average borrowing under the Marginal Standing Facility (MSF) window almost trebled to Rs. 1,398.73 crore, compared to the previous month's average borrowing of Rs. 521.78 crore.

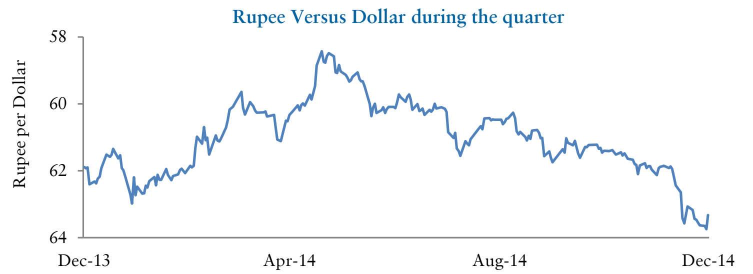
- The Central Bank continued to conduct term repo auctions under its revised liquidity framework to ensure that liquidity condition within the system remained comfortable. Banks are also focusing more on the term repo auctions to meet their liquidity requirements rather than approaching the LAF and MSF windows. The Central Bank conducted term repo auctions for the notified amount of Rs. 1,44,500 crore in December against Rs. 1,27,000 crore in November. The allotted amount stood at Rs. 1,36,476 crore in December, for which the cut-off stood in the range of 8.01% to 8.15%. In the previous month, the allotted amount stood at Rs. 96,404 crore, for which the cut-off stood in the range of 8.01% to 8.04%. *The Central Bank conducted variable reverse repo auctions and open market operations to suck out excess liquidity from the system* to the tune of Rs. 0.96 lakh crore compared to Rs. 1.19 lakh crore in the previous month.

- The Central Bank conducted the auction of dated securities for notified amount of Rs. 42,000 crore with no devolvement on primary dealers. The cut-off yield remained in the range of 7.94% to 8.13% during the month. The Central Bank also conducted the auction of State Development Loans for the notified amount of Rs. 23,630 crore, for which the cut-off stood in the range of 8.16% to 8.27%. The highest yield of 8.27% was seen for Haryana, Jharkhand, Mizoram and West Bengal. The lowest yield of 8.42% was seen for Maharashtra, Punjab and Rajasthan. The Central Bank also conducted auctions of 91-days, 182-days and 364-days Treasury bills for an aggregate amount of Rs. 66,000 crore during the month. The cut-off yield stood in the range of 8.22% to 8.38%.

Currency

Movement of Major Currencies (Denominated in Indian Rupee)				
Currency	Value(as of 31-Dec-2014)	1 Mth Ago	3 Mths Ago	1 Year Ago
INR/1 USD	63.33	61.97	61.61	61.90
INR/1 EURO	77.00	77.16	78.21	85.36
INR/1 GBP	98.58	97.37	100.28	102.01
INR/ 100 YEN	53.00	52.00	56.00	59.00

Source: RBI



Source: RBI

INR

- The rupee fell to 13-month lows against the dollar, tracking losses in emerging market currencies. *Weakness in domestic equity markets coupled with demand of the greenback from oil companies hit the rupee further.* The rupee fell more as plunge in crude prices increased concerns over the state of the global economy. Moreover, positive U.S. macroeconomic data led to a rally in the dollar globally. The rupee recovered some of the losses later due to dollar selling by corporate houses and profit booking in the dollar.

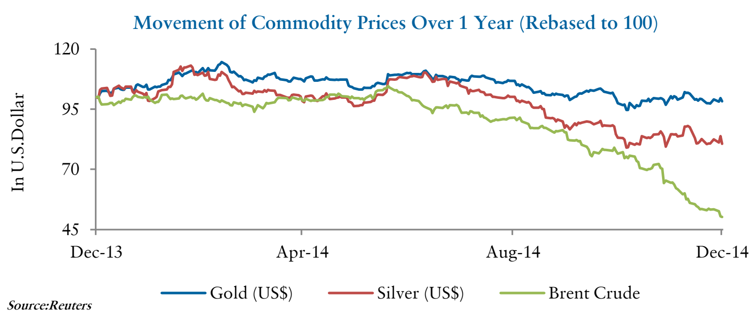
Euro

- The euro fell against the dollar, especially in the second half of the month, after the Federal Reserve (Fed) indicated that it was on track to raise interest rates sometime next year. *The currency weakened further after revised data showed that the U.S. GDP recorded the fastest growth in 11 years in the September quarter.* The euro slipped to 29-month lows following announcement of a snap election in Greece, which rose fresh worries over political instability in the country.

Commodity

Performance of various Commodities					
Commodities	Value(as of 31-Dec-2014)	Returns (in %)			
		1 Wk Ago	1 Mth Ago	6 Mths Ago	1 Year Ago
Crude Brent ($/Barrel)	55.47	-5.78	-23.11	-50.06	-49.80
Gold ($/Oz)	1183.55	0.87	1.41	-10.82	-1.78
Gold (Rs./10 gm)	26774.00	1.01	2.43	-4.70	-7.91
Silver ($/Oz)	15.66	-0.13	1.62	-25.32	-19.32
Silver (Rs./Kg)	36519.00	1.44	2.36	-17.24	-15.88

Source: Reuters, MCX



Source:Reuters

Crude

- *Oil prices slipped around 23% during the month after the Organization of the Petroleum Exporting Countries (OPEC) restated its determination not to reduce production despite a global supply glut. Initially during the month, crude prices fell* after a major global investment bank lowered its forecast of crude prices for 2015. Besides, a survey showing weak Chinese factory activity in December raised concerns over demand outlook from the world's second-largest oil consumer. Oil prices nearly halved in 2014 due to oversupply and lower demand.

Gold

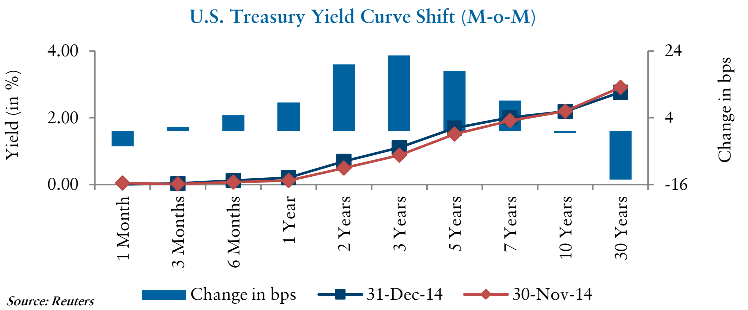
- *Gold prices rose by 1.41% during the month after the U.S. Federal Reserve stated that it would take a patient approach toward raising interest rates. Initially, gold prices rose* as a cut in Japan's credit ratings by a major global rating agency boosted the safe-haven appeal of the metal. Moreover, concerns over tension in Russia and political uncertainty in Greece supported the yellow metal. However, gains were capped on the back of sustained fall in oil prices and strength in the dollar.

Global Equity Market

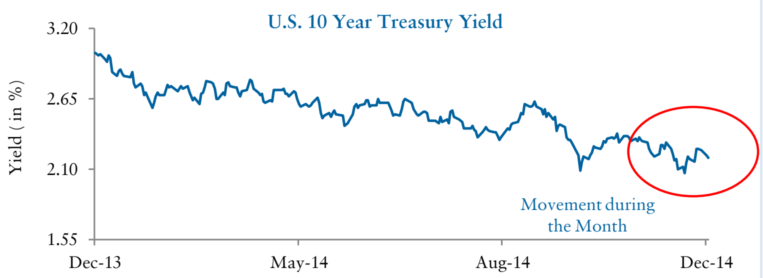
Performance of Major International Markets (as on December 31,2014)		
Indices	Country	1 Mth
United States		
Nasdaq 100	U.S.	-1.28
S&P 500	U.S.	0.62
DJ Industrial Average	U.S.	0.87
Asia Pacific		
SET IDX	Thailand	-6.04
JSX Composite	Indonesia	1.50
FTSE Straits Times	Singapore	0.44
KOSPI	S. Korea	-3.29
Hang Seng	Hong Kong	-1.59
NIKKEI 225	Japan	-0.05
Shanghai SE Composite	China	20.54
S&P BSE Sensex	India	-4.16
S&P/ASX 200	Australia	1.84
Europe		
FTSE 100	U.K.	-2.61
CAC 40	France	-2.74
FSE DAX	Germany	-1.76

Source: MFI Explorer & Reuters

Global Fixed Income - U.S.



Source: Reuters



Source: Reuters

United States

- U.S. markets closed lower during the month. *Bourses witnessed pressure following sharp drop in crude oil prices, which weighed heavily on energy stocks.* Concerns over political uncertainty in Greece also weighed on the bourses. However, the Fed's stance on interest rates and data showing that the third-quarter U.S. GDP numbers recorded the strongest growth in more than a decade restricted the losses to some extent.

Europe

- European markets fell during the month. Bourses witnessed pressure after the European Central Bank (ECB) President stated that there would not be any further monetary easing measure until next year. *Markets came under further pressure amid political uncertainty in Greece after Parliament rejected the Prime Minister's nominee for the President's post.*

Asia

- Most of the Asian markets remained firm, led by Shanghai Composite Index, which surged around 21% in December amid hopes of further stimulus measures. *Markets got support after the U.S. GDP data came better than expected and the U.S. Fed* indicated *that it will take a patient approach towards raising interest rates.* However, weak Japanese GDP and Chinese trade data capped the gains to some extent.

- The yield on the 10-year U.S. Treasury bond fell 3 bps during the month and closed at 2.17% compared to the previous month's close of 2.20%. The paper moved in the range of 2.07% to 2.31%.

- The U.S. Treasury prices fell initially on the back of a rally in domestic equity markets and surprisingly strong November jobs report. *Later, bond prices recovered and surged as the movement in equity markets reversed and oil prices continued to fall, which prompted investors to choose the safe-haven bonds.* Continuous fall in oil prices raised concerns over global growth.

- In the second half of the month, most of the gains were restricted after the Federal Reserve indicated that it might increase interest rates in 2015 by adjusting in its policy statement. Moreover, stronger-than-expected GDP growth rate trimmed the gains in bond markets.

- *Bond prices finally closed in green as the announcement of a snap election in Greece increased the safe-haven appeal of the U.S. bonds.*

Investment Classroom

Need of the Hour : Tax Planning

People work regularly to meet professional and personal targets. But when it comes to tax planning and investments, many have the tendency to postpone it till the last moment. As a result, often they end up investing in wrong instruments which will not help them reach their financial goals. There is less than three months left in the current financial year and it is high time that investors finalise their tax-saving investments.

Various tax-saving options have been discussed in detail.

SECTION 80C

ELSS: Equity-linked Savings Schemes (ELSS) of mutual funds provide investors an opportunity to save taxes through the equity route. Significantly, ELSS has a lock-in period of only three years - the lowest among all tax-saving instruments.

As an asset class, equity has the potential to outperform all other asset classes over a long-term period. Though there is risk of capital erosion involved in equity investing, but equity has delivered superior return when one stayed invested for a long period of time. So whenever one is investing for long term, he must consider including equity in his portfolio, depending on his risk appetite. It is important to choose an asset class which can give more returns than inflation. Equity stands out in this aspect also. A new investor in equity markets should take the mutual fund route and depend on the expertise of fund managers who manage the entire investment portfolio on behalf of investors.

ELSS allows to invest a small amount, as little as Rs. 500 per month, in equity markets through Systematic Investment Plan (SIP). Since equity markets are risky and volatile, it is prudent to take the SIP route which will help investors get the benefit of rupee-cost averaging. However, one must keep in mind that each installment of SIP will be subject to a three-year lock-in period. Since equity as an asset class tends to outperform others over long term, ELSS helps create wealth and achieve long-term financial goals of life like marriage, child's education, retirement beside others.

The earlier one starts making investment; more will be the benefit of compounding. During the early stage of career, one has limited financial liabilities and can take more exposure towards equities. Thus a substantial amount of his tax-saving investments can be channelized to ELSS.

Since long-term capital gain from equities does not attract any income tax as per current laws, another advantage of investing in ELSS is that money earned after redemption of units is tax free for investors. Moreover, if one opts for dividend payout option, the dividend earned is also tax free.

EPF and PPF: While the Employees Provident Fund (EPF) offers 8.75% interest, one will get 8.70% from investments in Public Provident Fund (PPF). The employees' contribution towards provident fund is eligible for tax benefit under Section 80C. The interest earned on EPF and PPF is tax free as per current Income Tax norms. The lock-in period of PPF is 15 years, though partial withdrawal is permissible from the seventh year. PPF interest rates are now linked with yields of Government bonds and are subject to revision in every financial year.

BANK FD: Deposit interest rates have already started falling from its peaks and thus tax-saving bank fixed deposits, which have lock-in period of five years, may not be an attractive option for many. Moreover, interest earned on fixed deposits is fully taxable and banks deduct tax at source if the interest amount exceeds Rs. 10,000 in a financial year.

NSC: While the 5-year National Savings Certificate (NSC) offers 8.5% interest rate, and 10-year NSC offers 8.8%. Besides tax benefits on invested amounts, exemption can also be claimed for the interest accrued. However, interest earned on NSC is fully taxable which reduces its appeal to individuals who belong to higher income slabs.

PRINCIPAL REPAYMENT ON HOME LOAN: One can claim deduction on repayment of principal amount of home loan, up to a maximum limit of Rs. 1.5 lakh per year under Section 80C.

TUITION FEES FOR CHILDREN: One can also claim deduction for payments made on tuition fees for children, provided the course is a full-time. Deduction can be claimed for a maximum of two children.

SECTION 80CCG
An individual whose yearly income does not exceed Rs. 12 lakh and is a new retail investor in equity markets, may invest in Rajiv Gandhi Equity Savings Scheme (RGESS). The maximum permissible investment for claiming deduction under RGESS is Rs. 50,000. The investor would get a 50% deduction of the amount invested from the taxable income for that year under Section 80CCG. The benefit is in addition to deduction available under Section 80C.

SECTION 80D
HEALTH INSURANCE: The premium one pays for health insurance of his family and dependant parents also qualifies for tax exemption under Section 80D, which is in addition to the deduction availed under Section 80C. For individuals below 65 years of age, the exemption can be claimed for the actual amount paid for health insurance premium or Rs 15,000, whichever is less. For individuals above 65 years, the upper ceiling is Rs. 20,000. A deduction of Rs 15,000 more can be claimed for buying health insurance for his parents (and Rs 20,000 if either of his parents is above 65). The premium paid on Critical Illness Policy also qualifies for tax benefit under Section 80D.

SECTION 80E
INTEREST PAID ON EDUCATION LOAN: Apart from deduction claimed under Section 80C and 80D, one can also claim tax exemption on the amount of interest paid on loan taken for the purpose of higher education, under Section 80E. While there is no limit on the interest amount, deduction is allowed for succeeding 7 years only after one starts making interest payments.

SECTION 24(B)
INTEREST PAID ON HOME LOAN: One can claim tax deduction of up to Rs. 2 lakh per year from his taxable income under Section 24 (B) on the interest that he pays on the home loan for a self-occupied house.

SECTION 80(G)
DONATIONS TO CHARITABLE INSTITUTIONS: When one makes donations to certain specified funds or charitable institutions, he becomes eligible for tax deduction under Section 80G. It is necessary to clarify whether 100% or 50% deduction is allowed.

SECTION 80DDB
Tax rebate for medical treatment: This section allows one to get tax rebate on expenses for medical treatment for critical diseases for self and dependants.

After getting the details of various tax-savings options, it would be prudent to chalk out a rough estimate of one's taxable income for the year. Apart from regular salary income, one must also take into account interest earned from investments and other income, if any. After figuring these things out, investment decisions need to be made as per one's risk appetite and financial goal.

Source for data, graphs and analysis, unless otherwise specified: ICRA Online Research

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