

# UNION BUDGET

## 2025-26





# **Union Budget 2025-26 Summary**

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## Budget Provision in Constitution of India

- Budget is defined in **Article 112** as "**Annual Financial Statement**", the term 'Budget' itself is not mentioned in the Constitution.
- Union Budget is **prepared by Department of Economic Affairs**, Ministry of Finance.
- **Budget 2025-26 theme – “Sabka Vikas”** stimulating balanced growth of all regions.

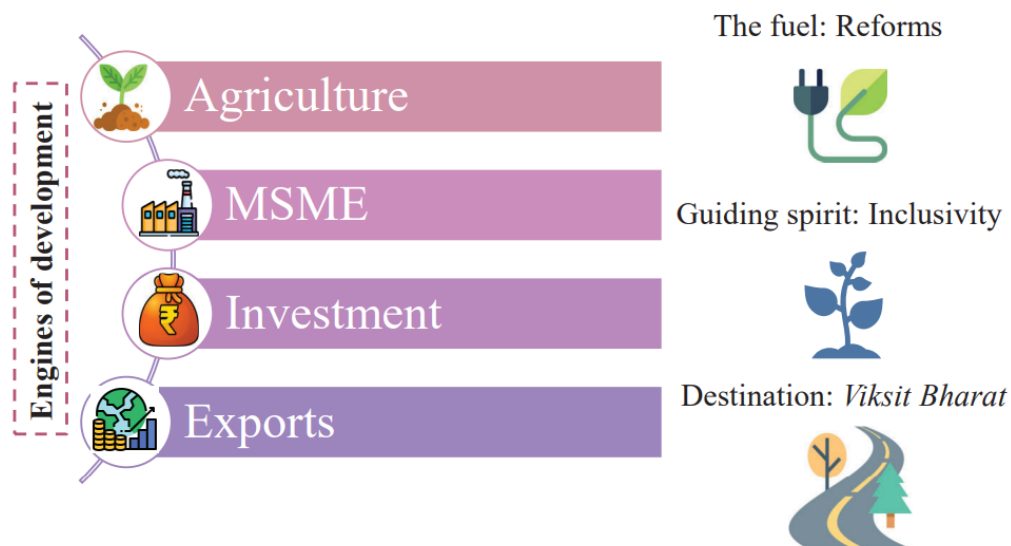
## Aspiration for Viksit Bharat

- Accelerate Growth
- Secure Inclusive Development
- **Enhance Spending Power Of India's Rising Middle Class**
- **Invigorate Private Sector Investments**
- Uplift Household Sentiments

## Broad Principles of Viksit Bharat

- |   |  |
|---|--|
| <input type="checkbox"/> Zero-poverty   | <input type="checkbox"/> 100% skilled labour with meaningful employment        |
| <input type="checkbox"/> 100% good quality school education                               | <input type="checkbox"/> 70% women in economic activities                      |
| <input type="checkbox"/> Access to high-quality, affordable, and comprehensive healthcare | <input type="checkbox"/> Farmers making our country 'food basket of the world' |

## Journey of Development



### First Engine of Development – Agriculture

#### Spurring Agricultural Growth & Building Rural Prosperity:

- **National Mission on High Yielding Seeds** – Targeted development and propagation of seeds with high yield, pest resistance and climate resilience.
- **Enhanced Credit through KCC** – Facilitate **short term loans for 7.7 crore farmers**, fishermen, and dairy farmers with **enhanced loan** (from ₹3 lakh) to ₹5 lakh under **modified interest subvention scheme**.
- **Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme:** To cover **100 districts** and likely to help **1.7 crore farmers**.
- **Agriculture and Allied Sector Boost:** Introduction of **Comprehensive Programme for Vegetables & Fruits, National Mission on High Yielding Seeds**
- **Mission for Cotton Productivity** – 5-year mission to facilitate improvements in productivity and sustainability of cotton farming.
- **Makhana Board in Bihar** – To be set up to improve production, processing, value addition, and marketing and organisation of FPOs.
- **Aatmanirbharta in Pulses** – Launch a **6-year Mission** focusing on **Tur, Urad, and Masoor**, with emphasis on **climate-resilient seeds, higher protein content, productivity**, post-harvest management, and fair pricing for farmers.
  - Central agencies (**NAFED and NCCF**) to do procurement during the **next 4 years**.

#### Rural Prosperity and Resilience Programme:

- A multi-sectoral initiative with states to **tackle agricultural underemployment** through **skilling, investment, technology, and rural economic development**, focusing on **women, young farmers, rural youth, marginal and small farmers, and landless families**.

#### India Post as a Catalyst for the Rural Economy:

- Rural community hub colocation,
- Institutional account services;
- DBT, cash out and EMI pickup
- Credit services to micro enterprises
- Insurance; and Assisted digital services

## Second Engine of Development – MSMEs

MSMEs are the 2nd power engine for development as they constitute for **45% of our exports**.

**Revision in classification criteria for MSMEs:** Investment and Turnover limits for classification of all MSMEs enhanced to 2.5 and 2 times, respectively.

₹ in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

**Enhancement of credit availability with guarantee cover:**

₹ in Crore	Credit guarantee cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To ₹ 20 Crore	

**Credit Cards for Micro Enterprises:**

- Customised Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal.
- In the first year, 10 lakh cards will be issued.

**Scheme for first time Entrepreneurs:**

- For 5 lakh first-time entrepreneurs (including women, SCs and STs) to be launched.
- To provide term loans up to Rs 2 crore during the next 5 years.

**Fund of Funds for Startups:**

- A new Fund of Funds, with expanded scope and a fresh contribution of ₹ 10,000 crore to be set up.

**Focus Product Scheme for Footwear & Leather Sectors:**

- Expected to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.

**Measures for the Toy Sector:**

- Development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys to represent the 'Made in India' brand.

### **Support for Food Processing:**

- Establishment of a **National Institute of Food Technology** in Bihar.

### **Manufacturing Mission - Furthering “Make in India”:**

- A **National Manufacturing Mission** covering small, medium and large industries for furthering “Make in India” announced.

## **Third Engine of Development – Investment (in People, Economy, and Innovation)**

### **Investing in People:**

- **Saksham Anganwadi and Poshan 2.0:** Support to over 8 crore children, 1 crore pregnant women and lactating mothers, and 20 lakh adolescent girls in aspirational districts and the northeast.
- **Atal Tinkering Labs: 50,000 ATLs** to be set up in **Government schools** in **next 5 years**.
- **Broadband Connectivity:** To all Government Secondary Schools and Primary Health Centres in rural areas under the BharatNet project.
- **Bharatiya Bhasha Pustak Scheme:** To provide digital-form Indian language books for schools and higher education.
- **National Centres of Excellence (CoEs) for Skilling:** 5 National CoEs for skilling will be set up for “Make for India, Make for the World” manufacturing.
- **Expansion of Capacity in IITs:** Additional infrastructure in 5 IITs started after 2014 to facilitate education for **6,500 more students**.
- **Centre of Excellence (CoE) in AI:** CoE in AI for Education will be set-up with a **total outlay of ₹ 500 crore**.
- **Expansion of medical education: 10,000 additional seats** will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years.
- **Day Care Cancer Centres in all District Hospitals:** In all district hospitals in the **next 3 years. 200 Centres** will be established in **2025-26**.
- **Strengthening urban livelihoods:** A scheme for socio-economic upliftment of urban workers to improve their incomes, livelihoods and a better quality of life.
- **PM SVANidhi:** to be revamped with enhanced loans from banks and **UPI linked credit cards with ₹ 30,000 limit**.

- **Social Security Scheme for Welfare of Online Platform Workers:** To provide identity cards and **registration on the e-Shram portal** and **healthcare under PM Jan Arogya Yojana** assisting nearly 1 crore gig-workers.

### **Investing in Economy:**

- **PPP in Infrastructure:** Infrastructure-related ministries will come up with a **3-year pipeline of projects** in PPP mode.
- **Support to States for Infrastructure:** With an **outlay of ₹ 1.5 lakh crore, 50-year interest free loans** to states for capital expenditure and incentives for reforms.
- **Jal Jeevan Mission:** To achieve 100 % coverage, the mission **extended till 2028** with an enhanced total outlay.
- **Power Sector Reforms:** allowing **additional borrowing of 0.5 % of GSDP to states**, contingent on electricity distribution reforms.
- **Asset Monetization Plan 2025-30:** to be launched to **plough back capital of ₹ 10 lakh crore** in new projects.
- **Urban Challenge Fund:** ₹ 1 lakh crore to implement the proposals for ‘Cities as Growth Hubs’, ‘Creative Redevelopment of Cities’ and ‘Water & Sanitation’.
  - Allocation of ₹10,000 crore proposed for 2025-26.
- **Maritime Development Fund:** with a corpus of ₹25,000 crore for long-term financing with up to 49% contribution by the government.
- **Nuclear Energy Mission for Viksit Bharat:** Amendments to the **Atomic Energy Act** and the **Civil Liability for Nuclear Damage Act** will be taken up for active partnership with the private sector
- **UDAN:** Regional connectivity to **120 new destinations** and carry **4 crore passengers** in the next 10 years.
- **SWAMIH Fund-2:** ₹15,000 crore for expeditious completion of **one lakh dwelling units** through blended finance.
- **Tourism for employment-led growth:**
  - Top **50 tourist destination sites** to be developed in partnership with states
  - Performance-linked incentives to states
  - Introducing **streamlined e-visa facilities**
  - Intensive skill-development programmes for our youth
  - **MUDRA loans for homestays**

- Ease of travel and connectivity to tourist destinations

### **Investing in Innovation:**

- **PM Research Fellowship:** To provide **10,000 fellowships** for technological research in IITs and IISc.
- **Deep Tech Fund of Funds:** to be explored to catalyze the next generation startups.
- **Gene Bank for Crops Germplasm:** The **2nd Gene Bank with 10 lakh germplasm lines** to be set up for future food and nutritional security.
- **Gyan Bharatam Mission:** Documentation and conservation of our manuscript heritage **to cover more than 1 crore manuscripts**.
  - National Digital Repository of Indian knowledge systems to be set up.
- **Research, Development & Innovation:** Allocating **₹20,000 crore** to implement **private sector driven** Research, Development and Innovation initiative.
- **National Geospatial Mission:** To develop **foundational geospatial infrastructure** and data.
  - Facilitation of modernization of land records, urban planning, and design of infrastructure projects **using PM Gati Shakti**.

### **Fourth Engine of Development – Exports**

- **Export Promotion Mission:** An Export Promotion Mission, with sectoral and ministerial targets, **driven jointly by the Ministries of Commerce, MSME, and Finance** to be set up.
- **BharatTradeNet:** 'BharatTradeNet' (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions.
- **National Framework for GCC:** to be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities.
- **Warehousing facility for air cargo:** To facilitate upgradation of infrastructure and warehousing for air cargo including **high value perishable horticulture produce**.



## Reforms as the Fuel

### Financial Sector Reforms and Development

**FDI limit for the insurance sector will be raised from 74% to 100%**

**'Grameen Credit Score'** framework to serve the credit needs of SHG members & people in rural areas

Rationalization of requirements and procedures for **speedy approvals of company mergers**

NaBFID to set up a **'Partial Credit Enhancement Facility'** for Corporate Bonds for infrastructure

**Revamped Central KYC registry** to be rolled out in **2025**

### Regulatory Reforms

#### High Level Committee for Regulatory Reforms:

- To review all non-financial sector regulations, certifications, licenses, and permissions.
- To strengthen trust-based economic governance and take transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances
- To make recommendations within a year.
- States will be encouraged to be onboarded

#### Investment Friendliness Index of States:

- An Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive cooperative federalism.

#### FSDC Mechanism:

- Mechanism to evaluate impact of the current financial regulations and subsidiary instructions.
- Formulate a framework to enhance their responsiveness and development of the financial sector.

**Jan Vishwas Bill 2.0:** To decriminalize more than 100 provisions in various laws.

### Indirect Tax Proposals:

- **Rationalisation of Customs Tariff Structure for Industrial Goods**
  - Removal of 07 tariff rates
  - Apply not more than one cess or surcharge
  - Apply equivalent cess to maintain effective duty incidence on most items and lower cess on certain items.
- **Relief on import of Drugs/Medicines**
  - 36 lifesaving drugs and medicines fully exempted from Basic Customs Duty (BCD).
  - 6 lifesaving medicines to attract concessional customs duty of 5%.
  - 37 medicines and 13 new patient assistance programmes in exempt list.
- **Sector Specific Proposals**
  - **Make in India** – Exemption to open cell for LED/LCD TV, looms for textiles, capital goods for lithium ion battery of mobile phones and EVs.
  - **Promotion of MRO – exemption for 10 years on goods for ship building and ships** for breaking, extension of time limit for export of railway goods imported for repairs.
  - **Export promotion** – duty free inputs for **handicraft and leather sectors**.
  - **Trade Facilitation** – Time limit fixed for finalisation of provisional assessment
    - New provision for voluntary declaration of material facts post clearance and duty payment with interest but without penalty
    - **IGCR Rules** amended to **extend time limit to 1 year** and file quarterly statement instead of monthly.

### Direct Tax Proposals:

- The government will introduce the new income-tax bill to uphold the spirit of "Nyaya," aiming to achieve good governance by simplifying provisions and ensuring responsiveness.
- **Ease of doing business**
  - Scheme to be introduced to **determine arm's length price for international transactions over a 3-year block period**.
  - **Expansion of safe harbour rules** to reduce litigation and provide certainty in international taxation.
  - **Exemption of withdrawals** made from **National Savings Scheme (NSS)** by individuals on or after the 29th of August, 2024.
  - Similar treatment to NPS Vatsalya accounts as is available to normal NPS accounts, subject to overall limits.

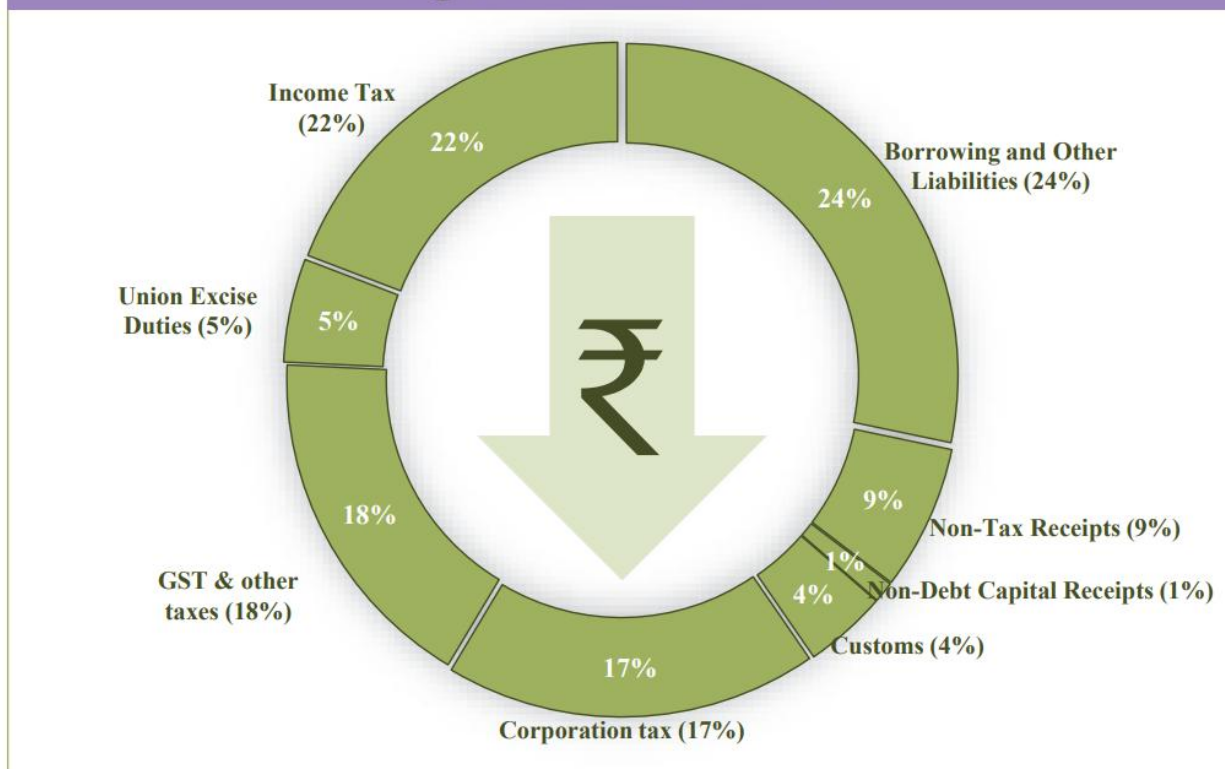
- **Rationalization of TDS/TCS for easing difficulties**
  - **Tax deduction limit for senior citizens** doubled from ₹50,000 to ₹1 lakh.
  - The annual limit of ₹2.40 lakh for **TDS on rent** increased to ₹6 lakh.
  - **Threshold for TCS on remittances** under RBI's Liberalized Remittance Scheme (LRS) is **proposed to be increased from ₹7 lakh to ₹10 lakh**.
  - The provisions of the **higher TDS deduction** will apply **only in non-PAN cases**.
  - After the decriminalization of delay in payment of TDS, **delay in TCS payments has now been decriminalized**.
  - **Extension of time-limit to file updated returns**, from the current limit of two years, to four years.
- **Reducing compliance burden**
  - Reduced compliance for small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years.
  - **Tax payers** to be allowed to **claim the annual value of 02 self occupied properties** (previously 01) **without any conditions** (previously conditions attached).
- **Employment and Investment**
  - **International Financial Services Centre (IFSC)**: Specific benefits will be provided to ship-leasing units, insurance offices, and treasury centres of global companies set up in IFSC.
  - **Extension for Start-Up Incorporation**: The period for start-up incorporation is extended by 5 years for entities incorporated before April 01, 2020.
  - **Investment Extension for Sovereign and Pension Funds**: The investment period for Sovereign Wealth and Pension Funds in the infrastructure sector is extended by five years.
  - **Tax Certainty**: A presumptive taxation regime will be introduced for non-residents providing services to electronics manufacturing companies and for taxation in infrastructure sector AIFs.
  - **Tonnage Tax Scheme for Inland Vessels**: The scheme is proposed to be extended to inland vessels registered under the Indian Vessels Act, 2021.
- **Personal Income- tax Reforms with special focus on middle class**
  - **No personal income tax payable upto income of Rs 12 lakh** (average Rs. 1 lakh per month other than special rate income such as capital gains) under the new regime.
    - **Rs. 12.75 lakh for salaried tax payers** (standard deduction of Rs 75,000).
  - The new structure will substantially reduce the taxes of the middle class and leave more money in their hands, boosting household consumption, savings and investment.
  - **The New Income-Tax Bill** to be clear and direct in text so as to make it simple to understand for taxpayers and tax administration, leading to tax certainty and reduced litigation.
  - Revenue of about ₹1 lakh crore in direct taxes will be forgone.

- Under **new Tax regime**, **revised tax rate slabs** are as follows:

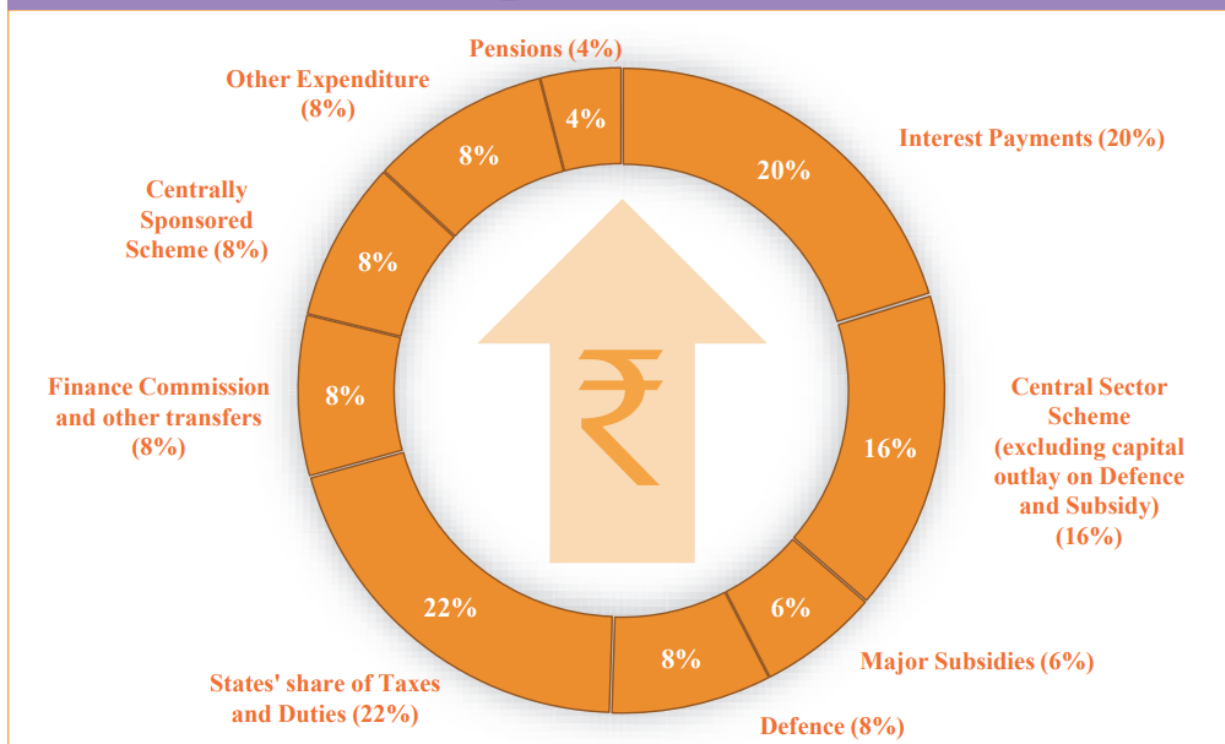
₹ 0-4 Lakh	Nil
₹ 4-8 Lakh	5%
₹ 8-12 Lakh	10%
₹ 12-16 Lakh	15%
₹ 16-20 Lakh	20%
₹ 20- 24 Lakh	25%
Above ₹ 24 Lakh	30%

### Budget in the eyes of Statistics

## Rupee Comes From



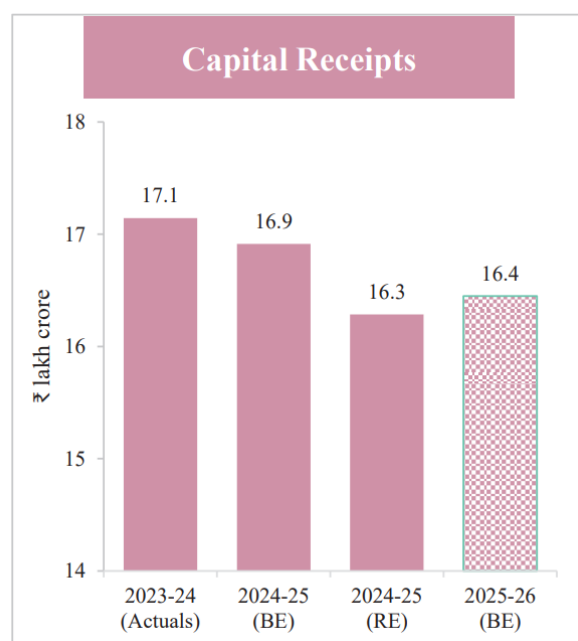
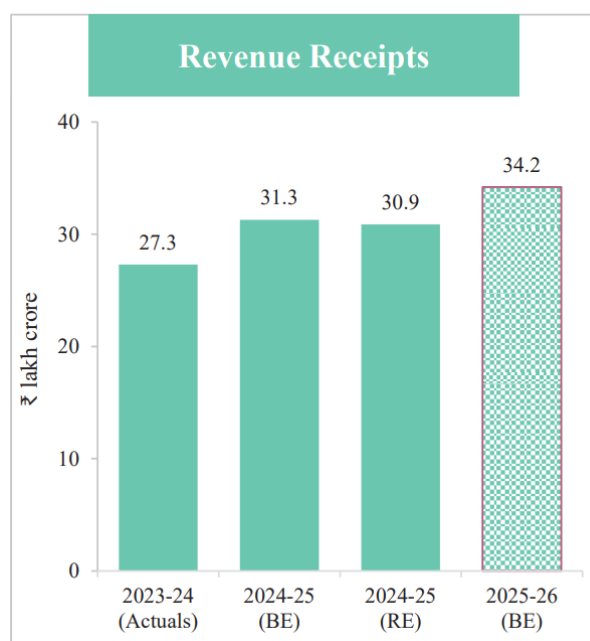
# Rupee Goes To



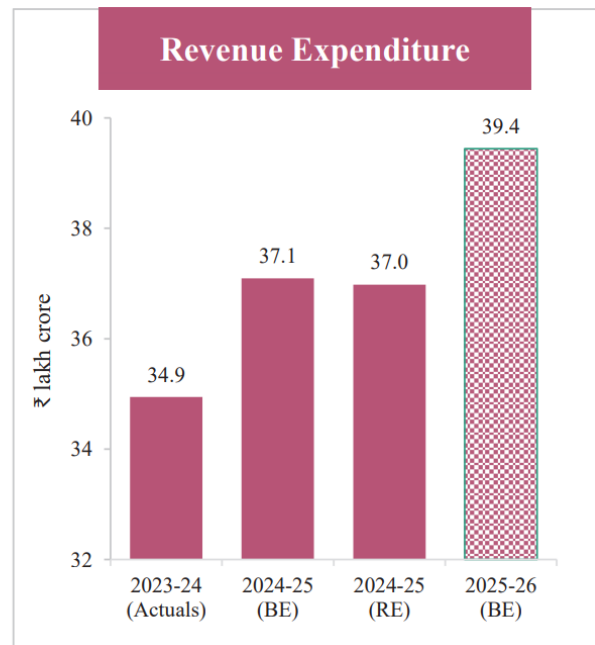
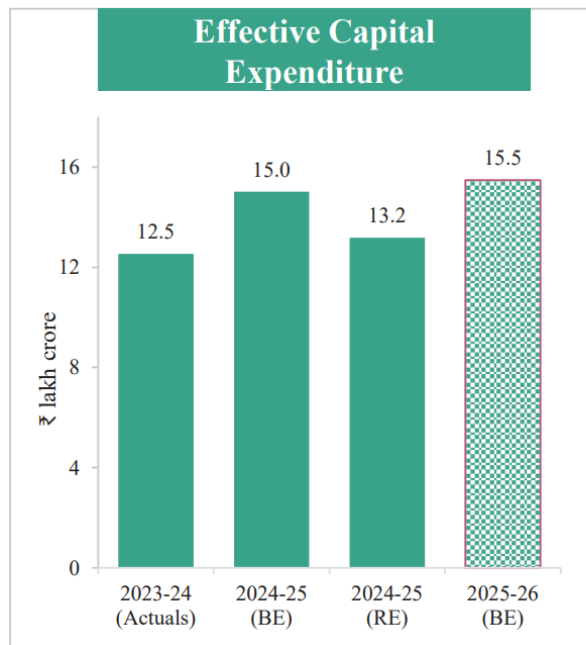
## Expenditure of Major Items:

Defence > Rural Development > Home Affairs > Agriculture and Allied Activities > Education > Health > Urban Development > Social Welfare

## Receipts



## Expenditure



## Deficit Trends

