VAJIRAM & RAVI
Institute for IAS Examination

The Analyst

CURRENT AFFAIRS Handout

2nd February 2025

The Analyst Handout

2 February 2025

Union Budget: 2025-2026

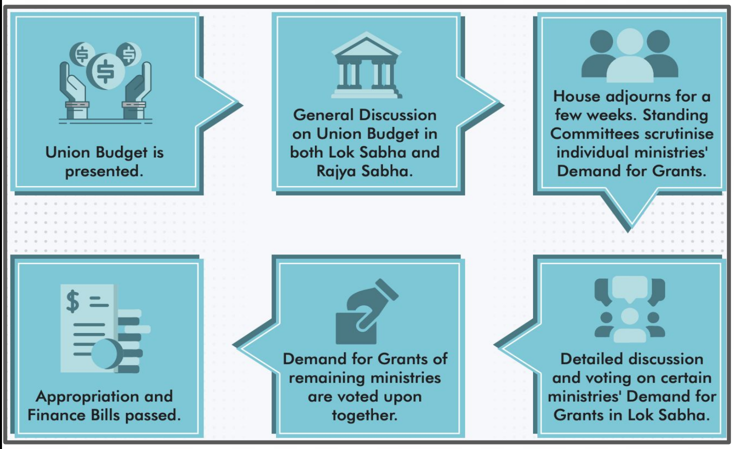
CONTEXT: Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

Article 112 in Constitution of India

112. Annual financial statement

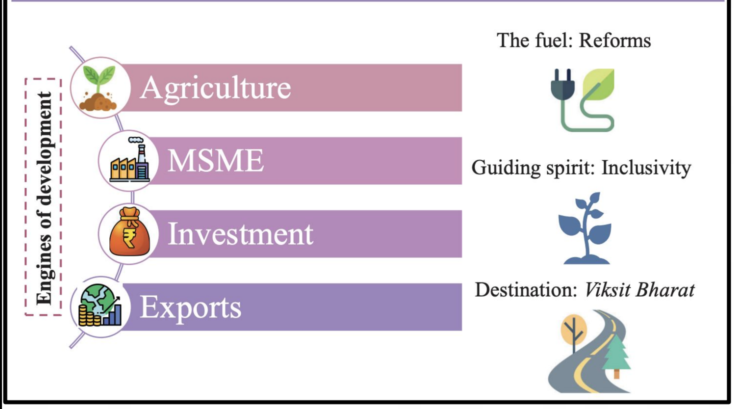
(1) The President shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India for that year, in this Part referred to as the "annual financial statement".

- **'Budget'** - Nowhere used in Constitution
- Receipts & Expenditure
- Economic & Financial Policy
- FY - 1st April - 31st March
- Till 2017 - 2 Budgets - Railway & General Budget
- 2017 - 'Union Budget'
- **Budget Division - DEA, Ministry of Finance**
- Budget Process -



A country is not just its soil, a country is its people.

Journey of Development



Broad Principles of Viksit Bharat

a) Zero-poverty;

b) Hundred per cent good quality school education;

c) Access to high-quality, affordable, and comprehensive healthcare;

d) Hundred per cent skilled labour with meaningful employment;

e) Seventy per cent women in economic activities; and

f) Farmers making our country the 'food basket of the world'.

The Analyst Handout

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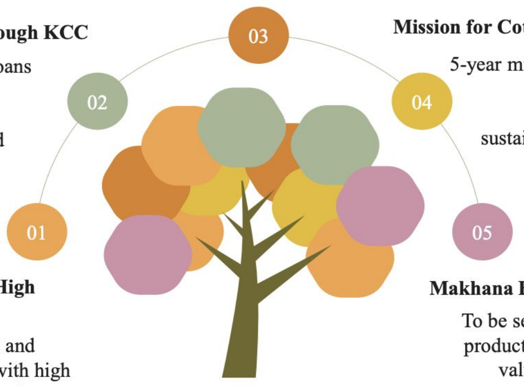
1st Engine: Agriculture

Spurring Agricultural Growth & Building Rural Prosperity

Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

To cover 100 districts and likely to help 1.7 crore farmers.



01 National Mission on High Yielding Seeds

Targeted development and propagation of seeds with high yield, pest resistance and climate resilience.

02 Enhanced Credit through KCC

Facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of ₹5 lakh.

04 Mission for Cotton Productivity

5-year mission to facilitate improvements in productivity and sustainability of cotton farming.

05 Makhana Board in Bihar

To be set up to improve production, processing, value addition, and marketing and organisation of FPOs.

+ A comprehensive multi-sectoral **'Rural Prosperity and Resilience'** Programme

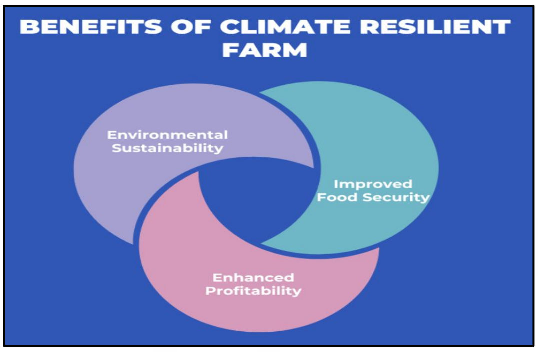
Aatmanirbharta in Pulses

Launch a 6-year Mission with special focus on Tur, Urad and Masoor, emphasising

- Development and commercial availability of climate resilient seeds
- Enhancing protein content
- Increasing productivity
- Improving post-harvest storage and management, assuring remunerative prices to the farmers.

India Post as a Catalyst for the Rural Economy

- Rural community hub co-location
- Institutional account services;
- DBT, cash out and EMI pick-up
- Credit services to micro enterprises
- Insurance; and
- Assisted digital services.



2nd Engine MSMEs

Supporting MSMEs & Furthering Make in India

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 such cards will be issued.

Scheme for first time Entrepreneurs: For 5 lakh first-time entrepreneurs, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to ₹ 2 crore during the next 5 years.

Manufacturing mission with the mandate to focus on

- Ease and cost of doing business;
- Future ready workforce for in-demand jobs;
- A vibrant and dynamic MSME sector;
- Availability of technology;
- Quality products;
- Clean tech manufacturing for climate-friendly development.

Union Budget: 2025-2026

CONTEXT: Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

Measures for Labour Intensive Sectors

- **Focus Product Scheme for Footwear & Leather Sectors**: scheme is 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**: To focus on 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, enhanced income for the farmers and skilling, entrepreneurship and employment opportunities for the youth.

Significant 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	

Revision in classification criteria for MSMEs

₹ 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

3rd Engine: Investment

Investing in people, economy and innovation

- *Saksham Anganwadi and Poshan 2.0*
- *Expansion of Capacity in IITs*
- *Day Care Cancer Centres in all District Hospitals*
- **Bharatiya Bhasha Pustak Scheme:** provide digital-form Indian language books for school and higher education.
- **05 National Centres of Excellence for skilling** to be set up with global expertise and partnerships.
- **Atal Tinkering Labs:** 50 Thousand Labs to be set up in government schools in next 5 years.

Union Budget: 2025-2026

CONTEXT: Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

- **Centre of Excellence in Artificial Intelligence for education** with a total outlay of ₹500 crore.
- **Broadband connectivity to be provided to all government secondary schools and primary health centres** in rural areas.
- **Expansion of medical education:** 10,000 additional seats with the goal of adding 75,000 seats in the next 5 years.
- **PM SVANidhi:** To be revamped with enhanced loans from banks, UPI linked credit cards and capacity building support.
- **Welfare of Online Platform Workers:** Registration on the e-Shram portal & healthcare under PM Jan Arogya Yojana.

Investing in people, economy and innovation

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: Incentivize distribution reforms and augmentation of intra-state transmission. Additional borrowing of 0.5 % of GSDP to states, contingent on these reforms.

Asset Monetization Plan 2025-30: 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'.

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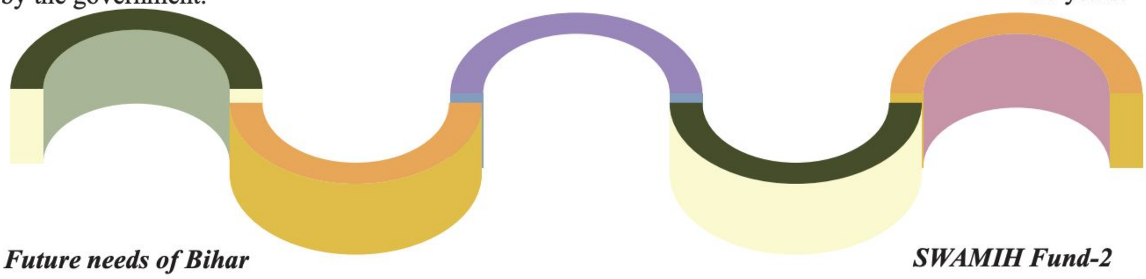
Maritime Development Fund with a corpus of ₹25,000 crore for long-term financing with up to 49 % contribution by the government.

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.



Future needs of Bihar
Greenfield airports, Financial support for the Western Koshi Canal ERM Projecs.

SWAMIH Fund-2
₹ 15,000 crore for expeditious completion of one lakh dwelling units through blended finance.

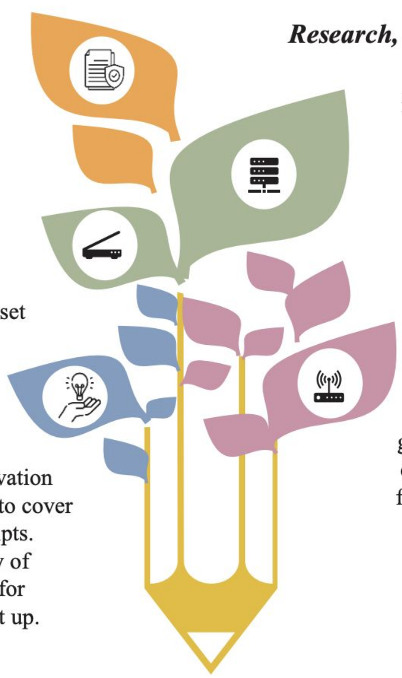
Tourism for employment-led growth

- Top 50 tourist destination sites to be developed in partnership with states
- Performance-linked incentives to states
- Introducing streamlined e-visa facilities
- MUDRA loans for homestays
- Intensive skill-development programmes for our youth
- Ease of travel and connectivity to tourist destinations

Investing in people, economy and innovation

PM Research Fellowship
To provide ten thousand fellowships for technological research in IITs and IISc.

Research, Development & Innovation
Allocating ₹ 20,000 crore to implement private sector driven Research, Development and Innovation initiative.



Gene Bank for Crops Germplasm
The 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.

National Geospatial Mission
To develop foundational geospatial infrastructure and data. Using PM Gati Shakti, facilitation of modernization of land records, urban planning, and design of infrastructure projects.

Gyan Bharatam Mission
Documentation and conservation of our manuscript heritage to cover more than 1 crore manuscripts. National Digital Repository of Indian knowledge systems for knowledge sharing to be set up.

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4th Engine: Exports

Promoting Exports

- ***Export Promotion Mission***: With sectoral and ministerial targets to facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.
- ***BharatTradeNet***: A digital public infrastructure, '*BharatTradeNet*' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. Support for integration with **Global Supply Chains.**
- ***National Framework for GCC***: 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.

Financial Sector Reforms and Development

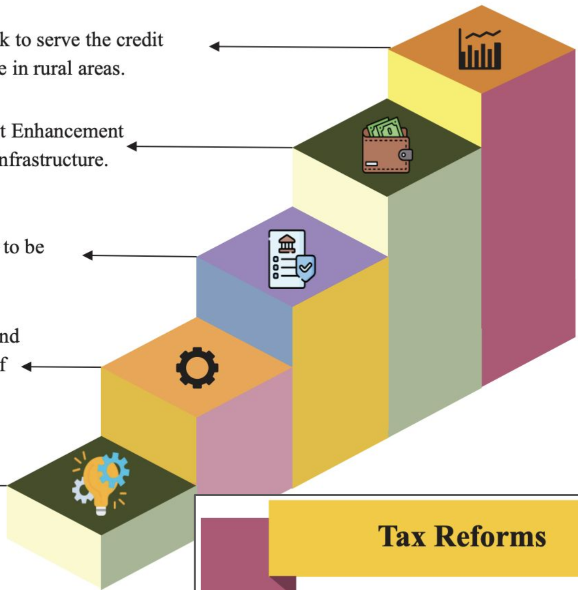
'*Grameen Credit Score*' framework to serve the credit needs of SHG members and people in rural areas.

NaBFID to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

Revamped Central KYC registry to be rolled out in 2025.

Rationalisation of requirements and procedures for speedy approval of company mergers.

FDI limit for the insurance sector will be raised from 74 to 100 per cent.



Tax Reforms

Changes in direct taxes and proposal to introduced the **New Income Tax Bill**

Regulatory Reforms

Light-touch regulatory framework based on principles and trust to unleash productivity and employment

- **High Level Committee for Regulatory Reforms**
- **Investment Friendliness Index of States**
- **FSDC Mechanism:** to evaluate impact of the current financial regulations and subsidiary instructions along with 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.

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2 February 2025

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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.

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.

Improved access to lifesaving medicines

Addition of:

- 36 lifesaving drugs/medicines in exempted list;
- 6 medicines in 5% duty list;
- 37 medicines and 13 new patient assistance programmes in exempt list.

(Medicines for rare diseases, cancer, severe chronic diseases)

Direct Tax Proposals

Reposing faith on middle class in nation building, the Union Budget 2025-26 proposes new direct tax slabs and rates under the new income tax regime so that no income tax is needed to be paid for total income upto ₹ 12 Lakh per annum, i.e. average income of Rs 1 Lakh per month, other than special rate income such as Capital Gain. Salaried individuals earning upto ₹ 12.75 Lakh per annum will pay NIL tax, due to standard deduction of ₹ 75,000. Towards the new tax structure and other direct tax proposals, Government is set to lose revenue of about ₹ 1 lakh crore.

The Analyst Handout

2 February 2025

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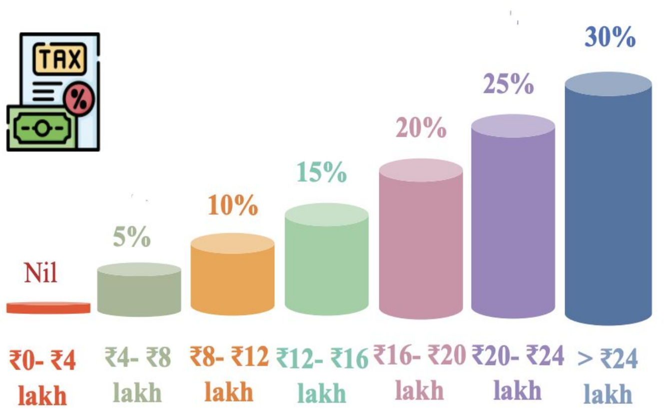
Personal Income Tax reforms with special focus on the middle class



TAX SLABS

EXISTING		
	0 TO 3 LAKH	NIL
	3 LAKH - 6 LAKH	5%
	6 LAKH - 9 LAKH	10%
	9 LAKH - 12 LAKH	15%
	12 LAKH-15 LAKH	20%
	15 LAKH+	30%

Ease of doing business

- Introduction of a scheme for determining arm's length price of international transaction for a block period of three years.
- Expansion of scope of safe harbour rules to reduce litigation and provide certainty in international taxation.

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.

Encouraging voluntary compliance

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

- **Tax certainty for electronics manufacturing Schemes**
- **Tonnage Tax Scheme for Inland Vessels**
- **Extension for incorporation by 5 years of Start-Ups**
- Specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which are set up in **IFSC**
- Certainty of taxation to Category I and category II AIFs, undertaking investments in infrastructure and other such sectors, on the gains from securities.

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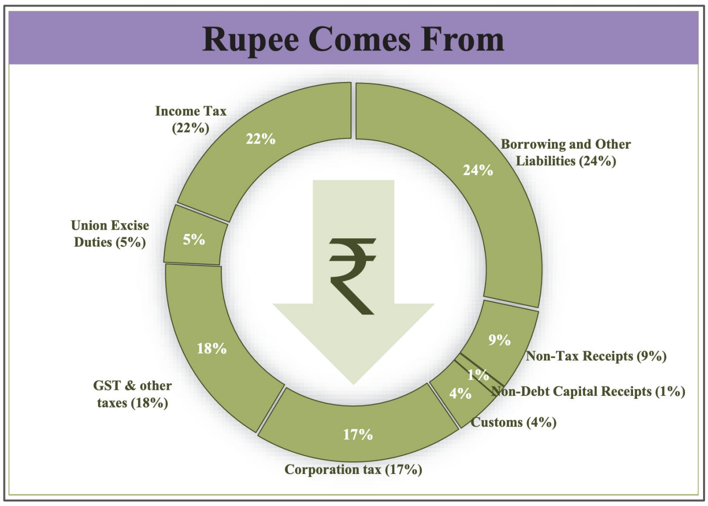
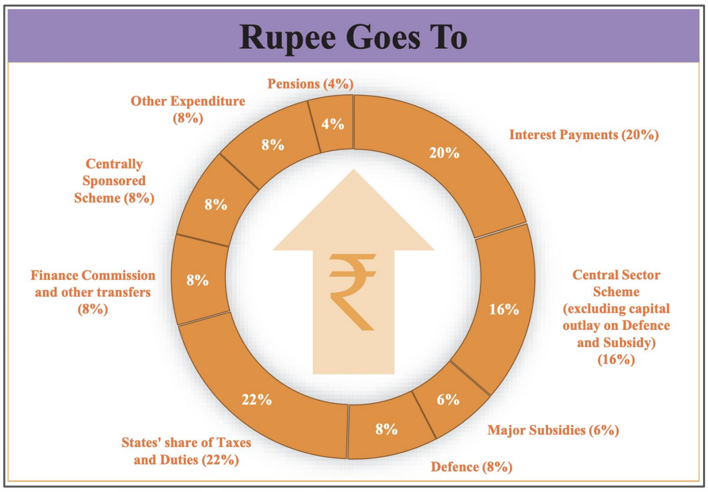
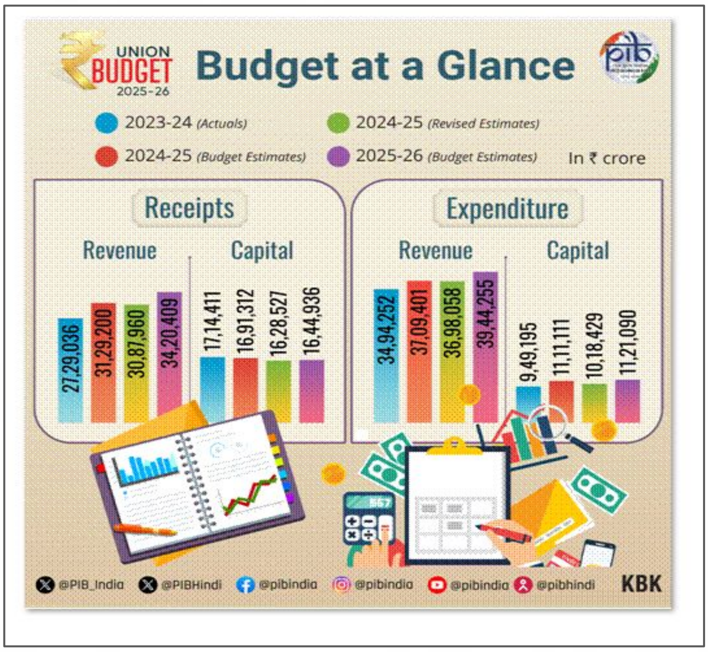
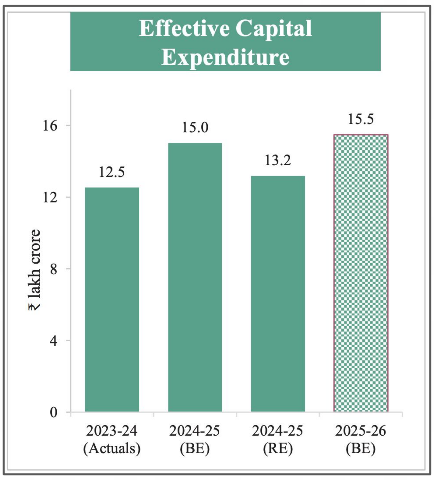
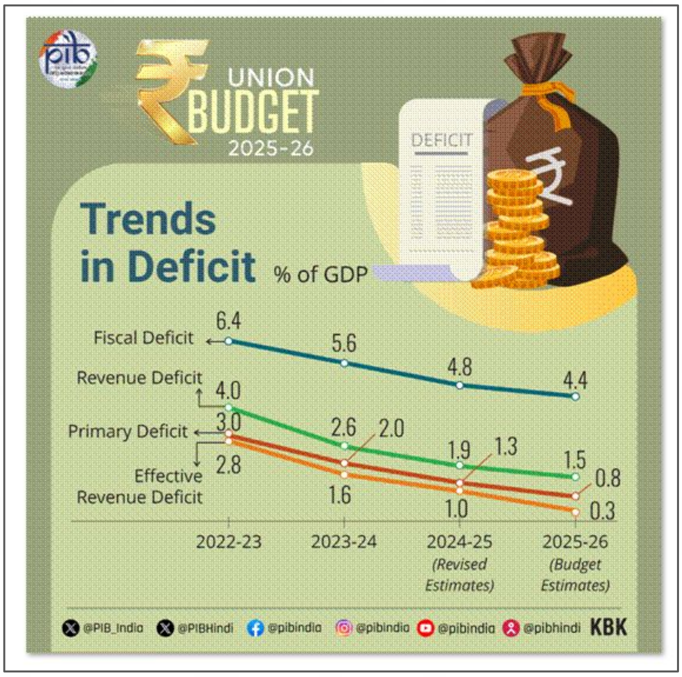
Macroeconomic Indicators

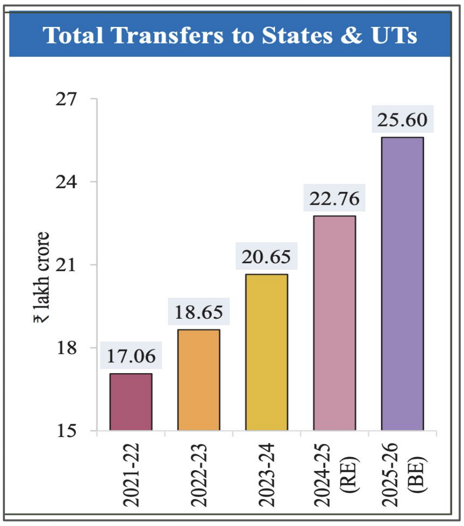












The Analyst Handout

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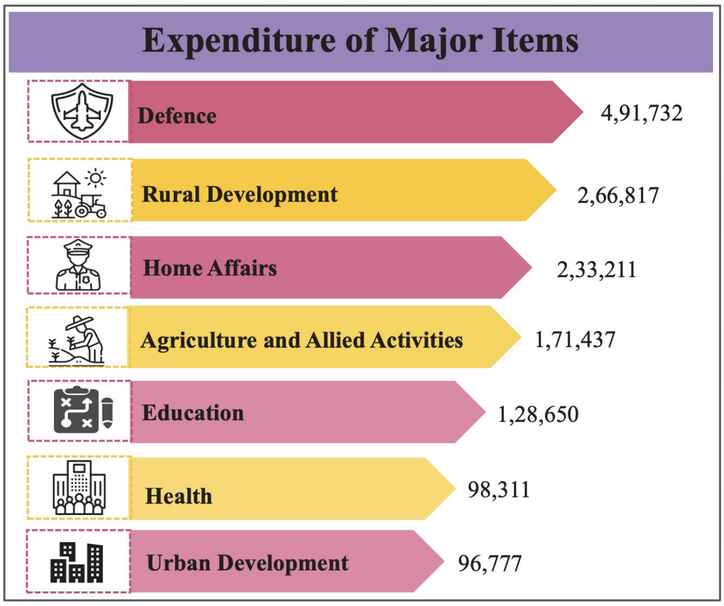
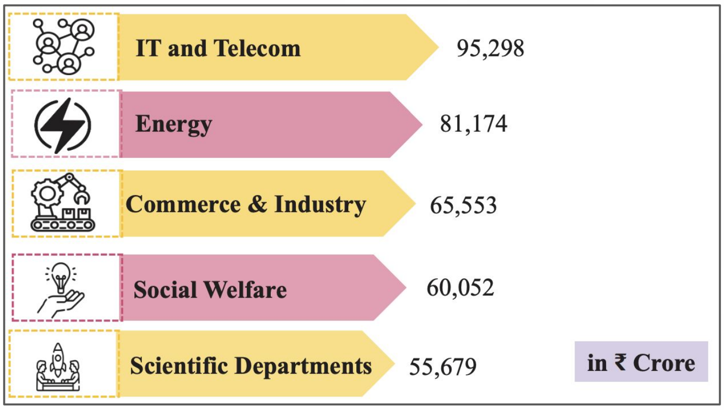
Major Expenditure Heads





Mains Practise Question

"The Union Budget 2025-2026 has introduced several key economic and financial policy changes aimed at stimulating growth and ensuring fiscal prudence with the emphasis on "Sabka Vikas". Analyse."

(15 Marks, 250 words)

The Analyst Handout

2 February 2025

Union Budget 2025: SOCIAL

SYLLABUS: GS Paper 2 : Social Sector
Newspaper : The Indian Express, **Page No : 13**

ANONNA DUTT
& ANKITA UPADHYAY

THE TOTAL outlay for health in this year's Budget has increased by over ₹9,000 crore, with the increase going to several of the government's key programmes such as its mission to increase infrastructure, Ayushman Bharat, as well as allocation for AIIMS Delhi.

The total outlay for Union Health Ministry has increased to ₹95,957.8 crore from the previous year's revised estimate of ₹86,582.5 crore.

Meanwhile, Union Finance Minister Nirmala Sitharaman announced Ayushman Bharat coverage for 1 crore gig workers.

"Gig workers of online platforms provide great dynamism to the new-age services economy. Recognising their contribution... They will be provided healthcare under the PM Jan Arogya Yojana. This measure is likely to assist nearly 1 crore gig workers," Sitharaman said in her Budget speech.

> **It's important that gig workers, who are vulnerable to several health problems, particularly since they work under stressful conditions and quite often extreme weather conditions, be provided some health cover**
>
> NIRMALA SITHARAMAN
> UNION FINANCE MINISTER

Gig workers are those who undertake short-term or project-based jobs, employed often by online platforms such as Swiggy, Blinkit and Amazon, among others. Last year, the government expanded the coverage of the flagship health scheme to all citizens over the age of 70 years, irrespective of their economic status.

The allocation for the scheme increased by ₹2,106 crore as per the Budget documents.

"At least people in formal employment are covered by employment health insurance schemes. So it's important that gig workers, who are vulnerable to several health problems, particularly since they work under stressful conditions and quite often extreme weather conditions, be provided some health cover. It is part and parcel of extending the ambit of universal health coverage, which is in a state of evolution, but adding one more section is always helpful in providing coverage," said Dr Srinath Reddy, former president of the Public Health Foundation of India.

More medical seats

Another significant announcement for the health sector was the increase in the number of medical seats. Sitharaman Saturday announced that another 10,000 medical seats would be added over the next year, gearing towards the goal of increasing the number of medical seats by 75,000 over the next five years.

There has been a massive jump in the number of medical seats over the last decade. The number of MBBS seats has increased from 51,384 before 2014 to 1,12,112 in 2024 and the number of PG seats has increased from 31,185 to 72,627.

This increase, however, has led to other challenges. Even as the national medical education regulator has been working on tightening staffing norms, colleges have been grappling with severe staff shortage. The geographical distribution of medical seats has also been skewed with some places like Karnataka and Puducherry having more than their required share. This had prompted the regulator National Medical Commission to bring in a norm of 100 MBBS seats per 10 lakh population. The norm was later put on hold when some states said they had exceeded the numbers, but with respect to private colleges and not government ones. These issues were raised even in the economic survey released Friday.

Saturday's Budget also saw an increase of ₹1,000 crore allocation under the PM Ayushman Bharat Health Infrastructure Mission (PM-ABHIM), increasing from ₹3,200 crore to ₹4,200 crore.

This mission was launched during the Covid-19 pandemic to strengthen health infrastructure at all levels, construction of health and wellness centres, diagnostic laboratories, and critical care blocks.

The budget for AIIMS Delhi was increased from ₹5,000 crore (revised estimate for 2024-25) to ₹5,200 crore.

ANONNA DUTT &
ANURADHA MASCARENHAS

UNION FINANCE Minister Nirmala Sitharaman Saturday announced the establishment of daycare centres for cancer treatment at district hospitals, a major initiative that aims to improve access to essential cancer treatment at the district level and ease the burden on large tertiary care hospitals in metropolitan cities.

She also announced that 36 lifesaving drugs for cancer, rare diseases and chronic illnesses will be exempted from customs duty. Six others will be charged a reduced duty of 5%. Most of these life-saving drugs are monoclonal antibodies or inhibitors designed to block specific proteins or enzymes. Also included are cancer drugs such as entrectinib for lung cancer and pertuzumab for breast cancer. Customs duty on bulk drug purchases for manufacturing these medicines will also be nil or charged at a concessional rate.

"Our government will facilitate the establishment of daycare cancer centres in all district hospitals over the next three years. Two hundred centres will be set up in 2025-26," Sitharaman said.

Cancer daycare centers typically provide chemotherapy, administer essential medications, perform minor procedures such as biopsies and manage complications.

The decision to set up these centres has significant implications. First, cancer cases are on the rise in India, with one in nine likely to develop the disease in their lifetime. According to Global Cancer Observatory data for 2022, the most common cancers among men are oral cavity, lung and esophageal cancer. Breast, cervical and ovarian cancer are the most prevalent among women.

Second, as cancer cases continue to increase, these daycare centers will enhance access to critical treatments at the district level — India has a network of at least 759 district hospitals that serve as crucial access points for tertiary healthcare at the district level. This is particularly beneficial for rural people, who will no longer need to travel to large cities where treatment costs are significantly higher.

"District hospitals are well-suited for delivering chemotherapy treatment. Traveling long distances for these treatments is not ideal. The most complex cancer treatments will continue to be provided at hospitals with super-specialty facilities. However, a daycare center at district level would serve as a facility where nurses can safely administer chemotherapy under the supervision of physicians," said Dr Sudeep Gupta, Director of Tata Memorial Centre in Mumbai.

While experts welcomed government's intent to bring cancer care closer to people's homes, they highlighted specific challenges that need to be addressed. "Many district hospitals currently do not offer biopsy services, even for in-patients. In fact, there are some medical colleges in the country that do not provide any cancer treatment at all. There is a need to address this gap so that we can offer these services at a day-care centre," said Dr Abhishek Shankar, an oncologist at AIIMS Delhi.

Beyond infrastructure limitations, there may also be challenges related to patient trust and demand. "People travel to major centres like AIIMS Delhi because they trust that they will receive proper care from skilled doctors. For these district-level centres to succeed, the government will need to build trust in the system so that patients feel confident seeking treatment there instead of traveling to cities like Delhi and Mumbai," said Dr Shankar.

Dr Shyam Agarwal, chairperson of medical oncology at Sir Ganga Ram Hospital, highlighted the need for trained doctors to staff these centres. "While daycare centres can deliver 70-80% of cancer treatment and reduce travel for chemotherapy, trained medical and surgical oncologists are essential to administer drugs and perform biopsies, as well as manage potential side effects."

Sitharaman said that 37 new medicines and 13 patient assistance programmes will be exempt from customs duty. "Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies are fully exempt from (Basic Custom Duty), provided the medicines are supplied free of cost to patients," she said.

NIKHIL GHANEKAR

THE UNION government on Saturday increased the budget allocation for the Ministry of Tribal Affairs by 45.79% compared to last year, allocating more funds to bridge infrastructure gaps in tribal-dominated areas across the country.

The Union Budget 2025-26 has allocated ₹14,925.81 crore for the Ministry of Tribal Affairs, up from ₹10,237.33 crore (revised estimate) in 2024-25.

Three crucial initiatives of the ministry — Eklavya Model Residential Schools (EMRS), Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan (PM JANMAN) and Dharti Aaba Janjatiya Gram Utkarsh Abhiyan (DA-JGUA) — saw an increase in outlay in the Union Budget.

Eklavya Model Residential Schools will receive ₹7,088 crore. *Express*

Eklavya Model Residential Schools will receive ₹7,088.60 crore, up from ₹4,748 crore (revised estimates) last year. Launched in 2018, the objective of the programme is to set up residential schools for students from the STs community with an aim to provide them quality education. The government has set a target of making 728 Eklavya Model Residential Schools functional by March 2026 for 3.5 lakh tribal students.

The Dharti Aaba Janjatiya Gram Utkarsh Abhiyan scheme, targeted towards saturation coverage of government schemes in health, infrastructure, education and livelihood, saw its allocation quadruple — increasing from ₹500 crore to ₹2,000 crore.

Prime Minister Narendra Modi had launched the scheme in Jharkhand's Hazaribagh ahead of Assembly elections last year, with an outlay of ₹79,156 crore.

The Budget for PM Janjati Adivasi Nyaya Maha Abhiyan, aimed to improve the socio-economic conditions of the Particularly Vulnerable Tribal Groups has been doubled from ₹ 150 crore (revised estimate) to ₹ 300 crore for 2025-26.

First-time entrepreneurs

Though no new scheme was announced for the Ministry of Tribal Affairs and Ministry of Social Justice and Empowerment, which work towards the welfare of marginalised communities, Union Finance Minister Nirmala Sitharaman announced that a new scheme will be launched for 5 lakh women, SCs and STs first-time entrepreneurs.

"This will provide term loans up to ₹2 crore during the next five years. The scheme will incorporate lessons from the successful Stand-Up India scheme. Online capacity building for entrepreneurship and managerial skills will also be organised," Sitharaman said. For Ministry of Social Justice and Empowerment, Department of Social Justice and Empowerment has been allocated ₹13,611 crore, a 35.75% hike from ₹10,026.40 crore (revised estimate) last year.

The Department of Empowerment of Persons with Disabilities budgetary allocation has been hiked by 9.22% to ₹1,275 crore from ₹1,167.27 crore (revised estimate).

The Analyst Handout

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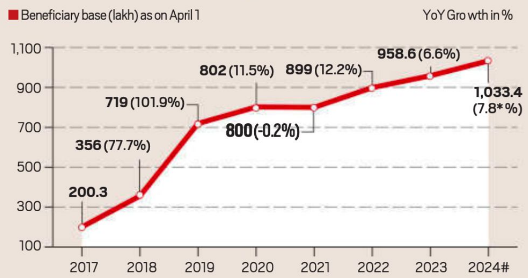
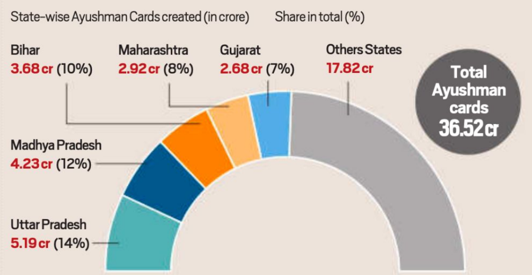
Newspaper : The Indian Express, **Page No : 13**

PRADHAN MANTRI UJJWALA YOJANA



Source: PPAC, Ministry of Petroleum & Natural Gas *Compared to April 1 2023 #July 15, 2024

AYUSHMAN BHARAT SCHEME



Source: PMJAY dashboard

ABHINAYA HARIGOVIND

Budget also makes provision for 10,000 fellowships over five years at IITs and IISc under the PM Research Fellowship scheme

THE UNION government Saturday announced a significant increase in student intake across five Indian Institutes of Technology (IITs) over the next five years and an additional 10,000 seats in medical colleges and hospitals over the next year.

The government will develop infrastructure to facilitate the education of an additional 6,500 students across five third-generation IITs (set up after 2014) — IIT Palakkad, Dharwad, Jammu, Bhilai, and Tirupati. Permanent campuses have been established for these IITs over the past couple of years.

These seats will be added in phases over five years and would be mainly at UG or BTech level, Education Minister Dharmendra Pradhan said. The total number of students across 23 IITs had increased from 65,000 to 1.35 lakh over the past 10 years.

Expansion of hostels and other infrastructure facilities at IIT Patna was also announced. "From being teaching institutions, the now larger and long-term goal for IITs would be to teach, do research and innovate," Pradhan told *The Indian Express*.

The budget also makes a provision for 10,000 fellowships over the next five years at IITs and the Indian Institute of Science (IISc), under the PM Research Fellowship scheme. Allocation for the scheme has been hiked from ₹350 crore in 2024-25 to ₹600 crore this year. The scheme was first announced in the 2018-19 Budget, when then Finance Minister Arun Jaitley said that 1,000 students will be identified for the fellowship to do their PhDs at IITs and IISc.

The total allocation for education this year is ₹1.28 lakh crore, a rise from an allocation of ₹1.20 lakh crore last year. The higher education sector has seen a 5% increase in allocation compared to last year – from ₹47,619 crore to ₹50,077 crore. School education saw an 8% increase, from ₹73,008 crore to ₹78,572 crore.

In higher education, allocation has increased for Indian Knowledge Systems (five-fold rise from ₹10 crore to ₹50 crore), the National Apprenticeship Training Scheme for on-the-job skilling opportunities (a near two-fold rise from ₹600 crore to ₹1,178 crore this year) and IITs (an increase of around ₹1,025 crore).

The AICTE, the regulatory body for technical education, saw its allocation halved from ₹400 crore last year to ₹200 crore this year. Sources in Ministry of Education pointed to expenditure of regulatory body having been low – the revised estimate for the previous year was only ₹137 crore. "A regulatory body is meant to set standards. It's not a funding agency. So any change in its budget doesn't mean the government will not spend that money directly on education," said a senior ministry official.

In school education, the Pradhan Mantri Innovative Learning Programme, a scheme to provide mentorship to talented students, has seen an increase in allocation from ₹0.01 crore last year to ₹55 crore this year.

PM-SHRI has seen a 24% increase in allocation this year, while Samagra Shiksha scheme has recorded a 10% rise. The FM also announced that 50,000 Atal Tinkering Labs will be set up in government schools over the next five years to "foster scientific temper among young minds".

Union Budget 2025: INFRA

SYLLABUS: GS Paper 3 : Infrastructure
Newspaper : The Indian Express, **Page No : 11**

AMITABH SINHA

IN ONE of its biggest moves to expand the nuclear energy sector, the government Saturday set up a new ₹20,000-crore mission to develop small modular reactors (SMRs) and set a target of operationalising at least five such reactors in the next eight years.

Finance Minister Nirmala Sitharaman also promised to amend the Atomic Energy Act and the Civil Liability for Nuclear Damage Act to accelerate private sector participation in building and operating nuclear power plants.

Sitharaman had expressed such an intention in last year's budget itself, but she had not revealed the details of the government's plan on nuclear power generation. Her announcements this year are more substantial and concrete.

She said the government would set up a Nuclear Energy Mission at ₹20,000 crore for research and development of small modular reactors, and promised that at least five such indigenously developed SMRs would be operationalised by 2033. SMRs, as the name suggests, are small nuclear reactors that typically produce less than 300 MW of electricity. Conventional nuclear reactors, the kind which are currently installed in India and elsewhere, usually have capacities to produce 500 MW of electricity or more.

However, it is their relatively simpler and modular design — enabling their components to be assembled in a factory instead of being constructed on-site — lower costs, and flexible deployment that has made SMRs a much more attractive proposition in recent years.

SMRs are mostly still under development and have not been deployed commercially anywhere in the world. Just a couple of experimental SMRs are operational right now. But more than 80 different designs are under development, according to the International Atomic Energy Agency (IAEA), and several such reactors are being constructed in countries like the United States, China, Russia and South Korea.

The government is pushing for indigenous development of SMRs — sometimes even referring to them as Bharat SMRs — and this is where the new ₹20,000-crore mission is supposed to make a difference.

Sitharaman said India's energy transition would require at least 100 GW of nuclear energy by 2047, reiterating an ambitious target that was revealed by the Department of Atomic Energy last year. Right now, India's installed nuclear energy capacity is 7,480 MW, comprising 23 nuclear reactors. The government plans to triple this capacity to 22,800 MW by 2031-32, once the ten new indigenous reactors, approved in 2017 and currently under construction, come on-board.

Unlike renewables like solar or wind, nuclear energy offers a reliable source of on demand electricity generation, and is not susceptible to weather-related interruptions. It is also gaining increasing traction as technology companies search for stable power supply amid surging demand from machine learning applications and data centres.

However, reaching the 100 GW target means a five-fold expansion in the 15 years between 2032 and 2047. That is an addition of about 5-6 GW of nuclear energy every year.

> **Sitharaman said the government would amend the Atomic Energy Act of 1962 to facilitate the entry of private sector in nuclear energy**

This cannot happen without the involvement of the private sector. Nuclear power plants have so far been owned and operated by the Nuclear Energy Power Corporation of India Ltd, and its fully-owned subsidiary Bharatiya Nabhikiya Vidyut Nigam. In the last few years, a policy change has allowed public sector units to enter into joint ventures with NPCIL to own and operate nuclear plants.

Sitharaman said the government would amend the Atomic Energy Act of 1962 to facilitate the entry of private sector in nuclear energy. The provisions of Civil Liability for Nuclear Damages Act, which holds plant operators responsible for paying any damages arising out of a nuclear accident, would also be amended to ensure that private companies are not entirely deterred to enter the sector.

On power distribution, Sitharaman said states will be allowed additional borrowing of 0.5% of GSDP if they undertake electricity distribution reforms and augmentation of intra-state transmission capacity. In 2022-23, distribution companies across states recorded accumulated losses at ₹6.48 lakh crore.

Under the National Manufacturing Mission, clean tech manufacturing will also be prioritised to improve domestic value addition in solar cells, EV and grid-scale batteries etc.

DAMINI NATH

IN AN effort to boost urban infrastructure, the government will set up an Urban Challenge Fund with a target to mobilise ₹1 lakh crore to boost urban infrastructure and implement the proposals for 'cities as growth hubs', 'creative redevelopment of cities' and 'water and sanitation' announced in the July Union Budget, Union Finance Minister Nirmala Sitharaman said Saturday.

The move will act as an incentive for cities to raise funds through municipal bonds, Public Private Partnerships (PPPs) and loans. Sitharaman said the fund will inject up to 25% of the cost for bankable projects. "This fund will finance up to 25% of the cost of bankable projects with a stipulation that at least 50% of the cost is funded from bonds, bank loans, and PPPs. An allocation of ₹10,000 crore is proposed for 2025-26," Sitharaman said.

> **PM SVANidhi scheme will be revamped with enhanced loans from banks, UPI-linked credit cards, capacity building support**

Under the fund, assuming that the estimated cost of the projects is ₹40,000 crore, the government plans to give ₹ 10,000 crore, while the cities would be expected to get the remaining ₹30,000 crore from floating municipal bonds, entering into private public partnerships and taking loans, according to a Ministry of Housing and Urban Affairs source.

Cities would be asked to submit their proposals for three kinds of projects. Under the 'creative redevelopment of cities', existing cities with high levels of congestion could be refurbished. This fund would encourage cities to raise market finances, as opposed to the ₹10,000 crore Urban Infrastructure Development Fund (UIDF) that was announced in the Union Budget 2023-24. A proportion of funds from bonds, PPP and loans was not mandated in UIDF.

For urban poor

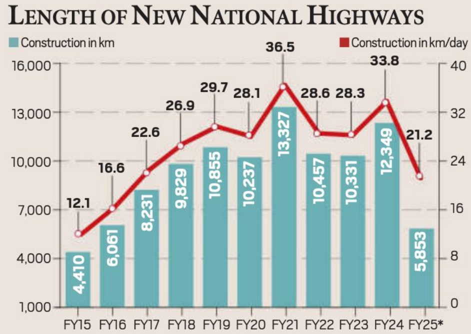
Aiming to boost incomes of the urban poor, Sitharaman announced a revamp of the existing small working capital loan scheme for street vendors, the Prime Minister Street Vendors AtmaNirbhar Nidhi (PM SVANidhi).

The Finance Minister said: "PM SVANidhi scheme has benefitted more than 68 lakh street vendors giving them respite from high-interest informal loans... the scheme will be revamped with enhanced loans from banks, UPI-linked credit cards with ₹30,000 limit, and capacity building support."

The scheme was launched in 2020 when street vendors during the Covid-19 pandemic. Vendors can avail of loans of ₹10,000, ₹20,000 and ₹50,000. So far, 95.84 lakh loans worth ₹13,741 crore have been disbursed.

Sitharaman also proposed an expenditure of ₹96,777 crore for the Housing and Urban Affairs Ministry, marking a 17% increase from ₹82,576.57 crore (budget estimate) in the Union Budget 2024-25. The revised estimate for 2024-25 was ₹63,669.93 crore.

Length of New National Highways



NH network has grown by 60% from 2014 to 1,46,195 km now. *Source: PIB; *till Dec 2024*

Installed Power Generation Capacity

(figures in gigawatts)

SOURCE	FY21	FY22	FY23	FY24	FY25
Coal	209.29	210.7	211.86	217.59	218.97
Oil & gas	25.43	25.41	25.41	25.63	25.41
Nuclear	6.78	6.78	6.78	8.18	8.18
Hydro	46.21	46.72	46.85	46.93	46.97
Wind	39.25	40.36	42.63	45.89	48.16
Solar	40.09	54	66.78	81.81	97.86
Biopower	10.31	10.68	10.8	10.94	11.35
Small-hydro	4.79	4.85	4.94	5	5.1

YEAR-WISE TOTAL CAPACITY (in GW)

Source: India Climate and Energy Dashboard under Niti Aayog

Union Budget 2025: INFRA

SYLLABUS: GS Paper 3 : Infrastructure
Newspaper : The Indian Express, **Page No : 11**

DHEERAJ MISHRA

RAILWAYS AND Road Transport continue to be among the ministries for which the government has allocated the highest share of capital expenditure in the Budget even though the allocated amount is the same as last year's.

In the Union government's Budget for the financial year 2025-26, presented on Saturday by Finance Minister Nirmala Sitharaman, the Ministry of Railways was allocated ₹2.65 lakh crore for capital expenditure. This included ₹2.52 lakh crore from general revenue, ₹500 crore from the Nirbhaya fund, ₹3,000 crore from internal resources, and ₹10,000 crore from extra-budgetary resources.

The Budget also allocated ₹2.72 lakh crore to the Ministry of Road Transport and Highways for capital expenditure.

While both ministries got the same capex allocation as in last year's Budget, they still account for around 48 per cent of the total capex allocation across ministries.

According to the Budget document, the total estimated expenditure of the Central government for FY 2025-26 is ₹50.65 lakh crore. Of this, the allocation for capital expenditure is ₹11.21 lakh crore, or 22.13 per cent of total expenditure.

Outlay on Roads and Railways

(in ₹lakh crore)

	TOTAL EXPENDITURE	CAPITAL EXPENDITURE (CE)	RAILWAYS CE	ROADS CE
FY26*	50.65	11.21	2.65	2.72
FY25**	47.16	10.18	2.65	2.72
FY24#	44.43	9.49	2.42	2.63
FY23#	41.93	7.40	1.59	2.05
FY22#	37.93	5.92	1.17	1.13

*Source: Budget documents; *Budget estimate; **Revised estimate; #Actual*

Capital expenditure goes towards building assets that have long-term benefits and can potentially generate revenue. Revenue expenditure, on the other hand, refers to expenses incurred in maintaining daily operations and includes salaries, wages, rent, office expenses, and so on.

The Road Transport Ministry and Railways got allocations of ₹2.72 lakh crore and ₹2.65 lakh crore respectively in FY2024-25, too. In FY2024, Railways incurred a total capital expenditure of ₹2.42 lakh crore, up from ₹1.59 lakh crore in FY23 and ₹1.17 lakh crore in FY22.

As for the Ministry of Road Transport and Highways, its total capital expenditure in FY24 was ₹2.63 lakh crore, up from ₹2.05 lakh crore in FY23 and ₹1.13 lakh crore in FY22.

According to the economic survey, released a day before the Budget, until November 2024, Defence, Railways and Road Transport accounted for about 75% of capital expenditure, whereas significant Year-on-Year growth occurred in Power and Food and Public Distribution sectors.

The survey also noted that the pace of the Union government's capital expenditure in major infrastructure sectors was affected during the first quarter of FY25, largely due to the Model Code of Conduct that had been in place for the general elections.

However, capital expenditure saw an uptick in July-November, 2024. On average, ministries linked to infrastructure sectors, including Railways and Roads, utilised around 60 per cent of the budgeted capex during April-November, 2024.

The Railways Ministry said given the higher public spending on capital expenditure, the country can expect 200 new Vande Bharat trains, 100 Amrit Bharat trains, 50 Namo Bharat rapid rail services and 17,500 general non AC coaches in the next two to three years.

"Focusing on safety, the Budget allocates ₹1,16,000 crore rupees for expenditure this year to augment the safety of Indian Railways through various projects," said Ashwini Vaishnaw, Minister for Railways.

For the Road Transport Ministry, key capex projects include the Bharatmala Pariyojana, Char Dham Mahamarg, National High-Speed Corridors, national highways wider than four lanes, advanced traffic management systems, and multi-modal logistics parks. "This Budget will have a big impact on road infrastructure... It emphasises reforms, youth leadership, inclusion and investment. It (also) emphasises community participation, women empowerment and centre-state collaboration to drive holistic development," said Nitin Gadkari, Minister of Road Transport and Highways.

Union Budget 2025: MISC

SYLLABUS: GS Paper 3 :
Newspaper : The Indian Express, **Page No :**

EXPRESS NEWS SERVICE

IN THE wake of challenges of modern warfare and to modernise the military to counter rival China, the Union Budget has allocated ₹6.81 lakh crore to the Defence Ministry, which is 9.5% higher than the allocation last year, if compared to budget estimate.

The defence allocation is 13.45% of the Union Budget, which is highest among the ministries.

Of the total allocation, ₹1.8 lakh crore will be for capital expenditure underlining the importance the government accords to modernising the Armed Forces and procuring new weapons.

"The Ministry has taken a decision to observe 2025-26 as 'Year of Reforms' which will further strengthen the resolve of the Government for modernisation of Armed Forces and is aimed for simplification in the Defence Procurement Procedure to ensure optimum utilisation of the allocation," a Defence Ministry statement said on Saturday.

The total revenue allocation for the Armed Forces stood at ₹3.11 lakh crore which is 45.76% of the total outlay

The total revenue allocation for the Armed Forces stood at ₹3.11 lakh crore which is 45.76% of the total outlay. Defence pension has received ₹1.6 lakh crore and ₹28,683 crore for civil organisations.

On capital outlay, which is 4.65% higher than last year allocation, the Defence Ministry said, "In the current geopolitical scenario where the world is witnessing a changing paradigm of modern warfare, Indian Armed Forces need to be equipped with state-of-the-art weapons and have to be transformed into a technologically-advanced combat-ready force."

Of the total capital outlay, ₹1.48 lakh crore would be spent on modernisation of the Armed Forces while the rest would be spent on research and development.

Significantly, 75% of the ₹1.48 lakh crore modernisation outlay would be spent on domestic procurement in keeping with the Atmanirbhar Bharat policy of the Centre.

"This allocation of funds will further facilitate MoD's plan to venture in new domains such as Cyber & Space and emerging technologies such as Artificial Intelligence (AI), Machine Learning and Robotics etc. Some major acquisitions planned in the next year such as Long Endurance Remotely Piloted Aircraft of High and Medium altitude, stage payment of Deck-based Aircraft, next generation submarines/ships/platforms will be funded out of this allocation," the MoD said in a statement.

The budgetary allocation to Defence Research and Development Organisation (DRDO) has been increased to ₹26,817 crore in FY 2025-26 from ₹23,856 crore last year. Of this, a major share of around ₹15,000 crore has been allocated for capital expenditure and to fund the R&D projects.

"This will financially strengthen the DRDO in developing new technologies with special focus on fundamental research and hand-holding of the private parties through Development-cum-Production Partner," the Defence Ministry said.

In order to further improve border infrastructure and facilitate the movement of Armed Forces personnel through tough terrains, ₹7,146.50 crore has been allocated to Border Roads Organisation (BRO) under capital head, which is 9.74% higher than the budget estimate of 2024-25.

This, the Defence Ministry said, "will not only promote the strategic interest of the nation in border areas by constructing tunnels, bridges and roads such as LGG-Damteng-Yangtse in Arunachal Pradesh, Asha-Cheema-Anita in J&K, and Birdhwal-Puggal-Bajju in Rajasthan, but will also boost socio-economic development, provide employment opportunities and encourage tourism."

EXPRESS NEWS SERVICE

THE MINISTRY of External Affairs (MEA) has allocated ₹5,483 crore for aid to foreign nations, higher than last year's budget estimate of ₹4883 crore, but lower than last year's revised estimate of ₹5,806 crore.

The overall budget for the MEA stands at ₹20,516 crore — lower than the budget estimate of ₹22,154 crore and revised estimate of ₹25,277 crore, for the year 2024-2025.

Sources said that at this stage, no allocation has been made towards EXIM bank provisioning in MEA's budget but may be done at a later phase if the need arises. This allocation of ₹20,516.61 crore is an increase of 15.45 % in comparison to last year's budget without the allocation towards EXIM bank provisioning, sources said.

The MEA budget has placed an emphasis on India's 'Neighbourhood First' policy. ₹4,320 crore — 64 per cent of the total scheme portfolio — has been earmarked for the country's immediate neighbours for initiatives like large infrastructure projects such as hydroelectric plants, power transmission lines, housing, roads, bridges and integrated check-posts.

Bhutan continues to be India's largest foreign aid recipient, receiving ₹2,150 crore in 2025-26, which is an increase from last year's budget estimate of ₹2,068 crore. Although, this is a decrease from last year's revised estimate of ₹2,543 crore. India's allocation for the Maldives has increased from ₹400 crore (budget estimate) and ₹470 crore (revised estimate) to ₹600 crore. Afghanistan has seen its aid allocation decrease from last year's budget estimate of ₹200 crore to ₹100 crore. But, it is an increase from Rs 50 crore of revised estimates. Afghanistan has been allocated an aid of ₹100 crore, which is a decrease from last year's budget estimate of ₹200 crore but an increase from ₹50 crore of revised estimate.

Myanmar's allocation increased from ₹250 crore in the 2024-25 budget to ₹350 crore for 2025-26. However, the aid has decreased from last year's revised estimate of ₹400 crore.

India has maintained its allocation for Nepal at ₹700 crore. Meanwhile, Sri Lanka saw an increase in its aid allocation at ₹300 crore from last year's budget estimate of ₹245 crore.

Aid to Bangladesh remains unchanged at ₹120 crore while aid to African nations rose to ₹225 crore from last year's ₹200 crore.

Latin America's allocation has been reduced from last year's ₹90 crore to ₹60 crore. However, the initial budget estimate was ₹30 cr. The allocation for Chabahar Port in Iran remains at ₹100 crore.

Union Budget 2025: MISC

VAJIRAM & RAVI

SYLLABUS: GS Paper 3 :
Newspaper : The Indian Express, **Page No :**

THE 2025-26 Union Budget's allocation for the Ministry of Home Affairs reflected a focus on security, both internal and at the borders, while also indicating that the census exercise would likely be delayed again.

The total allocation of ₹2,33,211 crore is a ₹12,840 crore increase from the outlay for 2024-25 (revised estimate).The major chunk — ₹1,09,037.05 crore — has gone to the central armed police forces (CAPFs) that are responsible for internal security, guarding borders and securing vital installations. This is an increase from the revised estimate of ₹1,05,647.19 crore in 2024-25 and will go towards better infrastructure, sophisticated weapons and training.

The allocation for border infrastructure, meanwhile, saw a sharp 87% rise — from ₹2,794.57 crore to ₹5,237.93 crore. This will be spent on the check posts along the international border and setting up surveillance infrastructure.

This magnified focus on the borders come after an increase over the last year in cross-border infiltration and terror attacks in Jammu and Kashmir, especially in the once-relatively peaceful Jammu division.

The Budget also allocated just ₹574.80 crore (₹572 crore in 2024-25) towards work related to the census — a clear indication that the decadal exercise will be delayed. The census was supposed to be carried out in 2020-21 but was postponed owing to the Covid-19 pandemic.

Among the paramilitary forces, the CRPF got ₹35,147.17 crore, up from a revised estimate of ₹34,328.61 crore in 2024-25; the BSF got ₹28,231.27 crore (₹27,895.73 crore in 2024-25); the CISF was allotted ₹16,084.83 crore (₹15,272.22 crore in 2024-25); the ITBP got ₹10,370 crore (₹9,861.14 crore in 2024-25); the SSB was given ₹10,237.28 crore (₹9,834.59 crore in 2024-25) and the Assam Rifles was allotted ₹8,274.29 crore (₹7,855.23 crore in 2024-25).

On the allocation for the CAPFs, the budget document said: "This provision is for meeting administrative expenditures of the CAPFs — CRPF, BSF, NSG, ITBP, CISF, SSB, Assam Rifles and departmental accounting organisations attached with these forces. The provision under the capital section is meant for procurement of machinery and equipment and motor vehicles."

The Union Territory of J&K has been given ₹11,931 crore this budget, (₹11,467.62 crore revised estimate in 2024-25). The Delhi Police has got an increased ₹11,931.66 crore for their office building and residential building projects in the capital (₹11,467.62 crore revised estimate in 2024-25).

"The budget for police infrastructure funding has been increased from ₹1,986.28 crore to ₹4,379.20 crore. Forensic and Cybercrime Prevention has seen an investment in forensic infrastructure rose significantly, with ₹500 crore earmarked for Modernization of Forensic Capabilities, compared to just ₹150 crore last year," stated the budget document.

HARISH DAMODARAN

Centre's Subsidy Bill (Rs crore)

	FOOD	FERTILISER	TOTAL	AS % OF GDP
2019-20	1,08,688.35	81,124.33	2,62,304.1	1.3
2020-21	5,41,330.14	1,27,921.74	7,58,165.34	3.82
2021-22	2,88,968.54	1,53,758.1	5,03,907.02	2.14
2022-23	2,72,802.38	2,51,339.36	5,77,915.86	2.14
2023-24	2,11,814.39	1,88,291.62	4,34,898.5	1.47
2024-25*	2,05,250.01	1,63,999.8	4,28,422.67	1.31
2024-25**	1,97,420	1,71,298.5	4,27,868.38	1.32
2025-26*	2,03,420	1,67,887.2	4,26,216.21	1.19

*Budget Estimates; **Revised Estimates; Includes petroleum, interest and other subsidies.*

THE CENTRE'S spending on subsidies for 2025-26 is budgeted to fall to a six-year-low in absolute terms and a seven-year-low relative to the country's gross domestic product (GDP). Also, much of the outgo pressure is now coming from fertilisers, as opposed to food subsidy.

Finance Minister Nirmala Sitharaman has provided a total of Rs 426,216 crore towards all Central subsidies for the coming financial year, the lowest since the Rs 262,304 crore of 2019-20. In relative terms, the subsidy bill, at 1.19 per cent of GDP, would be the lowest since the 1.18 per cent for 2018-19. The reduced subsidy spend — from the peak of Rs 758,165 crore and 3.82 per cent of GDP in 2020-21 — are mainly on account of two factors.

First, the discontinuation of the free, additional 5-kg per month extra foodgrains allocation to the 813.5 million public distribution system (PDS) beneficiaries.

The extra rice or wheat — over and above the regular 5 kg/person/month PDS quota under the National Food Security Act, 2013 — was given during the post-Covid period from April 2020 to December 2022. That ended from January 2023. With the annual grain offtake through the PDS and other schemes falling — from 93.7 million tonnes (mt) in 2020-21, 105.8 mt in 2021-22 and 93.1 mt in 2022-23, to 67.7 mt in 2023-24 and a projected 63.9 mt in 2024-24 – and the government's procurement as well as stocks in godowns declining (translating into reduced carrying cost of buffer beyond operational requirements), the food subsidy is budgeted at just Rs 203,420 crore in the coming fiscal.

The above subsidy hit an all-time-high of Rs 541,330 crore in 2020-21, when the Finance Minister also made a one-time provision to clear outstanding dues to the Food Corporation of India. The latter incurs an "economic cost" towards procuring, distributing and storing grain, with these estimated at Rs 39.75/kg for rice and Rs 27.74/kg for wheat. The subsidy arises from the same grain being issued entirely free to PDS beneficiaries.

The second major reason for the Centre's lower subsidy provision is fertiliser. The fertiliser subsidy peaked at Rs 251,339 crore in 2022-23, which resulted from high global prices following Russia's invasion of Ukraine. Landed per-tonne prices of imported urea, di-ammonium phosphate (DAP) and muriate of potash (MOP) rose to $900-1,000 (in November-January 2021-22), $950-960 (July 2022) and $590 (March 2022 to March 2023) respectively. Currently, these are ruling at $423-427 for urea, $633 for DAP and $283-285 for MOP. Even prices of key inputs, phosphoric acid and ammonia, have eased to $1,055 and $400 per tonne, from their highs of $1,715 (July-September 2022) and $1,575 (April 2022).

Landed prices have, however, firmed up a bit since around May, especially post the disruptions to vessel movements in the Red Sea from attacks by Yemen's Houthi rebels. It has led to MOP cargoes from Russia, for instance, taking 45-50 days voyage time to reach India via the Cape of Good Hope, instead of only 30-33 days through the Suez Canal-Red Sea route. The fertiliser subsidy for 2024-25 has also, therefore, overshot the budget estimate of Rs 164,000 crore by nearly Rs 7,300 crore.

"The Budget Estimate of Rs 167,887 crore for the coming fiscal is higher than what was provided in 2024-25. Whether more would be required will depend on geopolitical factors and their impact, if any, on global prices of both finished fertilisers and inputs," said N. Suresh Krishnan, chairman of the Fertiliser Association of India.

Significantly, there are no increases in the prices of fertilisers for farmers or that of foodgrains sold through the PDS in the price. The maximum retail price of urea has been unchanged since November 2012, while the issue price of PDS grains was slashed from Rs 2-3/kg to zero with effect from January 2023.

Union Budget 2025: MISC

SYLLABUS: GS Paper 3 :
Newspaper : The Indian Express, **Page No :**

GEORGE MATHEW

UNION FINANCE Minister Nirmala Sitharaman Saturday announced a significant hike in FDI in the insurance sector — from 74% to 100% — paving the way for the entry of global insurance giants, substantial foreign investments and tough competition in the Indian market.

The government will hope this major reform boosts insurance penetration in the country, which, as per an IRDAI report, was at 3.7% in 2023-24. The global insurance penetration at the same time was 7%.

With 100% FDI, foreign insurers will have full autonomy to operate, bringing in sophisticated risk management practices, advanced technology and innovative products, say experts.

Foreign investments will also provide much-needed capital to the Indian insurance sector, enabling insurers to offer better products and services.

Of the world's top 25 insurance firms, as many as 20 are not present in India now. This move is expected to attract them to the country.

There is also a chance that foreign companies in existing Indian joint ventures may exit or buy out their Indian partners and form their own fully-owned ventures in India.

"We could see India moving towards a future with 1,000 insurers in the next decade," said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

To enhance the FDI limit, the government will have to bring amendments to the Insurance Act 1938, the Life Insurance Corporation Act 1956, and the Insurance Regulatory and Development Authority Act 1999. Sitharaman told reporters that the draft Bill will be tabled in Parliament soon.

Foreign insurers will have full autonomy to operate, bringing in sophisticated risk management practices, advanced tech and innovative products, say experts

Insurance shares remained subdued on the exchanges with ICICI Prudential down by 1.26% and SBI Life by 1.80% during the day.

The inflow of foreign capital is expected to create new job opportunities and potentially lower premiums for consumers in the insurance sector.

As of March 2024, the total number of registered insurers and reinsurers was 73. There were 26 life insurers, 25 general insurers, and seven standalone health insurers operating in India.

According to Balachander Sekhar, founder and CEO of RenewBuy, the move to allow 100% FDI can trigger a paradigm shift to the sector.

Many international insurers can now enter the Indian market which will drive Indian insurers to adopt global best practices in product and processes, innovation as well as cutting-edge technologies.

This will ultimately help consumers access the best products and services, he said.

The insurance sector received the highest FDI in the services sector during the April–September period of FY25, according to the 2024-25 Economic Survey. The segment accounted for more than 62% of the $5.7-billion equity inflows into the services sector.

ULIP taxation

In a move to provide relief to investors investing in unit linked insurance policies (ULIPs) and paying premiums of over Rs 2.5 lakh, Finance Minister Sitharaman also proposed to consider the maturity proceeds as capital gains, thereby significantly reducing the tax outgo on such returns.

Bimapay Finsure's CEO and Co-founder Hanut Mehta said the move will mean that maturity proceeds will now be subject to capital gains tax, with a 12.5 per cent rate applicable if the policy is held for more than a year."

Daily Quiz

Q1. Consider the following statements regarding the revised MSME criteria:

1. The investment limit for Micro Enterprises has been increased from ₹1 crore to ₹2.5 crore.
2. The turnover limit for Small Enterprises has been raised from ₹50 crore to ₹100 crore.
3. Medium Enterprises now have a turnover limit of ₹1000 crore.

How many of the statements given above is/are correct?

a) Only One
b) Only Two
c) All Three
d) None

Answer: b

Q2. Consider the following statements regarding the revised personal income tax slabs:

1. Income up to ₹4 lakh is exempt from taxation.
2. The tax rate for the ₹12-₹16 lakh income slab is 15%.
3. Individuals earning above ₹24 lakh are taxed at 30%.

Which of the statements given above are correct?

a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 1, 2 and 3

Answer: d

Q3. Arrange the following major expenditure items in descending order (highest to lowest) as per Union Budget 2025-26:

1. Defence
2. Rural Development
3. Education
4. Agriculture & Allied Activities

Select the correct answer using the code given below.

a) 1 > 2 > 4 > 3
b) 2 > 1 > 4 > 3
c) 1 > 3 > 2 > 4
d) 1 > 4 > 2 > 3

Answer: a

Q4. Which of the following factor/s contributed to the Centre's lower subsidy provision in the Union Budget 2025-26?

1. Discontinuation of the free 5-kg extra foodgrains under PDS.
2. Decline in fertiliser subsidy from its peak in 2022-23.

Select the correct answer using the codes given below.

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Answer: c

Q5. Consider the following statements regarding Small Modular Reactors (SMRs):

1. SMRs are designed to produce electricity below 300 MW.
2. India aims to operationalize at least 5 SMRs in the next eight years.

Which of the statements given above is/are correct?

a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

Answer: c

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