



# LAST MINUTE PRELIMS RECKONER 2025

**UNION BUDGET 2025-26**

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### BUDGET

- The budget is a statement of the **estimated receipts and expenditure of the Government of India in a financial year**, which begins on 1st April and ends on 31st March of the following year.
- The Indian Constitution refers to the budget as the '**Annual financial statement**' (**Article 112**). In other words, the term '**budget**' has **nowhere been used in the Constitution**.
- It gives item wise details of government receipts and expenditure for three consecutive years:
  - Actuals for the preceding year
  - Revised estimates for the current year and
  - Budget estimates for the ensuing (coming) year
- The Budget is **presented in Parliament on a date fixed by the President**.

### HISTORY OF BUDGET IN INDIA:

- The **concept of budgetary control** was introduced during **British rule**.
- **First Budget in India**: Presented in **1860** by **James Wilson**, the finance member of the **Viceroy's Executive Council**.
- In **1921**, the **Railway Budget was separated** from the General Budget based on the recommendations of the **Acworth Committee**.
- After **Independence (1947)**, India continued with the existing **British-era budgetary system** with modifications.
- In **2016**, the **Railway Budget was merged** back into the **General Budget** by the Modi government to streamline financial planning.

### CONSTITUTIONAL PROVISIONS ON BUDGET

- **Article 112**: President lays the **Annual Financial Statement** before both Houses of Parliament.
- **Article 113**: Details procedure on demands for grants.
- **Article 114**: States that money shall not be withdrawn from the **Consolidated Fund of India** without an **Appropriation Act**.
- **Article 115**: Allows for **Supplementary, Additional, and Excess Grants**.
- **Article 116**: Provides for **Vote on Account, Vote of Credit, and Exceptional Grants** in special cases.
- **Article 117**: Relates to the procedure for **Financial Bills**.
- **Article 265**: No tax can be levied **without the authority of law**.

- **Article 266:** Establishes the **Consolidated Fund of India** and **Public Account of India**.
- **Article 267:** Provides for the **Contingency Fund of India** for emergency expenditures.

#### STAGES IN BUDGET ENACTMENT

1. **Presentation of Budget:** Introduced in **Lok Sabha** by the **Finance Minister**.
2. **General Discussion:** Debates on the overall policy without voting (conducted in both Houses).
3. **Scrutiny by Departmental Committees:** Detailed examination of expenditure by 24 Parliamentary Committees.
4. **Voting on Demands for Grants:** Only **Lok Sabha** can vote (Rajya Sabha discusses but cannot vote).
5. **Passing of Appropriation Bill:** Authorizes withdrawal of funds from the **Consolidated Fund of India**.
6. **Passing of Finance Bill:** Implements tax proposals and must be enacted within 75 days.

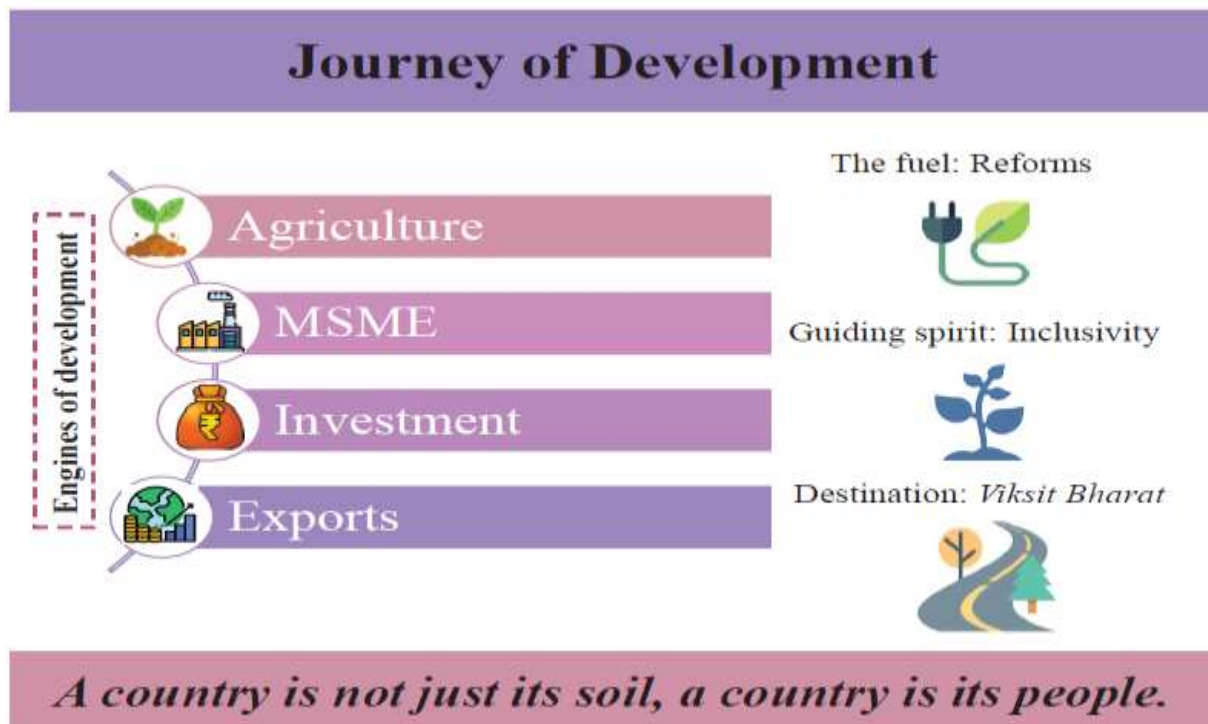
#### MAJOR HIGHLIGHTS OF THE UNION BUDGET 2025-26

- Quoting Telugu poet and playwright Shri Gurajada Appa Rao's famous saying, '**A country is not just its soil; a country is its people.**' – the Finance Minister presented the Union Budget 2025-26 with the theme "**Sabka Vikas**" **stimulating balanced growth of all regions**.
- In line with this theme, the Finance Minister outlined the broad **Principles of Viksit Bharat to encompass the following:**
  - 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 Union Budget 2025-2026 promises to continue Government's efforts to accelerate growth, secure inclusive development, invigorate private sector investments, uplift household sentiments, and enhance spending power of India's rising middle class.

- The Budget proposes development measures focusing **on poor (Garib), Youth, farmer (Annadata) and women (Nari)**.

## **FOUR ENGINES OF DEVELOPMENT**

Union Budget highlights that **Agriculture, MSME, Investment, and Exports** are engines in the journey to Viksit Bharat using **reforms as fuel, guided by the spirit of inclusivity**.



### **1st Engine: Agriculture**

- **Prime Minister Dhan-Dhaanya Krishi Yojana**
  - Government to launch this programme in partnership with states.
  - Covers **100 districts** to benefit **1.7 crore farmers**.
- **Building Rural Prosperity**
  - A comprehensive multi-sectoral programme to be launched to address under-employment via **skilling, investment & technology**.
  - **Phase-1** to cover **100 developing agri-districts**.
- **Aatmanirbharta in Pulses**
  - Government to launch a **6-year mission** for **Tur, Urad & Masoor**.
  - **NAFED & NCCF** to **procure these pulses** for the next **4 years**.
- **Other Key Initiatives**
  - A comprehensive programme to be launched for **Vegetables & Fruits** to ensure better production & pricing.

- **A Makhana Board to be established** in Bihar to support value addition & marketing.
- **A National Mission on High Yielding Seeds to be launched** to introduce **100+ seed varieties**.
- Government to bring a **framework for sustainable fisheries** in the **EEZ & High Seas**.
- **A 5-year Mission for Cotton Productivity** announced to improve farming sustainability.
- **Loan limit under KCC to be enhanced** from **₹3 lakh to ₹5 lakh**.
- **A new Urea Plant to be set up in Assam** with a 12.7 lakh metric ton capacity

### 2nd Engine: MSMEs

- **Growth & Financing**
  - **Investment & turnover limits for MSME classification to be enhanced** (2.5x investment, 2x turnover).
  - **Customized Credit Cards to be issued** with a **₹5 lakh limit** for micro enterprises (**10 lakh cards** in the first year).
  - **A new Fund of Funds to be set up** with an allocation of **₹10,000 crore**.
- **Support for Entrepreneurs**
  - **A new scheme** to be launched for **5 lakh women, SC, ST entrepreneurs**, offering **₹2 crore loans over 5 years**.
  - **A Focus Product Scheme announced** for Footwear & Leather to **create 22 lakh jobs & ₹4 lakh crore turnover**.
  - **A scheme to be launched** for developing India's toy sector into a **global hub**.
  - **A National Institute of Food Technology to be set up** in Bihar.
  - **A National Manufacturing Mission announced** to boost **Make in India**.

### 3rd Engine: Investment

- **Investing in People**
  - **Saksham Anganwadi & Poshan 2.0:** The cost norms for the nutritional support to be enhanced appropriately.
  - **50,000 Atal Tinkering Labs to be set up** in government schools over the next 5 years.
  - **Broadband connectivity to be provided** to all **government secondary schools & PHCs**.
  - **Bharatiya Bhasha Pustak Scheme** announced to provide **digital books in Indian languages**.
  - **A Centre of Excellence in AI for Education** to be set up with **₹500 crore outlay**.
  - Government to expand **medical education** by adding **10,000 new seats next year**.

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- **200 Day Care Cancer Centres to be set up** in district hospitals by **2025-26**.
- **A scheme to be launched** for socio-economic upliftment of urban workers.
- **PM SVANidhi scheme to be revamped** with ₹30,000 UPI-linked credit cards.
- Government to arrange **social security measures for online platform workers**.
- **Investing in the Economy**
  - Infrastructure-related ministries to come up with a **3-year pipeline of projects in PPP mode**, States also encouraged.
  - **₹1.5 lakh crore outlay proposed** for **50-year interest-free loans** to states for capital expenditure.
  - **A second Asset Monetization Plan (2025-30)** to be launched, targeting **₹10 lakh crore** reinvestment.
  - **Jal Jeevan Mission to be extended** until **2028**.
  - **An Urban Challenge Fund of ₹1 lakh crore** to be launched for urban redevelopment.
  - **A Nuclear Energy Mission to be launched** with **₹20,000 crore** for **Small Modular Reactors (SMRs)**.
  - **A modified UDAN scheme announced** to enhance regional connectivity to **120 destinations**.
  - **A Greenfield Airport** to be developed in **Bihar**.
  - **Government to support the Western Koshi Canal Project in Mithilanchal**.
- **Investing in Innovation:**
  - Government to allocate **₹20,000 crore** for a **private sector-driven R&D initiative**.
  - **A Deep Tech Fund of Funds** to be explored for next-gen startups.
  - **PM Research Fellowship to be expanded** to **10,000 researchers** in IITs & IISc.
  - **Gene Bank for Crops Germplasm: A second Gene Bank** to be set up with **10 lakh germplasm lines**.
  - **National Geospatial Mission:** A mission to be launched to build geospatial infrastructure & data systems.
  - **Gyan Bharatam Mission: A cultural conservation mission** to be launched to document and preserve **1 crore manuscripts**.

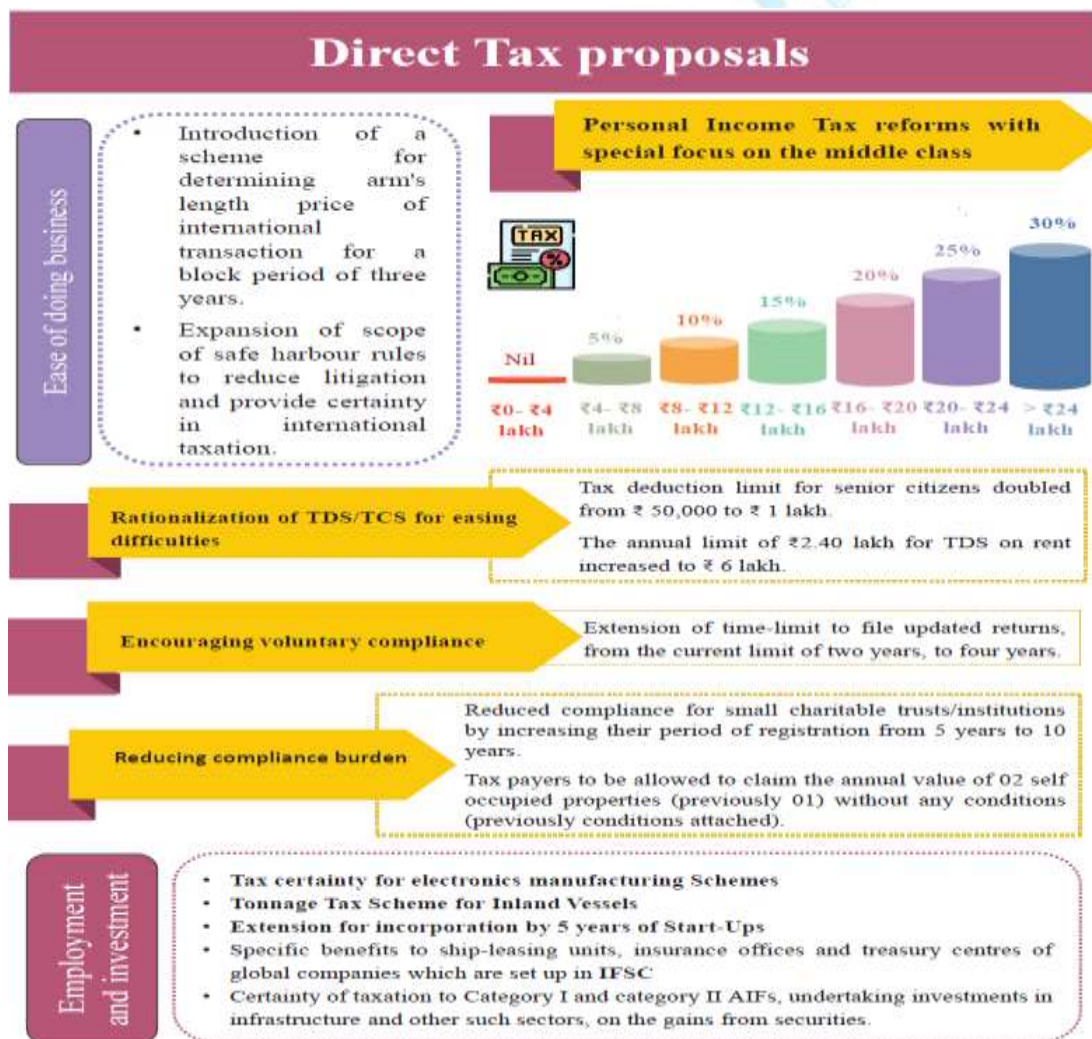
#### 4th Engine: Exports

- **Export Promotion Mission** to help MSMEs enter international markets.
- **BharatTradeNet (BTN):** A digital public infrastructure for trade documentation and financing.
- **Modified UDAN Scheme:** Enhancing regional connectivity to 120 new destinations.

- **Support for domestic manufacturing capacities** for integration into global supply chains.
- Development of **high-value perishable air cargo infrastructure and warehousing**.

## MAJOR TAX REFORMS AND RELIEFS

- **No Income Tax** on an average monthly income of up to ₹1 lakh, boosting middle-class household savings and consumption.
- **Salaried Class:** Nil tax up to ₹12.75 lakh per annum in the new tax regime.
- **Updated Income Tax Returns:** Time limit increased from two to four years.
- **Delay in TCS Payment Decriminalized.**
- **TDS on Rent:** Threshold increased from ₹2.4 lakh to ₹6 lakh.
- **Basic Customs Duty (BCD) Exemptions:** On 36 life-saving drugs and medicines for treating cancer, rare and chronic diseases.
- **Encouraging voluntary compliance:** Small charitable trusts/institutions' registration period increased from 5 to 10 years.



(The "No Income Tax up to ₹12 lakh" claim is due to **standard deductions and exemptions** under the new tax regime. While the revised tax slabs apply to **gross income**, deductions like the **₹75,000 standard deduction** lower the **taxable income**, effectively reducing tax liability to **zero** for salaried individuals earning up to **₹12.75 lakh**. This means that although income between ₹8-12 lakh is taxed at **10%**, deductions and rebates **offset the tax burden**, ensuring **no tax is payable** within this income range.)

## 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)



## **FINANCIAL AND REGULATORY REFORMS**

- **FDI in Insurance:** Limit raised from 74% to 100% for companies investing the entire premium in India.
- **Jan Vishwas Bill 2.0:** To decriminalize more than 100 provisions in various laws.
- **Investment Friendliness Index of States** to be launched in 2025.
- **Light-touch regulatory framework** based on principles and trust to enhance productivity and employment.

## **FISCAL CONSOLIDATION AND ECONOMIC MEASURES**

- **Fiscal Deficit FY-25:** Estimated at **4.8%**.
- **Target for FY-26:** To be reduced to **4.4%**.
- **₹1.5 Lakh Crore Outlay** for 50-year interest-free loans to states for capital expenditure.
- **Second Asset Monetization Plan 2025-30** to mobilize **₹10 Lakh Crore** for new projects.
- **Jal Jeevan Mission extended till 2028**, focusing on infrastructure quality and maintenance.

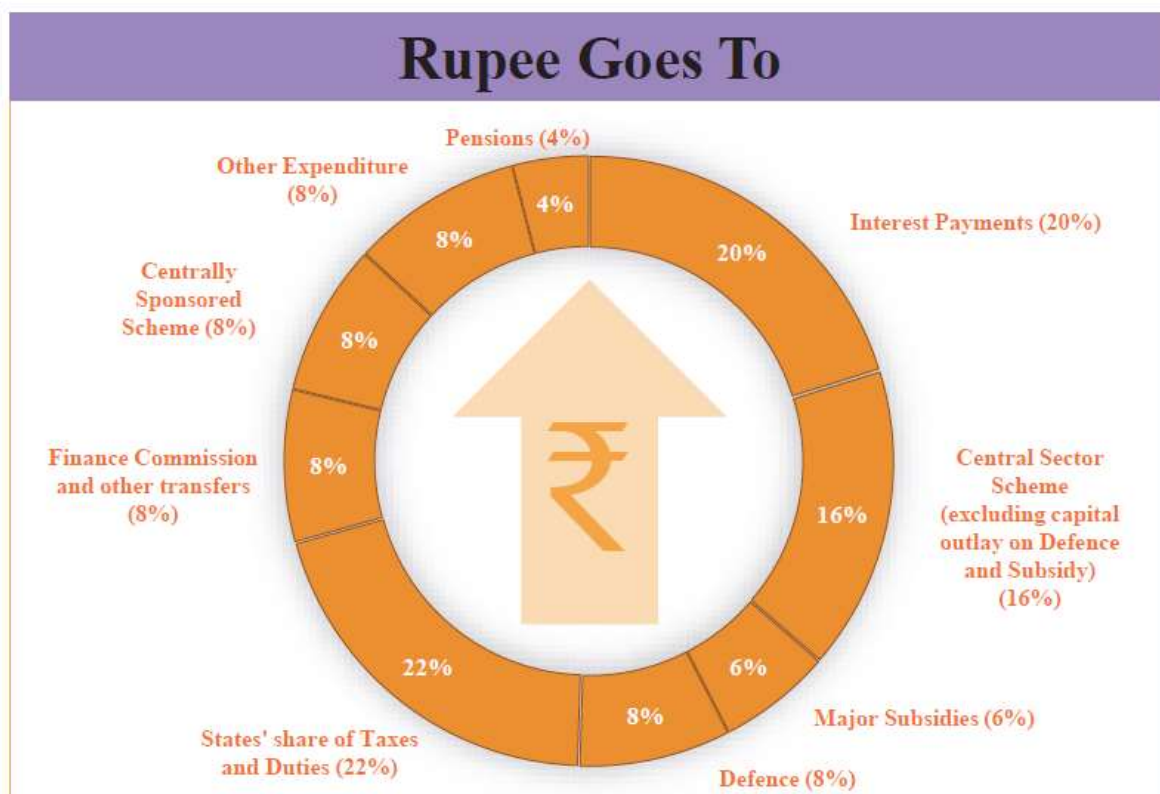
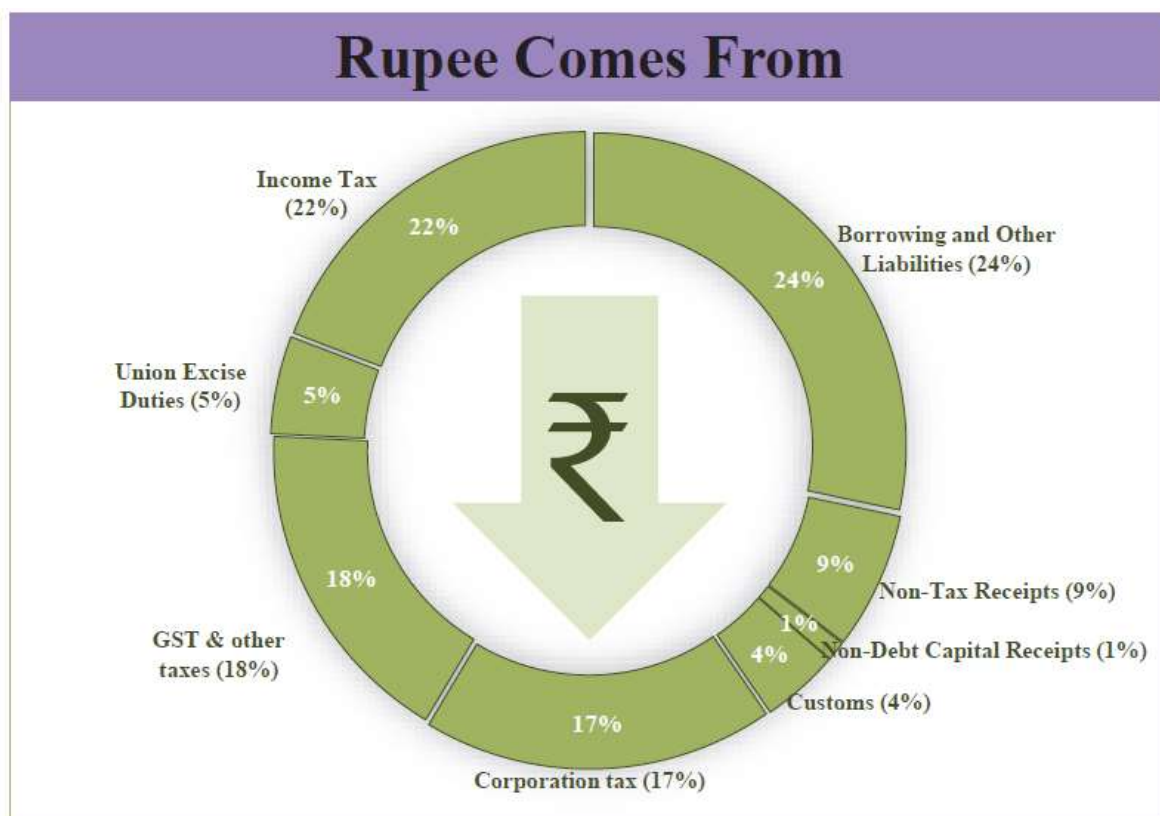
## **MANUFACTURING AND INFRASTRUCTURE BOOST**

- **Basic Customs Duty (BCD) on Interactive Flat Panel Displays (IFPD):** Increased to **20%** to promote domestic manufacturing.
- **BCD on Open Cells:** Reduced to **5%** to support local electronics production.
- **10-Year BCD Exemption** on raw materials for shipbuilding to enhance the maritime industry.
- **BCD Reduction on Frozen Fish Paste:** Lowered from **30% to 5%**, and on **Fish Hydrolysate** from **15% to 5%** to benefit the seafood processing industry.
- **Support for Domestic Electronic Equipment Industry** by leveraging **Industry 4.0 technologies**.
- **Boost to Battery Production:** Capital goods for **EV and mobile battery manufacturing** fully exempted from BCD to enhance domestic production.

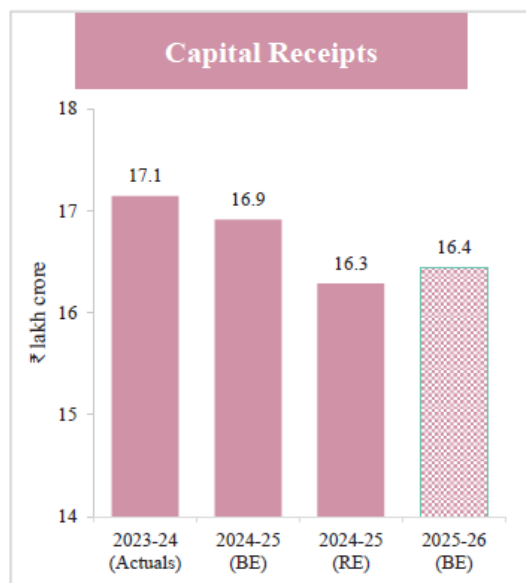
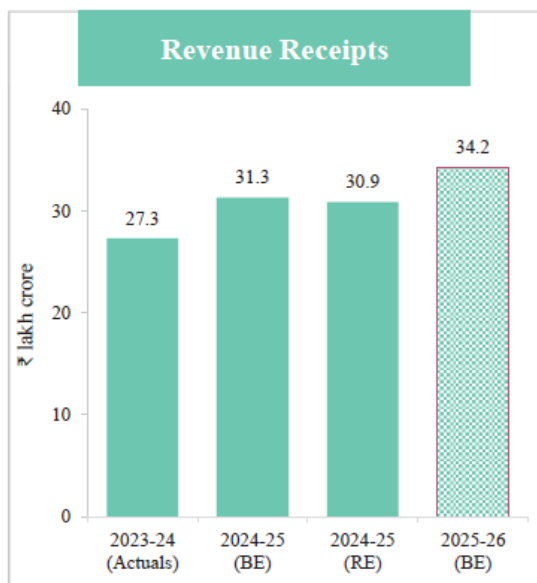
### **BUDGET ESTIMATES 2025-26:**

- The total receipts other than borrowings and the total expenditure are estimated at **₹ 34.96 lakh crore and ₹ 50.65 lakh crore** respectively.
- The net tax receipts are estimated at **₹ 28.37 lakh crore**.
- The fiscal deficit is estimated to be **4.4 per cent of GDP**.
- The gross market borrowings are estimated at **₹ 14.82 lakh crore**.
- Capex (Capital Expenditure) of **₹11.21 lakh crore (3.1% of GDP)** earmarked in FY2025-26.

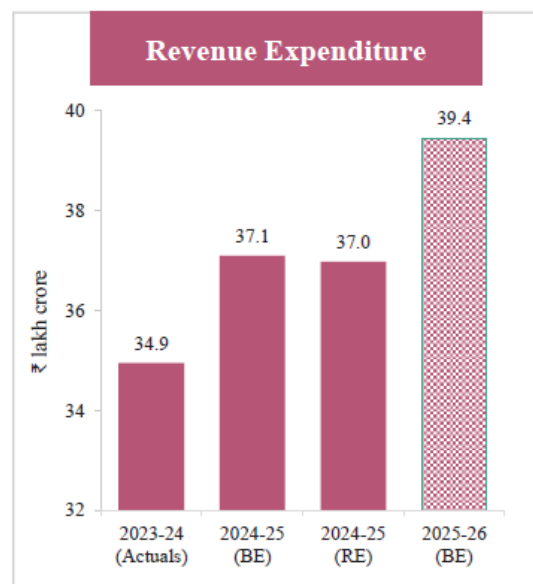
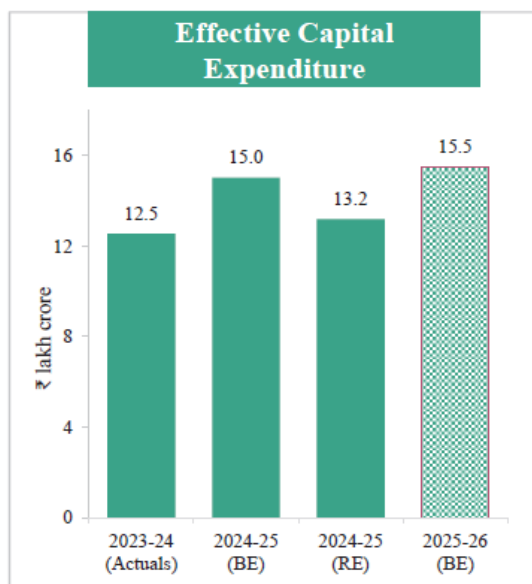
## MACRO-ECONOMIC HIGHLIGHTS OF THE BUDGET 2025-26



## Receipts

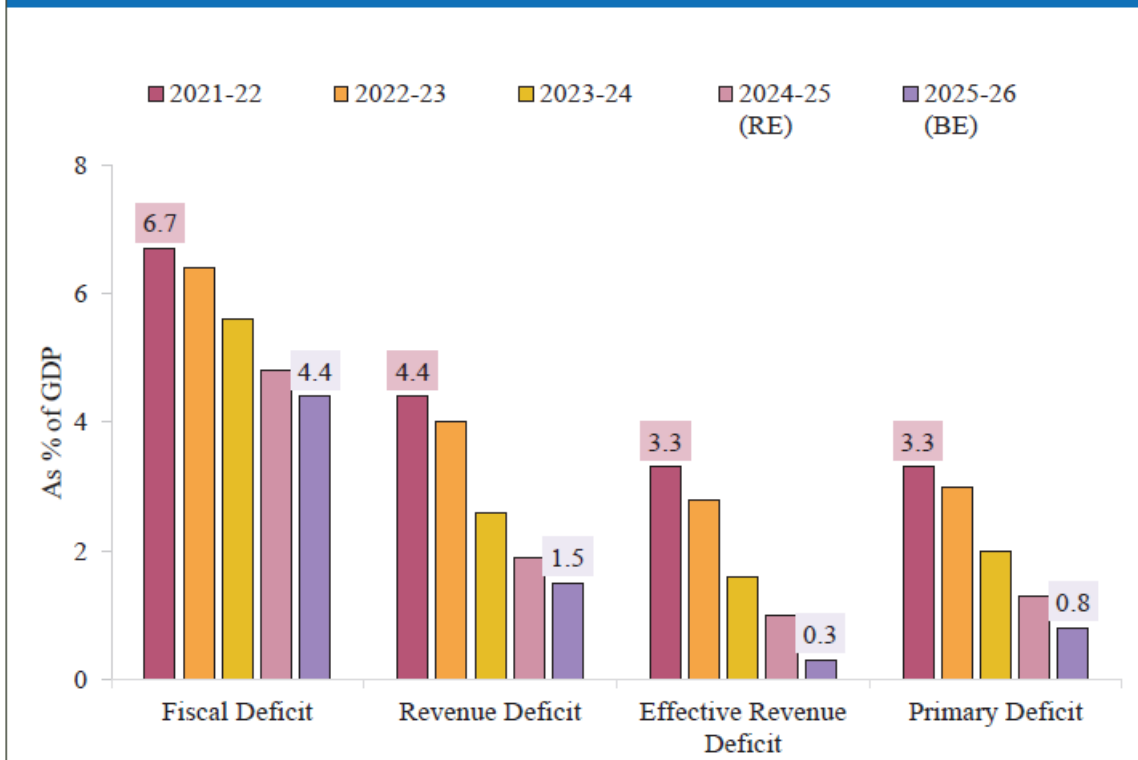


## Expenditure

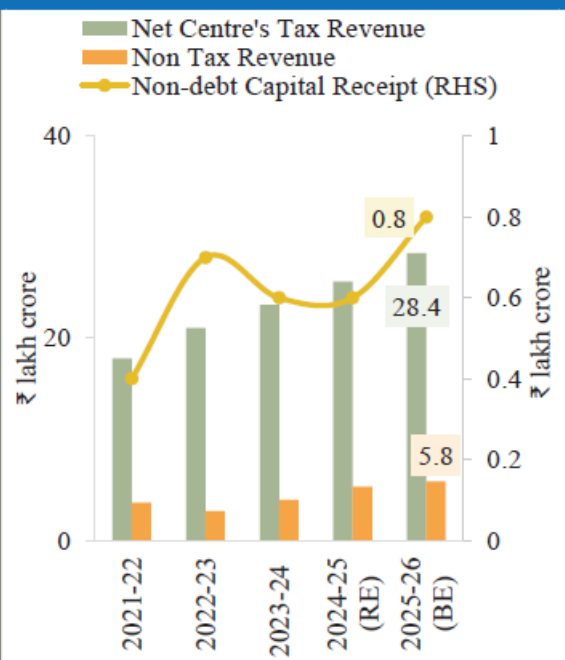


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## Deficit Trends



### Trend in Net Receipt of the Centre



### Total Transfers to States & UTs

