

Union Budget 2025-26 Analysis

Budget Highlights

- **Expenditure:** The government is estimated to spend Rs 50,65,345 crore in 2025-26, 7.4% higher than the revised estimate of 2024-25. Interest payments account for 25% of the total expenditure, and 37% of revenue receipts.
- **Receipts:** The receipts (other than borrowings) in 2025-26 are estimated to be Rs 34,96,409 crore, about 11.1% higher than the revised estimate of 2024-25. Tax revenue which forms major part of the receipts is also expected to increase by 11% over the revised estimate for 2024-25.
- **GDP:** The government has estimated a nominal GDP growth rate of 10.1% in 2025-26 (i.e., real growth plus inflation).
- **Deficits:** Revenue deficit in 2025-26 is targeted at 1.5% of GDP. This is lower than the revised estimate of 1.9% in 2024-25. Fiscal deficit in 2025-26 is targeted at 4.4% of GDP, lower than the revised estimate of 4.8% of GDP in 2024-25.
- **Debt:** The central government aims to reduce its outstanding liabilities to around 50% of GDP by March 2031. In 2025-26, outstanding liabilities are estimated to be 56.1% of the GDP.

Main Tax Proposals in the Finance Bill

- **Changes in new income tax regime:** Tax slabs under the new tax regime have been modified. The proposed tax structure is shown in Table 1. Annual income of up to Rs 12 lakh will receive 100% rebate on the taxable income. Earlier, this only applied to income of up to seven lakh rupees. The old tax regime remains unchanged.

Table 1: Tax Slabs under New Tax Regime

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 3 lakh	Up to Rs 4 lakh
5%	Rs 3 lakh to Rs 7 lakh	Rs 4 lakh to Rs 8 lakh
10%	Rs 7 lakh to Rs 10 lakh	Rs 8 lakh to Rs 12 lakh
15%	Rs 10 lakh to Rs 12 lakh	Rs 12 lakh to Rs 16 lakh
20%	Rs 12 lakh to Rs 15 lakh	Rs 16 lakh to Rs 20 lakh
25%	-	Rs 20 lakh to Rs 24 lakh
30%	Above Rs 15 lakh	Above Rs 24 lakh

- **Compliance mechanism:** Time-limit to file updated returns for any assessment year is increased from two to four years with a penalty of 60% and 70% of the income tax and interest payable for third and fourth year, respectively.
- **Increase in limits for TDS and TCS:** The annual limit for TDS on rent will be six lakh rupees. The threshold for TCS on remittances has increased from seven lakh rupees to Rs 10 lakh. TCS will not be levied on remittances for education upto the amount of loan taken from a specified financial institution. The minimum threshold for TDS or TCS has also been increased for interest and dividends.
- **Customs:** Customs duty has been reduced on some items but Agriculture Infrastructure and Development Cess (AIDC) has been introduced. The overall tax has remained similar to earlier levels. However, there has been a shift from customs duty to cess, resulting in a lower proportion to be shared with states. Items include solar cells and motor vehicles.
- **Income tax exemption for startups:** Startups incorporated up to April 1, 2025 can currently avail income tax exemption for three consecutive years during the first ten years of operation. This period has been extended to cover startups incorporated upto April 1, 2030.
- **International Financial Services Centre (IFSC):** For several tax exemptions, the commencement date of operations of an IFSC unit has been extended to March 31, 2030. Tax exemptions have been granted or extended for some activities such as transfer of equity of ship-leasing units.
- **NGOs:** Tax exemption under Section 12A is valid for five years, and requires renewal after that. The validity has been increased to 10 years for institutions with income up to five crore rupees in each of the previous two years.

Policy Highlights

- **Finance and Economy:** The FDI limit for the insurance sector will be increased from 74% to 100% for companies which invest their entire premium in India. A new income tax bill will be introduced.
- **Governance:** A high-level committee for regulatory reforms will be set up for reviewing all non-financial sector regulations, certifications, licenses, and permissions. The committee will make recommendations within a year. A mechanism will be set up under the Financial Stability and Development Council to evaluate the impact of current financial regulations. It will also formulate a framework for development of the financial sector. An investment friendliness index of states will be launched in 2025. Jan Vishwas Bill 2.0 will be introduced to decriminalise over 100 provisions across multiple laws.

- **Industry and Commerce:** To improve credit access, credit guarantee cover will be increased: (i) from five crore rupees to Rs 10 crore for micro and small enterprises, (ii) from Rs 10 crore to Rs 20 crore for start-ups, and (iii) up to Rs 20 crore for exporter MSMEs. Investment and turnover limits for classification of MSMEs will be at least doubled. For micro enterprises registered on the Udyam portal, 10 lakh credit cards with a credit limit of Rs 5 lakh will be provided within the first year of the scheme.
- **Infrastructure:** Each infrastructure-related ministry will formulate a three-year pipeline of projects that can be implemented in public-private partnership mode. A second asset monetisation plan will be launched for 2025-30. National Geospatial Mission will be started to modernise land records and urban planning. India Post will be transformed as a large public logistics organisation and will be repositioned to provide several services in rural areas. A modified UDAN scheme will be launched to improve connectivity to 120 new destinations and carry four crore passengers in next 10 years. A Maritime Development Fund with a corpus of Rs 25,000 crore will be set up, with 49% contribution by the government. Broadband connectivity will be provided to all government secondary schools and primary health centres in rural areas.
- **Energy:** Additional borrowing of 0.5% of GSDP will be allowed to states based on electricity distribution reforms and augmenting intra-state transmission capacity. The Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be amended to allow private sector partnerships for development of nuclear energy. A Nuclear Energy Mission will be launched for the development of small modular reactors with an outlay of Rs 20,000 crore.
- **Urban and Rural Development:** Urban Challenge Fund of one lakh crore rupees will be set up to implement projects for development of cities. A scheme worth Rs 15,000 crore will be established to complete the construction of one lakh housing units in stressed projects.
- **Agriculture:** The central government will launch a six-year mission to achieve self-reliance in pulses. Central agencies will procure three pulses, as much as offered, from farmers over the next four years. In addition, programmes will be launched for availability of high-yield variety seeds and increasing cotton productivity. Prime Minister Dhan-Dhaanya Krishi Yojana will be implemented to improve productivity and crop diversification in 100 low-productivity districts. Loan limit under the Modified Interest Subvention Scheme will be increased from three lakh rupees to five lakh rupees for loans availed through the Kisan Credit Card.
- **Labour and Employment:** PM SVANidhi Scheme to provide affordable loans to street vendors will be revamped to provide UPI-linked credit cards with Rs 30,000 limit, enhanced bank loan, and capacity-building support. Gig workers will be provided access to healthcare under Ayushman Bharat. A scheme will be launched to provide loans up to two crore rupees to five lakh women, scheduled castes, and scheduled tribes first-time entrepreneurs. Another scheme for socio-economic upliftment of urban workers will be implemented to help improve incomes.
- **Education:** In the next year, 10,000 additional seats will be added in medical colleges and hospitals with a goal of adding 75,000 seats in the next five years. Additional infrastructure will be created in five IITs started after 2014 to facilitate education for 6,500 more students. Under the PM Research Fellowship scheme, 10,000 fellowships will be provided for technological research in IITs and IISc.

Budget estimates of 2025-26 as compared to revised estimates of 2024-25

- **Total Expenditure:** The government is estimated to spend Rs 50,65,345 crore in 2025-26. This is an increase of 7.4% over the revised estimate of 2024-25.
- **Revenue expenditure** is estimated to increase by 6.7% and capital expenditure by 10.1% over the revised estimate of 2024-25. Allocation towards major schemes - MGNREGS and PM-KISAN is the same as the revised estimates for 2024-25. Expenditure on subsidies is estimated to be similar to the revised estimate of 2024-25. Establishment expenditure (which includes pension and salary) is estimated to increase by 3% over the revised estimate of the previous year.
- **Total Receipts:** Government receipts (excluding borrowings) are estimated to be Rs 34,96,409 crore, 11.1% higher than the revised estimate of 2024-25. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be Rs 15,68,936 crore, roughly the same as the revised estimate of 2024-25.
- **Transfer to states:** The central government will transfer Rs 25,59,764 crore to states in 2025-26, an increase of 12.5% over the revised estimate of 2024-25. Transfer to states includes tax devolution of Rs 14,22,444 crore and grants worth Rs 11,37,320 crore. Within this Rs 1,50,000 crore have been allocated for capital expenditure loans.
- **Deficits:** Revenue deficit is targeted at 1.5% of GDP, lower than the revised estimate for 2024-25 (1.9% of GDP). Fiscal deficit is targeted at 4.4% of GDP in 2025-26, lower than the revised estimate for 2024-25 (4.8% of GDP). The lower fiscal deficit is on account of higher growth in receipts at 11.1% as compared to expenditure growth at 7.4%.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 10.1% in 2025-26.

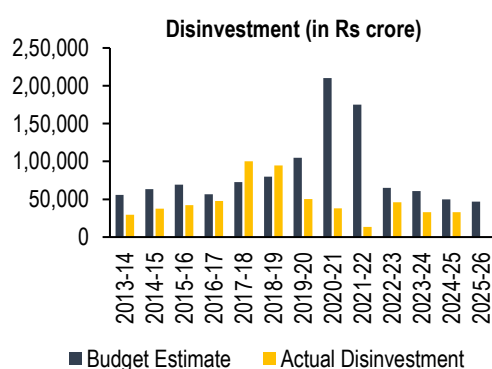
Table 2: Budget at a Glance 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
Revenue Expenditure	34,94,252	37,09,401	36,98,058	39,44,255	6.7%
Capital Expenditure	9,49,195	11,11,111	10,18,429	11,21,090	10.1%
of which:					
Capital Outlay	7,88,100	9,18,695	8,47,736	8,95,246	5.6%
Loans and Advances	1,61,095	1,92,416	1,70,693	2,25,844	32.3%
Total Expenditure	44,43,447	48,20,512	47,16,487	50,65,345	7.4%
Revenue Receipts	27,29,036	31,29,200	30,87,960	34,20,409	10.8%
Capital Receipts	59,768	78,000	59,000	76,000	28.8%
of which:					
Recoveries of Loans	26,646	28,000	26,000	29,000	11.5%
Other receipts (including disinvestments)	33,122	50,000	33,000	47,000	42.4%
Total Receipts (excluding borrowings)	27,88,804	32,07,200	31,46,960	34,96,409	11.1%
Revenue Deficit	7,65,216	5,80,201	6,10,098	5,23,846	-14.1%
% of GDP	2.6%	1.8%	1.9%	1.5%	
Fiscal Deficit	16,54,643	16,13,312	15,69,527	15,68,936	0.0%
% of GDP	5.6%	4.9%	4.8%	4.4%	
Primary Deficit	5,90,771	4,50,372	4,31,587	2,92,598	-32.2%
% of GDP	2.0%	1.4%	1.3%	0.8%	

Sources: Budget at a Glance, Union Budget Documents 2025-26; PRS.

Expenditure which brings a change to the government's assets or liabilities (such as construction of roads or recovery of loans) is capital expenditure, and all other expenses are revenue expenditure (such as payment of salaries or interest payments). In 2025-26, **capital expenditure** is expected to increase by about 10.1% over the revised estimates of 2024-25. **Revenue expenditure** is expected to increase by 6.7% over the revised estimates of 2024-25.

Disinvestment is the government selling its stakes in Public Sector Undertakings (PSUs). In 2024-25, the government is estimated to meet 66% of its disinvestment target. The disinvestment target for 2025-26 is Rs 47,000 crore, lower than the budget target of 2024-25 (Rs 50,000 crore). Disinvestment targets have reduced for the fifth consecutive year and have not been achieved in any of these years.



Note: Revised Estimate for 2024-25 taken as Actuals.
Sources: Union Budget Documents (various years); PRS.

Receipts Highlights for 2025-26

- **Receipts** (excluding borrowings) in 2025-26 are estimated to be Rs 34,96,409 crore, an increase of 11.1% over the revised estimates for 2024-25. This is mainly on account of centre's net tax revenue growing by 11%.
- **Gross tax revenue** is budgeted to increase by 10.8% in 2025-26, over the revised estimates for 2024-25. This is greater than the estimated growth in nominal GDP of 10.1% in 2025-26. Corporation tax and income tax for 2025-26 are expected to grow over the revised estimates of 2024-25 by about 10.4% and 14.4%, respectively. GST revenue for 2025-26 is budgeted to increase by 10.9% over the revised estimates of 2024-25.
- **Devolution to states** from centre's tax revenue is estimated to be Rs 14,22,444 crore in 2025-26, an increase of 10.5% over the revised estimates for 2024-25. In 2024-25, devolution to states is estimated to be higher by Rs 39,674 crore from an initial budget estimate of Rs 12,47,211 crore.
- **Net tax revenue** (excluding states' share in taxes) is estimated to be Rs 28,37,409 crore in 2025-26, which is about 11% higher than the revised estimate for 2024-25. As per the revised estimates for 2024-25 net tax revenue is expected to reduce marginally by 1% from the budget estimates for that year.
- **Non-tax revenue** consists mainly of interest receipts on loans given by the centre, dividends, license fees, tolls, and charges for government services. It is estimated at Rs 5,83,000 crore in 2025-26 which is 9.8% higher than the revised estimates for 2024-25. Dividend is estimated to form 55.7% of the total budgeted non-tax receipts for 2025-26.
- **Capital receipts** (excluding borrowings) are targeted at Rs 76,000 crore, an increase of 28.8% over the revised estimates for 2024-25. The revised estimates for 2024-25 are 24.4% lower than the budgeted amount for that year. Lower receipts are estimated due to underachievement of disinvestment targets.

Table 3: Break up of central government receipts in 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
A. Gross Tax Revenue	34,65,519	38,40,170	38,53,455	42,70,233	10.8%
<i>of which</i>					
Corporation Tax	9,11,055	10,20,000	9,80,000	10,82,000	10.4%
Taxes on Income	10,44,756	11,87,000	12,57,000	14,38,000	14.4%
Goods and Services Tax	9,57,208	10,61,899	10,61,899	11,78,000	10.9%
Customs	2,33,119	2,37,745	2,35,000	2,40,000	2.1%
Union Excise Duties	3,05,362	3,19,000	3,05,000	3,17,000	3.9%
Service Tax	425	100	100	100	0.0%
B. Devolution to States	11,29,494	12,47,211	12,86,885	14,22,444	10.5%
C. Centre's Net Tax Revenue	23,27,251	25,83,499	25,56,960	28,37,409	11.0%
D. Non-Tax Revenue	4,01,785	5,45,701	5,31,000	5,83,000	9.8%
<i>of which:</i>					
Interest Receipts	38,261	38,224	34,042	47,738	40.2%
Dividend	1,70,877	2,89,134	2,89,285	3,25,000	12.3%
Other Non-Tax Revenue	1,88,568	2,14,389	2,03,427	2,05,668	1.1%
E. Capital Receipts (without borrowings)	59,767	78,000	59,000	76,000	28.8%
<i>of which:</i>					
Disinvestment	33,122	50,000	33,000	47,000	42.4%
Receipts (without borrowings) (C+D+E)	27,88,803	32,07,200	31,46,960	34,96,409	11.1%
Borrowings	16,54,643	16,13,312	15,69,527	15,68,936	0.0%
Total Receipts (including borrowings)	44,43,446	48,20,512	47,16,487	50,65,345	7.4%

Sources: Receipts Budget, Union Budget Documents 2025-26; PRS.

- **Indirect taxes:** Total indirect tax collections are estimated to be Rs 17,35,100 crore in 2025-26. Of this the government has estimated to raise Rs 11,78,000 crore from GST. Out of the total GST revenue, 86% is expected to come from CGST (Rs 10,10,890 crore), and 14% from the GST compensation cess (Rs 1,67,110 crore).
- **Corporation tax:** The collection from taxes on companies is expected to increase by 10.4% in 2025-26.
- **Taxes on income:** Taxes on income are expected to increase by 14.4% in 2025-26. The revised estimate for 2024-25 is 5.9% higher than budget for the year (Rs 11,87,000 crore). The government is expected to forgo direct tax revenue of about one lakh crore rupees as a result of the new tax proposals announced in the 2025-26 budget.
- **Non-tax receipts:** In 2025-26, non-tax revenue is expected to increase by 9.8% over the revised estimates for 2024-25. Non-tax revenue is estimated to be 3% lower than budgeted in 2024-25. This is mainly on account of reduction in the revised estimates for interest receipts. Toll on the usage of roads and bridges is budgeted at Rs 36,000 crore for 2025-26, which is 44% higher than the revised estimate for 2024-25.

Expenditure Highlights for 2025-26

- **Total expenditure** in 2025-26 is expected to be Rs 50,65,345 crore, which is an increase of 7.4% over the revised estimate of 2024-25. Out of this: (i) Rs 16,21,899 crore is proposed to be spent on central sector schemes (7.2% increase over the revised estimate of 2024-25), and (ii) Rs 5,41,850 crore is proposed to be spent on centrally sponsored schemes (30.5% increase over the revised estimate of 2024-25).
- According to the revised estimates of 2024-25, government expenditure on centrally sponsored schemes is estimated to be lower by Rs 90,622 crore (17.9%) over the budget estimates of that year. This is primarily due to a reduction in Jal Jeevan Mission and Pradhan Mantri Awas Yojana.
- The government has estimated to spend Rs 2,76,618 crore on pension in 2025-26, which is 0.6% higher than the revised estimate of 2024-25. In addition, expenditure on interest payment in 2025-26 is estimated to be Rs 12,76,338 crore, which is 25.2% of the government's total expenditure. In 2025-26, interest payments are expected to increase by 12.2% as compared to revised estimates of 2024-25. Other grants, loans, and transfers (Rs 3,74,725 crore) include Rs 1,50,000 crore as special loans to states for capital expenditure.

Table 4: Break up of central government expenditure in 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change RE 2024-25 to BE 2025-26
Central Expenditure	35,14,614	37,90,380	37,99,210	40,16,003	5.7%
Establishment Expenditure of Centre	7,68,961	7,83,618	8,41,762	8,68,096	3.1%
Central Sector Schemes	14,23,437	15,16,176	15,12,820	16,21,899	7.2%
Other expenditure	13,22,216	14,90,586	14,44,628	15,26,008	5.6%
<i>of which interest payments</i>	10,63,872	11,62,940	11,37,940	12,76,338	12.2%
Centrally Sponsored Schemes and other transfers	9,28,833	10,30,132	9,17,277	10,49,343	14.4%
Centrally Sponsored Schemes	4,44,547	5,05,978	4,15,356	5,41,850	30.5%
Finance Commission Grants	1,48,522	1,32,378	1,27,146	1,32,767	4.4%
<i>of which:</i>					
Rural Local Bodies	47,260	49,800	45,000	48,573	7.9%
Urban Local Bodies	21,223	25,653	21,000	26,158	24.6%
Disaster Management Grants	23,673	25,688	25,688	26,969	5.0%
Post Devolution Revenue Deficit Grants	51,673	24,483	24,483	13,705	-44.0%
Other grants	3,35,764	3,91,776	3,74,774	3,74,725	0.0%
<i>of which capex loans to states</i>	1,09,554	1,50,000	1,25,000	1,50,000	20.0%
Total Expenditure	44,43,447	48,20,512	47,16,487	50,65,345	7.4%

Sources: Budget at a Glance, Union Budget Documents 2025-26; PRS.

Expenditure by Ministries

In 2025-26, the top 13 ministries in terms of allocations account for 53% of the estimated total expenditure (Table 5). Of these, the Ministry of Defence has the highest allocation in 2025-26, at Rs 6,81,210 crore, accounting for 13.4% of the total budgeted expenditure of the central government. Other ministries with high allocations include: (i) Road Transport and Highways (5.7% of total expenditure), (ii) Railways (5.0%), and (iii) Consumer Affairs, Food and Public Distribution (4.3%).

Table 5: Ministry-wise expenditure in 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
Defence	6,09,504	6,21,941	6,41,060	6,81,210	6.3%
Road Transport and Highways	2,75,986	2,78,000	2,80,519	2,87,333	2.4%
Railways	2,45,791	2,55,393	2,55,348	2,55,445	0.0%
Home Affairs	1,96,872	2,19,643	2,20,371	2,33,211	5.8%
Consumer Affairs, Food and Public Distribution	2,32,496	2,23,323	2,12,820	2,15,767	1.4%
Rural Development	1,63,642	1,80,233	1,75,878	1,90,406	8.3%
Chemicals and Fertilisers	1,91,165	1,68,500	1,86,653	1,61,965	-13.2%
Agriculture and Farmers' Welfare	1,18,147	1,32,470	1,41,352	1,37,757	-2.5%
Education	1,23,365	1,20,628	1,14,054	1,28,650	12.8%
Communications	1,11,339	1,37,294	1,50,201	1,08,105	-28.0%
Health and Family Welfare	83,149	90,959	89,974	99,859	11.0%
Jal Shakti	95,109	98,714	51,558	99,503	93.0%
Housing and Urban Affairs	68,565	82,577	63,670	96,777	52.0%
Other Ministries	19,28,316	22,10,838	21,33,030	23,69,358	11.1%
Total Expenditure	44,43,447	48,20,512	47,16,487	50,65,345	7.4%

Sources: Expenditure Budget, Union Budget 2025-26; PRS.

- **Ministry of Defence:** Allocation is estimated to increase by Rs 40,150 crore (6.3%) in 2025-26, over the revised estimate of 2024-25. The allocation towards capital outlay for defence services in 2025-26 is estimated to be Rs 1,80,000 crore, 12.9% higher than the revised estimates of 2024-25.
- **Ministry of Jal Shakti:** Allocation is estimated to increase by Rs 47,945 crore to Rs 99,503 crore in 2025-26. Revised estimate for 2024-25 was Rs 51,558 crore as compared to budgeted Rs 98,714 crore. This underspending is mainly due to Jal Jeevan Mission (see Table 7).
- **Ministry of Rural Development:** Allocation towards Rural Development is estimated to increase by Rs 14,527 crore (8.3%) to Rs 1,90,406 crore in 2025-26. This is primarily due to increased allocation towards PMAY-Rural (which underspent the budget in 2024-25) and the National Rural Livelihoods Mission.
- **Ministry of Communication:** Allocation towards Communication is estimated to decrease by Rs 42,096 crore (28%) to Rs 1,08,105 crore in 2025-26. This is primarily due to lower allocation towards capital infusion in BSNL.

Expenditure on Subsidies

In 2025-26, the total expenditure on subsidies is estimated to be Rs 4,26,216 crore, similar to the revised estimate of 2024-25 (Table 6). Food subsidy estimated at Rs 2,03,420 crore and fertiliser subsidy at Rs 1,67,887 crore in 2025-26 together constitute 87% of the total subsidy bill. LPG subsidy constitutes 3% of the total subsidy bill.

Table 6: Subsidies in 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
Food subsidy	2,11,814	2,05,250	1,97,420	2,03,420	3.0%
Fertiliser subsidy	1,88,292	1,64,000	1,71,299	1,67,887	-2.0%
Interest subsidy	19,516	29,550	28,156	27,840	-1.1%
LPG subsidy	12,240	11,925	14,700	12,100	-17.7%
Other subsidies	3,037	17,698	16,294	14,969	-8.1%
Total	4,34,899	4,28,423	4,27,868	4,26,216	-0.4%

Sources: Expenditure Profile, Union Budget 2025-26; PRS.

Expenditure on Major Schemes

Table 7: Scheme wise allocation in 2025-26 (Rs crore)

	Actuals 2023-24	Budgeted 2024-25	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
MGNREGS	89,154	86,000	86,000	86,000	0.0%
Jal Jeevan Mission/National Rural Drinking Water Mission	69,992	70,163	22,694	67,000	195.2%
PM-KISAN	61,441	60,000	63,500	63,500	0.0%
Pradhan Mantri Awas Yojana - Rural	21,770	54,500	32,426	54,832	69.1%
Samagra Shiksha	32,830	37,500	37,010	41,250	11.5%
National Health Mission	33,043	36,000	36,000	37,227	3.4%
Pradhan Mantri Awas Yojana - Urban	21,684	30,171	15,170	23,294	53.6%
Modified Interest Subvention Scheme	14,252	22,600	22,600	22,600	0.0%
Saksham Anganwadi and POSHAN 2.0	21,810	21,200	20,071	21,960	9.4%
New Employment Generation Scheme	-	10,000	6,799	20,000	194.1%
PM Surya Ghar Muft Bijli Yojana	-	6,250	11,100	20,000	80.2%
National Livelihood Mission - Aajeevika	13,934	15,047	15,047	19,005	26.3%
Pradhan Mantri Gram Sadak Yojana	15,380	19,000	14,500	19,000	31.0%

Note: Saksham Anganwadi and POSHAN 2.0 has Umbrella ICDS - Anganwadi Services, Poshan Abhiyan, Scheme for Adolescent Girls

Sources: Expenditure Profile, Union Budget 2025-26; PRS.

- MGNREGS has the highest allocation in 2025-26 at Rs 86,000 crore. This amount is the same as the revised estimate for 2024-25. The allocation for PM KISAN at Rs 63,500 crore is also unchanged.
- Together, the rural and urban components of the Pradhan Mantri Awas Yojana have allocation of Rs 78,126 crore in 2025-26, an increase of 64% over the revised estimate of 2024-25. In 2024-25, expenditure for the scheme is expected to be lower by 44% as compared to the budget estimate.
- The Jal Jeevan Mission has an allocation of Rs 67,000 crore in 2025-26. In 2024-25, the revised estimate of Rs 22,694 crore is significantly lower than the budget estimate (Rs 70,163 crore).
- **New Schemes:** Rs 41,700 crore has been allocated to the Department of Economic Affairs for New Schemes (details not available). In 2024-25, this head had a budget of Rs 62,593 crore but only Rs 9,068 crore is estimated to be spent.

Loans to states for capital expenditure

- The Centre has budgeted Rs 1,50,000 crore for special interest-free loans to states for capital expenditure in 2025-26. The same amount was budgeted in 2024-25, which has been reduced to Rs 1,25,000 crore in the revised estimates.

Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for the welfare of women, children, and the North Eastern Region (NER)

- Programmes for the welfare of women and children have been allocated Rs 5,65,161 crore in 2025-26, an increase of 18.5% over the revised estimate of 2024-25. These allocations include programmes being implemented across all ministries.
- Allocation towards the welfare of women is estimated to increase due to increased allocation towards the Pradhan Mantri Awas Yojana. Under the Awas Yojana, the female head of the family must be the owner or co-owner of the house.
- Allocation towards the welfare of children is estimated to increase due to a higher allocation towards school education under Samagra Shiksha and PM-SHRI scheme. Allocation for Scheduled Castes is estimated to be higher due to increased allocation under the National Rural Livelihoods Mission.

Table 8: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2023-24	Revised 2024-25	Budgeted 2025-26	% change (2024-25 RE to 2025-26 BE)
Welfare of Women	3,84,500	3,76,529	4,49,029	19.3%
Welfare of Children	89,323	1,00,445	1,16,133	15.6%
Scheduled Castes	1,33,658	1,38,363	1,68,478	21.8%
Scheduled Tribes	1,05,177	1,07,874	1,29,250	19.8%
North Eastern Region	91,785*	87,736	1,05,833	20.6%

Note: *Figures for 2023-24 are Revised Estimates for the year.

Sources: Expenditure Profile, Union Budget 2025-26; PRS.

Fiscal Responsibility and Budget Management targets

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit, and to give three year rolling targets for these. Note that the Medium-Term Fiscal Policy Statement has not provided rolling targets for budget deficits since 2021-22.

Fiscal deficit is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2025-26 is 4.4% of GDP.

Revenue deficit is the excess of revenue expenditure over revenue receipts. Such a deficit implies that the government needs to borrow funds to meet recurring expenses which may not provide future returns. The estimated revenue deficit for 2025-26 is 1.5% of GDP.

Table 9: FRBM targets for deficits (as % of GDP)

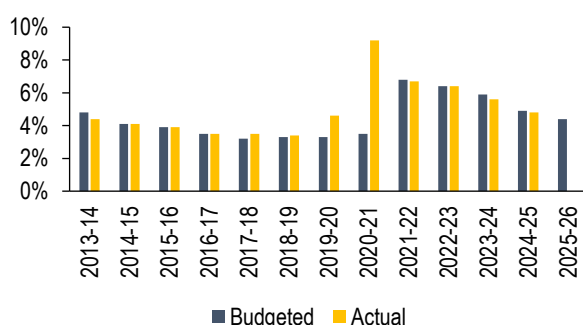
	Actuals 2023-24	Revised 2024-25	Budgeted 2025-26
Fiscal Deficit	5.6%	4.8%	4.4%
Revenue Deficit	2.6%	1.9%	1.5%
Primary Deficit	2.0%	1.3%	0.8%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2025-26; PRS.

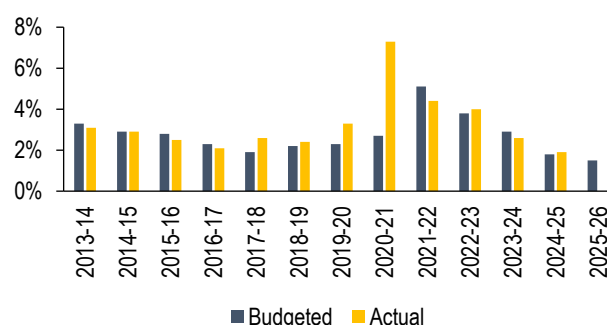
This is lower than the revised estimates of 2024-25 (1.9% of GDP). Revenue receipts are estimated to increase by 10.8% in 2025-26, while revenue expenditure is estimated to increase by 6.7%. Growth in revenue receipts is driven by income tax, GST and corporate tax, which are estimated to grow by 14.4%, 10.9% and 10.4% respectively.

Primary deficit is fiscal deficit less interest payments. It is estimated to be 0.8% of GDP in 2025-26.

Fiscal Deficit: Budgeted vs Actual (as % of GDP)



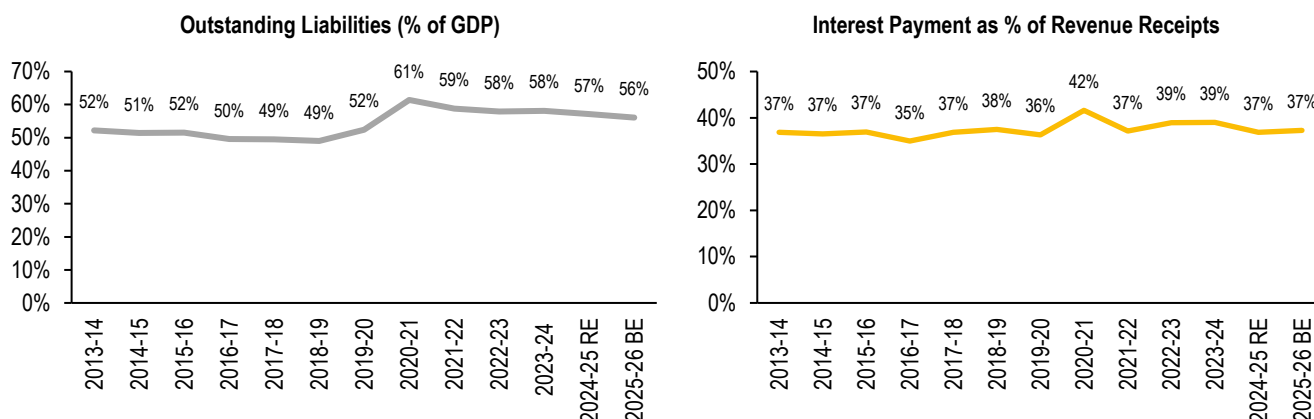
Revenue Deficit: Budgeted vs Actual (as % of GDP)



Note: Revised Estimate for 2024-25 taken as Actuals.

Sources: Budget at a Glance, Union Budget (various years); PRS.

- **Outstanding liabilities** is the accumulation of borrowings over the years. A higher debt implies that the government has a higher loan repayment obligation over the years.
- Centre's outstanding liabilities in 2025-26 are estimated to be 56.1% of GDP. Outstanding liabilities had declined from 52% of GDP in 2013-14 to 49% of GDP in 2018-19. From 2019-20 onwards, outstanding liabilities increased, reaching a high of 61% of GDP in 2020-21, and have moderated thereafter. The government aims to reduce the outstanding liabilities to around 50% of GDP by March 2031.
- Interest payments as a percentage of revenue receipts increased from 37% in 2013-14 to 42% in 2020-21. It is estimated to be 37% of revenue receipts in 2025-26.



Note: RE is revised estimate and BE is budget estimate.

Sources: Handbook of Statistics on Indian Economy, RBI; MOSPI, Union Budget Documents 2025-26; PRS.

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