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Union Budget 2025



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Union Budget 2025-26

- **Presented by** : Union Finance Minister Nirmala Sitharaman
- The Union Budget 2025-26 focuses on growth and development for all (Sabka Vikas) and aims to build a strong and developed India (Viksit Bharat).

4 Main Areas of Growth (Engines of Development) :

- Agriculture – Support for farmers and rural development
- Micro, Small & Medium Enterprises (MSMEs) – Help for small businesses to grow
- Investment – Attracting more businesses and industries
- Exports – Boosting India's global trade

Who Will Benefit the Most?

The Budget aims to support and uplift:

- Women (Nari) – More financial security and employment opportunities
- Youth – Skill development, education, and job creation
- Farmers (Annadata) – Better agricultural policies and support
- Poor Families (Garib) – Welfare schemes to improve their living conditions

Six key principles of Viksit Bharat as outlined in the Union Budget 2025-26 :

- Zero poverty
- Quality education for all
- Affordable, high-quality healthcare
- Skilled workforce with meaningful employment
- 70% women participation in economic activities
- Farmers making India the 'food basket of the world'

Budget Estimates 2025-26

- Total receipts (excluding borrowings) : Rs.34.96 lakh crore
- Total expenditure : Rs.50.65 lakh crore
- Gross market borrowings : Rs.14.82 lakh crore
- Capital expenditure : Rs.11.21 lakh crore (3.1% of GDP)
- Net tax receipts : Rs.28.37 lakh crore
- Fiscal deficit : 4.4% of GDP

Major Expenditures (Rs. Crore)

- Home Affairs : 2,33,211
- Agriculture & Allied Activities : 1,71,437
- IT & Telecom : 95,298
- Energy : 81,174
- Social Welfare : 60,052
- Defence : 4,91,732
- Rural Development : 2,66,817
- Commerce & Industry : 65,553
- Education : 1,28,650
- Health : 98,311
- Urban Development : 96,777
- Scientific Departments : 55,679

Agriculture

PM Dhan Dhanya Krishi Yojana for farmers : It will cover 100 districts with below-average features, moderate crop intensity, and low productivity. This plan is likely to aid 1.7 crore farmers.

Makhana Board and Food Institute to be opened in Bihar : Farmers participating in Makhana agriculture will be classified as Follow-On Public Offers (FPOs) and will get training and assistance. This effort seeks to boost farmers' incomes, improve value addition, and develop skilling and job possibilities in eastern India.

Cotton Mission to improve productivity : unveiled a Rs 500 crore five-year strategy to increase cotton production. The Cotton Productivity Mission is an important endeavor to increase cotton yields in India from 450-500 kg per hectare to 1,000 kg per hectare.

Kisan Credit Card : loan limit increased from Rs.3 lakh to Rs.5 lakh. It is a government scheme introduced in 1998 for smooth disbursement of loans to farmers.

Mission for Aatmanirbharta in Pulses : The government will now launch a six-year 'Mission for Aatmanirbharta in Pulses', with a particular emphasis on Tur, Urad, and Masoor. The plan will directly benefit Rajasthan's pulse-producing farmers. Lentils are grown in abundance in Western Rajasthan and Kota.

National Mission on High Yielding Seeds : This mission Focus on high-yield seed varieties.

Urea Plant in Assam : Annual capacity of 12.7 lakh metric tons

MSMEs

- **Micro Enterprise Credit Cards** : Rs.5 lakh loan limit for Udyam-registered small businesses to access easy credit.
- **Toy Industry Boost** : Focus on making India a global hub for toy manufacturing and exports.
- **Fund of Funds for Startups** : Rs.10,000 crore allocated to boost startup investments and innovation.
- **Support for First-Time Entrepreneurs** : Loans up to Rs.2 crore for 5 lakh women and SC/ST entrepreneurs to encourage new businesses.
- **For micro and small firms**, the cover has been increased from Rs 5 crore to Rs 10 crore, resulting in an additional credit of Rs 1.5 lakh crore over the next five years.
- **For startups**, the cover has been enhanced from Rs 10 crore to Rs 20 crore, with the guarantee cost reduced to 1% for loans in 27 key industries.

Revised MSME Classification :

- Investment and turnover limits increased (2.5x & 2x) to support business growth.
- With this, the investment ceiling for 'micro' firms has been enhanced from Rs 1 crore to Rs 2.5 crore, and the turnover has been increased from Rs 5 crore to Rs 10 crore.
- Similarly, investment in 'small' firms has increased from Rs 10 crore to Rs 25 crore. In terms of turnover, it ranges from Rs 50 crore to Rs 100 crore.
- However, for 'medium' firms, investment has increased from Rs 50 crore to Rs 125 crore, and turnover from Rs 250 crore to Rs 500 crore.

Investment

Investing in Infrastructure & Economy

Rs.1.5 lakh crore for state infrastructure projects.

Jal Jeevan Mission : Extended till **2028** for improved water access.

Urban Challenge Fund : **Rs.1 lakh crore** for modern city development.

Nuclear Energy Mission : **Rs.20,000 crore** for Small Modular Reactors (SMRs).

Shipbuilding & Maritime Development Fund : **Rs.25,000 crore** to strengthen the maritime industry.

UDAN Scheme Expansion – **120 new destinations** to improve regional air connectivity, targeting **4 crore passengers in 10 years**.

Tourism for Employment – Development of **50 top destinations** to boost travel and jobs.

Boosting Livelihood & Financial Inclusion

PM SVANidhi Expansion : UPI-linked credit cards with a **Rs.30,000 credit limit** for small vendors.

Urban Livelihood Scheme : Supporting urban workers for economic upliftment.

Empowering Education & Healthcare

- **Saksham Anganwadi & Poshan 2.0** : Strengthening nutrition programs.
- **50,000 Atal Tinkering Labs** : Encouraging innovation in government schools.
- **BharatNet Expansion** : High-speed broadband for government schools & Primary Health Centers (PHCs).
- **National AI Centre for Education** : **Rs.500 crore** allocated to integrate AI in learning.
- **Medical Education Growth** : **10,000 new seats** in medical colleges.
- **Day Care Cancer Centres** : **200 new centers** to improve cancer treatment access.

Investing in Innovation & Research :

- **Rs.20,000 crore for R&D** : Encouraging advanced research and innovation.
- **Deep Tech Fund of Funds** : Support for cutting-edge technology startups.
- **10,000 PM Research Fellowships** : For scholars at **IITs & IISc**.
- **National Geospatial Mission** : Strengthening foundational data & mapping capabilities.



Revised Tax Structure

The new tax regime includes altered income tax slabs :

- Up to Rs.4 lakh : No tax
 - Rs.4 to Rs.8 lakh: 5% tax
 - Rs.8 to Rs.12 lakh: 10% tax
 - Rs.12 to Rs.16 lakh: 15% tax
 - Rs.16 to Rs.20 lakh: 20% tax
 - Rs.20 to Rs.24 lakh: 25% tax
 - Above Rs.24 lakh: 30% tax
-
- No tax up to Rs.12 lakh (Rs.12.75 lakh for salaried with Rs.75,000 standard deduction).
 - Rs.1 lakh exemption on senior citizen bank interest.
 - TDS on rent limit increased from Rs.2.4 lakh to Rs.6 lakh.

Some other important allocations :

Healthcare Allocation

- The Indian government has boosted the **healthcare budget** to Rs.98,311 crore for the 2025 financial year, 9.8% more than the previous year's Rs.89,287 crore.
- **Pharmaceutical businesses** would receive Rs.2,445 crore under the Production-Linked Incentive (PLI) scheme. The budget for this sector has increased by 191% from Rs.34,286 crore in 2014-15.
- The **Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY)** has received Rs.9,406 crore to offer free health insurance to eligible households.
- **More Cancer Treatment Centres** : The government will set up 200 cancer centres in 2025-26 and plans to open daycare cancer centres in all district hospitals within the next three years.

Strengthening Healthcare Services :

- **National Health Mission (NHM)** : Rs.37,226.92 crore for improving healthcare services across India.
- **Ayushman Bharat Health Infrastructure Mission (PMABHIM)** : Rs.4,200 crore for upgrading hospitals and healthcare infrastructure.
- **AIIMS Delhi** : Funding increased to Rs.5,200 crore.
- **Autonomous Medical Institutions (like AIIMS, PGI, etc.)** : Rs.20,046.07 crore allocated.
- **Mental Health Support** : Rs.79.6 crore for the National Tele Mental Health Programme.

Cheaper Medicines :

- 36 essential life-saving medicines are now exempt from customs duty.
- 6 other medicines will have a reduced 5% customs duty, making them more affordable.

Surge in defence allocations

- The Union Budget 2025-26 includes a record-breaking allocation of Rs 6.81 lakh crore for the Ministry of Defence (MoD), representing a 9.53% increase over the previous fiscal year.
- The Ministry of Defence receives the largest allocation of 13.45% of the Union Budget, totaling Rs 6,81,210.27 crore.
- A sizable amount of the budget, Rs 1.80 lakh crore (26.43% of total MoD allocation), has been put aside for capital expenditure. This marks a 4.65% increase over the previous fiscal year's investment and is primarily aimed toward modernizing the armed forces.
- Out of this capital investment, Rs 1.48 lakh crore is set aside for the acquisition of advanced technology, weapons, and platforms. Additionally, Rs 31,277 crore is set aside for R&D and infrastructure development.
- Defence R&D has received a 12% increase, with Rs 26,816 crore set aside to fund cutting-edge initiatives. This represents a 12.41 percent increase over the previous year's allocation

of Rs 23,855 crore.

- In accordance with the government's effort to encourage innovation and self-reliance, Rs 449.62 crore has been set aside for the iDEX scheme (Innovations for Defence Excellence), which assists start-ups in developing defense-related technologies.
- The Border Roads Organisation (BRO), which is critical to upgrading India's border infrastructure, receives a significant 9.74% rise, with an allocation of Rs 7,146 crore.

Railways allocation remains unchanged

- The budget allocation for Indian Railways for FY 2025-26 is Rs.2.65 lakh crore, the same as the previous year's allocation.
- In FY 2024-25, 79.33% of the authorized budget of ₹2.65 lakh crore had been spent as of January 23. Budget papers show that the actual utilization for FY 2023-24 was ₹2.45 lakh crore.
- In the Union Budget 2025-26, Indian Railways (IR) announced plans to renovate more than 1300 stations over the following four years. These railway stations will be renovated by the famous Amrit Bharat Station Scheme (ABSS).

The Rail Budget 2025 includes manufacturing of :

- 100 non-AC Amrit Bharat trains
- 50 NAMO Bharat trains (130 kmph for city connections)
- 200 Vande Bharat trains (Sleeper and chair car versions)
- 17,500 general coaches, of which 1,200 have already been manufactured

PM Surya Ghar Muft Bijli Yojana (PMSGMBY)

- The **Budget 2025-26** has allocated Rs.**20,000 crore** for the **PM Surya Ghar Muft Bijli Yojana (PMSGMBY)**, which helps homeowners install **small-scale rooftop solar panels**.

Big Budget Increase :

- 2024-25 Budget: Rs.6,250 crore
- Revised Estimate (2024-25): Rs.11,100 crore
- 2025-26 Budget: Rs.20,000 crore (80% increase)

Scheme Performance :

- Launched in February 2024 with a Rs.75,021 crore budget for four years.
- Aims to install 1 crore residential rooftop solar panels.
- By December 2024, 7 lakh installations were completed.

Future Projections:

- If the 2025-26 allocation is fully used, a total of Rs.31,100 crore will be spent.
- This would cover 41% of the scheme's total budget in just two years.

Deep Ocean Mission: Samudrayaan Project

Budget Allocation :

- Rs.600 crore allocated for Samudrayaan, India's deep-sea exploration project.
- The Ministry of Earth Sciences received a total of Rs.3,649.8 crore, up from Rs.3,064.8 crore last year.

What is Samudrayaan?

- A mission to send scientists in a submersible to explore the ocean floor, continental shelf, and exclusive economic zones.
- Developed by National Institute of Ocean Technology (NIOT), Chennai.

Mission Timeline:

- **2025** : Manned submersible to dive 500 meters deep.
- **2026** : Gradual exploration down to 6,000 meters.

Key Areas of Focus :

- Developing **manned submersibles** and **underwater robots** for deep-sea mining.
- Creating **ocean climate change advisory services** to study climate impact
- Researching and protecting **deep-sea marine life**.
- Conducting **deep-sea mapping** and resource assessment.
- Exploring ways to generate **energy** and **freshwater** from the ocean.
- Setting up an **advanced marine station** for studying ocean biology.

Major Highlights in Education

AI Centre of Excellence :

- Rs.500 crore allocated to establish a Centre of Excellence in Artificial Intelligence (AI) for Education.
- Focus on AI education & research at universities to support Industry 4.0 and Make in India initiatives.

Skill Development & Institutes :

- Five National Institutes of Excellence will be set up for skill development.
- 50,000 Atal Tinkering Labs in government schools over the next five years to encourage

innovation & scientific thinking.

Education Budget :

- Total allocation: Rs.1.28 lakh crore, higher than last year.
- Rs.50,067 crore for higher education.
- Rs.78,572 crore for school education.

Promoting Indian Languages :

- Bharatiya Bhasha Pushtak initiative to introduce digital Indian language textbooks in schools & colleges.

Key Highlights for Water & Sanitation :

Jal Jeevan Mission (JJM) Extended Till 2028 :

- Rs.67,000 crore allocated to achieve 100% functional tap water connections in rural areas.
- Originally launched in 2019, aiming to provide 55 liters per person per day to all rural households.

Namami Gange-II :

- Rs.3,400 crore allocated for 2025-26, a slight increase from last year's Rs.3,345.70 crore.

Swachh Bharat Mission (Gramin) :

- No change in allocation—remains at Rs.7,192 crore for 2025-26.

Interlinking of Rivers :

- Revised allocation for 2024-25 was reduced from Rs.4,000 crore to Rs.2,000 crore.
- Rs.2,400 crore allocated for 2025-26 to support river interlinking projects.

Maritime Development Fund

25,000 Crore Maritime Development Fund :

- Aimed at supporting India's shipping industry and promoting competition.
- 49% government contribution, with the remaining from ports & private sector.

Why This Move?

- Comes in response to Indian exporters' concerns over high freight rates imposed by foreign shipping lines.
- The Red Sea crisis has led to rising costs and logistics challenges.

Boost for Indian Shipping Sector :

- Encourages domestic shipping growth.
- Enhances global competitiveness of Indian exporters.

Nuclear Energy Mission

- Finance Minister Nirmala Sitharaman has proposed a Rs.20,000 crore 'Nuclear Energy Mission' to construct indigenous Small Modular Reactors (SMR).
- The budget estimates that at least five of these reactors will be online by 2033.
- India's wider objective of achieving 100 GW of nuclear energy by 2047 requires modifications to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act.

Revamped UDAN Scheme

Key Highlights:

- Modified UDAN Scheme to connect 120 new destinations over 10 years.
- Budget allocation: Rs.530 crore for 2025-26 (compared to Rs.800 crore in 2024-25).
- Launched in 2016, UDAN aims to make air travel affordable by enhancing regional connectivity.

Current Achievements:

- 619 routes operationalized.
- 88 airports connected, including 2 water aerodromes & 13 heliports.

Infrastructure Expansion:

- New greenfield airports planned in Bihar.
- Expansion of Patna airport & development of Bihta brownfield airport.

Major Tourism Boost

Development of Top 50 Tourist Destinations :

- The government will develop 50 key tourist sites in partnership with State governments.
- Selection will be through a "challenge mode", ensuring the best proposals receive funding.

E-Visa & Fee Waivers for Tourists :

- Streamlined e-visa process to attract more international visitors.
- Visa fee waivers for select tourist groups to increase inbound tourism.

Budget Allocation

- Rs.2,541.06 crore allocated for tourism in 2025-26.
- A huge increase from the Rs.850.36 crore revised estimate in 2024-25.

Gyan Bharatam Mission

What is the Gyan Bharatam Mission?

- A special initiative to survey, document, and conserve India's vast manuscript heritage.
- Aims to cover over 1 crore manuscripts across academic institutions, museums, libraries, and private collections.

Increased Budget for National Manuscripts Mission (NMM) :

- Allocation increased from Rs.3.5 crore to Rs.60 crore to support manuscript preservation.

Funding for Heritage & Archives :

- Rs.1,278.49 crore for Archaeological Survey of India (ASI) (up from Rs.1,191.99 crore in revised 2024-25 budget).
- Rs.156.55 crore for national libraries and archives to protect historical records.
- Rs.126.63 crore for museums, including the National Museum & National Gallery of Modern Art.

Ministry of Science and Technology (MoST) :

- The Union Budget has allotted Rs.20,000 crore to the Ministry of Science and Technology (MoST) for "research, development, and innovation" to support private sector R&D in India.
- Typically, the Ministry's annual budget ranges from Rs.6,000 crore to Rs.8,000 crore.

Export Promotion Mission & BharatTradeNet (BTN)

Export Promotion Mission :

- Budget : Rs.2,250 crore to boost exports and help MSMEs.

BharatTradeNet (BTN) – Digital Public Infrastructure for Trade

- A unified platform for trade documentation & financing solutions.
- Aims to streamline international trade and improve ease of doing business.

To boost food processing exports, a **National Food Technology Institute** will be established in **Bihar**, enhancing value addition, agri-exports, and employment opportunities.

Grameen Credit Score (GCS)

- Finance Minister Nirmala Sitharaman has announced the Grameen Credit Score, a framework that would be established by public sector banks to meet the credit demands of SHG members and rural residents.
- GCS would supplement existing microfinance models and work with credit ratings such as CIBIL and CRIF Highmark to assess loans. This score will be put into the SVAMITVA scheme.

Jan Vishwas Bill 2.0

- Finance Minister Nirmala Sitharaman declared in the Union Budget 2025-26 that the government would draft the Jan Vishwas Bill 2.0 to decriminalise over 100 outdated legislative provisions in order to improve the country's ease of doing business.
- The current Jan Vishwas (Amendment of Provisions) Act, 2023 decriminalized 183 Central Acts handled by 19 Ministries or Departments.
- The Jan Vishwas Act 2023's primary goal was to eliminate obsolete restrictions that no longer served the expanding technical and business environments.

Key Changes in Basic Customs Duty (BCD)

Customs Duty Reforms :

- **Simplified Tariff Structure** – Removal of **seven customs tariff rates** to streamline industrial goods taxation. Now, only **eight tariff rates** remain, including a **zero rate**.
- **Addressing Duty Inversion** – Rationalizing import duties to support domestic manufacturing

Key Changes in BCD :

- **Increased Duty** – Interactive Flat Panel Display (IFPD) : Raised from 10% to 20%.
- **Reduced Duty** – Open Cell Components (LCD/LED TVs) : Reduced from 2.5% to 0% to boost domestic production.

Boost for EV & Mobile Battery Manufacturing

- **35 new capital goods** added for **EV battery** production.
- **28 new capital goods** added for **mobile phone battery** production

Skill India Programme & National Commission for Safai Karamcharis

Government Approves Rs.8,800 Crore for Skill India (2022-2026) :

Unified Scheme – The Skill India Programme now includes:

- **Pradhan Mantri Kaushal Vikas Yojana 4.0 (PMKVY 4.0)** – Focused on skill training.
- **Pradhan Mantri National Apprenticeship Promotion Scheme (NAPS)** – Encouraging apprenticeships
- **Jan Shikshan Sansthan (JSS) Scheme** – Promoting skill development in rural areas.

Extension of National Commission for Safai Karamcharis :

- The government has extended the tenure of the **National Commission for Safai Karamcharis (NCSK) till March 31, 2028** to continue its role in safeguarding the welfare of sanitation workers.



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