Report on Indian Union Budget 2025-2026: A Comprehensive Analysis.

PROJECT BY : ANUMOY MODAK

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Abstract

The 2025-26 Union Budget prioritizes structural reforms to achieve **"Viksit Bharat"** by **2047**, **targeting 8% GDP growth through infrastructure spending (₹50.65 lakh crore outlay), tax reforms, and sectoral interventions.** This report analyzes fiscal metrics, sectoral impacts, capital market implications, and policy shifts using primary data from government documents and economic surveys. Key themes include energy transition (**100 GW nuclear capacity by 2047**), urban development (**₹1 lakh crore Urban Challenge Fund**), and rural welfare (**Jal Jeevan Mission extension to 2028**).

Introduction

Presented amid moderating **GDP growth (6.4% in FY24 vs 8.2% in FY23)**, **Budget 2025-26 aims to revive private investments while addressing rural distress**. With a **nominal GDP target of ₹327 lakh crore**, **the budget balances fiscal consolidation (4.4% deficit target) against social spending**. This analysis evaluates its **macroeconomic, sectoral, and financial market impacts**.

Sources & Methodology

A.Primary Sources:

- *Union Budget Speech 2025-2026* **[https://www.investindia.gov.in/team-india-blogs/indias-union-budget-fy-2025-26-key-takeaways]**
- *Economic Survey 2024-2025* **[https://economictimes.com/news/newsblogs/budget-2025-live-updates-union-budget-finance-minister-nirmala-sitharaman-speech-live-key-announcements-customs-duty-tax-takeaways-1-feb-budget-impacts-latest-news/amp_liveblog/117807015.cms]**
- *Sectoral Impact Analysis* **[https://cleartax.in/s/budget-2025-impact-on-major-sectors]**
- *Policy Overview* **[https://www.bdo.in/en-gb/insights/publications/india-union-budget-2025-2026-an-overview]**

B.Methodology:

Comparative analysis of **FY24 revised estimates and FY26 budget targets using official datasets**. Sectoral impacts assessed through policy announcements and market reactions.

Findings & Analysis : Analysis, Insights and Visualisation Excercise on Union Budget 2025-2026

1.Economic Analysis

The budget bets on **capex-driven growth (9% increase)** to counter slowing consumption. However, **nominal GDP growth of 10.5% (₹327 lakh crore) trails the 15-year average of 11.2%**, signaling cautious optimism.

[*Source:* https://economictimes.com/news/newsblogs/budget-2025-live-updates-union-budget-finance-minister-nirmala-sitharaman-speech-live-key-announcements-customs-duty-tax-takeaways-1-feb-budget-impacts-latest-news/amp_liveblog/117807015.cms]

TABLE.1

In [5]:
```
import matplotlib.pyplot as plt
import pandas as pd
import seaborn as sns

df=pd.read_csv(r'C:\Users\LENOVO\OneDrive\Desktop\Independent projects\Independent-Projects\Indicator-FY24RE-FY25BE-YoY(

df
```

Out[5]:

	Indicator	FY24 (RE)	FY25 (BE)	YoY Change
0	GDP Growth (%)	6.40	6.3-6.8	-0.1 to +0.4
1	Fiscal Deficit (% GDP)	4.80	4.4	-8.3%
2	Capex (₹ lakh cr)	10.18	11.1	+9.0%
3	Tax Revenue (₹ lakh cr)	25.57	28.37	+10.9%

Data Source:

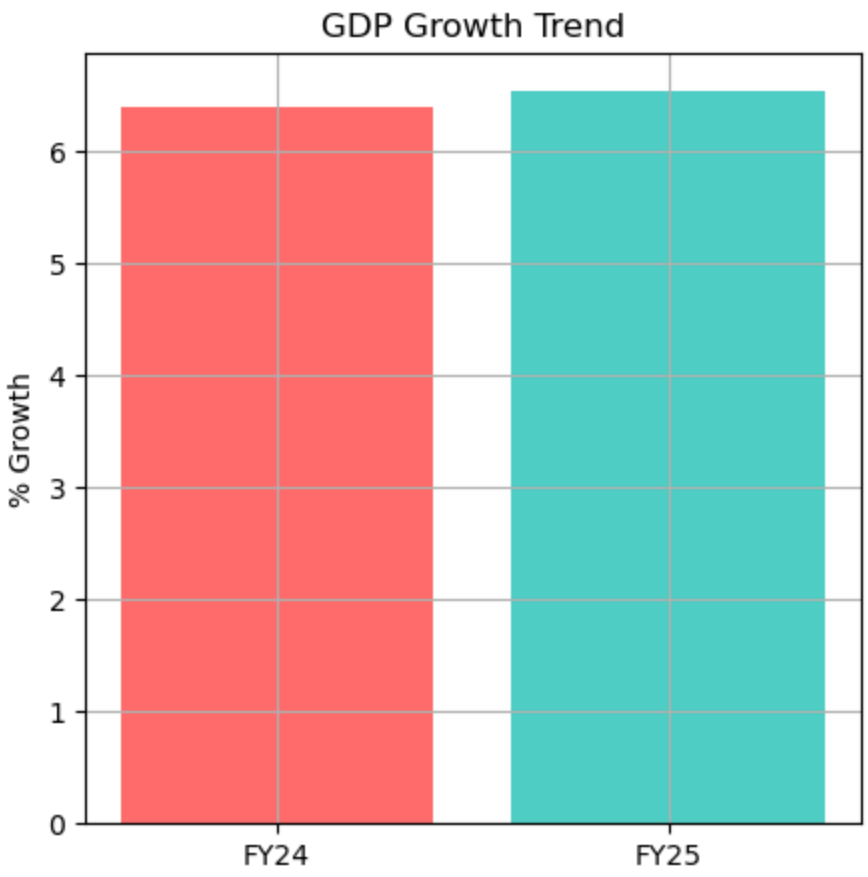
Budget Documents [https://www.investindia.gov.in/team-india-blogs/indias-union-budget-fy-2025-26-key-takeaways],

Economic Survey[https://economictimes.com/news/newsblogs/budget-2025-live-updates-union-budget-finance-minister-nirmala-sitharaman-speech-live-key-announcements-customs-duty-tax-takeaways-1-feb-budget-impacts-latest-news/amp_liveblog/117807015.cms]

GRAPHS.1 : 1(a) GDP Growth (%), 1(b) Fiscal Deficit (%GDP), 1(c) Capex , 1(d) Tax Revenue

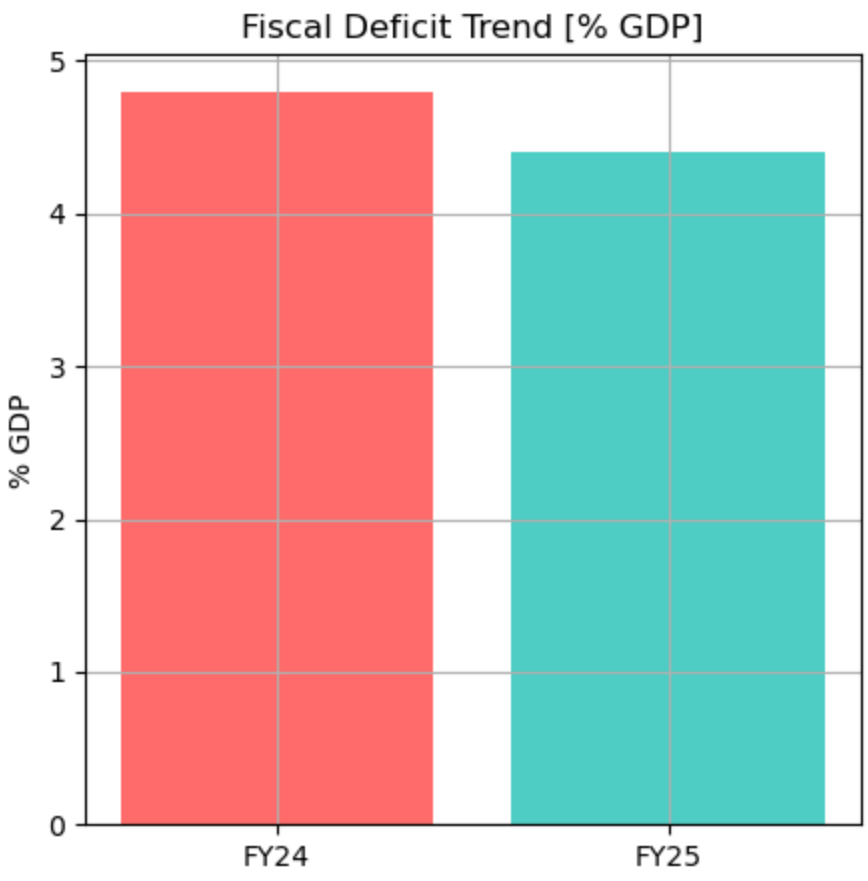
1(a)

In [21]:
```
gdp = [6.4, 6.55] # FY24 vs FY25 midpoint
years = ['FY24', 'FY25']
plt.figure(figsize=(5,5))
plt.bar(years, gdp, color=['#FF6B6B', '#4ECDC4'])
plt.title('GDP Growth Trend')
plt.ylabel('% Growth')
plt.grid(True)
plt.show()
```



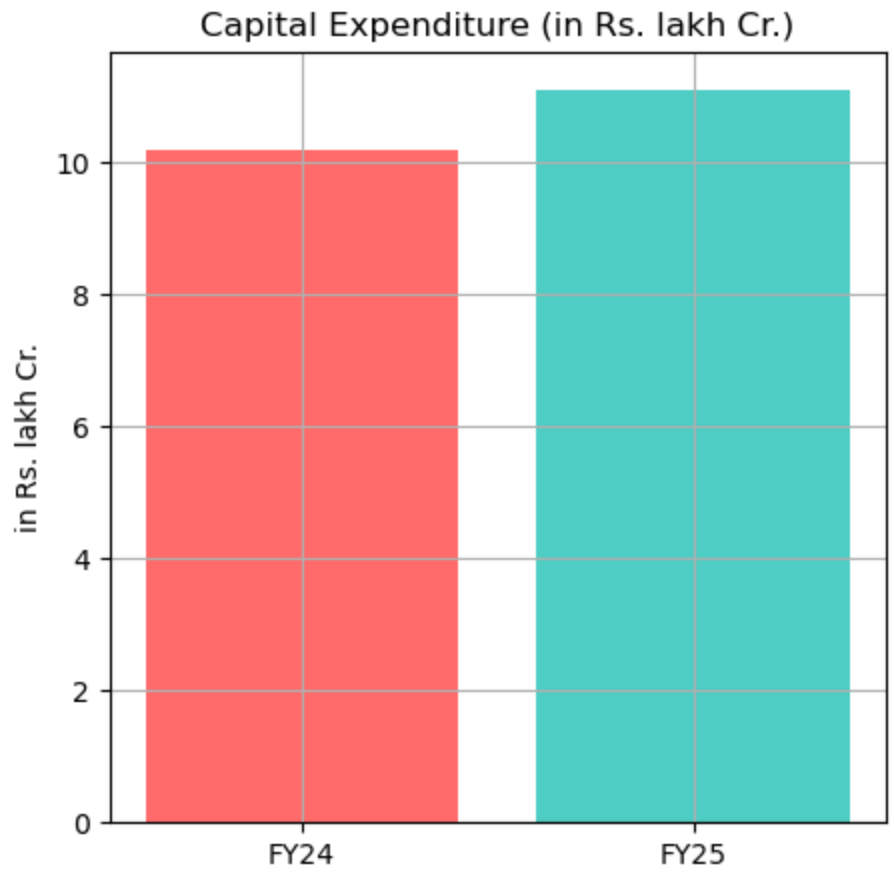
1(b)

In [20]:
```
FD = [ 4.80, 4.40 ]
years = ['FY24', 'FY25']
plt.figure(figsize=(5,5))
plt.bar(years, FD, color=['#FF6B6B', '#4ECDC4'])
plt.title('Fiscal Deficit Trend [% GDP]')
plt.ylabel('% GDP')
plt.grid(True)
plt.show()
```



1(c)

In [31]:
```
Capex = [ 10.18, 11.1]
years = ['FY24', 'FY25']
plt.figure(figsize=(5,5))
plt.bar(years, Capex, color=['#FF6B6B', '#4ECDC4'])
plt.title('Capital Expenditure (in Rs. lakh Cr.)')
plt.ylabel('in Rs. lakh Cr.')
plt.grid(True)
plt.show()
```



1(d)

In [30]:
```
TR = [ 25.57, 28.37 ]
years = ['FY24', 'FY25']
plt.figure(figsize=(5,5))
plt.bar(years, TR, color=['#FF6B6B', '#4ECDC4'])
plt.title('Tax Revenue (in Rs. lakh Cr.)')
plt.ylabel('in Rs. lakh Cr.')
plt.grid(True)
plt.show()
```

2.Sectoral Analysis : Key Initiatives & Impacts

MSMEs gain from expanded credit guarantees **(₹10,000 cr Fund of Funds)** and revised investment limits, potentially boosting **small-cap stocks by 12-15%.**

[*Source*:https://cleartax.in/s/budget-2025-impact-on-major-sectors]

TABLE.2

In [27]:
```
df_sectors = pd.read_excel(r"C:\Users\LENOVO\OneDrive\Desktop\Independent projects\Independent-Projects\Sector analysis

df_sectors
```

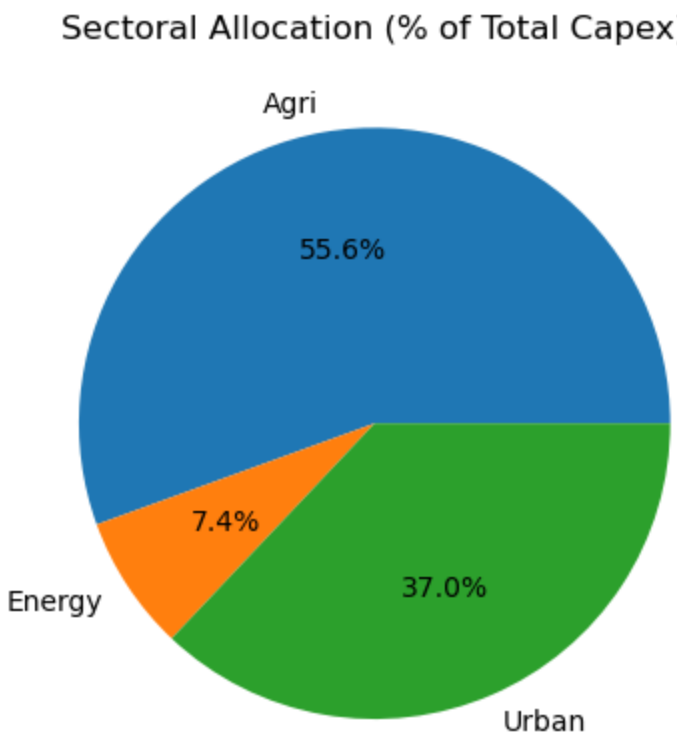
Out[27]:

	Sector	Budget Allocation (in Crore)	Key Policy	Market Impact
0	Agriculture	150000	PM Dhan-Dhaanya Krishi Yojana	15-20% revenue growth for UPL, PI Ind
1	Energy	20000	Nuclear Energy Mission (5 SMRs by 2033)	L&T, NTPC to lead reactor projects
2	Urban Development	100000	Urban Challenge Fund (25% viability gap)	IRB Infra, NCC gains

GRAPHS.2

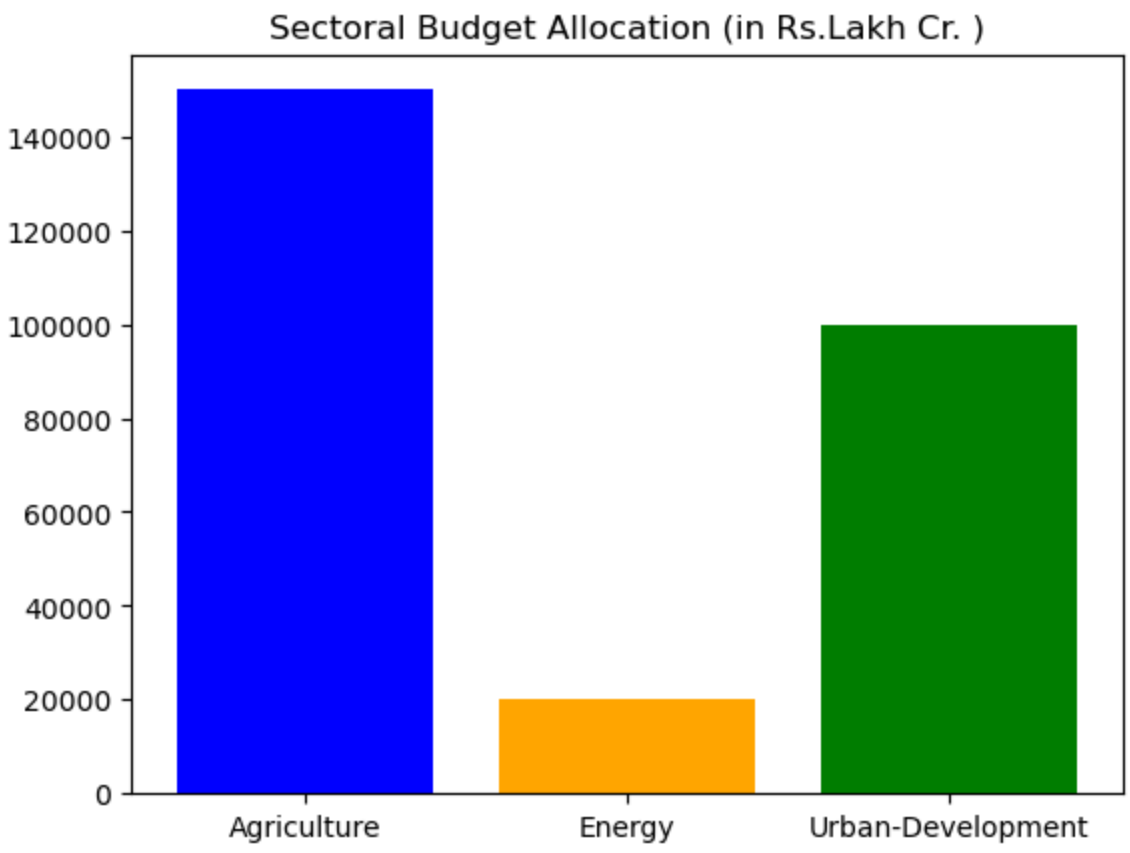
2(a) Sector allocations in '%' of Total CAPEX [Capital-Expenditure]

In [32]:
```
sectors = ['Agriculture', 'Energy', 'Urban-Development']
allocations = [150000, 20000, 100000]
plt.pie(allocations, labels=sectors, autopct='%1.1f%%')
plt.title('Sectoral Allocation (% of Total Capex)')
plt.show()
```



2(b) Sector allocations in 'Rs. Lakh Cr.'

In [40]:
```
from turtle import color

sectors = ['Agriculture', 'Energy', 'Urban-Development']
allocations = [150000, 20000, 100000]
plt.bar(sectors, allocations, color=['blue', 'Orange', 'Green'])
plt.title('Sectoral Budget Allocation (in Rs.Lakh Cr. )')
plt.show()
```



3.Public Finance Analysis

The **7.4% spending hike focuses on capital formation (21.9% of expenditure) over subsidies (9.1% share)**. Despite **higher borrowings (₹14.82L cr gross)**, falling debt/GDP ratio signals improved sustainability.

[*Data Source* :

investindia.gov(https://www.investindia.gov.in/team-india-blogs/indias-union-budget-fy-2025-26-key-takeaways);

BDO Overview(https://www.bdo.in/en-gb/insights/publications/india-union-budget-2025-2026-an-overview).]

TABLE.3

In [6]:
```
df_public_finance = pd.read_csv(r"C:\Users\LENOVO\OneDrive\Desktop\Independent projects\Independent-Projects\Parameter-

df_public_finance
```

Out[6]:

	Parameter	FY24 (RE)	FY25 (BE)	Change
0	Total Expenditure	₹47.16L cr	₹50.65L cr	+7.4%
1	Gross Tax Revenue	₹25.57L cr	₹28.37L cr	+10.9%
2	Debt-to-GDP	58.9%	57.2%	-1.7 ppt

Data Cleaning Process for Table.3

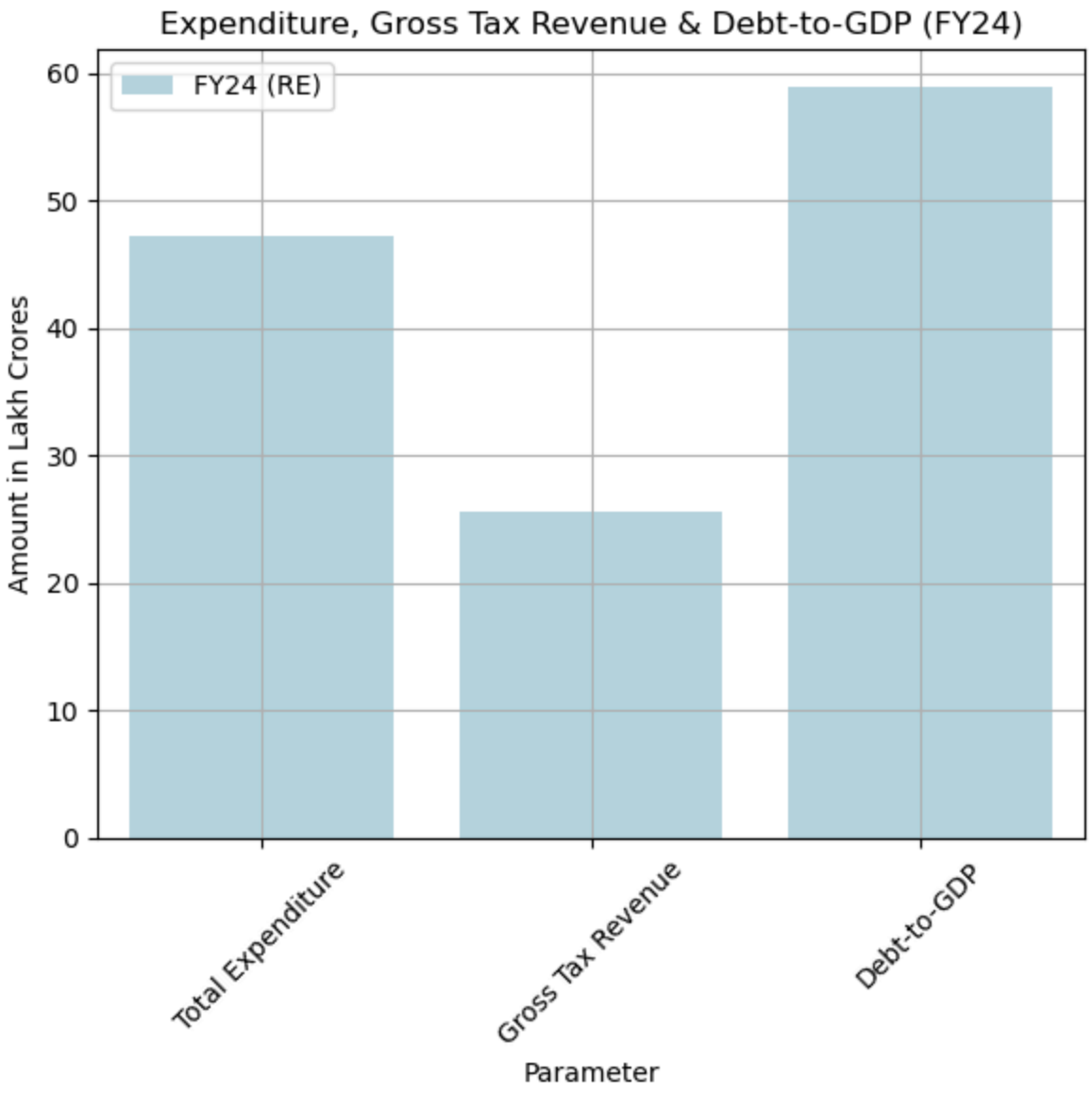
In [10]:
```
df_public_finance = pd.read_csv(r"C:\Users\LENOVO\OneDrive\Desktop\Independent projects\Independent-Projects\Parameter-


# Clean up the data by removing currency symbols and converting to numeric where applicable
df_public_finance['FY24 (RE)'] = df_public_finance['FY24 (RE)'].replace({'%' :'', '₹': '', 'L cr': ''}, regex=True).ast
df_public_finance['FY25 (BE)'] = df_public_finance['FY25 (BE)'].replace({'%' :'', '₹': '', 'L cr': ''}, regex=True).ast
df_public_finance['Change'] = df_public_finance['Change'].replace({'%': '', 'ppt':''},regex=True ).astype(float)

display(df_public_finance)
```

	Parameter	FY24 (RE)	FY25 (BE)	Change
0	Total Expenditure	47.16	50.65	7.4
1	Gross Tax Revenue	25.57	28.37	10.9
2	Debt-to-GDP	58.90	57.20	-1.7

GRAPHS.3

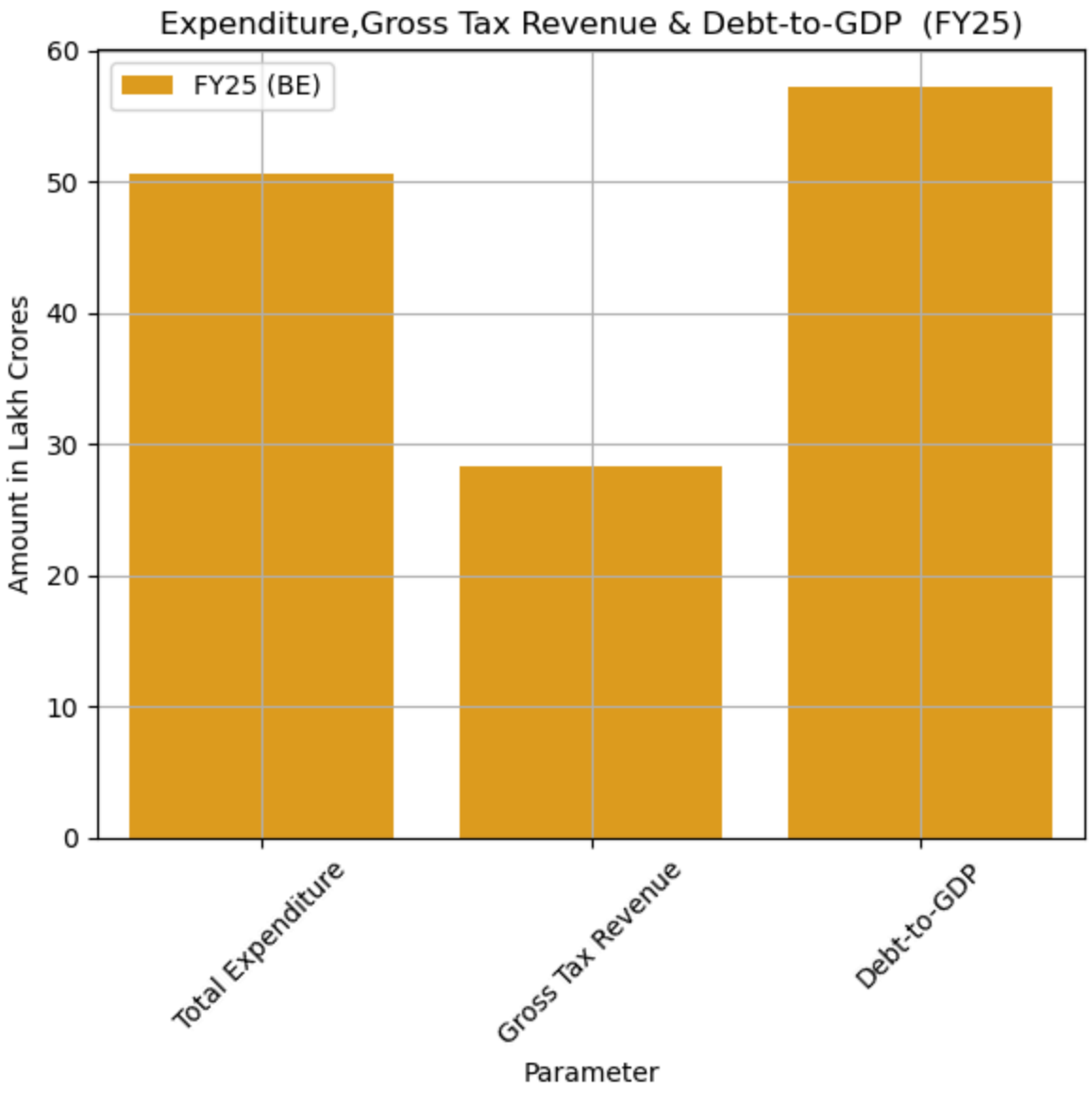
3(a) Total Expenditure,Gross Tax Revenue & Debt-to-GDP (FY2024)

In [ ]:
```
plt.figure(figsize=(6, 6))
sns.barplot(x='Parameter', y='FY24 (RE)', data=df_public_finance, color='lightblue', label='FY24 (RE)')
plt.title('Expenditure, Gross Tax Revenue & Debt-to-GDP (FY24)')
plt.ylabel('Amount in Lakh Crores')
plt.xticks(rotation=45)
plt.legend()
plt.grid(axis='y')
plt.grid(True)
plt.tight_layout()
plt.show()
```



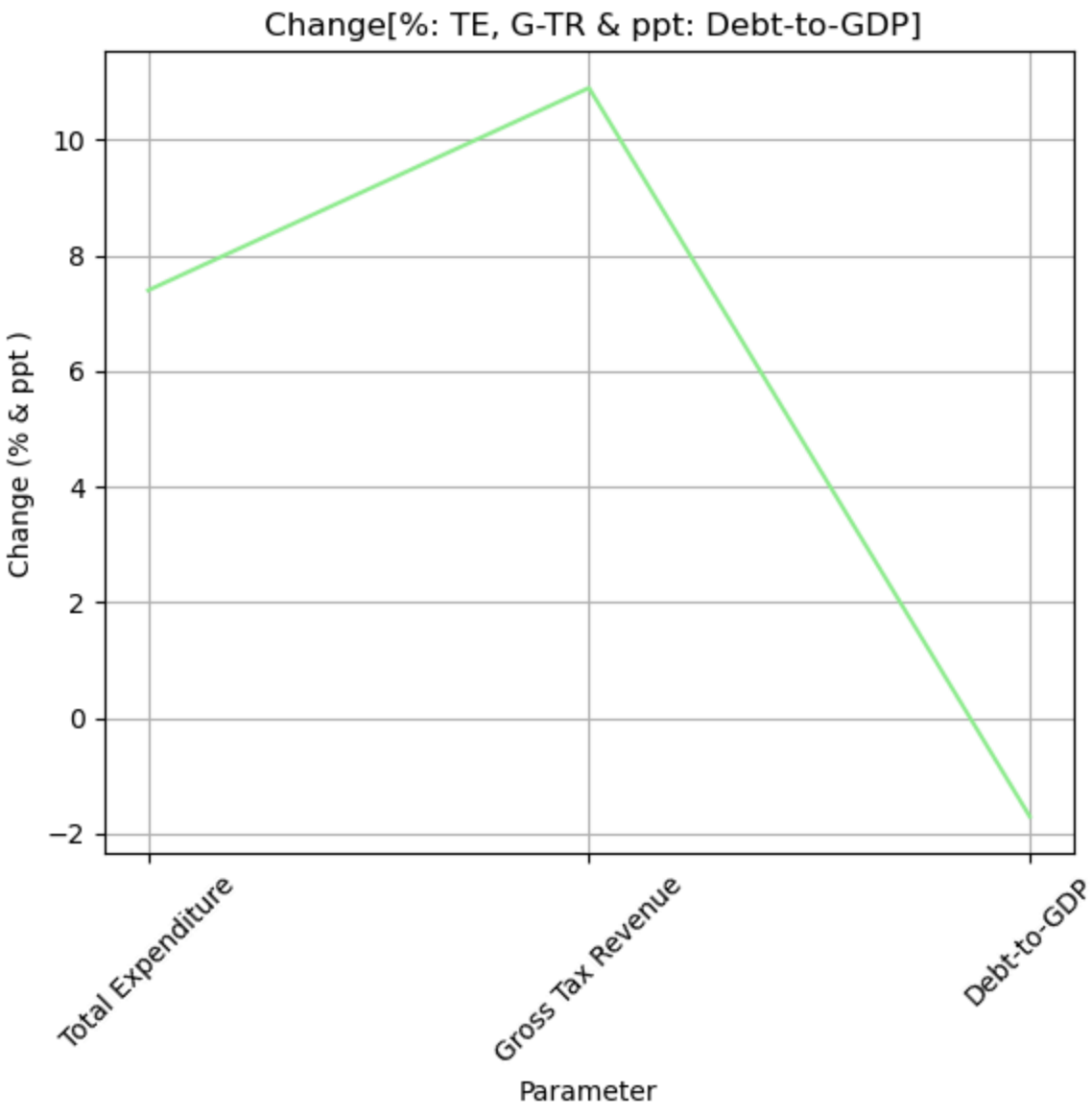
3(b) Total Expenditure,Gross Tax Revenue & Debt-to-GDP (FY2025)

In [19]:
```
plt.figure(figsize=(6,6))
sns.barplot(x='Parameter', y='FY25 (BE)', data=df_public_finance, color='orange', label='FY25 (BE)')
plt.title('Expenditure,Gross Tax Revenue & Debt-to-GDP  (FY25)')
plt.ylabel('Amount in Lakh Crores')
plt.xticks(rotation=45)
plt.legend()
plt.grid(axis='y')
plt.grid(True)
plt.tight_layout()
plt.show()
```



3(c) Change in all Parameters / Indicators from (FY 2024-2025)

In [17]:
```
plt.figure(figsize=(6,6))
sns.lineplot(x='Parameter', y='Change', data=df_public_finance, color='lightgreen')
plt.title(' Change[%: TE, G-TR & ppt: Debt-to-GDP]')
plt.ylabel('Change (% & ppt )')
plt.xticks(rotation=45)
plt.grid(True)
plt.tight_layout()
plt.show()
```



4. Financial & Capital Market Analysis

Key Developments:

- **FDI Liberalization: 100% FDI in insurance** to attract **$3-4 billion inflows**.
- **Bond Market:** NaBFID's Partial Credit Enhancement Facility to boost corporate bond issuance by 25%

- **Equities:** Rural FMCG stocks (HUL, Dabur) could see 8-12% EPS growth from farm income hikes

TABLE.4 : Nifty 50 Implied Impact

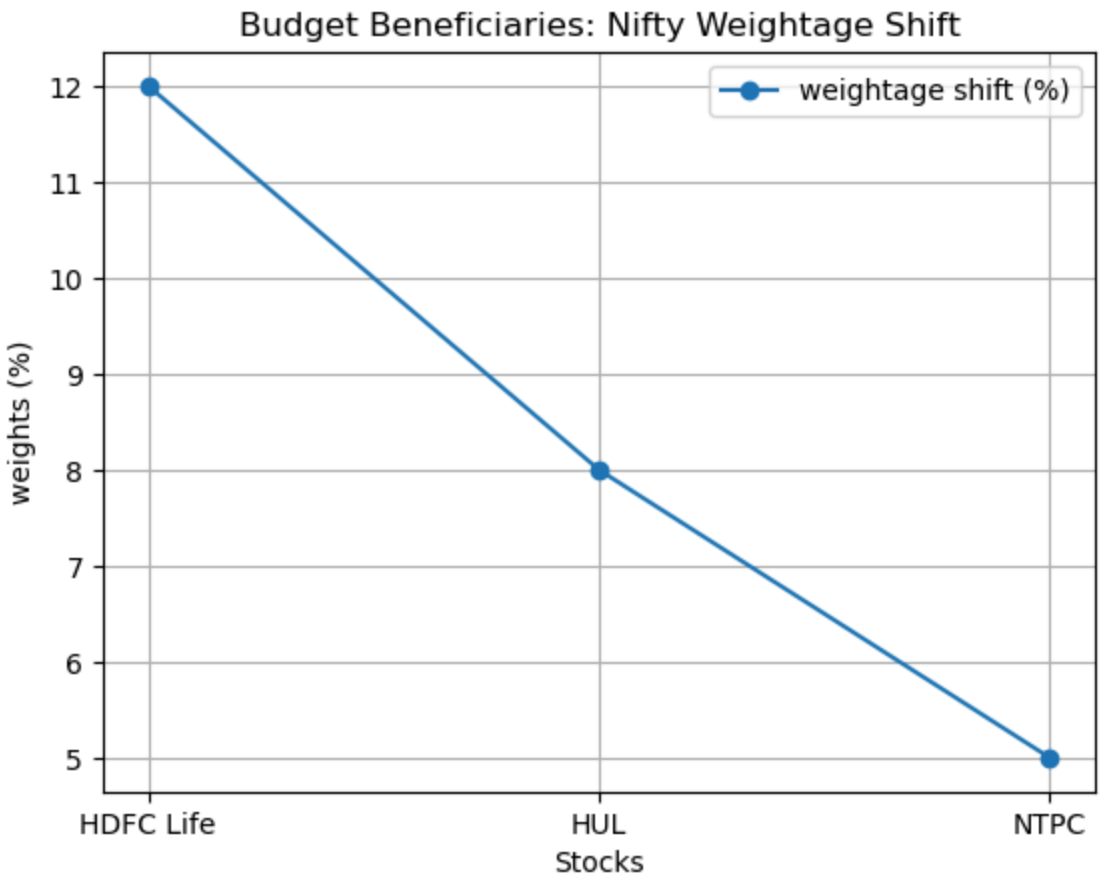
In [20]:
```
Data_Stocks = {'stocks' :['HDFC Life', 'HUL', 'NTPC'],
               'weights (%)' : [12, 8, 5]}

df = pd.DataFrame(Data_Stocks)

df
```

Out[20]:

	stocks	weights (%)
0	HDFC Life	12
1	HUL	8
2	NTPC	5

GRAPH.4

In [24]:
```
from cProfile import label


plt.plot(df['stocks'], df['weights (%)'], marker='o', label ='weightage shift (%)')
plt.title('Budget Beneficiaries: Nifty Weightage Shift')
plt.legend()
plt.xlabel('Stocks')
plt.ylabel('weights (%)')
plt.grid(True)
plt.show()
```



5.Monetary Policy Analysis

This analysis focuses on the Reserve Bank of India's (RBI) monetary policy framework as it relates to **the Union Budget for FY 2025-2026.** It covers key aspects such as policy rates, qualitative and quantitative approaches for controlling money supply, and inflation outlooks.

5.1. RBI Policy Rates

The RBI's key policy rate, the repo rate, is crucial for influencing economic activity and controlling inflation. The following table summarizes the current and projected repo rates:

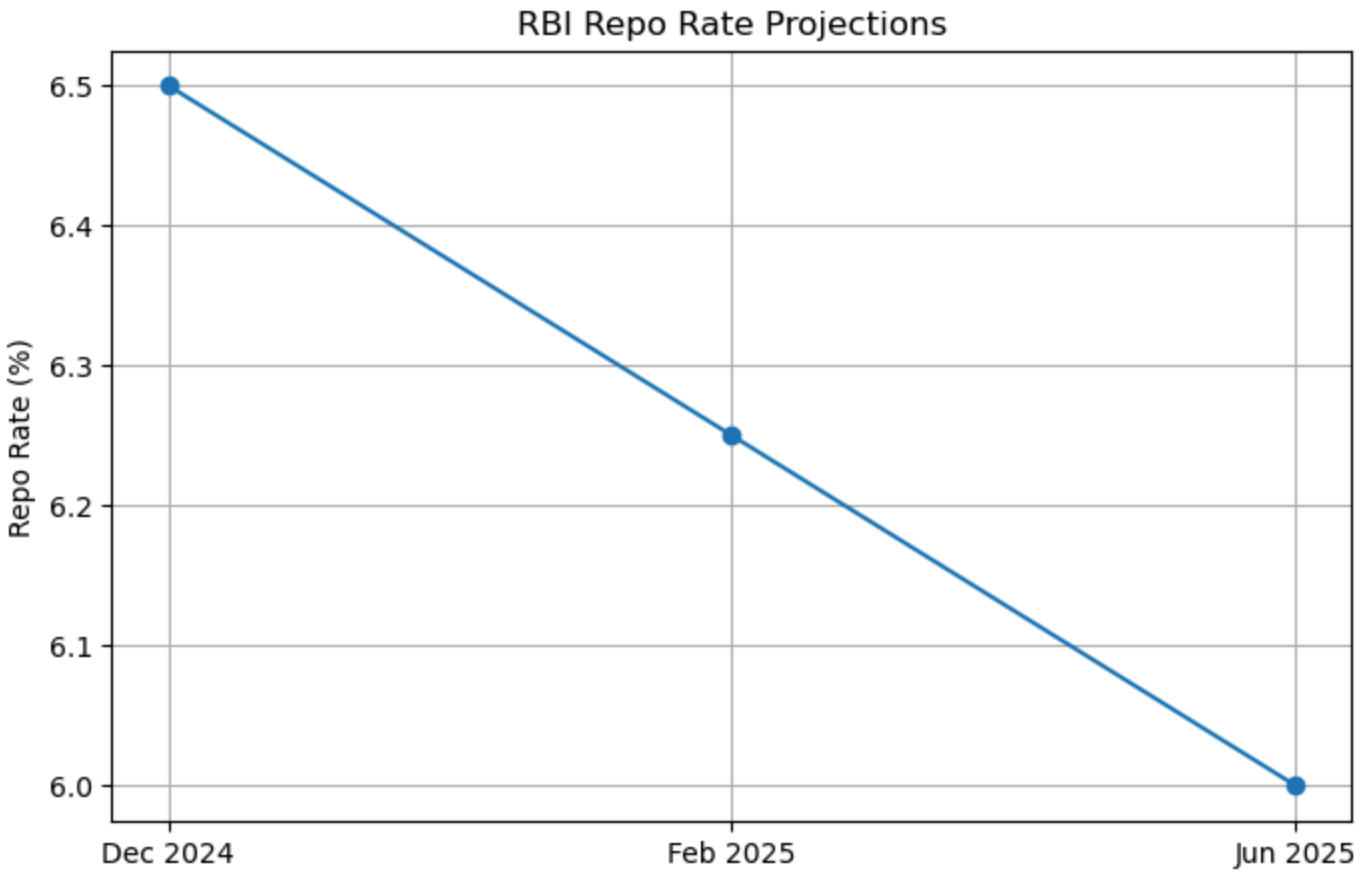
In [25]:
```
Data_rates = pd.read_excel(r"C:\Users\LENOVO\OneDrive\Desktop\Independent projects\Independent-Projects\RBI policy rates

Data_rates
```

Out[25]:

	Date	Policy Rate (Repo Rate) [%]	Change (bps: basis points)	Comments
0	2024-12-01 00:00:00	6.50	-	Maintained for the 11th consecutive meeting.
1	Feb 2025 (Expected)	6.25	-25 bps	Anticipated cut due to easing inflation and gr...
2	Jun 2025 (Projected)	6.00	-50 bps	Further cuts expected as inflation stabilizes ...

In [26]:
```
dates = ['Dec 2024', 'Feb 2025', 'Jun 2025']
repo_rates = [6.50, 6.25, 6.00]

plt.figure(figsize=(8, 5))
plt.plot(dates, repo_rates, marker='o')
plt.title('RBI Repo Rate Projections')
plt.xlabel('Date')
```

```
plt.ylabel('Repo Rate (%)')
plt.grid()
plt.show()
```



5.2. . Qualitative & Quantitative Approaches

The RBI employs both qualitative and quantitative measures to control money supply and ensure economic stability.

A. Qualitative Measures: Focus on regulatory frameworks to ensure liquidity in targeted sectors (e.g., MSMEs).

B.Quantitative Measures: Adjusting the Cash Reserve Ratio (CRR), which was recently reduced by 50 bps to boost liquidity.

[*Source*: https://tradingeconomics.com/india/interest-rate]

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