

# BUDGET 2025-26

By

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# Present situation of economy

- ❑ India's real GDP is estimated to grow by 6.4% in FY25 and the growth for FY26 is projected in the range of 6.3% to 6.8%.
- ❑ The growth in the first half of FY25 was supported by agriculture and services while the manufacturing sector faced pressures due to weak global demand and domestic seasonal conditions.
- ❑ Manufacturing exports slowed significantly in Q2 FY25 due to weak demand from destination countries and aggressive trade and industrial policies in major trading nations.
- ❑ Urban consumption is facing challenges while rural demand is rebounding due to good kharif production.

# Fiscal Parameters

Central Finances	2024-25	2025-26
Total Expenditure Budget	Rs. 47.2 lakh cr	Rs. 50.6 lakh cr
• Revenue Expenditure	Rs. 37.0 lakh cr	Rs. 39.4 lakh cr
• Capital Expenditure	Rs. 10.2 lakh cr	Rs. 11.2 lakh cr
Total Receipts	Rs. 47.2 lakh cr	Rs. 50.6 lakh cr
• Revenue Receipts	Rs. 30.9 lakh cr	Rs. 34.2 lakh cr
• Capital Receipts	Rs. 16.3 lakh cr	Rs. 16.4 lakh cr
○ Non-Debt Capital Receipts	Rs. 0.6 lakh cr	Rs. 0.7 lakh cr
○ Debt Capital Receipts	Rs. 15.7 lakh cr	Rs. 15.7 lakh cr

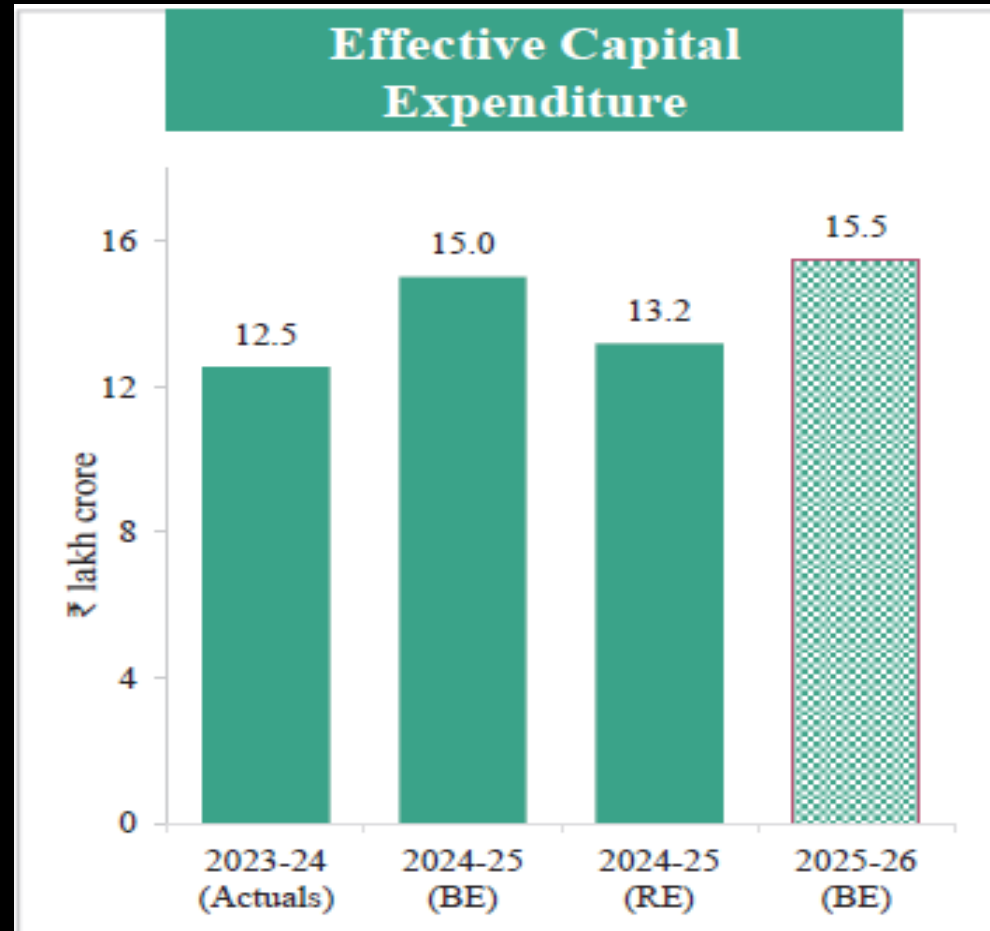
# Fiscal Parameters

Central Finances	2024-25	2025-26
Fiscal Deficit	4.8% (15.7 lakh cr)	4.4% (15.7 lakh cr)
Revenue Deficit	1.9% (6.1 lakh cr)	1.5% (5.2 lakh cr)
Effective Rev Deficit	1.0%	0.3 %
Primary Deficit	1.3%	0.8%
Nominal GDP	Rs. 324 lakh cr	Rs. 357 lakh cr
Nominal Growth	10.1%	
Gross Tax Revenue (Centre)	Rs. 38.5 lakh crore	Rs. 42.7 lakh crore
Tax to GDP (Centre)	11.9%	12.0%
	(Rs.38.5 lcr/Rs.324 lcr)	(Rs.42.7 lcr/Rs.357 lcr)

# Capital Expenditure – Has it reduced?

- ❑ Capex has been increased from Rs. 10.2 lakh crore (2024-25) to Rs. 11.2 lakh crore (3.1% of GDP) in the budget 2025-26. This capex is only of Central Govt., but Central Govt. gives grants to States for capex under various schemes which effectively increases the capex.
- ❑ So, effective capex has been increased from Rs. 13.2 lakh crore in FY25 to Rs. 15.5 lakh crore (4.3% of GDP) in 2025-26
- ❑ Capex is also done through CPSEs which is around Rs. 4 lakh crore

# Effective Capital Expenditure





























# Comparison of Capital and Revenue Expenditure in the last 10 Yrs

## CENTRE'S CAPEX UP

Capital expenditure as % of total expenditure

2014-15	11.80	
2015-16	14.10	
2016-17	14.40	
2017-18	12.30	
2018-19	13.30	
2019-20	12.50	
2020-21	12.20	
2021-22	15.60	
2022-23	17.70	
2023-24	21.40	
2024-25*	21.60	
2025-26**	22.10	

Revenue expenditure as % of total expenditure

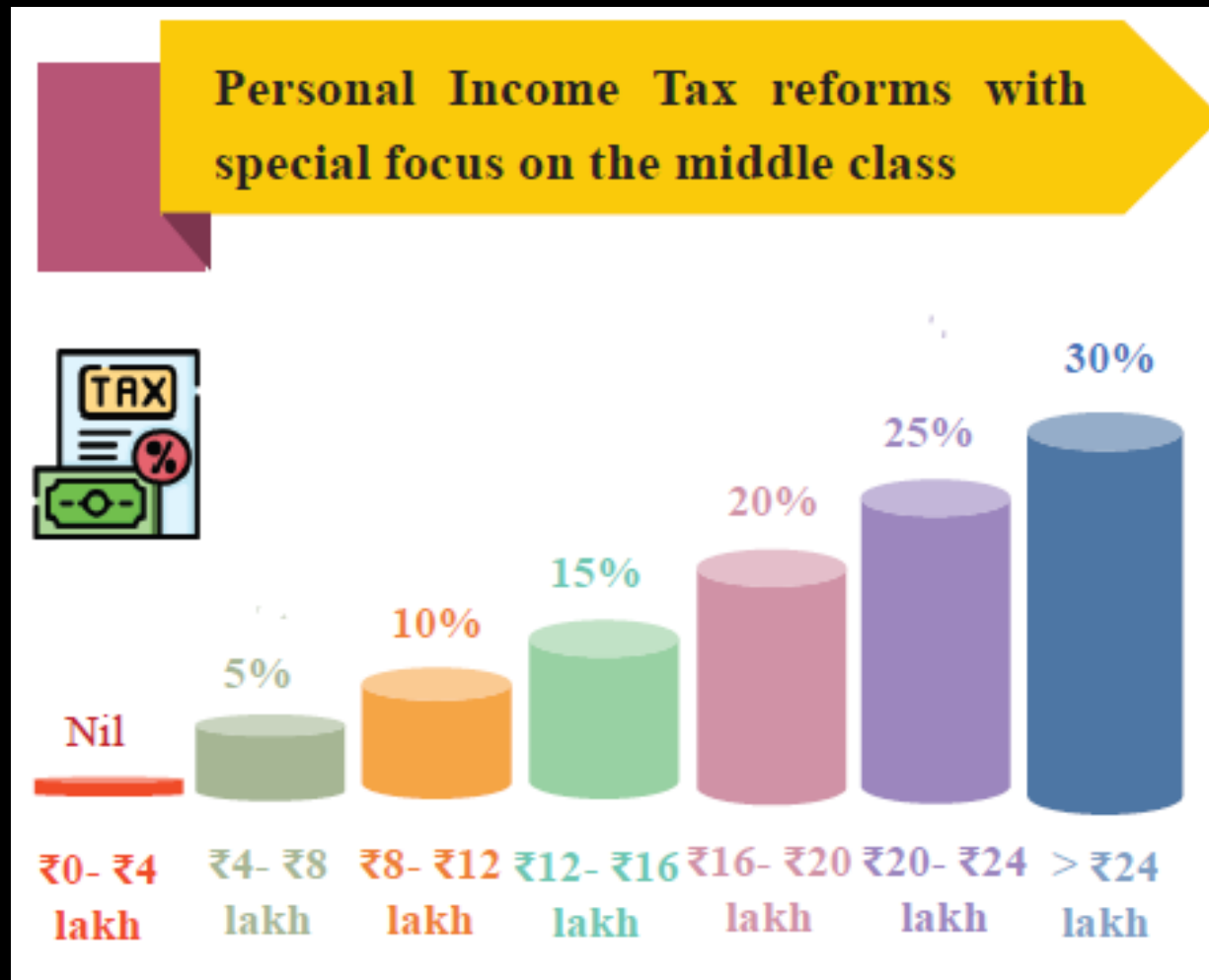
2014-15	88.20	
2015-16	85.90	
2016-17	85.60	
2017-18	87.70	
2018-19	86.70	
2019-20	87.50	
2020-21	87.80	
2021-22	84.40	
2022-23	82.30	
2023-24	78.60	
2024-25*	78.40	
2025-26**	77.90	

# Capex through NMP

- Govt. is planning to bring the National Monetization Pipeline (NMP) for the next five years (2025-26 to 2029-30) which will be double the value of the previous NMP.
- NMP proceeds generally do not go to Consolidated Fund of India (CFI) and is spent outside the budget through PSUs



# Personal Income Tax



- ❑ No Tax Till Rs. 12 lakh income (Standard Deduction of Rs. 75,000)
- ❑ 1 crore more people will not pay tax
- ❑ Rs. 1 lakh crore revenue forgone
- ❑ Presently 75% of people file income tax as per the new tax regime
- ❑ The limit for TDS on interest for senior citizens doubled from Rs. 50,000 to Rs. 1 lakh
- ❑ Similarly, the annual limit of Rs. 2.40 lakh for TDS on rent has been increased to Rs. 6 lakh

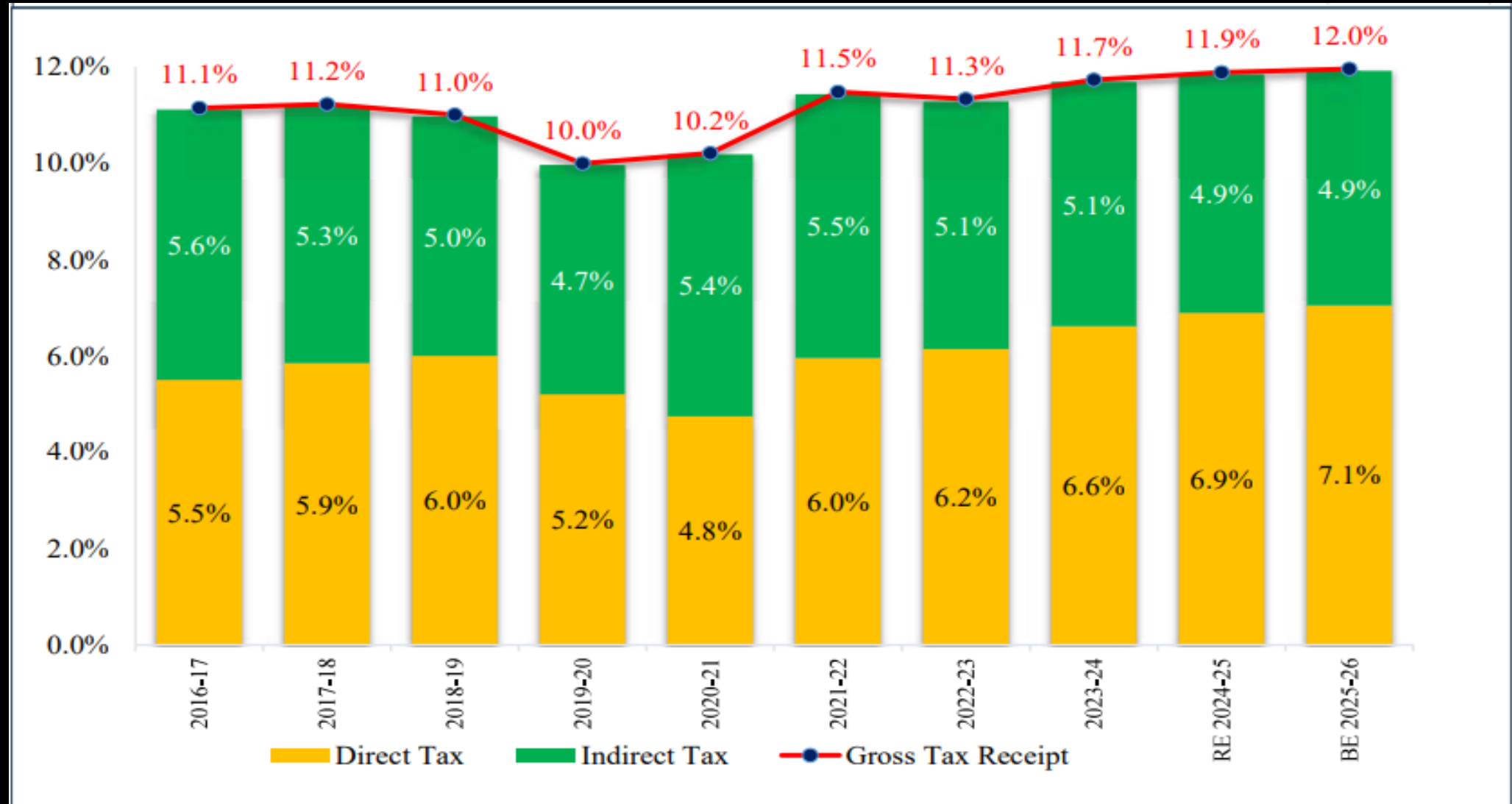
# Are we shifting towards expenditure tax ?

*This is in the context of Personal Income Tax limit increased to Rs. 12 lakhs*

*Personal Income Tax has seen an annual growth of more than 20% in the last 3 years, so there was a case of increasing the exemption limit to Rs. 12 lakhs and giving more money in the hands of the middle class*

- Next year direct tax revenue is projected to increase by 12.7%
- Indirect tax revenue is projected to increase by 8%

# Trends in Tax Receipts



# Simplification of taxes

- ❑ Government will be bringing New Income Tax Bill to simplify the various procedures in personal income tax and corporate income tax.
- ❑ Customs duty has been rationalized/reduced
- ❑ Capital gains tax has been left unchanged
  - ❑ Long term capital gain tax on equity – 12.5%
  - ❑ Short term capital gain tax on equity – 20%
- ❑ Capital gain tax is calculated separately from the income tax and Rs. 1.25 lakh of gain is exempt annually

# Engines of growth

1. Agriculture

2. MSMEs

3. Investment

4. Exports

# Engines of growth: Agriculture

## 1. PM Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

*The programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to:*

- ❑ enhance agricultural productivity
- ❑ adopt crop diversification and sustainable agriculture practices
- ❑ augment post-harvest storage at the panchayat and block level
- ❑ improve irrigation facilities
- ❑ facilitate availability of long-term and short-term credit.



# Engines of growth: Agriculture

## 2. Building Rural Prosperity and Resilience

*A comprehensive multi-sectoral programme will be launched in partnership with states*

- ❑ This will address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy
- ❑ The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity
- ❑ The programme will focus on rural women, young farmers, rural youth, marginal and small farmers, and landless families

# Engines of growth: Agriculture

## 3. Aatmanirbharta in Pulses

*A 6-year “Mission for Aatmanirbharta in Pulses” will be launched with a special focus on Tur, Urad and Masoor*

- ❑ Central agencies (NAFED and NCCF) will be ready to procure these 3 pulses, as much as offered during the next 4 years from farmers who register with these agencies and enter into agreements.

# Engines of growth: Agriculture

## **4. Comprehensive Programme for Vegetables & Fruits**

*A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers will be launched in partnership with states.*

- ❑ Appropriate institutional mechanisms for implementation and participation of farmer producer organizations (FPOs) and cooperatives will be set up.

# Engines of growth: Agriculture

## 5. Makhana Board in Bihar

*A Makhana Board will be established in the state to improve production, processing, value addition, and marketing of makhana.*

- ❑ The people engaged in these activities will be organized into FPOs.
- ❑ The Board will provide handholding and training support to makhana farmers and will also work to ensure they receive the benefits of all relevant Government schemes.

# Engines of growth: Agriculture

## 6. National Mission on high yielding seeds

*A National Mission on High Yielding Seeds will be launched, aimed at:*

- ❑ Strengthening the research ecosystem
- ❑ Targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and
- ❑ Commercial availability of more than 100 seed varieties released since July 2024.

# Engines of growth: Agriculture

## 7. Fisheries

*India ranks second-largest globally in fish production and aquaculture. Seafood exports are valued at Rs.60 thousand crore.*

- ❑ To unlock the untapped potential of the marine sector, Government will bring in an enabling framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.



# Engines of growth: Agriculture

## 7. Mission for Cotton Productivity

*For the benefit of lakhs of cotton growing farmers, a 'Mission for Cotton Productivity' will be launched*

- This 5-year mission will facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties.
- The best of science & technology support will be provided to farmers.

# Engines of growth: Agriculture

## **7. Enhanced Credit through KCC**

*Kisan Credit Cards (KCC) facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers.*

*The loan limit under the Modified Interest Subvention Scheme will be enhanced from Rs. 3 lakh to Rs. 5 lakh for loans taken through the KCC.*

# Engines of growth: Agriculture

## 8. India Post as a Catalyst for the Rural Economy

*India Post with 1.5 lakh rural post offices, complemented by the India Post Payment Bank and a vast network of 2.4 lakh Dak Sevaks, will be repositioned to act as a catalyst for the rural economy. The expanded range of services will include:*

- ☐ *DBT, cash out and EMI pick-up*
- ☐ *credit services to micro enterprises*
- ☐ *Insurance assisted digital services*
- ☐ *rural community hub colocation*
- ☐ *institutional account services*

# Engines of growth: MSMEs

## 1. 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

# Engines of growth: MSMEs

## 2. 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	

*Credit card for micro enterprises: Government will introduce customized Credit Cards with a Rs.5 lakh limit for micro enterprises registered on Udyam portal*

# Engines of growth: MSMEs

## **2. Manufacturing Mission - Furthering “Make in India”**

Government will set up a National Manufacturing Mission covering small, medium and large industries for furthering “Make in India” by providing policy support, execution roadmaps, governance and monitoring framework for central ministries and states.



# Engines of growth: MSMEs

**3. Measures for Labour Intensive Sectors:** *To promote employment and entrepreneurship opportunities in labour-intensive sectors, Government will undertake specific policy and facilitation measures:*

## ❑Footwear and Leather

*The scheme will support design capacity, component manufacturing, and machinery required for production of non-leather quality footwear, besides the support for leather footwear and products*

## ❑Toy sector

*Make India a global hub for toys. The scheme will focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys that will represent the 'Made in India' brand.*

## ❑Food Processing

*Govt. will establish National Institute of Food Technology, Entrepreneurship and Management in Bihar. The institute will provide a strong fillip to food processing activities in the entire Eastern region. This will result in enhanced income for the farmers through value addition to their produce and skilling, entrepreneurship and employment opportunities for the youth.*

# Engines of growth: Export

## 1. Export Promotion Mission

- ❑ Government will set up an Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance.
- ❑ It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.

# Engines of growth: Export

## 2. BharatTradeNet:

A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions.

## 3. National Framework for GCC:

As guidance to states for promoting Global Capability Centres in emerging tier 2 cities.

## 4. Warehousing facility for air cargo:


To facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce.

# Engines of growth: Export

- ❑ The government has decided to rationalize tariff structure and address duty inversion. These will support domestic manufacturing and value addition, promote exports and facilitate trade and provide relief to common people
- ❑ The Govt. has removed 7 tariff rates, leaving behind only eight remaining tariff rates including zero rate.
- ❑ Govt. has decided not to levy more than one cess or surcharge

# Engines of growth: 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.

# Engines of growth: Investment



**Atal Tinkering Labs:** 50 Thousand Labs to be set up in government schools in next 5 years.

**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.



# Engines of growth: Investment

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'.

# Reforms – as the fuel

## Financial Sector Reforms and Development

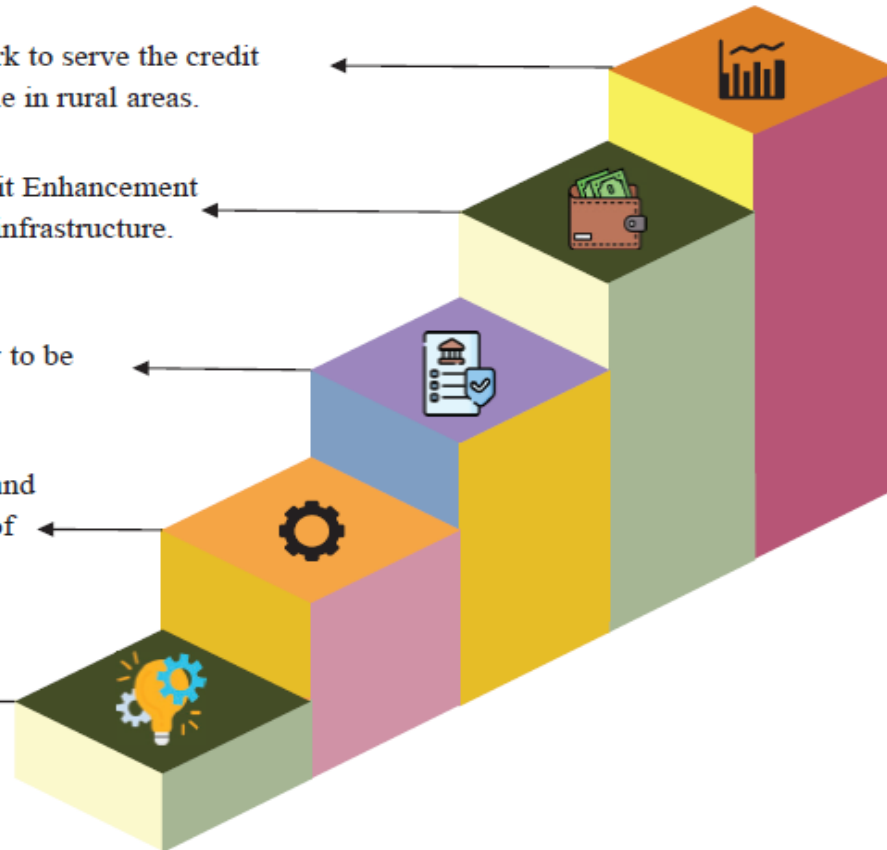
'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

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.



# Reforms – as the fuel

## Tax Reforms

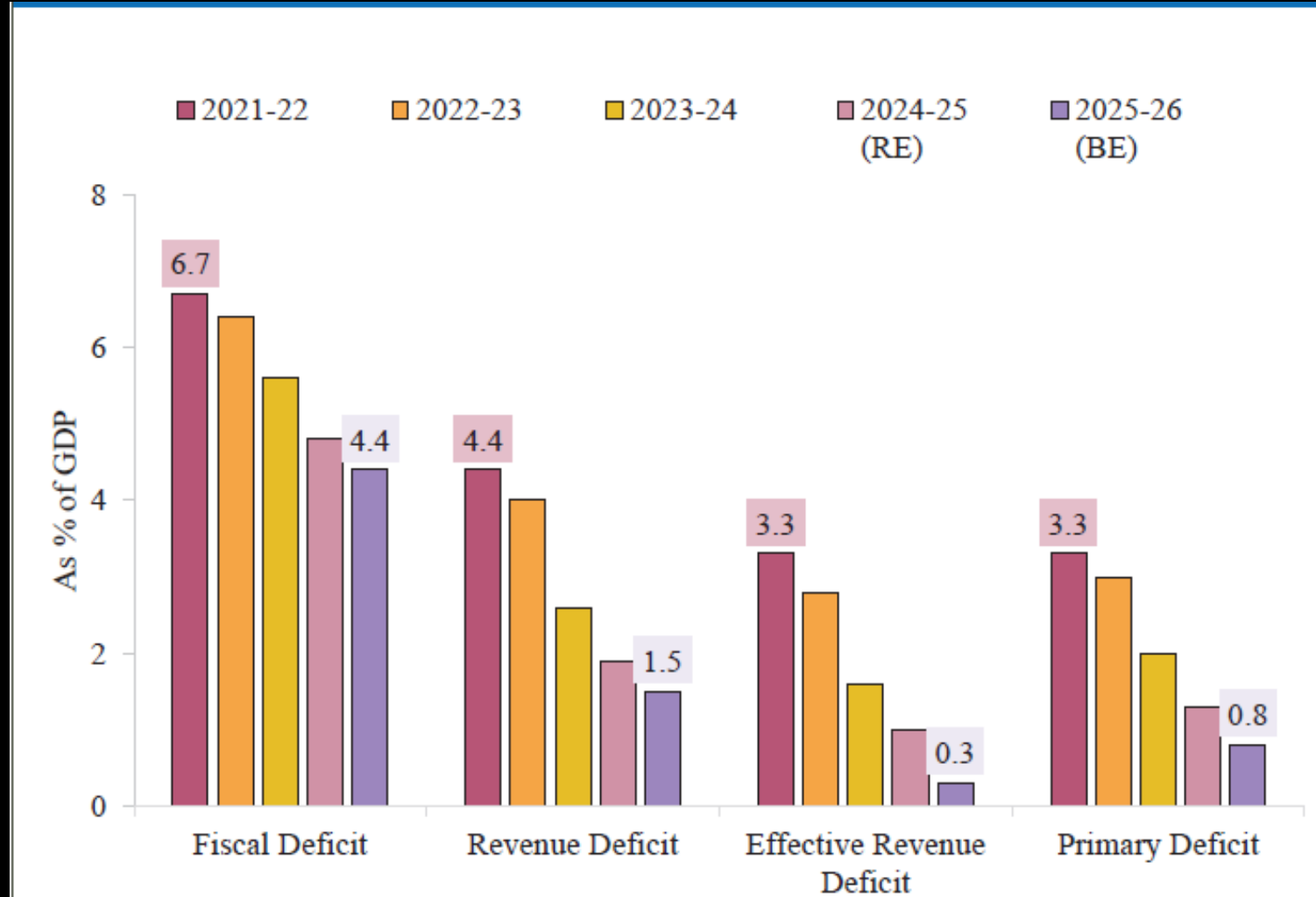
Changes in direct taxes and proposal to introduced the  
New Income Tax Bill

## Regulatory Reforms

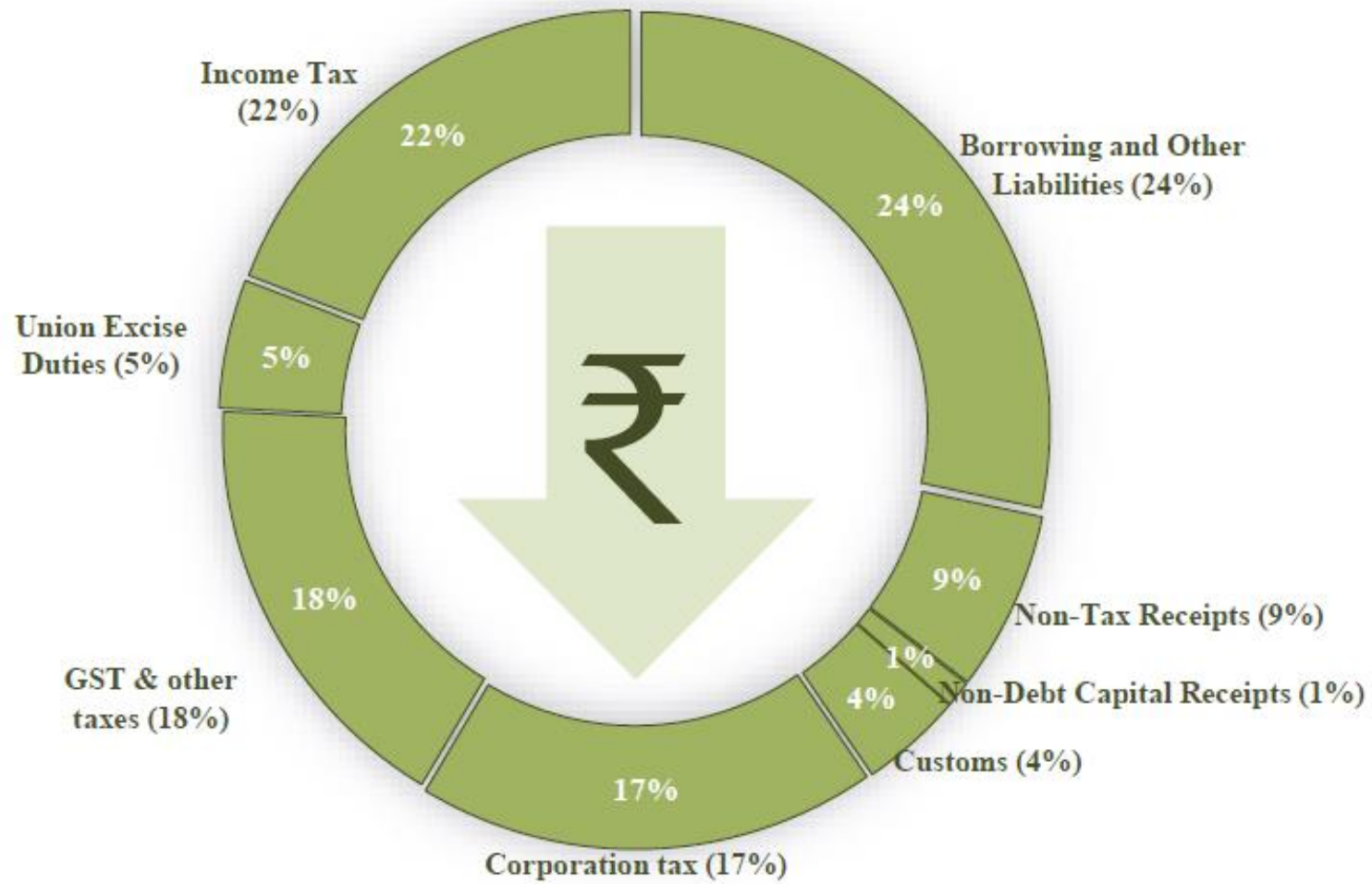
Light-touch regulatory framework based on principles  
and trust to unleash productivity and employment

- **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.

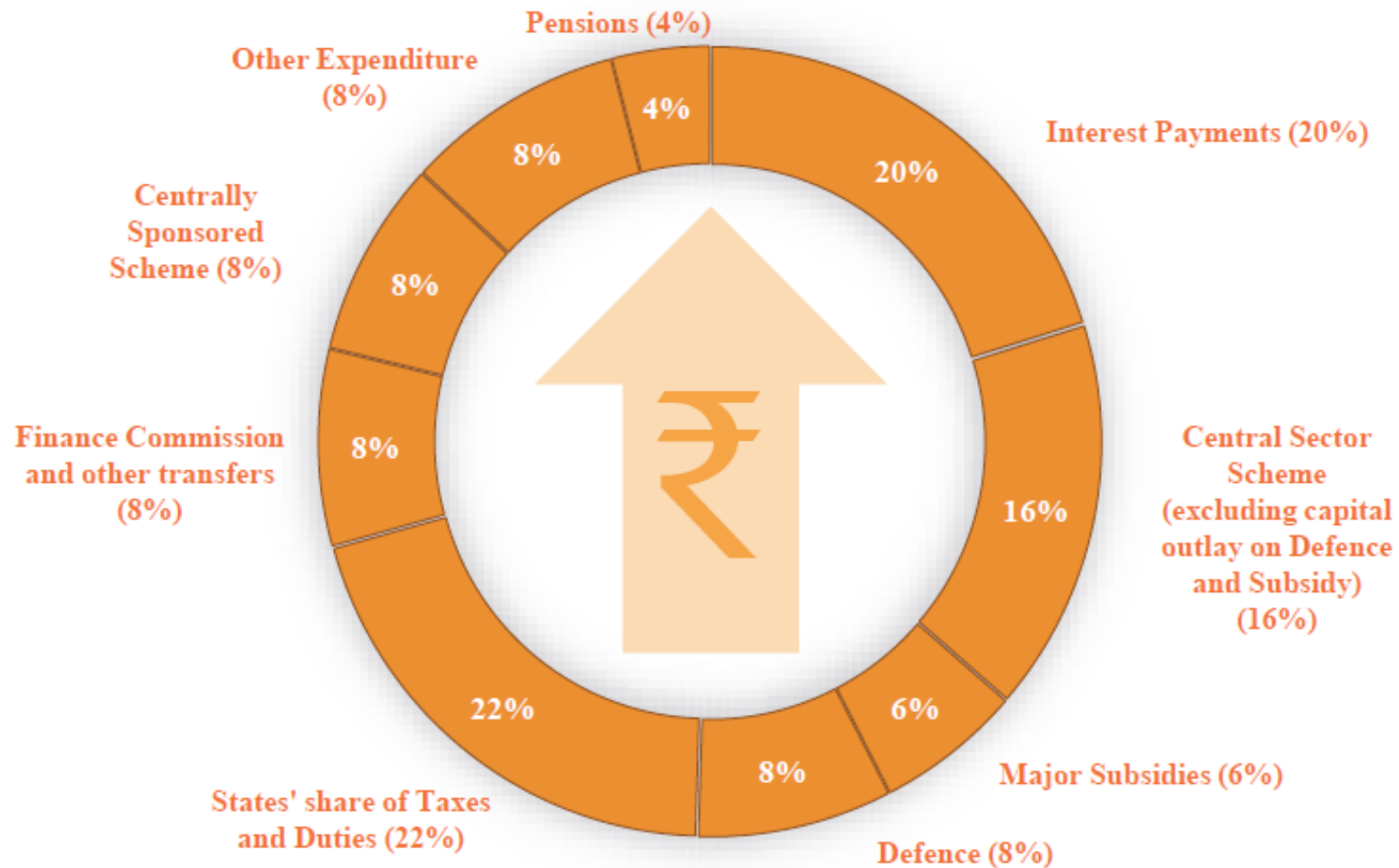
# Deficit trends



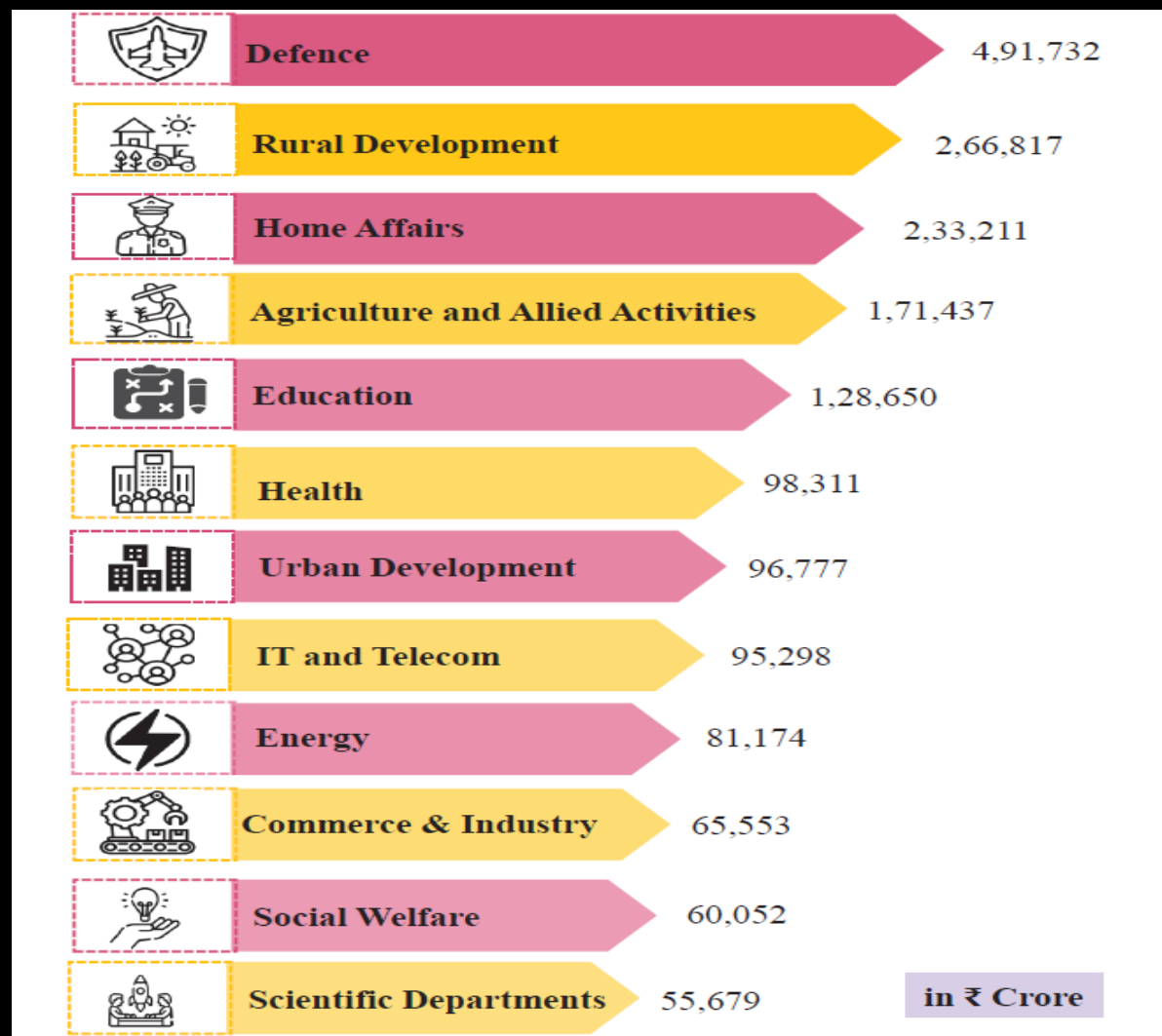
# Rupee comes from



# Rupee goes to



# Expenditure of Major Items



*Thanks*