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Navigating the Future: Insights into India's Union Budget 2025-26



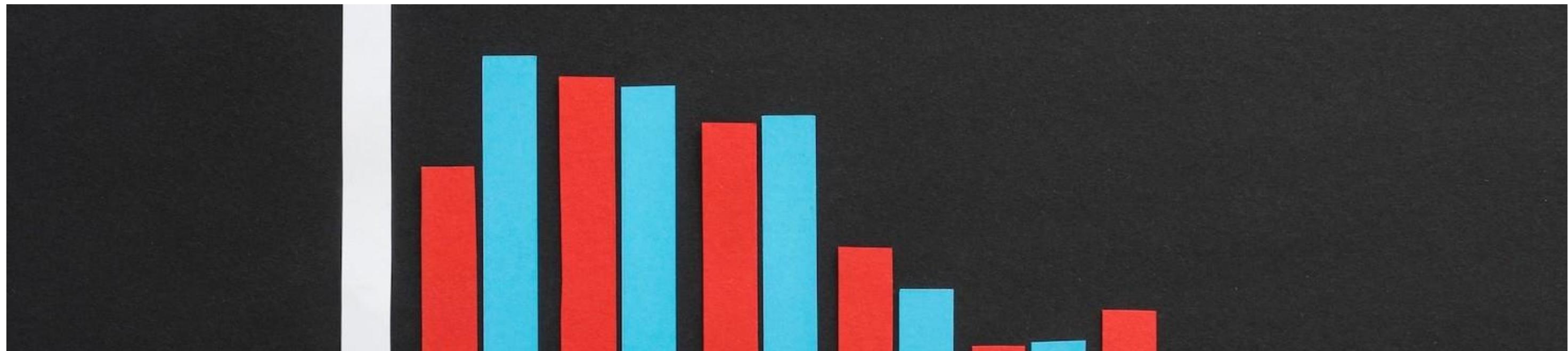


Beginning

Navigating the Future of India's economy requires a deep understanding of the **Union Budget**. This presentation explores insights, projections, and implications for various sectors as we approach the fiscal year 2025-26, focusing on **growth, sustainability, and innovation**.

- ◆ Fiscal Deficit: Target reduced to 4.4% of GDP.
- ◆ FDI: 100% FDI allowed in insurance.
- ◆ Agriculture & Manufacturing: New initiatives to boost growth.
- ◆ Startups & Infra: Increased funding for innovation.
- ◆ Tax Reforms: Simplified structure, reduced burden.
- ◆ Customs Duties: Lowered for marine products & critical minerals.
- ◆ Regional Connectivity: Enhanced air transport networks.
- ◆ Critical Minerals: New policy for strategic resources





FOCUS OF BUDGET



The union budget has been aiming towards agriculture, MSME, investment, exports and have certain visions that are ensured to be achieved .These include

- ✓ *Accelerating growth*
- ✓ *Secure inclusive development*
- ✓ *Enhance spending power of middle class*
- ✓ *Invigorate private sector investments*



AGRICULTURAL

The keypoint is targeted at Garib Annadata and Nari. This is to be done by

PRADHAN MANTRI DHAN DAAN KRISHI YOJANA: *Developing 100 agri districts to benefit 1.7cr farmers*

ENHANCED CREDIT THROUGH KCC: *Providing short term loans upto rs 25 lakhs to farmers, fisherman, dairy workers*

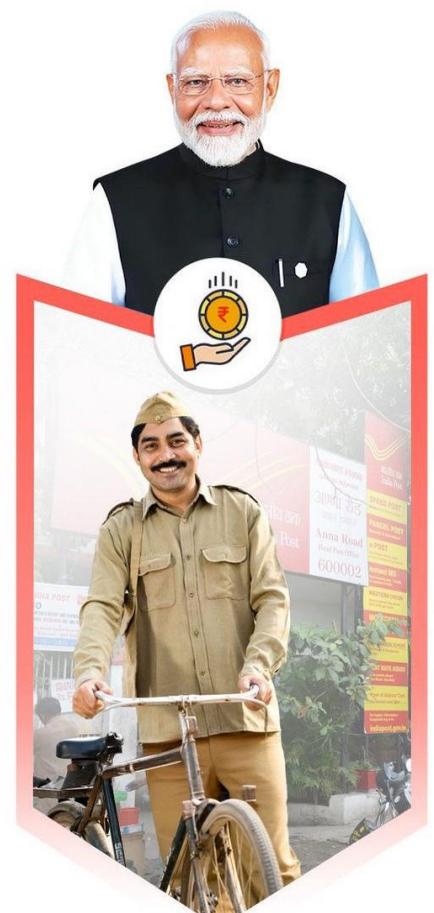
MISSION FOR COTTON PRODUCTIVITY: *5 year mission to improve cotton productivity*

AATMANIRBHARTA IN PULSES: *6 year mission focusin tur, masoor, urad to become climate resilent and have effective post harvest managment.*



India Post as Catalyst for Rural Economy

- With more than 1.5 lakh rural post offices and 2.4 lakh Dak Sevaks, India Post will be evolved into a **large public logistics organisation**, serving Vishwakarmas, entrepreneurs, women, SHGs, MSMEs and large business organisations.



GOVERNMENT ANNOUNCES MAKHANA BOARD IN BIHAR!





Finance Minister described MSMEs as the second power engine for development as *they constitute for 45%* of our exports. To help MSMEs achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs enhanced to 2.5 and 2 times, respectively. Further, steps to enhance credit availability with guarantee cover have also been announced.

- Customised Credit Cards with a **₹ 5 lakh limit** for micro enterprises registered on Udyam portal. In the first year, **10 lakh such cards** will be issued.
- Scheme for first time Entrepreneurs: **For 5 lakh first-time entrepreneurs**, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to **₹ 2 crore during the next 5 years**.



Footwear & Leather: Aimed at 22L jobs, ₹4L cr turnover, and ₹1.1Lcr exports.(ex-ante).

Toys: Focus on clusters, skills, and 'Made in India' toys. (innovation driven and home made).

Food Processing: National Institute in Bihar, farmer income boost, and youth empowerment.

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	

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

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Taxation Policies (DT)

'Nil' tax slab rebate has been increased for income of up to **12 lakh, from 7 lakh earlier**

For salaried taxpayers with an income of up to 12.75 lakh, there will be 0 tax now!
12 lakh rebate + 75,000 as the standard deduction

- Taxpayers with income **up to 12.75 lakh** to benefit directly from the increased rebate and pay income tax
- Those earning over **12.75 lakh to benefit** from the revision in tax slabs and increase in basic exemption limit
- No change for those who follow the old tax regime

➤ A taxpayer in the new regime with an income of 12 lakh will get a benefit of **80,000** in tax (which is 100% of tax payable as per existing rates).

➤ A person with an income of 18 lakh will receive a tax benefit of ₹ **70,000** (30% of tax payable as per existing rates).

➤ A person with an income of **25 lakh gets a benefit of 1,10,000** (25% of his tax payable as per existing rates)

Annual income range	Previous tax rate	Latest tax rate
Up to ₹3 Lakh	0%	0%
₹3 Lakh - ₹4 Lakh	5%	0%
₹4 Lakh - ₹7 Lakh	5%	5%
₹7 Lakh - ₹8 Lakh	10%	5%
₹8 Lakh - ₹10 Lakh	10%	10%
₹10 Lakh - ₹12 Lakh	15%	10%
₹12 Lakh - ₹15 Lakh	20%	15%
₹15 Lakh - ₹16 Lakh	30%	15%
₹16 Lakh - ₹20 Lakh	30%	20%
₹20 Lakh - ₹24 Lakh	30%	25%

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TAXATION POLICY (IDT)

- In the new indirect taxes proposal Rationalisation of Customs **Tariff Structure** or **Industrial Goods** is done for applying equivalent cess to maintain effective duty incidence on most items.
- **Make in India Initiatives:** Exemptions for key sectors: LED/LCD TVs, textile looms, and lithium-ion battery components for mobile phones and EVs are granted exemptions to boost domestic manufacturing.
- **Promotion of MRO (Maintenance, Repair, and Overhaul):** 10-year exemption for goods used in shipbuilding and ship breaking.

Extended time limit for exporting railway goods imported for repairs.





36 life-saving drugs & medicines from cancer, chronic disease are fully exempted from custom duty (BCD) reducing 10% tax!

Export Promotion

Duty-free inputs: Provided for handicraft and leather sectors to enhance competitiveness.

Trade Facilitation: Streamlined processes: Time limits set for provisional assessment, allowing for quicker clearance.

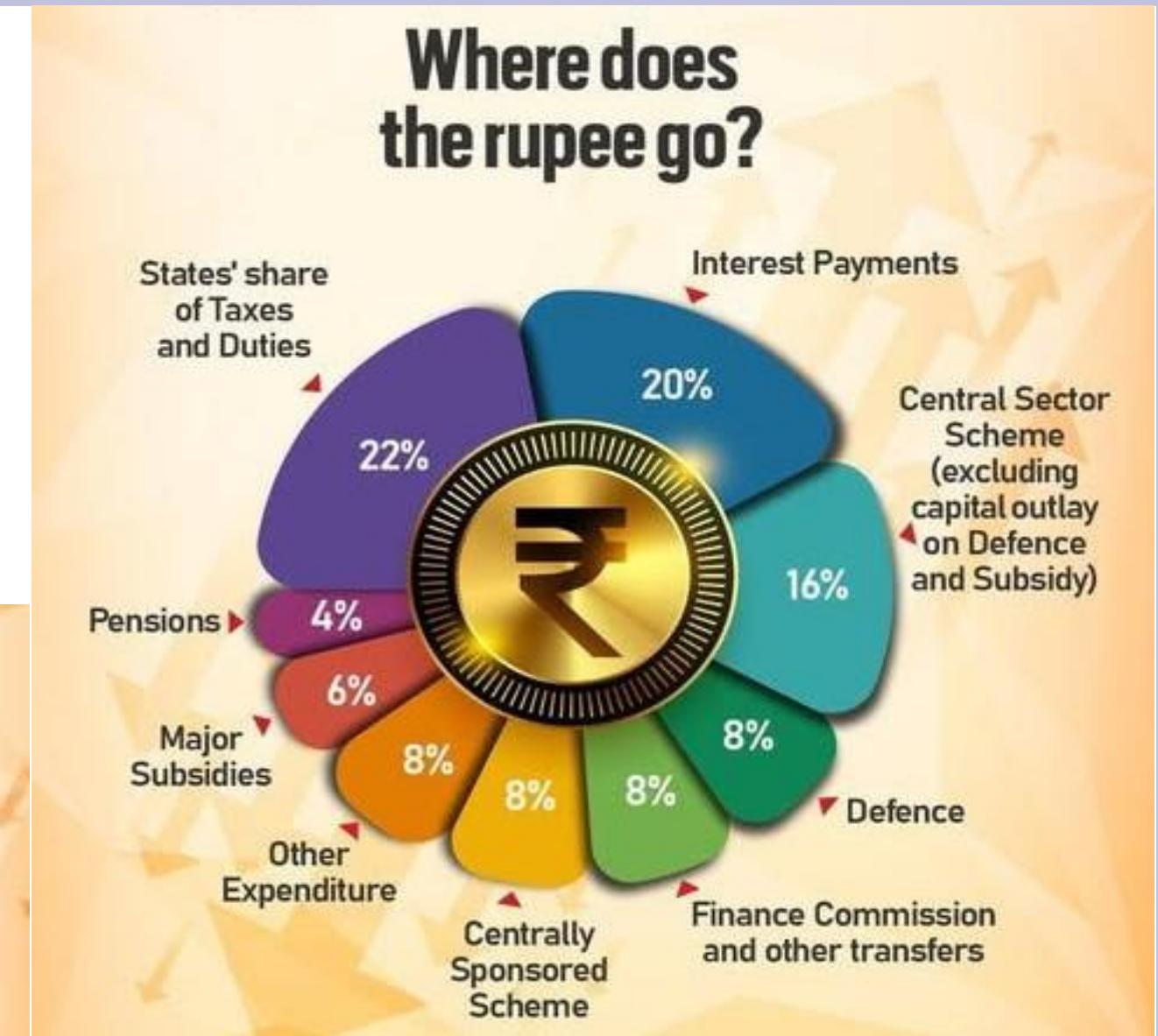
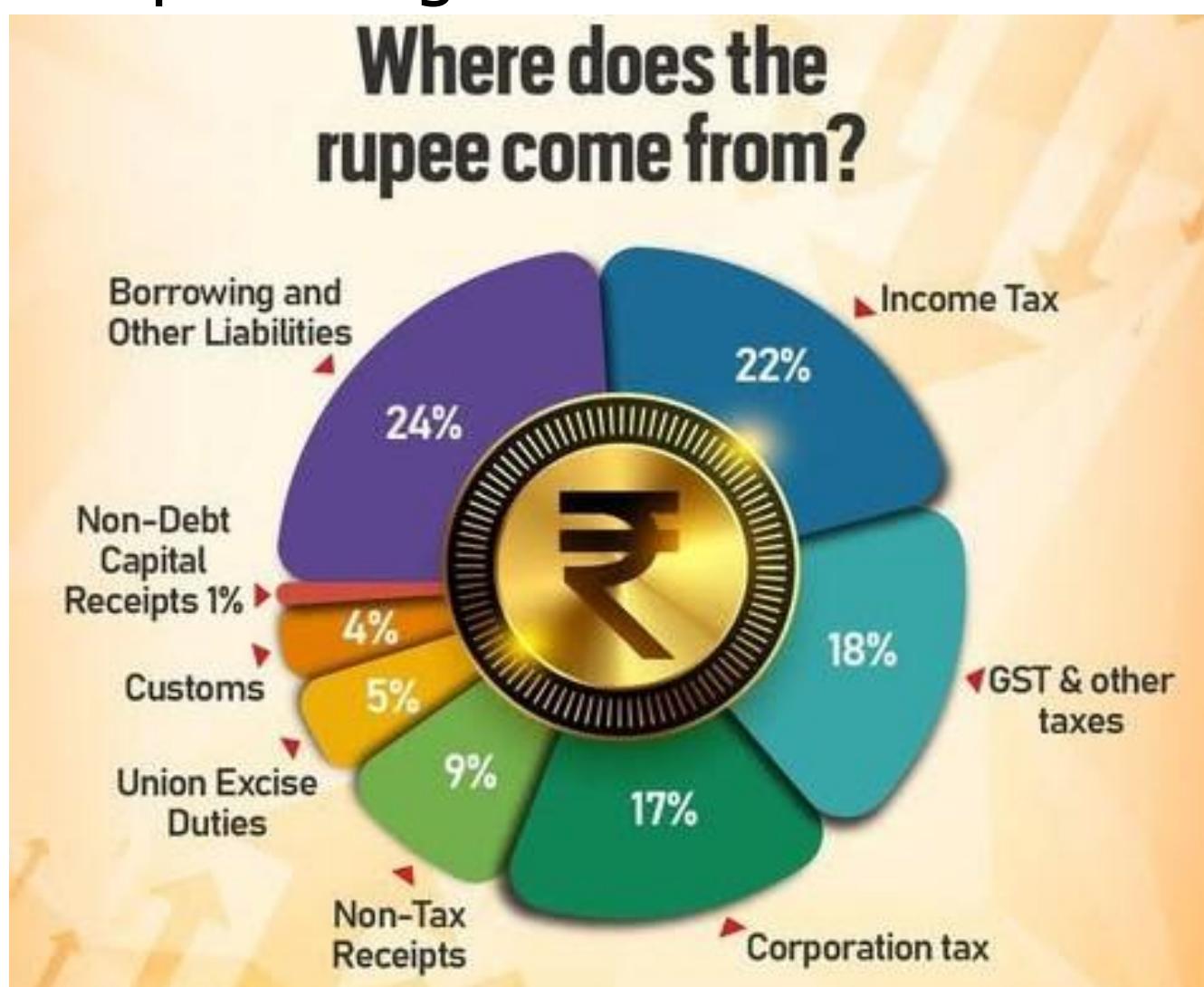
Increased flexibility: Voluntary declaration of material facts post-clearance with duty and interest payment, but no penalty. Simplified compliance, including leverages on medicines

IGCR (Integrated Goods and Services Tax) Rules: amended for easier compliance with extended timelines and reduced reporting frequency.

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The Union Budget 2025-26 allocates **₹50.65 lakh crore** for government spending, focusing on tax revenues and borrowings.

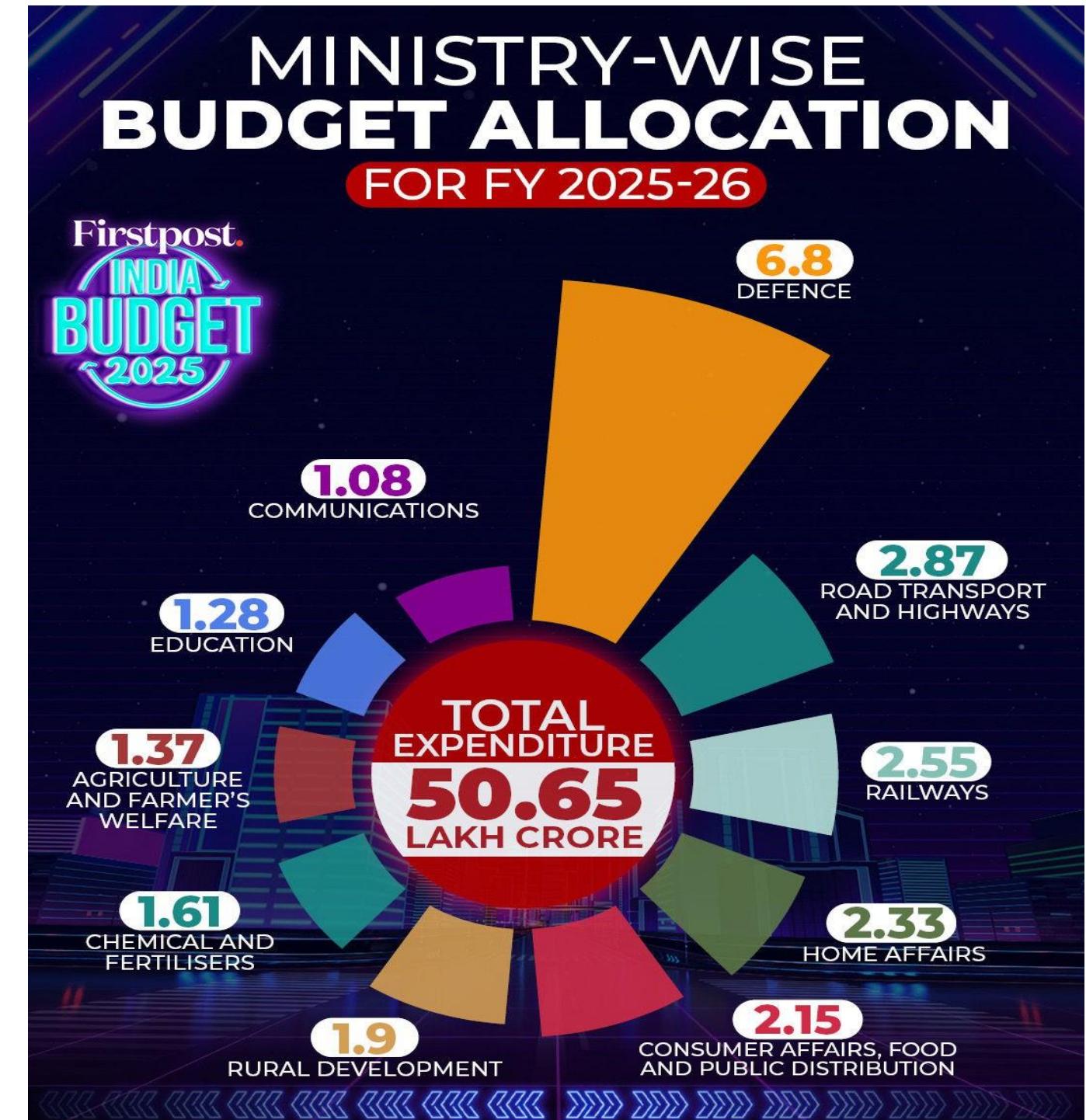
It balances social welfare with economic growth, emphasizing national security and infrastructure support while pursuing **fiscal consolidation**.



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Capital/Sectoral allocations

- ❖ In Union Budget 2025, FM Sitharaman allocated ₹50.61 lakh crore for capex in FY 2026. While several sectors received a hike in allocation, the funding for the railway sector remained unchanged. Exciting opportunities have emerged across various sectors post Union Budget 2025.
- ❖ While the FMCG and consumer durables sectors will benefit from the tax relief announcement, real estate and renewable energy could gain from the government policies.



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Focus on Healthcare

This is a **2% increase** since the previous year and will focus on improving maternal and child healthcare under India's National Health Mission. The budget will also be used for improving healthcare infrastructure.

The 2% increase is reflective of the Indian Government's rising focus on Indian health.

However, it may not be sufficient to increase medical seats for **10000 students by next year** or to increase cancer daycare centers in district hospitals in the next 3 years, considering there will be continued focus on maintaining existing healthcare programs.

Increased support for providing access to nutrition and water will help reduce incidences of diseases and improve general well-being, especially in rural Indian communities.

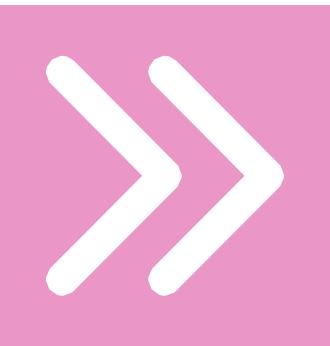
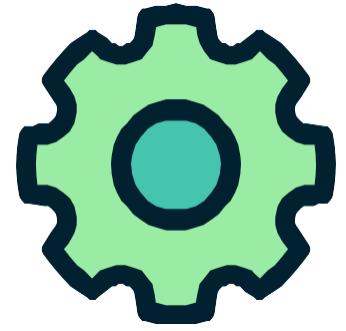
The **exemption of BCD** on critical drugs will help improve patient access to them. Renewed focus on Patient Assistance Programs will also enable improved healthcare.





Sustainability Initiatives

India's commitment to net-zero emissions by 2070 has led to a surge in green initiatives, including renewable energy expansion, transport electrification, industrial de-carbonisation and others. However, MSMEs lag far behind comparatively larger enterprises in adopting sustainable practices due to high upfront costs, inadequate awareness and limited technical expertise. It is important to note that the Energy Efficiency Index for MSMEs remains low, with nearly 70 per cent of MSMEs still relying on conventional energy sources.



Technology and Innovation

Focus on Research and Innovation: The budget seems keenly to be favoring research and innovation, focused particularly on topics like artificial intelligence (AI).

A few examples are the government's announcements to set up a Center of Excellence in Artificial Intelligence for Education and to expand the existing Atal Tinkering Labs program.

Concerns About Funding: Though the budget avails a vast amount for education, the article expresses concern regarding the ambiguity of how those ambitious goals will be realized. It marked a substantial increase in school education funding but effectively reduced finances for research and innovations.

Need for Clarity: While it implements research and innovation of any kind, the article stresses the need for a clear roadmap and money to realize concrete results. It points out that it will be difficult for governments to pursue any of the sustainable development goals as long as they remain unduly curtailed due to insufficient cash flow.

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