

Budget Report



A MATTER-OF-FACT budget with a twist of tax relief

The Union Budget for FY 2025-26 is perhaps the best example of what has been a notable feature of this administration: double down on the ideas that work. It also highlights its belief that policymaking is a continuous process and need not be necessarily anchored in the budget. In a challenging economic environment, the administration has chosen to stick to basics, except for the massive surprise on the personal income tax front.

A new convergence scheme for creation of decentralized agri-infrastructure has been announced for 100 districts which seeks to replicate the success of the previous Aspirational District Scheme. Add-on proposals have been made for Kisan Credit Card, MSME criterion and guarantee, PM SVANidhi scheme. Manufacturing, especially in industries with export potential, with a flavour of Atmanirbharta has been focussed on, including areas like leather, electronics, food processing, tourism etc. The ambition of self-sufficiency in pulses has also been reiterated with a new 6-year mission. In health and education, past efforts have been augmented.

The strategy of promoting “leapfrog” technology areas of the economy also seems to be central to this budget. Some new areas like maritime industry, nuclear power etc. have



received attention in allocation. A new Urban Challenge Fund has been proposed to start a new cycle for funding urban development.

A new mission on geospatial technology has been envisaged for creating enabling ecosystem and a framework for Global Capacity Centres (GCCs) has been proposed. A comprehensive allocation has also been provided to “implement private sector driven R&D”. The start-up exemption has also been extended to five years.

Incremental reforms continue to be a part of the government’s focus. The removal of FDI cap in the insurance sector addresses a much-demanded issue. Tariff structures are sought to being made neater for industrial

goods. A new replacement legislation for 1961-vintage Income-tax Act is also expected to be introduced this year making major procedural and



administrative changes to the direct tax process. “Certainty” of taxation has been spoken of multiple times in the budget speech with specific provisions for Category

I and II AIFs, and electronics manufacturing.

The biggest takeaway, uncharacteristic of the other parts of the budget, however was the

significant reduction in income tax. Guided by economic as well as political demand, the scale and scope were sweeping, extending from salaried income to rental incomes. The move is expected to add at least another trillion rupees in the disposable income of the taxpayers. And the budget-makers managed to provide this while not just meeting but exceeding the fiscal deficit target widely expected in continuation of this administration’s unequivocal focus on fiscal prudence.

Incremental reforms continue to be a part of the government’s focus. The removal of FDI cap in the insurance sector addresses a much-demanded issue. Tariff structures are sought to being made neater for industrial goods.

Overall, in a budget where the taxation cut was the centerpiece, the administration has shown a confidence in its past record which may augur well for the future.



MAJOR ANNOUNCEMENTS



AGRICULTURE

Prime Minister Dhan- Dhaanya Krishi Yojana to cover 100 districts with low productivity, moderate crop intensity; likely to help 1.7 crore farmers.

To set up National Institute of Food Technology, Entrepreneurship and Management in Bihar to raise farmers' income through value addition to their produce.

EDUCATION AND SKILLING

Bharatnet project: Broad-band connectivity in all government secondary schools and primary health centres in rural areas

Five National Centres of Excellence set up for skilling with global expertise and partnerships



SOCIAL JUSTICE

Allocation for SHREYAS, aimed at OBCs and EBCs, increased by 213%

59% increase in allocation of PM Young Achievers Scholarship Award Scheme for Vibrant India (PM YASASVI), benefiting OBCs, EBCs, and DNTs



ENERGY SECURITY



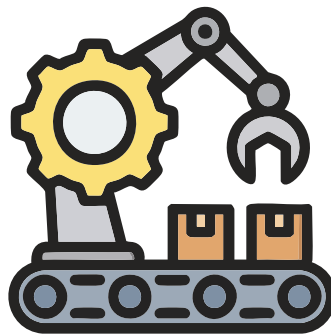
Nuclear Energy Mission' with outlay of INR 20,000 crore for Small Modular Reactors, with five indigenous reactors operational by 2033.

'National Manufacturing Mission' for development of clean technologies for solar PV cells, EV batteries, motors and controllers and grid scale batteries

MANUFACTURING & INDUSTRIES

New INR 2 crore loan scheme for five lakh first-time entrepreneurs, including women, SC, and ST in the next five years.

INR 4,000 crore allocated to PM E-DRIVE scheme; FAME and Electric Mobility Promotion Scheme phased out.



URBAN DEVELOPMENT



Establish a INR 1 lakh crore Urban Challenge Fund to drive 'Cities as Growth Hubs,' 'Creative Re development,' and enhance 'Water and Sanitation.'

Special Window for Affordable & Mid-Income Housing (SWAMIH) scheme to add 40,000 dwelling units in 2025. SWAMIH 2.0 launched with a cost of INR 15,000 crore to complete one lakh units.

INFRASTRUCTURE

To set up Maritime Development Fund for INR 25,000 crore for long-term financing, with 49% contribution from government and rest from private sector

10% increase in NHAI allocation at INR 1.87 lakh crore as part of capital expenditure plan



INNOVATION, R&D

50,000 labs will be set up in Government schools in the next 5 years, to cultivate the spirit of curiosity and innovation, and foster a scientific temper among students

Allocation of INR 20,000 crore to implement the private sector driven R&D and Innovation initiative announced in the July Budget.

NEXT GENERATION REFORMS

A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme

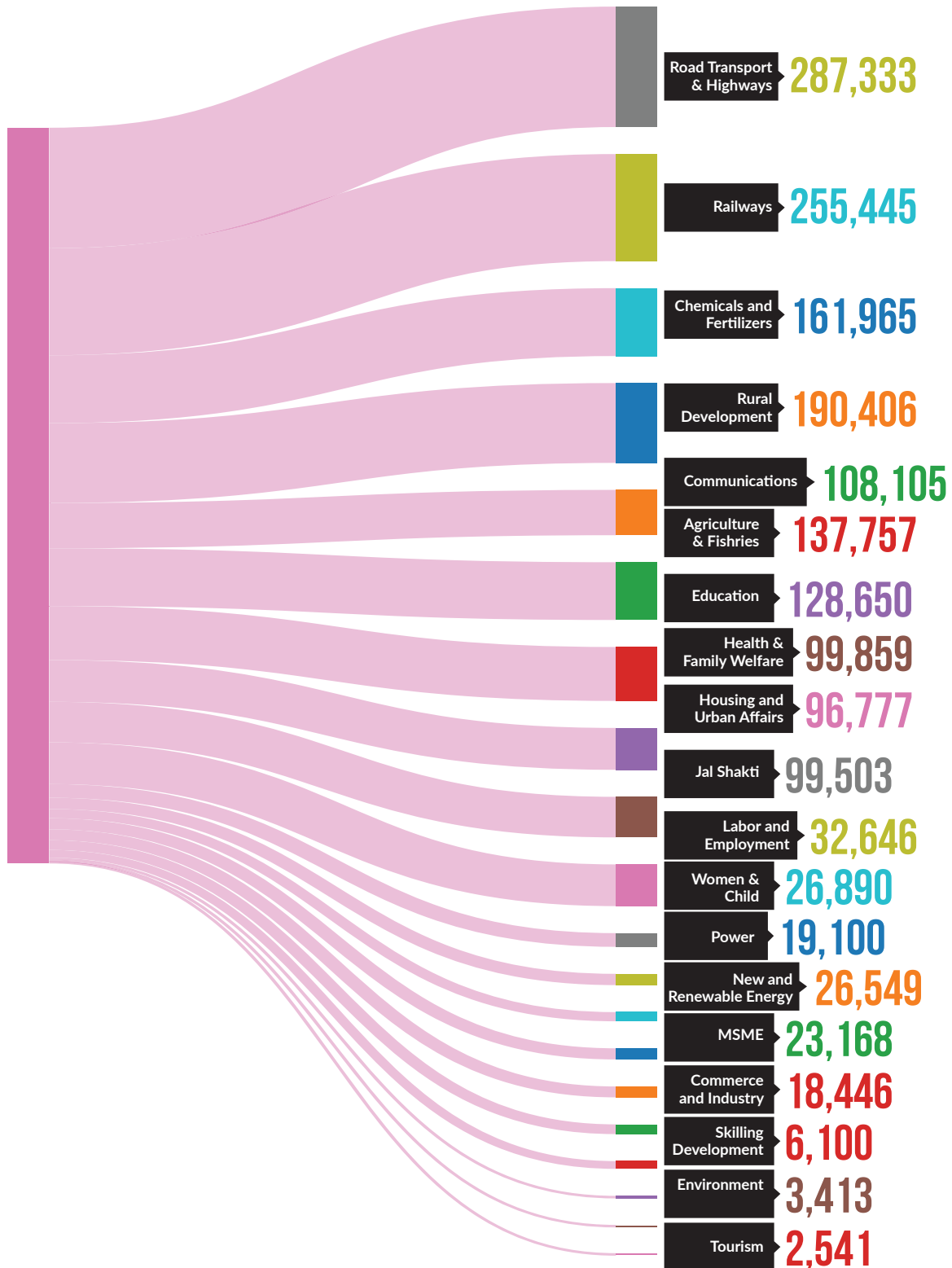
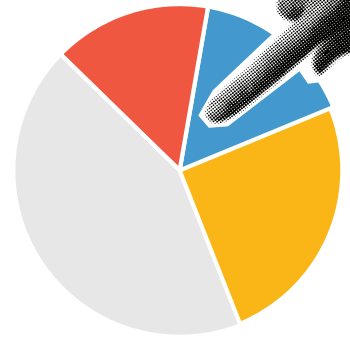
Urban Challenge Fund of INR 1 lakh crore to implement the proposals for 'Cities as Growth Hubs,' 'Creative Redevelopment of Cities' and 'Water and Sanitation'



TABLE OF CONTENTS

MINISTRY ALLOCATIONS	5
AGRICULTURE & FERTILISERS.....	6
CONSUMER AFFAIRS & FOOD DISTRIBUTION	7
CULTURE AND TOURISM	8
DIGITAL ECONOMY	9
EDUCATION & SKILL DEVELOPMENT.....	11
ENERGY AND ENVIRONMENT.....	12
FINANCIAL SERVICES & INVESTMENT PROMOTION	13
GENDER	14
HEALTH & FAMILY WELFARE	15
HOUSING & URBAN AFFAIRS	16
INDUSTRY & INTERNAL TRADE.....	17
LABOUR AND EMPLOYMENT	19
MANUFACTURING & INDUSTRIES	20
MINING, OIL AND GAS.....	22
PHARMACEUTICALS & BIOTECHNOLOGY.....	23
RURAL DEVELOPMENT.....	24
SOCIAL JUSTICE & EMPOWERMENT	25
TRANSPORT	26
DIGITAL TRANSFORMATION.....	27
EASE OF DOING BUSINESS	28

MINISTRY ALLOCATIONS



AGRICULTURE & FERTILISERS

BUDGET ALLOCATION

Department of Agriculture and Farmers Welfare Increase/ Decrease
(% over RE)

FY 24-25 (RE) (INR Cr.) **1,31,195**

FY 25-26 (BE) (INR Cr.) **1,27,290**

-3%

Department of Fertilisers

1,83,003

-14%

1,56,502

Ministry of Food Processing

2,796

56%

4,364



KEY ANNOUNCEMENTS

- Allocation for formation and promotion of 10,000 Farmer Producer Organizations (FPOs), Urea Subsidy and Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) remains unchanged.

- Prime Minister Dhan-Dhaanya Krishi Yojana to cover 100 districts with low productivity, moderate crop intensity; likely to help 1.7 crore farmers.

- Makhana Board in Bihar to be set up in INR 100 crore.

- Kisan Credit Cards (KCC) to facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of INR 5 lakh.

- Five-year mission launched for cotton productivity at INR 500 crore to facilitate improvements in productivity and sustainability of cotton farming.

- Targeted development and propagation of seeds with high yield, pest resistance and climate resilience through National Mission on High Yielding Seeds.

- To set up National Institute of Food Technology, Entrepreneurship and Management in Bihar to raise famers' income through value addition to their produce.

FLAGSHIP SCHEMES

- Allocation for Namo Drone Didi scheme increased by 176%.

- Allocation for National Mission for Natural Farming increased by 516%.

- Allocation for Prime Minister Formalisation of Micro Food Processing Enterprises Scheme (PM FME) allocation increased by 66%.

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

Pradhan Mantri Fasal Bima Yojana (Department of Agriculture and Farmer's Welfare)

15,864

12,242

Nutrient Based Subsidy (Department of Fertilisers)

52,310

49,000

Pradhan Mantri Kisan Sampada Yojana (Ministry of Food Processing)

630

903

COMMENTS

The Budget showcases the continued focus of the government on climate proofing Indian Agriculture while simultaneously integrating gender into agri-technology. Most schemes have retained similar allocations, with significant increases in initiatives like Namo Drone Didi and the National Mission on High Yielding Seeds. The unchanged urea subsidy in the Budget reflects the government's push towards incentivising the use of bio and organic fertilisers, and increased use of nano urea. The food processing sector has been given a big boost, with a focus on healthier and nutritious foods reflecting the growing awareness and consumption appetite among people.

CONSUMER AFFAIRS & FOOD DISTRIBUTION

BUDGET ALLOCATION

Department of Food and Public Distribution

FY 24-25 (RE) (INR Cr.) **2,05,474**

FY 25-26 (BE) (INR Cr.) **2,11,406**

Increase/ Decrease
(% over RE)

3%

Department of Consumer Affairs

7,345

4,360

-40%



KEY ANNOUNCEMENTS

- Viksit Bharat to empower farmers and position India as the “food basket of the world.”
- Launch of six-year ‘Mission for Aatmanirbharta in Pulse’ with a focus on pigeon peas, black & red lentils: climate-resilient seeds, productivity, storage, and fair farmer prices.

FLAGSHIP SCHEMES

- Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)
- Scheme for Modernisation and Reforms through Technology in Public Distribution System (SMART-PDS)
- Fortification of Rice and its Distribution under Public Distribution System



SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)



Total Food Subsidy

1,97,420

2,03,420



Total-Centrally Sponsored Schemes

7,125

7,151



Price Stabilisation Fund

7,000

4,019

COMMENTS

The government has continued its commitment to ensure household food security and efficient food management. Key initiatives, such as SMART-PDS and PMGKAY, emphasise modernisation, inclusivity, and technology-driven distribution efficiencies, assume significance given the expansion of the food security mandate. The Budget also underscores its objective of achieving self-reliance in pulses with the launch of a six-year Atmanirbharta mission, focusing on pigeon peas, black lentils, and red lentils. With a view to incentivise domestic production, the initiative mandates procurement support through NAFED and NCCF, thereby encouraging farmers to secure stable returns on their efforts.

CULTURE AND TOURISM

BUDGET ALLOCATION

Ministry of Tourism

FY 24-25 (RE) (INR Cr.) **850**

FY 25-26 (BE) (INR Cr.) **2,541**

Ministry of Culture

3,260

3,360

Increase/ Decrease
(% over RE)

199%

3%



KEY ANNOUNCEMENTS

- Top 50 tourist destination sites to be developed in partnership with states
- Employment-led growth of tourism through:**
 - Intensive skill-development programmes for youth including establishment of Institute of Hotel Management (IHMs)
 - Access to credit through MUDRA loans extended to homestays
- Ease of travel and connectivity to tourist destinations with special emphasis on North-Eastern states
- PLI schemes extended to tourism sector for destination management
- Streamlining of e-visa, and visa free facilities for certain groups
- Special focus on promotion and establishment of destinations related to Lord Buddha
- Public-private partnerships to receive a boost for medical tourism and Heal in India
- Increase in allocation to Development of Museums and Libraries; INR 60 crores allocated to newly launched National Mission of Manuscripts

FLAGSHIP SCHEMES

- Swadesh Darshan to promote inbound tourism
- Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) to develop and identify pilgrimage sites
- Overseas and Domestic Promotion and Publicity including Market Development Assistance

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

Swadesh Darshan

350

1,900

PRASAD

100

250

Overseas Promotion and Publicity

33

3

Domestic Promotion and Publicity

92

136

COMMENTS

The Union Budget prioritises employment generation through infrastructure development, access to credit, and advancing small-scale hospitality. Increased investments in destination development and domestic tourism promotion signal a strong push to boost travel within India. While easing visa norms is expected to drive foreign tourist arrivals—mirroring trends seen in other Southeast Asian countries—the impact of reduced overseas promotion remains uncertain. Overall, the Budget takes a forward-thinking stance by integrating tourism with economic growth, job creation, and entrepreneurship, strengthening the sector’s resilience and inclusivity.

DIGITAL ECONOMY

BUDGET ALLOCATION

Ministry of Electronics and Information Technology

FY 24-25 (RE) (INR Cr.) **17,566**
 FY 25-26 (BE) (INR Cr.) **26,026**

Department of Telecommunications

1,24,409
81,005

Department of Post

25,793
27,100

Department of Space

11,725
13,416

Increase/ Decrease
 (% over RE)

48%

-35%

5%

14%



KEY ANNOUNCEMENTS

- IndiaAI Mission gets increased allocation of INR 2,000 crore. Launched in 2024, it aims to democratize and catalyze the AI innovation ecosystem in the country and ensure the global competitiveness of AI startups and researchers of India.
- Modified Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India allocated INR 7,000 crore. Total outlay of the programme is INR 76,000 crore. Aims to develop the semiconductors and display manufacturing ecosystem in India.
- MeitY provides substantial increase in allocation for Cyber Security Projects from INR 322 crore to INR 782 crore. Seeks to adopt a holistic approach towards securing India's cyber space.
- INR 5 crore has been allocated for the Data Protection Board, pursuant to the Digital Personal Data Protection Act, 2023.
- Propelling Make in India for Electronics sector, through restructuring the Basic Custom Duty (BCD) frameworks at a component level and supporting integration with Global Supply Chains.
- Negligible investment in public enterprise, MTNL, and 53% drop in BSNL.
- Allocations to Telecom Computer Emergency Response Team (T-Cert), Digital Intelligence Unit (DIU) Project, and Centralized International Out Roamer (CIOR) nearly halved.
- Space technologies allocated INR 10,230 crore, for activities of various ISRO centres, and various space technology projects. Capital outlay on space research increased by 29%.

FLAGSHIP SCHEMES

- Allocation for PLI: INR 8,885 crore for Large Scale Electronics Manufacturing, and INR 115 crore for IT Hardware.
- Allocation of INR 4,071 crore for the Digital India Program.
- BharatNet allocation substantially increased to INR 22,000 crore to provide broadband connectivity to all Gram Panchayats.

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

IndiaAI Mission

173
2,000

Bharatnet

6,500
22,000

Cyber Security Projects

322
782

PLI for Large Scale Electronics Manufacturing

5,747
8,995

COMMENTS

The Government's focus is on enhancing domestic capabilities in emerging technologies like AI and space technologies, as well as reinforcing efforts towards promoting local manufacturing and reducing dependence on imports. This is also evident from the Make in India Manufacturing mission which focuses on availability of technology, and is likely to give special attention to the electronics sector. The Government has increased spending on cyber security projects, which will help mitigate risks posed by vulnerabilities in new age technologies. Substantial allocations to broadband projects reflects the Government's will to reduce the urban-rural digital divide in the country, which will help the digitally excluded populace to onboard the digital economy, and fuel inclusive growth. Lower investments in public sector undertakings as compared to the previous year, show the Government's vision and trust on the private sector in the telecom space.

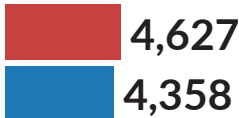
DIGITAL ECONOMY

BUDGET ALLOCATION

Department of Science and Technology



Ministry of Information and Broadcasting



Increase/ Decrease
(% over RE)



KEY ANNOUNCEMENTS

- Allocation to National Quantum Mission jumps to INR 600 crore from INR 86 crore last year, for seeding, nurturing, and scaling up scientific and industrial R&D, and creating a vibrant ecosystem in quantum technology.
- National Geospatial Mission launched in the budget with an allocation of INR 100 crore to develop foundational geospatial infrastructure and data. Combined with PM Gati Shakti, the mission will facilitate modernization of land records, urban planning, and design of infrastructure projects.
- National Research Foundation saw a ten times increase in allocation to INR 2,000 crore. This includes provision for Anusandhan National Research Foundation (ANRF).
- Allocation to DST for the National Supercomputing Mission increased marginally to INR 265 crore last year. The scheme, comprising four verticals - infrastructure, application, R&D, and human resource development, is jointly implemented by DST and the Ministry of Electronics and IT (MeitY).
- Allocation of INR 900 crore for the National Mission on Interdisciplinary Cyber Physical Systems, was a marginal increase from last year. It seeks to propel a new class of engineered systems that can integrate computation and physical processes in a dynamic environment.
- Other Scientific Research also receives an over 50% rise in budget.
- INR 17 core have been allocated to support Community Radio Movement, which is a crucial communication tool particularly in communities where most people neither read nor write.

FLAGSHIP SCHEMES

- Research, Development, and Innovation (RDI) scheme launched with a corpus of INR 20,000 crore to provide long-term financing for spurring private sector driven R&D and innovation.
- Allocation to Vigyan Dhara scheme jumps 331% to promote science and technology capacity building.

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

National Quantum Mission



National Research Foundation



Vigyan Dhara



COMMENTS

A key development pillar outlined in the budget was investing in people, economy, and innovation. This is being implemented through a multifold jump in budgetary allocation for DST that will not only boost R&D, but also align with government vision of advancing India's stature on the global innovation stage. Thrust on evolving digital technologies since the past few years has helped India jump to the 39th position in 2024, climbing from the 79th rank in 2019 in the Global Innovation Index (GII). Furthering this effort, the Government has increased sector-specific commitments in domains on quantum technology, geospatial technology, and supercomputing. This will help India attain self-sufficiency and transform other sectors to emerge as a global technological leader. Also, harmonizing the efforts of other ministries and departments on inclusive growth and development, even the MIB has focused on promoting inclusive and accessible tools for information consumption by the masses. Meanwhile, it is to be noted that no new funds were allocated for the National Centre of Excellence for Animation, Visual Effects, Gaming and Comics-Extended Reality (NCoE AVGC - XR) since the previous allocation. These initiatives collectively align with the government's vision for balanced regional development, ensuring that every part of India progresses equitably while fostering growth and innovation.

EDUCATION & SKILL DEVELOPMENT

BUDGET ALLOCATION

Department of School Education & Literacy

FY 24-25 (RE) (INR Cr.) **67,571**

FY 25-26 (BE) (INR Cr.) **78,572**

Department of Higher Education

46,482

50,077

Ministry of Skill Development & Entrepreneurship

3,300

6,100

Increase/ Decrease
(% over RE)

16%

8%

85%



KEY ANNOUNCEMENTS

- 50,000 'Atal Tinkering Labs' in government schools
- Bharatnet project: Broadband connectivity in all government secondary schools and primary health centres in rural areas
- Five National Centres of Excellence set up for skilling with global expertise and partnerships
- Centre of Excellence in artificial intelligence for education
- Bharatiya Bhasha Pustak Scheme to provide digital books in Indian languages
- 10,000 PM Research Fellowships in IITs and IISc in the next five years

FLAGSHIP SCHEMES

- INR 10,831 crore allocated for the PM Internship Scheme for students and youth
- ITI Upgradation Scheme for upgradation of 1000 ITIs in hub and spoke arrangement
- INR 1,250 crore allocated for Strengthening Teaching-Learning and Results for States (STARS) scheme
- INR 2700 crore allocated for Skill India Programme

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

PM Schools for Rising India (PM SHRI)

4,500

7,500

New ITI Upgradation Scheme

294

3,000

New Internship Scheme

380

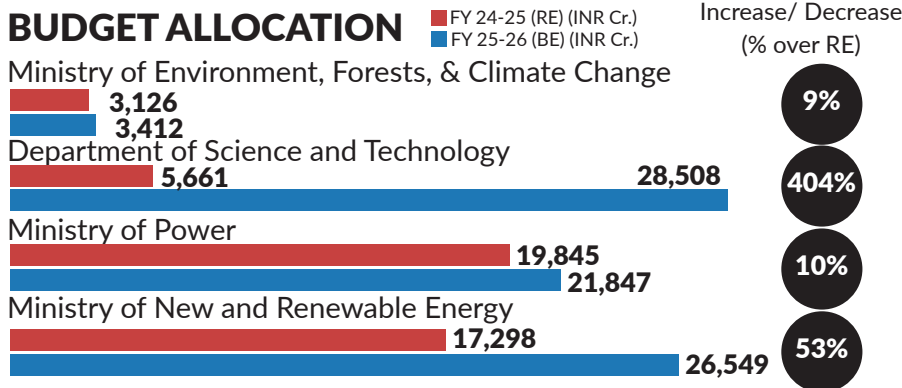
10,831

COMMENTS

As India aspires to become the Skill Capital of the world, enhancing employability and addressing the gaps in skilling are critical. The Union Budget 2025 reinforces this vision by prioritising skilling and workforce development, focusing on high-impact sectors like AI, healthcare, and digital innovation. Key measures like the establishment of National Centres of Excellence for Skilling, Atal Tinkering Labs, and Centres of Excellence in AI for Education direct towards equipping youth with the skills required for make for India and make for the world. Higher education gets a boost with new infrastructure for five IITs established post 2014 and a doubling of IIT capacity over the past decade. In line with the prime minister's vision for promoting vernacular language, the Budget focuses on providing multilingual education with Indian languages. Experts, however, stress the need for more investment in teacher training and curriculum innovation.

ENERGY AND ENVIRONMENT

BUDGET ALLOCATION



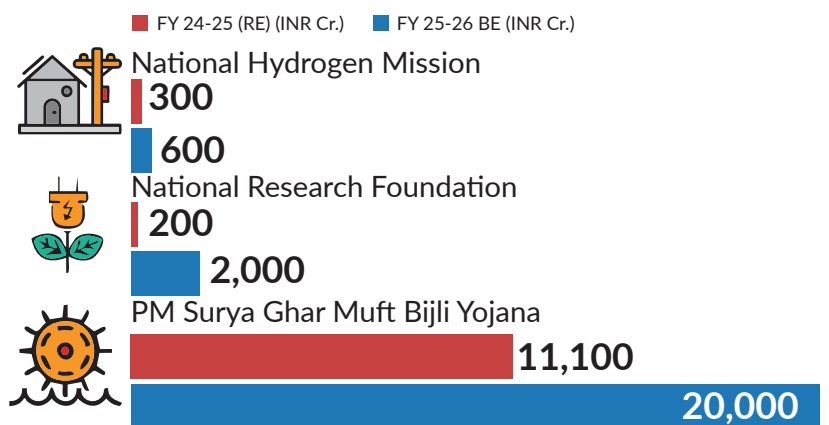
KEY ANNOUNCEMENTS

- INR 20,000 crore for spurring private sector driven research, development, and innovation.
- 'Nuclear Energy Mission' with outlay of INR 20,000 crore for Small Modular Reactors, with five indigenous reactors operational by 2033.
- 'National Manufacturing Mission' for development of clean technologies for solar PV cells, EV batteries, motors and controllers and grid scale batteries.

FLAGSHIP SCHEMES

- Allocation of INR 170 crore to the Green India Mission - National Afforestation Programme.
- 82% increase in allocation towards PM Surya Ghar Muft Bijli Yojana.
- 332% increase in allocation towards Vigyan Dhara.
- Minor increase of 3% in the allocation towards PM - Kisan Urja Suraksha Evam Utthaan Mahabhiyan (KUSUM).
- Allocation of INR 200 crore for Viability Gap Funding for Development of Battery Energy Storage Systems.

SCHEME ANALYSIS



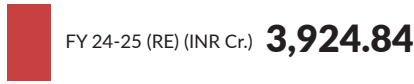
COMMENTS

With a minor increment in the outlay for environmental considerations, the focus seems to be on ecosystem conservation, wildlife protection and increasing forest cover. On the energy front, while solar energy continues to be a key pillar of India's energy transition pathway, the government is looking into nuclear energy as an alternate source for clean energy. There is targeted focus on battery storage systems, which is likely to allow for the EV industry to expand innovation in the battery swapping and fixed charging infrastructure. In addition to the above, it is important to note that the government is looking to enable and advance research and development for green technologies with substantial investments towards the same

FINANCIAL SERVICES & INVESTMENT PROMOTION

BUDGET ALLOCATION

Department of Financial Services



Department of Economic Affairs



Increase/ Decrease
(% over RE)



KEY ANNOUNCEMENTS

- Financial Stability and Development Council (FSDC) to evaluate the impact of the current financial regulations and subsidiary instructions
- Launch of a revamped CKYCR, as announced in Union Budget for FY2024-25 in July 2024. A streamlined system for periodic updating will also be implemented
- FDI in Insurance raised to 100% with simplified conditions for companies investing premiums in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified
- Subsidies for RuPay & BHIM-UPI reduced to INR 437 crore from INR 2,000 crore
- High-Level Committee to review non-financial sector regulations within a year on all non-financial sector regulations, certifications, licenses, and permissions
- Investment Friendliness Index to be launched in 2025 to rank states
- Grameen Credit Score framework to boost rural credit access via PSBs
- NaBFID to introduce Partial Credit Enhancement for infrastructure bonds
- Forum to coordinate regulatory and product development for pensions
- PM SVANidhi revamped with enhanced loans and UPI-linked credit cards with INR 30,000 limit
- Merger Approvals to be streamlined for faster processing
- Kisan Credit Card limit increased to INR 5 lakh under the Modified Interest Subvention Scheme
- Micro Enterprise Credit Cards with INR 5 lakh limit; 10 lakh cards in Year 1
- Bilateral Investment Treaties to be revamped for investor-friendliness
- New Loan Scheme offering up to INR 5 crore for first-time women, SC/ST entrepreneurs, with online capacity building
- IFSC Life Insurance proceeds exempt without premium cap
- IFSC Tax Benefits extended until March 31, 2030

FLAGSHIP SCHEMES

- Incentive Scheme for the Promotion of RuPay Debit Cards and Low-Value BHIM-UPI Transactions (Person-to-Merchant) - allocation adjusted to INR 437 crore
- Modified Interest Subvention Scheme - maintained an allocation of INR 22,600 crore
- Guarantee Emergency Credit Line Facility – allocated INR 9,000 crore

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

Incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (person-to-merchant)



Modified Interest Subvention Scheme



Guarantee Emergency Credit Line (GECL) facility to eligible MSME borrowers



GENDER

BUDGET ALLOCATION

Ministry of Women & Child Development



Increase/ Decrease
(% over RE)



KEY ANNOUNCEMENTS

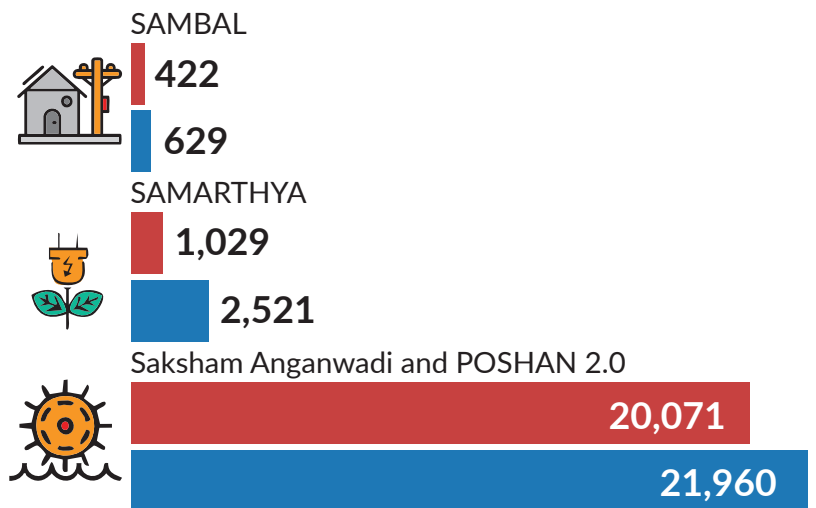
- The four key focus areas of the budget are GYAN - Garib, Youth, Annadata and Nari (women).
- Cost norms under Saksham Anganwadi and POSHAN 2.0 to be revised. Nutritional support is provided to over eight crore children and one crore pregnant and lactating women.
- The programmes also focus on addressing adolescent nutrition, benefiting around 20 lakh adolescent girls, particularly in aspirational districts and the Northeast region, where nutritional gaps are more pronounced.
- Recognizing the critical role of these initiatives in improving health and well-being, the government has increased the budget allocation to expand coverage.

FLAGSHIP SCHEMES

- The budget for Saksham Anganwadi and POSHAN 2.0 increased by 9%, reaching INR 21,960 Cr in FY 2025-26 (BE).
- Mission Shakti, which includes SAMBAL and SAMARTHYA, saw a budget increase despite not being highlighted in key announcements.
- SAMBAL received INR 629 Cr FY 2025-26 (BE), up from INR 422 Cr FY 2024-25 (RE)
- SAMARTHYA saw a significant rise, with INR 2,521 Cr FY 2025-26 (BE) compared to INR 1,029 Cr FY 2024-25 (RE).

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)



COMMENTS

The Union Budget 2025-26 adopts a lifecycle approach to women's empowerment, emphasizing economic participation, social security, and breaking socio-economic barriers. Women are central to the vision of Viksit Bharat 2047, with a target of 70% participation in economic activities. Key initiatives reflect this commitment. Enhanced funding for Saksham Anganwadi, POSHAN 2.0, and Mission Shakti will strengthen programs for women's health, safety, and economic independence. A transformative entrepreneurship scheme will offer loans of up to ₹2 crore to 5 lakh women from marginalized communities, advancing financial inclusion. The Rural Prosperity and Resilience program focuses on enterprise development and economic independence for rural women, while India Post's transformation will support women-led MSMEs and self-help groups. By prioritizing gender-responsive investments in health, safety, and entrepreneurship, the government underscores Nari Shakti as the driving force for a prosperous and inclusive India.

HEALTH & FAMILY WELFARE

BUDGET ALLOCATION

Department of Health and Family Welfare

FY 24-25 (RE) (INR Cr.) **86,582**

FY 25-26 (BE) (INR Cr.) **95,958**

Increase/ Decrease
(% over RE)

11%

Department of Health Research

3,392

3,901

15%

Ministry of Ayush

3,498

3,993

14%



KEY ANNOUNCEMENTS

- Day Care Cancer Centres in all district hospitals to be set up in the next three years. 200 Centres will be established in 2025-26.
- 36 lifesaving drugs for cancer, rare diseases, and other severe chronic diseases added to list of medicines exempted from basic custom duty.
- 10,000 additional seats to be added in medical colleges and hospitals; 75,000 seats over the next five years



FLAGSHIP SCHEMES

- Ayushman Bharat – 24% increase in allocation to Pradhan Mantri Jan Arogya Yojana (PM-JAY)
- Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) saw a 40% rise in allocation
- 3% increase in allocation to National Health Mission

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM)

3,000
4,200

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PM-JAY)

7,605
9,406

National Health Mission (NHM)

36,000
37,226

National Digital Health Mission (NDHM)

225
340

COMMENTS

The increased allocations for flagship schemes like PMJAY, NHM and PMABHIM signal continued commitment to strengthening the public health ecosystem. Day-care cancer centres across all district hospitals along with the exemption of basic customs duty for cancer drugs highlight the government's intent to tackle the growing burden of cancer by improving accessibility and affordability of care. The government's recent announcement to set up new health technology assessment (HTA) centres and an increase in allocation for HTA compounds the government's intent in improving accessibility by moving towards an informed decision-making approach for drugs and devices. Additionally, in line with the Economic Survey, the government has a renewed focus on tackling mental health challenges across the country with increased allocation to the National Tele Mental Health Programme that seeks to improve accessibility to quality mental health care.

HOUSING & URBAN AFFAIRS

BUDGET ALLOCATION

Ministry of Housing and Urban Affairs

FY 24-25 (RE) (INR Cr.) **63,669**

FY 25-26 (BE) (INR Cr.) **96,777**

Increase/ Decrease
(% over RE)

52%



KEY ANNOUNCEMENTS

- Establish a INR 1 lakh crore Urban Challenge Fund to drive 'Cities as Growth Hubs,' 'Creative Re-development,' and enhance 'Water and Sanitation.'
- Special Window for Affordable & Mid-Income Housing (SWAMIH) scheme to add 40,000 dwelling units in 2025. SWAMIH 2.0 launched with a cost of INR 15,000 crore to complete one lakh units.

FLAGSHIP SCHEMES

- Pradhan Mantri Awas Yojana - Urban 2.0 (PMAY-U 2.0)
- Urban Rejuvenation Mission: AMRUT and Smart Cities Mission
- Deendayal Antyodaya Yojana-National Urban Livelihood Mission (DAY-NULM)

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

PMAY-Urban

13,670

19,794

Swachh Bharat Mission (SBM) - Urban

2,159

5,000



COMMENTS

Urban development has been stated as one the key areas of transformative reform in Budget FY 25-26, signalling a key priority for the current government this term. Affordable housing remains a key focus area for the government, as policy catches up with demographic changes within the aspiring youth, whose increased migration to urban hubs has become a significant policy influencer.

INDUSTRY & INTERNAL TRADE

BUDGET ALLOCATION

Department of Commerce

FY 24-25 (RE) (INR Cr.) **5,624**

FY 25-26 (BE) (INR Cr.) **5,301**

Department for Promotion of Industry and Internal Trade

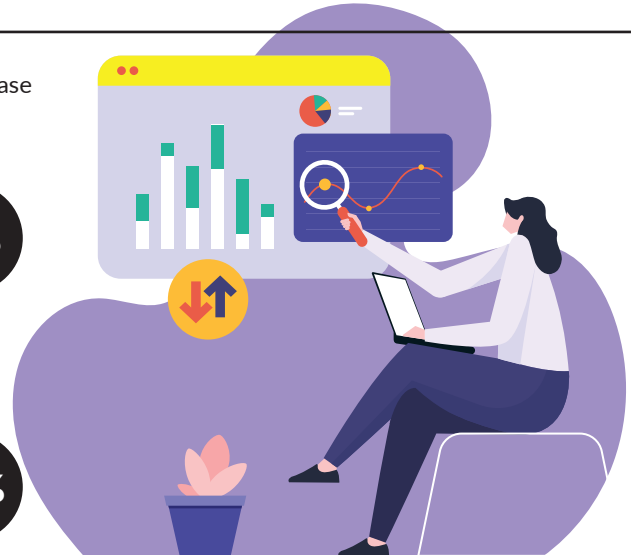
8,011

13,145

Increase/ Decrease
(% over RE)

-6%

64%



KEY ANNOUNCEMENTS

- Budget proposed to extend the Income Tax benefit to startups for another period of five years - under Section 80-IAC, eligible startups incorporated before 01.04.2030
- Credit guarantee cover for Startups increased from 10 crores to 20 crores in 27 focus sectors with a 1% guarantee fee under Atmanirbhar Bharat
- Deep Tech Fund of Funds to be explored to catalyze the next generation startups.
- Bharat Trade Net (BTN), a unified platform for encouraging international trade documentation, financing, and global supply chain aligned with international best practices.
- Proposal on formulating a National framework for GCC to guide tier-2 states – focusing on enhancing availability of talent and infrastructure, building-byelaw reforms, and mechanisms.
- Investment Friendliness Index of States to be launched for competitive cooperative federalism
- National Manufacturing Mission to support 'Make in India' comprising of key aspects like ease & cost of doing business; future-ready work force; dynamic MSME sector; technology adoption and quality products
- EoDB – High-level committee for regulatory reforms to review non-financial sector regulations.
- Expansion of safe-harbour rules to benefit international taxation; Model Bilateral Investment Treaties to be revamped for investor-friendliness.
- It was announced that the Alternate Investment Funds (AIFs) for startups have received commitments of more than ` 91,000 crore. These are further supported by funds of funds, with expanded scope and proposed budget allocation of INR 10,000 crores.

FLAGSHIP SCHEMES

- Introduction of Export Promotion Mission with an initial allocation of INR 2250 crore
- Launch of National Manufacturing Mission with an allocation of INR 100 crore – supporting the flagship Make in India initiative
- 6% increase in the Scheme for Investment Promotion with an allocation of INR 191.18 crore
- Increased allocations in Unnati Scheme, standing at INR 175 crore
- 118% of increase in allocation for Make in India schemes, standing at INR 3935.74 crore

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)

Scheme for Investment Promotion

180

191.18

UNNATI Scheme

30

175

Make in India Initiative (overall budget allocation)

1878.50

3935.74

COMMENTS

The 2025 Budget placed a focused approach towards continuing the Government's efforts to invigorate private sector investments, while advancing its broader development goals. As mentioned in FM's speech, the two powerful engines were Investment and Exports, that are driven by reforms and guiding an inclusive spirit towards Viksit Bharat. The Cabinet had approved the continuation of the Footwear, Leather, and Accessories Development Programme (FLADP) for 2021-26 on 19.01.2022, no allocation to PLI scheme for footwear and toys. To attract foreign investments, the government has provided tax certainty for Category I & II AIFs, particularly those investing in infrastructure and key sectors. The creation of an Investment Friendliness Index will foster healthy competition among states and strengthen India's appeal to global investors. The government's vision of making India a Global Manufacturing Hub is further solidified through the National Manufacturing Mission and Export Promotion Mission.

The overall budget for the Department of Commerce observed a slight decline. However, on the flip side DPIIT has got an exponential budget increase by 64%, with increased focus on Make in India initiative, reinforcing domestic manufacturing. The past decade has witnessed tremendous growth, making India the third largest Startup hub in the world, but the budget allocation for startup India initiative has been reduced. However, initiatives like EoDB and tax incentives shall boost confidence within the industry.

LABOUR AND EMPLOYMENT

BUDGET ALLOCATION

Ministry of Labour and Employment

FY 24-25 (RE) (INR Cr.)	18,307.22
FY 25-26 (BE) (INR Cr.)	32,646.19

Increase/ Decrease
(% over RE)



KEY ANNOUNCEMENTS

- Recognition of gig workers of online platforms with identity cards & registration on e-Shram portal, along with healthcare benefits under PM Jan Arogya Yojana, benefiting nearly one crore workers
- Launch of Rural Prosperity and Resilience programme with states to boost rural jobs through skilling, investment & technology, focusing on women & youth
- Strengthening employment in labour-intensive sectors through targeted policy & facilitation measures
- Focus Product Scheme for Footwear & Leather Sectors to generate 22 lakh jobs
- Measures for the Toy Sector to develop clusters, enhance skills & expand employment in both rural & urban areas

FLAGSHIP SCHEMES

- INR 50.68 crore allocated for Labour Welfare Scheme, maintaining last year's outlay
- Boost for Employees Pension Scheme 1995, with allocation rising to INR 11,250 crore from INR 10,235
- Strengthening worker inclusion with INR 27.80 crore for National Database for Unorganised Worker
- Enhanced support for job seekers with INR 77 crore for National Career Services
- Massive push for employment with INR 20,000 crore allocated for the newly launched New Employment Generation Scheme to drive employment creation nationwide.
- Allocation of INR 28,717.72 crore for Labour, Employment & Skill Development, significantly increased from INR 15869.76 to enhance workforce skilling and employment opportunities

SCHEME ANALYSIS

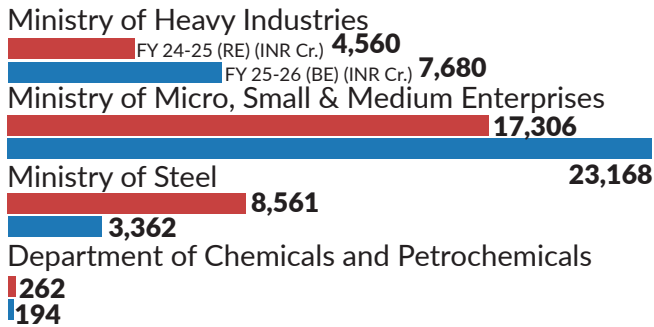
Scheme Name	FY 24-25 (INR Cr) (RE)	FY 25-26 (INR Cr) (BE)
Total - Social Security Scheme for Workers	10,568.06	11,593.79
Labour Welfare Scheme	50.68	50.68
Employees Pension Scheme, 1995	10,235	11,250
National Database for Unorganised Workers	26.93	27.80
National Career Services	58	77
New Employment Generation Scheme	6,799.43	20,000

COMMENTS

Budget 2025 focuses on 100% skilled labour with meaningful employment. Recognising gig workers' role in India's platform economy, the Budget proposes their registration on e-Shram and healthcare under PM Jan Arogya Yojana, benefiting nearly one crore workers. Labour codes and social security measures will be implemented by March 2025. Employment generation remains a focus, with the New Employment Generation Scheme receiving three times last year's allocation, aligning with the push for strengthening employment in labour-intensive sectors like leather, footwear, agriculture, toy manufacturing, etc. Social security schemes for workers get an additional INR 1,000 crore boost. Employment have been a key focus area in BJP's manifesto during the 2024 Lok Sabha elections, aiming to strengthen India's workforce, promote entrepreneurship, and create sustainable jobs, ensuring inclusive growth and economic resilience.

MANUFACTURING & INDUSTRIES

BUDGET ALLOCATION



Increase/ Decrease
(% over RE)

68%

34%

-61%

-26%



KEY ANNOUNCEMENTS

- INR 4,000 crore allocated to PM E-DRIVE scheme; FAME and Electric Mobility Promotion Scheme phased out.
- Customised credit cards with INR 5 lakh limit introduced to micro enterprises; 10 lakh beneficiaries targeted in first year.
- Additional credit of INR 1.5 lakh crore provided to MSMEs with turnover between INR 5 crore and INR 10 crore.
- New INR 2 crore loan scheme for five lakh first-time entrepreneurs, including women, SC, and ST in the next five years.
- Import duties reduced on flat-rolled steel, stainless steel pipes, fittings, structural components, and other iron/steel articles from 25%-27.5% to 15%.
- Custom duties reduced on – laboratory chemicals (150% to 70%), pyrimidine and piperazine compounds (10% to 7.5%), synthetic flavouring and odoriferous mixtures (100% to 20%), and sorbitol (30% to 20%).
- Inclusion of two shuttle-less looms in the fully exempted textile machinery list and revision of Basic Custom Duty (BCD) rates to promote domestic production of technical textiles like agro, medical, and geo-textiles.

FLAGSHIP SCHEMES

- INR 4,000 crore allocated to PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme
- INR 155 crore allocated to Production Linked Incentive (PLI) Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage
- Allocation to PLI Scheme for Automobiles and Auto Components increased to INR 2,818 crore
- PM-eBus Sewa scheme allocated INR 1,310 crore
- Increased outlay for Prime Minister Employment Generation Programme (PMEGP)
- Guarantee Emergency Credit Line (GECL) Facility to eligible MSME borrowers
- Increase in allocation for PM Vishwakarma focused on supporting artisans and craftsmen
- Outlay for PLI Scheme for Specialty Steel in India has increased by 455% to INR 305 crore
- New Scheme for Petrochemicals (NSP) supports Plastic Parks, Centres of Excellence (CoE) in Polymer Technology, and Chemical Promotion and Development Scheme (CPDS)

SCHEME ANALYSIS

Scheme Name	FY 24-25 (INR Cr) (RE)	FY 25-26 (INR Cr) (BE)
PM E-DRIVE Scheme	1,871	4,000
PLI Scheme for National Programme on ACC Battery Storage	15	155
PLI Scheme for Automobiles and Auto Components	346	2,818
Prime Minister Employment Generation Programme (PMEGP)	1,918	2,954
PM Vishwakarma	4,000	5,100
PLI Scheme for Specialty Steel in India	55	305
New Scheme on Petrochemicals	35	50

COMMENTS

The focus on Make in India remains strong with budgetary allocations increasing for Heavy Industries as well as MSMEs – both collectively contributing to the vision to make India a global manufacturing hub. The Budget signals continued support for PLI schemes - notably across heavy industries and specialty steel, to boost domestic production, reduce imports, and advance technology in line with Atmanirbhar Bharat. Simultaneously, the phasing out of the FAME Scheme reflects a move to reduce subsidy-based models. While MSMEs have been acknowledged as a key driver of the Viksit Bharat vision, focusing on ease of doing business through reducing compliance burden remains essential for enabling efficient operations.

The chemical industry, meanwhile, has seen a reduction in custom duties on import of specific chemicals in a move to boost domestic manufacturing, value addition, and exports. Although the department's overall budget has reduced, funding for R&D and knowledge dissemination has increased, reinforcing the goal to make India a global chemicals hub.

MINING, OIL AND GAS

BUDGET ALLOCATION

Ministry of Petroleum, and Natural Gas

FY 24-25 (RE) (INR Cr.) **17,367**

FY 25-26 (BE) (INR Cr.) **19,326**

Ministry of Coal

141

501

Ministry of Mines

3,133

3,038

Increase/ Decrease
(% over RE)

11%

255%

-3%



KEY ANNOUNCEMENTS

- Mining sector reforms, including those for minor minerals, will be encouraged via best practices and a State Mining Index.
- Policy for recovery of critical minerals from tailings to be prepared.
- Full exemption of Basic Custom Duty (BCD) on import of cobalt powder and waste, scrap lithium-ion battery, lead, zinc and 12 other critical minerals



FLAGSHIP SCHEMES

- INR 410 crore allocated to National Critical Mineral Mission
- 4,420% increase in the outlay for Strategic Oil Reserves to INR 5,876 crore primarily focusing on capital expenditure.
- Minor increase in allocation for total LPG subsidies
- INR 300 crore allocated to coal/lignite gasification schemes

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)

Direct Benefit Transfer - LPG

500

1,500

LPG Connection to Poor Households

12,700

9,100

Pradhan Mantri JI-VAN Yojna

30

117

COMMENTS

The National Critical Minerals Mission is expected to play a key role towards India's goal of establishing itself as an important stop in the global supply chain, and in enhancing India's manufacturing capacity in important sectors. The full exemption of BCD on cobalt powder, lithium-ion battery waste, and 12 other critical minerals, along with the exemption on lithium-ion batteries, will contribute significantly towards improving manufacturing capabilities, particularly in the clean energy sector. This is expected to enable the country's green transition in energy and transportation

PHARMACEUTICALS & BIOTECHNOLOGY

BUDGET ALLOCATION

Department of Pharmaceuticals

FY 24-25 (RE) (INR Cr.) **3,387**

FY 25-26 (BE) (INR Cr.) **5,268**

Increase/ Decrease
(% over RE)

56%

Department of Biotechnology

2,460

3,446

40%



KEY ANNOUNCEMENTS

- Patient Assistance Programmes of pharmaceutical companies that provide medicines free of cost, to benefit from the addition of 37 medicines and 13 new programmes in the full exemption from Basic Customs Duty (BCD) list.
- Exemptions and concessional duty also apply to bulk drugs used to manufacture 36 lifesaving drugs that have been exempted from BCD.
- Budgetary allocation for the development of the pharmaceutical industry increased 350% to INR 1,615 crore, with INR 1,460 crore directed towards the promotion of bulk drug parks
- Allocation for Strengthening of the Medical Device industry rises from INR 166 crore to INR 360 crore, a 117% increase, with INR 125 crore earmarked for medical device parks
- Funding for capacity building and skill development in medical devices jumps from INR 5 crore to INR 60 crore, a massive 1,100% increase to bridge gaps in education and research

FLAGSHIP SCHEMES

- Biotechnology Research Innovation and Entrepreneurship Development (Bio-RIDE) saw a 242% increase in allocation.
- Pharmaceuticals Technology Upgradation Assistance Scheme (PTUAS) receives a 1900% increase in funding.
- Promotion of Research and Innovation in Pharma MedTech (PRIP) sees a 158% rise in allocation

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)

Biotechnology Research Innovation and Entrepreneurship Development (Bio-RIDE)

672

2,300

Pharmaceuticals Technology Upgradation Assistance Scheme (PTUAS)

5
100

Promotion of Research and Innovation in Pharma MedTech (PRIP)

95
245

COMMENTS

The government's commitment to strengthening domestic manufacturing and improving patient access in the pharmaceutical and medical device sectors is evident. The significant allocation towards the promotion of bulk drug parks underlines efforts to enhance self-reliance and reduce import dependency in critical drug production. The substantial increase in the allocation of the Biotechnology Research Innovation and Entrepreneurship Development (Bio-RIDE) scheme highlights the government's commitment to fostering biotech entrepreneurship, strengthening research ecosystems, and accelerating industry-led innovation.

The medical device industry has also seen a considerable increase in budgetary allocation, particularly in the promotion of medical device parks, which have seen a 25% rise. This growth underscores the resolve to power a domestic manufacturing ecosystem. Increased funding for capacity building and skill development will foster a skilled workforce that can drive industry growth.

RURAL DEVELOPMENT

BUDGET ALLOCATION

Department of Rural Development

FY 24-25 (RE) (INR Cr.) **1,73,912**

FY 25-26 (BE) (INR Cr.) **1,87,752**

Increase/ Decrease
(% over RE)

8%



KEY ANNOUNCEMENTS

- Implementing Rural Prosperity & Resilience Programme to boost employment, and financial independence for rural women. Partnering with states to address agricultural employment through skilling, investment and technology.
- Expansion of India Post Payments Banks to rural areas
- Grameen Credit Score framework by PSBs for credit access to Self Help Groups



FLAGSHIP SCHEMES

- Mahatma Gandhi National Rural Employment Guarantee (MGNREGA)
- Pradhan Mantri Gram Sadak Yojana
- National Livelihood Mission- Ajeevika
- Pradhan Mantri Awas Yojana- Gramin

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)

PM Gram Sadak Yojana



National Livelihoods Mission- Ajeevika



COMMENTS

The focus on rural development remains strong, with the sector marking the second-highest allocation of INR 2.66 lakh crore. This ties into the Economic Survey's push for improving rural living standards and strengthening rural businesses. A notable 26% increase in funding for the National Livelihoods Mission, coupled with new credit access initiatives, aims to capitalise on growing rural consumption trends. Interestingly, MNREGA funding remained unchanged after witnessing a drop in allocation from the last budget. This, in the context of the new announcements on credit access, skilling and prosperity indicates a shift towards a skill-based approach while retaining the safety net of the traditional employment guarantee. This rural-centric approach complements the budget's broader consumption-driven approach, potentially setting the stage for sustained rural economic growth

SOCIAL JUSTICE & EMPOWERMENT

BUDGET ALLOCATION

Department of Social Justice & Empowerment

Increase/ Decrease
(% over RE)

FY 24-25 (RE) (INR Cr.) **10,026**

FY 25-26 (BE) (INR Cr.) **13,611**

36%

Department of Empowerment of Persons with Disabilities

1,167

1,275

9%



KEY ANNOUNCEMENTS

- Empowering the poor and marginalised sections of society is a key focus area for the government.
- Allocation towards major schemes in both departments under the Ministry has increased.

FLAGSHIP SCHEMES

- Allocation for SHREYAS, aimed at OBCs and EBCs, increased by 213%
- Notable increase in funding for pre- and post-matric scholarships for SCs and STs
- 59% increase in allocation of PM Young Achievers Scholarship Award Scheme for Vibrant India (PM YASASVI), benefiting OBCs, EBCs, and DNTs
- 77% increase in allocation for Support for Marginalized Individuals for Livelihood & Enterprise (SMILE) scheme
- Scholarship for Students with Disabilities witnessed a substantial 81% jump
- Allocation for National Action for Mechanised Sanitation Ecosystem (NAMASTE) has more than doubled, reflecting a 160% rise

SCHEME ANALYSIS

FY 24-25 (RE) (INR Cr.) FY 25-26 BE (INR Cr.)

Scholarships for Higher Education for Young Achievers Scheme (SHREYAS) for OBCs and EBCs

80

250

PM Young Achievers Scholarship Award Scheme for Vibrant India (PM YASASVI)

1,380

2,190

Scholarship for Students with Disabilities

80

145

COMMENTS

The Budget reflects continued commitment to the upliftment of marginalised sections of society, with a targeted emphasis on promoting education. Notably, there has been a significant increase in the allocation for scholarships for students from backward classes. In addition, the government prioritises rehabilitation of transgender persons and persons engaged in the act of begging by introducing medical facilities, education, and skill development initiatives. The Budget has enhanced allocations aimed at empowering persons with disabilities, focusing on financial support for autonomous institutions, aligning with the government 'Sabka Saath, Sabka Vikaas' moto.

TRANSPORT

BUDGET ALLOCATION

Ministry of Ports, Shipping and Waterways

FY 24-25 (RE) (INR Cr.) **2,858**

FY 25-26 (BE) (INR Cr.) **3,470**

Ministry of Civil Aviation

2,658

2,400

Ministry of Road, Transport and Highways

2,80,519

2,87,333

Increase/ Decrease
(% over RE)

21%

-9.7%

2.4



KEY ANNOUNCEMENTS

- To set up Maritime Development Fund for INR 25,000 crore for long-term financing, with 49% contribution from government and rest from private sector.
- Exemption of Basic Customs Duty on raw materials, components, consumables, and parts for ship manufacturing for 10 years
- Revamping the Shipbuilding Financial Assistance Policy
- 'Modified' UDAN scheme to enhance regional connectivity in 120 new destinations in hilly, aspirational, and Northeast districts
- Greenfield airports added in Bihar; Expansion of Patna airport and brownfield airport at Bihta
- 10% increase in NHAI allocation at INR 1.87 lakh crore as part of capital expenditure plan

FLAGSHIP SCHEMES

- 22% increase in allocation for Sagarmala Programme to INR 866 crore
- 143% increase in allocation to the outlay for Assistance to Ship Building, Research and Development
- Ude Desh ka Aam Naagrik - Regional Connectivity Scheme (UDAN-RCS)

SCHEME ANALYSIS

■ FY 24-25 (RE) (INR Cr.) ■ FY 25-26 BE (INR Cr.)

Sagarmala

709

866

UDAN (RCS)

800

540

NHAI

1,69,371

1,70,266

COMMENTS

In a strategic effort to curb NHAI's debt, the Budget includes no new borrowing provisions for the agency. UDAN, the government's regional air connectivity scheme, has seen a reduction in budgetary allocation this year due to muted air traffic. Key infrastructure upgrades, such as improvements to air cargo facilities, will help reduce logistics costs and enhance the capabilities of regional exporters and manufacturers to access international markets. There is significant emphasis on strengthening India's shipping and maritime sector. Infrastructure status for large ships will help boost domestic shipbuilding and ownership, helping improve India's position to the top five countries globally in shipbuilding and ownership by 2047. The introduction of Credit Notes for shipbreaking encourages a circular economy by boosting domestic recycling and reducing reliance on imports.

DIGITAL TRANSFORMATION

Atal Tinkering Labs: 50,000 labs will be set up in Government schools in the next 5 years, to cultivate the spirit of curiosity and innovation, and foster a scientific temper among students.

Broadband Connectivity to Government Secondary Schools and PHCs:

Broadband connectivity will be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.

Bharatiya Bhasha Pustak Scheme:

The scheme will be implemented to provide digital-form Indian language books for school and higher education, which will help students understand their subjects better.

Centre of Excellence in AI for Education:

A Centre of Excellence in Artificial Intelligence for education will be set up with a total outlay of INR 500 crore.

PM Gati Shakti Data for Private Sector:

Access to relevant data and maps from the PM Gati Shakti portal will further Public-Private Partnerships (PPPs) and assist the private sector in project planning.

Research and Development (R&D) and Innovation:

Allocation of INR 20,000 crore to implement the private sector driven R&D and Innovation initiative announced in the July Budget.

Deep Tech Fund of Funds: It will be explored to catalyze the next generation startups.

Gyan Bharatam Mission: The mission will be undertaken for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors, and will cover more than 1 crore manuscripts. A National Digital Repository of Indian knowledge systems for knowledge sharing will also be setup.



BharatTradeNet (BTN): It will be Set-up as a Digital Public Infrastructure (DPI) for trade documentation and financing solutions. It will complement the Unified Logistics Interface Platform, and be aligned with international practices.

India Post: 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: Direct Benefit Transfer (DBT), cash out and EMI pick-up; credit services to micro enterprises; insurance, and assisted digital services. The services of India Post Payment Bank will be deepened and expanded in rural areas.

PM Research Fellowship: Government to provide ten thousand fellowships for technological research in IITs and IISc with enhanced financial support, in the next five years.

Scheme for First-time Entrepreneurs:

A new scheme will be launched for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. Online capacity building for entrepreneurship and managerial skills will be organized under the scheme.

COMMENTS

The Government has continued the thrust on digital transformation of India, and leveraging digital technology for good governance. The push for AI in education, and innovation labs indicates a focus on ensuring that the young population of country is tech-savvy, and ready for the future of work. Digitization of books in Indian languages, and broadband access in schools will also propel inclusive opportunities to students, especially at the grassroots level.

Furthermore, in line with the Government's inclusive growth mantra, the deepening of India Post and Indian Post Bank services in rural areas, will help the rural populace to onboard digital economy, and benefit from the Government's efforts towards e-governance. The National Digital Repository of Indian knowledge systems will help in consolidating, preserving, and making India's rich cultural heritage more accessible for the masses.

Opportunities have also been unlocked for the private sector, through data sharing and PPP initiatives, as well as for innovation. Lastly, building on the success of its other DPI initiatives, the introduction of a new DPI for trade documentation, reflects the Government's intention of positioning India as a leader in developing and deploying DPIs.

Collectively, these initiatives can boost innovation, economic growth, and global competitiveness, if implemented effectively.

EASE OF DOING BUSINESS

Hon'ble Finance Minister proposed four specific regulatory reforms for enhancing EODB in the Union Budget 2025-26:

High-Level Committee for Regulatory Reforms:

A High-Level Committee (HLC) to be established for reviewing non-financial sector regulations, certifications, and permissions, and submit recommendations within a year. The committee shall focus on simplifying regulatory compliance processes, reduce bureaucratic hurdles, foster a more business-friendly environment, and promote trust-based economic governance.

State Investment Friendliness Index:

A state-wise investment index will be launched in 2025 to foster competitive cooperative federalism in India and enhance business competitiveness. It will encourage states to improve investment climate, attracting more businesses and boosting regional economic growth.

FSDC Mechanism: A dedicated mechanism to be set up under the Financial Stability and Development Council (FSDC) to evaluate the impact of financial regulations and formulate a framework to improve responsiveness in the financial sector. It will help create a more adaptive and efficient regulatory framework, ensuring a stable and growth-oriented financial ecosystem.

Jan Vishwas Bill 2.0: Building on Jan Vishwas Act 2023, which decriminalised over 180 legal provisions, the Jan Vishwas Bill 2.0 will decriminalise an additional 100 provisions across various laws. It will help reduce compliance risks for businesses, minimise legal uncertainties, and encourage entrepreneurship.

Other proposed reforms aimed at enhancing Ease and Cost of Doing Business are as follows -

Central KYC Registry: Central KYC registry to be revamped in 2025 to simplify verification process for businesses and facilitate fast-track mergers by streamlining company mergers. It will reduce administrative burdens and improve ease of onboarding.

Provisional Assessment Time Limit: Customs Act 1962 currently does not state a time-limit to finalise provisional assessments which may lead to uncertainty. It is now proposed to set a two-year limit, which will be extendable by one year, for finalising provisional customs assessments to reduce uncertainty and costs for businesses.

Investment and Turnover Limit for MSMEs:

Classification limits for MSMEs to be increased by 2.5 times for



investment and 2 times for turnover, recognising the role of MSMEs in Indian economy.

Extended incorporation period and Startup tax incentives:

The eligibility period for startup tax benefits will be extended by five years, under section 80 IAC of Income Tax Act, covering incorporations until April 1, 2030. Hence, startups incorporated before April 1, 2030, will continue to enjoy tax benefits, ensuring policy stability. The deadline for filing updated tax returns has also been extended from two to four years.

Success of Vivad Se Vishwas and digitalization of taxation processes:

The dispute resolution scheme launched in July 2024 – Vivad Se Vishwas has been highly successful, with 33,000 taxpayers settling pending income tax disputes, reducing litigation backlog. Further, all tax-related processes, including appellate orders, will be fully digitized and paperless within two years, streamlining compliance and reducing delays.

Safe Harbor Rules & Presumptive Taxation:

To reduce litigation and enhance tax certainty, the safe harbor scope will be expanded. A presumptive taxation regime will be introduced for non-residents providing services to electronics manufacturers in India. It will help create a more predictable tax environment, reducing compliance burdens for foreign investors and businesses.

Transfer Pricing Simplification: A new scheme to be introduced to allow businesses to determine the arm's length price of international transactions for a three-year block period, aligning with the best global practices. This will streamline tax compliance for multinational companies and reduce disputes related to transfer pricing.

COMMENTS

Showcasing government's commitment to enhance the ease of doing business in India, Hon'ble Finance Minister has proposed transformative financial reforms to simplify compliance, reinforce light-touch and trust-based regulatory structures, foster investments, and modernize legal frameworks to keep up with the technological innovations. Ease of Doing Business plays a critical role in shaping a country's investment climate, regulatory efficiency, and economic competitiveness. Over the past decade under the leadership of PM Modi there have been significant policy level strides & reforms made pertaining to GST, Insolvency and Bankruptcy Code (IBC), faceless tax assessments, and single-window clearances have streamlined processes for businesses. Initiatives proposed under the Union Budget 2025 is expected to have enhanced confidence in India's new-age economy, however implementation, execution within stipulated timelines will be a key factor. Considering the restructured global dynamics, investors all around the world are looking at stable and scalable markets. India's commitment to simplified regulations, digital integration, and investor-friendly policies will determine its future as a global economic powerhouse.

ABOUT CHASE INDIA

Chase India is a research-based consulting firm specializing in public policy advocacy and government affairs. At Chase, we believe in the power of evidence-based advocacy and communication to move people to positive action. We endeavour to aid clients in enhancing businesses, generating impact, and catalyzing transformation by collaborating with governments and ecosystem stakeholders, fostering enduring outcomes for organizations and society.

DISCLAIMER

Neither Chase Avian Communications Private Limited (referred to as “Chase India “), nor agency thereof, nor any of their employees, nor any of their contractors, subcontractors or their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for accuracy, completeness, or any third party’s use or the results of such use of any information, apparatus, product or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific organisation, commercial product, process or service by trade name, trademark, manufacturer or otherwise does not necessarily constitute or imply its endorsement, recommendation or favoring by the organizer or an agency thereof or its contractors or subcontractors. The views and opinions expressed herein do not necessarily state or reflect those of Chase India or any agency thereof



[chase_india](#)



[@chaseindia](#)



<https://www.chase-india.com>