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# ANALYSIS OF THE UNION BUDGET 25-26



सत्यमेव जयते



SABKA SAATH,  
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# INTRODUCTION

Budget 2025 sets the stage for stronger and more prosperous India, with the nominal GDP expected to grow at 10.1% while maintaining the fiscal deficit at 4.4% of the GDP. The total expenditure for the year is estimated to be Rs 50.65 lakh crore. Under the vision of Viksit Bharat 2047, it prioritises Garib, Yuva, Annadata and Nari while supporting the economy through 4 powerful engines - Agriculture, MSMEs, Investments and Exports.

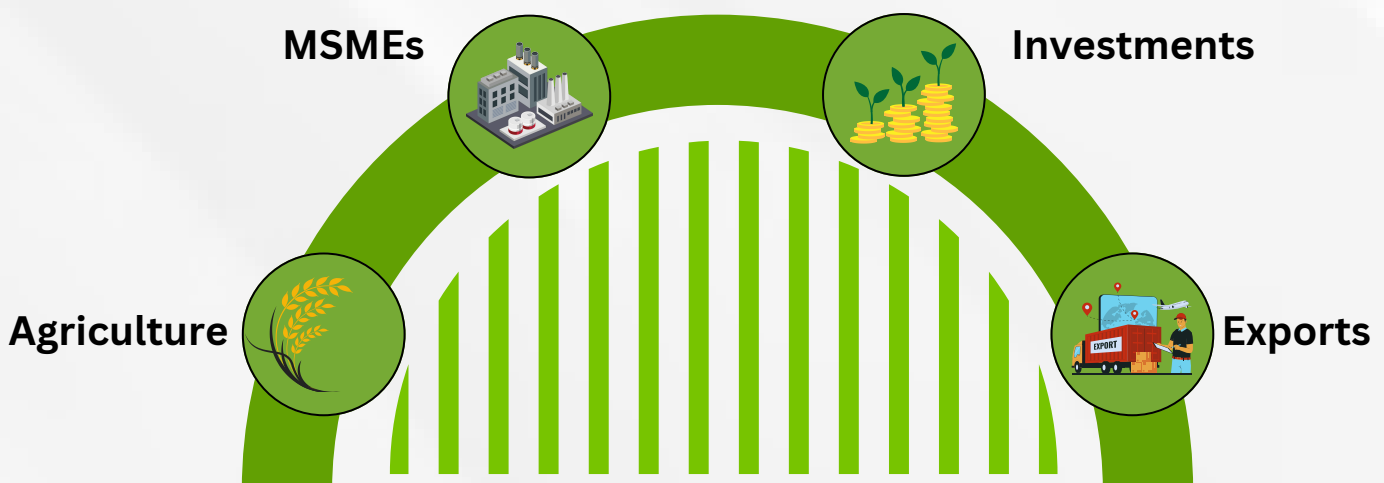
Driving agricultural prosperity, the Dhan Dhanya Krishi Vikas Yojana will benefit 1.7 crore farmers through higher productivity, crop diversification and better credit access.

To address urban challenges, a Rs 1 lakh crore Urban Challenge Fund has also been introduced. The Bharat Net Trade has been set up as unified platform for trade documentation, financing solutions, which is also aligned with the international standards.

In a major relief for the middle class, the income tax exemption limit has been raised, with no tax payable on annual incomes up to Rs 12 lakh, increasing the disposable income of citizens.

With **Sabka Saath, Sabka Vikas** at its core, the Budget strengthens these 4 growth engines, driving job creation, manufacturing, and innovation, positioning India for sustained economic leadership.

## 4 ENGINES OF ECONOMIC GROWTH



# KEY HIGHLIGHTS

FDI limit in insurance sector to be raised from 74% to 100%

Bharat Trade Net established as a unified platform for trade documentation

Gyan Bharat Mission seeks to digitize 1 crore manuscripts,

Medical Tourism & "Heal in India" will be promoted through capacity building

Focus on making India a global toy hub through sustainable practices

Projected fiscal deficit: 4.4% of GDP, with a decrease of 0.4% from previous FY.

Exempting lithium-ion batteries from import duties to enhance EV production

Income tax exemption limit raised: no tax payable on incomes up to Rs 12 lakh

Krishi Vikas Yojana to boost productivity, ensuring credit for 1.7 Crore farmers.

22 lakh new jobs to be created under the Leather scheme

75,000 new seats to be established in the medical field in the next 5 years

National Manufacturing Mission to boost 'Make in India' through policy support

MSME investment & turnover limits: up 2.5x & 2x; credit availability: ₹5Cr-₹10Cr

Establishment of greenfield airports in Bihar to boost regional connectivity

Kisan Credit Card limit: ₹3L → ₹5L for better financial access for farmers

Govt to launch a focused footwear & leather scheme, creating 22 lakh jobs

UPI-linked ₹30,000 credit cards to empower street vendors digitally.

50,000 ATAL Tinkering labs to be installed in govt schools in next 5 years

Allocated budget to defence; Rs 4.91 lakh crore, education: Rs 1.28 lakh crore

Interest free funds for states to boost infrastructure development

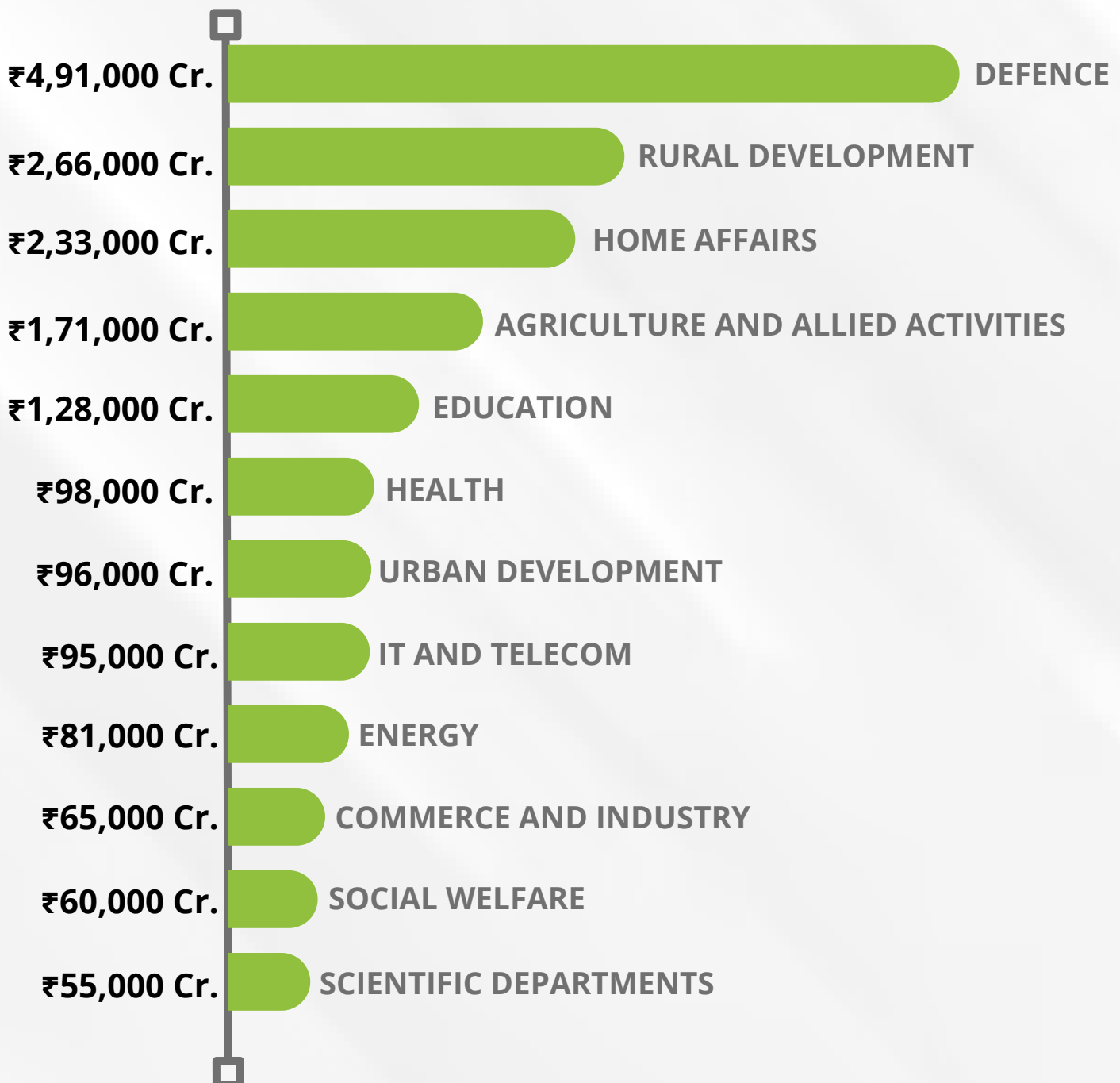
40,000 housing units to be built under the SWAMIH scheme

Rs 20,000 crore investment in R&D for the private sector













36 life saving medicines exempted from custom duty

# EXPENDITURE & ALLOCATION

The total government expenditure for India in 2025-26 has been set at **Rs 50.65 lakh crore**, which represents an increase from Rs 47.16 lakh crore in the revised estimates for 2024-25. The fiscal deficit is estimated to be **4.4 percent of GDP** as compared to 4.8 percent in the revised estimates of the previous year.



# UPDATED TAX REGULATIONS

-  New Income Tax Bill will be introduced in the upcoming week.
-  Individuals earning upto Rs. 12 Lakh p.a. will be exempted from paying taxes.
-  Ship-leasing units, insurance offices and treasury centers of global companies which are set up under IFSC will be given specific benefits.
-  The tax deduction limit for senior citizens has been raised from 50,000 to 1,00,000 rupees and the TDS limit for rent has been raised from 2.40 lakh to 6 lakh annually.
-  Time limit to file updated returns has been extended to 4 years.
-  New provision has been made for voluntary declaration of material facts post clearance and for payment of duty with interest but without penalty.
-  7 tariff rates have been removed and more than 1 cess/surcharge will not be applied on industrial goods.
-  Equivalent cess will be applied to maintain effective duty incidence and to lower it on certain items.
-  Certainty of taxation will be given to Category I and Category II AIFs, who undertake investments in infrastructure or other sectors, on their gains from securities.
-  To support India's manufacturing, exemptions are granted for open cells (LED/LCD TVs), textile looms, and capital goods for mobile phone and EV lithium-ion batteries.
-  For promoting MRO the 10 year exemption for goods used in shipbuilding, and time limit for exporting railway goods, imported for repairs is extended.
-  Following additions have been made-
  - 36 life saving drugs/medicines in exempted list for patients suffering from cancer and rare diseases.
  - 6 medicines in the list receiving 5% concession on customs duty
  - 37 medicines and 13 new patient assistance programs in exempt list.

<b>0-4 Lakh Rupees</b>	<b>NIL</b>
<b>4-8 Lakh Rupees</b>	<b>5%</b>
<b>8-12 Lakh Rupees</b>	<b>10%</b>
<b>12-16 Lakh Rupees</b>	<b>15%</b>
<b>16-20 Lakh Rupees</b>	<b>20%</b>
<b>20-24 Lakh Rupees</b>	<b>25%</b>
<b>&gt;24 Lakh Rupees</b>	<b>30%</b>

# LOSERS

Railways

India Inc

Construction

Sustainability

Oil & Refining

Banking

# WINNERS

Agriculture

Middle Class

Education

Automotives

AI & Technology

Startups

# KEY HIGHLIGHTS OF THE INDIAN ECONOMY: A REVIEW

## AGRICULTURE

- Finance Minister Nirmala Sitharaman unveiled measures to boost the agricultural sector. The allocation for agriculture and allied activities is set to be **INR 1,71,437 crores**, which is a 12.8% increase from the previous year.
- The government aims to facilitate **short term loans** for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loans of ₹5 lakh through **Kisan Credit Cards (KCC)**.
- **Makhana Board** is to be set up in **Bihar** to improve production, processing, value addition, and marketing and organisation of FPOs.



## EDUCATION

- The government has announced a major chunk of its expenditure towards education i.e. **INR 1,28,650 crore**. It accounts for 12.7% increase from the revised budget estimates of 2024-2025.
- The total number of students in 23 IITs has increased 100% from **65,000 to 1.35 lakh** in the past 10 years. Continually, additional infrastructure will be created in the 5 new IITs started after 2014 to accommodate **6,500** more students.
- **50,000 Atal Tinkering Labs** will be set up in Government schools in next 5 years.
- **5 National Centres of Excellence** for skilling to be set up with global expertise and partnerships.





## INFRASTRUCTURE

- Each infrastructure-related ministry will create a **three-year pipeline** of projects that can be implemented in **Public Private Partnership** mode.
- States will also be encouraged to do so and can seek support from the **IIPDF** (India Infrastructure Project Development Fund) scheme to prepare PPP proposals.
- An outlay of **INR 1.5 lakh crore** is proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- The capacity of **Patna Airport** and a **brownfield airport in Bihar** will be expanded to meet the future aviation needs of the state.



## HEALTHCARE

- **INR 98,311 crores** have been sanctioned to provide robust healthcare facilities to citizens.
- **36** lifesaving drugs and medicines will be added to the list of medicines fully exempted from **Basic Customs Duty (BCD)**.
- The government plans to set up **Day Care Cancer Centres** in all district hospitals within the upcoming 3 years, out of which **200** centres will be established in 2025-26.
- **Patient assistance programs** run by pharmaceutical companies will be fully exempt from BCD, provided the medicines are supplied free of cost to the patients.

## SOCIAL WELFARE

- The Union Budget earmarks **INR 60,052 crores** for prioritising balanced economic growth and social welfare through strategic sectoral allocations.
- **PM SVANidhi** scheme for street vendors will be revamped with enhanced loans from banks, UPI linked credit cards with a 30,000 limit, and capacity building support.
- Recognising the contribution of **Gig Workers**, the Government will arrange for their identity cards and registration on the **e-Shram portal**. They will be provided healthcare under **PM Jan Arogya Yojana**.
- To achieve 100 percent water availability to the rural population, the **Jal Jeevan Mission** will be extended until 2028 with an enhanced outlay.

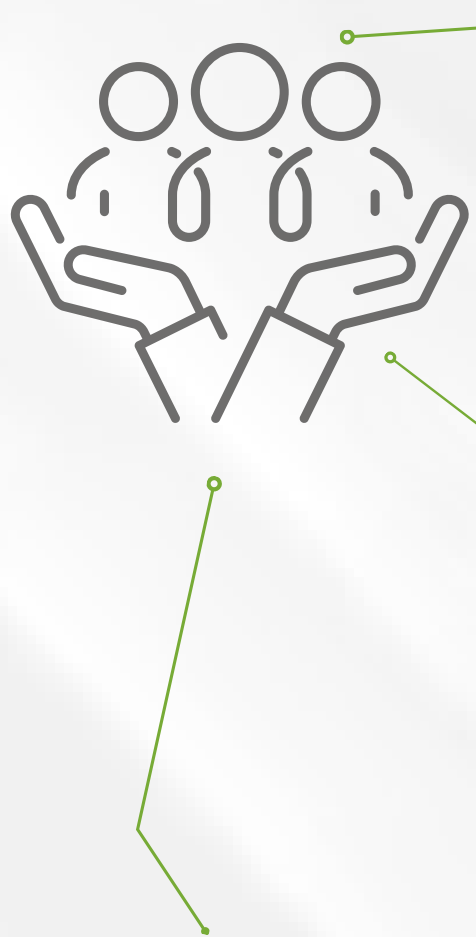


## DEFENSE

- The most crucial sector for India's **national security** commands the highest allotment of **INR 6,81,280 crore**, marking a major increase from Rs 6.2 lakh crore assigned in the current fiscal year.
- Of the total assignment, **Rs 4.88 lakh crore** has been earmarked for **revenue expenditure**, covering salaries, operational costs and maintenance.
- **Rs 1.92 lakh crore** has been designated for **capital expenditure**, which includes procurement of new equipment, modernisation and infrastructure development.
- Defence **pensions** account for Rs 1.60 lakh crore of the total outlay.

# STRATEGIES EXPLAINED

## AGRICULTURE



### “Rural Prosperity and Resilience” programme

- Aims to reduce under-employment through skilling, investment, etc.
- Relegate migration to a mere option and not a necessity.

### National Mission on High Yielding Seeds

This will strengthen research, develop high-yield, pest-resistant seeds, and ensure commercial availability of 100+ varieties by July 2024.

### 5-year 'Mission for Cotton Productivity'

This will improve cotton farming sustainability, extra-long staple varieties, & boost farmers' incomes, supporting India's textile sector.

### Makhana Board in Bihar

Will be established to improve production, processing and marketing, supporting farmers through FPOs & govt. schemes.



### OTHERS -

- Urea Plant in Assam
- Repositioning of Indian post
- Focus on Fisheries
- NCDC Support

### ✓ Fund of Funds for Startups

The Alternate Investment Funds (AIFs) for startups, have received commitments of more than Rs. 91,000 crore which will now be supported by an additional Fund of Funds of Rs. 10,000 crore.

### ✓ Clean Tech Manufacturing

AIMS to improve domestic value addition & build our ecosystem for solar PV cells, EV batteries, wind turbines, grid scale batteries etc.

### ✓ Measures for the Toy Sector

### ✓ Support for Food Processing

### ✓ Manufacturing Mission - Furthering "Make in India"

#### • Support for integration with Global Supply Chains

Support will be provided to develop domestic manufacturing capacities for our economy's integration with global supply chains.

#### • National Framework for GCC

This will suggest 16 measures for enhancing availability of talent and infrastructure, and mechanisms for collaboration with industry etc.

#### • Warehousing facility for air cargo 92

Cargo screening and customs protocols will be streamlined and made user friendly.



### Expansion of Capacity in IITs

Infrastructure in 5 post-2014 IITs and IIT Patna will expand to accommodate 6,500 more students.

Strengthening **urban livelihoods** in the upcoming years

50,000 **Atal Tinkering Labs** will be set up in Government schools in the next 5 years

**5 National Centres of Excellence for Skilling** to equip youth with the skills required for "Make for India, Make for the World" manufacturing.



**Broadband Connectivity** to Government Secondary Schools and PHCs

### Expansion of medical education

UG and PG medical seats increased by 130%. So, 10,000 more seats will be added, aiming for 75,000+ seats in 5 years.

### Centre of Excellence in AI for Education

AI Centres for education will be established with a ₹500 cr. outlay to the 3 existing for agriculture, health, and sustainable cities.

Day Care **Cancer Centres** in all District Hospitals



### **Nuclear Energy Mission for Viksit Bharat**

For 100 GW of nuclear energy by 2047, atomic energy laws will enable private sector participation. Worth is ₹20,000 cr. will make 5 SMRs by 2033.



### **Jal Jeevan Mission**

Since 2019, 15 cr rural households (80%) gained tap water access. The Mission extends to 2028 with increased funding, quality and service delivery.



### **Support to States for Infrastructure**

An outlay of Rs. 1.5 lakh cr for the 50-year interest free loans to states for capex and incentives for reforms.



### **OTHERS**

- PM Gati Shakti Data for Private Sector
- Tourism for employment-led growth
- Public Private Partnership in Infrastructure
- Greenfield Airport in Bihar
- Western Koshi Canal Project, Mithilanchal



### **Gene Bank for Crops Germplasm**

A 2nd Gene Bank with 10 lakh germplasm lines will be set up to support food security and genetic resource conservation.



### **Research, Development and Innovation**

To implement the private sector driven Research, Development and Innovation 20,000 cr have been allocated.



### **Deep Tech Fund of Funds**

To catalyze the next generation startups as a part of this initiative.



# SCHEMES AND POLICY SNAPSHOTS



## Prime Minister Dhan-Dhaanya Yojana - Developing Agri Districts Programme

AIMS to cover 100 districts marked by low productivity, credit inefficiencies etc. to reverse the above and with focus on sustainability, crop diversification, improved irrigation facilities etc. **impacting - 1.7 crore farmers.**

## Enhanced Credit through KCC

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



## Saksham Anganwadi and Poshan 2.0

This programme provides nutritional support to more than **8 crore children, 1 crore pregnant women and lactating mothers** all over the country, and about **20 lakh adolescent girls** in aspirational districts and the north-east region.

## PM SVANidhi Scheme

PM SVANidhi scheme has benefitted more than **68 lakh street vendors** giving them respite from high-interest informal sector loans. Building on this success, the scheme will be revamped with enhanced loans from banks, **UPI linked credit cards with Rs. 30,000 limit**, and capacity building support.







### Bharatiya Bhasha Pustak Scheme

We propose to implement a Bharatiya Bhasha Pustak Scheme to provide **digital-form Indian language books** for school and higher education. This aims to help students understand their subjects better.

### PM Research Fellowship

The PM Research Fellowship scheme will offer **10,000 fellowships** for technological research in IITs and IISc over 5 years.



### “Focus Product Scheme” for Footwear & Leather Sectors

It will support tools required for production of the above and is expected to facilitate employment for **22 lakh persons**, turnover of Rs. 4 lakh crore and exports of **~Rs. 1.1 lakh crore**

### Social Security Scheme for Welfare of Online Platform Workers

Gig workers of online platforms provide great dynamism to the new age services economy. Government will arrange for their **identity cards and registration** on the e-Shram portal. They will be provided healthcare under PM Jan Arogya Yojana. This measure is likely to assist nearly 1 crore gig-workers.



### UDAN - Regional Connectivity Scheme

UDAN enabled 1.5 crore people to travel faster, connecting 88 airports and 619 routes. A modified scheme will add 120 destinations, serving **4 crore passengers** in 10 years, supporting helipads and smaller airports.



# STOCK MARKET REACTIONS



The Union Budget 2025, presented by Finance Minister Nirmala Sitharaman, focused on key sectors like agriculture, manufacturing, and rural development. The Indian stock markets showed little change, with the BSE Sensex rising by 5.39 points (0.01%) and the Nifty 50 falling by 26.25 points (0.11%), indicating a balanced investor outlook.

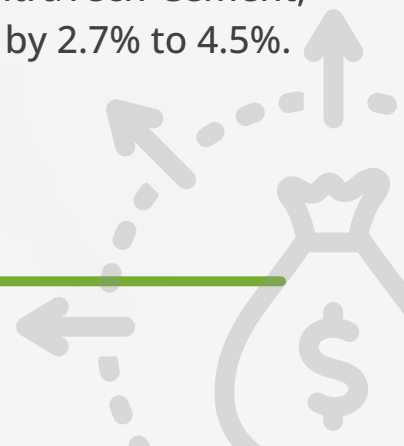
**SENSEX** ▲  
**NIFTY** ▼



On February 1, 2025, the India VIX fell by 13.26%, closing at 14.095, signaling reduced market uncertainty after initial fluctuations around the Union Budget 2025-26. The VIX saw intraday swings, peaking at 16.58 and closing at 14.61, indicating growing investor confidence as they adjusted to the new fiscal policies.

## Infrastructure sector

The budget's modest increase in capital expenditure to 11.2 trillion rupees for has raised concerns, with analysts viewing it as inadequate for significant infrastructure growth. Shares of companies like Larsen & Toubro and PNC Infratech fell by 3.3% to 5.1%, while cement stocks such as UltraTech Cement, Ambuja Cements, Dalmia Bharat, and Shree Cement declined by 2.7% to 4.5%.



## Railway Stocks

The lack of major railway reforms in the budget led to stocks like IRFC, RVNL, and IRCTC falling up to 8%. Despite this, Indian Railways expects net earnings to more than double to ₹3,041.31 crore in 2025-26, driven by higher passenger and freight revenues. However, unchanged capital support of ₹2.52 lakh crore may limit expansions.



## Consumer Goods

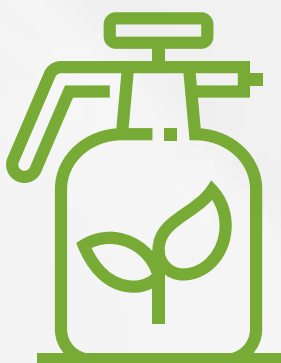
Tax cuts have boosted the consumer goods sector by increasing middle-class income. FMCG stocks like Hindustan Unilever, Nestlé, and ITC rose 2% to 3.4%, while retail stocks also gained. However, inflation and rural demand concerns may limit growth. The budget's focus on rural development is a long-term positive for FMCG firms.

## Defence Sector

On February 1, 2025, HAL and BEL fell 6% and 5%, respectively, after the Union Budget 2025-26. Investors were disappointed by the smaller-than-expected rise in defense capital spending, raising concerns over budget allocations.



## Agriculture Sector



### Fertilizer Sector

The announcement of a large-scale urea production plant in Assam, with an annual capacity of 12.7 lakh metric tons, positively impacted fertilizer companies. Shares of National Fertilizer rose nearly 6%, reaching an intraday high of ₹113.45.

## Seeds Sector

After the Union Budget 2025-26, seed stocks surged, with Kaveri Seeds up 10.19% and gains in PI Industries and UPL. Investor confidence grew due to the government's focus on agriculture and the PM Dhan Dhanya Krishi Yojana.



## Agricultural Equipment Manufacturers

Although the Union Budget 2025-26 boosted financial support for farmers, stocks of Mahindra & Mahindra and Escorts Limited saw little change. While better credit access could drive machinery demand, the market response remained neutral.

# POST BUDGET PRESS CONFERENCE

## BEEJ TO BAZAAR

"Agriculture has contributed to our India's food security and has helped keep India's economic momentum during the COVID years", the finance minister said. "From '**beej to bazaar**' we have covered every aspect of agriculture", she added. "To make India the '**Food Basket of the World**'"



## VISION FOR VIKSIT BHARAT

Nirmala Sitharaman's interim budget vision focuses on **Gareeb, Youth, Annadata and Naari**. The broad areas are spurring agricultural growth, boosting manufacturing, supporting MSMEs, investing in people, economy and innovations etc.

## CAPEX WOES

Finance Minister Nirmala Sitharaman allocated **₹11.21 lakh crore for capital expenditure** in the Union Budget 2025-26, a **0.9% rise** from last year's ₹11.11 lakh crore. Moreover, compared to the revised estimate of **₹10.18 lakh crore** for 2024-25, the new allocation reflects a significant increase in planned investments.

# EXPERTS REVIEW ON THE BUDGET

**Nitin Bajjal, executive director of Deloitte, India**, says the revised tax slab rates will ensure greater disposable income for the middle class. The move is expected to drive consumption and further boost economic growth, he added.

**Tata Technologies MD Warren Harris** says, "allocation of ₹500 crore for a Centre of Excellence in Artificial Intelligence for education underscores the importance of fostering innovation and research in AI."



**George Alexander Muthoot, MD of Muthoot Finance** says the introduction of term loans of up to ₹2 crore and structured capacity-building initiatives will drive small business growth. He also added that 2025's Budget has been supportive towards the middle class.

*This analysis is done for informational purposes only*

# ACKNOWLEDGEMENT

180 Degrees Consulting SGGSCC would like to express sincere appreciation to each member for their invaluable contributions in preparing the budget report. The collective efforts, dedication, and insights brought forward by the team have significantly enriched the quality and depth of the document.

This budget report stands as a testament to the team's collaborative spirit, analytical prowess, and commitment to delivering a well-informed and comprehensive financial overview. The individual expertise of each contributor has played a crucial role in shaping a document that aligns with the highest standards of accuracy and thoroughness.

Lastly, we'd like to express our gratitude to Sri Guru Gobind Singh College of Commerce for their unwavering support and guidance in the making of this Report.

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# REACH US

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