



Union Budget 2025: Highlights

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Union Budget 2025 aims to initiate transformative reforms across six domains. During the next five years, **these will augment our growth potential and global competitiveness**

- Taxation
- Power Sector
- Urban Development
- Mining
- Financial Sector
- Regulatory Reforms

Economic

- **Investment-friendly index** to be introduced to **boost competition among states**.
- **Revised fiscal deficit for FY 2025** set at **4.8%**.
- **Capital expenditure** to reach **₹10.18 lakh crore**.

New Tax Regime: Latest Income Tax Slab (FY 2025-26)

The latest income tax slabs under the New Tax Regime for FY 2025-26 feature revised brackets designed to reduce the tax burden on middle-income earners. Here's a simplified breakdown:

| Income Range (₹) | Tax Rate (%) |
|-------------------------|--------------|
| Up to ₹4,00,000 | NIL |
| ₹4,00,000 – ₹8,00,000 | 5 |
| ₹8,00,000 – ₹12,00,000 | 10 |
| ₹12,00,000 – ₹16,00,000 | 15 |
| ₹16,00,000 – ₹20,00,000 | 20 |
| ₹20,00,000- ₹24,00,000 | 25 |
| Above 24,00,000 | 30 |

- ₹12 lakh income: ₹80,000 saved (0% effective rate).
- ₹16 lakh income: ₹50,000 saved (7.5% effective rate).
- ₹20 lakh income: ₹90,000 saved (10% effective rate).

- ₹50 lakh income: ₹1.1 lakh saved (21.6% effective rate).
- Revenue Impact: ₹1 lakh crore direct tax revenue forgone.

New Income Tax Bill: Simplified structure with 50% fewer provisions to reduce litigation.

Key highlights:

- No income tax on income up to **₹12 lakh**.
- Salaried taxpayers with income up to **₹12.75 lakh** will have no tax liability.
- Under the **new tax regime**, income up to **₹4 lakh** is tax-free.
- Personal income tax reforms aimed at benefiting the middle class.
- **TDS on rent** threshold increased from **₹2.4 lakh to ₹6 lakh** annually.
- **Senior citizens'** tax deduction limit doubled to **₹1 lakh**.

Start-ups

- Tax benefits for **start-ups** to continue for **five years** from inception.
- With quality products, MSMEs are responsible for 45 % of our exports. Investment and turnover limit for classification of MSMEs enhanced
- India Post to be transformed into large public logistic **organisation with 1.5 lakh rural post offices** to become catalyst for rural economy.

Banking & Insurance

- A **Grameen Credit Score Framework** will be introduced for rural India.
- **FDI limit in the insurance sector** to be increased to **100%**.

Housing

- **₹15,000 crore fund** allocated to expedite the completion of **one lakh housing units**.

Agriculture & Rural Development

- **Prime Minister Dhan-Dhaanya Krishi Yojana:** Targets 100 low-productivity districts, benefiting 1.7 crore farmers.
- **Mission for Pulses Self-Reliance (Tur, Urad, Masoor):** 6-year plan to boost productivity, climate-resilient seeds, and farmer income.
- Kisan Credit Card (KCC): **Kisan Credit Card loan limit** raised from **₹3 lakh to ₹5 lakh** for 7.7 crore farmers, fishermen, and dairy farmers.

- **Rural Prosperity Programme:** Focus on skilling, technology, and reducing under-employment; Phase-1 covers 100 agri-districts.
- **Makhana Board:** To enhance production and marketing of makhana in Bihar.
- **Western Koshi Canal Project:** Benefits 50,000+ hectares in Bihar's Mithilanchal region.

MSMEs, Entrepreneurship & Employment

- **Micro/Small Enterprises:** Cover raised to ₹10 crore (additional ₹1.5 lakh crore credit in 5 years).
- **Credit guarantee coverage** for MSMEs to be increased from ₹5 crore to ₹10 crore.
- **Startups:** Cover doubled to ₹20 crore; 1% fee for 27 focus sectors.
- **Customized Credit Cards:** ₹5 lakh limit for 10 lakh micro-enterprises on Udyam portal.
- **Fund of Funds for Startups:** ₹10,000 crore corpus.
- **Footwear & Leather Sector:** Aiming ₹4 lakh crore turnover and 22 lakh jobs; duty exemption on wet blue leather.
- **Gig Workers:** Identity cards, healthcare under PM Jan Arogya Yojana for 1 crore workers.

Healthcare & Education

- **Cancer Care:** 200 Day Care Centres in district hospitals by 2025–26.
- **Customs Duty Exemptions:** 36 lifesaving drugs fully exempted; 6 drugs at 5% duty.
- **Medical Education:** 10,000 new seats in 2025–26 (75,000 target in 5 years).
- **Atal Tinkering Labs:** 50,000 to be set up in government schools.
- **Bharat Net:** Broadband for all rural secondary schools and primary health centres.

Infrastructure & Urban Development

- **Three-year projects** to be implemented under **PPP mode**.
- **₹1.5 lakh crore interest-free loans** for states to fund **infrastructure reforms**.
- Over **100 new regional airports** to be developed over the next **10 years**.
- **UDAN 2.0** to connect **120 new airports**, with a focus on **Northeast and Bihar**.
- **SWAMIH Fund 2:** ₹15,000 crore for completing 1 lakh housing units; 40,000 units by 2025.

- **Urban Challenge Fund:** ₹1 lakh crore for cities as growth hubs, water, and sanitation.
- **Maritime Development Fund:** ₹25,000 crore corpus for shipbuilding and port infrastructure.
- **UDAN Scheme Expansion:** 120 new regional connectivity destinations; 4 crore passengers targeted.

Energy & Environment

- **Nuclear Energy Mission:** ₹20,000 crore for Small Modular Reactors (SMRs); 5 operational by 2033.
- **Clean Tech Manufacturing:** Incentives for EV batteries, solar PV cells, and wind turbines.
- **Critical Minerals:** Duty exemptions on cobalt, lithium-ion scrap, and 12 others to boost domestic production.
- Nuclear Energy 100 gigawatts by 2047

Tourism & Export Promotion

- **50 Tourist Destinations:** Upgrade via skill programs, homestay loans, and e-visa streamlining.
- **Export Promotion Mission:** Joint initiative by Commerce, MSME, and Finance Ministries for credit access and cross-border support.

Reforms & Ease of Doing Business

- **FDI in Insurance:** Limit raised to 100% for companies reinvesting premiums in India.
- **Jan Vishwas Bill 2.0:** Decriminalizes 100+ legal provisions.
- **Regulatory Reforms:** High-Level Committee to review non-financial sector licenses and certifications.
- **Extended Deadlines:** Startup incorporation benefits extended till 1.4.2030; IFSC benefits till 31.3.2030.

Indirect Tax Measures

- **Customs Simplification:** Reduced to 8 tariff rates; Social Welfare Surcharge exempted on 82 lines.
- **Import Flexibility:** End-use period for inputs extended to 1 year; quarterly reporting instead of monthly.

Women's Development

- ₹2 crore term loan for women and first-time entrepreneurs from SC/ST and backward classes.

Rural India

- Nutritional support for over 8 crore children and 1 crore lactating mothers.

Make in India & Technology

- National Manufacturing Mission to provide policy support and monitoring.
- New clean technology manufacturing mission to be launched.
- Nuclear Energy Mission to boost R&D efforts.
- Jal Jeevan Mission extended until 2028.
- Centre of Excellence in AI to be set up with an allocation of ₹500 crore.
- 25 additional capital goods to support EV battery manufacturing.

Budget Allocation by Sector:

| Sector | Expenditure (in Crore) |
|-----------------------------------|------------------------|
| Defence | 4,91,732 |
| Rural Development | 2,66,817 |
| Home Affairs | 2,33,211 |
| Agriculture and Allied Activities | 1,71,432 |
| Education | 1,28,650 |
| Health | 98,311 |
| Urban Development | 96,311 |
| IT & Telecom | 95,298 |
| Energy | 81,174 |
| Commerce & Industry | 65,553 |
| Social Welfare | 60,052 |
| Scientific Department | 55,679 |