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UNION BUDGET 2025-26

Comments on Budget 2025-26

The tantalizing prospect of a highly simplified Income-tax Act with its focus on trust, simplicity and transparency, a concerted and well-thought out focus on rationalizing tax rates and a nuanced calibration of various provisions are the commendable highlights of this Budget on the Direct Taxes front.

CA. ASHWANI KUMAR, FOUNDING PARTNER

The Budget moves on the path of fiscal consolidation and renewed economic growth by attempting to tackle headlong the multiple threats being faced by the Economy by its avowed focus on spurring public and private capex and domestic consumption expenditure.

CA. SANJEEVA NARAYAN, MANAGING PARTNER

"The Union Budget 2025 needs to be commended for the need-based tweaking of customs duty on the basis of sectoral considerations and the hope of simplification in GST compliances."

CA. ADITYA KUMAR, CEO & PARTNER

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FOREWORD

The stage for the Union Budget 2025 was aptly set by the Economic Survey which highlighted the need to calibrate employment in the face of the growing influence of AI, focus on domesmtic capacity building to spur growth and enhance India's capability to attract FDI in the face of intense competition from contemporary markets. The record breaking eighth consecutive Budget presented by Mrs Nirmala Sitharaman also comes against a challenging scenario of a somewhat flattened GDP growth, tepidity in the stock markets, depreciation in the value of rupee at somewhat disconcerting rates and of course sputtering domestic consumption demand and public/private sector capex.

While the reactions of the political hoi-polloi to the Budget will notably be guided by ideological considerations and there could be occasions for nit-picking, the budgetary exercise deserves to the commended for its resilient attempt to balance diverse considerations, sometimes complementary but invariably working at cross-purposes, which have an exponentially multiplier effect in India, given its geographical, social and economic diversity and complex polity.

As to the nitty gritties, on a broader plane, and pragmatically at that, the tweaking of norms for the MSME sector and several sector-specific initiatives for such enterprises is likely to be a morale- booster for this sector which was somewhat incipiently bearing the brunt in the recent past. As per initial estimates the contribution of this sector, which has an exponentially heightened employment potential, to the national GDP is likely to rise from the existing 45% to about 60%. The proposal to allow increased FDI of 100% in the Insurance sector by substantially augmenting the flow of funds in this sector is bound to accelerate the penetration of insurance into wider pockets. On the public investment front, the announcement of an outlay of ₹ 1.5 lakh crore in 50 years interest free loans to states underscores ruling the polity's commitment to achieve sustained economic growth by public capital expenditure.

The tweaking in customs rates follows a usual pattern of conforming to sector specific needs and requirements. The real talking point on this budget has been on the Direct Taxes front with a definitive announcement of the introduction of a new Income-tax Act shortly, based on considerations of trust, transparency and simplification with hopefully a somewhat less intrusive focus. The substantial (which may sound as an understatement) liberalization in tax rates will by putting the higher disposable incomes in the hands of a large populace support increased domestic consumption expenditure with resultant accelerating effects on economic growth. The overall attempt at reducing compliances, rationalization of provisions relating to tax deducted and collected at source, simplification of provisions relating to entities engaged in charitable activities would be welcomed by assessees across the spectrum.

All in all, a budget dictated by fiscal prudence, political sagacity and economic foresight. Of course, seemingly pump-primed to achieve the goal of "Viksit Bharat" in tandem with the avowed motto of "Sabka Saath, Sabka Vikas, Sabka Vishwas, Sabka Prayas".

KEY POLICY Announcements

The track of Indian economy operates on 4 engines as acknowledged by our Hon'ble Finance Minister. So as to observe whether these engines are moving in the right direction and velocity to their ultimate destination i.e. Viksit Bharat 2047 various reforms and policies have been amended/initiated which have been iterated below:

SUSTAINABLE AGRICULTURE ~ FEEDING THE FUTURE RESPONSIBLY

- In order to help 1.7 Crore farmers across 100 districts the Government will undertake Prime Minister Dhan-Dhaanya Krishi Yojana in partnership with states to enhance productivity and sustainable agriculture practices.
- The Government plans to launch a 6-year Mission for Aatmanirbharta in Pulses with a special focus on Tur, Urad and Masoor and with the same intent, the government plans to reopen 3 dormant urea plants in eastern region.
- For the state (Bihar) which contributes around 90% of country's total production of Makhana, a Makhana Board will be established to provide handholding and training support to makhana farmers.
- National mission for propagation of seeds with high yield and a 5-year mission for cotton productivity is introduced in order to provide the best of science and technology support to the farmers
- The loan limit under the Kisan Credit Cards (KCC) increased to ₹ 5 lakh to facilitate short term loans for 7.7 crore farmers
- To unlock the untapped potential of the marine sector, the Government will bring framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, focusing Andaman & Nicobar and Lakshadweep islands.

MSME & STARTUPS ~ FUELLING INDIA'S ENTREPRENEURIAL SPIRIT

- The threshold for investment and turnover limits for classification of all MSME has been enhanced to 2.5 and 2 times respectively.
- The government has introduced customised credit cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal
- The credit guarantee cover for MSE has been increased to ₹ 10 crore, while for startups and well run MSME exporters, it has increased to ₹ 20 crores.
- For promoting startups, the Government has announced setting up of a new fund with expanded scope and fresh contribution of ₹10,000 crore

- As the government's focus has always been on uplifting the weaker sections of the society, with the same intention, government has introduced "stand up India scheme" that will provide term loans up to ₹ 2 crores during the next 5 years.

INVESTMENT IN PEOPLE ~ EDUCATION SECTOR

- With a motive of shaping an environment where curiosity leads the way, Fifty Thousand Atal Tinkering Labs will be set up in government schools in next 5 years along with the broadband connectivity to all government secondary schools.
- The government aims to build a learning attitude amongst children by implementing Bharatiya Bhasha Pustak Scheme to provide digital-form Indian language books for school and higher education.
- Five National Centres of Excellence for skilling will be set up with global expertise and partnerships to equip our youth with the skills required for Make for India, Make for the World manufacturing.
- IIT's today stand for India's Instrument for Transformation, thus the government aims to improve its infrastructure by rejuvenating hostels and other facilities in IIT Patna.
- The real power of AI in education is its ability to tailor learning experiences to each student, making education truly personal and effective, thus to leverage this power, this government has announced to setup a centre of Excellence in Artificial Intelligence for education with a total outlay of ₹ 500 crore.
- The government aims to create additional 10,000 seats in medical colleges and hospitals

INVESTMENT IN PEOPLE ~ CRUCIAL CONTRIBUTORS OF ECONOMY

- The government aims to revamp PM Svanidhi scheme by providing enhanced loans from bank, upi linked credit cards with ₹ 30,000 limit and a capacity building support to all the local street vendors.
- A home is where dreams take flight, government aims to provide houses to the lower middle-class section, with this aim government has initiated Special window for affordable and Mid-Income Housing-2 under which an additional fund of ₹ 15,000 crore to build 1 lakh additional housing units.
- Placing food accessibility at the forefront, government has initiated The Saksham Anganwadi and Poshan 2.0 programme to provide nutritional support to children, pregnant women and lactating mothers in aspirational districts and north east region

INVESTMENT IN PEOPLE ~ HEALTHCARE SECTOR

- The government aims to provide Broadband connectivity in primary health care centres in rural areas under the Bharatnet project.
- The government aims to establish 200 Day care Cancer Centres in all district hospitals
- The government aims to assist nearly 1 crore online platform gig workers by providing them healthcare under PM Jan Arogya Yojna and by providing them identity cards and registering them under e-Shram portal.

INVESTING IN THE FOUNDATION OF THRIVING ECONOMY

- In order to boost the infrastructure developments in the country, an outlay of ₹ 1.5 lakh crore is proposed for the 50-year interest free loans to states for capital expenditure along with a plan to launch Asset Monetization Plan 2025-30 to persevere the capital of ₹10 lakh crore in new projects.
- The Government will set up an Urban Challenge Fund of ₹1 lakh crore to implement the proposals for cities as Growth Hubs as announced in earlier budget and this fund will finance up to 25 per cent of the cost of bankable projects. An allocation of ₹10,000 crore is proposed for 2025-26.
- For the development of at least 100 GW of nuclear energy by 2047, active partnership with the private sector will be made by making amendments to Atomic Energy Act and the Civil Liability for Nuclear Damage Act.
- Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of ₹20,000 crore will be set up.
- The government will develop a Maritime Development Fund with a corpus of ₹25,000 crore and this will be 49% contributed by Government and rest by Ports & Private Sector and the Shipbuilding Financial Assistance Policy will be revamped to address cost disadvantages.

INVESTING IN INNOVATION ~ DRIVING FUTURE GROWTH

- An allocation of ₹20,000 crores has been made to implement private sector driven Research, Development and Innovation Initiative.
- The Government will provide ten thousand fellowships for technological research in IITs and IISC under the PM Research Fellowship scheme
- The Government will setup 2nd Gene Bank with 10 lakh germplasm lines for future food and nutritional security along with National Geospatial Mission to develop foundational geospatial infrastructure and data.
- With an objective to setup National Digital Repository of Indian knowledge systems, the Government will implement Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries etc to cover more than 1 crore manuscripts.

FINANCIAL SECTOR REFORMS AND DEVELOPMENT

- The government aiming more and more Investment in India has increased the FDI limit for the insurance sector from 74 to 100 per cent for those companies which invest the entire premium in India.
- For enhancing the credit facilities, Public Sector Banks will develop 'Grameen Credit Score framework to serve the credit needs of SHG members and people in rural areas.
- With focus on Ease of Doing Business, procedures for speedy approval of company mergers will be rationalized and to develop the flexible, people-friendly and trust-based regulatory framework appropriate for the twenty-first century, four measures are proposed as follows:-

  a. High Level Committee for Regulatory Reforms - It will be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions.

  b. Investment Friendliness Index of States - It will be launched in 2025 to further the spirit of competitive cooperative federalism.

  c. FSDC Mechanism - This mechanism will be set up to evaluate impact of current financial regulations and subsidiary instructions.

  d. Jan Vishwas Bill 2.0 - In this Bill, the government will now bring up the Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

BUILDING A GLOBAL TOURISM & EXPORT NETWORK

- Till yet, UDAN has enabled 1.5 crore middle-class people to meet their aspirations for speedier travel and with such a great success a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.
- The Government plans to develop Top 50 tourist destination sites in the country in partnership with states including the Hotel Industry.
- The government aims to set up a digital public infrastructure, Bharat Trade Net (BTN) for international trade for trade documentation and financing solutions. Along with this, a national framework will be formulated as guidance to states for promoting Global Capability Centres in emerging Tier 2 cities.

Fiscal and Economic Overview

1.0%

ESTIMATED FISCAL DEFICIT

FOR 2024-25 – 4.8% (RE)

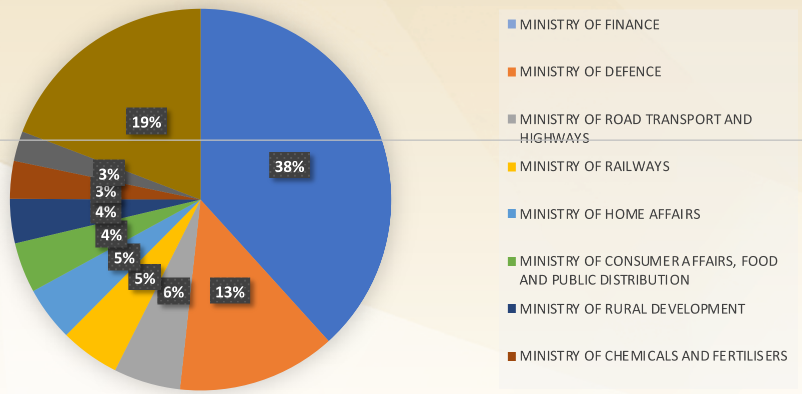
FOR 2025-26 – 4.4%

For pursuit of 'Viksit Bharat' the Focus is on 4 major areas, Annadata (Farmer), Garib (Poor), Yuva (Youth), Mahilayen (Women).

KEY ECONOMIC INDICATORS

- The Gross and Net Borrowing during FY 2024-25 are Estimated at ₹14.82 Lakh Crore and ₹11.54 Lakh Crore respectively.
- India's inflation will align towards the 4 per cent target in FY 2025-26. Core inflation (excluding food & energy) currently is 3.9 per cent.
- For every rupee in the government coffer, the biggest pie of 66 paise will come from direct and indirect taxes, and around 24 paise will come from borrowings and other liabilities, 9 paise from non-tax revenuelike disinvestment, and 1 paise from non-debt capital receipts, the Budget documents said. The significant up tick in both revenue and capital expenditures reflects strategic priorities in enhancing infrastructure and operational capabilities.

Budget Allocation-Ministry Wise %



ALLOCATION TO MAJOR SCHEMES:

- ₹ 2,03,000 Crore towards Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).
- ₹ 67,000 Crore towards Jal Jeevan Mission (JJM) / National Rural Drinking Water Mission.
- ₹ 63,500 Crore towards Pradhan Mantri Kisan Samman.
- ₹ 54,832 Crore towards Pradhan Mantri Awas Yojna-Grameen (PMAY-G).
- ₹ 41,250 Crore towards Samagra Shiksha.
- ₹ 86,000 Crore towards MGNREGA.
- ₹ 25,000 Crore has been allocated for setting up of Maritime Development Fund.

Direct Tax Proposals

The Finance Bill, 2025 has about 86 proposals for amending various provisions of the Income Tax Act, 1961 including Schedules forming part of the Act. The amendments are towards (i) ease of compliance; (ii) tax relief for middle class taxpayers; and (iii) increase in threshold limit for tax deduction at source provisions. The Hon'ble Finance Minister has also proposed to introduce the new Income Tax Act in a weeks time.

TAX RATES

- Proposed tax slabs and rates as per Section 115BAC(1A)(ii) of the Act ("New Regime") for an Individual/HUF/AOP/BOI/AJP for A.Y. 2026-27 is as follows:

Slabs of Total Income	Rate of Tax
Upto ₹4,00,000/-	Nil
From ₹4,00,001/- to ₹8,00,000/-	5 per cent
From ₹8,00,001/- to ₹12,00,000/-	10 per cent
From ₹12,00,001/- to ₹16,00,000/-	15 per cent
From ₹16,00,001/- to ₹20,00,000/-	20 per cent
From ₹20,00,001/- to ₹24,00,000/-	25 per cent
Above ₹ 24,00,001/-	30 per cent

- There are no changes proposed in rates of tax for Individual/HUF/AOP/BOI/AJP under old regime. Also, there are no changes proposed in tax rates for Co-operative Societies, Firms, Local Authorities and Domestic Companies.

Rebate under Section 87A (for Resident Individual)

- Increase in Rebate u/s 87A from ₹ 25,000/- to ₹60,000/- for Income up to ₹12 lacs. Such rebate u/s 87A will not be available on incomes chargeable at special rates (for eg. Capital gains u/s 111A, 112 etc.)

BUSINESS

Section 80-IAC- Extension of timeline for tax benefits to start-ups

- Time limit to avail tax benefits u/s 80-IAC to Start Ups extended from 01.04.2025 to 01.04.2030. This amendment will take effect from the 1st day of April 2025.

Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility.

- It is proposed to insert a new section 44BBD for non-residents providing services or technology to Indian electronics manufacturing facilities where 25% of the total receipts from such services will be deemed as profits, leading to an effective tax rate of less than 10% on gross receipt. *This amendment will be applicable from the 1st day of April 2026.*

Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination

- The proposal suggests that the Arm's Length Price (ALP) determined for an international or specified domestic transaction in a given year will also apply to similar transactions in the next two consecutive years. To implement this, some amendments have been made in section 155 of the Act.

This change will take effect from April 1, 2026.

Aligning Significant Economic Presence rules with Business Connection criteria

- It is proposed to amend the Explanation 2A of section 9 that Non-Resident's purchase of goods in India for export will not be considered as a Significant Economic Presence.

TDS/TCS

Omission of TCS u/s 206C(1H)

- To facilitate ease of doing business and reduce compliance burden on the taxpayers, it is proposed that TCS on sale of goods under section 206C(1H) of the Act will not be applicable from the 1st day of April, 2025.

Removal of higher TDS/TCS for non-filers of return of income

- To curb the difficulty for the deductor/collector for verifying whether returns have been filed by the deductee / collectee, resulting in application of higher rates of deduction/collection, it is proposed to omit section 206AB of the Act and section 206CCA of the Act. These amendments will take effect from the 1st day of April, 2025

Exemption from prosecution for delayed payment of TCS in certain cases

- The proposed amendment to Section 276BB exempts a person from prosecution for failing to pay Tax Collected at Source (TCS) if the tax is deposited before the due date for filing the quarterly statement under Section 206C(3). *These amendments will take effect from the 1st day of April, 2025.*

TDS threshold rationalization

- TDS provisions have various thresholds of amount of payment or amount of income, beyond which tax is required be deducted. The important charges as proposed are as follows–

  a. 194A - Interest other than Interest on securities

  (I) Increased from ₹ 50,000/- to ₹ 100,000 for senior citizen;

  (ii) Increased from ₹ 40,000/- to ₹ 50,000 in case of others when payer is bank, cooperative society and post office

  (iii) Increased from ₹5,000/- to ₹10,000/- in other cases

  b. 194-Dividend for an individual shareholder : Increased from ₹ 5,000/- to ₹10,000/-

  c. 194H - Commission or brokerage Increased from ₹15,000/- to ₹ 20,000/-

  d. 194-I Rent Increased from ₹2,40,000/- during the financial year to ₹50,000/- per month or part of a month

  e. 194J - Fee for professional or technical services or Royalty : Increased from ₹ 30,000/- to ₹50,000/-

These amendments will take effect from the 1st day of April, 2025.

ASSESSMENT PROCEEDINGS

Time Limit for completion of block assessment

- With effect from 01.02.2025, time limit for completion of block assessment is proposed to be made within Twelve Months (12 months) from the end of quarter in which the last of the authorizations for search or requisition has been executed.

Time limit to impose penalties rationalised

- The proposed amendment to Section 275 of the Act states that a penalty order must be passed within six months from the end of the quarter in which:

  a. The related proceedings are completed, or

  b. The appeal order is received by the Principal Commissioner or Commissioner, or

  c. A revision order is passed, or

  d. A penalty notice is issued.

  These amendments will take effect from the 1st day of April, 2025.

Power to Assessing Officer for imposition of penalty

- The proposal is to amend- Sections 271C, 271CA, 271D, 271DA, 271DB, and 271E to transfer the power to impose penalties from the Joint Commissioner to the Assessing Officer subject to the compliance of the provisions of Section 274(2).

  These amendments will take effect from the 1st day of April, 2025.

Extending the processing period of application seeking immunity from penalty and prosecution

Particulars	Current Provision u/s 270AA	Proposed Amendment
Time limit for application for immunity	Within 1 month from receiving the order	No Change
Processing Time	1 month from application receipt	Extended to 3 months

These amendments will take effect from the 1st day of April, 2025.

CHARITABLE TRUSTS

Clarity on 'specified violation' for cancellation of registration of trusts or institutions

- Section 12AB(4) allows the Principal Commissioner or Commissioner to cancel the registration of a trust or institution if specified violations are identified. It is proposed to amend the explanation to section 12AB(4) to provide that even an incomplete registration application will be considered as specified violation under this section. This amendment will take effect from April 1, 2025.

Period of registration of smaller trusts or institutions

- It is proposed to extend the validity of registration from 5 years to 10 years for trusts or institutions whose total income without giving effect to the provisions of section 11 and 12 of the Act, does not exceed ₹5 crores in each of the two previous years preceding the previous year in which such application is made. This amendment will take effect from April 1, 2025.

Rationalisation of persons specified u/s 13(3) for trusts or institutions

- The proposed amendment to Section 13(3) introduces the following changes, effective April 1, 2025:

  a. A person will be covered under clause (b) of Section 13(3) if their total contribution to a trust or institution

  -Exceeds ₹1 lakh in a financial year, or

  -Exceeds 10 lakh in total upto that year.

  b. Relatives of such contributors and Concerns where these contributors have a substantial interest will not be considered under Section 13(3). This amendment clarifies who qualifies as a significant contributor under Section 13(3). This amendment will take effect from April 1, 2025.

SALARY

- An amendment is proposed to Section 17 thereby allowing powers to prescribe rules to increase the income limit for employees so that amenities and benefits received by employees are not considered as perquisites. Employer-paid expenses for an employee's or their family member's medical treatment abroad are not treated as perquisites. These changes will take effect from April 1, 2026

HOUSE PROPERTY

Annual value of the self-occupied property

- The annual value of the 2 properties consisting of a house or any part thereof shall be taken as Nil, if the owner occupies it for his own residence or cannot actually occupy it due to any reason, as against the earlier provision wherein the value could be taken as Nil only if the owner occupies it or cannot occupy it due to employment, business, or profession elsewhere.

CAPITAL GAINS

Clarifying taxability of Income on Redemption of Unit Linked Insurance Policies (ULIP)

- Redemption of Unit Link Insurance Policy to which exemption is not available u/s 10(10D) will be considered a Capital Asset chargeable to tax as Capital Gains and will be classified as Equity Oriented Fund.

OTHERS

Obligation to Furnish Information on Crypto-Assets

1. Insertion of Section 285BAA – A new Section 285BAA is proposed to mandate reporting entities to furnish details of crypto-asset transactions to the income-tax authority. Key provisions include: (1) Reporting entities must submit crypto transaction details in a prescribed form, manner, and timeframe.

(2) The Central Government will set rules for registration, information maintenance, and due diligence to identify crypto users/owners.

2. Amendment to Section 2(47A) – Expanded Definition of Virtual Digital Assets (VDA)

- A new sub-clause (d) to section 2(47A) expands the definition of VDA to include any crypto-asset, whether or not already covered, that relies on cryptographically secured distributed ledger technology. These amendments will apply from April 1, 2026.

Rationalisation of provisions related to carry forward of losses in case of amalgamation

- The proposed amendment to Sections 72A and 72AA clarifies that accumulated losses of a predecessor entity, carried forward to a successor entity, can be set off for a maximum of eight assessment years from the year the loss was first computed for the original predecessor. This change aims to prevent indefinite carry-forward of losses through successive amalgamations and ensure losses are not utilized beyond the prescribed period.

Extending the time-limit to file the updated return

- It is proposed to amend section 139(8A) by extending the deadline for filing an updated return from 24 to 48 months after the relevant assessment year. Time limits for filing updated return and additional tax rates required to be

  - Upto 12 months from the end of the relevant Assessment Year - 25%

  - After 12 months upto 24 months from the end of the relevant Assessment Year - 50%

  - After 24 months upto 36 months from the end of the relevant Assessment Year - 60%

  - After 36 months upto 48 months from the end of the relevant Assessment Year - 70%

- Additionally, no updated return can be filed if a show-cause notice under section 148A has been issued after more than 36 months after the assessment year. In case where Order u/s. 148A(3) is passed by the Assessing Officer dropping the reassessment proceedings then assessee can update the ITR upto 48 months. *This amendment will take effect from the 1st day of April 2025.*

Indirect Tax Proposals

GST

Retrospective Reword of Definition:

- Pursuant to Safari Retreats verdict and recommendation of the 55th GST Council, section 17 (5) of the CGST Act is amended to substitute "plant or machinery" with "plant and machinery" retrospectively.

Unveiling the Track and Trace Mechanism:

- New Section 148A in the wake of digitalization of compliance processes & implementation of a new Track and Trace Mechanism for specified commodities.
- Section 122B inserted to provide penalty for the contraventions of provisions under Section 148A.

ISD Evolution

- Distribution of ITC by ISD in respect of inter-state supplies on reverse charge mechanism proposed to be implemented explicitly w.e.f 01/04/2025.
- An enabling clause is introduced to outline the conditions and restrictions for ISD's return filing process.

Exclusion of Vouchers from Time of Supply:

- Time of supply provisions in respect of Vouchers omitted.

Balancing the Scales: 10% Pre-Deposit for Penalty Cases

- Section 107(6) and 112(8) amended to provide mandatory pre-deposit for appeals (@ 10%) in case of penalty orders before Appellate Authority and Appellate Tribunal in case where demand is only for penalty and no tax.

Schedule III Overhaul:

- Retrospective amendment of Schedule III to provide that supply of goods warehoused in a SEZ or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services.
- To amend Explanation 2 to clarify the aforesaid clause.
- Insertion of Explanation 3 to define 'Special Economic Zone', 'Free Trade Warehousing Zone' and 'Domestic Tariff Area'.

Reduction in Liability: Post Confirmation of Recipient

- Tax adjustment (reduction in liability) on credit notes issued by supplier permitted only if the ITC availed by the recipient is reduced

Customs Act,1962

- Provisional Assessment: A new sub-section 1(B) is introduced to provide a definite time limit of 2 years for finalising provisional assessments, extendable by 1 year if sufficient cause is shown.
- Settlement Commission New Provisions are introduced to establish an interim board to handle pending applications before the Settlement Commission. The Interim Board will exercise the powers and functions of the Settlement Commission.

Tariff Changes

- Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDC rates on various products of footwear and textiles falling in the tariff heading 6402 - 6405 from Nil to 18.5%
- The First Schedule to the Customs Tariff Act, 1975 is amended toward manufacturing competitiveness and overall tariff rationalization following a similar reduction in 2023-24. After these changes, only eight tariff rates remain, including the zero rate.

TARIFF RATE CHANGES - INCREASE W.E.F. 02.02.2025

	Now (%)	Proposed (%)
Textile Sector -Knitted Fabrics	20/10	20 or Rs115/kg, which ever is higher
TARIFF RATE CHANGES W.E.F. 01.05.2025		
Waterproof Footwear with outer soles and Uppers of Rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes	35	20
Articles of Jewellery and parts thereof	25	20
Copper Waste and Scrap	2.5	Nil
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125	70
Liquefied Propane / Butane	15	2.5
Other structure andparts of structures of iron and steel	25	15
Lead waste and scrap / Zinc waste and scrap (BCD)	5	Nil

SECTORAL ANALYSIS

INFRASTRUCTURE

Building the Foundation for India Future: Infrastructure & Healthcare as the Key to unlock Economic Growth and Development. The evolution of infrastructure has been driven by concentrating economies through the following schemes:

Each infrastructure ministry will come up with a 3-year pipeline of projects to be implemented in Public Private Partnership, with states encouraged to do the same and access II PDF support, further the PM Gati Shakti portal will provide data and maps to assist private sector planning. Building on the success of the 2021 Asset Monetization Plan, the 2025-30 plan aims to reinvest ₹10 lakh crore into new projects, supported by refined regulatory and fiscal measures. Over that, ₹1.5 lakh crore is proposed for interest-free loans to states for capital expenditure and reform incentives. The Jal Jeevan Mission, which has provided tap water to 15 crore households (80% of rural India) since 2019, will be extended until 2028 to achieve 100% coverage and the focus will beon improving infrastructure quality and enhancing the operation and maintenance of rural water supply systems through community participation via the Jan Bhagidhari approach. An Urban Challenge Fund of ₹1 lakh crore will finance urban infrastructure projects, focusing on growth hubs and sanitation for which allocation of ₹10,000 crore is proposed for 2025-26. India will incentivize electricity distribution reforms and expand intra-state transmission capacity to improve the financial health and capacity of electricity companies The country aims to develop 100 GW of nuclear energy by 2047, with law amendments to encourage private sector participation. A ₹20,000 crore Nuclear Energy Mission will develop 5 indigenously-built Small Modular Reactors (SMRs) by 2033. The Shipbuilding Financial Assistance Policy will be revised to tackle cost challenges, including support for ship breaking through Credit Notes. Large ships will be added to the infrastructure harmonized master list (HML), and shipbuilding clusters will be developed to increase the range, categories and capacity of ships with a focus on skills and technology. A ₹25,000 crore Maritime Development Fund will be established for long-term financing of the maritime industry, with up to 49% government contribution and the remaining from ports and the private sector to enhance industry growth, foster competition, and improve global trade connectivity. The government will support the development of a Greenfield airport in Bihar, expand Patna airport & capacity, and develop a brownfield airport at Bihta.

AGRICULTURE & RURAL

Emphasising '**Agriculture as the 1st engine**' for India's development journey. the Union Budget 2025 introduced a range of measures to uplift farmer income, enhance crop productivity, and bolster rural infrastructure, triggering a surge in Agri-stocks.

A key focus is the ***Prime Minister Dhan-Dhaanya Krishi Yojana***, a programme targeting 100 low-productivity districts through sustainable agriculture practices, benefiting 1.7 crore farmers with enhancing productivity, promoting crop diversification, improving irrigation, boosting storage, and providing easier access to credit. Alongside, the ***Rural Prosperity and Resilience*** initiative will tackle underemployment in agriculture, fostering rural economic growth through skilling, investment, and technology, particularly for women, youth, and marginal farmers. Global and domestic best practices will be integrated, with technical and financial support from multilateral development banks, covering 100 developing Agri-districts in Phase-1. Furthermore, to achieve near self-sufficiency in pulses succeeded, with farmers increasing cultivation by 50% and government ensuring procurement and fair prices, leading to higher consumption. Furthermore, the National Mission on High Yielding Seeds will focus on developing climate-resilient and pest-resistant seeds which will increase agricultural productivity and promote sustainable farming.

BANKING / FINANCE / STARTUP

The Hon'ble Finance Minister, Nirmala Sitharaman, has unveiled a comprehensive plan for a major upgrade in Banking and Finance sector The 2025 Union Budget outlines several strategic measures aimed at promoting Start-ups and strengthening India's banking and financial sectors by promoting financial inclusion and encouraging investment and innovation.

Start up

The government is unveiling several initiatives to support startups, firstly a scheme offering loans of up to ₹2 crore to 5 lakh women, SC, and ST first-time entrepreneurs, aimed at fostering managerial and entrepreneurial capabilities .Secondly introducing Guarantee fees for loans ranging from ₹10-20 crore across 27 key sectors to 1%, facilitating enhanced credit access. A new ₹10,000 crore Fund of Funds, alongside an existing ₹10,000 crore allocation, will support Alternate Investment Funds (AIFs) with over ₹91,000 crore in commitments. Thirdly, ₹20,000 crore will be allocated for private sector-driven R&D, including the establishment of a Deep Tech Fund to catalyze the next wave of innovation. The Finance Minister has proposed that startups incorporated by April 1, 2030 can avail tax benefits under Section 80-IAC of Income Tax Act, thereby extending the deadline to 5 years from 3 years.

Banking

The Banking sector proposals have rural credit needs at its priority, India Post Payments Bank services will be expanded in rural areas, ensuring broader connectivity across India. Public Sector Banks will introduce a 'Grameen Credit Score' to support SHG members and meet rural credit needs. The PM SVANidhi scheme, which has benefited over 68Lakh street vendors, will be revamped to offer enhanced loans, UPI-linked credit cards with a ₹30,000 limit, and capacity-building support, providing relief from high-interest rates on formal sector. Further, the revamped Central KYC Registry, set to launch in 2025, will simplify the KYC process, with a streamlined system for periodic updates to ensure smoother implementation.

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