UNION BUDGET
2025-26
HIGHLIGHTS

BHARAT
GAIN
Bharat Growth And Inclusion Network

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SETTING THE CONTEXT

ECONOMIC SURVEY 2024 - 2025

The 2024-25 Economic Survey's analysis begins by indicating growth projections for India in contrast to the global forecast for the upcoming financial year. While the IMF forecasts a moderate global economic growth of 3.2% in 2024 and 3.3% in 2025, India continues to showcase strong economic resilience, with GDP growth projected at 6.4% for FY25. The Gross Value Added (GVA) is also expected to rise by 6.4%, driven by a 3.8% rebound in agriculture, supported by record Kharif production and increased rural demand. The industrial sector is anticipated to expand by 6.2%, led by robust growth in construction, electricity, gas, water supply, and other utilities. Meanwhile, the services sector remains the primary driver of economic activity, growing at 7.2%, with financial services, real estate, professional services, public administration, and defence playing key roles.

A notable highlight in the economic survey is the performance of India's trade sector, which has displayed remarkable resilience and reached significant milestones despite global challenges. After a decline in FY20 due to the economic slowdown and the COVID-19 pandemic, exports rebounded strongly in FY22, hitting record levels in FY23. This upward trend persisted in FY24, with total exports of goods and services reaching $602.6 billion in the first nine months of FY25, reflecting a 6% year-on-year increase. Imports during the same period amounted to $682.2 billion, marking a 6.9% rise and indicating stable domestic demand. However, the trade deficit widened from $69.7 billion in April-December 2023 to $79.5 billion in FY25. While merchandise exports saw a slight moderation, services exports grew by 11.6%, boosting net services receipts from $120.1 billion in FY24 to $ 131.3 billion in FY25. Despite global uncertainties, India successfully expanded its export markets, particularly in Africa, Latin America, and Asia. Products such as optical items, cranes, lifts, and medical-scientific instruments experienced significant growth, reaching new destinations including Zimbabwe, Tanzania, Jordan, Honduras, and Cameroon.

Riding the momentum, India's services sector maintains a strong foothold in global trade. Its share in global services exports has more than doubled, rising from 1.9% in 2005 to 4.3% in 2023. In telecommunications, computer, and information services, India holds a 10.2% share of the global export market, ranking as the second-largest exporter worldwide, showcasing its expertise in IT outsourcing, software development, and digital services. The 'Other Business Services' sector also plays a significant role, accounting for 7.2% of the global market and ranking third, driven by India's strengths in consulting and professional services. Enhancing logistics efficiency remains a key focus to support India's manufacturing and export growth. Investments in logistics hubs, infrastructure development, and supply chain enhancements are in line with the government's National Logistics Policy. The integration of digital solutions, such as the paperless e-BRC system, has streamlined trade processes, reduced costs for exporters, and provided MSMEs in e-commerce with operational benefits. To further support exporters, particularly MSMEs, the Directorate General of Foreign Trade (DGFT) introduced the 'Trade Connect e-Platform,' facilitating access to new markets and comprehensive trade resources.

At the same time, foreign direct investment (FDI) in India saw a resurgence in FY25, with gross inflows increasing from $47.2 billion in the first eight months of FY24 to $55.6 billion in the same period of FY25, reflecting a 17.9% year-on-year growth. Long-term FDI inflows have surpassed $1 trillion from April 2000 to September 2024, further strengthening India's position as a preferred global investment destination. The services sector remained the top recipient, accounting for 19.1% of total equity inflows in the first half of FY25, followed by computer software and hardware (14.1%), trading (9.1%), and non-conventional energy (7%). Despite concerns about FDI repatriation, investor confidence remains strong, as seen in private equity-backed exits, which increased to $19.5 billion from January to September 2024, up from $18.3 billion in the previous year. India ranks high in greenfield project announcements and international project finance deals, reaffirming its appeal to global investors.

KEY HIGHLIGHTS OF THE ECONOMIC SURVEY 2024 - 2025

- India has maintained **steady economic growth**, with **real GDP projected to expand by 6.4% in FY25**, aligning with the decadal average.
- Real Gross Value Added (GVA) is also **expected to grow by 6.4% in FY25**, reflecting continued economic momentum.
- The agriculture sector is **projected to rebound with 3.8% growth in FY25.**
- The industrial sector is estimated to **expand by 6.2% in FY25.**
- The services sector is expected to **grow at 7.2%**, driven by **financial, real estate, professional services, public administration, and defence**.
- India’s services exports grew by **12.8% during April–November FY25**, up from 5.7% in FY24.
- Retail headline inflation **eased from 5.4% in FY24 to 4.9% in April–December 2024**.
- Food inflation, measured by the CFPI, rose from **7.5% in FY24 to 8.4% in FY25** due to higher prices of vegetables and pulses.
- India’s consumer price inflation is **expected to align with the 4% target by FY26**, as per RBI and IMF.
- States' revenue expenditure grew by **12% YoY from April to November 2024**, with subsidies and liabilities **increasing by 25.7% and 10.4%**, respectively.
- Gross non-performing assets (NPAs) in banks **declined to a 12-year low of 2.6%** of gross loans and advances.
- Gross FDI inflows revived in FY25, rising from **$47.2 billion in FY24 to $55.6 billion, a 17.9% YoY increase.**
- India’s foreign exchange reserves rose to **$704.9 billion in September 2024** before moderating **to $634.6 billion by January 2025**.
- The unemployment rate for individuals aged 15+ declined from **6% in 2017-18 to 3.2% in 2023-24**.
- Railway connectivity improved with **2031 km of new tracks commissioned** and **17 new pairs of Vande Bharat trains** introduced.
- Port capacity enhancements reduced average container turnaround time at major ports from **48.1 hours in FY24 to 30.4 hours in FY25**.

KEY HIGHLIGHTS OF THE ECONOMIC SURVEY 2024 - 2025

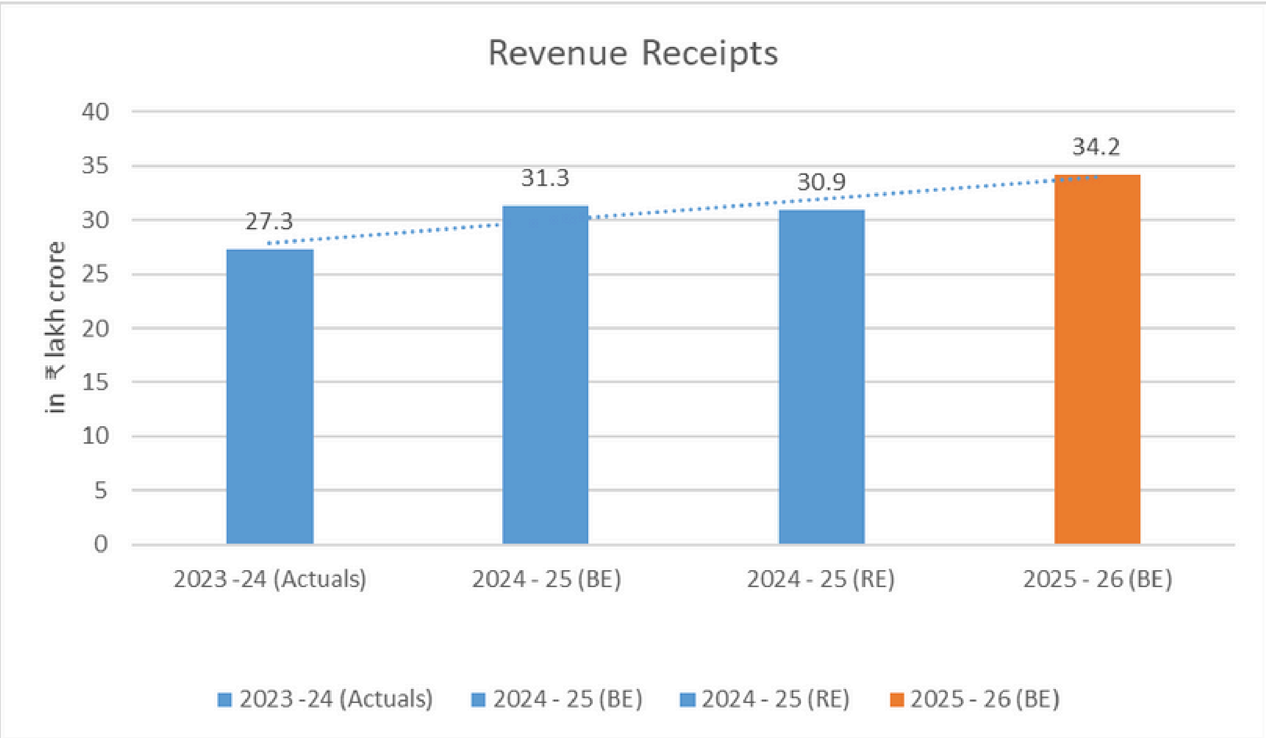
- Government spending on social services **grew at a CAGR of 15% from FY21 to FY25.**
- The share of government health expenditure **increased from 29% to 48%** over the period.
- MSMEs continue to face regulatory challenges, restricting their growth and access to capital. Reforms like **PAN 2.0 and the Jan Vishwas Act 2023** aim to simplify compliance and ease business operations. Further regulatory amendments are being considered to enhance the ease of doing business.
- Infrastructure development **remains steady across rail, road, air, and ports**, improving connectivity and logistics efficiency.
- The agriculture sector **recorded 3.5% growth in Q2 FY25**, driven by policy support and digital initiatives. Government schemes like **Per Drop More Crop** and **e-NAM** promote efficiency and sustainable farming. Higher MSPs and irrigation investments aim to boost productivity and farmer income.
- Self-employment and labour force participation have increased, **reflecting a shift in work patterns**. **Structured employment opportunities are stabilizing**, while casual labour continues to decline.

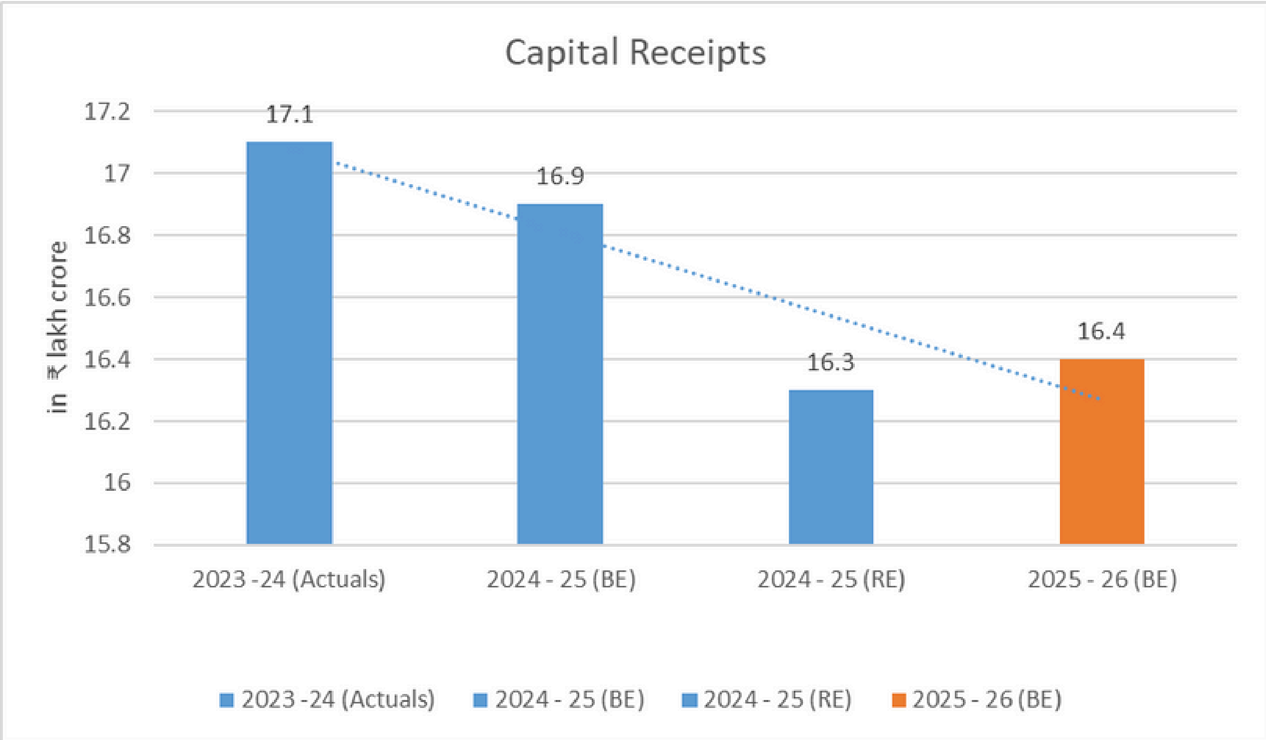
PART I: OVERVIEW

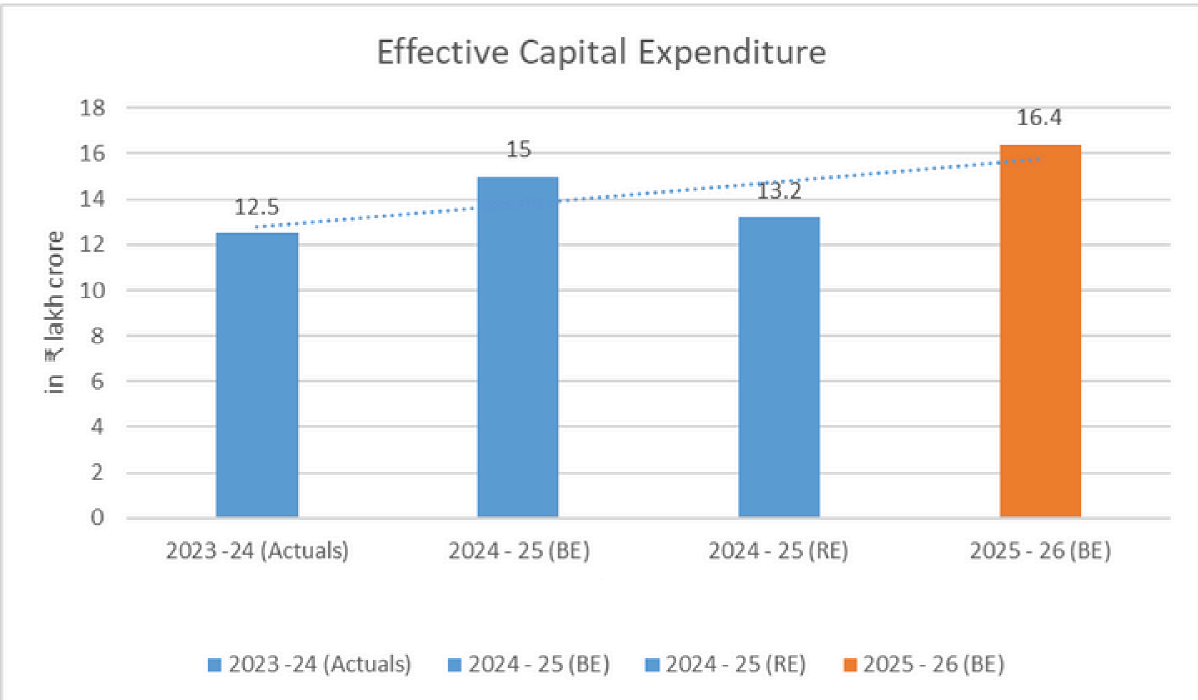
KEY BUDGET INDICATORS

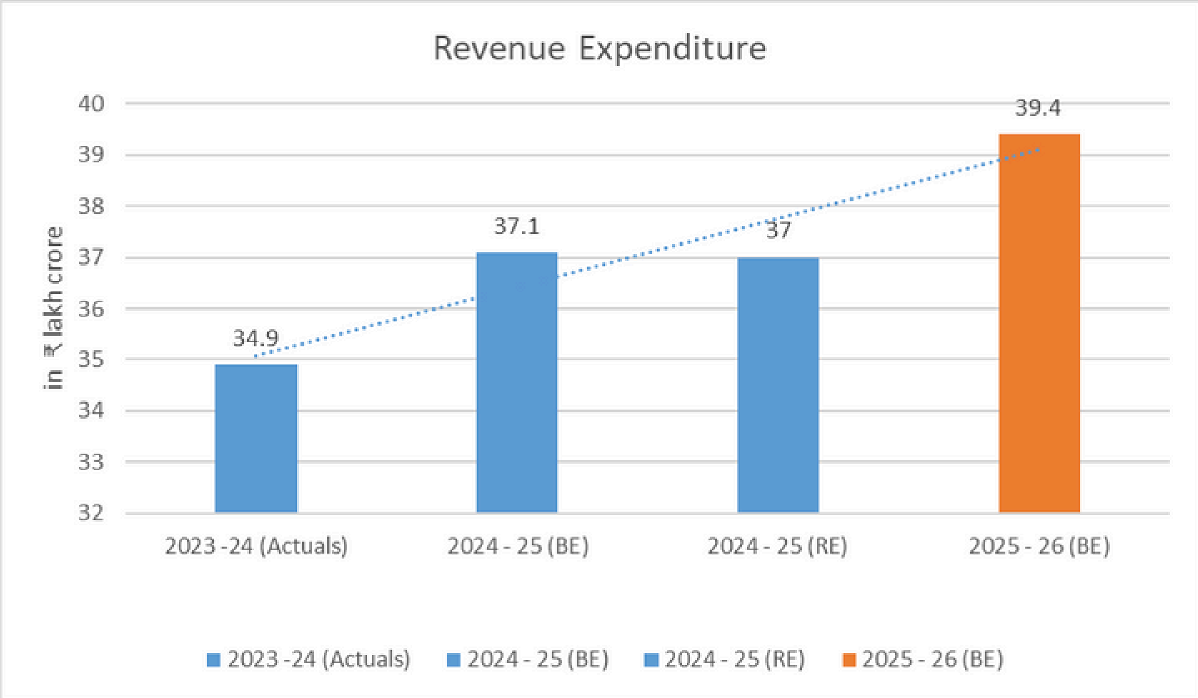
The Revised Estimate for 2024-25 indicates total receipts (excluding borrowings) of ₹31.47 lakh crore, with net tax receipts at ₹25.57 lakh crore. The total expenditure is estimated at ₹47.16 lakh crore, of which ₹10.18 lakh crore is allocated for capital expenditure. The fiscal deficit for the year is projected to be 4.8% of GDP.

For 2025-26, the Budget Estimates suggest total receipts (excluding borrowings) of ₹34.96 lakh crore, with net tax receipts at ₹28.37 lakh crore. The total expenditure is expected to be ₹50.65 lakh crore, and the fiscal deficit is projected at 4.4% of GDP. To finance this deficit, net market borrowings are estimated at ₹11.54 lakh crore, with gross borrowings expected to reach ₹14.82 lakh crore.

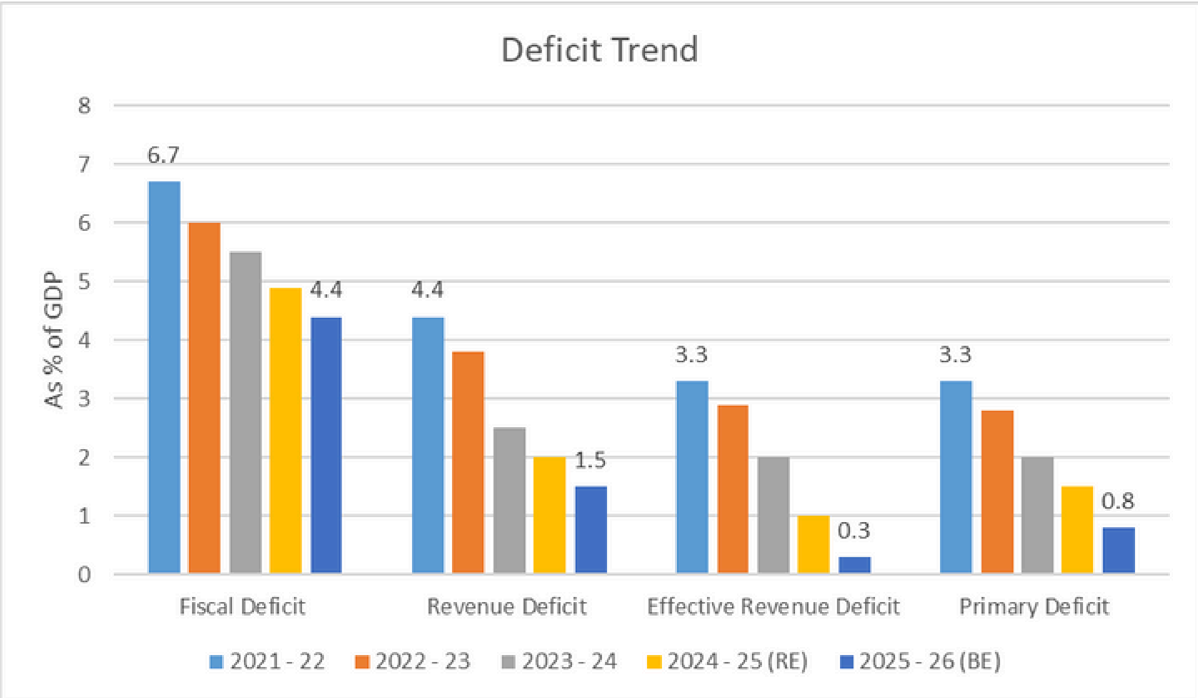



Capital Receipts
in ₹ lakh crore
17.2
17
16.8
16.6
16.4
16.2
16
15.8
17.1
16.9
16.3
16.4
2023 -24 (Actuals)
2024 - 25 (BE)
2024 - 25 (RE)
2025 - 26 (BE)
2023 -24 (Actuals)
2024 - 25 (BE)
2024 - 25 (RE)
2025 - 26 (BE)


Effective Capital Expenditure
in ₹ lakh crore
18
16
14
12
10
8
6
4
2
0
12.5
15
13.2
16.4
2023 -24 (Actuals)
2024 - 25 (BE)
2024 - 25 (RE)
2025 - 26 (BE)
2023 -24 (Actuals)
2024 - 25 (BE)
2024 - 25 (RE)
2025 - 26 (BE)



Revenue Expenditure
in ₹ lakh crore
40
39
38
37
36
35
34
33
32
34.9
37.1
37
39.4
2023 -24 (Actuals)
2024 - 25 (BE)
2024 - 25 (RE)
2025 - 26 (BE)



Deficit Trend
As % of GDP
8
7
6
5
4
3
2
1
0
6.7
4.4
4.4
1.5
3.3
0.3
3.3
0.8
Fiscal Deficit
Revenue Deficit
Effective Revenue Deficit
Primary Deficit
2021 - 22
2022 - 23
2023 - 24
2024 - 25 (RE)
2025 - 26 (BE)

Themes & Priorities

The Finance Minister began her speech with reference to the Telugu proverb, "*Desamante Matti Kaadoi, Desamante Manushuloi*," which serves as a strategic way to emphasize the central role of people in the country's development. By beginning with this quote, she reinforced the theme of inclusivity and human-centered progress that runs throughout her Budget speech. The message suggests that economic growth and development are not solely dependent on resources or land, but on the empowerment and well-being of the people, which aligns with the government's broader vision of a Viksit Bharat.

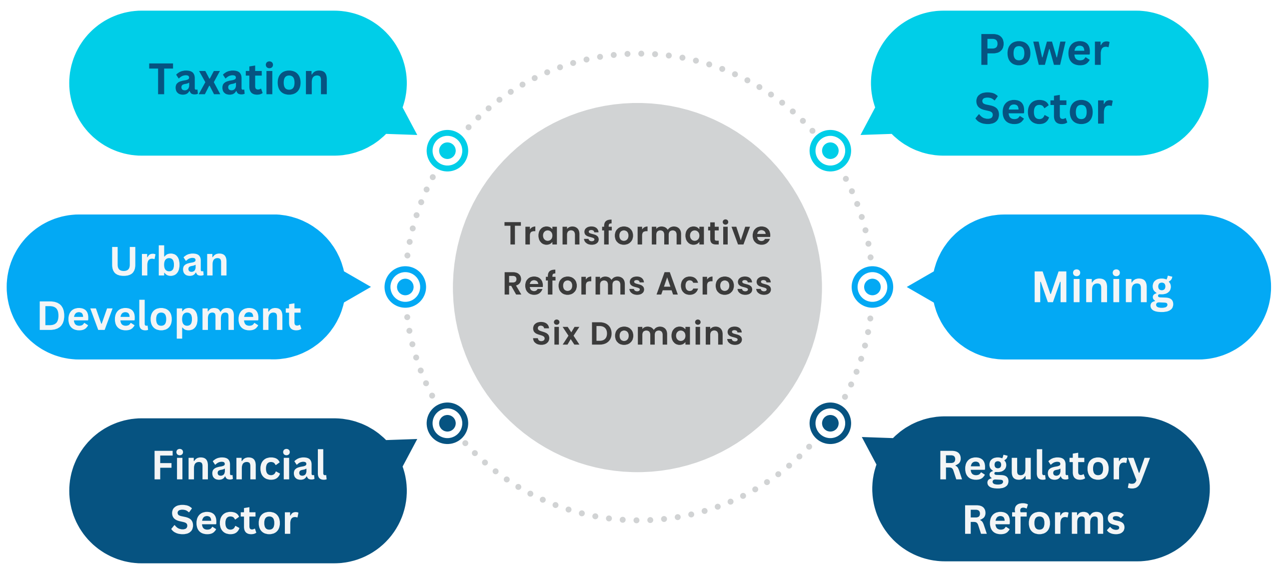
The theme of this Budget focuses on a balanced growth trajectory that emphasizes agriculture, MSMEs, investments, and exports as the four engines driving the nation forward, with reforms serving as the fuel. With a clear vision for a Viksit Bharat—zero poverty, quality education, healthcare access, skilled labour, women in economic activities, and a thriving agricultural sector—the government aims to position India as a global leader.

The government has announced a series of initiatives under the 'Agriculture as the 1st Engine' vision to drive rural prosperity, enhance agricultural productivity, and ensure self-sufficiency in key commodities. These programs focus on improving irrigation, promoting sustainable practices, enhancing credit availability, boosting research and development, and strengthening value chains. With a special emphasis on pulses, cotton, fruits, vegetables, fisheries, and urea production, these measures aim to empower farmers and improve their incomes while addressing food security and climate resilience.

The Budget prioritizes improving the ease of doing business through key reforms designed to reduce regulatory hurdles and streamline processes. Measures include the Investment Friendliness Index for states, regulatory simplifications under the Jan Vishwas Bill 2.0, a revamped Central KYC Registry, BharatTradeNet for trade facilitation, and a Partial Credit Enhancement Facility for infrastructure financing.

Simultaneously, there appears to be a strategic focus on Bihar, reflecting the government's political priorities, given that the Bihar State elections are due to be held in October/November 2025. Moreover, the Janata Dal United (JDU) is a key coalition partner for the Bharatiya Janata Party (BJP) as a part of the National Democratic Alliance (NDA) at the centre, and 'Mahagathbandhan' coalition in Bihar. In line with this, the Finance Minister announced several infrastructure projects and other food processing and agriculture-linked schemes. For instance, the government announced the setting up of a Makhana Board and National Institute of Food Technology, to improve production, processing, and marketing of Makhana, and skill development, entrepreneurship, and employment opportunities, respectively. With respect to infrastructure, the government announced a greenfield airport for Bihar, and a Western Koshi Canal Project in Mithilanchal region of the state.

Additionally, the budget emphasizes sustainability through targeted measures that foster growth in clean tech and energy sectors. Tax exemptions discussed earlier on critical materials i.e. for EV batteries and solar cells, are designed to boost domestic manufacturing capabilities and reduce reliance on imports. In addition to supporting Clean Tech Manufacturing, the proposed Nuclear Energy Mission and reforms in the power sector aim to ensure long-term energy security and sustainable development.



PART II: TAXATION

DIRECT TAXES

In her Union Budget 2025 speech, Finance Minister announced that under the new direct tax regime, individuals earning up to ₹12 lakh (excluding special rate income) will have no tax liability due to slab rate reductions and a rebate. A taxpayer earning ₹12 lakh will save ₹80,000, while those earning ₹18 lakh and ₹25 lakh will benefit by ₹70,000 and ₹1,10,000, respectively. Additionally, TDS and TCS have been reduced and rationalized to support small taxpayers. Further tax relief measures aim to enhance ease of doing business, fostering a more business-friendly environment.

Proposed New Regime of Income Tax

SL NO.	PREVIOUS TAX REGIME (FY 2024 - 25) DECISION POINT		NEW TAX REGIME (FY 2025 - 2026)	
1	Total Income	Rate of Tax (%)	Total Income	Rate of Tax (%)
2	0 - ₹3 lakh	Nil	0 - ₹4 lakh	Nil
3	₹3 lakh - ₹7 lakh	5	₹4 lakh - ₹8 lakh	5
4	₹7 lakh - ₹10 lakh	10	₹8 lakh - ₹12 lakh	10
5	₹10 lakh - ₹12 lakh	15	₹12 lakh - ₹16 lakh	15
6	₹12 lakh - ₹15 lakh	20	₹16 lakh - ₹20 lakh	20
7	Above ₹15 lakh	30	₹20 lakh - ₹24 lakh	25
8	-	-	Above ₹24 lakh	30

Under the current tax regime, individuals earning up to ₹7 lakh are exempt from income tax due to a rebate under Section 87A, which provides relief to lower-income taxpayers by reducing their tax burden. The rebate is calculated as the lower of the total tax payable or a fixed amount, such as ₹25,000, based on the existing framework. In the budget, this benefit has been expanded to individuals earning up to ₹12 lakh, making the rebate proportional to the tax payable. As a result, their tax liability, up to the eligible rebate amount, will now be waived, offering significant tax savings.

Model Calculation of Rebate upto ₹12 lakhs

SL NO.	INCOME (₹)	TAX PAYABLE UNDER PREVIOUS REGIME (₹)	TAX PAYABLE UNDER NEW REGIME (₹)	REBATE BENEFIT (FULL)	FINAL TAX PAYABLE(₹)
1	8 lakh	30,000	20,000	20,000	0
2	10 lakh	50,000	40,000	40,000	0
3	12 lakh	80,000	60,000	60,000	0
4	16 lakh	1,70,000	1,20,000	0	1,20,000

Rationalising TDS, TCS and other tax benefits

Under the current tax regime, individuals earning up to ₹7 lakh are exempt from income tax due to a rebate under Section 87A, which provides relief to lower-income taxpayers by reducing their tax burden. The rebate is calculated as the lower of the total tax payable or a fixed amount, such as ₹25,000, based on the existing framework. In the budget, this benefit has been expanded to individuals earning up to ₹12 lakh, making the rebate proportional to the tax payable. As a result, their tax liability, up to the eligible rebate amount, will now be waived, offering significant tax savings.

TDS

- The TDS exemption limit on interest income for senior citizens has been doubled from ₹50,000 to ₹1 lakh, providing greater financial relief.
- The annual exemption limit for TDS on rental income has been increased from ₹2.40 lakh to ₹6 lakh, reducing tax deductions for small landlords.
- The provision for higher TDS rates will now apply only in cases where the taxpayer does not have a PAN, ensuring fairer tax deductions.

TCS

- The threshold for tax collection on remittances under the Liberalised Remittance Scheme (LRS) has been raised from ₹7 lakh to ₹10 lakh, easing tax compliance for individuals sending money abroad.
- Tax collection at source (TCS) has been removed for education-related remittances when funded by a loan from a specified financial institution, reducing the financial burden on students.
- The requirement for TCS on transactions related to the sale of goods is proposed to be omitted, simplifying tax compliance for businesses.
- Delayed TCS payments will no longer be penalized if made by the due date of filing, aligning with recent relaxations for TDS compliance.

Other tax benefits

- A presumptive taxation regime will be introduced for non-residents providing services to resident companies involved in setting up or operating electronics manufacturing facilities, ensuring simplified tax compliance.
- A safe harbour provision has been established to offer tax certainty for non-residents storing components for supply to designated electronics manufacturing units.
- To further support startups, the period of incorporation eligible for tax benefits under Section 80-IAC has been extended by five years, allowing startups incorporated before April 1, 2030, to avail the benefit.
- The sunset dates for IFSC exemptions, deductions, and relocations have been extended to March 31, 2030, including tax relief on insurance, capital gains, dividends, treasury transactions, and fund relocations.

INDIRECT TAXES

Finance Minister outlined measures to rationalize the tariff structure and correct duty inversion to strengthen domestic manufacturing, enhance value addition, boost exports, facilitate trade, and provide relief to the public. As part of a comprehensive review of customs and tariff structures, several tariff rates, surcharges, and cess were removed to enhance the Ease of Doing Business. In the July 2024 Budget, she proposed eliminating seven tariff rates, reducing the total to eight, including the 'zero' rate. To maintain effective duty incidence, appropriate cess will be applied, limiting it to one per item, and the Social Welfare Surcharge will be exempted on 82 tariff lines subject to a cess.

Drugs/Medicines

- To provide relief to patients with cancer, rare diseases, and severe chronic illnesses, the Finance Minister proposed exempting 36 lifesaving medicines from Basic Customs Duty (BCD) and adding six to the concessional 5% duty list, along with exemptions on bulk drugs used for their manufacture
- 37 more medicines and 13 new patient assistance programs will be included under the full BCD exemption for medicines supplied free of cost through pharmaceutical company initiatives.

Critical Minerals

- Customs duty exemption extended to cobalt powder, waste, lithium-ion battery scrap, lead, zinc, and 12 other critical minerals to strengthen domestic manufacturing and create jobs. This is in line with the exemptions announced during the July 2024 budget, to encourage industrial activities in critical sectors.

Textiles

- To boost domestic production of technical textiles like agro-textiles, medical textiles, and geo-textiles at competitive prices, customs duty has been exempted on advanced weaving machines, including Rapier Looms (below 650 meters per minute) and Air Jet Looms (below 1000 meters per minute), used in the textile industry.
- The Basic Customs Duty (BCD) on knitted fabrics under nine tariff lines will be revised from the existing "10% or 20%" to "20% or ₹115 per kg, whichever is higher."

Electronic Goods and Telecom

- It is proposed to increase the Basic Customs Duty (BCD) on Interactive Flat Panel Displays (IFPD) from 10% to 20% and reduce the BCD on Open Cell and other components to 5% in line with the government's Make in India initiative
- It is proposed to exempt the Basic Customs Duty (BCD) on parts of Open Cells for LCD/LED TVs, further reducing it from the previous 2.5% to boost manufacturing.
- The BCD on Carrier Grade ethernet switches is reduced from 20% to 10% to align with Non-Carrier Grade switches, preventing classification issues. This will encourage investment in the telecom sector, improving India's digital infrastructure.

Lithium Ion Battery

- It is proposed to exempt customs duty on 35 capital goods for EV battery manufacturing and 28 for mobile phone battery manufacturing to boost domestic lithium-ion battery production.

Other sectors

- The exemption of Basic Customs Duty (BCD) on raw materials, components, and consumables for shipbuilding is extended for another ten years, supporting long-term industry growth. Extending this to shipbreaking will make the sector more competitive, boosting India's position in global maritime trade.
- The export period for handicrafts is extended from six months to one year, with a three-month extension if needed, giving artisans more flexibility. Adding nine more duty-free inputs will help increase exports, supporting India's traditional craftsmanship on a global scale.
- Full BCD exemption on Wet Blue leather will encourage domestic processing and job creation, while removing the 20% export duty on crust leather will help small tanners expand their exports. Strengthening the leather industry will enhance India's global trade presence and employment opportunities.
- The BCD on Frozen Fish Paste (Surimi) is reduced from 30% to 5%, and on fish hydrolysate for fish and shrimp feed from 15% to 5%, lowering input costs. This will boost seafood exports and strengthen India's position in the global seafood market.

PART III: SECTOR-WISE BREAK-UP

CRITICAL SECTORS

Critical Minerals & Mining Reforms

- Following up on the custom duty exemptions announced in the July 2024 budget, the government will fully exempt cobalt powder and waste, the scrap of lithium-ion
- battery, Lead, Zinc and 12 more critical minerals. Other custom duty exemptions on Electronic goods, Lithium-ion batteries, are mentioned in the section on Taxation.
- The government will introduce a policy for the recovery of critical minerals from tailings i.e. leftover residue and by-products of mining operations.

National Critical Mineral Mission (NCMM)

Days before the Union Budget 2025, the Union Cabinet approved the NCMM with an outlay of ₹16,300 crore and an expected ₹18,000 crore investment from PSUs to boost India's self-reliance in high-tech, clean energy, and defence sectors. It will fast-track exploration, mining, processing, and recycling of critical minerals like lithium, cobalt, and rare earth elements, promote asset acquisition abroad, and set up mineral processing parks.

State Mining Index

The budget alludes to the institution of an index and other reforms in the mining sector to include even minor minerals, while encouraging knowledge transfer of best practices.

Investments in Research & Development, AI, Innovation

- To encourage scientific temper among school children, the government will set up 50,000 Atal Tinkering Labs in government schools over a span of 5 years, along with broadband connectivity to all government secondary schools.
- Building on the momentum from 2023 when the government announced the setting up of three centres of excellence (CoE) in Artificial Intelligence for health, agriculture, and sustainable cities, a new CoE will be set up with a focus on education. A CoE in Artificial Intelligence for education will be set up with a total outlay of ₹500 crore.
- To provide a fillip to the private-sector driven Research, Development and Innovation initiative announced during the post-election budget in July 2024, the government allocated ₹20,000 crore.
- Under the PM Research Fellowship scheme, the government will provide 10,000 fellowships for technological research in India's premier institutes like the IITs, IISc, etc., over a period of five years.
- To boost support to investments into R&D and next generation startups, the government will also explore the setting up of a Deep Tech fund of funds.

Other Missions

- **National Geospatial Mission**
  The government will institute this mission to develop foundational geospatial infrastructure and data management. It will use PM Gati Shakti to facilitate modernisation of land records, design of infrastructure projects, among others.
- **National Framework for GCCs**
  To assist states with their Global Capacity Centres (GCC) policies, the goverment will formulate a framework to promote the setting up of GCCs in Tier-2 towns and cities. The framework will offer guidance on industry collaboration, infrastructure development, boosting talent, and regulatory reforms.

HEALTHCARE & EDUCATION

- **Expansion of Medical Education and Cancer Care Initiatives**
  Over the past decade, UG and PG medical education seats have been increased by 130%, and 10,000 additional seats will be added in the coming year. Day Care Cancer Centres are set to be established in all district hospitals, with 200 centres planned for 2025-26.
- **Medical Education and Cancer Care Infrastructure Expansion**
  A 130% increase in medical education seats has been achieved in the past 10 years, with 75,000 additional seats set to be added over the next five years. In addition, 200 Day Care Cancer Centres will be established in district hospitals by 2025-26.
- **Promoting Medical Tourism**
  Medical tourism and "Heal in India" initiatives will be promoted through private sector partnerships, capacity building, and easier visa norms to enhance India's position as a global healthcare destination.
- **Atal Tinkering Labs**
  Fifty thousand Atal Tinkering Labs will be set up in government schools over the next 5 years to foster curiosity, innovation, and a scientific temper among young minds. Additionally, broadband connectivity will be provided to all government secondary schools and primary health centers in rural areas under the Bharatnet project, improving access to education and healthcare services.
- **Bharatiya Bhasha Pustak Scheme**
  To be implemented to provide digital Indian language books for school and higher education. This initiative aims to help students better understand their subjects by offering resources in their native languages.
- **National Centres of Excellence for Skilling & AI Education**
  Five National Centres of Excellence for skilling will be established, offering global expertise in curriculum design, trainer training, and skills certification to equip youth for "Make for India, Make for the World" manufacturing. Simultaneously, a ₹500 crore allocation for a Centre of Excellence in Artificial Intelligence for education will focus on leveraging AI to enhance educational systems and improve learning experiences nationwide.

WOMEN

- **Scheme for First-Time Women Entrepreneurs**
  A new scheme will offer loans of up to ₹2 crore for women, Scheduled Castes, and Scheduled Tribes entering entrepreneurship. This aims to empower underrepresented communities by providing financial backing and capacity-building support, fostering economic independence and business innovation among women and marginalized groups.
- **Women in Economic Activities**
  Targeting 70% women's participation in economic activities, the budget supports micro-enterprises, cooperatives, and skill training programs. This will help women engage in self-employment and small-scale businesses, fostering financial independence and gender inclusion in India's economic growth.
- **Saksham Anganwadi and Poshan 2.0**
  Nutritional support will be provided to more than 8 crore children, 1 crore pregnant women and lactating mothers across the country, and about 20 lakh adolescent girls in aspirational districts and the north-east region. The government suggests that the cost norms for nutritional support will be suitably revised.

MSMEs

- **Support for MSME E-commerce Exports**
  The government will assist MSMEs in navigating international trade barriers and expanding into global markets. This includes support for compliance with export regulations, digital trade facilitation, and easier access to financing, strengthening India's position in global e-commerce.
- **Revision in classification criteria for MSMEs**
  To help the MSMEs, the government will enhance the investment and turnover limits for their classification, raising them to 2.5 and 2 times, respectively. This will support the growth by enabling higher efficiencies of scale, technological upgradation, and improved access to capital, boosting their confidence to expand and generate employment opportunities for the youth.

₹ IN CRORE	INVESTMENT		TURNOVER	
	Current	**Revised**	**Current**	**Revised**
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

- **Enhancement of credit availability with guarantee cover**
  The credit guarantee cover will be enhanced to improve access to credit: For Micro and Small Enterprises, it will rise from ₹5 crore to ₹10 crore; For Startups, from ₹10 crore to ₹20 crore, with reduced guarantee fees. Exporter MSMEs will receive a cover of up to ₹20 crore.

- **Credit Cards for Micro Enterprises**
  Customised Credit Cards with a ₹5 lakh limit will be introduced for micro-enterprises registered on the Udyam portal, providing easier access to credit. In the first year, 10 lakh cards will be issued, helping micro-enterprises manage finances and support their growth.

INDUSTRY

Manufacturing & Industry

- **Manufacturing Mission**
  The government will establish a National Manufacturing Mission with an outlay of ₹100 crore to advance the "Make in India" initiative, targeting small, medium, and large industries. The Mission will focus on five key areas: improving ease and cost of doing business, building a future-ready workforce for in-demand jobs, fostering a vibrant MSME sector, ensuring technology availability, and promoting the production of quality products. Special emphasis will also be given to clean tech manufacturing.

- **Support for Toy Industry**
  The toy sector will be revitalised through the development of clusters and manufacturing ecosystems. This initiative aims to boost the production of high-quality, locally made toys that reflect India's culture, innovation, and sustainable manufacturing capabilities, enhancing exports and employment.

- **Footwear and Leather Sector Enhancement Scheme**
  The productivity, quality, and competitiveness of India's footwear and leather sector will be enhanced through the implementation of a focus product scheme. Design capacity, component manufacturing, and machinery for producing non-leather quality footwear, as well as leather products, will be supported. It is expected that 22 lakh jobs will be created, with a turnover of ₹4 lakh crore and exports surpassing ₹1.1 lakh crore.

- **National Institute of Food Technology**
  A new institute will be established in Bihar to strengthen food processing industries. This will enhance value addition to agricultural produce, create employment, and boost entrepreneurship in food technology, helping farmers and small businesses improve productivity and income.

Ease of Doing Business

- **Investment Friendliness Index of States**
  A competitive ranking of states will be introduced to attract domestic and foreign investments. By evaluating states on infrastructure, regulations, and investor support, the index will drive improvements in business environments and policy-making, promoting economic growth at the regional level.

- **Regulatory Reforms**
  Over 100 legal provisions will be decriminalized under Jan Vishwas Bill 2.0, reducing compliance burdens and improving business operations. The focus is on streamlining licenses, reducing bureaucratic hurdles, and enhancing ease of doing business to attract global investments.

- **High-Level Committee for Regulatory Reforms**
  A dedicated committee will review and modernise outdated non-financial sector regulations. This reform will eliminate redundant procedures, improve compliance efficiency, and promote business-friendly policies, ensuring a more flexible and innovation-driven economic environment.

- **Revamped Central KYC Registry**
  The government will simplify financial compliance by rolling out a revamped Central KYC Registry. This initiative will streamline verification processes for businesses and individuals, making banking and financial transactions faster, more secure, and transparent.

- **Partial Credit Enhancement Facility**
  NaBFID will introduce a credit enhancement facility to support corporate bonds for infrastructure projects. This move will improve liquidity, attract private investments, and support large-scale infrastructure development, fueling economic growth and job creation.

- **BharatTradeNet – Digital Public Infrastructure**
  A unified platform, BharatTradeNet, will streamline trade documentation and financing, improving logistics efficiency for e-commerce and FMCG sectors. By integrating digital solutions, the initiative will enhance transparency, reduce costs, and facilitate global trade partnerships for Indian businesses.

Start-ups

- **New Fund of Funds for Startups**
  A fresh ₹10,000 crore Fund of Funds will provide financial support to Indian startups. This initiative will encourage innovation, promote risk-taking, and provide the necessary capital for entrepreneurs to scale their ventures.

- **Significant Credit Enhancement**
  The credit guarantee cover for startups will be increased from ₹10 crore to ₹20 crore. This expansion will enable more startups to access loans, grow their businesses, and contribute to employment and economic development.

Tourism

- **Tourism for Employment-led Growth**
  Top 50 tourist destinations will be developed in partnership with states through a challenge mode, with states providing land for key infrastructure. Hotels in these destinations will be included in the infrastructure Harmonized Master List (HML).

- **Facilitating Employment-led Growth**
  To facilitate employment-led growth in the tourism sector, several measures will be implemented. Intensive skill development programmes will be organized for youth, including training in Institutes of Hospitality Management. MUDRA loans will be provided to encourage the establishment of homestays. Travel and connectivity to tourist destinations will be enhanced to make them more accessible. States will be incentivized through performance-linked rewards for effective destination management, focusing on tourist amenities, cleanliness, and marketing. Additionally, streamlined e-visa facilities and visa-fee waivers will be introduced for certain tourist groups, simplifying the travel experience.

Labour, Employment, & Skilling

- **Gig Worker Welfare**
  Identity cards and registration on the e-Shram portal will be arranged for gig workers. The government also announced that healthcare would be provided to gig workers under the PM Jan Arogya Yojana. This measure is expected to assist nearly 1 crore gig workers.
- **Urban Livelihoods Scheme**
  A new scheme will support informal urban workers through financial aid, skill development programs, and business facilitation services. This is intended to enhance job security and income levels for millions in unorganized sectors.
- **PM SVANidhi Expansion**
  Street vendors will receive enhanced loan facilities with UPI-linked credit cards and digital payment integration. This will improve financial inclusion, enable better working capital management, and support entrepreneurship among small vendors.

ENERGY & SUSTAINABILITY

Clean Tech Manufacturing

- **National Mission for Manufacturing**
  The National Mission for Manufacturing, with an outlay of ₹100 crore, will focus on advancing the "Make in India" initiative. This will include strong support for Clean Tech manufacturing to enhance domestic production capabilities in solar PV cells, EV batteries, motors, electrolyzers, wind turbines, high-voltage transmission equipment, and grid-scale batteries.

Nuclear Energy

- **Nuclear Energy Mission for Viksit Bharat**
  The development of at least 100 GW of nuclear energy by 2047 is crucial for India's energy transition. Amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be pursued to foster private-sector collaboration.
- **Small Modular Reactors (SMR) Development**
  A Nuclear Energy Mission with an outlay of ₹20,000 crore will be established for the research and development of Small Modular Reactors (SMRs), with at least 5 indigenously developed SMRs operational by 2033.

Power Sector

- **Incentives for Electricity Distribution Reforms**
  Electricity distribution reforms and augmentation of intra-state transmission capacity will be incentivized to improve the financial health and capacity of electricity companies.

- **Additional Borrowing for States**
  States will be allowed an additional borrowing of 0.5% of GSDP, contingent on the successful implementation of these reforms.

AGRICULTURE

Special Schemes for Productivity Enhancement

- **Prime Minister Dhan-Dhaanya Krishi Yojana (PMDDKY) - Developing Agri Districts Programme**
  100 districts with low productivity are targeted to have agricultural output boosted through crop diversification, sustainable practices, and improved storage. Efforts are also focused on enhancing irrigation and credit access, with 1.7 crore farmers being benefitted.

- **Mission for Aatmanirbharta in Pulses**
  The government will focus on pulses like Tur, Urad, and Masoor, with climate-resilient seeds, improved yield, and better storage being provided to boost self-sufficiency. The produce can be sold through NAFED and NCCF for four years, and a ₹1000 crore allocation has been announced to meet the stated goals.

- **Comprehensive Programme for Vegetables & Fruits**
  Production and processing of vegetables and fruits will be enhanced by involving FPOs and cooperatives, leading to the creation of a sustainable value chain. ₹500 crore has been allocated to improve supply chain efficiency and remunerative pricing.
- **National Mission on High Yielding Seeds**
  Pest-resistant, climate-resilient seeds are being developed, with over 100 new varieties being commercially made available. ₹100 crore has been allocated for R&D and seed distribution.
- **Mission for Cotton Productivity (5-year duration)**
  The government will promote extra-long staple cotton varieties to enhance sustainability and productivity, aligning with the 5F vision for textiles. ₹500 crore has been allocated to boost the sector.

Rural Agricultural Development and Infrastructure

- **Rural Prosperity and Resilience Programme**
  Underemployment in agriculture is being addressed by focusing on skilling and technology, benefitting rural women, young farmers, and landless families. Phase 1 will cover 100 developing agri-districts.
- **Makhana Board in Bihar**
  Makhana production, processing, and marketing will be supported through FPOs. The government allocated ₹100 crore to develop a sustainable Makhana industry.
- **Fisheries Development**
  The government will focus on sustainable practices in the Exclusive Economic Zones (EEZs) and high seas, particularly in Andaman & Nicobar and Lakshadweep Islands, to enhance India’s global competitiveness in fisheries.

Agricultural Finance and Infrastructure Development

- **Enhanced Credit through KCC**
  The loan limit under the Modified Interest Subvention Scheme has been increased from ₹3 lakh to ₹5 lakh, allowing farmers to receive greater financial support and easier access to credit for agricultural activities.
- **Urea Plant in Assam**
  A new urea plant in Namrup, Assam, with an annual capacity of 12.7 lakh metric tons, will be established. This initiative is part of India's strategy for self-reliance in urea production, which will help meet the country's growing demand for fertilizers and reduce dependency on imports.

INFRASTRUCTURE & SUPPLY CHAINS

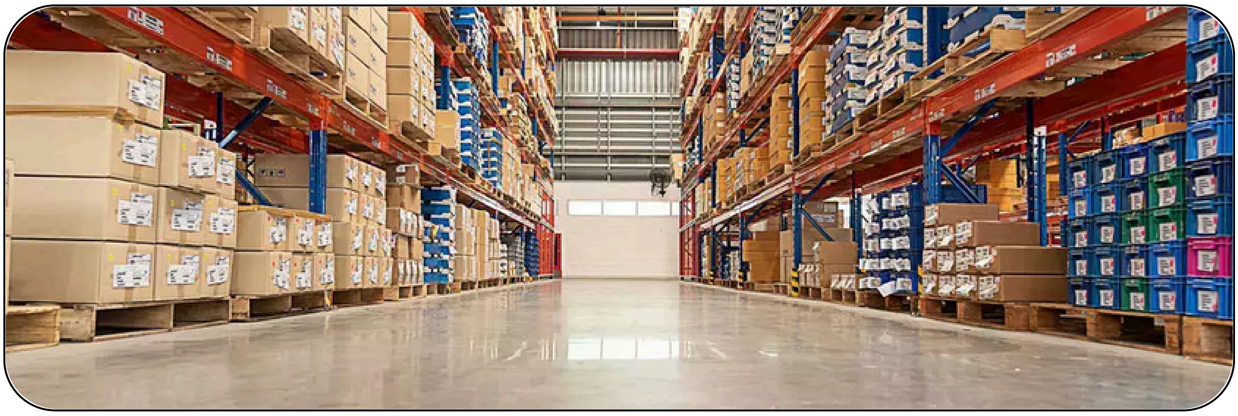
Urban Infrastructure and Livelihoods

- **Strengthening Urban Livelihoods**
  The government is focusing on assisting urban poor and vulnerable groups with a scheme that helps them improve incomes, achieve sustainable livelihoods, and enhance quality of life.
- **PM SVANidhi Scheme Revamp**
  The PM SVANidhi scheme, benefiting over 68 lakh street vendors, will be revamped with higher loan amounts, UPI-linked credit cards with a ₹30,000 limit, and added capacity-building support.
- **Urban Sector Reforms**
  The government will incentivize reforms in urban governance, municipal services, land, and planning, to enhance urban development and create more sustainable cities.
- **Urban Challenge Fund**
  A ₹1 lakh crore fund will be set up to support 'Cities as Growth Hubs,' urban redevelopment, and water & sanitation projects. It will finance 25% of eligible project costs, with at least 50% funding through bonds, loans, or public-private partnerships.

- **UDAN - Regional Connectivity Scheme**
  The UDAN scheme will be modified to connect 120 new destinations, aiming for 4 crore passengers in the next 10 years, along with supporting smaller airports and helipads in North East and other underserved regions.

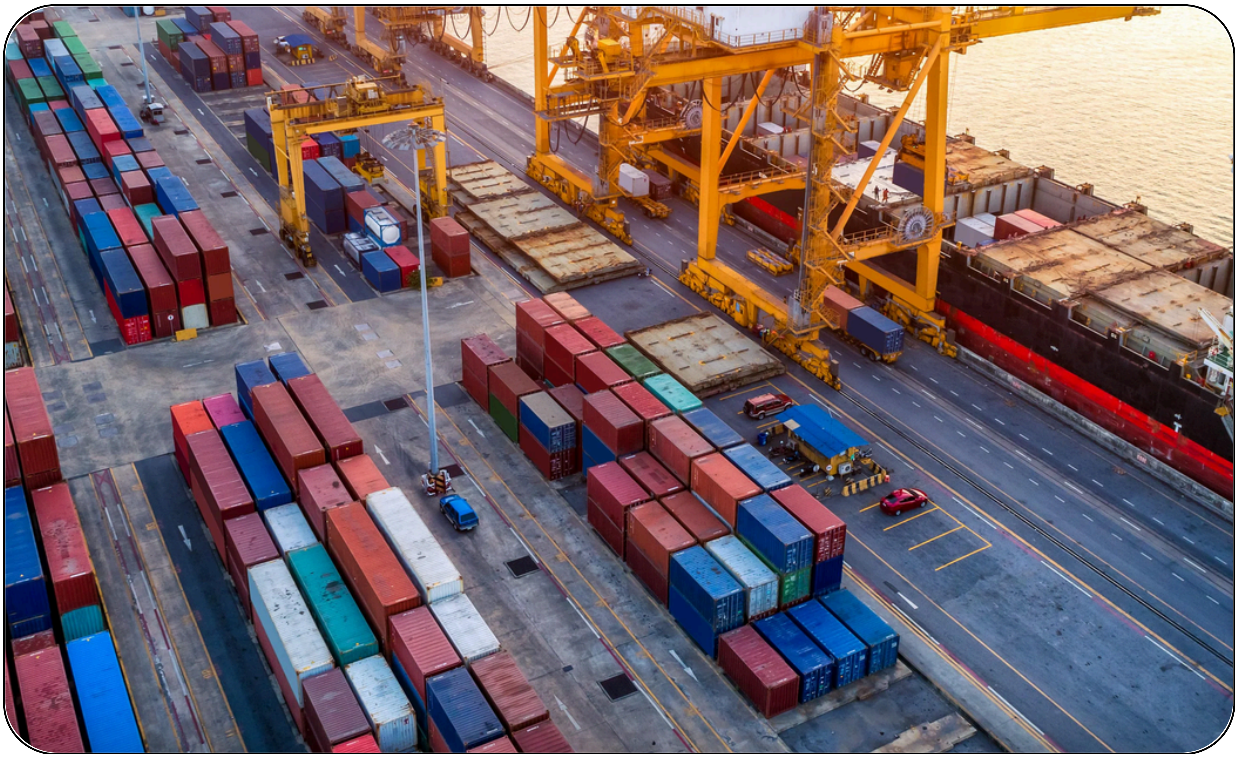
Infrastructure Development and Maritime Initiatives

- **Jal Jeevan Mission**
  The Mission will be extended until 2028 with an increased budget, aiming for 100% coverage of rural households with potable tap water connections, while ensuring infrastructure quality and operation & maintenance through citizen participation.
- **Shipbuilding Financial Assistance Policy**
  The policy will be revamped to address cost disadvantages in shipbuilding, including credit notes for shipbreaking in Indian yards and the promotion of shipbuilding clusters for technology and capacity development.
- **Maritime Development Fund**
  A ₹25,000 crore fund will be set up to support long-term financing for the maritime industry, with the government contributing up to 49%, while the remaining funds will come from ports and the private sector.
- **Western Koshi Canal Project in Mithilanchal (Bihar)**
  Financial support will be allocated for the Western Koshi Canal ERM project, benefiting farmers across 50,000 hectares of land in the Mithilanchal region, enhancing irrigation and agricultural productivity.
- **Greenfield Airport in Bihar**
  Financial support will be provided for the development of a greenfield airport in Bihar, along with expansion of Patna airport capacity and development of a brownfield airport at Bihta.
- **Public-Private Partnership in Infrastructure**
  A 3-year pipeline of infrastructure projects for PPP mode will be developed by each infrastructure-related ministry, with states encouraged to do the same. Support will be provided through the India Infrastructure Project Development Fund (IIPDF) scheme for preparing PPP proposals.



- **Warehousing facility for Air Cargo**
  Upgradation of infrastructure and warehousing for air cargo, including high-value perishable horticulture produce, will be facilitated by our government. Cargo screening and customs protocols will be streamlined and made user-friendly.

- **Support to States for Infrastructure**
  ₹1.5 lakh crore will be allocated to provide 50-year interest-free loans to states for capital expenditure, with incentives for undertaking reforms in infrastructure development.
- **Asset Monetization Plan 2025-30**
  The second Asset Monetization Plan for 2025-30 will be launched, building on the success of the previous plan. ₹10 lakh crore will be reinvested into new projects, with regulatory and fiscal measures fine-tuned to support the plan.
- **SWAMIH Fund 2**
  SWAMIH has completed 50,000 dwelling units in stressed housing projects, and another 40,000 units will be finished in 2025. SWAMIH Fund 2, a ₹15,000 crore blended finance facility, will aim to complete an additional 1 lakh units with contributions from the government, banks, and private investors.



- **PM Gati Shakti Data for Private Sector**
  Access to data and maps from the PM Gati Shakti portal will be provided to the private sector to assist in project planning and execution, facilitating better decision-making and smoother implementation of PPP projects.

FINANCE

Banking and Financial Services

- The Foreign Direct Investment (FDI) limit in the insurance sector will be increased from 74% to 100%, allowing full foreign ownership. However, this higher limit will be applicable only to companies that reinvest the entire premium collected within India, ensuring domestic economic benefits.
- India Post Payment Bank will expand its services in rural areas to improve financial inclusion, making banking and digital transactions more accessible to remote communities. This initiative aims to bridge the rural-urban financial divide and enhance economic participation.
- The National Bank for Financing Infrastructure and Development (NaBFID) will introduce a 'Partial Credit Enhancement Facility' for corporate bonds focused on infrastructure projects. This will improve credit ratings for such bonds, attract more investments, and accelerate infrastructure development in India.
- Public Sector Banks will establish a 'Grameen Credit Score' framework to assess the creditworthiness of Self-Help Group (SHG) members and rural individuals. This will facilitate better access to credit, empowering small entrepreneurs and rural businesses.
- The revamped Central KYC (Know Your Customer) Registry will be introduced in 2025 to simplify and streamline the KYC process. Additionally, a more efficient system for periodic KYC updates will be implemented to enhance compliance and ease financial transactions.
- To encourage long-term foreign investment in India, the current model Bilateral Investment Treaty (BIT) will be revised to be more investor-friendly while aligning with the 'First Develop India' approach. This will enhance India's attractiveness as a preferred investment destination.
- An Investment Friendliness Index for States will be introduced in 2025 to promote healthy competition among states, encouraging them to adopt investor-friendly policies and improve their business environments. The government suggests that the initiative supports the principle of cooperative and competitive federalism.
- Under the Financial Stability and Development Council, a new mechanism will be established to assess the impact of existing financial regulations and subsidiary instructions. This will ensure a more dynamic and responsive regulatory framework, supporting sustainable economic growth.

BHARAT GAIN

Bharat Growth And Inclusion Network