

MONEY ALLOCATED FOR PROJECTS

Research, Development, and Innovation

An allocation of ₹20,000 crore to implement a private sector-driven initiative, fostering advancements in technology and innovation.

National Manufacturing Mission

A comprehensive mission covering small, medium, and large industries to further the "Make in India" initiative, promoting domestic manufacturing and job creation.

Urban Challenge Fund

An Urban Challenge Fund of ₹1 lakh crore has been announced to implement proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities', and 'Water and Sanitation', with an allocation of ₹10,000 crore proposed for 2025-26.

Prime Minister Dhan-Dhaanya Krishi Yojana

This program aims to develop 100 agricultural districts, potentially benefiting 1.7 crore farmers.



Budget 2024-25 is the first full budget of the Modi 3.0 government, following the decisive mandate in the April-May 2024 elections. Since his first term in 2014, Modi has focused on boosting economic growth through strategic capital expenditure, including record investments in infrastructure, clean energy, & digital transformation. The government continues to push for lower tax rates, ease of doing business, and targeted welfare schemes to support the middle class and underprivileged. The Finance Minister in Budget 2025 has emphasized infrastructure, tax reforms, agriculture, digital economy, and social welfare.

In a nutshell

HOUSING

- SWAMIH Fund-2: A new ₹15,000 crore fund to complete 1 lakh stalled housing units, providing relief to homebuyers whose investments are stuck. This fund aims to expedite the completion of stalled projects and stabilize property prices.

AGRI/FARMERS

- Makhana Board in Bihar: To be set up to improve production, processing, value addition, and marketing and organisation of FPOs.

HEALTHCARE

- Ayushman Bharat Expansion: ₹4,200 crore to enhance health coverage for vulnerable populations.
- Day Care Cancer Centres in all District Hospitals

EDUCATION

- Bharatiya Bhasha Pustak Scheme: provide digital form Indian language books for school and higher education
- Atal Tinkering Labs: 50 Thousand Labs to be set up in government schools in next 5 years.
- Expansion of medical education: 10,000 additional seats with the goal of adding 75,000 seats in the next 5 year.

START-UPS

- The government has extended tax benefits for startups by one more year, now available until March 31, 2025.
- The budget proposes tax incentives for startups focusing on Artificial Intelligence.

FISCAL DEFICIT

- FM Nirmala Sitharaman announced that the fiscal deficit for FY25 is projected at 4.8% of GDP, with a target of 4.4% for FY26. For FY25, the number was revised to 4.8% from 4.9% of the GDP.

CAPITAL EXPENDITURE

- The capital expenditure was lowered to Rs 10.18 lakh crore from Rs 11.11 lakh crore estimated earlier for FY25.

INFRASTRUCTURE

- With an outlay of ₹ 1.5 lakh crore, 50-year interest free loans to states for capital expenditure and incentives for reforms.
- UDAN: Regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.

NOMINAL GDP

- Budget 2025-26 has set a nominal GDP growth target of 10.1% for FY26, slightly above the 9.7% achieved in the previous fiscal.

GOVERNMENT ESTIMATES

- The government's gross borrowing target for FY26 was revised upwards 5.7% to Rs 14.82 lakh crore. Earlier, it was set at Rs 14.01 lakh crore for FY25.
- The revised estimate of the total receipts other than borrowings is Rs 31.47 lakh crore of which the net tax receipts were at Rs 25.57 lakh crore.

ADDITIONS TO EXEMPTIONS

- 36 lifesaving drugs/medicines in exempted list
- 6 medicines in 5% duty list
- 37 medicines and 13 new patient assistance programme in exempt list

MISCELLANEOUS

- Greenfield airports, Financial support for the Western Koshi Canal ERM Projects
- Focus Product Scheme for Footwear & Leather Sectors: scheme is expected to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.
- Asset Monetization Plan 2025-30: launched to plough back capital of ₹ 10 lakh crore in new projects.

New Taxation Regime

On February 1, 2025, Finance Minister Nirmala Sitharaman presented the Union Budget, unveiling significant tax reforms aimed at benefiting the middle class and stimulating economic growth. Key highlights include an increase in the basic exemption limit under the new tax regime to ₹12 lakh, exempting individuals with annual incomes up to this threshold from income tax.

The government has also revised tax slabs to alleviate the tax burden on middle and higher-income groups. For senior citizens, the TDS threshold on interest income has been doubled from ₹50,000 to ₹1 lakh, while the annual TDS limit on rent has been raised from ₹2.4 lakh to ₹6 lakh. Additionally, the threshold for tax on remittances under the RBI's Liberalized Remittance Scheme has increased from ₹7 lakh to ₹10 lakh.

To ease compliance for small charitable trusts, the registration period has been extended from 5 years to 10 years.



Taxpayers can now claim the annual value of two self-occupied properties as nil without conditions, and the time limit for filing updated income tax returns has been extended from two to four years. Furthermore, withdrawals from the National Savings Scheme made on or after August 29, 2024, will be tax-exempt, promoting savings and liquidity.

A new scheme will also be introduced to determine the arm's length price of international transactions over a 3 year block period, with expanded safe harbour rules to minimize litigation & enhance certainty in international taxation. Tax experts anticipate that the new regime will attract more individuals due to higher tax-free limits & lower rates, although the removal of certain

UPDATED SLABS

Rebate limit increased from 7 lakh to 12 lakh a year

- Till Rs 4 lakh = NIL
- Rs 4 - Rs 8 lakh = 5%
- Rs 8 - Rs 12 lakh = 10%
- Rs 12 - Rs 16 lakh = 15%
- Rs 16 - Rs 20 lakh = 20%
- Rs 20 - Rs 24 lakh = 25%
- Rs 24 lakh & above = 30%.

tax-saving deductions may impact long term savings. Overall, these measures aim to increase disposable income for the middle class, boost consumer demand and support economic growth, benefiting those with minimal investments & those seeking a simplified tax system. However, taxpayers with significant deductions, such as large housing loans or medical expenses may still prefer the old tax regime.

INDIA INC SPEAKS

"I feel around 25-30 million personal taxpayers will save around 100,000 rupees (\$1,155.59) annually. It will boost discretionary capital spends like buying a vehicle. Taxpayers will have better repaying capacity for EMIs."

KAMAL BALI | PRESIDENT, VOLVO INDIA

"We welcome this budget which is focused on long term sustained economic growth. The specific focus on rural prosperity and agriculture, coupled with reforms in the Personal Income Tax, is likely to have a positive effect on the Auto Industry, and will help in creating demand."

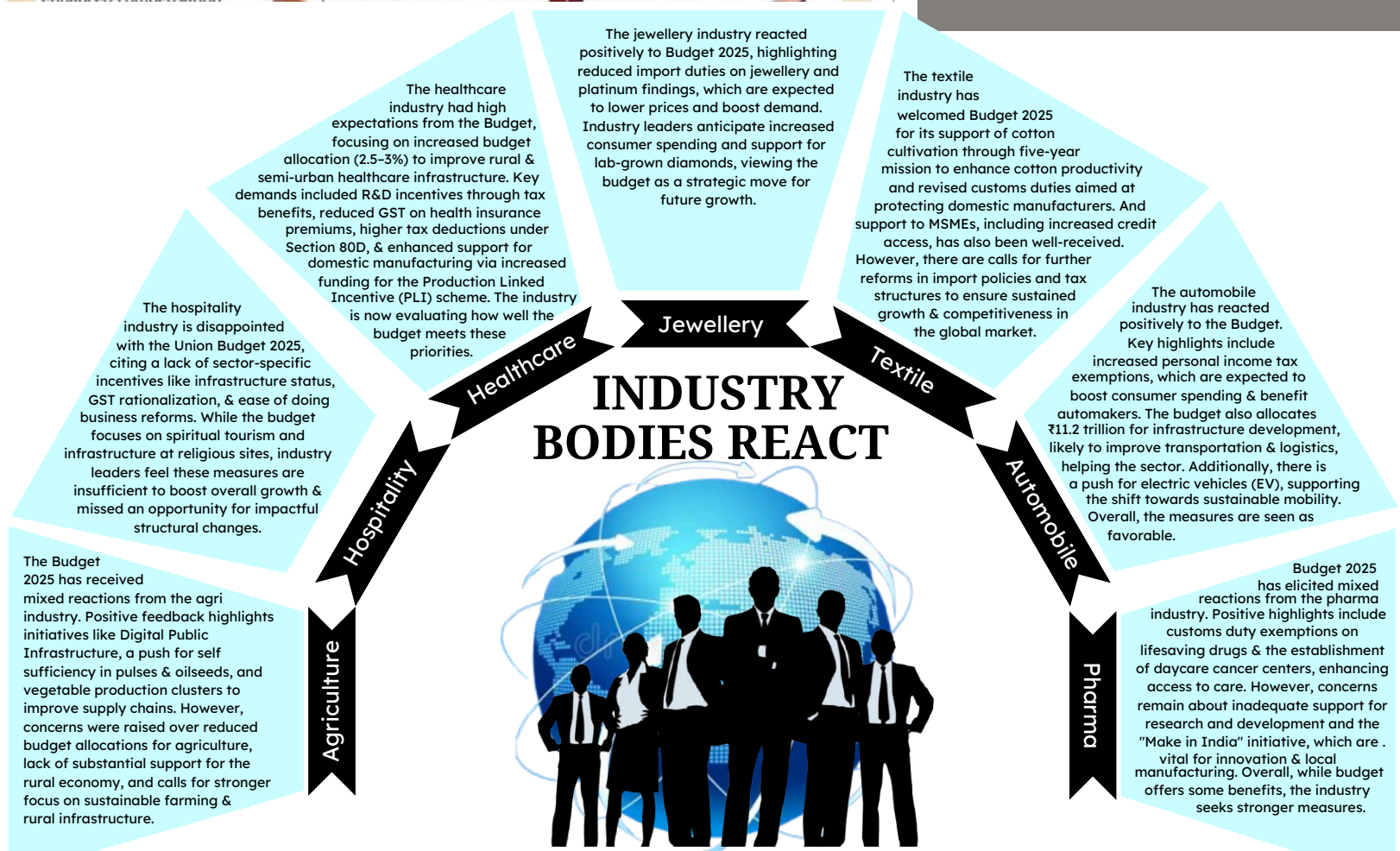
SHAILESH CHANDRA | PRESIDENT, SIAM

"By offering policy support and executing roadmaps for small, medium, and large industries, the government is paving the way for a more robust manufacturing ecosystem. Extending the PLI scheme to include toys and footwear will attract investments, improve efficiency, and make Indian companies globally competitive."

ARJUN RANGA | CEO, N. RANGA RAO PVT. LTD.

TDS, TCS Rejig to Ease Business Compliance

Increase in TDS & TCS limits		
	CURRENT THRESHOLD	PROPOSED THRESHOLD
Rent	₹2.4 lakh	₹6 lakh
Interest other than interest on securities	(i) ₹50,000 (senior citizen) (ii) ₹40,000 (others when payer is bank, cooperative society, post office) (iii) ₹5,000 (other cases)	(i) ₹1 lakh (senior citizen) (ii) ₹50,000 (others when payer is bank, cooperative society, post office) (iii) ₹10,000 (other cases)
Interest on securities	NIL	₹10,000
Remittance under LRS for education financed through loan	0.5% over ₹7 lakh	NIL
Remittance under LRS and overseas tour program package	₹7 lakh	₹10 lakh
Dividend for individual shareholder	₹5,000	₹10,000
Income from mutual fund units or specified company/undertaking	₹5,000	₹10,000
Winning prize from lottery, crossword puzzle, horse race	Over ₹10,000 for combined income in a financial year	₹10,000 for single transaction
Fee for professional/technical services	₹30,000	₹50,000
Income by way of enhanced remuneration	₹2.5 lakh	₹5 lakh



Winners

Middle Class

The biggest winners are the middle-class taxpayers. The new tax slabs introduced by Finance Minister Nirmala Sitharaman provide significant relief, especially for individuals earning up to Rs 12 lakh annually. This move is expected to boost consumption and help the economy.

Farmers

Farmers received several benefits, including the 5-year mission to facilitate improvements in productivity and sustainability of cotton farming and short term loans for 7.7 crore farmers, fishermen, & dairy farmers with enhanced loan of ₹5 lakh.

Startups

The budget includes measures to support startups such as a 10-year tax break for startups founded before April 1, 2030, and a ₹100 bn fund to support new ventures fostering further growth in innovation and technology.

Consumers

The budget exempts basic customs duty on 36 life-saving medications and reduces customs duty on various goods, making them cheaper for consumers.

Education and Skill Development

Higher education and skill development received a boost with plans to expand capacity at top engineering institutes and establish Centers of Excellence in Artificial Intelligence (AI).

Losers

Railways

The railway sector did not receive significant new allocations, which disappointed stakeholders expecting more investments for modernization and expansion.

Defense

Despite an increase in allocation, shares of defense companies sold off due to unmet expectations.

Large Corporations

India Inc, particularly large corporations, did not see major benefits from the budget.

Fertilizer Sector

The government cut its fertilizer subsidy to ₹1.68 lakh crore for FY26, lower than the revised estimates of ₹1.71 lakh crore. This led to a decline in fertilizer stocks.

Oil Marketing Companies

The budget did not provide any compensation for LPG under-recoveries for India's Oil Marketing Companies (HPCL, BPCL, and Indian Oil), which amounted to nearly ₹30,000 crore for the first nine months of the financial year.

Homeowners to Receive Tax Relief on Second Property

How Much Tax Will You Save?	
Assuming ₹20,000 per month rent from second property....	
Expected annual rent	₹2,40,000
Less: Standard deduction (30%)	₹72,000
Net taxable income	₹1,68,000
Applicable tax rate	30%
Tax on deemed rent	₹50,400
Add: Cess (4%)	₹2,016
Total tax saved	₹52,416