

UNION BUDGET

2025-26

HIGHLIGHTS & ANALYSIS



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POST BUDGET DOCUMENT

For every financial year, the central government's revenue and expenditure is presented by the Union Finance Minister through the Union Budget, and authorised by Parliament. In this regard, Article 113 of the Constitution requires all expenditure (except charged expenditure) to be submitted in the form of Demands for Grants (Ministry-wise) to Lok Sabha (the lower house of Parliament). The Demands for Grants are referred to the Ministries' respective Departmentally-Related Standing Committee for further examination. Following this, they are discussed in Lok Sabha and approved. After Lok Sabha's authorisation of the demands, an Appropriation Bill is introduced and approved by the Lok Sabha. The Appropriation Bill is then sent to the Rajya Sabha (the upper house of Parliament). The Rajya Sabha can recommend modifications to the Appropriation Bill. However, it cannot amend or reject the bill outright. If the Rajya Sabha suggests changes, the bill goes back to the Lok Sabha for consideration. Following this and after necessary adjustments, the Lok Sabha passes the Appropriation Bill. It then receives the President's assent and becomes law.

This document seeks to analyse provisions made in the Union Budget 2025-26 and their potential impact on different sectors and the economy as a whole.

India's Economic Outlook and Budget Priorities for 2025-26

India's economy is projected to grow between 6.3% and 6.8% in the fiscal year 2025-26, according to the Economic Survey 2024-25. This follows an estimated 6.4% growth in 2024-25, marking the lowest growth rate in the past four years. To sustain economic momentum and align with the Viksit Bharat vision, the survey emphasizes key drivers of growth, including strengthening rural demand, supporting agricultural recovery, and maintaining macroeconomic stability. However, challenges such as inflation, fluctuations in global commodity prices, unemployment, and geopolitical uncertainties remain concerns, as they could impact India's fiscal targets and economic resilience.

In response, the government is focusing on a balanced approach that promotes economic expansion while maintaining fiscal discipline. Measures to reduce the fiscal deficit are being introduced alongside structural reforms, including labour policy changes aimed at driving medium-term growth. Additionally, efforts to curb inflation and moderate wage growth are expected to improve consumer spending, enhancing overall economic conditions. The budget also prioritizes domestic manufacturing and consumption as key drivers of economic momentum.

The broader vision of the Union Budget 2025-26 revolves around lowering the cost of living, ensuring fiscal responsibility, implementing tax reforms, strengthening infrastructure, and fostering inclusive and sustainable growth. It aims to strike a balance between economic progress, social equity, and environmental sustainability, ensuring that growth benefits all sections of society.

At its core, the Union Budget 2025-26 is designed to support long-term economic stability through strategic reforms and fiscal management, laying the groundwork for a more resilient and inclusive economic future.

The Union Budget 2025-26 primarily evolves around goals of *Viksit Bharat* and focuses on five key goals of accelerating growth, securing inclusive growth, enhancing spending power of India's middle class, promotion of private sector investments, and uplifting households' sentiments. It focuses on fostering economic growth, fiscal discipline, and structural reforms to drive India's development. The key focus areas include:

- a. Fiscal Deficit Reduction: Target set at 4.4% of GDP, reinforcing fiscal consolidation.
- b. Support for MSMEs: Financial incentives to boost small and medium enterprises.
- c. Increased Farm Credit: Higher subsidized loans to support agricultural growth.
- d. Crop Productivity Initiatives: Promotion of high-yield crop varieties for food security.
- e. Rural Infrastructure Expansion: Investments in roads, irrigation, and rural connectivity.
- f. Regional Air Connectivity: Expanding UDAN scheme to improve access to remote areas.
- g. Renewable Energy Push: Investment in solar, wind, and hydrogen energy projects.
- h. Critical Minerals Policy: Securing supply chains for key minerals essential for clean energy.
- i. Employment & Skill Development: Focus on vocational training and job creation.
- j. Women & Youth Empowerment: Financial and policy support for entrepreneurship and employment.
- k. AI & Digital Economy: Investment in emerging tech like AI, blockchain, and semiconductor manufacturing.

Key Initiatives and Schemes in the Union Budget 2025-26

The Union Budget 2025-26 makes several flagship initiatives and new schemes aimed at stimulating economic growth, enhancing social welfare, and promoting sustainable development. Key schemes and the initiatives include the following:

- a. **Increased Tax-Free Income Threshold:** The budget raises the tax-free income threshold to Rs.12 lakhs, aiming to boost the spending power of the middle class and stimulate economic growth.
- b. **Enhanced Support for Farmers:** The budget includes increased support for farmers, focusing on boosting agricultural output and supporting inclusive development.
- c. **Foreign Direct Investment (FDI) in Insurance:** The FDI limit in the insurance sector has been raised to 100%, aiming to attract more foreign capital and deepen market penetration.
- d. **PM Surya Ghar Scheme:** An additional Rs.10,000 crore has been allocated to the new and renewable energy sector, primarily to fund the PM Surya Ghar scheme, which plans to install 5 million rooftop solar panels by March 2026.
- e. **Employment Linked Incentive Scheme:** The budget continues to prioritize job creation, with measures aimed at boosting employment generation to harness India's demographic dividend.

These initiatives and schemes are expected to have significant impact of promoting consumption, by increasing income level of middle class and farmers.

Key Points in the Union Budget 2025-26

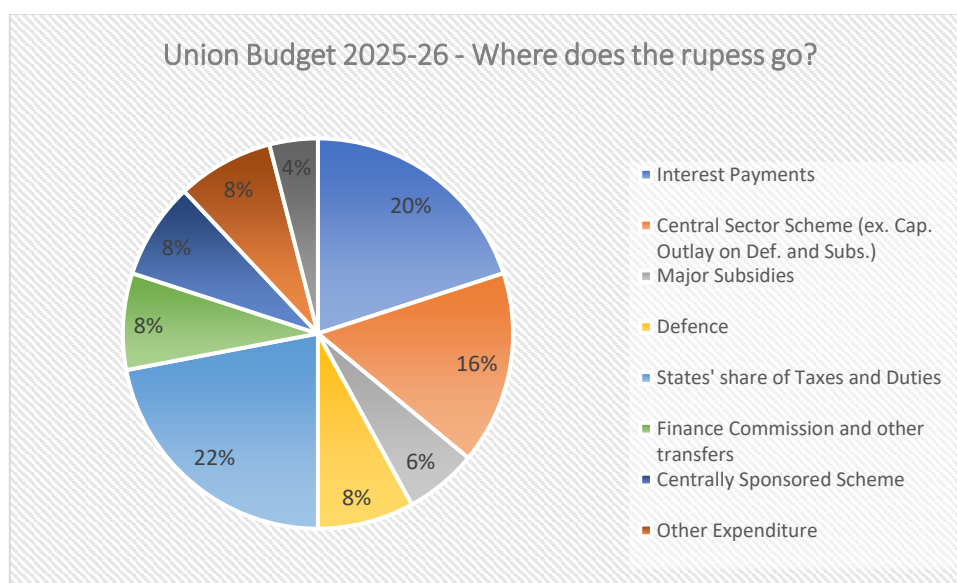
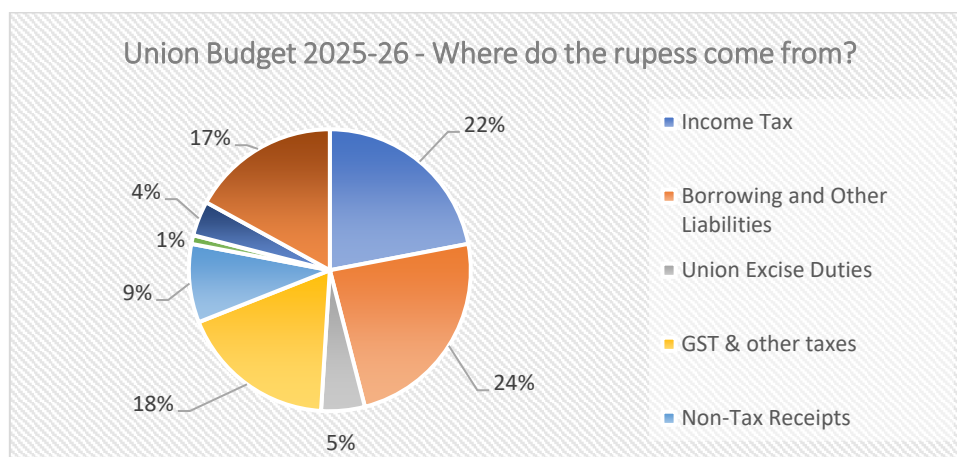
The Union Budget 2025-26 introduces several key measures. Many of these would have significant impact on industries through their impacts on consumers, and operational parameters of various industries. These measures could lead to increased demand, may help market to grow and might impact industrial ecosystem, and could also help newer markets to grow. Major pointers are the following:

- a. **Enhanced Disposable Income:** The budget increases the tax-free income threshold to Rs.12 lakhs. This will boost middle-class spending. This move is will stimulate demand for consumer goods and services, presenting growth opportunities for businesses.
- b. **Fiscal Deficit Reduction:** The government targets reducing the fiscal deficit to 4.4% of GDP, signalling a commitment to fiscal discipline. This approach is anticipated to foster a stable economic environment, which is conducive to long-term business planning and investment.
- c. **Incentives for Lithium-Ion Batteries:** The budget introduces incentives for the production of lithium-ion batteries, aiming to bolster the renewable energy sector. This initiative presents opportunities for companies involved in energy storage solutions and electric vehicles.

- d. Dedicated Deep Tech Fund for Strengthening the Startup Ecosystem:** A new fund has been established to support startups in the deep tech sector. This will encourage innovation and technological advancements. This move is expected to foster a vibrant startup ecosystem, offering collaboration and investment opportunities for established firms.
 - e. Boosting Manufacturing Competitiveness:** The introduction of the National Manufacturing Mission focuses on enhancing productivity and competitiveness in the manufacturing sector. This initiative is expected to create opportunities for businesses to expand operations and improve efficiency.
 - f. 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.
 - g. Measures for the Toy Sector:** To focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys to represent the 'Made in India' brand.
 - h. Support for Food Processing:** Establishment of a National Institute of Food Technology in Bihar, enhanced income for the farmers and skilling, entrepreneurship and employment opportunities for the youth.
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INCOME AND EXPENDITURE OF THE INDIAN ECONOMY

The 2025-26 Union Budget presented by Finance Minister Nirmala Sitharaman, sets total receipts at Rs.34.96 lakh crore and expenditures at Rs.50.65 lakh crore. The fiscal deficit estimated for the year is 4.4% of GDP. The total inflow of revenue and outflow of expenditure as in the budget are as follows:



Are we on the path to becoming a 7 trillion economy?

The Union Budget 2025-26 is expected to pave way for India achieving a GDP of \$7 trillion economy by 2030. This requires maintaining a robust 6.5–7% annual GDP growth rate. The Union Budget 2025-26 has laid the groundwork, but achieving this target requires sustained reforms, strategic investments, and policy interventions across key sectors.

India on track to US\$ 7 trillion GDP -Bridging the gap

- a. Current Growth Trajectory:** The Economic Survey 2024-25 projects GDP growth between 6.3% and 6.8% in 2025-26. While promising, growth needs to accelerate beyond 7% consistently.
 - b. Investment in Infrastructure:** Increased capital expenditure on roads, railways, and logistics aims to enhance productivity and attract private investment.
 - c. Global Integration:** Rising exports, FDI inflows, and supply chain resilience are crucial to positioning India as a global manufacturing and services hub.
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Key Areas for Focus and Government Support

- 1. Manufacturing & Exports:** To address high input costs, trade barriers, and limited global market access, India should may expand coverage of PLI (Production-Linked Incentive) schemes, expanding trade agreements, and ensuring regulatory ease for businesses.
- 2. Digital & Tech Innovation:** Towards digital skilling and AI-driven economic transformation, investment in semiconductors, AI, 5G infrastructure, cybersecurity, and digital startups are crucial. India is giving high importance to these areas, which needs to be continued.
- 3. MSME & Startup Ecosystem:** MSMEs are considered to be the engine of growth. Challenges faced by these MSMEs must be addressed on real time basis to enable them to have credit access, export competitiveness, and reduced compliance burden.
- 4. Skilling & Job Creation:** For this, greater emphasis needs to be placed on Vocational training, industry-academia partnerships, and AI-driven skill development programs.
- 5. Energy Transition & Sustainability:** Continued focus on green Hydrogen, EV infrastructure, solar expansion, and battery storage investment is crucial for India's march towards energy transition and sustainability.

While India is on the right track, continued reforms, investments in innovation, and targeted support for high-growth sectors will be necessary to sustain momentum towards becoming a \$7 trillion economy by 2030.

SECTOR SPECIFIC ANALYSIS

AGRICULTURE, FISHERIES, DAIRY, AND FOOD PROCESSING

The Government of India has prioritized agriculture as a key driver for sustainable growth and rural prosperity. With initiatives focused on enhancing productivity, fostering self-reliance, and improving infrastructure, the budget aims to transform the agricultural landscape. Key measures introduced will improve input accessibility, expand credit, and diversify income sources for farmers. These changes are set to benefit not only agriculture but also related industries like dairy, fisheries, and food processing.

Vision of the Government

The Government of India envisions agriculture as the primary engine for driving sustainable national growth and rural prosperity. The government aims to enhance productivity, diversify income sources, and promote self-reliance. This approach is designed to ensure that agriculture contributes significantly to overall economic development, job creation, and resilience against climate and market volatility.

Actuals

Key budgetary measures announced include a series of targeted programmes and enhanced financial supports that build on existing schemes and introduce new initiatives. The government is focusing on increasing credit availability, modernizing agricultural inputs, and establishing specialized missions to drive productivity and income diversification. The following table outlines the principal changes:

Scheme/Measure	Key Features	Vision
PM Dhan-Dhaanya Krishi Yojana	Covers 100 low-productivity districts; enhances productivity, crop diversification, irrigation, and credit access Aim: Enhance productivity, Crop diversification, Improve irrigation, long-term and short-term support to farmers.	Benefits approximately 1.7 crore farmers
Rural Prosperity and Resilience Programme	Multi-sectoral initiative will be launched in partnership with states; focuses on skilling, technology, and investment; targets rural	Reduces rural distress and curbs forced migration

	women, youth, marginal & small farmers, and opportunities for landless families	
Mission for Aatmanirbharta in Pulses	<p>A 6-year mission focusing on Tur, Urad, and Masoor; involves procurement through central agencies (NAFED and NCCF)</p> <p>The Mission will place emphasis on development and commercial availability of climate resilient seeds, enhancing protein content, increasing productivity, improving post-harvest storage and management, and assuring remunerative prices to the farmers</p>	Aims to achieve self-reliance in pulse production
Programme for Vegetables & Fruits	<p>Promotes production, efficient supply chains, processing, and remunerative pricing; involves farmer producer organizations</p> <p>Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up</p>	Supports rising demand for nutritional produce
Makhana Board in Bihar	Establishes a dedicated board to boost production, processing, and marketing; organizes the people involved into FPOs	Enhances value addition and market access for makhana farmers
National Mission on High Yielding Seeds	Focuses on research, development, and propagation of seeds with high yield, pest resistance, and climate resilience	Aims to commercially release over 100 improved seed varieties
Mission for Cotton Productivity	<p>A 5-year initiative providing science & technology support; promotes extra-long staple cotton varieties</p> <p>Aligned with 5F vision for the textile sector, this will help in increasing incomes of the farmers, and ensure a steady supply of</p>	Increases productivity and supports the traditional textile sector

	quality cotton for rejuvenating India's traditional textile sector	
Enhanced Credit through KCC	Increases loan limit from ₹3 lakh to ₹5 lakh under the Modified Interest Subvention Scheme	Expands credit availability for 7.7 crore farmers, fishermen, and dairy farmers
Urea Plant in Assam	Government had reopened three dormant urea plants in the Eastern region Establishes a new plant at Namrup with an annual capacity of 12.7 lakh metric tons	Strengthens self-reliance in urea production
India Post as Rural Catalyst	The services of India Post Payment Bank will be deepened and expanded in rural areas India Post as a Catalyst for the Rural Economy: The expanded range of services will include rural community hub co-location; institutional account services; DBT, cash out and EMI pick-up; credit services to micro enterprises; insurance; and assisted digital services Repositions India Post as a public logistics organization to support rural enterprises and MSMEs; leverages an extensive rural network	Catalyses overall rural economic development
Support for Food Processing	Establishes a National Institute of Food Technology, Entrepreneurship and Management in Bihar to boost food processing in the Eastern region	Enhances farmer incomes through value addition and creates skilling, entrepreneurship, and employment opportunities for youth
Marine Products	Proposes reducing Basic Customs Duty from 30% to 5% on Frozen Fish Paste (Surimi) and	Enhances India's global competitiveness in the seafood market

	from 15% to 5% on fish hydrolysate used in manufacturing fish and shrimp feeds	
Fisheries	Introduces an enabling framework for sustainable harnessing of fisheries from the Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands	Unlocks untapped marine potential, supporting India's position as a leading fish producer and boosting seafood exports

Potential Sectoral Impact

- **Agriculture:**
 - Higher crop yields due to better seeds, fertilizers, and irrigation support.
 - Reduction in input costs through affordable fertilizers, credit expansion, and infrastructure investment.
 - Market stability with procurement support, price assurance, and an improved supply chain.
 - **Impacted Sectors:** Seed/Biotech, Fertilizer, Agri-tech, Banks & Financial Institutions
- **Dairy:**
 - Increased milk yield and profitability due to better fodder availability and increased credit support.
 - Stable animal feed prices contributing to reduced production costs.
 - **Impacted Sectors:** Dairy, Feed Manufacturers
- **Fisheries:**
 - Boost in marine exports due to reduced Basic Customs Duty on fish products.
 - Sustainable growth in the sector with an enabling framework for fisheries in Exclusive Economic Zone and High Seas.
 - Infrastructure development, including marine hubs and cold storage facilities, strengthens value chains.

- **Impacted Sectors:** Seafood Export, Cold Storage and Logistics, Marine Tech
 - **Food Processing:**
 - Value addition in agriculture provides new business opportunities in food processing. The creation of the National Food Processing Institute in Bihar promotes regional growth.
 - Higher farmer incomes with strengthened linkages between farming and processing units.
 - **Impacted Sectors:** Food Processing, Packaging Firms, Logistics & Supply Chain, Export & Trade
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GIG ECONOMY

The government has acknowledged the significant contribution of gig workers in the modern service economy. As part of its social security initiative, it aims to provide benefits like healthcare and registration for gig workers, with a particular focus on those in the online platform sector.

Vision of the Government

The government's vision is to ensure the welfare and well-being of gig workers by integrating them into formal social security systems. The plan aims to provide these workers with healthcare coverage, identity recognition, and registration, enhancing their economic security and social inclusion.

Actuals

- The government will arrange for identity cards and registration for gig workers on the e-Shram portal.
 - Gig workers will receive healthcare benefits under the PM Jan Arogya Yojana.
 - This measure is expected to assist nearly 1 crore gig workers.
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Potential Sectoral Impact

- **Gig Platforms:** Comply with new registration and identity requirements for their workers.
 - **Healthcare Providers:** Extend PM Jan Arogya Yojana benefits to a wider worker base.
 - **Insurance Companies:** Health and life insurance products tailored for gig workers.
 - **Tech Platforms and HR Tech Companies:** Increased demand for systems that handle gig worker registration, benefits distribution, and compliance.
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SUSTAINABILITY AND GREEN ENERGY

The sector can expect a continuation of the already established efforts toward sustainability. The emphasis on sustainable production processes and agriculture highlights the government's constant strides to make Mission LiFE successful.

Vision of the Government

Guided by the vision to achieve Net Zero emissions by 2070 and a 45% reduction in emissions by 2030, India's environmental strategy was expected to be at the core of development. Notable initiatives, such as the India-led global movement Lifestyle for Environment (LiFE), aim to enhance the country's sustainability efforts. Promoting a circular economy is also envisioned as a central component under Mission LiFE.

Switching to renewable energy is key to ensuring emission control, with a target of 500 GW of renewable energy by 2030. The 2025-26 budget reinforces the government's continued efforts in this sector.

Actuals

- The National Manufacturing Mission emphasizes clean-tech manufacturing and domestic production of solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, high-voltage transmission equipment, and grid-scale batteries.
- To facilitate a smoother transition to sustainability, the government has added 35 additional capital goods for EV battery manufacturing and 28 additional capital goods for mobile phone battery manufacturing to the list of exempted capital goods.
- The Prime Minister Dhan-Dhaanya Krishi Yojana aims to promote sustainable agricultural practices as one of its five key objectives.
- The Mission Cotton Productivity focuses on sustainable cotton farming while improving productivity.
- The Ministry of Environment, Forest and Climate Change (MoEFCC) has been allocated a budget of ₹3,412.82 crore.
- The PM e-Bus scheme has received an increased allocation of ₹1,310 crore.

- The PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme, launched in 2024, has been allocated ₹4,000 crore, a significant increase from ₹1,871 crore in 2024.
 - The PM Surya Ghar Muft Bijli Yojana allocation has increased from ₹11,100 crore (RE 2024-25) to ₹20,000 crore.
 - The Ministry of New and Renewable Energy has been allocated a budget of ₹26,549.38 crore.
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Potential Sectoral Impact

- **Increased Domestic Manufacturing** – Lowered production costs and an increased push for local manufacturing in EVs, EV batteries, solar PVs, and charging infrastructure can be expected.
- **Climate-Resilient Agriculture** – Greater focus on sustainability will drive climate-resilient agricultural practices, increasing research efforts to develop such crop varieties.
- **Cleaner Technology and Energy** – The manufacturing and adoption of clean energy sources, particularly solar technology, are expected to rise, boosting production and deployment of solar panels and related components.

The sector must prioritize scaling renewable energy, boosting domestic manufacturing, and advancing climate-resilient agriculture. Innovation in clean technologies and a strong policy push will drive sustainable growth. Public-private collaboration is key to accelerating green transitions. A circular economy approach will ensure long-term environmental and economic benefits.

INFRASTRUCTURE & MINING SECTOR

Infrastructure

The budget reaffirms the government's commitment to advancing world-class infrastructure in India, emphasizing digital infrastructure, air connectivity, urban development, nuclear energy, tourism, and shipping to sustain growth and global competitiveness.

Vision of the Government

Over the past five years, the government has prioritized **infrastructure development** through greater **private sector participation**, public investment, Strengthening **PPP models**, improving **risk and revenue-sharing mechanisms**, and ensuring **efficient project execution**, institutional reforms, and innovative financing. As per a report by Knight Frank India, an estimated investment of US\$2.2 trillion into infrastructure in India is needed to achieve US\$ 7 trillion by 2030.

The **Economic Survey 2024-25** has emphasized the need for a **sustained increase in infrastructure investment over the next two decades** to maintain a **high growth trajectory**, given that **private investment has not yet met expectations**.

The **Budget 2025-26**, capital expenditure for infrastructure has seen continued momentum, reinforcing the commitment to robust infrastructure which is a key for economic expansion and job creation.

Actuals

Initiative	Overview	Overall Impact	Industries likely to be impacted
PM Gati Shakti & Private Sector Integration	Private sector access to Gati Shakti data for improved project planning and execution.	Enhanced logistics efficiency and reduced project delays.	Logistics, construction, transportation, real estate, urban planning
Public-Private Partnerships (PPPs)	Three-year project pipeline for infrastructure	Increased private investment in	Construction, real estate, engineering, finance, project management

	ministries and states, supported by IIPDF.	infrastructure development.	
State-Level Infrastructure Support	₹1.5 lakh crore in 50-year interest-free loans to states for capital expenditure and reforms.	Boost in state-level infrastructure spending and economic growth.	Multiple industries
Asset Monetization Plan 2025-30	Second asset monetization plan of ₹10 lakh crore for infrastructure investment.	Unlocking capital for new infrastructure projects.	Private equity, infrastructure, energy, roads & highways, railways
Jal Jeevan Mission	Extended until 2028 to ensure 100% rural water coverage, focusing on infrastructure quality and O&M.	Increased demand for water infrastructure and improved rural sanitation.	Water management, pipeline manufacturing, sanitation, engineering
Urban Infrastructure Development	₹1 lakh crore Urban Challenge Fund for urban redevelopment, growth hubs, and water & sanitation projects.	Boost to urban construction, real estate, and municipal services.	Real estate, urban planning, cement, steel, iron, electrical equipment, waste management
Shipping – Shipbuilding Policy Revamp	Revamp of Shipbuilding Financial Assistance Policy with Credit Notes for shipbreaking.	Strengthening of domestic shipbuilding and recycling industries.	Shipbuilding, steel recycling, maritime trade, defense manufacturing
Shipping – Inclusion in HML	Inclusion of large ships in the Infrastructure Harmonized Master List (HML) to attract investment.	Increased shipbuilding investments and maritime trade growth.	Shipbuilding, transportation, ports & logistics, trade
Shipping – Shipbuilding Clusters	Development of Shipbuilding Clusters with	Expansion of domestic shipbuilding	Shipbuilding, maritime logistics, heavy engineering, steel

	infrastructure, skilling, and technology support.	capabilities and job creation.	
Aviation – UDAN Expansion	Expansion of the UDAN scheme to 120 new destinations, aiming to serve 4 crore passengers in 10 years.	Enhanced regional connectivity and economic activity.	Airlines, tourism, travel & hospitality, regional air connectivity
Aviation – Greenfield Airports	Development of Greenfield airports in Bihar and expansion of Patna and Bihta airports.	Improved air traffic capacity and regional trade opportunities.	Aviation, real estate, logistics, tourism, local trade
Aviation – Air Cargo & Warehousing	Upgradation of air cargo infrastructure and warehousing for perishable goods, with streamlined customs processes.	Boost in agricultural exports and logistics efficiency.	Agriculture, logistics, e-commerce, pharmaceuticals, cold chain storage
Tourism Infrastructure Development	Development of 50 tourist destinations via a state-led challenge mode; hotels to be included in HML.	Expansion of tourism industry and hospitality sector.	Hospitality, real estate, tourism, travel services
BharatTradeNet (BTN)	Digital platform for international trade documentation and financing, complementing ULIP.	Faster trade processing and improved global competitiveness.	Trade finance, logistics, ports, supply chain management
National Framework for Global Capability Centers (GCCs)	Guidelines for promoting GCCs in Tier-2 cities, focusing on skilling, infrastructure, and industry collaboration.	Decentralization of economic growth and IT/BPM sector expansion.	IT services & digital infrastructure

Nuclear Energy Mission	Legislative amendments to enable private sector participation in nuclear power.	Acceleration of clean energy development and private investments.	Energy, nuclear technology, engineering, infrastructure
Nuclear Energy – Small Modular Reactors (SMRs)	₹20,000 crore Nuclear Energy Mission for R&D and deployment of Small Modular Reactors (SMRs), targeting five by 2033.	Growth in nuclear technology, energy generation, and R&D.	Power generation, nuclear R&D, engineering, renewable energy

Major Scheme and Industries Impacted

Scheme	Budget Allocation 2025-26 (crores INR)	Industries likely to be Impacted
Pradhan Mantri Awas Yojna (PMAY)-Urban	19794	Construction, real estate, cement, steel, housing finance, and urban development.
Pradhan Mantri Awas Yojna Grameen (PMAY-G)	54832	Rural construction, cement, bricks and tiles, microfinance, and rural development.
New Scheme for Plug and Play Industrial Parks (DPIIT)	2500	Industrial manufacturing, logistics, warehousing, infrastructure development, and MSMEs.
Compensation to Service Providers for creation and augmentation of telecom infrastructure	28400	Telecommunications, infrastructure services, fiber optics, electronics, and IT hardware.
Metro Projects	31239	Urban transport, construction, steel, electrical systems, and technology integration.
New Lines (Railways)	32235	Railway infrastructure, steel, construction, heavy engineering, and logistics.

Electrification Projects Signalling and Telecom (Railways) (Railways)	12950	Electrical engineering, Telecommunications, IT systems, electronics, and railway automation.
National Highways Authority of India	170266	Road construction, asphalt, cement, logistics, and automobile manufacturing.
Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	1900	Tourism, hospitality, travel services, handicrafts,

Mining

Geopolitical trends have underscored the importance and risks of critical mineral supply chains. This budget reinforces India's commitment to reducing global dependency and building a resilient, self-sufficient critical mineral supply chain.

The index of mineral production of the mining and quarrying sector for the month of February 2024 at 139.6, was 8% higher compared to the level in the month of February 2023.

Vision of the Government

The Economic Survey highlights that the mining sector contributes approximately 8% to the overall industrial output. It notes that mining activity is predominantly concentrated in five states—Assam, Chhattisgarh, Gujarat, Maharashtra, and Odisha—which collectively account for around 60% of the mining GSVA across all states. The survey also underscores the significant impact of factors such as the regulatory environment, infrastructure development, and state-level reforms on industrial growth trends.

Critical minerals have emerged as a strategic subsector within mining, and the 2025 budget underscores the government's commitment to promoting their exploration, reducing import dependence, and achieving self-reliance for India's economic and industrial growth.

Actuals

Initiative	Overview	Overall Impact	Industries likely to be Impacted
Mining Sector Reforms	State Mining Index for efficiency and transparency, along with policy for extracting critical minerals from tailings.	Greater mining efficiency and improved resource utilization.	Mining, mineral processing, sustainability, environmental management

Scheme		Budget Allocation 2025-26 (crores INR)	Industries Impacted
National Mineral (NCMM)	Critical Mission	410	EV, Renewable Energy, Electronics, Telecommunications, Medical devices, Energy storage, mining and processing equipment manufacturers

The mining sector reforms and the National Critical Mineral Mission will enhance efficiency, transparency, and domestic resource utilization. By reducing import dependence and boosting critical mineral production, the government plans to strengthen key industries like EVs, renewable energy, and electronics. These initiatives position India's mining sector as a catalyst for industrial growth and self-reliance.

SCIENCE AND TECHNOLOGY

The 2025-26 Budget reflects the government's commitment to strengthening the Health, Science & Engineering sectors, with significant increases in allocations for healthcare, R&D, and infrastructure. The initiatives like Atal Tinkering Labs, Bharatiya Bhasha Pustak Scheme, CoE for AI in Education, expansion of IITs and medical education capacity, and exemption of life-saving drugs are well-aligned with the vision of Viksit Bharat. However, there is still room for improvement in areas like digital health, preventive care, private sector R&D, and green infrastructure. The budget aligns with the Economic Survey's recommendations but could have gone further in addressing some critical gaps.

Vision of the Government

The Government of India envisions the Health, Science & Engineering sectors as critical drivers for achieving Viksit Bharat (Developed India) by 2047. The vision is centred around:

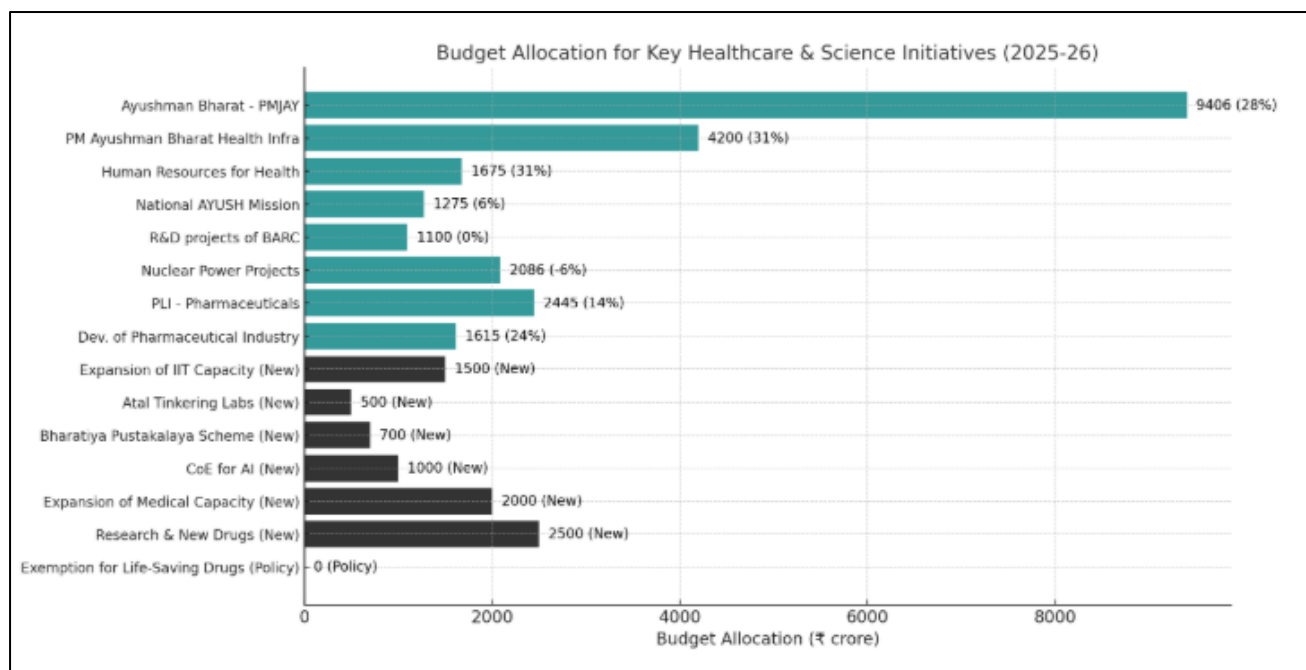
- **Healthcare:** Universal access to affordable, high-quality healthcare, with a focus on preventive care, digital health, and strengthening rural healthcare infrastructure.
- **Science & Technology:** Promoting innovation, research, and development (R&D) to address national challenges, enhance global competitiveness, and foster a knowledge-based economy.

The government aims to leverage these sectors to achieve sustainable growth, self-reliance (Atmanirbhar Bharat), and inclusive development, with a strong emphasis on digital transformation, green energy, and technological self-sufficiency.

Actuals

The 2025-26 Budget reflects significant increases in allocations for healthcare, R&D, and infrastructure, with a focus on universal healthcare, innovation, and sustainable development. Below are the key changes in budgetary allocations:

Sector	2023-24 (Actuals)	2024-25 (RE)	2025-26 (BE)	Key Changes
Health	₹81,594 crore	₹88,032 crore	₹98,311 crore	Increase of ₹11,717 crore (13.3%) to strengthen healthcare infrastructure.
Science & Technology	₹8,083 crore	₹8,986 crore	₹10,230 crore	Increase of ₹1,244 crore (13.8%) for R&D and innovation.



Key Announcements:

- **Health:**
 - **Ayushman Bharat - PM Jan Arogya Yojana (PMJAY)** allocation increased to **₹9,406 crore** (up from ₹7,606 crore in RE 2024-25).
 - **National Health Mission (NHM)** allocation increased to **₹30,010 crore** (up from ₹28,783 crore in RE 2024-25).
 - **Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)** allocation increased to **₹4,200 crore** (up from ₹3,000 crore in RE 2024-25).

- **Science & Technology:**

- **National Geospatial Mission** allocated ₹100 crore for foundational geospatial infrastructure.
- **Biotechnology Research Innovation and Entrepreneurship Development (Bio-RIDE)** allocated ₹2,300 crore (up from ₹672 crore in RE 2024-25).
- **Space Technology** allocation increased to ₹10,230 crore (up from ₹8,986 crore in RE 2024-25).

Potential Sectoral Impact

Healthcare Industry:

- Increased funding for PMJAY and NHM will improve healthcare access, especially in rural areas, while expanded medical education will address workforce shortages.
- Boosting digital health infrastructure through PMABHIM will support telemedicine, contributing to universal healthcare.

Pharmaceutical Industry:

- Customs duty exemptions on life-saving drugs and focus on Bio-RIDE will strengthen domestic production and innovation, boosting global competitiveness.
- Atmanirbhar Bharat initiative supports self-reliance, enhancing the pharmaceutical sector's capabilities.

Education and Skill Development Industry:

- Expanding IITs and medical education will increase student enrollment, addressing demand-supply gaps.
- Initiatives like ATLs and the Bharatiya Bhasha Pustak Scheme will improve STEM education and digital literacy, supporting workforce development.

Engineering and Infrastructure Industry:

- Increased funding for metro projects, railways, and highways will boost infrastructure development and job creation.

- Green infrastructure focus will drive demand for sustainable construction materials and clean energy technologies.

Information Technology (IT) and Artificial Intelligence (AI) Industry:

- The CoE for AI in Education will spur AI-driven solutions, benefiting IT companies.
- Digital transformation in healthcare and education will drive demand for IT services like software development and data analytics.

Clean Energy and Green Technology Industry:

- Green infrastructure focus will boost demand for clean energy technologies like solar and wind energy.
 - R&D incentives for Bio-RIDE will promote innovation in clean energy, and job creation will benefit both clean energy and construction sectors.
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MANUFACTURING

According to the Survey, the global economy exhibited steady yet uneven growth across regions in 2024, majorly due to supply chain disruptions and weak external demand. Following the survey, the budget focused on developing manufacturing which will enable a paradigm of economic freedom to businesses of individuals and organizations to pursue legitimate economic activity with ease.

Actuals

- National Centres of Excellence for Skilling
 - Five National Centres of Excellence will be established to enhance skilling with global expertise and partnerships.
 - The initiative focuses on curriculum design, training of trainers, skills certification framework, and periodic reviews.
 - Aims to equip youth with industry-relevant skills to support "Make for India, Make for the World" manufacturing.
- Focus Product Scheme for Footwear & Leather Sector
 - A focus product scheme will be launched to boost productivity, quality, and competitiveness in the footwear and leather sector.
 - Support will be provided for design capacity, component manufacturing, and machinery* for *both leather and non-leather footwear production.
 - Expected to generate 22 lakh jobs, achieve a turnover of ₹4 lakh crore, and contribute ₹1.1 lakh crore in exports
- Measures for the Toy Sector
 - A dedicated scheme will be implemented to make India a global hub for toy manufacturing.
 - Builds on the National Action Plan for Toys, focusing on cluster development, skill enhancement, and a strong manufacturing ecosystem.
 - Encourages the production of high-quality, innovative, and sustainable toys under the 'Made in India' brand.
 - Supports the broader "Make in India" mission by fostering domestic manufacturing capabilities.
- Increase in BCD on Interactive Flat Panel Displays (IFPD) from 10% to 20%
 - Encourages domestic manufacturing and reduces import dependency.

- Supports the *Make in India* initiative by boosting local production.
 - Reduction of BCD on Open Cell and Components to 5%*
 - Lowers production costs for domestic TV and display manufacturers.
 - Enhances competitiveness of Indian-made LCD/LED panels.
 - Exemption of BCD on Parts of Open Cells
 - Further incentivizes the local production of LCD/LED Open Cells.
 - Strengthens India's position as a *global display manufacturing hub*.
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Manufacturing Mission – Advancing “Make in India”

During the budget, the FM announced the launching of a National Manufacturing Mission that will span small, medium, and large industries to propel the “*Make in India*” initiative. This mission will offer robust policy support, clear execution roadmaps, and a comprehensive governance and monitoring framework for both central ministries and state governments. Its mandate will focus on five key areas:

- 1. Improving Ease and Cost of Doing Business:** Streamlining processes and reducing expenses to create a more business-friendly environment.
 - 2. Developing a Future-Ready Workforce:** Equipping individuals with the skills needed for high-demand jobs.
 - 3. Strengthening the MSME Sector:** Energizing and expanding the role of micro, small, and medium enterprises.
 - 4. Enhancing Access to Technology:** Ensuring industries have the necessary technological resources to innovate and grow.
 - 5. Ensuring Quality Products:** Promoting high-quality goods that can compete globally.
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Clean Tech Manufacturing

It aims to enhance domestic value addition and cultivate a robust ecosystem for technologies such as solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, very high voltage transmission equipment, and grid-scale batteries.

Scheme	Budget Allocation 2025-26	Industries Impacted
Development of Pharmaceutical Industry	1615	Pharmaceuticals
Production Linked Incentive Schemes (Dept. of Pharmaceuticals)	2445	Pharmaceuticals, biotechnology, healthcare, medical devices, API (Active Pharmaceutical Ingredients) manufacturing.
Manufacturing Mission - Furthering Make in India	100	Multiple Sectors
Domestic Industry Incentivisation Scheme (Telecom)	2006	Telecommunications, 5G equipment manufacturing, fiber optics, electronics, and networking hardware.
Aircraft and Aero Engines	48614	Aerospace, aviation, defense manufacturing, engineering, and maintenance, repair, and overhaul (MRO).
Production-Linked Incentive Scheme for Food Processing Industry	1200	Food processing, FMCG, cold storage, packaging, logistics, and agriculture.
Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components	2819	Automotive, electric vehicles (EVs), auto parts manufacturing, battery production, and mobility solutions.
Production Linked Incentive (PLI) Scheme for Textiles	1148	Textiles, apparel, technical textiles, synthetic fibers, and exports.
Modified Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India	7000	Semiconductor manufacturing, electronics, display panels, IT hardware, and chip design.
PLI Scheme Meity	9000	Multiple sectors

Potential Sectoral Impact

The budget drives manufacturing-led growth, making business easier, empowering MSMEs, and fostering clean technology.

- This mission will streamline regulatory processes, boost competitiveness, and strengthen supply chains.
 - Special focus is given to MSMEs, ensuring better credit access and integrating them into larger supply networks.
 - Investments in automation, Industry 4.0, and skill development will build a future-ready workforce.
 - Major support will be given to cleantech manufacturing, promoting domestic production of solar cells, EV batteries, wind turbines, and high-voltage equipment, which aligns with global sustainability goals.
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EXPORT PROMOTION

According to the Economic Survey, India's exports of goods and non-factor services at constant price grew by 5.6% in the first half of FY2025, while imports saw a modest increase of 0.7%. The industrial sector grew by 6% in the first half of FY25 and is estimated to grow by 6.2% in FY25. The Budget depicts the commitment to export promotion to strengthen the country's global competitiveness.

Actuals

- The government will enhance air cargo infrastructure and warehousing, with a special focus on high-value perishable horticulture products. To streamline operations, cargo screening and customs procedures will be simplified, making them more efficient and user-friendly.
 - A dedicated Export Promotion Mission will be launched, with sector-specific and ministerial targets set in coordination with the Ministries of Commerce, MSME, and Finance. This initiative aims to expand access to export credit, facilitate cross-border factoring, and help MSMEs overcome non-tariff barriers in global markets.
 - To strengthen India's position in global supply chains, the government will identify key sectors for domestic manufacturing expansion using objective criteria. This initiative will ensure that Indian industries integrate more effectively with global production networks.
 - A digital public infrastructure platform, 'BharatTradeNet' (BTN), will be developed to serve as a centralized system for trade documentation and financing solutions. Designed to align with international standards, BTN will also complement the Unified Logistics Interface Platform (ULIP), ensuring seamless global trade operations.
 - Facilitation groups comprising senior government officials and industry leaders will be formed to focus on strategic products and supply chains. These groups will play a key role in unlocking opportunities in Industry 4.0, particularly in high-skill sectors such as electronics and advanced manufacturing, where India's youth possess significant potential.
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Potential Sectoral Impact

The Budget reinforces the Make in India and Export India agenda, strengthening the country's industrial and trade ecosystem.

- Industries focused on exports, including electrical equipment, electronics, textiles, and pharmaceuticals, toys will benefit from increased trade facilitation and access to financing.

- Industries reliant on cross-border trade will experience reduced compliance burdens, faster documentation processing, and improved integration with global supply chains, enhancing overall efficiency.
 - Sectors discussed during the budget, such as electrical manufacturing, toys, and agriculture, will see increased domestic and international demand, fostering expansion and job creation.
 - Better logistics will benefit the electrical, electronics, and perishable goods sectors, enhancing India's competitiveness in high-tech exports and agri-exports.
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OBSERVATIONS

The Union Budget 2025-26 sets an ambitious path for India's economic growth, with a strong emphasis on consumption, manufacturing, exports, R&D, startups and grassroots development. It aims to balance fiscal responsibility with growth-oriented measures, fostering entrepreneurship, technological innovation, and self-reliance.

The budget continues its focus on domestic manufacturing. The exemption of basic customs duty on critical minerals for EV batteries and the introduction of 35 capital goods for EV battery manufacturing in the exempted capital goods list are expected to boost local production. Furthermore, the government has set up an Export Promotion Mission, aimed at easing access to export credit and tackling non-tariff measures in overseas markets. The introduction of BharatTradeNet (BTN), a digital public infrastructure for trade documentation and financing, will further streamline India's export processes.

The budget acknowledges the need for deep-tech innovation by proposing a Deeptech Fund of Funds, which, once established, will catalyse cutting-edge research. A Nuclear Energy Mission, with INR 20,000 crore in funding, aims to develop at least five small modular reactors by 2033. Recognizing energy security as a cornerstone of AI-driven economic expansion, the government also signalled amendments to the Atomic Energy Act to encourage private sector participation. Additionally, the introduction of the PM Research Fellowship with 10,000 fellowships in IITs and IISc over the next five years will enhance India's R&D capabilities.

Agriculture remains a key pillar of the budget, with new initiatives aimed at rural prosperity and resilience. The Mission for Aatmanirbharta in Pulses focuses on climate-resilient seeds and enhanced productivity, while the expansion of Kisan Credit Cards and credit access for farmers will boost financial inclusion. On the MSME front, the government has doubled credit availability to INR 10 crore and introduced credit cards for micro-enterprises, aiming to distribute 10 lakh cards in the first year. Enhanced investment and turnover limits for MSMEs are projected to unlock INR 1.5 lakh crore in additional credit over the next five years.

The Union Budget 2025-26 is a forward-looking financial plan that seeks to strengthen India's entrepreneurial, technological, and agricultural foundations. By fostering innovation, supporting small businesses, and enhancing domestic manufacturing, the budget lays the groundwork for long-term economic growth. However, its success will depend on effective policy execution and the government's ability to navigate global economic uncertainties.