



UNION BUDGET HIGHLIGHT 2025



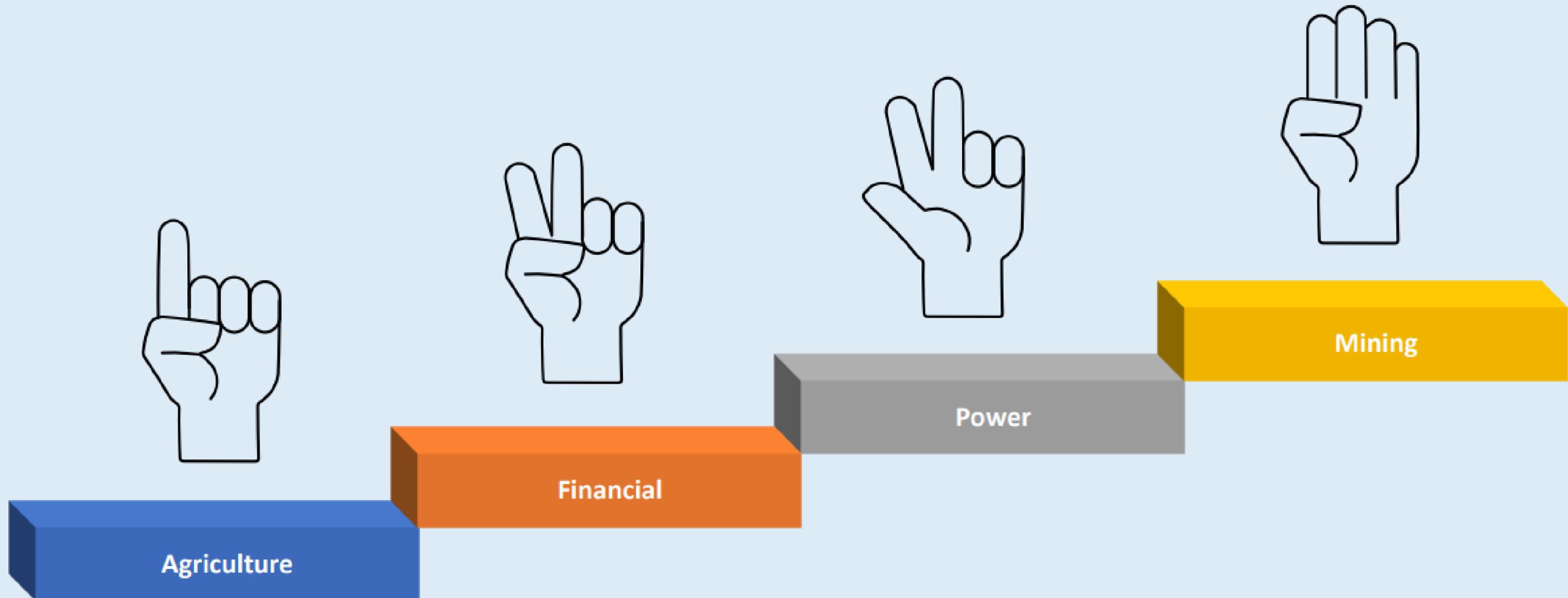
Focus on consumption and fiscal prudence



The government's strategic pivot signals a significant shift in economic policy, moving away from its traditional emphasis on heavy infrastructure spending and capital-intensive investments. Rather than focusing solely on expanding industrial capacity and accelerating infrastructure projects, policymakers are now prioritizing consumer spending and domestic demand as key growth drivers. This approach underscores the growing realization that sustainable economic development requires a strong consumer base alongside infrastructure advancements.

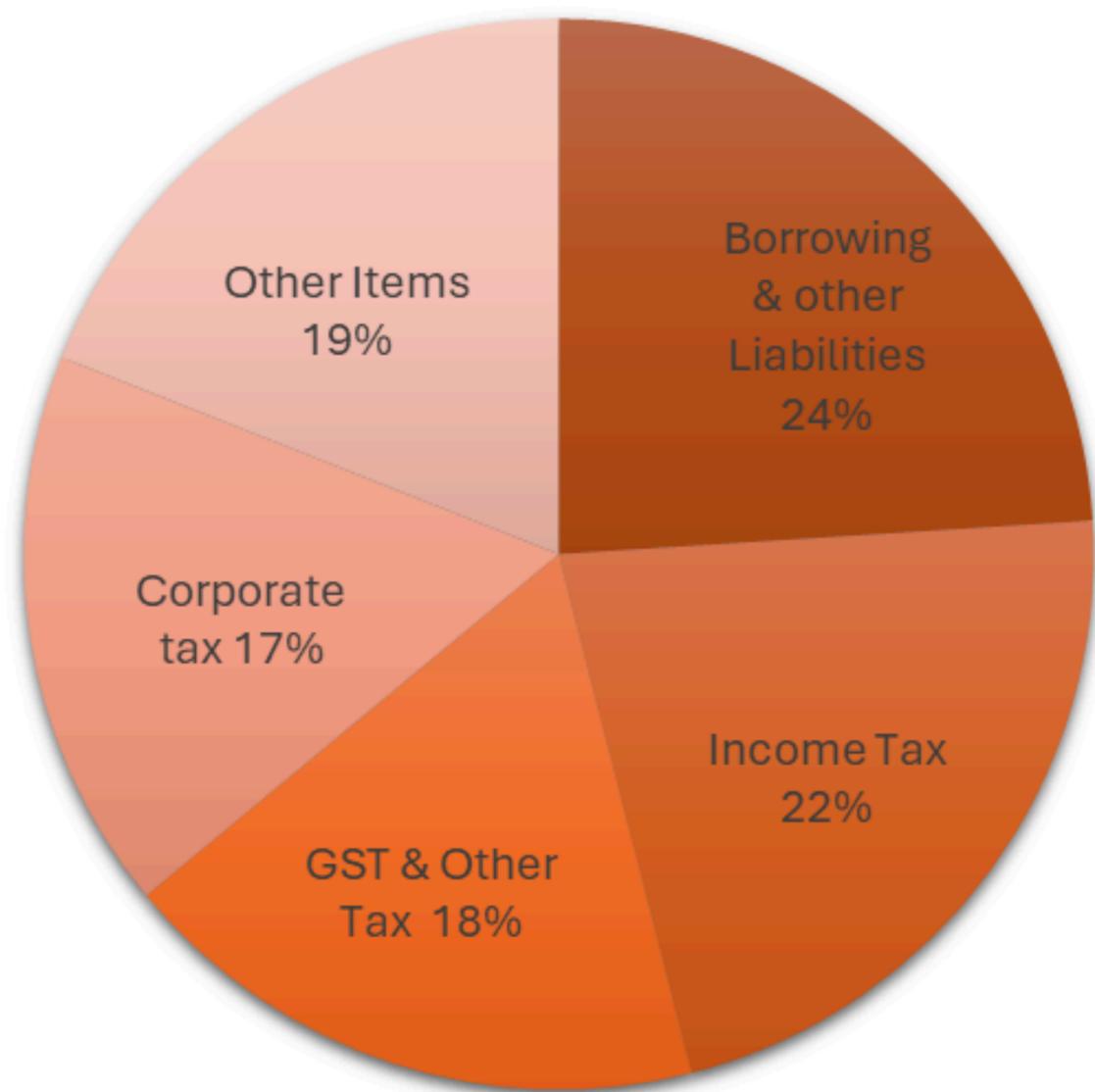
A landmark fiscal measure aims to support the backbone of the nation—the middle class. The government has extended the tax-free income threshold to ₹12.75 lakh under the new tax regime. This bold reform is projected to inject approximately ₹1 lakh crore into the hands of middle-class households. The resulting boost in disposable income is expected to invigorate the economy, particularly benefitting the fast-moving consumer goods sector and durable goods manufacturers as families feel empowered to meet both essential and aspirational spending needs.

Key Focus Area

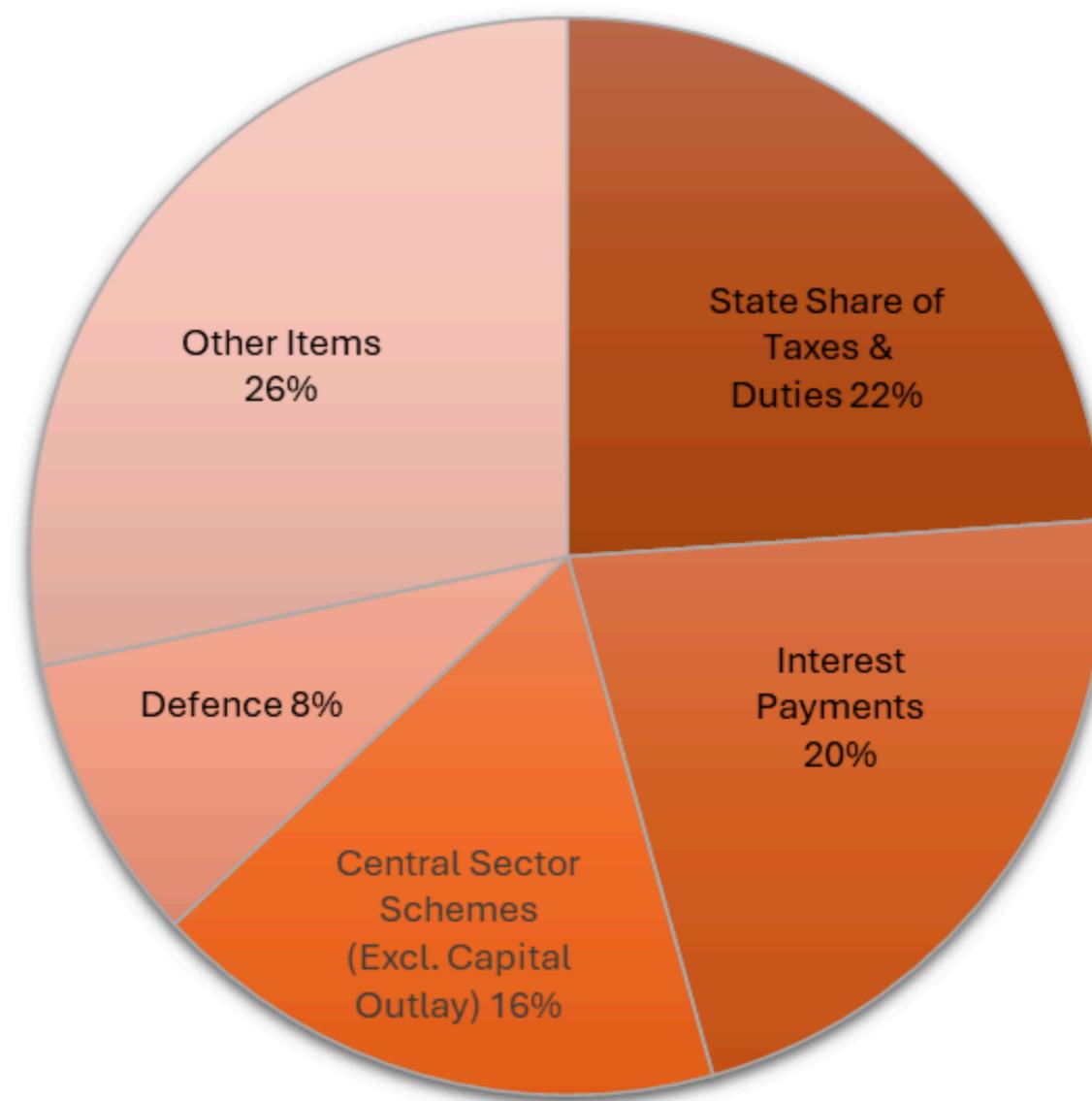




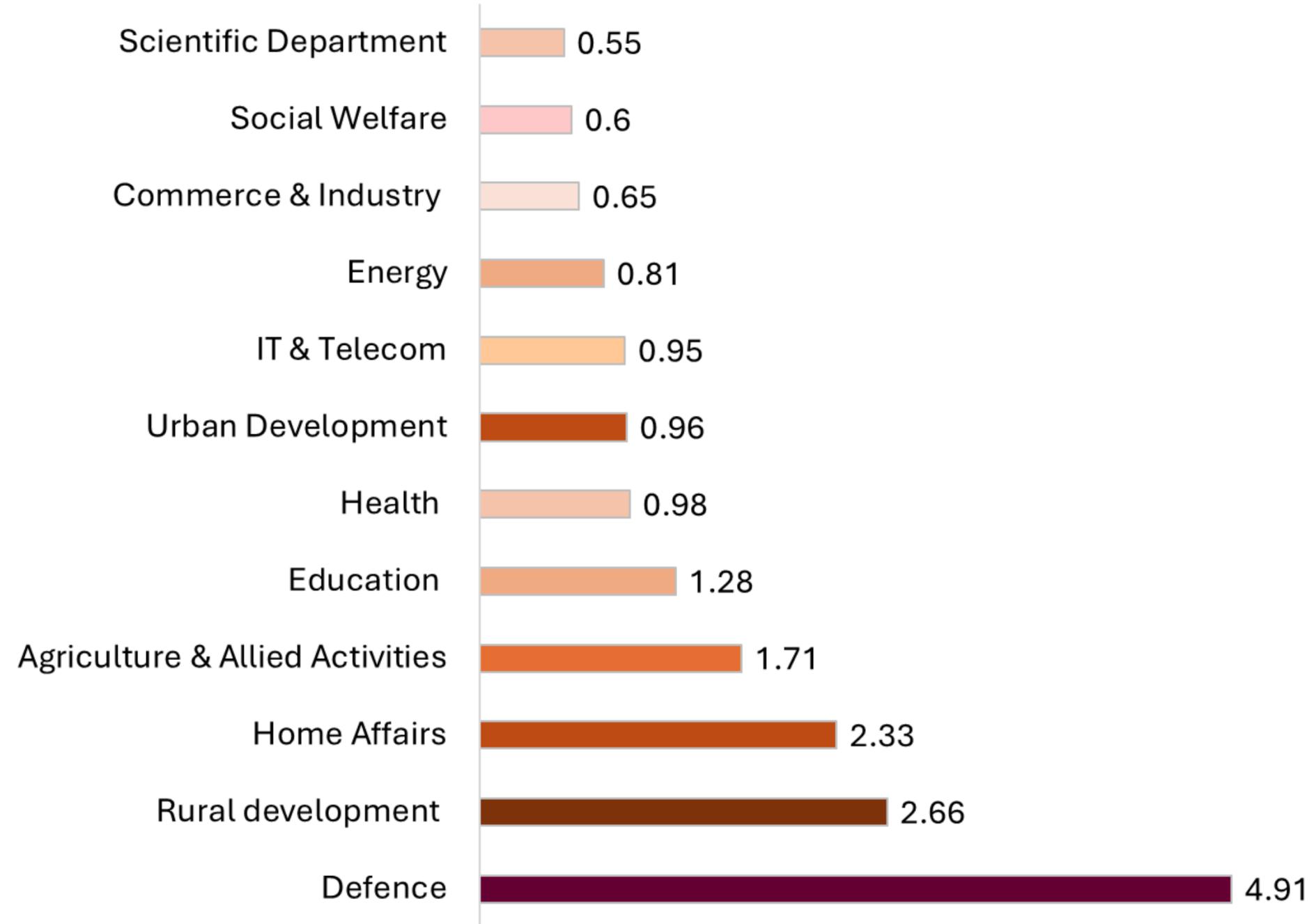
Rupee Comes In



Rupee Goes Out



Budget Expenditure on Sectors (In Lakh Cr)



Consumer & Retail

- Increased exemption limit in Personal Income Tax to boost consumption Exemption of personal income tax up to Rs 12 lakh under the new tax regime.
- Kisan Credit Cards (short term loans for 7.7 crore farmers, fishermen, and dairy farmers), strengthening of rural posts and payment bank infra and 'Rural Prosperity and Resilience' programme to boost rural economy and strengthen rural consumption.
- A comprehensive programme to promote production, supply, processing and remunerative prices of vegetables and fruits for farmers in partnership with states.
- Recognition to 1 crore Gig workers of online platforms through identity cards, registration on the e-Shram portal and healthcare under PM Jan Arogya Yojana.

Agriculture And Rural Development

- Introduced Dhan Dhanya Krishi Yojana targeting 1.7 Cr. Farmers in 100 districts with low productivity. Focus on crop diversification, irrigation, and better storage.
- 5-year Cotton Production Mission to Improve cotton productivity and Sustainability, Focusing on research and technology adoption.
- Government is implementing the National Mission for Edible Oilseed for achieving Atmanirbharta in edible oils.
- A Makhana Board will be established to improve production, processing, value addition, and marketing of makhana.
- The Kisan Credit Card loan limit has been increased from ₹3 lakh to ₹5 lakh, thereby improving access to credit for 7.7 crore farmers.



Manufacturing

- Footwear & Leather: A dedicated scheme aims to generate ₹4 lakh crore in revenue, create 22 lakh jobs, and achieve ₹1.1 lakh crore in exports.
- Toy Manufacturing: A national mission aims to establish India as a global toy hub. This will involve emphasizing innovation, sustainability, and skill development in the toy manufacturing sector.
- Food Processing: The establishment of a National Institute of Food Technology in Bihar will strengthen food value chains.

Infrastructure

- The capex outlay for FY25 was revised and reduced to Rs 10.18 lakh crore and for FY26E the capex outlay has been increased to 11.2 lakh cr which is 3.4 percent of the GDP. An outlay of Rs. 1.5 lakh cr in the form of a 50-year interest-free loans to support states in their resource allocations. Allocation to the infra segment was less as a higher capex outlay was expected.
- Second Asset Monetization Plan for 2025-2030 aiming to generate Rs 10 lakh crore by monetizing government-owned assets and reinvesting the funds into new infrastructure projects. Expected to provide significant capital for infrastructure development and invest into new projects.
- Development of a new Greenfield airport, expansion of IIT Patna in the state of Bihar and financial support to Western Koshi Canal Project. Projects to benefit over 50,000 hectares of farmlands in Bihar, Additional infrastructure to accommodate more students in IITs.



HOUSING & REAL ESTATE

- SWAMIH Fund 2 established of Rs 15,000 crore for expeditious completion of 1 lakh units for affordable and mid-income housing as a blended facility between GOI, banks and private investors.
- Taxpayers can claim the annual value of self-occupied properties as Nil for 2 self-occupied properties instead of 1 earlier and without any condition.
- The annual limit for Tax Deducted at Source on rent increased from Rs 2.4 lakh to Rs 6 lakh, thus benefitting small taxpayers receiving small payments.
- 25% increase in allocation from Rs.8,000 crore to Rs.10,000 crore in AMRUT and Smart Cities Mission. Higher allocation will have positive impact on building materials to some extent.



Materials

- METAL- The budget scrapped custom duty on waste and scrap of some critical minerals.
- MINING- A policy for recovery of critical minerals is to be brought out (National Critical Mineral Mission). Rs. 16,300 crore is the expected outlay over 7 years out of which Rs.410 crores are to be spent in current year.
- CEMENT-The Union Budget 2025 has allocated ₹11.2 lakh crore for capital expenditure in FY2026, up from ₹10.2 lakh crore in FY2025. This represents a 10.1% increase compared to the previous year.

Power & Renewables

- Allocation to Ministry of New and Renewable Energy was up 53% to Rs. 26,549 cr in FY26BE against Rs.17,298 cr in FY25RE. The National Green Hydrogen Mission received Rs 600 cr in FY26BE, compared to Rs 300 cr in FY25RE.
- Govt has proposed to set up Nuclear Energy Mission for R&D of Small Modular Reactors (SMRs) with an outlay of Rs.20,000 cr. At least five indigenously developed SMRs are expected to be operationalised by 2033. The Govt's move is a step toward increasing India's nuclear power capacity from 8,180 MW to 22,480 MW by 2031-32 and eventually 100 GW by 2047. The mission includes private sector involvement, legislative changes, and the operationalization of small modular reactors by 2033 to drive the nation's clean energy transition.
- Govt has increased allocation to the PM Surya Ghar Muft Bijli Yojana and National manufacturing mission from Rs. 11,100 cr in FY25RE to Rs. 20,000 cr in FY26BE. Aims to promote the manufacturing of solar PV cells, wind turbines, grid scale batteries and electrolyzers.



Defence & Space

- Allocated budget of Rs 6.8 lakh crore for the coming year, as the government continues to step up efforts to make in India. The total outlay on defence is less than street expectations.
- Allocated defence capex of Rs 4.9 Lakh crore for FY26E from Rs 4.6 Lakh crore for FY25RE, increased by 7.7%.
- Increased the budget outlay for space technology from Rs 8,986 crore for FY25RE to Rs 10,230 crore for FY26E. This fuel the growth of India's space sector.
- Announced to reduce Basic Custom Duties on ground installations and satellite launches, along with goods used in the manufacturing of launch vehicles (rockets) to zero.

Banking

- The loan limit under the Modified Interest Subvention Scheme enhanced from Rs 3 lakh to Rs 5 lakh for loans taken through the KCC. Higher credit growth for rural focused banks, NBFC and SFB.
- Credit guarantees cover enhanced; MSME Rs 5 cr to Rs 10 cr; Startups Rs 10 cr to Rs 20 cr; exporter MSME term loans upto Rs 20 cr - Customized Credit Cards with a Rs 5 lakh limit for micro enterprises registered on Udyam portal.
- FDI limit for the insurance sector raised from 74% to 100% ULIPs to be considered as equity oriented fund and taxed accordingly Positive for insurance companies but could increase competition.
- Increased allocation under PMAY-Urban 1/2 by 45%/133% from revised estimate to Rs 19794 crore/Rs 3500 crore Positive for housing finance companies specifically focusing on affordable housing.
- Centre will borrow Rs 14.82 lakh crore from the markets for FY26E to finance its fiscal deficit an increase from 141 lakh in FY25E Lower Deficit creates room for a possible rate cut.



Oil and Gas

- Petroleum subsidy decreased to Rs 12,100 crore for FY26E, from Rs 14,700 crore for FY25RE.
- Planning to allocate Rs 9,100 crore for FY26E vs. Rs 12,700 crore for FY25RE for LPG connection to poor households. Allocation cut is negative for the OMCs.
- Tariff rate for Liquefied Propane and Butane decreased from 15% to 2.5% and for LPG (for automotive and non-automotive) reduced from 15% to 5% for FY25-26. It is positive for topline of OMCs.
- The budgeted capex of Ministry of Petroleum was reduced to Rs. 19,327 cr from Rs. 17,368 cr for FY25RE and allocating the fund for Indian Strategic Petroleum Reserve Ltd. of Rs 5,597 cr.
- The government has allocated Rs 1500 crore for Direct Benefit Transfer on LPG for FY26E vs. Rs 500 crore for FY25RE. It is positive for OMCs.

Travel & Tourism

- Top 50 tourist destination sites to be developed in partnership with states to benefit companies.
- Organizing skill-development programmes in Institutes of Hospitality Management, MUDRA loans for homestays and performance-linked incentives to states for effective destination management including tourist amenities, cleanliness, and marketing efforts.
- Modified UDAN scheme to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years.
- Measures such as improving ease of travel and connectivity to tourist destinations and introduction of streamlined e-visa facilities along with visa-fee waivers for certain tourist groups.



Telecommunication

- Allocated compensation to Service Providers for creation and augmentation of telecom infrastructure Increased to Rs 28400 cr for FY26E from Rs 13700 cr for FY25RE.
- Announced a cut in BCD on mobile phones from 2.5% to Zero. Inputs or Parts/sub-parts for use in the manufacture of the Printed Circuit Board Assembly, Camera module and connectors of cellular mobile phone.
- Proposed to add 28 additional capital goods for mobile phone battery manufacturing to the list of exempted capital goods.
- Custom duty on specified inputs/parts (chip on film, PCBA, glass board/substrate cell) for use in the manufacturing of open cells of TV panels of LED/LCD TV has been fully exempted

Technology

- Increased the budget outlay for space technology from Rs 8,986 crore for FY25 RE to Rs 10,230 crore for FY26E. Positive for IT and Telecom companies providing IT and telecom infra-related product and services.
- National Urban Digital Mission increased to Rs 1250 crore for FY25-26E from Rs 109 crore for FY24-25 RE.
- Planning to set up a National Digital Repository of Indian knowledge systems for knowledge sharing under the Gyan Bharatam Mission.
- Planning to set-up as a unified platform 'BharatTradeNet' (BTN) for trade documentation and financing solutions



Healthcare & Pharmaceuticals

- A total of ₹98,311 crore has been allocated for healthcare, indicating a significant push towards expanding medical infrastructure.
- ₹4,200 crore has been allocated to the Ayushman Bharat scheme to widen health coverage among vulnerable sections of society.
- Government will facilitate setting up of Day Care Cancer Centres in all district hospitals in the next 3 years. 200 Centres will be established in 2025-26.
- Announcement of 36 life-saving drugs and medicines (mainly in Cancer and Rare diseases) to be added to the list of medicines that are fully exempt from basic customs duty (BCD). Another 6 life-saving medicines are to be added to the list, that would attract concessional customs duty of 5%.
- Increased funding is allocated to improve nutrition and healthcare for children, pregnant and lactating women, and adolescent girls.



EDUCATION

- Bharatiya Bhasha Pustak Scheme to provide digital-form Indian language books for school and higher education.
- Five National Centres of Excellence for skilling will be set up with global expertise and partnerships to equip youth with the skills required for “Make for India, Make for the World” manufacturing.
- Total number of students in 23 IITs has increased 100% from 65,000 to 1.35 lakh in the past 10 years. Additional infrastructure will be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students.
- Government added almost 1.1 lakh UG and PG medical education seats in ten years, an increase of 130%. In the next year, 10,000 additional seats will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years.



Thankyou

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