



Budget 2025 Synopsis: Key Highlights and Takeaways

The Union Budget 2025, presented by Finance Minister Nirmala Sitharaman, focuses on accelerating growth, simplifying taxation, and promoting sustainable development. Below is a concise synopsis of the most critical aspects of the budget, emphasizing the points that will interest viewers the most.

Taxation Reforms and Reliefs

No Tax on Income Up to ₹12 Lakh: A significant relief for middle-class taxpayers, with no income tax payable on annual income up to ₹12 lakh (₹12.75 lakh for salaried individuals with standard deductions).

Tax Slabs: Revised tax slabs under the new regime:

Up to ₹4 lakh: 0%

₹4-8 lakh: 5%

₹8-12 lakh: 10%

₹12-16 lakh: 15%

₹16-20 lakh: 20%

₹20-24 lakh: 25%

Above ₹24 lakh: 30%

Virtual Digital Assets (VDAs): Starting February 1, 2025, undisclosed VDAs can be assessed for up to six years under Section 158B of the Income Tax Act.

Senior Citizens: Tax deduction limit on interest income doubled to ₹1 lakh; TDS on rent increased to ₹6 lakh.

Presumptive Taxation: Extended to non-residents setting up electronics manufacturing facilities in India.

Safe Harbour Rules: Expanded to reduce litigation and provide clarity in international taxation.

Revenue Composition

Direct and Indirect Taxes: Contribute 66 paise of every rupee in government revenue.

Direct taxes: 39 paise (Income tax: 22 paise, Corporate tax: 17 paise).

Indirect taxes: 18 paise (primarily GST).

Non-Tax Revenue: 9 paise from disinvestment and other sources.

Borrowings and Liabilities: 24 paise.

Fiscal Deficit and Borrowings

Fiscal Deficit Target: Pegged at 4.4% of GDP for FY26, down from 4.8% in FY25.

Gross Borrowing: Revised to ₹14.82 lakh crore for FY26, up 5.7% from FY25.

Capital Expenditure: Lowered to ₹10.18 lakh crore for FY25, falling short of market expectations.

Sector-Specific Announcements

Agriculture and Rural Development:

Kisan Credit Card (KCC): Loan limit increased from ₹3,000 to ₹5,000 for 7.7 crore farmers.

Pulses Self-Reliance Mission: A 6-year mission to achieve self-reliance in pulses, focusing on tur and masoor.

Cotton Production Program: A new six-year initiative to boost the production of extra-long staple cotton.

Makhana Board: Established in Bihar to boost production, processing, and marketing of Makhana.

Agricultural Districts Programme: Targets 100 low-productivity districts to enhance crop diversification, irrigation, and credit access.

Sector-Specific Announcements

Healthcare:

Healthcare Daycare Cancer Centres: 200 centres to be set up in FY25, with a goal of establishing them in all district hospitals over three years.

Medical Education Expansion: 10,000 additional medical seats to be added in FY25, part of a plan to add 75,000 seats over five years.

Customs Duty Exemptions: 36 life-saving drugs and 13 patient assistance programs exempted from Basic Customs Duty (BCD).

Sector-Specific Announcements

Power and Energy:

Power and Energy Nuclear Energy Mission: Aims to develop 100 GW of nuclear power by 2047, with ₹20,000 crore allocated for Small Modular Reactors (SMRs).

Power Sector Reforms: Incentives for states to improve electricity distribution and transmission.

MSMEs and Manufacturing :

MSME Support: Investment and turnover limits for MSMEs increased by 2.5x and 2x, respectively.

Footwear and Leather Sector: Policy measures to boost productivity, quality, and exports, targeting ₹1.1 lakh crore in exports and 22 lakh jobs.

Toy Manufacturing: National Action Plan for Toys to establish India as a global toy hub.

Infrastructure and Urban Development

Urban Challenge Fund: ₹1 lakh crore allocated to transform cities into growth hubs, with ₹10,000 crore earmarked for FY25.

Modified UDAN Scheme: 120 new destinations and 4 crore additional passengers targeted.

Customs and Trade

Customs Duty Rationalization: Simplified customs tariff structure to promote domestic manufacturing and exports.

Cheaper Imports: Duty reductions on EV batteries, frozen fish paste, wet blue leather, and critical minerals.

Costlier Imports: Increased duties on flat panel displays and knitted fabrics

Financial Sector Reforms

FDI in Insurance: Limit raised to 100% with certain restrictions.

Investment Friendliness Index: To be launched in 2025 to promote competitive federalism among states.

Jan Vishwas Act: Over 1,080 legal provisions decriminalized to foster a business-friendly environment.

Regulatory Reforms: A high-level committee to streamline business regulations.

Social Welfare and Education

Atal Tinkering Labs: To be established in 50,000 government schools to promote innovation.

Sashakt Anganwadi and Poshan 2.0: Enhanced nutritional support for 8 crore children, pregnant women, and adolescent girls.

Formalization of Gig Economy Workers: New measures to provide gig workers with better access to healthcare and welfare benefits.

Tourism and Startups

Tourism Development: Increased investment in tourism infrastructure to enhance India's appeal as a global tourist destination.

Investment in Startups and Innovation: Targeted funding to support entrepreneurship and technological advancements.

Disinvestment and Asset Monetization

PSU Dividends: Target set at ₹55,000 crore for FY25, rising to ₹69,000 crore in FY26.

Asset Monetization Plan 2025-30: Aims to infuse ₹10 lakh crore into new projects.

Economic Growth Targets

Nominal GDP Growth: Target set at 10.1% for FY26.

Government Debt: Aimed at maintaining a declining trajectory as a percentage of GDP.

Conclusion

Budget 2025 is a growth-oriented budget with a strong focus on simplifying taxation, boosting infrastructure, and promoting sustainable development. While it provides significant relief to taxpayers and supports key sectors like agriculture, healthcare, and MSMEs, the modest increase in capital expenditure and aggressive fiscal deficit targets have raised concerns among market watchers. The budget also emphasizes India's transition to clean energy, self-reliance in critical sectors, regulatory simplifications, and the creation of a robust manufacturing ecosystem.

Disclaimer: This document is for informational purposes only and does not constitute financial or investment advice. This report has been prepared on the basis of data available to us and we have taken all precautions so that there are no errors and lapses. However, we do not assume any liability for actions taken, based on this report.