



सत्यमेव जयते

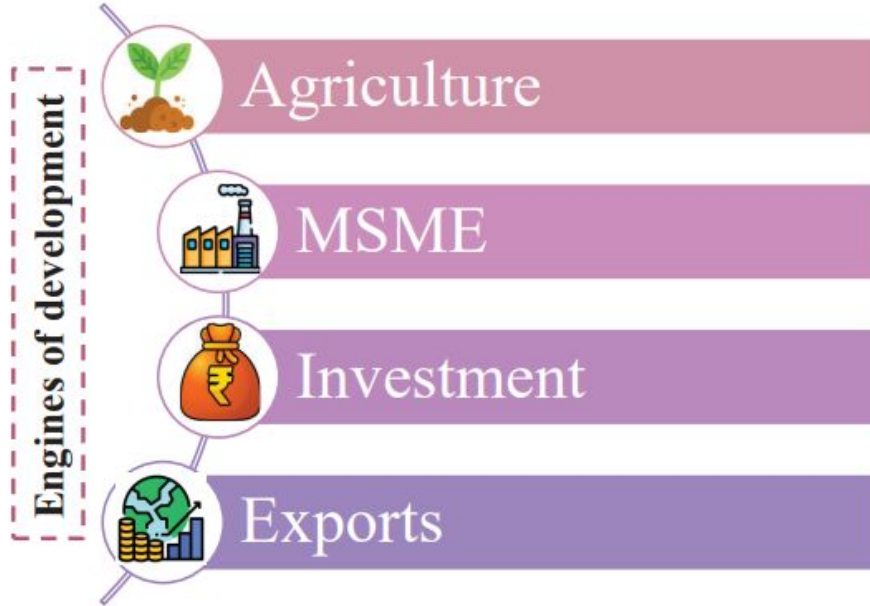
Economic Diplomacy Division  
Ministry of External Affairs



UNION  
**BUDGET**  
2025-26



# Journey of Development



# Development Engine: Agriculture

- **Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme:** To cover 100 districts and likely to help **1.7 crore** (17 million) farmers
- **Enhanced Credit through KCC:** Facilitate short term loans for **7.7 crore farmers** (77 million), fishermen, and dairy farmers with enhanced loan of **INR 5 lakh** (~US\$ 5767)
- **Aatmanirbharta in Pulses:** Launch a 6-year Mission with special focus on *Tur, Urad and Masoor*, emphasising
  - Development and commercial availability of climate resilient seeds
  - Enhancing protein content
  - Increasing productivity
  - Improving post-harvest storage and management, assuring remunerative prices to the farmers.



# Development Engine: Supporting MSMEs

**Customised Credit Cards** with an **INR 5 lakh** limit (~US\$ 5,767) for **micro enterprises** registered on **Udyam portal**. In the first year, **10 lakh** (1 million) such cards will be issued.

For 5 lakh first-time entrepreneurs, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to **INR 2 crore** (~US\$0.231 million) during the next 5 years.

**Manufacturing mission** with the mandate to focus on

- Ease and cost of doing business
- Future ready workforce
- A dynamic MSME sector
- Availability of technology
- Quality products
- Clean tech manufacturing



# Development Engine: People, economy, and innovation

- **Atal Tinkering Labs:** 50,000 Labs to be set up in government schools in next 5 years.
- **Broadband connectivity** to be provided to **all government secondary schools** and primary health centres in rural areas.
- **Bharatiya Bhasha Pustak Scheme:** provide **digital form Indian language books** for school and higher education.
- **Five National Centres of Excellence** for skilling to be set up with **global expertise and partnerships**.
- **Expansion of Capacity in IITs**
- **Centre of Excellence in Artificial Intelligence** for education with a total outlay of **INR 500 crore** (~US 57.7 million).
- **Welfare of Online Platform Workers:** Registration on the e-Shram portal & healthcare under PM Jan Arogya Yojana.



# Development Engine: People, economy, and innovation

## Support to States for

**Infrastructure:** With an outlay of **INR 1.5 lakh crore** (~US\$ 17.3 billion), 50-year interest free loans to states for capital expenditure and incentives for reforms.

**Jal Jeevan Mission:** To achieve 100 % coverage, the mission extended till 2028 with an enhanced total outlay.

**Asset Monetization Plan 2025-30:** launched to plough back capital of **INR 10 lakh crore** (~US 115.4 billion) in new projects

**Urban Challenge Fund: INR 1 lakh crore** (~US 15 billion) to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water & Sanitation'.



# Development Engine: People, economy, and innovation

- **Maritime Development Fund** with a corpus of **INR 25,000 crore** (~US 2.88 billion) for long-term financing with up to 49 % contribution by the government.
- **Nuclear Energy Mission for Viksit Bharat:** Amendments to the **Atomic Energy Act** and the **Civil Liability for Nuclear Damage Act** will be taken up for active partnership with the private sector.
- **UDAN:** Regional connectivity to **120 new destinations** and carry **4 crore** (40 million) passengers in the next 10 years.
- **Research, Development & Innovation:** Allocating **INR 20,000 crore** (~US 2.31 billion) to implement private sector driven Research, Development and Innovation initiative
- **Expansion of medical education:** **10,000 additional seats** with the goal of adding **75,000 seats** in the next 5 years.

## Tourism for employment-led growth

Top 50 tourist destination sites to be developed in partnership with states

Performance-linked incentives to states

Introducing streamlined e-visa facilities Intensive

MUDRA loans for homestays

Akill-development programmes for youth

Ease of travel and connectivity to tourist destinations

# Development Engine: Exports

- **Export Promotion Mission:** With sectoral and ministerial targets to facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.
- **BharatTradeNet:** A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions.
- **National Framework for GCC:** As guidance to states for promoting Global Capability Centres in emerging tier 2 cities.
- **Warehousing facility for air cargo:** To facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce.





# Development Fuel: Financial Sector Reforms

- **'Grameen Credit Score'** framework to serve the credit needs of SHG members and people in rural areas.
- **NaBFID** to set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.
- Revamped **Central KYC registry** to be rolled out in 2025.
- Rationalisation of requirements and procedures for speedy approval of company mergers.
- **FDI limit** for the insurance sector will be raised from **74 to 100%**

- **High Level Committee for Regulatory Reforms**
- **Investment Friendliness Index of States**
- **FSDC Mechanism:** to evaluate impact of the current financial regulations and subsidiary instructions along with a framework to enhance their responsiveness and development of the financial sector.
- **Jan Vishwas Bill 2.0:** to decriminalize more than 100 provisions in various laws.



# Development Fuel: Indirect Tax proposals

- **Make in India:** Exemption to open cell for LED/LCD TV, looms for textiles, capital goods for lithium ion battery of mobile phones and EVs.
- **Promotion of MRO:** Exemption for 10 years on goods for shipbuilding and ships for breaking, extension of time limit for export of railway goods imported for repairs.
- **Export promotion:** Duty free inputs for handicraft and leather sectors.
- **Trade Facilitation:**
  - Time limit fixed for finalisation of provisional assessment
  - New provision for voluntary declaration of material facts post clearance and duty payment with interest but without penalty
  - IGCR Rules amended to extend time limit to 1 year and file quarterly statement instead of monthly

## Improved access to lifesaving medicines

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

(Medicines for rare diseases, cancer, severe chronic diseases)

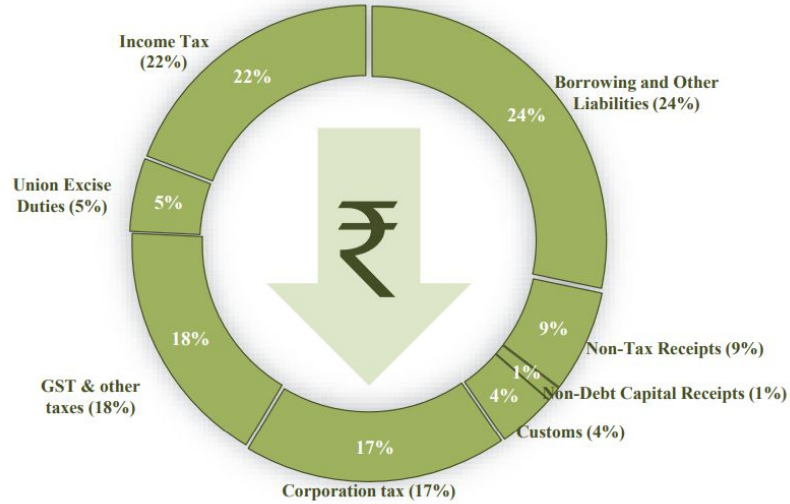


# Development Fuel: Direct Tax proposals

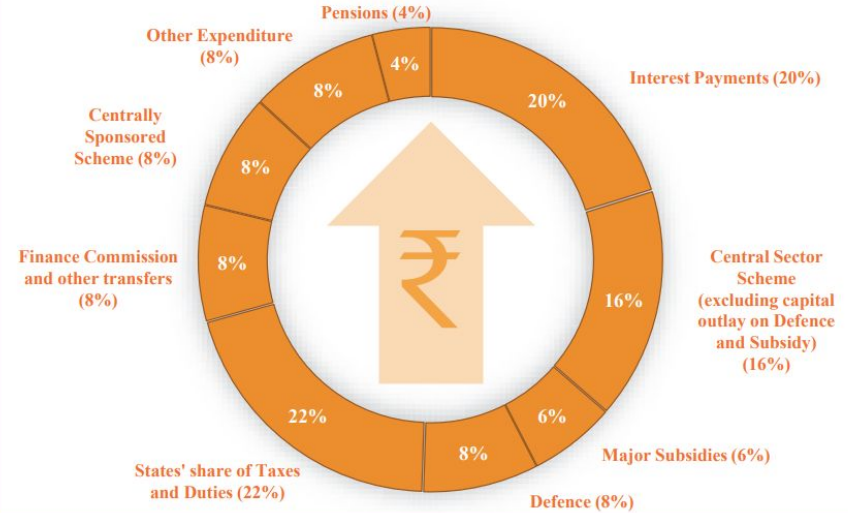
- **Ease of Doing Business**
  - Introduction of a scheme for determining arm's length price of international transaction for a block period of three years.
  - Expansion of scope of safe harbour rules to reduce litigation and provide certainty in international taxation.
- **Employment and Investment**
  - Tax certainty for electronics manufacturing schemes
  - Tonnage Tax Scheme for Inland Vessels
  - Extension for incorporation by 5 years of Start-Ups
  - Specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which are set up in IFSC
  - Certainty of taxation to Category I and category II AIFs, undertaking investments in infrastructure and other such sectors, on the gains from securities.



## Rupee Comes From



## Rupee Goes To



# Sectoral Allocations



# Defense

**Defence sector allocation:** INR 6.81 trillion (~US\$ 78.55 billion).

- **Capital expenditure:** INR 1.72 trillion (~US\$ 19.84 billion) allocated for equipment and infrastructure investments.
- **Self-reliance drive:** 75% of the capital budget targeted for domestic procurement.
- **Research and development:** Increased R&D allocation to support projects like the Advanced Medium Combat Aircraft and Project P75(I)
- **Defence reforms:** 2025 to see the establishment of integrated theatre commands and advancements in cyber and AI capabilities.
- **Procurement plans:** Major acquisitions, including six submarines under Project P75(I).



# Healthcare

Total allocation: **INR 98,311 crore** (~US\$ 11.34 billion)

- **Ayushman Bharat expansion:** Allocated **INR 4,200 crore** (~US\$ 484.45 million) for enhancing health coverage under Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) for vulnerable populations.
- **Cancer care expansion:** 200 daycare cancer centres will be set up in district hospitals over the next three years to improve treatment accessibility.
- **Medical education:** The Budget proposes 10,000 new medical seats next year, with 75,000 planned over five years to address the shortage of healthcare professionals.
- **Medical tourism boost:** 'Heal in India' initiative to streamline visa processes for international patients.
- **Support for gig workers:** Health insurance under PM Jan Arogya Yojana to cover 10 million gig workers.
- **Import duty reduction on medicines:** 36 life-saving drugs exempted from Basic Customs Duty; six others to have a reduced 5% customs duty.



# Agriculture

**Allocation: INR 1.52 trillion** (~US\$ 17.53 billion)

- **PM Dhan Dhanya Krishi Yojana:** Targets 100 districts with low productivity, benefiting 1.7 crore farmers through crop diversification, irrigation improvements, and better post-harvest storage.
- **Self-reliance in pulses:** Target to achieve self-sufficiency in pulse production within six years.
- **Kisan Credit Card expansion:** Loan limit raised to INR 5 lakh (~US\$ 5767) for better financial access to farmers.
- **Makhana Board for Bihar:** A dedicated board to promote Makhana production and marketing.
- **Cotton farmers' support:** Five-year mission to increase yield and income for cotton farmers.





# Shipping and Maritime

**Maritime Development Fund: INR 25,000 crore fund**  
(~US 2.88 billion) for long-term maritime projects.

- **Shipbuilding policy overhaul:** Revamped Shipbuilding Financial Assistance Policy (SBFAP), extending customs duty exemptions on raw materials for 10 more years.
- **Shipbreaking Credit Note Policy:** New credit note system to support ship recyclers based on scrap value of vessels.
- **Infrastructure status for vessels:** Large vessels granted infrastructure status for easier financing through external commercial borrowings and insurance funds.
- **Shipbuilding clusters:** Plans to increase India's global market share (currently 0.06%) and become a top five shipbuilding nation by 2047.



# Education

**Investment in artificial intelligence: INR 500 crore** (~US 57.7 million) for three Centres of Excellence in AI, focusing on research and skilling.

- **Expansion of IITs and medical colleges:** 6,500 additional seats in five IITs and 10,000 new undergraduate medical seats next year, contributing to a 75,000-seat increase over five years.
- **Skill development initiatives:** 50,000 Atal Tinkering Labs to foster hands-on learning and innovation.
- **Focus on quality education:** Commitment to 100% quality school education and ensuring employable skills for all graduates, aligned with NEP 2020.



## MSMEs & Startups

- **Startup Fund: INR 100 billion** (~US\$ 1.15 billion) allocated to drive innovation and entrepreneurship.
- **Custom credit cards & Fund-of-Funds:** Enhancing MSME financing.
- **Investment & turnover limits for MSMEs:** Increased by 2.5x and 2x respectively.

## Urban Development

- **Urban Challenge Fund:** INR 1 lakh crore (~US\$ 15 billion) to revamp cities.
- **Interest-free loans:** INR 1.5 lakh crore (~17.3 billion) for capital expenditure and state-level reforms.
- **Affordable housing:** 40,000 units to be completed in FY26.

## Energy & Sustainability

- **100 GW Nuclear Power Plan:** Target by 2047, with a push for private sector participation.
- **R&D initiative: INR 20,000 crore** (~US\$ 2.31 billion) allocated for Small Modular Reactors (SMRs).

## Capital Expenditure

- **Capital expenditure: INR 10.18 lakh crore** (~US\$ 117.42 billion) allocated for FY25.
- **Fiscal deficit target:** Set at 4.4% for FY26.

# Expenditure of Major Items



## Defence

INR 4,91,732 crores  
(~US\$ 56.72 billion)



## Rural Development

INR 2,66,817 crores  
(~US\$ 30.78 billion)



## Home Affairs

INR 2,33,211 crores  
(~US\$ 26.92 billion)



## Agriculture and Allied Activities

INR 1,71,437 crores  
(~US\$ 19.78 billion)



## Education

INR 1,28,650 crores  
(~US\$ 14.84 billion)



## Health

INR 98,311 crores  
(~US\$ 11.34 billion)



## Urban Development

INR 96,777 crores  
(~US\$ 11.17 billion)



## IT and Telecom

INR 95,298 crores  
(~US\$ 10.99 billion)



## Energy

INR 81,174 crores  
(~US\$ 9.36 billion)



## Commerce & Industry

INR 65,553 crores  
(~US\$ 7.56 billion)



## Social Welfare

INR 60,052 crores  
(~US\$ 6.93 billion)



## Scientific Departments

INR 55,679 crores  
(~US\$ 6.42 billion)

# Thank You



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