

Union Budget Highlights 2025

"A country is not just its soil, a
country is its people"





Engines of Development

1

Agriculture

2

MSME

3

Investment

4

Exports



Development Measures



Spurring
Agricultural Growth
and Productivity.

Building Rural
Prosperity and
Resilience.

Taking Everyone
Together on an
Inclusive Growth
path;

Boosting
Manufacturing and
Furthering Make in
India.

Supporting MSMEs.

Enabling
Employment-led
Development.

Investing in people,
economy and
innovation.

Securing Energy
Supplies.

Promoting Exports;
and

Nurturing
Innovation.



First Engine: Agriculture

1

Prime Minister Dhan-Dhaanya Krishi Yojana

Targets 100 low-productivity districts. Focuses on crop diversification, irrigation, improved storage, and sustainable farming.

2

Mission for Aatmanirbharta in Pulses

Six-year initiative to reduce reliance on imported pulses. NAFED and NCCF to procure Tur, Urad, and Masoor from farmers over the next four years.

3

National Mission on High-Yielding Seeds

Focuses on developing high-yield, pest-resistant, and climate-resilient seeds. Strengthens the research ecosystem for better agricultural output.



Agriculture Initiatives Continued

Enhanced Credit Support for Farmers

Kisan Credit Card (KCC) loan limit increased from ₹3 lakh to ₹5 lakh. Improves access to affordable credit for farmers.

Comprehensive Program for Fruits and Vegetables

Collaborative initiative with states to boost production, supply chains, processing, and pricing. Aims to support horticulture farmers with better infrastructure and market access.

These measures modernize agriculture, enhance productivity, and improve farmer incomes, ensuring long-term sustainability and food security



2nd Engine: MSME



Revised MSME Classification

FM Sitharaman announced revised investment and turnover limits for the classification of all MSMEs, enhancing to 2.5 and 2 times respectively.

Credit Guarantee Cover

For Micro and Small Enterprises: From ₹5 crore to ₹10 crore. This will lead to additional credit of ₹1.5 lakh crore in the next 5 years.

Startup Support

From ₹10 crore to 20 crore with a moderated guarantee fee of 1% for loans in 27 focus sectors

Exporter MSMEs

For term loans of up to ₹20 crore.



MSME Initiatives Continued



First-time Entrepreneurs Scheme

New scheme for 5 lakh women, Scheduled Castes, and Scheduled Tribes first-time entrepreneurs. Provides loan of up to Rs.2 crore.



Leather and Footwear Sector Scheme

Focus product scheme to enhance productivity, quality, and competitiveness of India's footwear and leather sector.



Measures for Toy Sector

Focus on development of clusters, skills, manufacturing ecosystems. Create high-quality, unique, innovative and sustainable toys representing the 'Made in India' brand.



Other Initiatives

1 Expansion of IIT Patna

2 National Institute of Food Technology, Entrepreneurship, and Management

To promote food processing activities across the eastern region.

3 Western Kosi Canal ERM Project

Poised to benefit farmers by aiding in cultivating over 50000 hectares of land in the Mithila region in Bihar.

4 Airport Development

Greenfield airports to be set up along with a brownfield airport in Bihta besides the expansion of the Patna airport.

5 New Makhana Board

To be open in Bihar.



3rd Engine: Investment

Bhartiya Bhasha Pustak Scheme

Provide digital-form Indian language books for school and higher education.

Education Expansion

100% expansion of seats in IITs, 10000 additional seats in medical colleges by 2025-2026 session and 75000 seats in the next 5 years.

AI in Education

Big push for AI in education with Rs. 500 crores investment.

Cancer Care Centers

200 centers of Day Care Cancer Centers will be established in 2025-26 in district hospitals and the remaining centers in all district hospitals.





Investment Initiatives Continued

PM SVANidhi Scheme

Reconstructed with additional features of loan facilities i.e loans from banks, UPI-linked credit cards with ₹ 30,000 limit, and capacity-building support

Gig Worker Benefits

Gig workers (Temporary workers) across India will receive official identity cards and healthcare benefits under the PM Jan Arogya Yojana, as part of the Social Security Scheme for Welfare of Online Platform Workers.



Export Initiatives



Bharat Trade Net (BTN)

Unified platform for international trade documentation and financing solutions.








Export Promotion Mission

Facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.



Direct Taxes Proposals

-  **New Income Tax Bill**
Proposal to introduce a new Income Tax Bill
-  **TDS/TCS Rationalization**
Increased limits and relaxations for various TDS and TCS provisions
-  **Voluntary Compliance**
Extended time limit to file updated returns from two years to four years
-  **Reduced Compliance Burden**
Extended registration period for small charitable trusts and relaxations for self-occupied properties
-  **Ease of Doing Business**
Multi-year ALP determination mechanism and expanded safe harbour rules

Direct Taxes Proposals



TDS/TCS rationalization for easing difficulties

The limit for tax deduction on interest for senior citizens is being doubled from the present Rs 50,000 to Rs 1 lakh.

The annual limit of Rs 2.40 lakh for TDS on rent is being increased to Rs 6 lakh.

TCS on remittances under RBI's Liberalized Remittance Scheme (LRS) is proposed to be increased from Rs 7 lakh to Rs 10 lakh.

Remove TCS on remittances for education purposes, where such remittance is out of a loan taken from a specified financial institution.

Where Both TDS and TCS are being applied on any transaction relating to sale of goods. To prevent such compliance difficulties, I propose to omit the TCS.

The provisions of the higher TDS deduction will now apply only in non-PAN cases.

The delay for payment of TDS up to the due date of the filing statement was decriminalized. The same relaxation to TCS provisions as well.

Direct Taxes Proposals



Encouraging Voluntary Compliance

- The Time-limit to file updated returns for any assessment year, from the current limit of two years to four years.

Reducing Compliance Burden

- Small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years. It is also proposed that disproportionate consequences do not arise for minor defaults, such as incomplete applications filed by charitable entities.
- Presently taxpayers can claim the annual value of self-occupied properties as nil only on the fulfilment of certain conditions. Considering the difficulties faced by taxpayers, it is proposed to allow the benefit of two such self-occupied properties without any condition.

Ease of Doing Business

- A multi-year ALP determination mechanism, allowing taxpayers to opt for a three-year ALP determination in a prescribed form and timeframe.
- With a view to reduce litigation and provide certainty in international taxation, safe harbour rules is being expanded.
- To exempt withdrawals made from NSS by individuals on or after the 29th of August, 2024.
- Similar treatment to NPS Vatsalya accounts as is available to normal NPS accounts.
- A presumptive taxation regime for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility.
- A safe harbor for tax certainty for non-residents who store components for supply to specified electronics manufacturing units.

Tonnage Tax Scheme for Inland Vessels

- Presently the tonnage tax scheme is available to only sea-going ships. The benefits of the existing tonnage tax scheme are proposed to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote inland water transport in the country.

Direct Taxes Proposals



Extension for incorporation of Start-Ups

Extend the period of incorporation by 5 years to allow the benefit available to start-ups which are incorporated before 1.4.2030.

International Financial Services Centre (IFSC)

Specific benefits to ship-leasing units, insurance offices, and treasury centers of global companies that are set up in IFSC. Further, to claim benefits, the cut-off date for commencement in IFSC has also been extended by five years to 31.3.2030.

Alternate Investment Funds (AIFs)

Certainty of taxation to these entities on the gains from securities.

Extension of investment date for Sovereign and Pension Funds

To promote funding from Sovereign Wealth Funds and Pension Funds to the infrastructure sector, I propose to extend the date of making an investment by five more years, to 31st March, 2030.



Personal Income Tax Reforms

12L

Tax-Free Income

12.75L

Salaried Taxpayers

Income up to Rs. 12.75 lakhs (including a standard deduction of Rs. 75,000) has been made tax-exempt under the new tax regime. This does not apply to the special rate income such as capital gain, either long-term or short-term.

In the new tax regime, the revised tax rate structure ranges from 0% for income up to 4 lakh rupees to 30% for income above 24 lakh rupees, with graduated rates in between.

0-4 lakh rupees	Nil
4-8 lakh rupees	5 per cent
8-12 lakh rupees	10 per cent
12-16 lakh rupees	15 per cent
16-20 lakh rupees	20 per cent
20- 24 lakh rupees	25 per cent
Above 24 lakh rupees	30%



Indirect Tax Proposals

The Finance Bill No. 14 of 2025 introduces significant amendments and insertions to GST and Customs regulations in India. This comprehensive bill outlines changes in various sections, including GST amendments, customs modifications, and alterations to duty rates. The following cards will detail these changes and their implications for businesses and individuals in India.



GST Amendments and Insertions



Section 17(5)(d) Amendment

Replaced "plant or machinery" with "plant and machinery," effective retrospectively from 1st July 2017.



Section 34(2) Amendment

Mandates reversal of ITC by the recipient when a credit note is issued to reduce the supplier's tax liability.



Section 20(1) & 20(2) Amendment

Allows Input Service Distributor to distribute ITC for inter-state supplies under reverse charge, effective from 1st April 2025.



Sections 107(6) & 112(8) Amendment

Mandates a 10% pre-deposit of penalty for appeals involving only penalty demands before the Appellate Authority and Tribunal.





New GST Sections and Refund Restriction

New Section 148A & 122B

Establishes an enabling mechanism for Track and Trace for specified commodities and penalties for violating the Track and Trace Mechanism.

Refund Restriction

No refund of tax already paid will be available for the aforesaid activities or transactions referred to in clause 128.



Customs Amendments and Insertions

1

Section 18 (1B)

Sets a two-year time limit for finalizing provisional assessments, extended by one year by the Commissioner if needed. This applies to pending cases from the date of Finance Bill's assent.

2

Section 18 (1C)

Provides grounds on which the two-year time limit for provisional assessment can be suspended.

3

Section 18A

Voluntary Revision of Entry allows importers/exporters to voluntarily revise any entry post-clearance within a prescribed period. The revised entry will be treated as self-assessment, allowing duty payment or refund claims with exceptions for certain cases.

4

Section 27(1)

A new explanation clarifies that the limitation period for claiming a refund i.e. one year from the payment of duty or interest.



Additional Customs Amendments

Explanation 1 of Section 28

A new clause specifies that the relevant date for duty payment is the actual date of payment of duty or interest.

Section 127A-D & 127F-H

Inserted for defining the "Interim Board" and its members, setting time limits for application receipt, extension by the Interim Board, and clarifying that the powers and functions of the Settlement Commission will be transferred to the Interim Board across various sections (127A, 127B, 127C, 127D, 127F, 127G, and 127H).

Amendments to Customs Tariff Act and Duty Rates



1

Tariff Rate Reductions

The tariff rate for certain items is proposed to be reduced from 25%, 30%, 35%, and 40% to 20%. For other items, the rate is proposed to be reduced from 150%, 125%, and 100% to 70%.

2

New Tariff Items

New tariff items will be created for Makhana products (popped, flour, powder, others), with existing entries.

3

Increase in Tariff Rates

The tariff rate for Interactive Flat Panel Displays (Completely Built Units) under tariff item 8528 59 00 will increase from 10% to 20%, effective 02.02.2025.

4

Decrease in Tariff Rates

Tariff rates of various items including Articles of Jewelry, Solar Cells, Motor Vehicles, and Bicycles will decrease to 20% and Waste and Scrap materials to Nil, effective 01.05.2025.

Changes in Basic Customs Duty and Export Duty



Frozen Fish and Aquatic Feed

Duty reduced to 5% for frozen fish pastes and fish hydrolysate used in aquatic feed.



Leather and Platinum

Wet blue leather duty reduced to Nil, platinum findings subject to 5% duty.



Metal Scrap and Batteries

Duty reduced to Nil for metal scrap and lithium-ion battery waste.



IT and Electronics

Duties reduced on various components like Ethernet switches and open cells for displays.

Changes in Export Duty (Effective from 02.02.2025): The export duty on crust leather (hides and skins) is reduced from 20% to Nil.





AIDC Rates and Social Welfare Surcharge Exemption

AIDC Rate Changes

- Marble, travertine, granite, and solar cells: 20% AIDC
- Footwear: 18.5% AIDC
- Motor vehicles: 5% to 67.5% AIDC depending on type and value
- Various goods (PVC flex films, platinum findings, yachts, furniture): 5% to 20% AIDC
- Laboratory chemicals: 70% AIDC

Social Welfare Surcharge Exemption

Applies to several goods, including solar cells, yachts, electricity meters (smart meters), furniture, lighting fittings, and parts of electronic toys. Additionally, it covers various types of footwear, motor vehicles (including those for transport of goods or people), and laboratory chemicals under specific headings.