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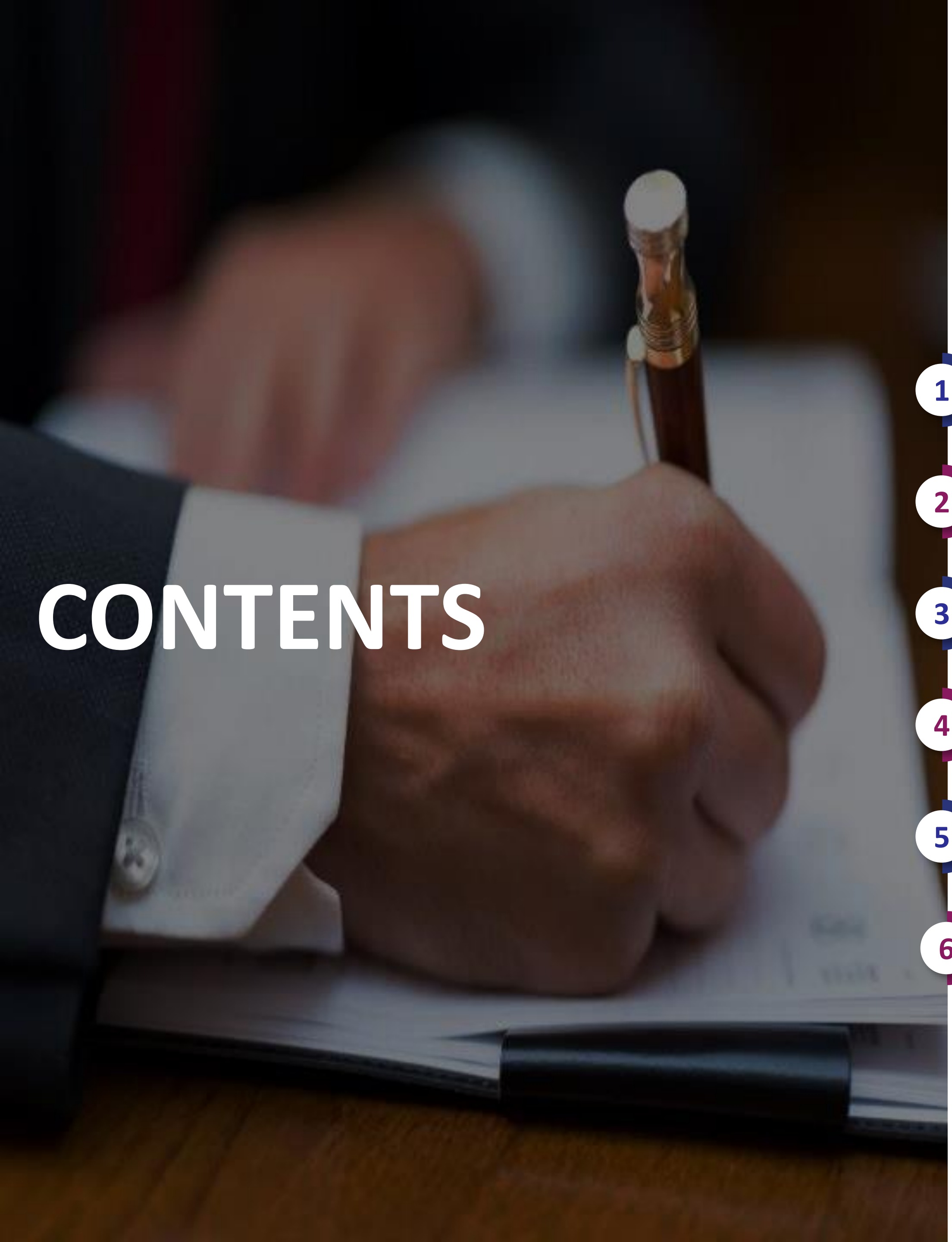
UNION BUDGET 2025-26

Capitalising on Consumption for the Next Phase of Growth

01 February 2025



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EXECUTIVE SUMMARY (1/2)

Union Budget for FY26 is rooted in praxis, recognising that stimulating domestic consumption is the only antidote to an essentially volatile global scenario. The same has been attempted through bumper tax cuts for the middle class to boost urban consumption. On the rural front, a raft of agriculture schemes have been launched with the aim of maintaining consumption in the near term and making migration to urban areas an option rather than compulsion in the long term for rural youth. Targetted support for employment-generating MSMEs, coupled with a renewed emphasis on manufacturing through the National Manufacturing Mission, seeks to absorb this demographic dividend. While the expenditure mix has altered, government capex remains high, even as the nudge to the private sector is obvious. Crucially, fiscal prudence has not been sacrificed; with a firm commitment to a controlled fiscal deficit trajectory.

Demand-side growth to bolster receipts and counter revenue impact of direct tax changes

Net tax revenues to the Union are expected to grow by 11.0% y/y to Rs. 28.4 trn (FY26BE vs. FY25RE), which is faster than 9.9% growth expected in FY25RE vs. FY24A. This relies on accelerated corporate tax collection growth of 10.4% to Rs. 10.8 trn, up from FY25's envisioned 7.4% increase. Growth in income taxes is factored in at 14.4%, with large gains expected in collections of STT. While this would be the slowest annual growth rate since the pandemic period, it underscores a buoyant expectation given considerable revenue foregone of ~Rs. 1 trn due to change in direct tax code and susceptibility of STT collections to market conditions and changing F&O norms. Perhaps, the Union's nominal GDP growth expectation for FY26, at 10.1% y/y, faster than FY25FAE at 9.7%, is rooted in the same optimism

GST revenue is projected to grow by 10.9% to Rs. 11.8 trn in FY26BE, matching the FY25RE growth forecast. Other indirect taxes anticipate a rebound in Union excise duties after three years of contraction, while customs revenue is expected to see moderate but consistent growth. Non-tax revenues are projected to reach Rs. 5.8 trn, a 9.8% increase, driven by strong dividend growth from PSEs (Rs. 690 bn, up 25%) and continued reliance on a substantial RBI dividend

Government's focus turns a corner as agriculture and rural development mark increases in revenue expenditure

FY26BE total expenditure is projected at Rs. 50.6 trn, a 7.4% y/y increase, with central scheme allocations leading growth. This implies accelerated spending over the next 15 months, given moderate 9MFY25 velocity. Revenue expenditure is posited to rise of 7.4% to Rs. 39.4 trn, clocking a faster growth rate than seen in the last two fiscals. Significant allocation increases target agriculture (Rs. 1.7 trn, up 22%) and rural development (Rs. 2.7 trn, up 40%), including import substitution schemes for pulses and oils, and the new PM DDKY for 100 low-productivity districts. Health and education are expected to see healthy 12% rises in expenditure, in line with the government's long-term vision. Interest expense is projected to grow 12% in FY26BE, while increased food subsidies may be partially offset by lower fertiliser subsidies.

Infrastructure push: private sector invited as capex remains strong

While capital expenditure is budgeted grown by 10.1% y/y vs. FY25RE to Rs. 11.2 trn, it remains flattish vis-à-vis FY25BE, with the government undershooting its FY25 target by ~Rs. 900 bn. There was no change made to capex outlay for either Roads (Rs. 2.7 trn in FY26BE) or Railways (Rs. 2.5 trn in FY26BE), which had hitherto seen large increases. Urban infrastructure received a significant boost with Rs. 1 trn allocated to establish the Urban Challenge Fund.

The Finance Minister announced several measures to broaden capital expenditure from the Union to States and private sector. These include a 3-year pipeline of PPP projects, private sector access to the PM Gatishakti data portal, the second phase of the NMP through FY30 with Rs. 10 trn in reinvested capital, the extension of the Rs. 1.5 trn concessional capex loan to States in FY26, and leveraging NaBFiD for partial credit enhancement of infrastructure projects.

EXECUTIVE SUMMARY (2/2)

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Strategic sector focus: Power remains strong, Shipping, Aviation, and New Industries join growth trajectory

The power sector continues to be a priority, with states eligible for additional borrowing of 0.5% of GSDP contingent on continued reforms. A Nuclear Energy Mission has been launched, targetting 100 GW of capacity by 2047 and encouraging private investment. The National Manufacturing Mission prioritises domestic clean technology manufacturing, benefiting sectors like solar cells, batteries, electrolysers, and wind turbines. Shipping received concessions, including large ships' inclusion in the infrastructure harmonised list and a new Maritime Development Fund. Aviation's UDAN scheme was modified to connect 120 new destinations.

Simplification and indigenisation the mantras behind the changes in indirect tax code

Customs tariffs for industrial goods will be simplified by eliminating seven rates and limiting levies to one cess or surcharge. Basic customs duty on key battery minerals has been reduced to zero. Further, 35 additional capital goods for EV battery manufacturing and 28 for mobile phone battery production have been added to the exempted list. Duty rationalization on panels/open cells supports domestic electronics manufacturing. These indirect measures complement broader initiatives to incentivize private investment in domestic manufacturing.

Bonanza for 'middle class' given in direct taxes with the hope of increased urban demand

Personal income tax slabs were realigned, exempting individuals earning up to Rs. 1.2 mn under the revised new tax regime. Senior citizen interest deduction limits doubled to Rs. 0.1 million. TDS on rent limits increased from Rs. 0.24 mn to Rs. 0.6 mn annually. LRS remittance TCS threshold raised from Rs. 0.7 mn to Rs. 1 mn. These measures aim to stimulate urban consumption, potentially boosting durable goods demand. Long-term benefits may include increased tax formalisation and broader credit access.

Financial sector reforms fast-tracked with several gifts for GIFT City

The sunset dates for IFSC units in regard to exemptions has been extended to 31 Mar'30. Exemption to capital gains for non-resident or unit of IFSC on transfer of equity shares of a ship leasing domestic company and dividend paid by a ship leasing company in IFSC to a unit of IFSC engaged in ship leasing has been extended. Further, there are benefits given to insurance officers and treasury centres of global companies set up in IFSC. While the measures are multifarious, much more would be needed to make IFSC a leading hub globally.

Further, Sovereign Wealth Funds and Pension Funds now enjoy extension of investment date till 31 Mar'30. Certainty of taxation has also been promised for Category I and II AIFs. The insurance sector now has 100% FDI allowance, a move expected to attract more foreign interest.

No compromise on fiscal consolidation as downward trajectory for borrowings put forth

The government has reduced its fiscal deficit target for FY25RE to 4.8% of nominal GDP, with FY26BE target set at 4.4% (better than the trajectory which factored in 4.5%). Accordingly, gross borrowing is projected at Rs. 14.82 trn as per FY26BE, with net borrowing at Rs. 11.54 trn. The increase in gross borrowing reflects higher repayments, as net borrowings are expected to decrease. The FM highlighted that the Union would endeavour to keep fiscal deficit from FY27-FY31 such that the debt is on declining path to attain a debt to GDP level of about 50±1% by 31 Mar'31. This budget seeks to balance fiscal prudence, the practical need for revenue expenditure to stimulate consumption, and the maintenance of capital expenditure.

OVERVIEW OF UNION'S FINANCES

UNION COMMITS TO FISCAL CONSOLIDATION

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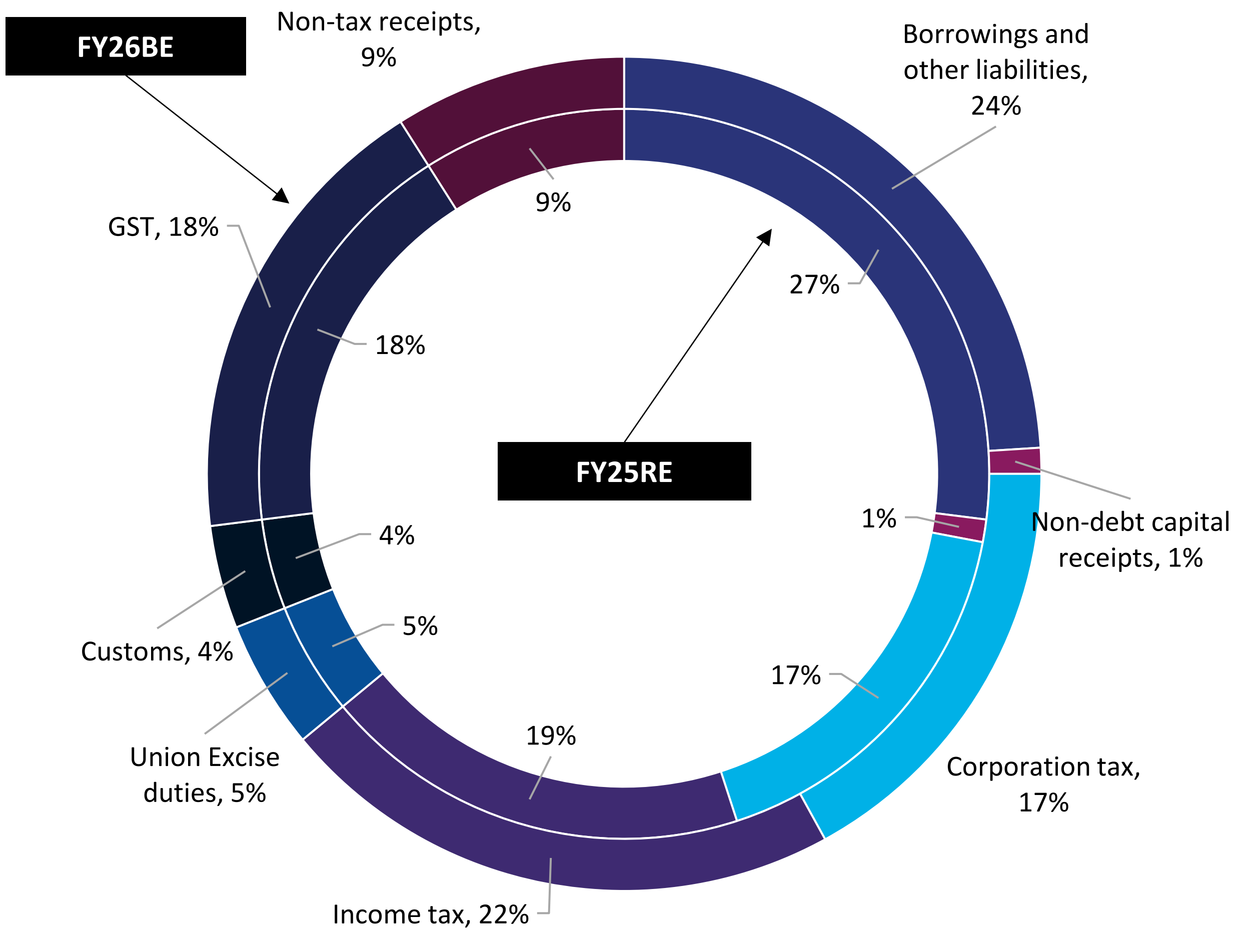
FISCAL SNAPSHOT (Rs bn)	FY24A	FY25BE (F)	FY25RE	FY26BE	FY26BE/ FY25RE	9MFY25	9MFY25/ FY25RE
Corporation Tax	9,111	10,200	9,800	10,820	10%	7,409	76%
Income Tax	10,447	11,870	12,570	14,380	14%	8,378	67%
Customs Duty	2,331	2,377	2,350	2,400	2%	1,702	72%
Excise Duty	3,054	3,190	3,050	3,170	4%	1,996	65%
Service Tax	4.25	1	1	1	0%	0	36%
GST	9,572	10,619	10,619	11,780	11%	7,559	71%
Other Taxes	39.29	50	50	50	0%	459	919%
Transfer to States, UTs	11,295	12,472	12,869	14,224	11%	9,012	70%
Net tax revenue	**23,263**	**25,835**	**25,571**	**28,377**	**11%**	**18,493**	**72%**
Non-Tax Revenue	4,018	5,457	5,310	5,830	10%	4,270	80%
Non-Debt Capital Receipts	598	780	590	760	29%	240	41%
Total Receipts	**27,879**	**32,072**	**31,471**	**34,967**	**11%**	**23,003**	**73%**
Revenue Expenditure	34,943	37,094	36,981	39,443	7%	22,275	60%
Capital Expenditure	9,492	11,111	10,184	11,211	10%	5,135	50%
Total Expenditure	**44,434**	**48,205**	**47,165**	**50,653**	**7%**	**27,410**	**58%**
Revenue Deficit	**7,652**	**5,802**	**6,101**	**5,238**		**3,570**	
Fiscal Deficit	**16,546**	**16,133**	**15,695**	**15,689**		**8,466**	
Fiscal Deficit (% of GDP)	**5.6%**	**5.0%**	**4.8%**	**4.4%**			

- Union has doubled down on its commitment towards a sustainable path of fiscal consolidation with fiscal deficit target set to decline to 4.4% by FY26, signaling an aggressive approach towards debt reduction and macro-economic stability
- Downward revision in fiscal deficit in FY25RE is driven by election-induced slowing of capex and significant transfer from the RBI

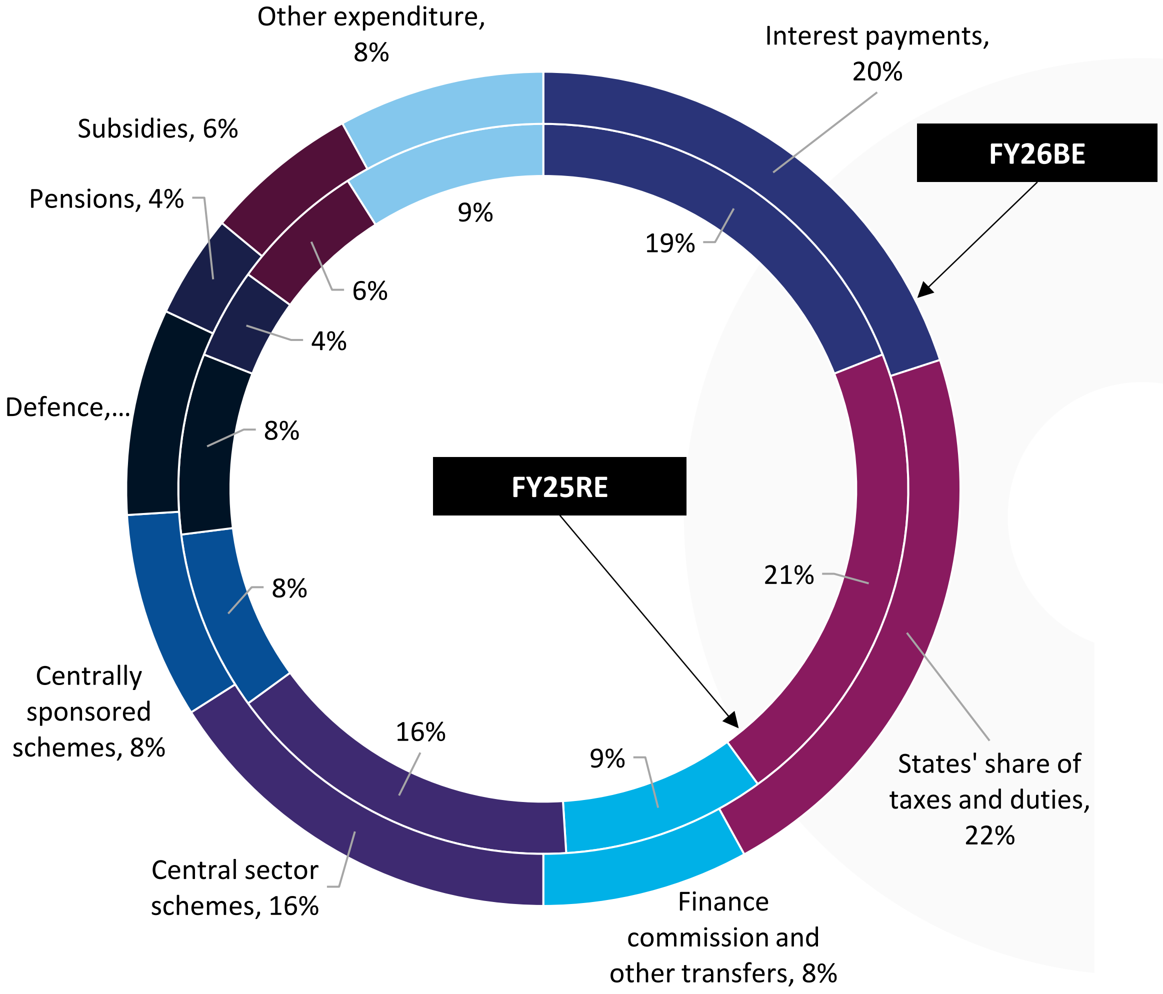
Source: Union Budget Documents, CGA, CEIC, SBICAPS

WHERE THE RUPEE COMES FROM… AND WHERE IT GOES

RECEIPTS

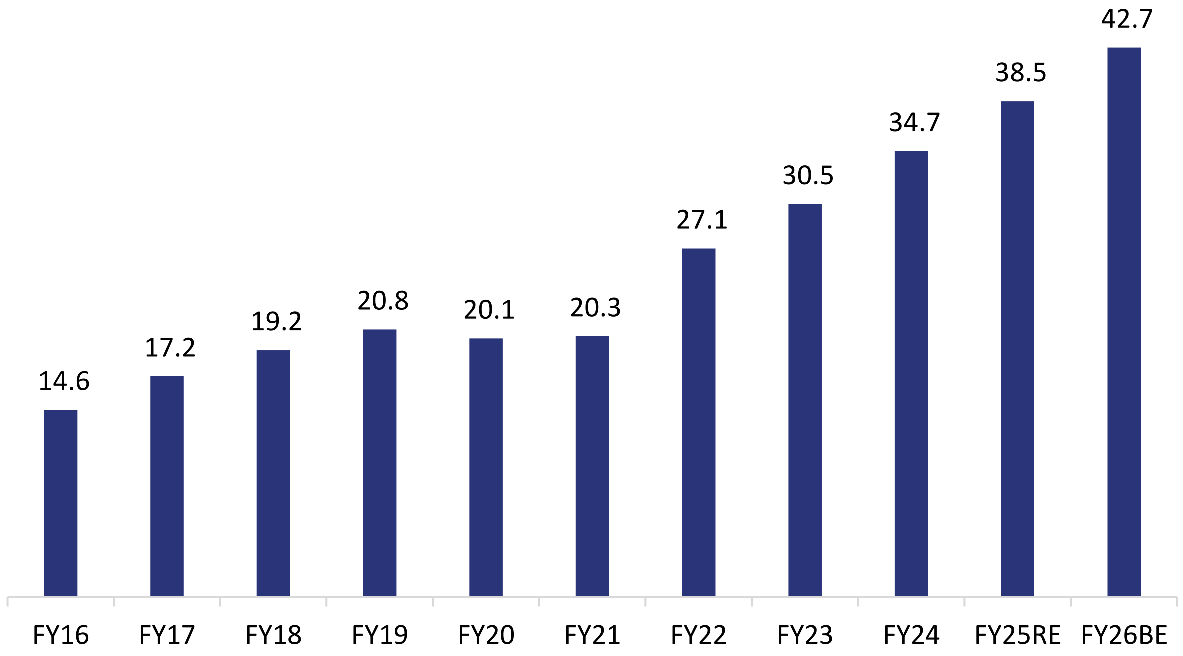


EXPENDITURE

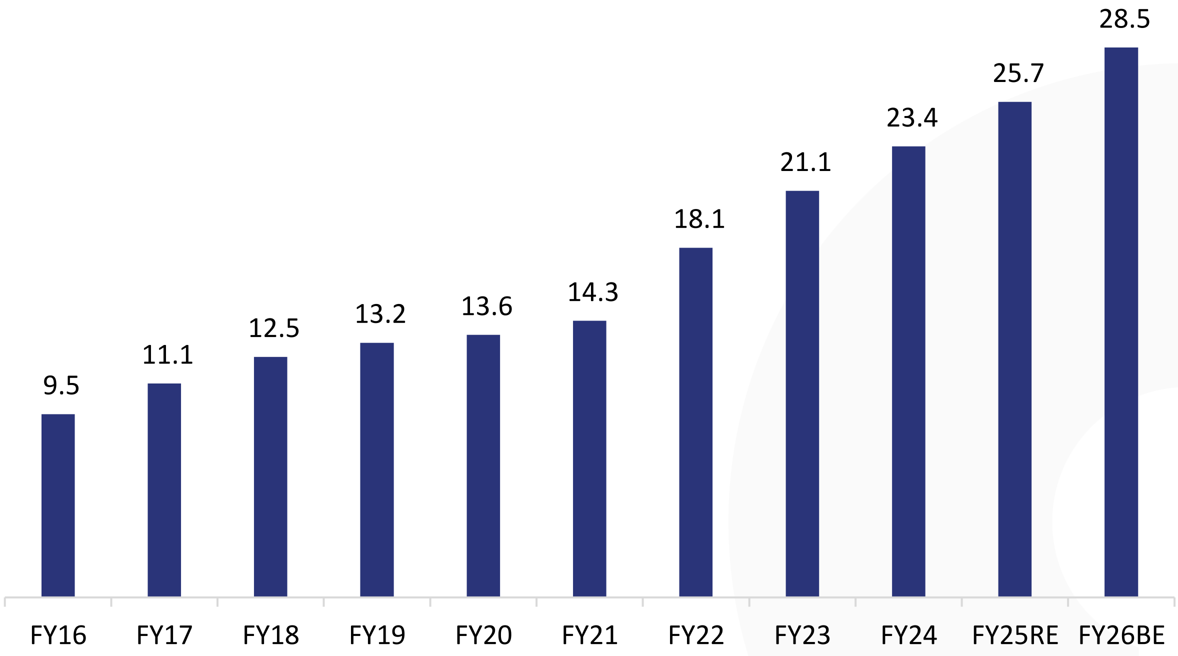


DIRECT TAXES GROWTH TO BOOST EXCHEQUER'S REVENUES

GROSS TAX REVENUE (Rs. trn)



NET TAX REVENUE (Rs. trn)

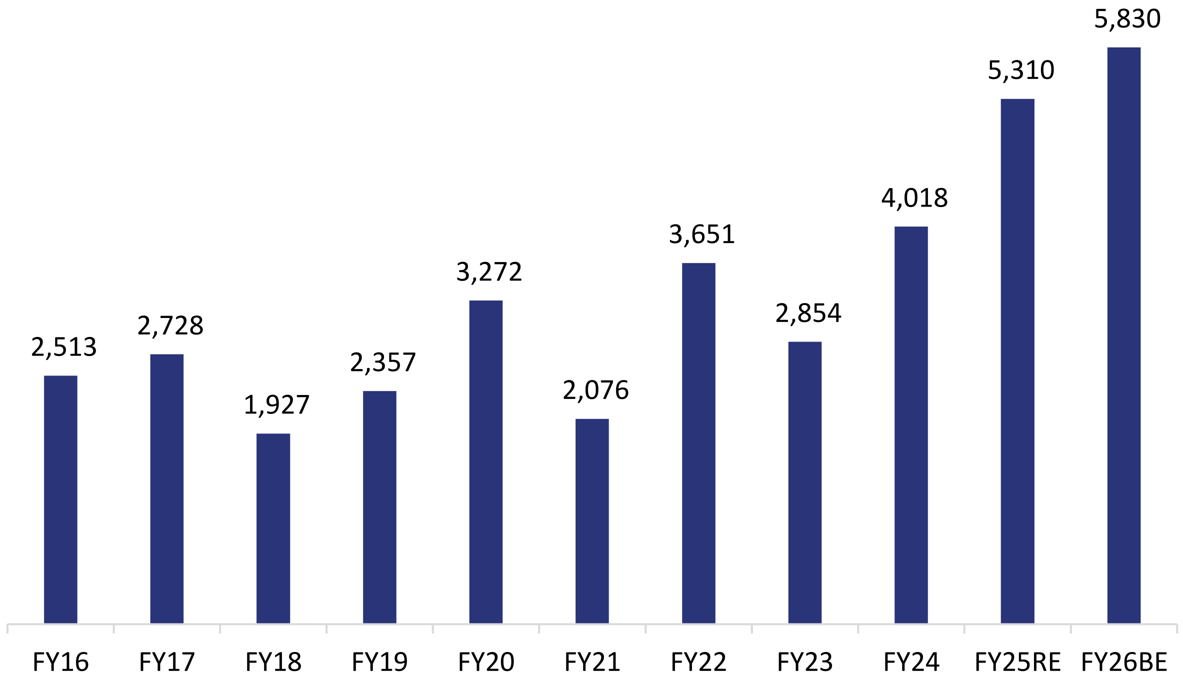


- Growth in revenue receipts is driven by a robust growth in gross tax collection, supported by policy measures aimed at broadening the tax base and continued efforts to improve compliance. Notably, direct tax collection as % of nominal GDP is pegged at a decadal high of 6.9% in FY25RE, inching up further to 7.1% in FY26BE
- Income tax collections grew handsomely ~20% y/y in FY25RE, contributing to a third of gross tax revenues, and is expected to drive tax revenues in FY26BE, despite changes in income tax slabs granting respite to the middle-class, with more changes under works. Corporate tax collection grew slowly at ~8% y/y in FY25RE, but is expected to pick up pace in FY26BE
- According to FM Ms. Sitharaman, tax foregone due to change is direct tax code is expected to be ~Rs. 1 trn.
- GST collections are pegged to grow at ~11% y/y in FY25RE and FY26BE, underscoring sustained economic growth, while growth in customs duty remains anaemic

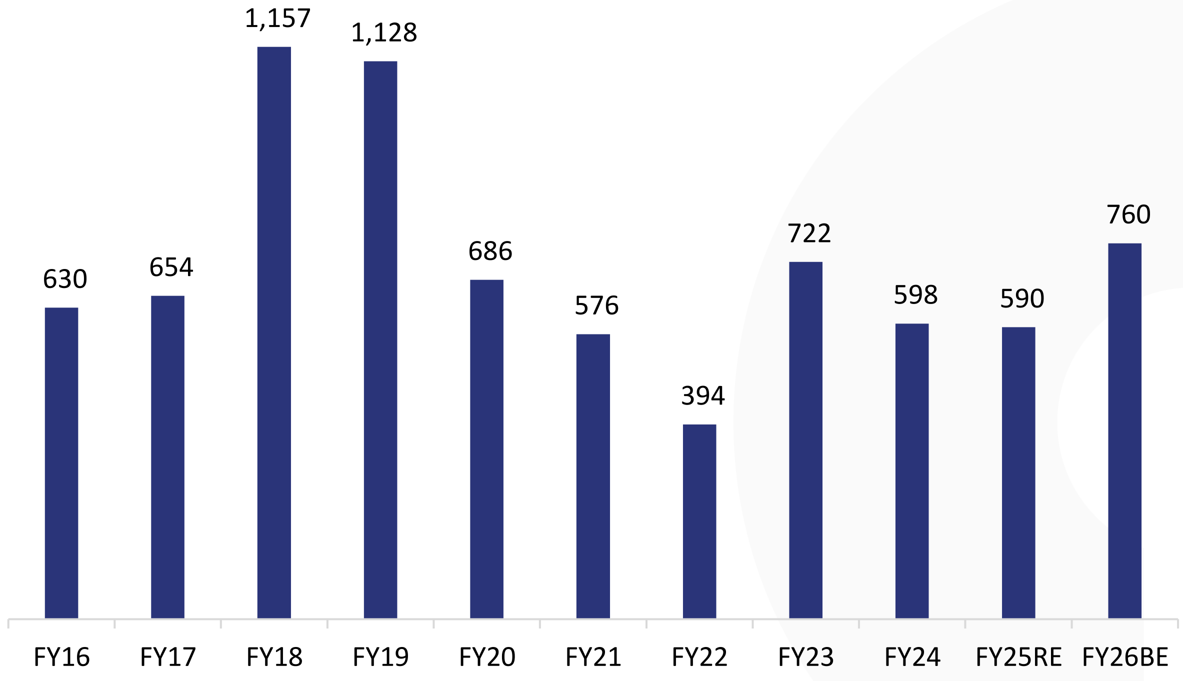
Source: Union Budget Documents, CEIC, SBICAPS

GENEROUS DIVIDENDS TO AID RECEIPTS

NON-TAX REVENUE (Rs. bn)



NON-DEBT CAPITAL RECEIPTS (Rs. bn)

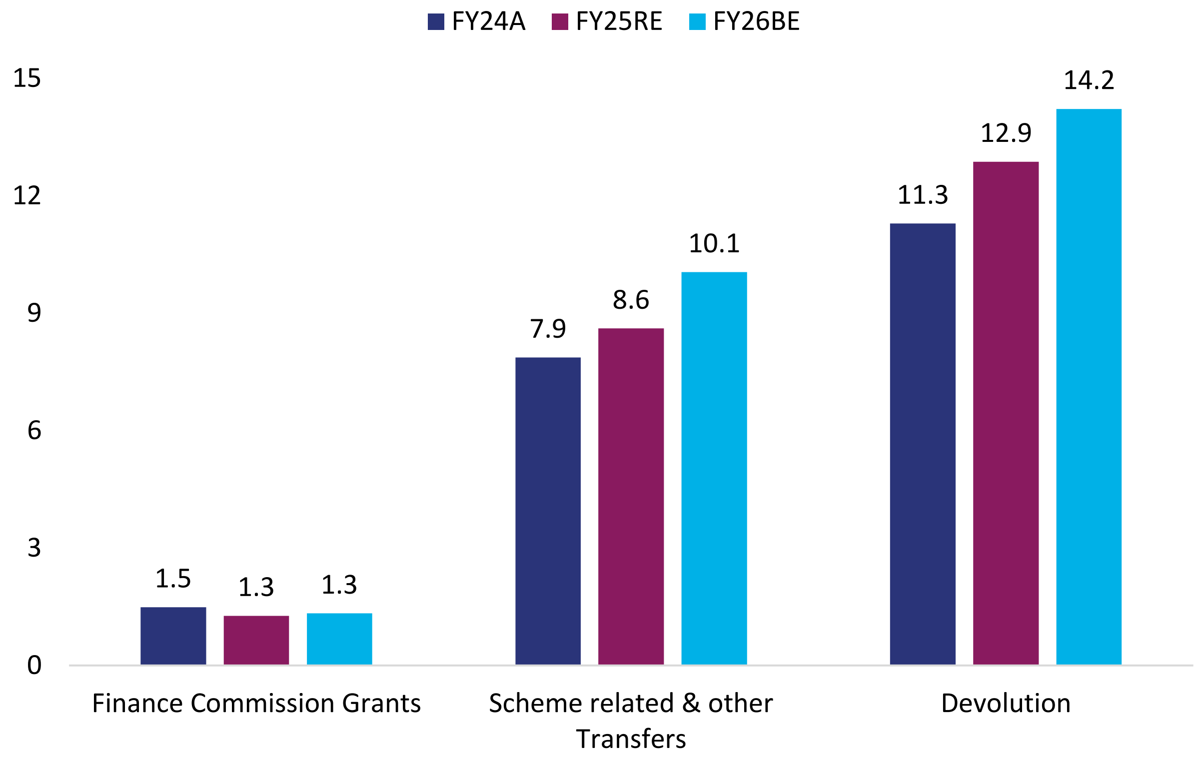


- Non-tax revenues are expected to maintain growth momentum of yesteryear, growing ~32% y/y in FY25BE, driven by bumper dividend by the RBI, accentuated by gains in USD sales. Non-tax revenues are pegged to moderate at ~10% y/y in FY26BE owing to base effects.
- Strong performance by PSUs has led to setting up of ambitious targets of Rs. 550 bn in FY25RE and Rs. 690 bn in FY26BE, underscoring Union's focus on maximizing ROI in PSUs.
- Target of Rs. 500 bn in miscellaneous capital receipts for FY25RE are bolstered by proceeds from disinvestment and asset monetisation. Union announced the launch of second asset monetization plan for FY25 – FY30, aiming to raise Rs. 10 trn, to be reinvested in infrastructure projects and boost capex

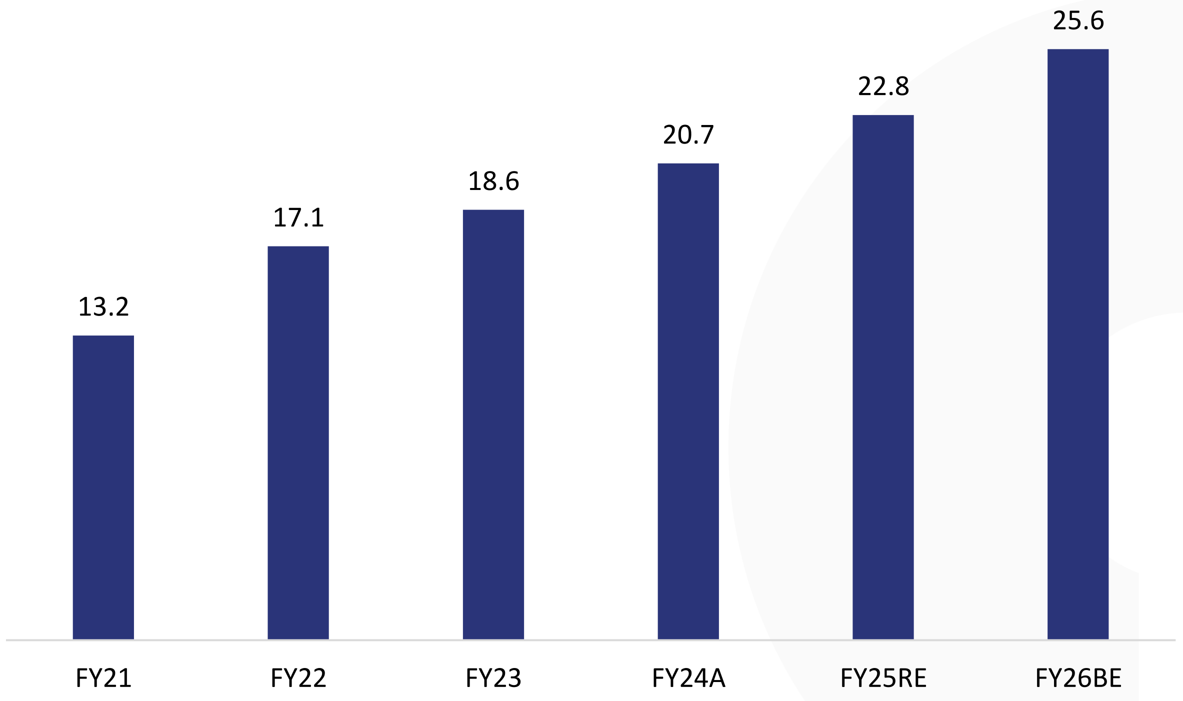
Source: Union Budget Documents, CEIC, SBICAPS

STATES TO REJOICE ON INCREASED TRANSFERS

TOTAL TRANSFER TO STATES (Rs. trn)



COMPOSITION OF TRANSFERS (Rs. trn)



- States have rejoiced on higher transfers from Union, expected to grow further by ~Rs. 2.8 trn in FY26BE vs. FY25RE, higher than the Rs. 2.1 trn addition expected in FY25RE over FY24A, led by an equally higher devolution of taxes and scheme related transfers
- Union has increased the borrowing limit of states by 50 bps to 3.5% of GSDP, amidst concerns of fiscal consolidation, as few states remain heavily indebted. Gross SGS issuances will likely increase to ~Rs. 11 trn in FY26 with major variation amongst States

Source: Union Budget Documents, SBICAPS

CAPITAL EXPENDITURE FOCUS RATIONALISED

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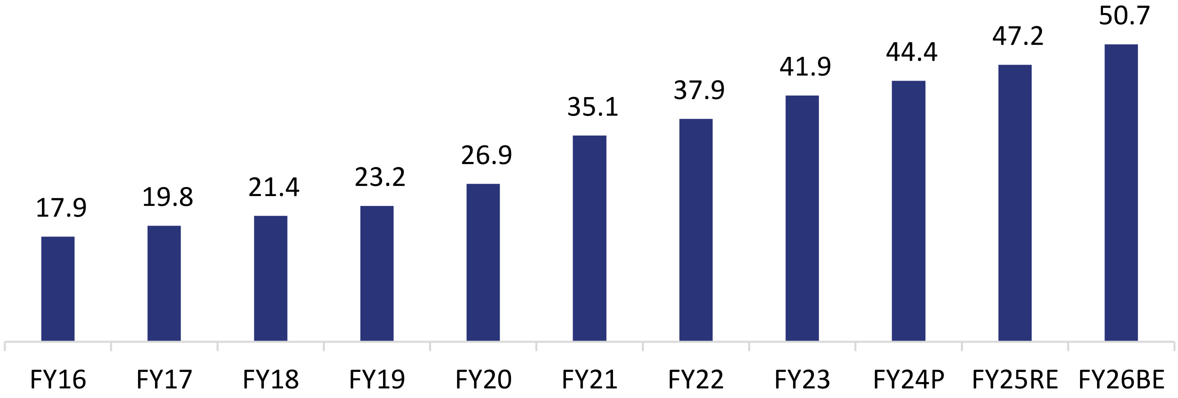
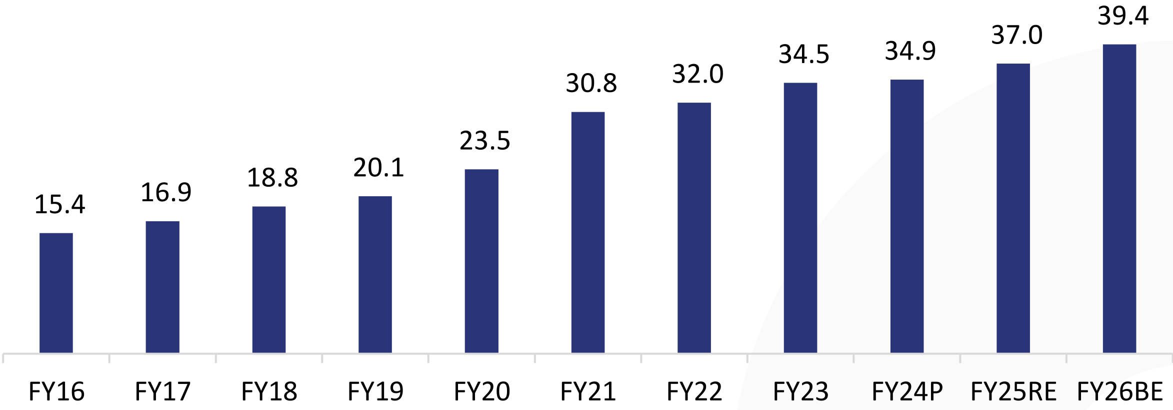
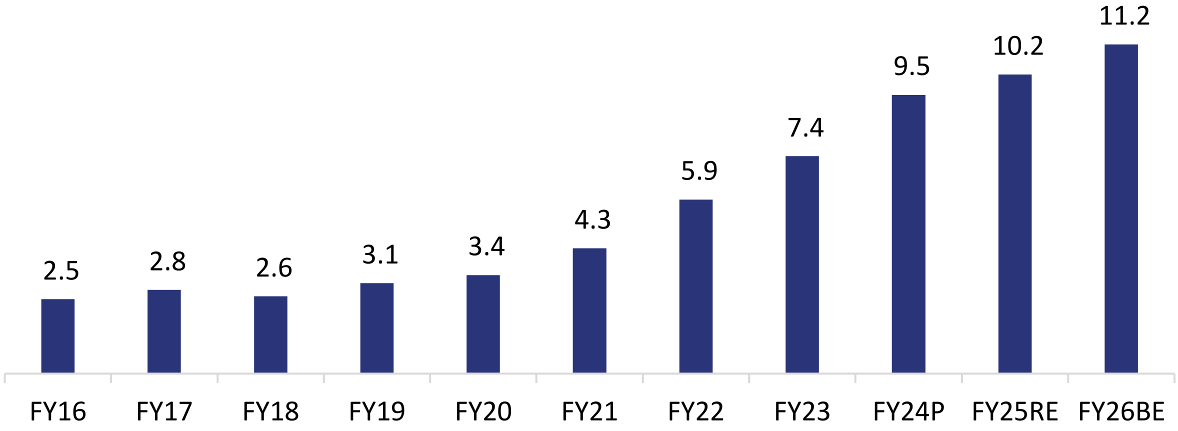
TOTAL EXPENDITURE (Rs. trn)



REVENUE EXPENDITURE (Rs. trn)



CAPITAL EXPENDITURE (Rs. trn)



- Capex was revised downwards to Rs. 10.2 trn in FY25RE (FY25BE: Rs. 11.1 trn), owing to election related spending halt. Capex is envisaged to grow 10.1% y/y in FY26BE to Rs. 11.2 trn, highlighting Union's aim of asset creation while keeping the fiscal deficit low.
- Quality of spending as measured by revex to capex ratio continues to favour capex with FY26BE pegged at 3.6, from 3.7 in FY25RE (FY24A: 4.7, FY16: 7.5)

Source: Union Budget Documents, CEIC, SBICAPS

EXPENDITURE ON MAJOR HEADS

MAJOR EXPENDITURE ITEMS (Rs. bn)	FY24A	FY25BE	FY25RE	FY26BE
Pension	2,383	2,433	2,751	2,766
Defence	4,447	4,548	4,567	4,917
Fertiliser Subsidy	1,883	1,640	1,713	1,679
Food Subsidy	2,118	2,053	1,974	2,034
Agriculture and Allied Activities	1,460	1,519	1,409	1,714
Education	1,234	1,256	1,141	1,287
Energy	524	688	634	812
Health	816	893	880	983
Home Affairs	1,969	2,196	2,204	2,332
Interest	10,639	11,629	11,379	12,763
IT and Telecom	823	1,163	1,179	953
Others	4,034	4,736	4,500	4,827
Rural Development	2,412	2,658	1,907	2,668
Tax Administration	1,913	2,035	2,080	1,866
Transport	5,268	5,441	5,414	5,486
Urban Development	686	826	637	968
Overall expenditure	**44,434**	**48,205**	**47,165**	**50,653**

- Despite moderately increasing revex, long term assets – be it physical or human capital took forefront.
- This underscores Union's focus on improving productivity of all factors of production, esp. with upskilling and skill development emerging as need of the hour
- Agricultural and allied spends are expected to rise ~22% y/y in FY26BE with development of many institutional mechanisms to support farmers and enhance agricultural productivity.
- Energy, rural and urban development are the other key focus areas for expenditure, witnessing handsome growth.
- Encouragingly, subsidy expenditure is lower, with decrease in fertilizer subsidy and marginal uptick in food subsidy

Source: Union Budget Documents, CEIC, SBICAPS

CAPITAL OUTLAY BY MAJOR DEPARTMENTS

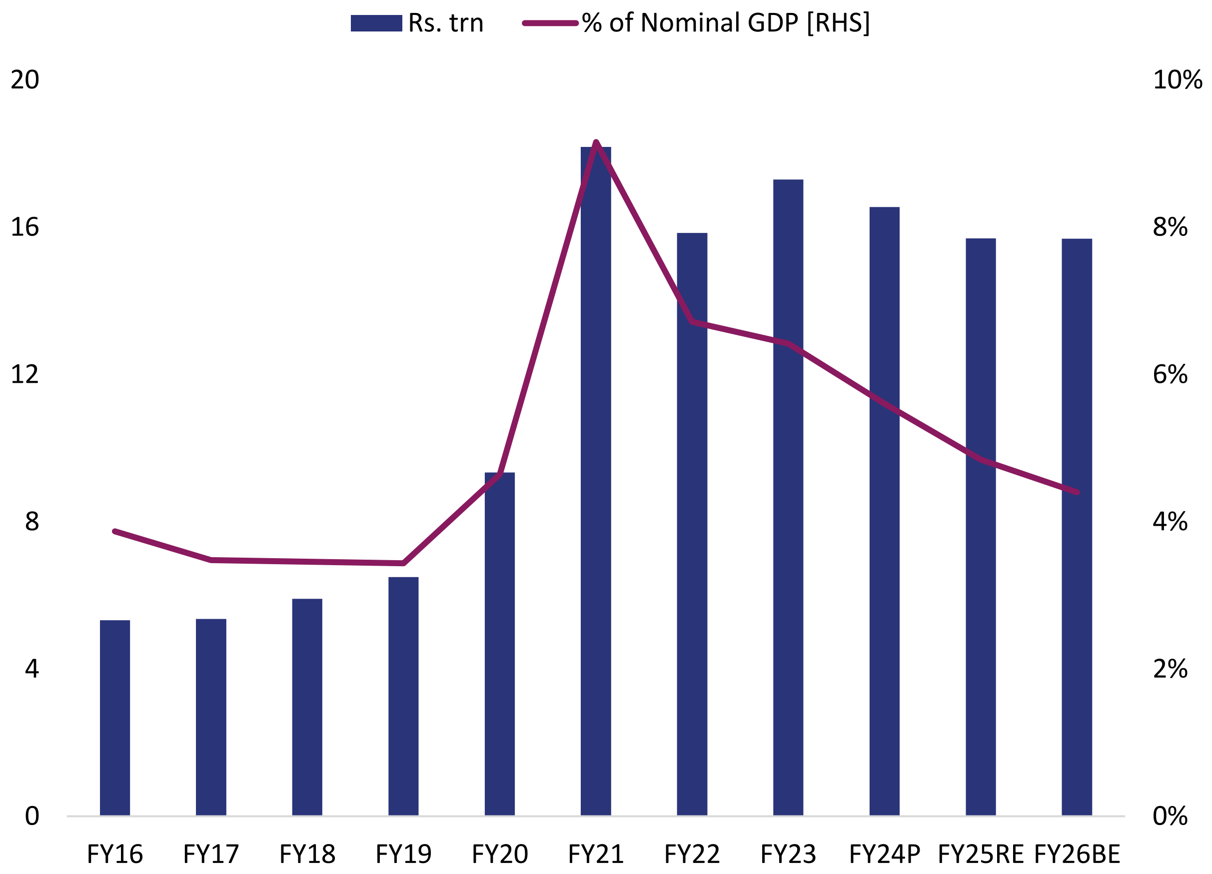
MINISTRY/CAPEX IN Rs. Bn	FY24A	FY25RE	FY26BE	GROWTH (FY26BE/ FY25RE)
Ministry of Road Transport and Highways	2,639	2,725	2,722	0%
Ministry of Railways	2,426	2,520	2,520	0%
Ministry of Defence	1,646	1,705	1,924	13%
Ministry of Communications	608	762	527	-31%
Ministry of Housing and Urban Affairs	264	317	376	19%
Ministry of Home Affairs	146	160	224	40%
Department of Atomic Energy	145	125	120	-4%
Ministry of Petroleum and Natural Gas	0	3	66	NA

- Ministry of Defense is expected to see a ~13% y/y rise in capital outlay in FY26BE
- MoRTH and Ministry of Railways continue to receive significant funding for capital expenditure, though seeing no increases
- Capital outlay of Ministry of Science and Technology is pegged at a significantly higher Rs. 201 bn in FY26BE, as Union prioritizes research, innovation and technological advancements

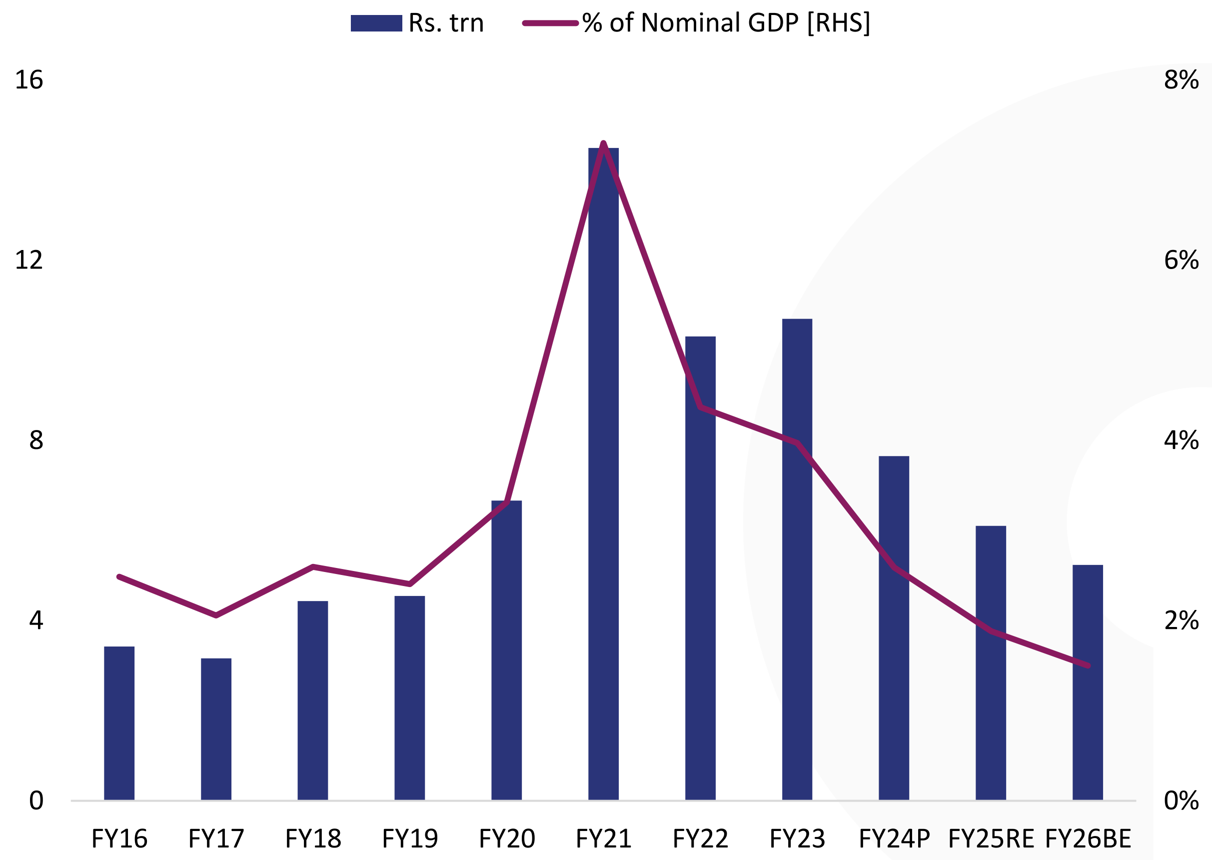
Source: Union Budget Documents, SBICAPS

UNION STRICTLY ON PATH TO FISCAL RECTITUDE

FISCAL DEFICIT (Rs. trn)



REVENUE DEFICIT (Rs. trn)



- Fiscal deficit continues to surpass market expectations being slashed in FY25RE to 4.8% of nominal GDP, 0.1pp lower than FY25BE, a significant improvement from FY24A levels of 5.6%. Glide path of fiscal consolidation is evident and paves way towards achieving the target of 4.4% in FY26

- Currently in 9MFY25, revenue deficit stands at ~Rs. 2.56 trn, lower by 25% y/y, led by robust tax collections and measured expenditure due to Model Code of Conduct. Further tempering in revenue deficit is led by momentous tax and non-tax revenues, with sufficient cushion provided by RBI dividend

Source: Union Budget Documents, SBICAPS

MARGINAL INCREASE IN GROSS MARKET BORROWING

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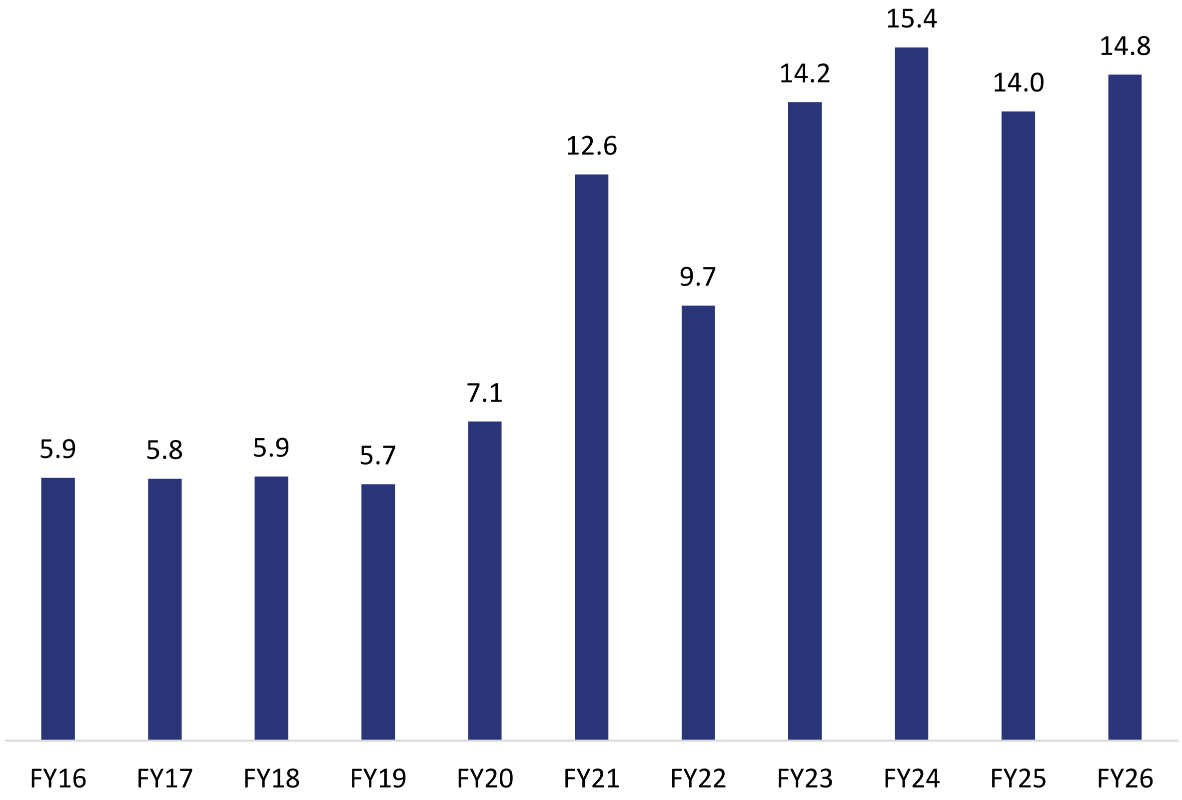
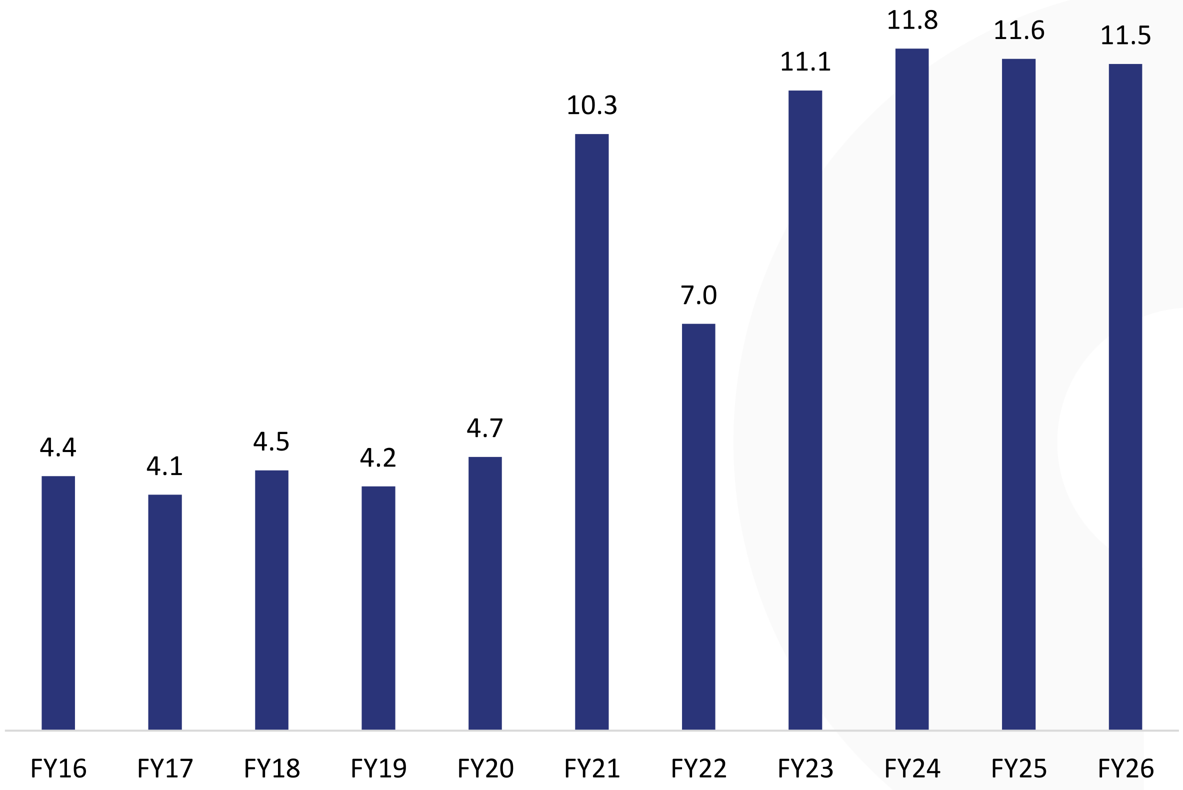
GROSS MARKET BORROWINGS (Rs. trn)



NET MARKET BORROWINGS (Rs. trn)



- Despite a ~6% y/y rise in gross borrowings in FY26BE, net borrowings are expected to follow a steady path of decline from decadal high of Rs. 11.8 trn in FY24. This is due to higher repayments in FY26
- The FM highlighted that the Union would endeavour to keep fiscal deficit from FY27-FY31 such that the debt is on declining path to attain a debt to GDP level of about 50±1% by 31 Mar’31

Source: Union Budget Documents, SBICAPS Note: Includes Sovereign Green Bonds

KEY SECTORAL DEVELOPMENTS

SECTORAL UPDATES (1/6) – DIRECT TAXATION AND GIFT CITY

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DIRECT TAXATION

- New income tax bill to be introduced in budget session with clearer and simpler rules. The time limit to file updated tax returns has been extended from 2 years to 4 years
- Under the new income tax regime, no tax needs to be paid by individuals earning upto Rs. 1.2 mn per annum. This is expected to cause revenue worth ~Rs. 1 trn to be foregone
- The threshold to collect TCS on remittances under LRS has been increased to Rs. 1 mn from Rs. 0.7 mn and TCS on remittances for education purpose has been removed
- Annual limit of TDS on rent increased to Rs. 0.6 mn from Rs. 0.24 mn to rationalize TDS by reducing number of transactions liable to TDS
- A scheme for determining arm's length price of international transaction for a block period of 3 years to streamline the process of transfer pricing will be introduced

PROPOSED NEW TAX REGIME SLABS

Income Range (Rs.)	Tax Rate
0 to 0.4 mn	Nil
0.4 to 0.8 mn	5%
0.8 to 1.2 mn	10%
1.2 to 1.6 mn	15%
1.6 to 2.0 mn	20%
2.0 to 2.4 mn	25%
Above 2.4 mn	30%

GIFT CITY

- The sunset dates related to IFSC units for exemptions, deductions and relocation extended to 31 Mar’30
- Exempted the proceeds received on life insurance policy issued by IFSC insurance intermediary office without the condition on maximum premium amount
- Extended the exemption to capital gains for non-resident or a unit of IFSC on transfer of equity shares of a ship leasing domestic company and dividend paid by a ship leasing company in IFSC to a unit of IFSC engaged in ship leasing
- Any advance or loan between two group entities, where one of the group entities is set up in IFSC for undertaking treasury activities or services excluded from dividend
- A simplified safe harbor regime for investment funds managed by fund manager based in IFSC and extension of the relaxation of conditions for IFSC units till 31 Mar’30
- Exemption from income by a non-resident because of transfer of non-deliverable forward contracts entered with any Foreign Portfolio Investor, being a unit in IFSC
- Exemption from capital gains for transfer of a share held by a shareholder in an original fund in consideration for the share in a resultant fund in a relocation

Source: Union Budget Documents, SBICAPS

SECTORAL UPDATES (2/6) – INFRASTRUCTURE CREATION

ENERGY AND GREEN TRANSITION

- Outlay for the Ministry of New and Renewable Energy was further increased to Rs. 265.5 bn in FY26BE from Rs. 172.9 bn in FY25RE. I n which PM Surya Ghar Muft Bijli Yojana saw 80% growth to Rs. 200 bn in FY26BE from Rs. 111 in FY25RE
- Development of 100 GW of nuclear energy by CY47 through active partnership with private sector and nuclear energy mission for small modular reactors with outlay of 200 bn
- Incentives for distribution reforms and augmentation of InSTS capacity by states also
- Additional borrowing of 0.5% of GSDP allowed to states for power sector reforms has been continued
- The outlay under PM-E DRIVE increased to Rs. 40 bn in FY26BE from Rs. 18.7 bn in FY25RE and that of PLI for automobile to Rs. 28.2 bn in FY26BE from Rs. 3.5 bn in FY25RE

HOUSING

- Allocation under PMAY – U by 45% to Rs. 198 bn in FY26BE from Rs. 137 bn in FY25RE

URBAN DEVELOPMENT

- Created a new Urban challenge fund of Rs. 1 trn to finance up to 25% of bankable projects and allocated Rs. 100 bn for FY26
- Allocation under AMRUT rose by 66.7% to Rs. 100 bn in FY26BE

WATER

- Allocation under Jal Jeevan Mission rose by double as it reached Rs. 670 bn in FY26BE from Rs. 227 bn in FY25RE

Source: Union Budget Documents, SBICAPS

SECTORAL UPDATES (3/6) – INFRASTRUCTURE CREATION

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SHIPPING

- Shipbuilding Financial Assistance Policy to address cost disadvantages though credit Notes for shipbreaking in Indian yards to promote the circular economy also the large ships will be included in the infrastructure harmonized master list
- Planned Facilitation of Shipbuilding Clusters to increase the range, categories and capacity of ships through of entire ecosystem
- For long term financing for maritime industry, a maritime development fund with corpus of Rs. 250 bn will be set up

RAILWAYS

- Total expenditure by the Ministry of Railways remained nearly unchanged at Rs. 2.55 trn, of which Rs. 2.52 trn is capital expenditure in FY26BE
- To promote development of domestic MRO, the time limit for export of imported foreign origin goods for repairs extended from 6 months to one year and further extendable by one year

ROADS

- Total expenditure saw moderate rise of 2.4% to Rs. 2.87 trn in FY26BE from Rs. 2.80 trn in FY25RE

AVIATION

- To enhance regional connectivity and promote domestic aviation modified UDAN scheme to 120 new destinations
- Expansion of existing airports and development of new greenfield airports will continue with focus in certain states (Bihar)
- Government will facilitate upgradation of infrastructure and warehousing for air Cargo including high value perishable horticulture produce

SECTORAL UPDATES (3/6) – MANUFACTURING AND MSME

MANUFACTURING

- National Manufacturing Mission to support clean tech domestic value addition and ecosystem building for solar PV cells, EV batteries, motors and controllers, electrolysers, wind turbines, VHV transmission equipment and grid scale batteries
- Proposed to expand the list of exempted capital goods for use in the manufacture of EV and Mobile battery manufacturing
- Basic customs duties on 12 more critical minerals have been fully removed after 25 in Budget FY25 including cobalt powder and waste, the scrap of lithium-ion battery, Lead and Zinc

MSME – FOCUS ON ACCESS TO CREDIT

- Increased investment and turnover limits for classification of MSMEs to achieve higher efficiencies of scale, technological upgrade and better access to capital

Rs. Mn	Investment		Turnover	
	Current	Revised	Current	Revised
Micro	10	25	50	100
Small	100	250	500	1000
Medium	500	1250	2500	5000

- Enhanced credit guarantee covers for MSEs from Rs. 50 mn to Rs. 100 mn, For Startups, from Rs. 100 mn to Rs. 200 mn
- Introduced customized Credit Cards with a 0.5 mn limit for micro enterprises, with target of 1 mn cards in first year
- To set up a new Fund of Funds for startups, with expanded scope and a fresh contribution of another Rs. 100 bn

Source: Union Budget Documents, SBICAPS

SECTORAL UPDATES (4/5) – EQUITABLE DEVELOPMENT

AGRICULTURE

- Allocation for agriculture and allied sector was decreased by 2.5% over FY25RE to Rs. 1.38 trn
- To undertake PM Dhan-Dhaanya Krishi Yojana in partnership with states to target 100 districts with low productivity, moderate crop intensity and below-average credit parameters
- National Mission for Edible Oilseed for achieving self-sufficiency in edible oils
- Mission for self-sufficiency in Pulses focusing Tur, Urad and Masoor where central agencies will procure all the amounts offered during the next 4 years
- A National mission on high yielding seeds will be launched to strengthen research ecosystem and commercial availability of more than 100 seed varieties released since Jul'24.
- A Makhana board will be established in Bihar to improve production, processing, value addition and marketing of makhana
- Urea plants with annual capacity of 1.3 mn tonne will be set up in Assam

TOURISM

- The top 50 tourist destination sites in the country will be developed through a challenge mode in partnership with states, with infra status for hotels here
- Providing performance-linked incentives to states for effective destination management, MUDRA loans for homestays
- Capacity building of medical tourism in partnership with the private sector

EDUCATION

- Education saw an uptick in outlay to Rs. 1,286 bn in FY26BE from Rs. 1,140 bn in FY25RE
- Focus on expansion of capacity in higher education as it announced infrastructure addition in IITs and 10k additional seats in medical colleges and hospitals next year with the goal of adding 75k seats in the next 5 years

EMPLOYMENT

- The National Framework for Promoting GCCs will be formulated as guidance to states in emerging tier 2 cities
- Outlay under New Employment Generation Scheme increased three folds to Rs. 200 bn in FY26BE from Rs. 68 bn in FY25RE

Source: Union Budget Documents, SBICAPS

SECTORAL UPDATES (5/5) – OTHERS

INSURANCE SECTOR

- Foreign Direct Investment LIMIT in insurance increased from 74% to 100% aimed at achieving the goal of “Insurance for All” by 2047
- ULIP policies, for premiums exceeding Rs. 0.25 mn, will now be taxed as capital gains at a rate of 12.5% for long-term returns (held for more than a year)
- Old Tax regime has further disincentivised as the threshold for 80C tax deductions remained unchanged

OTHER ANNOUNCEMENTS

- India Post will be transformed as a large public logistic organization to meet needs of self-help groups, MSMEs, new entrepreneurs etc.
- A focused product scheme will be implemented for the footwear and leather sector, to generate turnover of Rs. 4 trn and export of Rs. 1.1 trn. Also, it will exempt BCD on wet blue leather to facilitate imports for domestic value addition
- 5 National Centres of Excellence for skilling will be set up with global expertise along with 50k Atal tinkering labs in government schools in the next 5 years
- PM SVANidhi will be revamped with enhanced loans from banks, UPI linked credit cards with Rs. 30k limit and capacity building support
- Also, Under India AI mission it allotted Rs. 20 bn for FY26BE whereas for modified program for semiconductor ecosystem it almost doubled its outlay to Rs. 70 bn from Rs. 38 bn in FY25RE

Source: Union Budget Documents, SBICAPS

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THANK YOU

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Details of Research Analysts

Name	Rajan Jain	Name	Venkatesh Balakrishnan	Name	Siddharth Sarma	Name	Soham Bobde
Qualification	PGDBA	Qualification	PGDM	Qualification	MBA	Qualification	MBA
Designation	Head- Credit Research	Designation	Assistant Vice President	Designation	Associate	Designation	Associate

Details of Research Analyst entity

Name	SBI Capital Markets Limited
Registration Number	INH000007429
Address	15th floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400 051
Telephone Number	+91 22 4196 8300
Compliance Officer	Bhaskar Chakraborty
Email id	compliance.officer@sbicaps.com
Telephone Number	+91 22 4196 8542

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