



# INDIA'S UNION BUDGET FY 2025-26



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# ECONOMIC SURVEY 2025: Key Takeaways

- The Agriculture and Allied activities sector has long been the backbone of the Indian economy, playing a vital role in national income and employment. This sector has contributed approximately 16 % of the country's GDP for FY24 (PE) at current prices.
- India's real GDP is expected to grow 6.4% in FY25 (as per first advance estimates of national income) and remains close to the decadal average.
- The agriculture sector remains strong, consistently operating well above trend levels.
- The industrial sector has also found its footing above the pre-pandemic trajectory.
- The retail headline inflation softened from 5.4% in FY24 to 4.9% in April –December 2024 due to various government initiatives and monetary policy measures.



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# ECONOMIC SURVEY 2025: Key Takeaways

- India's Gross Foreign Direct Investment (FDI) inflows revived in FY25, increasing from \$47.2 billion in the first eight months of FY24 to \$55.6 billion in the same period of FY25, a YoY growth of 17.9%.
- The tourism sector returned to the pre-pandemic level of 5% of GDP in FY23.
- Shipping cargo movement in India rose to 819 million tonne in FY24, according to the economic data released on January 31, 2025.
- India contributed 4.3 % to the global services exports in 2023, ranking seventh worldwide.



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# BUDGET AT A GLANCE

## **The Union Budget 2025 -**

- “Viksit Bharat” envisions a prosperous future driven by quality education, healthcare, labor employment, agricultural growth, MSME support, and investment in people, the economy, and innovation.
- Four powerful engines—Agriculture, MSMEs, Investment, and Exports—are the core drivers of this vision, with reforms acting as the fuel to accelerate progress.
- Inclusivity is the guiding spirit of this journey, and the ultimate goal is a developed and thriving nation.



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# BUDGET AT A GLANCE

- The budget outlines transformative reforms across six key domains: Taxation, Power Sector, Urban Development, Mining, Financial Sector, and Regulatory Reforms, all designed to propel the country toward its destination of Viksit Bharat.

## **Agricultural and Rural Development**

- **Agricultural Sector:** ₹1.52 lakh crore allocation to improve productivity and develop climate-resilient crops.
- **Rural Development:** ₹2.66 lakh crore for rural development initiatives.
- **Natural Farming:** Introducing 1 crore farmers to natural farming over 2 years.



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# BUDGET AT A GLANCE

## **MSME and Manufacturing**

The Finance Minister emphasized the importance of MSMEs, noting they contribute 45% of India's exports.

### **Key initiatives include:**

- Customized credit cards for MSMEs
- Enhanced fund-of-funds for startups
- Increased investment and turnover limits for MSMEs (by 2.5x and 2x)
- These measures aim to improve capital access, boost growth, and enhance operational efficiency for MSMEs and startups.



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# BUDGET AT A GLANCE

## MSME and Manufacturing

*Significant enhancement of credit availability with guarantee cover*

₹ in Crore	Credit guarantee cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To ` 20 Crore	

## Classification criteria for MSME

₹ in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500



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# BUDGET AT A GLANCE

## Financial Initiatives

- **Mudra Loans:** Limit increased to ₹20 lakh (from ₹10 lakh) for prior borrowers.
- **Higher Education Loans:** Up to ₹10 lakh with 3% interest subvention; e-vouchers for 1 lakh students annually.
- **Insolvency and Bankruptcy Code (IBC):** New tech platform for better outcomes; resolved 1,000+ companies, recovered ₹3.3 lakh crore, and disposed of 28,000 cases.
- **FDI Rules:** Simplification of rules to boost Foreign Direct Investment (FDI) inflow.

These measures aim to improve financial support and streamline processes for better economic growth.



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# BUDGET AT A GLANCE

## Infrastructure and Development

- **Infrastructure:** Additional ₹26,000 crore for road connectivity projects.
- **Critical Mineral Mission:** Recycling and overseas acquisitions; first auction of offshore mining blocks.
- **Affordable Housing:** ₹10 lakh crore investment for 1 crore urban poor and middle-class families.
- PM Surya Ghar Muft Bijli Yojana to install rooftop solar panels for 1 crore households.

These measures focus on enhancing infrastructure, sustainable resource management, and housing affordability.



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# BUDGET AT A GLANCE

## Budget Estimates

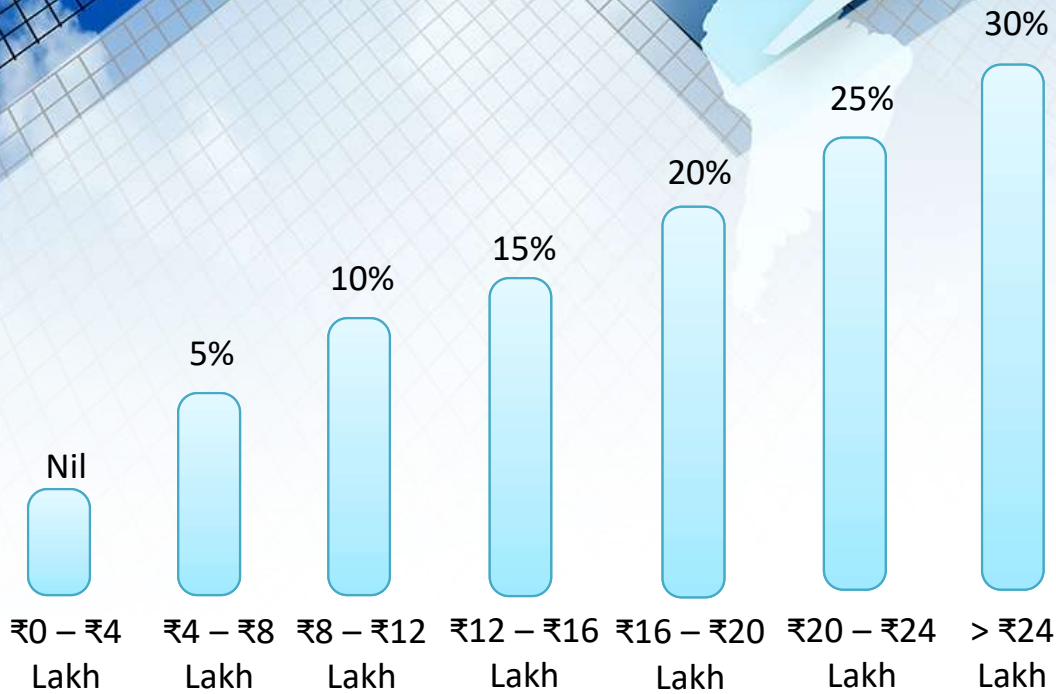
- The fiscal deficit has been reduced from 5.1% to 4.9% of GDP, with a target of below 4.5% by FY 2026.
- Market borrowing has been reduced to ₹14.01 lakh crore, down from ₹15.43 lakh crore.
- Receipts are projected at ₹32.07 lakh crore.
- Expenditure is estimated at ₹48.21 lakh crore.

These figures highlight efforts to manage fiscal discipline and optimize economic growth.

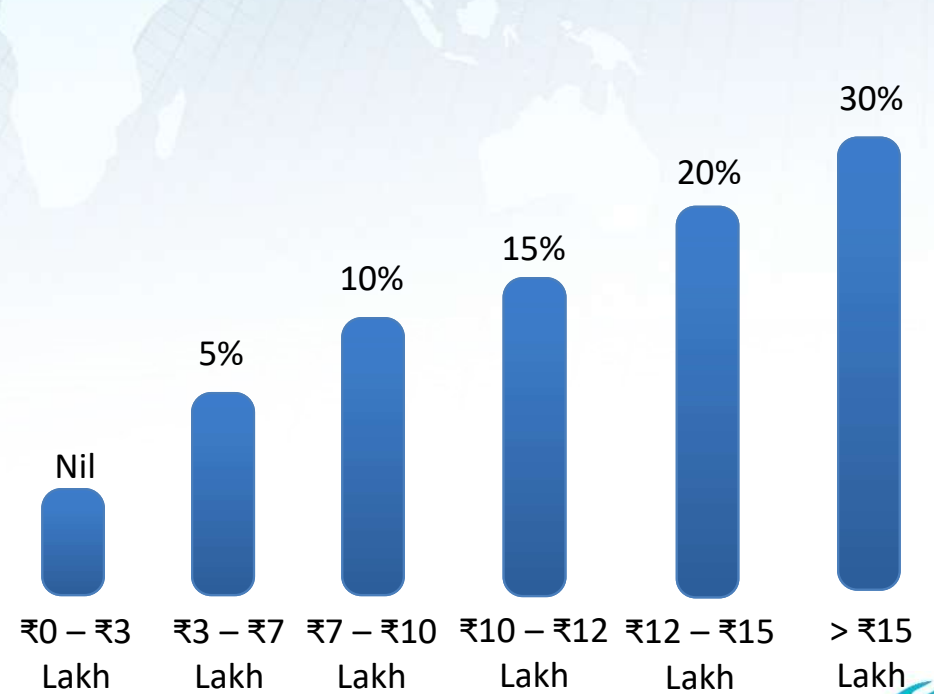


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# DIRECT TAX PROPOSAL



**Tax Slab for FY 2025 – 26 (New regime)**



**Tax Slab for FY 2024 – 25 (New regime)**

Personal Income Tax reforms with special focus on the middle class



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# INDIRECT TAX PROPOSAL-GST

## Significant Amendments to the CGST Act Following Recommendations by the GST Council

- **Sections 12 & 13:** Clause 4 relating to the time of supply for vouchers is being deleted.
- **Section 17(5)(d):** Retrospective amendment replacing “plant or machinery” with “plant and machinery,” effectively nullifying the Apex Court's landmark judgment in Safari Retreats.
- **Sections 20(1) & 20(2):** Amended to explicitly allow Input Service Distributors to distribute ITC for inter-state supplies subject to reverse charge tax.
- **Section 34:** Amended to explicitly provide for requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier.



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# INDIRECT TAX PROPOSAL-GST

## Significant Amendments to the CGST Act Following Recommendations by the GST Council

- **Sections 107(6) & 112(8):** Introduces a mandatory 10% pre-deposit of the penalty amount for appeals before the Appellate Authority in penalty-only cases (i.e., no tax demand involved).
- **Section 148A:** Introduces an enabling provision for the Track and Trace Mechanism for specified commodities.
- **Schedule III, Paragraph 8 (New Clause (aa)):** Clarifies that the supply of goods warehoused in SEZs or FTWZs before clearance for export or to the Domestic Tariff Area is neither a supply of goods nor services. This amendment is retrospective from 1st July 2017.
- **Refund Restriction:** No refund shall be granted for tax already paid on transactions covered under Schedule III, Paragraph 8 (aa), as such transactions are now classified as neither a supply of goods nor services.



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# INDIRECT TAX PROPOSAL-CUSTOMS

## Support to Domestic Manufacturing and Value addition

### Critical Minerals:

- Cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals fully exempted from BCD.

### Textiles:

- Two more types of shuttle-less looms fully exempted textile machinery.
- BCD rate on knitted fabrics revised from “10% or 20%” to “20% or ` 115 per kg, whichever is higher.

### Electronic Goods:

- BCD on Interactive Flat Panel Display (IFPD) increased from 10% to 20% .
- BCD reduced to 5% on Open Cell and other components.
- BCD on parts of Open Cells exempted.

### Lithium Ion Battery:

- 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing exempted.



# INDIRECT TAX PROPOSAL-CUSTOMS

## Support to Domestic Manufacturing and Value addition

### Shipping Sector:

- Exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships extended for another ten years.
- The same dispensation to continue for ship breaking.

### Telecommunication:

- BCD reduced from 20% to 10% on Carrier Grade Ethernet switches.

### Relief on import of Drugs/Medicines

- 36 lifesaving drugs and medicines fully exempted from Basic Customs Duty (BCD).
- 6 lifesaving medicines to attract concessional customs duty of 5%.
- Specified drugs and medicines under Patient Assistance Programme run by pharmaceutical companies fully exempted from BCD; 37 more medicines added along with 13 new patient assistance programme



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# INDIRECT TAX PROPOSAL-CUSTOMS

## Export Promotion

### **Handicraft Goods:**

- Goods which can be imported duty-free for use in the manufacture of handicrafts goods for exports. The time period for export has been extended from six months to one year, further extendable by another three months, if required
- Nine items added to list of duty-free inputs.

### **Leather sector:**

- BCD on Wet Blue leather fully exempted.
- Crust leather exempted from 20% export duty.

### **Marine products:**

- BCD reduced from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products.
- BCD reduced from 15% to 5% on fish hydrolysate for manufacture of fish and shrimp feeds.



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# INDIRECT TAX PROPOSAL-CUSTOMS

## **Goods Domestic MROs for Railway Goods:**

- Railways MROs to benefit similar to the aircraft and ships MROs in terms of import of repair items.
- Time limit extended for export of such items from 6 months to one year and made further extendable by one year.

## **Legislative Changes in Customs Act**

### **Insertion of new subsection 1B in section 18 of the custom act**

- 1B. Provides for definite time limit of 2 years for finalisation of provisional assessment which can be for the extended by another year on provision of sufficient cause by the commissioner of customs
- 1C. 18 subsection 1C certain grounds on account of which time limit of 2 years remains suspended

**New Section 18A:** Allows voluntary post-clearance entry revisions.

**Insertion of new explanation to section 27 sub section 1:** where in claim of refund consequent to revised entry shall be one year from the date of payment of duty or interest



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# INDIRECT TAX PROPOSAL-CUSTOMS

## **Insertion of new clause in explanation one of section 28**

- which provides the relevant date in case of revised entry shall be date of payment of duty or interest under such revised entry

## **IGCR Rule 2022**

- Amendment of Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 under rules 6 and 7 are being amended to increase the time limit for fulfilling end use from current six months to one year and to file only a quarterly statement instead of monthly statement.
- Removal of Customs (Import of Goods at Concessional rate of duty or for Specific End Use) Rules 2022 (IGCR) for import of seeds for use in manufacture of Lab Grown Diamonds

**Central Excise:** Additional excise duty of rupees 2 per liter notified to be levied on unblended diesel

**Services Tax:** Special provision for exemption of reinsurance services provided by insurance company under whether base crop Insurance scheme and modified National agricultural Insurance scheme to be exempted from service tax



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# INDIRECT TAX PROPOSAL-CUSTOMS

## Other Changes

- Extension of time limit for repair and return of foreign origin for railway goods (Loco simulators, Train protection and warning system etc.) from 6 months to 1 year further extendable by 1 year.
- Amendment of entry serial number 257 “A” addition of 9 group of items in the list of goods which can be imported duty free for manufacture of handicrafts.
- Amendment serial number 539 amended to include ground installation satellite including spares and consumable.
- Amendment serial number 539 amended to fully exempt goods used in building of launch vehicles and launching of satellite.
- Notification 16 2017 customs dated 20.04.2017 amended to add 37 more drugs and medicines along in 13 new patient assistance programme.



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# SECTOR WISE ANALYSIS

## Agriculture: Boosting Productivity & Self-Sufficiency

- **Allocation:** ₹1.52 trillion.
- **PM Dhan Dhanya Krishi Yojana:** Crop diversification, irrigation, storage improvements in 100 low-productivity districts, benefiting 1.7 crore farmers.
- **Pulses Self-Sufficiency:** Targeted within six years.
- **Kisan Credit Card (KCC):** Loan limit raised to ₹5 lakh.
- **Makhana Board:** New board for Bihar to boost production & marketing.
- **Cotton Farmers:** Five-year mission to enhance yield & income.

## Shipping & Maritime: Industry Development

- **Maritime Development Fund:** ₹25,000 crore for long-term financing.
- **Shipbuilding Policy:** Customs duty exemptions on raw materials extended for 10 years.
- **Shipbreaking Credit Notes:** Incentives based on vessel scrap value.
- **Infrastructure Status:** Large vessels to get priority financing.
- **Shipbuilding Clusters:** Plans to raise India's global market share (0.06%) and enter the top five by 2047.



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# SECTOR WISE ANALYSIS

## Healthcare: Expanding Accessibility & Affordability

- **Allocation:** ₹98,311 crore (up from ₹89,287 crore).
- **Ayushman Bharat:** ₹4,200 crore to expand health coverage for vulnerable groups.
- **Cancer Care:** 200 daycare cancer centres to be set up in district hospitals over three years.
- **Medical Education:** 10,000 new medical seats next year; 75,000 over five years.
- **Medical Tourism:** Heal in India initiative to streamline visas for international patients.
- **Gig Workers:** 10 million gig workers to get health insurance under PM-JAY.
- **Medicine Affordability:** Import duty exemptions/reductions on 42 life-saving drugs.

## Defence: Modernisation & Indigenous Development

- **Allocation:** ₹6.81 trillion (up from ₹6.21 trillion).
- **Capital Expenditure:** ₹1.72 trillion for equipment & infrastructure.
- **Self-Reliance:** 75% of capital budget reserved for domestic procurement.
- **R&D Boost:** Increased funding for projects like AMCA and Project P75(I) (submarines).
- **Reforms:** Integrated theatre commands, cyber & AI capabilities by 2025.
- **Procurement:** Six submarines under Project P75(I) to strengthen naval forces.



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# SECTOR WISE ANALYSIS

## Education: Research, Skilling & Accessibility

- **AI Investment:** ₹500 crore for three Centres of Excellence.
- **Higher Education Expansion:** 6,500 new IIT seats, 10,000 medical seats next year (75,000 over five years).
- **Skill Development:** 50,000 Atal Tinkering Labs to foster innovation.
- **Quality Education:** Commitment to 100% quality schooling & employable graduates under NEP 2020.



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# Contact Us

**Gangadhar Kawathekar**

[gangadhar.kawathekar@corioliscorp.com](mailto:gangadhar.kawathekar@corioliscorp.com)

+91 9881129362

**Sunil Nair**

[sunil.nair@corioliscorp.com](mailto:sunil.nair@corioliscorp.com)

+91 9890622972

**[www.corioliscorp.com](http://www.corioliscorp.com)**



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