

Students' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...
To empower the student community...*



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Students' Corner

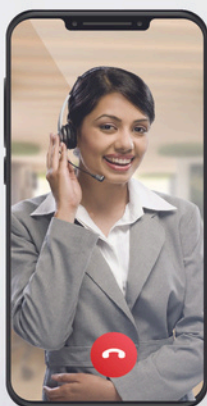


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Highlights of Union Budget 2025-26



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Quoting Telugu poet and playwright Shri Gurajada Appa Rao's famous saying, 'A country is not just its soil; a country is its people.' - the Finance Minister presented the Union Budget 2025-26 with the theme "Sabka Vikas" stimulating balanced growth of all regions.

The 'SIB Students' Economic Forum' is designed to kindle interest in the minds of the younger generation. We highlight one theme in every monthly publication. Topics of discussion for this month is "Union Budget 2025-26"

Budget Estimates

Total Estimated Expenditure	₹50.65 Lakh Crore
Total Receipts (Excluding Borrowings)	₹34.96 Lakh Crore
Total Receipts (Including Borrowings)	₹50.65 Lakh Crore
Fiscal Deficit	4.4% of GDP
Projected Growth	Real GDP: 6.4% Nominal GDP: 9.7%

Development Measures:

1. Agriculture

- Prime Minister Dhan-Dhaanya Krishi Yojana to be launched in partnership with the states, covering 100 districts with low productivity, moderate crop intensity and below-average credit parameters, to benefit 1.7 crore farmers to increase productivity, adopt crop diversification, augment post-harvest storage, improve irrigation facilities, and facilitate availability of long-term and short-term credit.
- A comprehensive multi-sectoral programme to be launched in partnership with states to address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy.
- A 6-year "Mission for Aatmanirbharta in Pulses" with focus on Tur, Urad and Masoor. NAFED and NCCF to procure these pulses from farmers during the next 4 years.
- A National Mission on High Yielding Seeds to be launched aiming at strengthening the research ecosystem, targeted development and propagation of seeds with high yield, and commercial availability of more than 100 seed varieties.
- Government to bring a framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.



- A 5-year mission announced to facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties.
- The loan limit under the Modified Interest Subvention Scheme to be enhanced from ₹ 3 lakh to ₹ 5 lakh for loans taken through the KCC.

2. MSME

Classification	Investment Criteria (Rs in crs)		Turnover criteria (Rs in crs)	
	Existing	Proposed	Existing	Proposed
Micro	1	2.5	10	20
Small	10	25	50	100
Medium	50	125	250	500

- Customized Credit Cards with ₹ 5 lakh limit proposed for micro enterprises registered on Udyam portal. 10 lakh cards to be issued in the first year.
- Launch of a new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. This will provide term loans up to Rs. 2 crore during the next 5 years.
- A focus product scheme announced to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.
- A scheme to create high-quality, unique, innovative, and sustainable toys, making India a global hub for toys announced.
- A National Institute of Food Technology, Entrepreneurship and Management to be set up in Bihar to support food processing.
- A National Manufacturing Mission covering small, medium and large industries for furthering "Make in India" announced.

3. Investment

- Saksham Anganwadi and Poshan 2.0: The cost norms for the nutritional support to be enhanced appropriately.
- 50,000 Atal Tinkering 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 under the Bharatnet project.
- Bharatiya Bhasha Pustak Scheme announced to provide Indian language books in digital form for school and higher education.
- 5 National Centres of Excellence for skilling to be set up with global expertise and partnerships to equip our youth with the skills required for "Make for India, Make for the World" manufacturing.

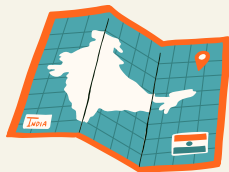


- Additional infrastructure to be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students.
- A Centre of Excellence in Artificial Intelligence for education to be set up with a total outlay of ₹ 500 crore.
- 10,000 additional seats to be added in medical colleges and hospitals next year, adding to 75000 seats in the next 5 years.
- Government to set up Day Care Cancer Centres in all district hospitals in the next 3 years, 200 Centres in 2025-26.
- A scheme for socio-economic upliftment of urban workers to help them improve their incomes and have sustainable livelihoods announced.
- PM SVANidhi Scheme to be revamped with enhanced loans from banks, UPI linked credit cards with ₹ 30,000 limit, and capacity building support.

- Government to arrange for identity cards, registration on e-Shram portal and healthcare under PM Jan Arogya Yojna, for gig-workers.
- An outlay of ₹1.5 lakh crore proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- Jal Jeevan Mission to be extended until 2028 with an enhanced total outlay.
- Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of ₹20,000 crore to be set up, 5 indigenously developed SMRs to be operational by 2033.



- A Maritime Development Fund with a corpus of ₹ 25,000 crore to be set up, with up to 49 per cent contribution by the Government, and the balance from ports and private sector.
- UDAN - Regional Connectivity Scheme: A modified UDAN scheme announced to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. Also to support helpads and smaller airports in hilly, aspirational, and North East region districts.
- SWAMIH Fund 2: A fund of ₹ 15,000 crore aimed at expeditious completion of another 1 lakh dwelling units, with contribution from the Government, banks and private investors announced.
- Top 50 tourist destination sites in the country to be developed in partnership with states through a challenge mode.



- ₹20,000 crore to be allocated to implement private sector driven Research, Development and Innovation initiative announced in the July Budget.
- Deep Tech Fund of Funds to be explored to catalyze the next generation startups.
- 10,000 fellowships for technological research in IITs and IISc with enhanced financial support.
- 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security.
- A National Geospatial Mission announced to develop foundational geospatial infrastructure and data.
- A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors to be undertaken to cover more than 1 crore manuscripts announced.



4. Exports

- An Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance to be set up.
- BharatTradeNet (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions.
- A national framework to be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities.

5. Financial Sector Reforms And Development

- The FDI limit for the insurance sector to be raised from 74 to 100 %, for those companies which invest the entire premium in India.
- NaBFID to set up a Partial Credit Enhancement Facility for corporate bonds for infrastructure.

- Public Sector Banks to develop “Grameen Credit Score” framework to serve the credit needs of SHG members and people in rural areas.
- High Level Committee for Regulatory Reforms: A High-Level Committee for Regulatory Reforms to be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions.
- An Investment Friendliness Index of States to be launched in 2025 to further the spirit of competitive cooperative federalism announced.
- The Jan Vishwas Bill 2.0 will decriminalize more than 100 provisions in various laws.

6. Taxation

- No personal income tax payable upto income of Rs 12 lakh under the new regime.
- This limit will be Rs 12.75 lakh for salaried tax payers, due to standard deduction of Rs 75,000.

Revised Tax Slab

Annual Income Slab	Rate of Tax
0-4 lakh rupees	Nil
4-8 lakh rupees	5 percent
8-12 lakh rupees	10 percent
12-16 lakh rupees	15 percent
16-20 lakh rupees	20 percent
20- 24 lakh rupees	25 percent
Above 24 lakh rupees	30 percent

7. Rationalization Of TDS / TCS:

- The limit for tax deduction on interest for senior citizens for Term Deposits doubled from the present Rs 50,000 to Rs 1 lakh when the payer is a bank, co-operative society, or post office and to Rs 10,000 in other cases. The provisions of the higher TDS deduction will apply only in non-PAN cases.



- The threshold to collect tax at source (TCS) on remittances under Liberalized Remittance Scheme (LRS) increased from Rs 7 lakh to Rs 10 lakh. TCS on remittances made for education purposes when the remittance is funded through a loan from a specified financial institution eliminated.

8. Reducing Compliance Burden/Ease Of Doing Business:

- Time to file updated tax returns increased from 2 years to 4 years.
- Registration period for small charitable trusts extended from 5 years to 10 years, reducing compliance burden.
- Taxpayers can now claim the annual value of two self-occupied properties without conditions.
- Introduction of a 3-year block period scheme for determining the arm's length price of international transactions.
- Withdrawals from the National Savings Scheme (NSS) post-August 29, 2024, are tax-exempt.
- NPS Vatsalya accounts now get the same benefits as regular NPS accounts, including a ₹50,000 tax deduction under the old tax regime.
- Presumptive taxation introduced for non-residents providing services to electronics manufacturing companies.
- Safe harbour introduced for non-residents storing components for specified electronics manufacturing units.
- Start-up incorporation period extended by 5 years, allowing benefits for start-ups incorporated before April 1, 2020.

- Investment deadline for Sovereign Wealth Funds and Pension Funds extended to March 31, 2030, to boost infrastructure funding.

9. Indirect Tax

- Removal of seven tariff rates, leaving only eight, including the "zero" rate. Only one cess or surcharge to be levied per item; Social Welfare Surcharge exempted on 82 tariff lines subject to a cess.
- Full BCD exemption for 36 lifesaving drugs, while six others attract a concessional 5% duty. 37 additional medicines and 13 new Patient Assistance Programmes also included in the exemption.
- Textile machinery: Two more types of shuttle-less looms fully exempted. BCD on knitted fabrics revised to 20% or ₹115 per kg, whichever is higher.
- Electronic goods: BCD on Interactive Flat Panel Display (IFPD) increased from 10% to 20%, while BCD on Open Cell and other components reduced to 5%.
- BCD exemption on raw materials, components, consumables, and parts for ship manufacturing and shipbreaking extended for another ten years.

10. Export Promotion:

- Export period for handicraft goods extended from six months to one year, with an additional three-month extension if needed. Nine more items added to the duty-free input list.
- BCD on Frozen Fish Paste (Surimi) reduced from 30% to 5% for manufacturing and exporting analogue products.
- New voluntary compliance provision allows importers/exporters to declare material facts post-clearance and pay duty with interest, without penalty.
- Time limit for end-use of imported inputs extended from six months to one year, with quarterly statement filing replacing monthly statements.





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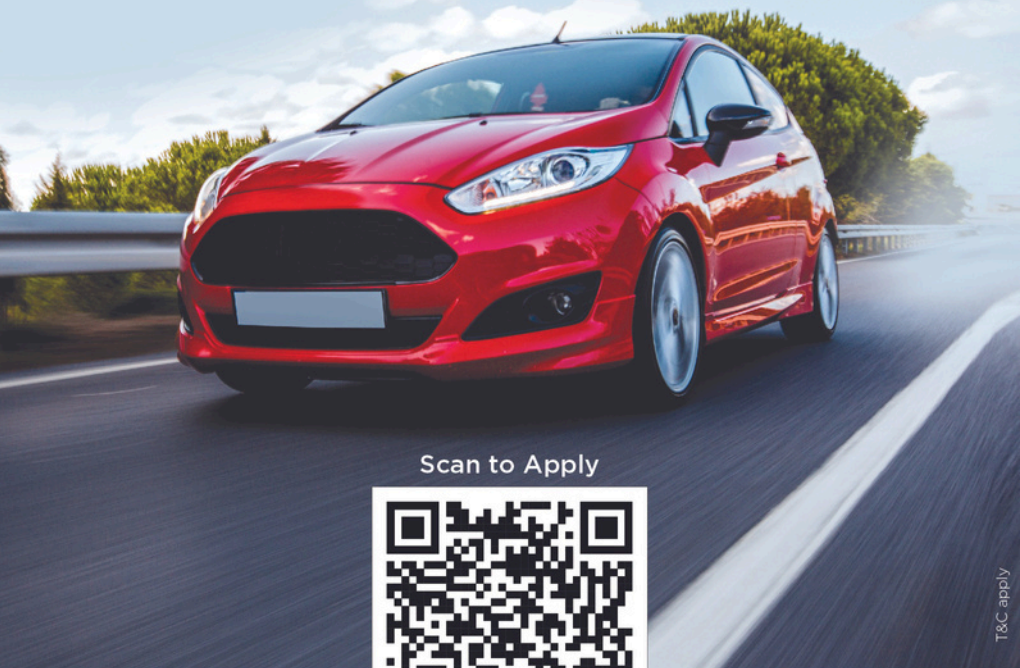
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