

Finance Minister Nirmala Sitharaman on 1st Feb presented the Union Budget 2025. The Budget aspiration for Viksit Bharat includes: 1) Accelerate Growth, 2) Secure Inclusive Development, 3) Invigorate Private Sector Investments, 4) Uplift Household Sentiments, 5) Enhance Spending power of India's Rising Middle Class. Budget proposed development measures focusing on Garib, Youth, Annadata and Nari. Budget aims to initiate transformative reforms across six domains are Taxation, Power Sector, Urban Development, Mining, Financial Sector, Regulatory Reforms. A country is not just its soil, A Country is its people.

Key Highlights:

Budget Estimates: The total receipts other than borrowings and the total expenditure are estimated at 34.96 lakh crore and 50.65 lakh crore respectively. The net tax receipts are estimated at 28.37 lakh crore. The fiscal deficit is estimated to be 4.4 per cent of GDP. To finance the fiscal deficit, the net market borrowings from dated securities are estimated at 11.54 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at 14.82 lakh crore Budget empowers on four powerful engines, namely Agriculture, MSME, Investment, and Exports. Let's dive into the key highlights that will shape the financial landscape in the coming year.

Agriculture as 1st Engine:

- Prime Minister Dhan- Dhaanya Krishi Yojana- Developing Agri Districts programme to cover 100 districts and likely to help 1.7 crore farmers.
- Mission for Cotton Productivity- 5 year mission to facilitate improvements in productivity and sustainability of cotton farming.
- National Mission on High Yielding seeds- Targeted development and propagation of seed with high yield, and climate resistance.
- Aatmanirbharta in Pulses- Launch 6-year mission with special focus on Tur, Urad and Masoor emphasizing enhancing protein content, increasing productivity.
- Makhana Board in Bihar – To set up to improve production, processing value addition, marketing and organization of FPOs.
- Enhanced credit through KCC – To facilitate short term loans for 7.7 crore farmers, fishermen and dairy farmers with enhanced loan of 5 lakh.

MSME's as the 2nd Engine:

- Significant enhancement of credit availability with guarantee cover
 - a) For Micro and Small Enterprises, from 5 crore to 10 crore, leading to additional credit of 1.5 lakh crore in the next 5 years
 - b) For Startups, from 10 crore to 20 crore, with the guarantee fee being moderated to 1 per cent for loans in 27 focus sectors important for Atmanirbhar Bharat
 - c) For well-run exporter MSMEs, for term loans up to 20 crore
- Scheme for First-time Entrepreneurs- New Scheme will be launched for 5 lakh women, Scheduled castes and Scheduled tribes first-time entrepreneurs. This will provide term loans up to 2 crore during the next 5 years.
- Clean Tech Manufacturing- Mission will aim to improve domestic value addition and build our ecosystem for solar PV cells, EV batteries, motors and controllers, electrolyzers, wind turbines, very high voltage transmission equipment and grid scale batteries.
- Manufacturing Mission- Furthering Make in India by providing policy support, execution roadmaps, governance and monitoring framework for central ministries and states.

Investment as the 3rd Engine:

- Saksham Anganwadi and Poshan 2.0 programme provides nutritional support to more than 8 crore children, 1 crore pregnant women and lactating mothers all over the country, and about 20 lakh adolescent girls in aspirational districts and the north-east region.
- Expansion of capacity in IITs- Total number of students in 23 IITs has increased 100 per cent from 65,000 to 1.35 lakh in the past 10 years.
- Centre of Excellence in AI for Education- Centre of Excellence in Artificial Intelligence for education will be set up with a total outlay of 500 crore.
- Day Care Cancer Centres in all District Hospitals- Government will facilitate setting up of Day Care Cancer Centres in all district hospitals in the next 3 years. 200 Centres will be established in 2025-26.
- UDAN - Regional Connectivity Scheme- UDAN has enabled 1.5 crore middle-class people to meet their aspirations for speedier travel. The scheme has connected 88 airports and operationalized 619 routes.

Exports as the 4th Engine:

- 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.
- Bharat Trade Net- 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.

Indirect Tax:

- Removal of 7 tariff rates. This is over and above the seven tariff rates removed in 2023-24 budget. After this, there will be only eight remaining tariff rates including zero rate.

Sector Specific 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.
- Export Promotion- Duty free imports for handicraft and leather sectors.
- Promotion of MRO- Exemption for 10 years on goods for ship building and ships for breaking, extension of time for export of railway goods imported for repairs.
- Addition of 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 disease).
- Budget proposes to fully exempt cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals.
- India's competitiveness in the global seafood market, Budget proposed to reduce BCD from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products. Budget also proposed to reduce BCD from 15% to 5% on fish hydrolysate for manufacture of fish and shrimp feeds.
- Budget propose to reduce the BCD from 20% to 10% on Carrier Grade ethernet switches to make it at par with Non- Carrier Grade ethernet switches. Budget proposed to fully exempt BCD on Wet Blue leather to facilitate imports for domestic value addition and employment. Budget also propose to exempt crust leather from 20% export duty to facilitate exports by small tanners.

Direct Tax:

- Tax deduction limit for senior citizens doubled from 50,000 to 1 lakh.
- The annual limit of 2.40 lakh for TDS on rent increased to 6 lakh.
- Threshold to collect tax at source (TCS) on remittances under RBI's Liberalized Remittance Scheme (LRS) is proposed to be increased from 7 lakh to 10 lakh.
- Both TDS and TCS are being applied on any transaction relating to sale of goods. To prevent such compliance difficulties, Budget proposed to omit the TCS. Budget also proposed that the provisions of the higher TDS deduction will now apply only in non-PAN cases.
- In July 2024, the delay for payment of TDS up to the due date of filing statement was decriminalized. Budget proposed to provide the same relaxation to TCS provisions as well.
- Tonnage Tax Scheme for Inland Vessels.
- Tax certainty for electronics manufacturing schemes.
- Extension for incorporation by 5 years of Start-Ups- Government continue to support the Indian start-up eco-system. Budget proposed to extend the period of incorporation by 5 years to allow the benefit available to start-ups which are incorporated before 1.4.2030.
- Specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which are set up in IFSC.
- Certainty of taxation Category I and category II AIFs are undertaking investments in infrastructure and other such sectors 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, Budget proposed to extend the date of making an investment by five more years, to 31st March, 2030.
- Extension of time-limit to file updated returns from the current limit of two years to four years.
- Slabs and rates being changed across the board to benefit all tax- payers:

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

Disclaimer: The information contained in this report has been obtained from sources considered to be authentic and reliable. However, RNB Corporate Services Pvt. Ltd. is not responsible for any error or inaccuracy or for any losses suffered on account of this information. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.