

Shrimati Nirmala Sitharaman presented a statement of the estimated receipts and expenditure of the Government of India for the year 2025-26.

THE MINISTER OF FINANCE; AND MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): Hon. Speaker, I present the Budget for 2025-26.

Introduction

This Budget continues our Government's efforts to:

- a) accelerate growth,
- b) secure inclusive development,
- c) invigorate private sector investments,
- d) uplift household sentiments, and
- e) enhance spending power of India's rising middle class.

Together, we embark on a journey to unlock our nation's tremendous potential for greater prosperity and global positioning under the leadership of hon. Prime Minister Shri Narendra Modi. ? (*Interruptions*)

As we complete the first quarter of the 21st century, continuing geopolitical headwinds suggest lower global economic growth over the medium term. ? (*Interruptions*) However, our aspiration for a Viksit Bharat inspires us, and the transformative work we have done during our Government's first two terms guides us, to march forward resolutely. ? (*Interruptions*)

Budget Theme

Our economy is the fastest-growing among all major global economies. Our development track record for the past 10 years and structural reforms have drawn global attention. ? (*Interruptions*) Confidence in India's capability and potential has only grown in this period. We see the next five years as a unique opportunity to realize 'Sabka Vikas', stimulating balanced growth of all regions.

The great Telugu poet and playwright Gurajada Appa Rao had said, *‘Desamante Matti Kaadoi, Desamante Manushuloi?’*; meaning, *‘A country is not just its soil, a country is its people.’* In line with this, for us, Viksit Bharat, encompasses:

zero-poverty;

hundred per cent good quality school education;

access to high-quality, affordable, and comprehensive healthcare;

hundred per cent skilled labour with meaningful employment;

seventy per cent women in economic activities; and

farmers making our country the *‘food basket of the world’*. *?(Interruptions)*

11.04 hrs

At this stage Shri Dharmendra Yadav and some other hon. Members came and stood on the floor near the Table.

?(Interruptions)

In this Budget, the proposed development measures span ten broad areas focusing on Garib, Youth, Annadata and Nari.

- 1) Spurring Agricultural Growth and Productivity;
- 2) Building Rural Prosperity and Resilience;
- 3) Taking Everyone Together on an Inclusive Growth path;
- 4) Boosting Manufacturing and Furthering Make in India;
- 5) Supporting MSMEs;
- 6) Enabling Employment-led Development;
- 7) Investing in people, economy and innovation;
- 8) Securing Energy Supplies;
- 9) Promoting Exports; and

10) Nurturing Innovation.

11.05 hrs

At this stage, Shri Rahul Gandhi, Shri Akhilesh Yadav,

Shrimati Kanimozhi Karunanidhi and some other hon. Members left the House.

? (Interruptions)

11.05 ½ hrs

At this stage, Shri Dharmendra Yadav and some other hon. Members

left the House.

? (Interruptions)

For this journey of development,

- a) Our four powerful engines are: Agriculture, MSME, Investments, and Exports
- b) The fuel: our Reforms
- c) Our guiding spirit: Inclusivity
- d) And the destination: Viksit Bharat

This Budget aims to initiate transformative reforms across six domains. During the first five years, these will augment our growth potential and global competitiveness. The domains are:

- 1) Taxation;
- 2) Power Sector;
- 3) Urban Development;
- 4) Mining;
- 5) Financial Sector; and
- 6) Regulatory Reforms.

Agriculture as the 1st Engine

Now I move to specific proposals, beginning with 'Agriculture as the 1st Engine'.

Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme

Motivated by the success of the Aspirational Districts Programme, our Government will undertake a 'Prime Minister Dhan-Dhaanya Krishi Yojana' in partnership with States. Through the convergence of existing schemes and specialized measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to (1) enhance agricultural productivity, (2) adopt crop diversification and sustainable agriculture practices, (3) augment post-harvest storage at the panchayat and block level, (4) improve irrigation facilities, and (5) facilitate availability of long-term and short-term credit. This programme is likely to help 1.7 crore farmers.

Building Rural Prosperity and Resilience

A comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with States. This will address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy. The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity.

The programme will focus on rural women, young farmers, rural youth, marginal and small farmers, and landless families.

Global and domestic best practices will be incorporated and appropriate technical and financial assistance will be sought from multilateral development banks. In Phase-1, 100 developing agri-districts will be covered.

Aatmanirbharta in Pulses

Our Government is implementing the National Mission for Edible Oilseed for achieving atmanirbharta in edible oils. Our farmers have the capability to grow enough for our needs and more.

Ten years ago, we made concerted efforts and succeeded in achieving near self-sufficiency in pulses. Farmers responded to the need by increasing the cultivated area by 50

per cent and Government arranged for procurement and remunerative prices. Since then, with rising incomes and better affordability, our consumption of pulses has increased significantly.

Our Government will now launch a 6-year 'Mission for Aatmanirbharta in Pulses' with a special focus on Tur, Urad and Masoor. Central agencies such as NAFED and NCCF will be ready to procure these three pulses, as much as offered during the next four years from farmers who register with these agencies and enter into agreements.

Comprehensive Programme for Vegetables & Fruits

It is encouraging that our people are increasingly becoming aware of their nutritional needs. It is a sign of a society becoming healthier. With rising income levels, the consumption of vegetables, fruits and shree-anna is increasing significantly.

A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers will be launched in partnership with states. Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up.

Makhana Board in Bihar

For this, there is a special opportunity for the people of Bihar. A Makhana Board will be established in the state to improve production, processing, value addition, and marketing of makhana. The people engaged in these activities will be organized into FPOs. The Board will provide handholding and training support to makhana farmers and will also work to ensure they receive the benefits of all relevant Government schemes.

National Mission on High Yielding Seeds

A National Mission on High Yielding Seeds will be launched, aimed at (1) strengthening the research ecosystem, (2) targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and (3) commercial availability of more than 100 seed varieties released since July 2024.

Fisheries

India ranks second-largest globally in fish production and aquaculture. Seafood exports are valued at Rs. 60 thousand crore. To unlock the untapped potential of the marine sector, our Government will bring in an enabling 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.

Mission for Cotton Productivity

For the benefit of lakhs of cotton growing farmers, I am pleased to announce a 'Mission for Cotton Productivity'. This 5-year mission will facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties. The best of science & technology support will be provided to farmers. Aligned with our integrated 5F vision for the textile sector, this will help in increasing incomes of the farmers, and ensure a steady supply of quality cotton for rejuvenating India's traditional textile sector.

Enhanced Credit through KCC

Kisan Credit Cards (KCC) facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers. The loan limit under the Modified Interest Subvention Scheme will be enhanced from Rs. 3 lakh to Rs. 5 lakh for loans taken through the KCC.

Urea Plant in Assam

For Atmanirbharta in urea production, our Government had reopened three dormant urea plants in the Eastern region. To further augment urea supply, a plant with annual capacity of 12.7 lakh metric tons will be set up at Namrup, Assam.

India Post as a Catalyst for the Rural Economy

India Post with 1.5 lakh rural post offices, complemented by the India Post Payment Bank and a vast network of 2.4 lakh Dak Sevaks, will be repositioned to act as a catalyst for the rural economy.

India Post will also be transformed as a large public logistics organization. This will meet the rising needs of Viswakarmas, new entrepreneurs, women, self-help groups, MSMEs, and

large business organizations.

Support to NCDC

Our Government will provide support to NCDC for its lending operations for the cooperative sector.

MSMEs as the 2nd engine

Now, I move to MSMEs as the 2nd engine, which encompasses manufacturing and services with a focus on MSMEs numbering 5.7 crore.

Revision in classification criteria for MSMEs

Currently, over 1 crore registered MSMEs, employing 7.5 crore people, and generating 36 per cent of our manufacturing, have come together to position India as a global manufacturing hub. With their quality products, these MSMEs are responsible for 45 per cent of our exports. To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively. This will give them the confidence to grow and generate employment for our youth.

Significant enhancement of credit availability with guarantee cover

To improve access to credit, the credit guarantee cover will be enhanced:

- a) For Micro and Small Enterprises, from Rs. 5 crore to 10 crore, leading to additional credit of Rs. 1.5 lakh crore in the next 5 years;
- b) For Startups, from Rs. 10 crore to 20 crore, with the guarantee fee being moderated to 1 per cent for loans in 27 focus sectors which are important for Atmanirbhar Bharat; and
- c) For well-run exporter MSMEs, for term loans up to Rs. 20 crore.

Credit Cards for Micro Enterprises

Also, for the micro enterprises, we will introduce customized Credit Cards with a Rs. 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards

will be issued.

Fund of Funds for Startups

The Alternate Investment Funds (AIFs) for startups have received commitments of more than Rs. 91,000 crore. These are supported by the Fund of Funds set up with Government of India's contribution of Rs. 10,000 crore. Now, a new Fund of Funds, with expanded scope and a fresh contribution of another Rs. 10,000 crore will be set up.

Scheme for First-time Entrepreneurs

A new scheme will be launched 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. The scheme will incorporate lessons from the successful Stand-Up India scheme. Online capacity building for entrepreneurship and managerial skills will also be organized.

Measures for Labour-Intensive Sectors

To promote employment and entrepreneurship opportunities in labour-intensive sectors, our Government will undertake specific policy and facilitation measures.

Focus Product Scheme for Footwear & Leather Sectors

To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme will be implemented. The scheme will support design capacity, component manufacturing, and machinery required for production of non-leather quality footwear, besides the support for leather footwear and products. The scheme is expected to facilitate employment for 22 lakh persons, generate turnover of over Rs. 4 lakh crore and exports of over Rs. 1.1 lakh crore.

Measures for the Toy Sector

Building on the National Action Plan for Toys, we will implement a scheme to make India a global hub for toys. The scheme will focus on development of clusters, skills, and a

manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys that will represent the 'Made in India' brand.

Support for Food Processing

In line with our commitment towards 'Purvodaya', we will establish a National Institute of Food Technology, Entrepreneurship and Management in Bihar. The institute will provide a strong fillip to food processing activities in the entire Eastern region. This will result in (1) enhanced income for the farmers through value addition to their produce, and (2) skilling, entrepreneurship and employment opportunities for the youth.

Manufacturing Mission - Furthering 'Make in India'

Our Government will set up a National Manufacturing Mission covering small, medium and large industries for furthering 'Make in India' by providing policy support, execution roadmaps, governance and monitoring framework for Central Ministries and States.

Clean Tech Manufacturing

Given our commitment to climate-friendly development, the Mission will also support Clean Tech manufacturing. This 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.

Investment as the 3rd engine

Now, I move to Investment as the 3rd engine, which encompasses investing in people, investing in the economy and investing in innovation.

Investing in People

Saksham Anganwadi and Poshan 2.0

The 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. The cost norms for the nutritional support will be enhanced appropriately.

Atal Tinkering Labs

Fifty thousand Atal Tinkering Labs will be set up in Government schools in next 5 years to cultivate the spirit of curiosity and innovation, and foster a scientific temper among young minds.

Broadband Connectivity to Government Secondary Schools and PHCs

Broadband connectivity will be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.

Bharatiya Bhasha Pustak Scheme

We propose to implement a Bharatiya Bhasha Pustak Scheme to provide digital-form Indian language books for school and higher education. This aims to help students understand their subjects and their language better.

National Centres of Excellence for Skilling

Building on the initiative announced in the July 2024 Budget, five National Centres of Excellence for skilling will 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. The partnerships will cover curriculum design, training of trainers, a skills certification framework, and periodic reviews.

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. Additional infrastructure will be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students. Hostel and other infrastructure capacity at IIT, Patna will also be expanded.

Centre of Excellence in AI for Education

I had announced three Centres of Excellence in Artificial Intelligence for agriculture, health, and sustainable cities in 2023. Now a Centre of Excellence in Artificial Intelligence for education will be set up with a total outlay of Rs. 500 crore.

Expansion of medical education

Our Government has added almost 1.1 lakh UG and PG medical education seats in ten years, an increase of 130 per cent. In the next year, 10,000 additional seats will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next five years.

Day Care Cancer Centres in all District Hospitals

Our Government will facilitate setting up of Day Care Cancer Centres in all district hospitals in the next three years. 200 Centres will be established in 2025-26 itself.

Strengthening urban livelihoods

Our Government has been giving priority to assisting urban poor and vulnerable groups. A scheme for socio-economic upliftment of urban workers will be implemented to help them improve their incomes, have sustainable livelihoods and a better quality of life.

PM SVANidhi

PM SVANidhi scheme has benefitted more than 68 lakh street vendors giving them respite from high-interest informal sector loans. Building on this success, the scheme will be revamped with enhanced loans from banks, UPI linked credit cards with Rs. 30,000 limit, and capacity building support.

Social Security Scheme for Welfare of Online Platform Workers

Gig workers of online platforms provide great dynamism to the new-age services economy. Recognising their contribution, our Government will arrange for their identity cards and registration on the e-Shram portal. They will be provided healthcare under PM Jan Arogya Yojana. This measure is likely to assist nearly one crore gig-workers.

Investing in the Economy

Public Private Partnership in Infrastructure

Each infrastructure-related Ministry will come up with a three-year pipeline of projects that can be implemented in PPP mode. States will also be encouraged to do so and can seek support from the IIPDF (India Infrastructure Project Development Fund) scheme to prepare PPP proposals.

Support to States for Infrastructure

An outlay of Rs. 1.5 lakh crore is proposed for the 50-year interest free loans to States for capital expenditure and incentives for reforms.

Asset Monetization Plan 2025-30

Building on the success of the first Asset Monetization Plan announced in 2021, the second Plan for 2025-30 will be launched to plough back capital of Rs. 10 lakh crore in new projects. Regulatory and fiscal measures will be fine-tuned to support the Plan.

Jal Jeevan Mission

Since 2019, 15 crore households representing 80 per cent of India's rural population have been provided access to potable tap water connections. To achieve 100 per cent coverage, I am pleased to announce the extension of the Mission until 2028 with an enhanced total outlay.

The Mission's focus will be on the quality of infrastructure and O&M of rural piped water supply schemes through 'Jan Bhagidhari'. Separate MoUs will be signed with States/UTs, to ensure sustainability and citizen-centric water service delivery.

Urban Sector Reforms

Building on the July Budget proposals, urban sector reforms related to governance, municipal services, urban land, and planning will be incentivized.

Urban Challenge Fund

The Government will set up an Urban Challenge Fund of Rs. 1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and for 'Water and Sanitation' purposes announced in the July Budget.

This fund will finance up to 25 per cent of the cost of bankable projects with a stipulation that at least 50 per cent of the cost is funded from bonds, bank loans, and PPPs. An allocation of Rs. 10,000 crore is proposed for 2025-2026.

Power Sector Reforms

We will incentivize electricity distribution reforms and augmentation of intra-state transmission capacity by states. This will improve financial health and capacity of electricity

companies. Additional borrowing of 0.5 per cent of GSDP will be allowed to states, contingent on these reforms.

Nuclear Energy Mission for Viksit Bharat

Development of at least 100 GW of nuclear energy by 2047 is essential for our energy transition efforts. For an active partnership with the private sector towards this goal, amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be taken up.

A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of Rs. 20,000 crore will be set up. At least 5 indigenously developed **Small Modular Reactors** (SMRs) will be operationalized by 2033.

Shipbuilding

The Shipbuilding Financial Assistance Policy will be revamped to address cost disadvantages. This will also include Credit Notes for shipbreaking in Indian yards to promote the circular economy.

Large ships above a specified size will be included in the infrastructure harmonized master list (HML).

Shipbuilding Clusters will be facilitated to increase the range, categories and capacity of ships. This will include additional infrastructure facilities, skilling and technology to develop the entire ecosystem.

Maritime Development Fund

For long-term financing for the maritime industry, a Maritime Development Fund with a corpus of Rs. 25,000 crore will be set up. This will be for distributed support and promoting competition. This will have up to 49 per cent contribution by the Government, and the balance will be mobilized from ports and **from** private sector.

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. Inspired by that

success, a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore additional passengers in the next 10 years. ? (*Interruptions*) The scheme will also support helipads and smaller airports in hilly, aspirational, and North East regional districts.

Greenfield Airport in Bihar

Greenfield airports will be facilitated in Bihar to meet the future needs of the State. ? (*Interruptions*) These will be in addition to the expansion of the capacity of Patna airport and a brownfield airport in Bihta. ? (*Interruptions*)

Western Koshi Canal Project in Mithilanchal

Financial support will be provided for the Western Koshi Canal ERM Project benefitting a large number of farmers cultivating over 50,000 hectares of land in the Mithilanchal region of Bihar.

Mining Sector Reforms

Mining sector reforms, including those for minor minerals, will be encouraged through sharing of best practices and institution of a State Mining Index.

A policy for recovery of critical minerals from tailings will be brought out.

SWAMIH Fund 2

Under the Special Window for Affordable and Mid-Income Housing (SWAMIH) fifty thousand dwelling units in stressed housing projects have been completed, and keys handed over to home-buyers. Another forty-thousand units will be completed in 2025, further helping middle-class families who were paying EMIs on loans taken for apartments, while also paying rent for their current dwellings.

Building on this success, SWAMIH Fund 2 will be established as a blended finance facility with contribution from the Government, banks and private investors. This fund of Rs. 15,000 crore will aim for expeditious completion of another one lakh units.

PM Gati Shakti Data for Private Sector

For furthering PPPs and assisting the private sector in project planning, access to relevant data and maps from the PM Gati Shakti portal will be provided.

Tourism for employment-led growth

Top 50 tourist destination sites in the country will be developed in partnership with states through a challenge mode. Land for building key infrastructure will have to be provided by states. Hotels in those destinations will be included in the infrastructure harmonized list.

The following measures will be taken for facilitating employment-led growth:

- 1) Organizing intensive skill-development programmes for our youth including in Institutes of Hospitality Management;
- 2) Providing MUDRA loans for homestays;
- 3) Improving ease of travel and connectivity to tourist destinations;
- 4) Providing performance-linked incentives to states for effective destination management including tourist amenities, cleanliness, and marketing efforts; and
- 5) Introducing streamlined e-visa facilities along with visa-fee waivers for certain tourist groups.

Continuing with the emphasis on places of spiritual and religious significance in the July Budget, there will be a special focus on destinations related to the life and times of Lord Buddha.

Medical Tourism and Heal in India

Medical Tourism and Heal in India will be promoted in partnership with the private sector along with capacity building and easier visa norms.

Investing in Innovation

Research, Development and Innovation

To implement private sector driven Research, Development and Innovation initiative announced in the July Budget, I am now allocating

Rs. 20,000 crore.

Deep Tech Fund of Funds

A Deep Tech Fund of Funds will also be explored to catalyse the next generation startups as a part of this initiative.

PM Research Fellowship

In the next five years, under the PM Research Fellowship scheme, we will provide ten thousand fellowships for technological research in IITs and IISc with enhanced financial support.

Gene Bank for Crops Germplasm

The 2nd Gene Bank with 10 lakh germplasm lines will be set up for future food and nutritional security. This will provide conservation support to both public and private sectors for genetic resources.

National Geospatial Mission

We will start a National Geospatial Mission to develop foundational geospatial infrastructure and data. Using PM Gati Shakti, this Mission will facilitate modernization of land records, urban planning, and design of infrastructure projects.

Gyan Bharatam Mission

A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors will be undertaken to cover more than 1 crore manuscripts. We will set up a National Digital Repository of Indian knowledge systems for knowledge sharing.

Now, I move to Exports as the 4th engine.

Exports as the 4th engine

Export Promotion Mission

We will set up an Export Promotion Mission, with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. It will 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

A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. This will complement the Unified Logistics Interface Platform. The BTN will be aligned with international practices.

Support for integration with Global Supply Chains

Support will be provided to develop domestic manufacturing capacities for our economy's integration with global supply chains. Sectors will be identified based on objective criteria.

Facilitation groups with participation of senior officers and industry representatives will be formed for select products and supply chains.

Through this, there are huge opportunities related to Industry 4.0, which needs high skills and talent. Our youth have both. Our Government will support the domestic electronic equipment industry to leverage this opportunity for the benefit of the youth.

National Framework for GCC

A national framework will be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities. This will suggest measures for enhancing availability of talent and infrastructure, building-byelaw reforms, and mechanisms for collaboration with industry.

Warehousing facility for air cargo

Our Government will facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce. Cargo screening and customs protocols will be streamlined and made user-friendly.

Reforms as the Fuel

Now I move to 'Reforms as the Fuel', and detail specific reforms.

Tax Reforms

Over the past 10 years, our Government has implemented several reforms for convenience of tax payers, such as (1) faceless assessment, (2) tax payers charter, (3) faster returns, (4) almost 99 per cent returns being on self-assessment, and (5) Vivad se Vishwas

scheme. ? (*Interruptions*) Continuing these efforts, I reaffirm the commitment of the tax department to 'trust first, scrutinize later'. I also propose to introduce the new income-tax bill next week. I will detail the indirect tax reforms and changes in direct taxes in Part B.

Financial Sector Reforms and Development

FDI in Insurance Sector

The FDI limit for the insurance sector will be raised from 74 to 100 per cent. This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.

Expanding Services of India Post Payment Bank

The services of India Post Payment Bank will be deepened and expanded in rural areas.

Credit Enhancement Facility by NaBFID

NaBFID will set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.

Grameen Credit Score

Public Sector Banks will develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.

Pension Sector

A forum for regulatory coordination and development of pension products will be set up.

KYC Simplification

To implement the earlier announcement on simplifying the KYC processes, the revamped Central KYC Registry will be rolled out in 2025. We will also implement a streamlined system for periodic updating.

Merger of Companies

Requirements and procedures for speedy approval of company mergers will be rationalized. The scope for fast-track mergers will also be widened and the process made simpler.

Bilateral Investment Treaties

As proposed in the Interim Budget, we signed Bilateral Investment Treaties (BIT) with two countries in 2024. To encourage sustained foreign investment and in the spirit of 'first develop India', the current model BIT will be revamped and made more investor-friendly.

Regulatory Reforms

In the last ten years in several aspects, including financial and non-financial, our Government has demonstrated a steadfast commitment to 'Ease of Doing Business'. We are determined to ensure that our regulations must keep up with technological innovations and global policy developments. A light-touch regulatory framework based on principles and trust will unleash productivity and employment. Through this framework, we will update regulations that were made under old laws. To develop this modern, flexible, people-friendly, and trust-based regulatory framework appropriate for the twenty-first century, I propose four specific measures:

High Level Committee for Regulatory Reforms

A High-Level Committee for Regulatory Reforms will be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions. The committee will be expected to make recommendations within a year. The objective is to strengthen trust-based economic governance and take transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances. States will be encouraged to join in this endeavour.

Investment Friendliness Index of States

An Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive cooperative federalism.

FSDC Mechanism

Under the Financial Stability and Development Council, a mechanism will be set up to evaluate impact of the current financial regulations and subsidiary instructions. It will also formulate a framework to enhance their responsiveness and development of the financial sector.

Jan Vishwas Bill 2.0

In the Jan Vishwas Act 2023, more than 180 legal provisions were decriminalized. Our Government will now bring up the Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

Fiscal Policy

I now move to fiscal policy matters.

Fiscal Consolidation

In the July Budget, I had committed to staying the course for fiscal consolidation. Our endeavour will be to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP. The roadmap for the next 6 years has been detailed in the FRBM statement.

Revised Estimates 2024-25

The Revised Estimate of the total receipts other than borrowings is Rs. 31.47 lakh crore, of which the net tax receipts are Rs. 25.57 lakh crore. The Revised Estimate of the total

expenditure is Rs. 47.16 lakh crore, of which the capital expenditure is about Rs. 10.18 lakh crore.

The Revised Estimate of the fiscal deficit is 4.8 per cent of the GDP.

Budget Estimates 2025-26

Coming to 2025-26, the total receipts other than borrowings and the total expenditure are estimated at Rs.34.96 lakh crore and Rs.50.65 lakh crore respectively. The net tax receipts are estimated at Rs.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 Rs.11.54 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at Rs.14.82 lakh crore.

I will now move to Part B.

PART B

Indirect Taxes

My proposals relating to Customs aim to rationalize tariff structure and address duty inversion. These will also support domestic manufacturing and value addition, promote exports, facilitate trade and provide relief to common people.

Rationalisation of Customs Tariff Structure for Industrial Goods

As a part of comprehensive review of Customs rate structure announced in July 2024 Budget, I propose to:

- (i) remove seven 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.
- (ii) apply appropriate cess to broadly maintain effective duty incidence except on a few items, where such incidence will reduce marginally.

(iii) levy not more than one cess or surcharge. Therefore, I propose to exempt Social Welfare Surcharge on 82 tariff lines that are subject to a cess.

I shall now take up sector specific proposals.

Relief on import of Drugs/Medicines

To provide relief to patients, particularly those suffering from cancer, rare diseases and other severe chronic diseases, I propose to add 36 lifesaving drugs and medicines to the list of medicines fully exempted from Basic Custom Duty (BCD). I also propose to add 6 lifesaving medicines to the list attracting concessional custom duty of 5%. Full exemption and concessional duty will also respectively apply on the bulk drugs for manufacture of the above.

Specified drugs and medicines under Patient Assistance Programmes run by the pharmaceutical companies are fully exempt from BCD, provided the medicines are supplied free of cost to the patients. I propose to add 37 more medicines along with 13 new patient assistance programmes.

Support to Domestic Manufacturing and Value addition

Critical Minerals

In the July 2024 Budget, I had fully exempted BCD on 25 critical minerals that are not domestically available. I had also reduced BCD of 2 other such minerals to provide a major fillip to their processing especially by MSMEs. Now, I propose to fully exempt cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals. This will help secure their availability for manufacturing in India and promote more jobs for our youth.

Textiles

To promote domestic production of technical textile products such as agro-textiles, medical textiles and geo textiles at competitive prices, I propose to add two more types of

shuttle-less looms to the list of fully exempted textile machinery. I also propose to revise the BCD rate on knitted fabrics covered by nine tariff lines from 10% or 20% to 20% or Rs.115 per kg, whichever is higher.

Electronic Goods

In line with our 'Make in India' policy, and to rectify inverted duty structure, I propose to increase the BCD on Interactive Flat Panel Display (IFPD) from 10% to 20% and reduce the BCD to 5% on Open Cell and other components.

In 2023-24 Budget, for the manufacture of Open Cells of LCD/LED TVs, I had reduced the BCD on parts of Open Cells from 5% to 2.5%. To further boost the manufacture of such Open Cells, the BCD on these parts will now stand exempted.

Lithium Ion Battery

To the list of exempted capital goods, I propose to add 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing. This will boost domestic manufacture of lithium-ion batteries, both for mobile phones and for electric vehicles.

Shipping Sector

Considering that shipbuilding has a long gestation period, I propose to continue the exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships for another ten years. I also propose the same dispensation for ship breaking to make it more competitive. ? (*Interruptions*)

श्री आनंद भदौरिया (धौरहरा) : इन आंकड़ों के साथ-साथ कुंभ के बारे में भी बता दीजिए ।? (व्यवधान)

SHRIMATI NIRMALA SITHARAMAN:

Telecommunication

To prevent classification disputes, I 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.

Export Promotion

Handicraft Goods

To facilitate exports of handicrafts, I propose to extend the time period for export from six months to one year, further extendable by another three months, if required. I also propose to add nine items to the list of duty-free inputs.

Leather sector

I propose to fully exempt BCD on Wet Blue leather to facilitate imports for domestic value addition and employment. I also propose to exempt crust leather from 20% export duty to facilitate exports by small tanners.

Marine products

To enhance India's competitiveness in the global seafood market, I propose to reduce BCD from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products. I also propose to reduce BCD from 15% to 5% on fish hydrolysates for manufacture of fish and shrimp feeds.

Domestic MROs for Railway Goods

In July 2024 Budget, to promote development of domestic MROs for aircraft and ships, I had extended the time limit for export of foreign origin goods that were imported for repairs, from 6 months to one year and further extendable by one year. I now propose to extend the same dispensation for railway goods.

Trade facilitation

Time Limit for Provisional Assessment

Presently, the Customs Act, 1962 does not provide any time limit to finalize Provisional Assessments leading to uncertainty and cost to trade. As a measure of promoting ease of doing business, I propose to fix a time-limit of two years, extendable by a year, for finalising the provisional assessment.

Voluntary Compliance

I propose to introduce a new provision that will enable importers or exporters, after clearance of goods, to voluntarily declare material facts and pay duty with interest but without penalty. This will incentivise voluntary compliance. However, this will not apply in cases where department has already initiated audit or investigation proceedings.

Extended Time for End Use

For industry to better plan their imports, I propose to extend the time limit for the end-use of imported inputs in the relevant rules, from six months to one year. This will provide operational flexibility in view of cost and uncertainty of supply. Further, such importers will now have to file only quarterly statements instead of a monthly statement. ? (*Interruptions*)

12.00 hrs

श्री आनंद भदौरिया: कुम्भ में गायब लोगों का पता कराइये कि वे कहां गायब हो गए हैं? ? (व्यवधान)

Direct Taxes

SHRIMATI NIRMALA SITHARAMAN: I now come to my Direct tax proposals.

In Part A, I have briefly underlined Taxation Reforms as one of key reforms to realize our vision of Viksit Bharat. In respect of criminal law, our Government had earlier ushered in Bharatiya Nyaya Sanhita replacing Bharatiya Danda Sanhita. I am happy to inform this August House and the country that the new income-tax bill will carry forward the same spirit of ?

Nyaya? in its drafting as well. The new bill will be clear and direct in text with close to half of the present law, in terms of both chapters and words. It will be simple to understand for taxpayers and tax administrators, leading to tax certainty and reduced litigation.

Reforms, however, are not a destination. They are a means to achieve good governance for our people and economy. Providing good governance primarily involves being responsive. The Thirukkural captures this in Verse 542, which reads:

vaanokki vaalum ulakellaam mannavan

koalnokki vaalung kuti

Meaning:

Just as living beings live expecting rains,

Citizens live expecting good governance.

Our Government is committed to keeping an ear to the ground and a finger on the pulse, and responding while balancing our nation-building efforts. The following measures will detail just how our Government under the guidance of PM Modi has taken steps to understand and address. ? (*Interruptions*)

श्री अखिलेश यादव (कन्नौज) : यूपी को भी थोड़ी सी गाइडेंस मिल जाए । ? (व्यवधान)

SHRIMATI NIRMALA SITHARAMAN: I repeat that sentence. The following measures will detail just how our Government under the guidance of PM Modi has taken steps to understand and address the needs voiced by our citizens. My tax proposals are guided by this spirit.

The objectives of my proposals are as follows:

- (i) Personal Income Tax reforms with special focus on middle class
- (ii) Rationalization of TDS/TCS for easing difficulties
- (iii) Encouraging voluntary compliance
- (iv) Reducing compliance burden

- (v) Ease of doing business
- (vi) Employment and investment

I will come to my proposal on personal income tax towards the end.

TDS/TCS rationalization for easing difficulties

I propose to rationalize Tax Deduction at Source (TDS) by reducing the number of rates and thresholds above which TDS is deducted. Further, threshold amounts for tax deduction will be increased for better clarity and uniformity. The limit for tax deduction on interest for senior citizens is being doubled from the present Rs. 50,000 to Rs. 1 lakh. Similarly, the annual limit of Rs. 2.40 lakh for TDS on rent is being increased to Rs. 6 lakh. This will reduce the number of transactions liable to TDS, thus benefitting small tax payers receiving small payments.

The threshold to collect tax at source (TCS) on remittances under RBI's Liberalized Remittance Scheme (LRS) is proposed to be increased from Rs. 7 lakh to Rs. 10 lakh. I also propose to remove TCS on remittances for education purposes, where such remittance is out of a loan taken from a specified financial institution.

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. I also propose 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. I propose to provide the same relaxation to TCS provisions as well.

Encouraging Voluntary Compliance

The Government under the leadership of Prime Minister Modi believes in 'Sabka Saath, Sabka Vikas, Sabka Vishwas and Sabka Prayas'. In line with this, we brought in updated return facility in 2022 for voluntary compliance by taxpayers who had omitted to report their correct income. Our trust in taxpayers was proved right. Nearly 90 lakh taxpayers voluntarily updated their incomes by paying additional tax. Taking this trust further, I now propose to

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

Reducing Compliance Burden

I propose to reduce the compliance burden for small charitable trusts **and** 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 tax-payers 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

To streamline the process of transfer pricing and to provide an alternative to yearly examination, I propose to introduce a scheme for determining arm's length price of international transaction for a block period of three years. This will be in line with global best practices.

With a view to reduce litigation and provide certainty in international taxation, the scope of safe harbour rules is being expanded.

A number of senior and very senior citizens have very old National Savings Scheme accounts. As interest is no longer payable on such accounts, I propose to exempt withdrawals made from NSS by individuals on or after 29th of August, 2024. I am also proposing to allow similar treatment to NPS Vatsalya accounts as is available to normal NPS accounts, subject to overall limits.

In my speech in July 2024, I had promised that all processes including giving effect to appellate orders shall be digitalized and made paper-less over the next two years. So, I am happy to announce that digitalization is being made operational.

In July 2024, we brought in the Vivad Se Vishwas Scheme to resolve income tax disputes pending in appeal. The scheme has received a great response, with nearly 33,000 tax payers having availed of this scheme to settle their disputes.

Employment and Investment

I have a few proposals to promote investment and employment.

Tax certainty for electronics manufacturing Schemes

It is proposed to provide a presumptive taxation regime for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility. I further propose to introduce a safe harbour 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 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.

Extension for incorporation of Start-Ups

We continue to support the Indian start-up eco-system. I propose to 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)

In order to attract and promote additional activities in the IFSC, I am *inter alia* proposing specific benefits to ship-leasing units, insurance offices and treasury centres of global companies which 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)

Category I and category II AIFs are undertaking investments in infrastructure and other such sectors. I propose to provide 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 with special focus on middle class

Democracy, Demography and Demand are the key support pillars in our journey towards Viksit Bharat. The middle class provides strength for India's growth. This Government under the leadership of Prime Minister Modi has always believed in the admirable energy and ability of the middle class in nation building. In recognition of their contribution, we have periodically reduced their tax burden. Right after 2014, the 'Nil tax' slab was raised to Rs. 2.5 lakh, which was further raised to Rs. 5 lakh in 2019 and to Rs. 7 lakh in 2023. This is reflective of our Government's trust on the middle-class tax payers. I am now happy to announce that there will be no income tax payable upto income of Rs. 12 lakh (i.e. average income of Rs. 1 lakh per month other than special rate income such as capital gains) under the new regime. This limit will be Rs. 12.75 lakh for salaried tax payers, due to standard deduction of Rs. 75,000.

Slabs and rates are being changed across the board to benefit all tax-payers. The new structure will substantially reduce the taxes of the middle class and leave more money in their

hands, boosting household consumption, savings and investment.

In the new tax regime, I propose to revise tax rate structure as follows:

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 per cent

To tax payers upto Rs. 12 lakh of normal income (other than special rate income such as capital gains), I read that again, to tax payers upto Rs. 12 lakh of income (other than special rate income such as capital gains), tax rebate is being provided in addition to the benefit due to slab rate reduction in such a manner that there is no tax payable by them. The total tax benefit of slab rate changes and rebate at different income levels can be illustrated with a few examples.

A tax payer in the new regime with an income of Rs. 12 lakh will get a benefit of Rs. 80,000 in tax (which is 100% of tax payable as per existing rates). A person having income of Rs. 18 lakh will get a benefit of Rs. 70,000 in tax (30% of tax payable as per existing rates). A person with an income of Rs. 25 lakh gets a benefit of Rs. 1,10,000 (25% of his tax payable as per existing rates).

As a result of these proposals, hon. Speaker Sir, revenue of about Rs. 1 lakh crore in direct taxes and Rs. 2,600 crore in indirect taxes will be forgone.

Mr. Speaker Sir, with this, I commend the budget to this august House.

Jai Hind.

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12.15 hrs