InvAsset's Voice



Budget 2025

Charting India's Rise

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UNION BUDGET 2025

A PIVOTAL BLUEPRINT FOR INDIA'S GROWTH AND RESILIENCE

The stage is set for **Finance Minister Nirmala Sitharaman** to present **Union Budget 2025-26** on February 1, 2025. In the backdrop of a global economic slowdown, moderating GDP growth at **6.4% (down from 8.2% last year),** and evolving industrial demands, this budget carries high expectations. From addressing urban stress to nurturing emerging industries, Budget 2025 promises to be a mix of strategic reforms, growth-driven policies, and a roadmap for long-term economic resilience.



India's annual budget is more than a financial document—it is a guiding vision for the nation. As the country gears up for this momentous event, the **traditional Halwa Ceremony** marked the beginning of the final phase of budget preparations, setting a tone of optimism and anticipation.

The Halwa CEREMONY
A SWEET PRELUDE TO serious business

The Halwa Ceremony, a hallmark of Indian tradition, isn't just about preparing and sharing a beloved sweet dish; it signifies the secrecy and sanctity of the budget process. Held in the basement of the North Block, the ceremony involves the finance minister stirring a massive kadhai of halwa, followed by its distribution among finance ministry staff who are "locked in" until the budget is presented in Parliament.



A Tradition Born of Necessity

This ceremony originated after the 1950 budget leak, when the printing process at Rashtrapati Bhavan compromised sensitive budget information. Since then, the Ministry of Finance has ensured that confidentiality remains paramount, with officials restricted to the premises under tight surveillance by the Intelligence Bureau and CCTV cameras.

The ceremony reflects the unity of those working behind the scenes to shape India's economic policies, symbolizing the collective effort that goes into crafting a nation's financial strategy.

TAX REFORMS
PAVING THE WAY FOR GROWTH AND RELIEF



Taxation remains one of the most closely watched aspects of any budget. This year, with rising inflation and income disparity, there's widespread hope for relief, particularly for the middle class, small businesses, and startups.

Key Income Tax Expectations

1. Higher Income Exemption Limits: The tax-free annual income limit is expected to rise to ₹10 lakh, up from ₹5 lakh, providing substantial relief to the middle class.

A new 25% tax slab for incomes between ₹15 lakh and ₹20 lakh could add progressivity to the tax structure.

2. Increased Standard Deductions: The standard deduction for salaried taxpayers is likely to be increased from ₹75,000 to ₹1,00,000, offering additional disposable income to millions of workers.

3. Pension and Health Savings Incentives: Tax-free annuity income for pension products is expected to align with National Pension Scheme (NPS) benefits.

Introduction of Health Savings Accounts (HSAs) could encourage families to build tax-exempt medical reserves.

4. Revised GST Rates: A reduction in the 18% GST rate on term and health insurance policies is under discussion, aiming to make financial protection more accessible.

AGRICULTURE
THE BACKBONE OF THE NATION

As the sector employing 45% of India's workforce and contributing 15% to GDP, agriculture holds a pivotal place in Budget 2025. The government is expected to increase the agricultural budget by 15% to ₹1.75 trillion, the largest allocation in recent years.

Key Initiatives for the Agricultural Sector

1. Subsidised Farm Loans:
a. The loan limit is likely to be raised to **₹5 lakh p**er farmer, up from the current ₹3 lakh, to ease financial pressure on farmers.

2. Pulse and Oilseed Production:
a. Aiming for 30 million metric tons of pulses by 2030, alongside enhanced funding for high-yield crop research.

3. MDA Scheme for Organic Farming:
a. Allocation for the Market Development Assistance (MDA) Scheme is set to increase to ₹150 crore, up from ₹100 crore, to promote organic fertilisers.

4. Boost to Fisheries:
a. An investment of ₹9 billion over five years in the fisheries sector aims to enhance rural incomes and exports.

5. Food Processing Incentives:
a. A ₹10,900 crore incentive package for food processing industries will focus on improving infrastructure and scaling up exports.

GRAPH

ALLOCATION FOR AGRICULTURE OVER THE LAST 5 YEARS (₹ IN LAKH CRORE)

Year	Allocation
2021	1.2
2022	1.34
2023	1.45
2024	1.52
2025	1.75 (est)

These measures aim not only to increase production but also to stabilize rural incomes and reduce reliance on imports. The government's focus on organic and alternative fertilisers reflects a broader strategy for sustainable agriculture.



TECHNOLOGY

ENABLING INDIA'S DIGITAL FUTURE

India's IT sector, accounting for 8% of GDP and employing millions, continues to demand policy support to maintain its global edge. With the AI transformation poised to create 27 lakh jobs by 2028, Budget 2025 must address the sector's immediate needs while laying the groundwork for future innovation.

Proposed Policies for the IT Industry

1. Extension of SEZ Benefits:
a. Extending SEZ tax holidays to technologies like AI, robotics, and machine learning would reinforce India's position as a global tech hub.

2. RoDTEP and IES Reinstatement:
a. Export incentives such as RoDTEP and IES are critical to sustaining the country's leadership in Engineering and Research Development (ER&D) services.

3.Incentives for Digital Infrastructure:
a. Investments in broadband, AI in Indic languages, and smart cities to drive innovation and inclusivity.

4. Energy-Efficient AI:
a. Policymakers are being urged to incentivize indigenous chip design and energy-efficient GPUs to build resilience against global supply chain disruptions.

CHART: PROJECTED GROWTH IN AI JOB CREATION (2023–2028)

Year	Jobs (in lakh)
2023	5
2025	15
2028	27

INFRASTRUCTURE

THE GROWTH MULTIPLIER

The infrastructure sector, the backbone of economic growth, has consistently received high priority. With ₹11.1 trillion allocated in FY2025, this year's budget is expected to increase the outlay by 12-13% to ₹11.7 trillion in FY2026.

Focus Areas

1. Roads:
a. The **₹2.7 trillion allocation** for FY2025 is expected to rise by 10%, with a focus on rural connectivity and expressways.

2. Railways:
a. The sector's capital outlay of **₹2.65 trillion** will likely focus on modernizing tracks, rolling stock, and safety systems.

3. Energy:
a. Investments in **renewable energy storage** and **smart metering systems** are crucial for scaling up the green energy transition.
4.
Steel:
a.
Domestic steel demand has surged, necessitating fiscal incentives for **green steel production.**

CAPEX ALLOCATION BY SECTOR (₹ IN TRILLION)

Roads: ₹2.7

Railways: ₹2.65

Energy: ₹0.62

Steel: ₹0.5

FINTECH AND STARTUPS

CATALYSTS FOR ECONOMIC TRANSFORMATION



India's FinTech ecosystem, among the top three globally funded markets, seeks a rebound after a turbulent 2024. The budget presents an opportunity to provide the necessary policy thrust to this dynamic sector.

Key Expectations

1. ESOP Tax Reforms: Taxing ESOPs only at the time of sale could make startups more attractive to talent.

2. Credit Access for MSMEs: Easing cash flow challenges for MSMEs is critical to sustaining innovation and entrepreneurship.

3. Digital Financial Infrastructure: Investments in group health insurance and data monetization strategies could drive financial inclusion.

CONCLUSION

A VISIONARY BUDGET FOR A TRANSFORMATIVE DECADE

Budget 2025 is more than an annual financial statement—it's a **roadmap for India's** future, addressing the pressing needs of industries, citizens, and the economy at large.

From agricultural reforms and tech-driven policies to infrastructure expansion and tax reliefs, the government has the opportunity to propel the nation toward inclusive growth.

As **February 1** approaches, the nation eagerly awaits the unveiling of a budget that promises resilience, innovation, and prosperity for all.



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