

Union Budget 2025-26 - Part 2

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Key Measures for a Modern Regulatory System

The **Union Budget 2025-26** introduces a series of critical reforms aimed at modernizing India's regulatory framework. These reforms focus on making business processes smoother, enhancing transparency, and supporting India's growth through regulatory simplifications. Here's a detailed breakdown of these initiatives:

High-Level Committee for Regulatory Reforms

The government has set up a **High-Level Committee** to review and reform non-financial sector regulations, licenses, and permissions. The key focus areas for the committee include:

- **Strengthening Trust-Based Governance:** This will help in building a transparent, reliable, and accountable regulatory system.
 - **Ease of Compliance:** Simplifying rules and making it easier for businesses to operate without facing unnecessary hurdles.
 - **Timely Recommendations:** The committee is expected to provide recommendations within **one year** to ensure fast-track changes.
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Investment Friendliness Index of States

In 2025, the government launched the **Investment Friendliness Index** to encourage **competitive federalism**. This index will:

- Rate states based on how business-friendly they are.
- Reward states that focus on simplifying regulations, improving infrastructure, and attracting investments.

This initiative will create healthy competition among states to improve their business climates.

Financial Stability and Development Council (FSDC) Mechanism

The **FSDC** will assess the **impact of financial regulations** and work to:

- **Enhance the responsiveness** of the financial sector, ensuring it can adapt to both global and domestic challenges.
 - **Promote the development** of the financial sector by ensuring regulations help foster long-term economic stability.
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Jan Vishwas Bill 2.0

The **Jan Vishwas Bill 2.0** is aimed at improving the **ease of doing business** by decriminalizing more than **100 provisions** across various laws. This will:

- Reduce unnecessary legal hurdles for businesses.
 - Ensure that minor regulatory violations do not result in harsh penalties or criminal charges, making the system more business-friendly.
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Union Budget 2025-26: Fiscal Consolidation

The **Union Budget 2025-26** focuses on **fiscal discipline**, ensuring that government finances remain stable while investing in growth. Key fiscal targets and data include:

- **Fiscal Deficit for 2024-25: 4.8% of GDP** (Revised Estimate)
- **Fiscal Deficit for 2025-26: 4.4% of GDP** (Budget Estimate)

The budget outlines the government's commitment to keeping debt levels sustainable while investing in critical sectors like infrastructure and healthcare.

Fiscal Deficit Targets and Financial Data

Here's a detailed look at the government's financial plans:

Revised Estimates (2024-25):

- **Total Receipts** (excluding borrowings): ₹31.47 lakh crore
- **Net Tax Receipts**: ₹25.57 lakh crore
- **Total Expenditure**: ₹47.16 lakh crore
- **Capital Expenditure**: ₹10.18 lakh crore

Budget Estimates (2025-26):

- **Total Receipts** (excluding borrowings): ₹34.96 lakh crore
- **Net Tax Receipts**: ₹28.37 lakh crore
- **Total Expenditure**: ₹50.65 lakh crore

These figures demonstrate the government's balanced approach to maintaining fiscal discipline while investing in critical areas like infrastructure and social welfare.

Other Highlights of the Union Budget 2025-26

The budget introduces significant reforms to provide tax relief, improve business conditions, and foster investment. Here are some of the key tax-related initiatives:

Middle-Class Tax Relief & Personal Income Tax Reforms

In an effort to support the middle class, the **Union Budget 2025-26** proposes:

- **No Income Tax** on total income up to ₹12 lakh per annum under the **new tax regime**.
 - **Salaried individuals** earning up to ₹12.75 lakh per annum will pay **zero tax** after a ₹75,000 standard deduction.
 - The **estimated revenue loss** due to this reform is ₹1 lakh crore, but this will help boost consumer spending, savings, and investment.
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TDS/TCS Rationalization

To simplify compliance, several changes have been made to **TDS/TCS**:

- **Senior citizens' tax deduction** limit on interest has been doubled from ₹50,000 to ₹1 lakh.
 - The **TDS threshold** on rent has been raised from ₹2.4 lakh to ₹6 lakh per annum.
 - **TCS collection threshold** has been increased to ₹10 lakh.
 - **Delay in TCS payments** will no longer be treated as a criminal offence.
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Compliance Ease & Incentives

- The **period for filing updated returns** has been extended from 2 years to 4 years, giving taxpayers more time to correct errors.
 - The **registration period for small charitable trusts** has been extended from 5 to 10 years.
 - **Self-occupied properties**: The annual value of two self-occupied properties can be claimed as NIL without conditions.
 - **National Savings Scheme (NSS) withdrawals** and **NPS Vatsalya accounts** (post-Aug 29, 2024) will be **exempt from tax**.
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Ease of Doing Business & Investment Promotion

To improve India's business environment, the budget includes several initiatives:

- **International Transactions:** A new scheme for **arm's length pricing** over a block period of **3 years** will bring more certainty for international businesses.
 - **Presumptive Taxation for Non-Residents** will apply to non-residents providing services to **electronics manufacturing companies** in India.
 - **Sovereign Wealth and Pension Fund** investments have been extended until **March 31, 2030** to encourage long-term infrastructure investments.
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Customs Reforms & Trade Promotion

The government also introduced several **customs reforms** to support domestic manufacturing and exports:

- **Healthcare & Essential Medicines:** Exemption from **Basic Customs Duty** for **36 life-saving drugs**.
 - **Critical Minerals** such as cobalt powder and lithium-ion battery waste will be fully exempt from **Basic Customs Duty** to encourage local manufacturing.
 - **Support for Domestic Manufacturing** includes exemptions for key components used in the **electronics and shipbuilding industries**.
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Export Promotion Measures

To boost exports, the budget has made the following changes:

- **Handicrafts exports** will be supported with **BCD exemptions**.
 - **Leather Industry:** Full exemption from **BCD on Wet Blue leather** to encourage value-added production.
 - **Fisheries Exports:** Reduction in **BCD** for products like **frozen fish paste** and **fish hydrolysate**.
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Vision for Viksit Bharat

The **Finance Minister, Nirmala Sitharaman**, outlined India's vision for becoming a **Viksit Bharat (Developed India)**, emphasizing three core pillars:

1. **Democracy**
2. **Demography**
3. **Demand**

The goal is to put more money in the hands of the middle class, leading to increased consumption, savings, and investment. This, in turn, will help strengthen the nation's economic trajectory.

In line with this vision, the Finance Minister also emphasized the theme of the **Union Budget 2025-26: "Sabka Vikas"**, aimed at stimulating **balanced growth** across all regions of India, ensuring that every state and sector benefits from this growth.

Union Budget 2025-26 FAQs

Here are some commonly asked questions about the **Union Budget 2025-26**:

Q1. In which house is the Union Budget presented?

Ans. The Union Budget is presented in the **Lok Sabha**.

Q2. On which day is the Union Budget presented?

Ans. The Union Budget is presented on **February 1** since 2017.

Q3. Who presents the Union Budget in Parliament?

Ans. The Union Budget is presented by the **Union Finance Minister**.

Q4. Who presented the first-ever budget in India?

Ans. India's first Union Budget was presented on **April 7, 1860**, by **James Wilson**, the finance member of the Indian Council and the founder of **The Economist** newspaper.

Q5. Which is the first paperless budget in India?

Ans. On **February 1, 2021**, **Finance Minister Nirmala Sitharaman** presented India's first paperless budget. She used a **digital tablet** wrapped in a traditional '**bahi-khata**' style pouch.

Conclusion

The **Union Budget 2025-26** lays the foundation for India's transformation into a **Viksit Bharat**. By focusing on **fiscal consolidation**, **ease of doing business**, and **middle-class tax relief**, the government is preparing for sustainable growth and economic resilience. With reforms aimed at improving business conditions, incentivizing investments, and boosting exports, the budget paves the way for India's continued economic prosperity. Moreover, the theme of "**Sabka Vikas**" promises **balanced growth**, ensuring all regions of India can thrive together.

