



A Balanced Union Budget for Economic Resilience and Social Welfare

The Union Budget 2025-26 is a comprehensive effort to address critical economic and social challenges while laying the groundwork for long-term growth. A key highlight is the significant revision in income tax slabs, offering relief to the middle class by exempting income up to ₹12 lakh from taxation, coupled with an increased standard deduction of ₹75,000. This measure is expected to enhance disposable income, stimulate consumption, and revitalize demand across sectors. For businesses, particularly MSMEs and startups, the enhanced credit guarantee schemes and reduced borrowing costs aim to foster entrepreneurship and job creation, while targeted reforms in clean energy manufacturing and infrastructure development align with India's "Make in India" and sustainability goals.

The budget also focuses on addressing rural distress through the Dhan Dhanya Krishi Yojana, aimed at transforming low-productivity agricultural districts. Investments in green energy, such as solar PV modules and EV battery manufacturing, reflect a strong commitment to reducing dependency on imports while promoting domestic industries. Despite this, the strategic emphasis on fiscal discipline, regulatory reforms, and inclusive growth underscores the government's vision of achieving "Viksit Bharat" by 2047. By balancing short-term relief measures with long-term development priorities, the budget seeks to create a resilient economy that benefits industries and citizens alike.

Union Budget Highlights

Key Highlights of the Union Budget 2025-26

Fiscal Overview

- **Total Expenditure:** The total expenditure for Budget Estimates (BE) 2025-26 is projected at INR 50,65,345 cr. This includes a total capital expenditure of INR 11,21,090 cr and an effective capital expenditure of INR 15,48,282 cr
- **Fiscal Deficit:** The fiscal deficit is estimated at 4.4% of FY26e GDP vs 5.6% in FY24 & 4.8% in FY25 (RE).
- **Revenue Deficit:** The revenue deficit is projected at 1.5% of GDP of FY26, a decrease from 2.6% in FY24 and 1.9% in FY25 (RE)
- **Primary Deficit:** The primary deficit is projected at ₹292,598 crore, or 0.8% of GDP of FY26, a decrease from 2.0% of GDP in FY24.
- **GDP Growth:** The GDP for FY 2025-26 is estimated at INR 356,97,923 cr, which is a 10.1% increase over the Revised Estimates for FY 25 of INR 324,11,406 cr

Sources of Deficit Financing

- The fiscal deficit will be financed through market borrowings, small savings, state provident funds, external debt, and other receipts.
- Net borrowing through T-Bills is zero in BE 2025-26.
- Market Borrowings is estimated at 11.5tn for FY26.

Revenue and Receipts

- **Total Receipts:** Total receipts are estimated at INR 50,65,345 cr, an increase of 7.4% yoy from FY25 RE
- **Tax Revenue:** Gross tax revenue is estimated at INR 28,37,409 cr, an increase of 11% yoy (from FY25 RE)
- **Capital Receipts:** Total capital receipts are estimated at INR 16,44,936 cr, an increase of 10.7% increase (from FY25 revised estimates)
- **Revised divestment target for FY25** is INR 33000 cr vs. INR 50000 cr estimated earlier. For FY26, budgeted estimate is INR 47000 cr.

Expenditure Allocation

- **Capital Expenditure:** Total capital expenditure is estimated at INR 11,21,090 cr (10% rise yoy on FY25 RE).
- **Revenue expenditure** is estimated at INR 39,44,255 cr, an increase of 6.7% yoy (on FY25 RE)
- **Major Schemes:**
 - The budget includes allocations for major schemes such as the National Rural Livelihood Mission (₹19,005 crore), Pradhan Mantri Awas Yojana-Grameen (₹54,832 crore), and Metro Projects (₹31,239 crore).

Key Policy Initiatives and Reforms

Direct Taxation :

The Union Budget 2025 has introduced a transformative approach to the income tax structure, **by exempting income up to ₹12 lakh from taxation, coupled with an increased standard deduction of ₹75,000** offering substantial benefits to individual taxpayers, particularly those in the middle-income bracket. With updated tax slabs, increased rebates, and an overall reduction in tax liability, the government aims to enhance disposable income and encourage consumer spending.

- New Income Tax Rates:

a. ₹0-4 lakh:	Nil
b. ₹4-8 lakh:	5%
c. ₹8-12 lakh:	10%
d. ₹12-16 lakh:	15%
e. ₹16-20 lakh:	20%
f. ₹20-24 lakh:	25%
g. Above ₹24 lakh:	30%

Stocks that can benefit:
Consumption stocks such as Trent, Vmart,
Phoenix, Saregama, Tips Music and other consumer companies.

SECTOR

Agriculture & Rural Development

- **Dhan Dhanya Krishi Yojana** to cover 100 districts with low productivity, benefiting 1.7 crore farmers.
- **Self-Sufficiency in Pulses:** A six-year mission focused on urad, masoor, and toor dal.
- **Atmanirbharta in Edible Oil & Pulses:** Push to increase domestic production and reduce import dependency.
- **Makhana Board in Bihar:** To improve processing, branding, and marketing of makhana.
- **Kisan Credit Card (KCC):** Loan limit raised from ₹3 lakh to ₹5 lakh.

Stocks that can benefit:
Dhanuka Agritech, Adani Wilmar, Kaveri Seeds

MSME & Entrepreneurship

- **MSMEs as Growth Engine:** Currently employing 5.7 crore people and contributing 45% to exports.
- **Credit Guarantee Cover:** Startups from ₹10 crore to ₹20 crore, MSMEs from ₹5 crore to ₹10 crore.
- **Grameen Credit Card:** Framework for self-help groups in rural areas.
- **UPI-linked Credit Card:** ₹30,000 limit for street vendors.
- **Term Loans** up to ₹2 Crore for first-time entrepreneurs, focusing on women, SC, and ST categories.

Stocks that can benefit:
SBI, Indian Bank, PNB

Infrastructure & Transportation

- **Maritime Development Fund:** ₹25,000 crore for long-term financing.
- **₹1.5 Trillion Infrastructure Allocation:** Interest-free loans for state development.
- **UDAN Scheme Expansion:** 120 new destinations, 88 airports, and 4 crore additional flyers in 10 years.
- **Greenfield Airports in Bihar:** Expansion to meet future demand.
- **Shipbuilding Financial Assistance:** Policy revamp to boost domestic shipbuilding.

Stocks that can benefit
Adani Enterprise, JSW Infra

Energy & Sustainability

- **Nuclear Energy Mission:** Targeting 100 GW by 2047, ₹20,000 crore allocated for Small Modular Reactors (SMRs).
- **Solar Power Development:** Reduction in duties on solar cells and modules.

**Stocks that can benefit
HCC, BHEL**

BFSI

Budget announced for the salaried employees, no income tax will be payable on annual income of up to INR 12 lacs from earlier INR 7 lacs. This will be indirectly result in the higher flows of deposits to banks. Additionally, with higher money in the hands of individual tax payers will also result in some reduction in the build of NPA stress in the unsecured retail loans (including PL + credit cards).

- Increased the credit limit on Kisan Credit Card (KCC) from INR 3 lakh to INR 5 lakh –
- Credit cards for micro-enterprises – Customised credit cards of INR 5 lakh limit for micro-enterprises (first year 10 lakh cards will be issued)
- Establishment of NaBFID for ‘Partial Credit Enhancement Facility’ for corporate bonds for infrastructure
- FDI limit for the insurance sector will be raised from 74% to 100%
- Credit guarantee cover enhanced
 - a. for micro & small enterprises enhanced from INR 5 cr to INR 10 cr.
 - b. For Start-ups from INR 10 cr to INR 20 cr
 - c. For well-run exporter MSME, for term loans upto INR 20 cr
- Revamp scheme PM SVANidhi to give respite to high-interest informal sector who had taken loans by giving them UPI linked credit cards with INR 30,000
- To support infrastructure, an outlay of INR 1.5 trillion proposed for 50-year interest free loan to states for capital expenditure and incentives for reforms.
- Pradhan Mantri Awas Yojna Grameen (PMAY - G) allocation increased by 69% to INR 54832. Positive for affordable housing finance players
- The Special Window for Affordable and Mid-Income Housing (SWAMIH) Investment Fund is a significant initiative launched by the Government of India in November 2019, aimed at addressing the challenges faced by stalled residential projects across the country. Fund allocation of INR 15000 cr for completion of the 1 lakh units

**Stocks that can benefit:
Home First Finance, PNB Housing & other affordable housing finance players.**

Healthcare & Social Welfare

- **Daycare Cancer Centers:** To be set up in all district hospitals.
- **E-Shram Portal for Gig Workers:** 1 crore workers to benefit from social security measures.
- **Medical Education Expansion:** 10,000 new seats in the next year, 75,000 in five years.

**Stocks that can benefit
HCG Hospital, Apollo Hospital**

Tourism & Employment

- **Expansion of UDAN Regional Connectivity Scheme:** 120 new destinations planned, targeting 4 crore passengers over the next decade.
- **Infrastructure Development:** Enhanced support for helipads and smaller airports, particularly in hilly and northeastern regions.
- **Performance-Linked Incentives:** States to receive financial incentives for effective destination management, cleanliness, and marketing efforts.
- **Spiritual Tourism:** Special focus on Buddhist pilgrimage destinations.
- **Medical Tourism & "Heal in India":** Private sector partnerships for better medical tourism facilities and visa facilitation.
- **Financial Support for Homestays:** MUDRA loans to promote small-scale tourism businesses.

**Stocks that can benefit
Indigo, Le Travenues (ixigo), Lemon Tree, Indian Hotels**

Battery & Electronics Manufacturing

- **Boost to Lithium-Ion Battery Production:**
- Full duty exemption on 35 capital goods for EV battery manufacturing.
- Additional 28 capital goods for mobile phone battery manufacturing exempted from duty.
- **Enhanced Duty Exemptions:**
- Components used in LCD/LED TV manufacturing and wired headsets will benefit from reduced tariffs.
- **Incentives for Foreign Players:**
- Presumptive taxation and safe harbor rules introduced for non-resident service providers in electronics manufacturing.

Stocks that can benefit: Gujarat Fluorochemicals, Ami organics, Neogen Chemicals, Exide, Amara Raja batteries, Dixon technologies, PG Electroplast

Digital & Technological Advancement

- **Artificial Intelligence Investment:** ₹500 crore allocated for a Centre of Excellence in AI for education.
- **STEM Education & Innovation:** 50,000 Atal Tinkering Labs to be established in government schools.
- **Infrastructure & Broadband Expansion:** BharatNet to expand high-speed broadband to rural government schools and primary health centers.
- **National Geospatial Mission:** Focus on modernizing land records and urban planning.
- **Digital Public Infrastructure:** Bharat Trade Net for seamless trade finance.
- **National Framework for Global Capability Centers:** Encouraging investments in Tier-2 cities.
- **Artificial Intelligence in Education:** ₹500 crore allocated for AI Centers of Excellence.

Stocks that can benefit

E2E Networks, Anant Raj , Protean e Gov, Genesys International Ltd

Telecom

- **Reduced Import Costs:** Basic Customs Duty (BCD) on carrier-grade Ethernet switches reduced from 20% to 10%, aligning them with non-carrier switches.
- **Continued BharatNet Expansion:** Strengthening rural broadband connectivity

Stocks that can benefit

Tejas Network, HFCL, Sterlite Technologies.

Skilling & Education

- **Five National Centers of Excellence for Skilling:** Developed in partnership with global experts to create a future-ready workforce.
- Focus on curriculum design, trainer training, and international certification.
- **Higher Education Capacity Expansion:** 6,500 additional seats in IITs to accommodate more students.
- **Support for Gig Workers:** Healthcare coverage under PM Jan Arogya Yojana.
- **Entrepreneurship & Digital Training:** Strengthening online entrepreneurship programs for women, SC/ST, and first-time entrepreneurs.

Stocks that can benefit

NIIT Ltd, Veranda Learning Solutions Ltd

LPG

- The Direct Benefit Transfer for LPG (DBTL) has been allocated ₹1,500 crore.
- Continued support for LPG connections to poor households, with a budget of ₹9,100 crore
- The import duty on LPG (non-automotive and automotive use) has been revised from 15% to 5%.
- Liquefied propane and butane now attract a reduced duty of 2.5% from 15%

Stocks that can benefit: Aegis Logistics

Defense

- A capital outlay of Rs 180,000 Crore (+13% over the revised estimates for FY24-25) in the budget made for defense & total expenditure planned for defense ~681,210 Crore which amounts to ~13.5% of the total expenditure budget of Gol.
- Major allocations in this budget includes INR ~48,614 Crore for Aircraft & Aero engines, INR ~63,099 crore for defence equipment & military vehicles.

Stocks to Benefit: Bharat Electronics, HAL, Azad Engineering, BEML.

Railways

- Capital outlay for Railways remains status quo at INR 2.52 lakh crore. Expectations
- Signaling & telecom related expenditure shall see a budgeted spend of INR ~6800 Cr in FY25-26 (+13% increase over Revised BE Spends for signaling & telecom in railways in FY24-25.)

Stocks to Benefit: HBL Engineering

Infrastructure, Roadways & Highways

- The government allocated Rs 11,21,090 crore for capital expenditure, amounting to 2.2% of GDP. This includes significant investments in roads, railways, airports, ports, and power plants to create opportunities for private sector participation
- The Ministry of Road Transport and Highways' capital expenditure outlay for FY26 remained steady at around Rs 2,72,000 crore. Street estimated increase in capex on this sector.

Stocks to Benefit: L&T, NCC

Power

- The investment in public enterprises such as PGCIL planned for ~25,000 Crore for FY25-26 (+25% growth in capex YoY) and in NTPC planned for 26,000 Cr (+15% growth in Capex YoY).

Positive: NTPC, PGCIL

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