



**BREAKING DOWN  
THE  
UNION  
BUDGET**

2025 -2026

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# RNM India

Union Budget 2025-26

## **Our Services:**

Audit

Tax Services

Transaction & Regulatory Advisory

Corporate Finance

Consulting & Outsourcing

Asset Management

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# Foreword

The Union Budget 2025-26 commenced on the floor of the Parliament by Hon'ble Finance Minister to a noisy din of opposition and treasury members shouting. This as per me is the natural ambulation of the messy democracy that somehow works in our country. The little over one hour speech, literally left the best for the last with 'Maa Lakshmi' blessing the middle class and the poor with more disposable income in their hands by reducing personal tax rates significantly.

The total expenditure as per the Revised Estimates for 2024-25 has been lower than the budgeted figures which has led to an improvement of the fiscal deficit to 4.8% of GDP as per revised estimates down from 4.9%. The fiscal deficit for 2025-26 has been budgeted at 4.4% of GDP which shows clear signs of better fiscal health of the economy. In the backdrop of global geo-political pressures, a strong economy strengthens India's position to be the voice of the Global South.

All eyes are now on the new Income Tax bill, a direct tax code set to be introduced next week which promises to be 'simple to understand'. This new Direct Tax code is set to replace the current law which was framed in 1961. Earlier also in 2009 the government had attempted to replace the 1961 law with a simpler Direct Tax code. It remains to be seen whether the new direct tax code would be old wine in a new bottle or a genuinely simpler law to take India's ease of doing business to the next level.

In the end I would like to quote from the Bhagvad Gita "Yogaḥ karmasu kauśalam" (Bhagavad Gita 2.50) which means that excellence in action is yoga. This verse emphasizes that skillfulness and dedication in one's work are a form of yoga, aligning one's actions with a higher purpose. We must continue to work tirelessly towards the grace of Bharat Mata!

Jai Hind



**Raghu Marwah**  
CEO, RNM India

# Direct Tax

Amendments made by the Finance Bill 2025 to the Income Tax Act 1961 are summarized hereunder:

Sections (“sec”) refer to the provisions of the Income Tax Act, 1961 (“Act”).

## Rates of Income Tax:

### **A. Personal Tax Rates/ Slabs:**

There is no change in the existing slab rates for AY 2026-27 applicable for all categories of individuals opting for old tax regime which is mentioned below:

CATEGORY OF TAX PAYERS	INCOME	EXISTING TAX SLAB
INDIVIDUALS	Up to Rs.2,50,000	Nil
	Rs. 2,50,001 to 5,00,000	5%
	Rs. 5,00,001 to 10,00,000	20%
	Above Rs. 10,00,001	30%
SENIOR CITIZENS	Up to Rs.3,00,000	Nil
	Rs. 3,00,001 to 5,00,000	5%
	Rs. 5,00,001 to 10,00,000	20%
	Above Rs. 10,00,001	30%
VERY SENIOR CITIZENS	Up to Rs.5,00,000	Nil
	Rs. 5,00,001 to 10,00,000	20%
	Above Rs. 10,00,001	30%

However, there is a change in the slab rate for all categories of individuals under new tax regime (i.e. default tax regime) as per proposed section 115BAC(1A) of the Act which is applicable from A.Y. 2026-27 as mentioned in the comparative chart below:

INCOME AS PER FINANCE BILL,2024	RATE	INCOME AS PER FINANCE BILL,2025	RATE
Up to Rs.3,00,000	Nil	Up to Rs.4,00,000	Nil
Rs. 3,00,001 to 7,00,000	5%	Rs. 4,00,001 to 8,00,000	5%
Rs. 7,00,001 to 10,00,000	10%	Rs. 8,00,001 to 12,00,000	10%
Rs. 10,00,001 to 12,00,000	15%	Rs. 12,00,001 to 16,00,000	15%
Rs. 12,00,001 to 15,00,000	20%	Rs. 16,00,001 to 20,00,000	20%
Above Rs. 15,00,000	30%	Rs. 20,00,001 to 24,00,000	25%
		Above Rs. 24,00,000	30%

## Conclusion:

Income	Tax liability as per Finance Bill 2024	Tax liability as per Finance Bill 2025	Benefit as per New Finance Bill
12,00,000	80,000	NIL	*80,000
16,00,000	1,70,000	1,20,000	50,000
20,00,000	2,90,000	2,00,000	90,000
24,00,000	4,10,000	3,00,000	1,10,000

*\*Considering Rebate u/s. 87A of the Act*

Earlier allowable amount of rebate u/s 87A of the Act of Rs. 25,000/- increased to Rs. 60,000/- and as such there is no income tax liability upto income of Rs. 12,00,000/-.

Further, no rebate u/s. 87A of the Act is applicable on income chargeable at special rate.

- Cess: The existing rate applicable till AY 2025-26 of Cess @ 4% (E.C 1% + SHEC 2%+ HC 1%) remains unchanged.
- Surcharge: The surcharge rate for both resident and non- residents remained unchanged as mentioned below:

S. No.	Income Range	Rate of Surcharge (% on income tax)
1	Exceeding 50 lakhs but upto 1 crore	10%
2	Exceeding 1 crore but upto 2 crores	15%
3	Exceeding 2 crores [Excluding dividend & income chargeable under section 111A, 112 & 112A]*but not exceeding 5 crores	25%
4	Exceeding 5 crores [Excluding dividend & income chargeable under section 111A, 112 & 112A]	37% (old tax regime and restricted to 25% in case of new tax regime)
5	Exceeding 2 crores [ including dividend & income chargeable under section 111A, 112 & 112A]	15%

## B. Co-operative Societies:

S. No.	INCOME	TAX RATE
1	Upto Rs. 10,000	10%
2	Between 10,000 to 20,000	20%
3	Exceeding 20,000	30%

There is no change in existing rate of tax as mentioned above.

Surcharge is 7% if the Income is in excess of Rs. 1 crore to less than Rs. 10 crore.

Surcharge is 12% if the Income is in excess of Rs. 10 crore.

Further, a cooperative society resident in India, option to pay tax at 22% as per the provisions of section 115BAD and surcharge thereon @ 10% on such tax, remains unchanged.

### C. Firms:

In the case of firms, the rate of income-tax is 30% as specified in Paragraph C of Part III of the First Schedule to the Bill. This rate will continue to be the same as for AY 2025-26. There is no amendment for the above in Finance Bill 2025.

### D. Local Authorities:

In the case of Local authorities, the rate of income-tax is 30% as specified in Paragraph D of Part III of the First Schedule to the Bill. This rate will continue to be the same as for AY 2025-26. There is no amendment for the above in Finance Bill 2025.

### E. Companies:

In the case of companies, the rate of income-tax is same as specified in Paragraph E of Part III of the first schedule to the bill.

S. No.	Category of Companies	Total Turnover /Gross Receipt P.Y. 2023-24	Rate
1	Domestic Company	Upto 400 crores	25%
		Exceeding 400 Crores	30%
2	Other than Domestic Company	35% as was applicable till AY 2025-26	

It is further elaborated as under:

Company	Normal rates	Section 115BAA	Section 115BAB
Domestic, Turnover < 400cr	25%	22%	15%
Domestic, Turnover > 400cr	30%	22%	15%

### Surcharge:

Company	Turnover	Surcharge
Domestic	Exceeds 1 crore	7%
Domestic	Exceeds 10 crore	12%
Domestic (opted for section 115BAA and 115BAB)		10%
Other than domestic	Exceeds 1 crore	2%
Other than domestic	Exceeds 10 crore	5%

Health and educational cess: 4% of Income tax plus surcharge and Marginal relief is provided in all cases.

***These rates will continue to be same in AY 2026-27 (F.Y 2025-26).***



- There are various changes in the threshold limits of tax deduction at sources as mentioned below (w.e.f 01.04.2025):

Section	Current threshold	Proposed threshold
Section 193 – Interest on securities	Nil	Rs. 10,000/-
Section 194A – Interest other than Interest on securities	<ul style="list-style-type: none"> <li>• Rs. 50,000/- for senior citizen; when payer is bank, cooperative society and post office</li> <li>• Rs. 40,000/- in case of others when payer is bank, cooperative society and post office</li> <li>• Rs. 5,000/- in other cases</li> </ul>	<ul style="list-style-type: none"> <li>• Rs. 1,00,000/- for senior citizen, when payer is bank, co-operative society and post office</li> <li>• Rs. 50,000/- in case of others when payer is bank, co-operative society and post office</li> <li>• Rs. 10,000/- in other cases</li> </ul>
Section 194 – Dividend for an individual shareholder	Rs. 5,000/-	Rs. 10,000/-
Section 194K- Income in respect of units of a mutual fund or specified company	>Rs. 5,000/-	Rs. 10,000/-
Section 194B – Winnings from lottery, crossword puzzle, etc. & Section 194BB - Winnings from horse race	Aggregate of amounts exceeding Rs. 10,000/- during the financial year	Rs. 10,000/- in respect of a single transaction
Section 194D – Insurance commission	Rs. 15,000/-	Rs. 20,000/-
Section 194G – Income by way of commission, prize etc. on lottery tickets	Rs. 15,000/-	Rs. 20,000/-
Section 194H - Commission or brokerage	Rs. 15,000/-	Rs. 20,000/-
Section 194-I Rent	Rs. 2,40,000/- during the financial year	Rs. 50,000/- per month or part of a month (Aggregate amount for whole year Rs. 6,00,000/-)
Section 194J – Fee for professional or technical services	Rs. 30,000/-	Rs. 50,000/-
Section 194LA – Income by way of enhanced compensation	Rs. 2,50,000/-	5,00,000/-

- There is change in the rate of income tax deduction at source as mentioned below (w.e.f 01.04.2025):

Section	Current Rate	Proposed Rate
Section 194LBC- Income in respect of investment in securitization trust	<ul style="list-style-type: none"> <li>• 25%, if the payee is an individual or a Hindu undivided family</li> <li>• 30%, if the payee is any other person</li> </ul>	10% for all categories of assessee

- Reduction in compliance burden by omission of TCS on sale of specified goods:

It is proposed to omit section 206C(1H) of the Act from the 1st day of April, 2025 applicable for TCS on sale of goods. Now only TDS as per the provision of Section 194Q of the Act shall be applicable on purchase of goods.

- Removal of higher TDS/TCS for non-filers of return of income:

It is proposed to omit Section 206AB and 206CCA w.e.f 1st April 2025 as such it is not required to deduct TDS/TCS on higher rate in case of non-filers of ITR.

- TCS Rates specified for forest produce:

It is clarified that “Forest Produce” shall have the same meaning as defined in any State Act for the time being in force, or in the Indian Forest Act, 1927. Also, Change in rates of TCS is mentioned below:

S. No.	Nature of goods	Current Percentage	Proposed Percentage
Section 206(1)	Timber or any other forest produce (not being tendu leaves) obtained under a forest lease	2.5%	2%
Section 206(1)	Timber obtained by any mode other than under a forest lease	2.5%	2%

- Change in threshold limit of TCS on LRS:

Limit of applicability of TCS under section 206C(1G) of the Act on Remittances under RBI’s Liberalized Remittance Scheme (LRS) increased from Rs 7 lacs to Rs. 10 lacs. ***This amendment will take effect from the 1st day of April, 2025.***

- Exemption from prosecution for delayed payment of TCS in certain cases:

No prosecution applicable as per section 276BB of the Act on late deposit of TCS, if paid till the due date of filing of TCS return. ***This amendment will take effect from the 1st day of April, 2025.***

- Certain penalties to be imposed by the Assessing Officer:

Earlier penalty u/s 271C, 271CA, 271D, 271DA, 271DB and 271E was imposable by Joint Commissioner. However, w.e.f. 1st April 2025 penalties under these sections shall be levied by the Assessing Officer, with prior approval of Joint Commissioner. ***Applicable w.e.f. 1st April, 2025.***

- Extending the processing period of application seeking immunity from penalty and prosecution as per section 270AA of the Act:

Extended the time limit of processing of application seeking immunity from penalty and prosecution as per section 270AA of the Act period from one month to three months from the end of the month in which application for immunity is received by the Assessing Officer. **Applicable w.e.f. 1st April, 2025.**

- Extending the time-limit to file the Updated Return u/s 139(8A)

Section 139(8A) of the Act amended to extend the time-limit to file the updated return from existing 24 months to 48 months from the end of relevant assessment year, **applicable from the 1st April, 2025.**

Rate of additional income-tax payable for filing updated tax return on aggregate of [tax and interest payable computed as per normal provision of the Act] as under:

Period of Filing from the end of relevant assessment year	Earlier additional tax	New additional tax
Upto 12 Months	25%	25%
Upto 24 Months	50%	50%
Upto 36 Months		60%
Upto 48 Months		70%

Further, no updated return can be furnished in case notice to show-cause under section 148A of the Act has been issued. However, can be subsequently filed in case the show cause u/s. 148A dropped.

- Deduction under section 80CCD for contribution made to NPS Vatsalya

NPS Vatsalya scheme, officially launched on 18.09.2024, allow the parents to maintain NPS account for their minor children. Now the scope of section 80CCD is proposed to be extended allowing deduction up to Rs. 50,000/- to the parent/guardian under the old taxation regime for amount deposited in the account of any minor child (upto 2 children). This scheme also allows the partial withdrawal from the minor account. **This amendment will take effect from previous year 2025-2026 i.e. assessment year 2026-27 onwards.**

- Annual Value of the self – occupied Property.

The annual value of 2 self-occupied house property can be taken as NIL for taxation purposes without and condition in new proposed amendment to Section 23 (2) of the Act. **The same will be applicable from 1st day of April, 2025 and shall accordingly apply for assessment year 2025-26 onwards.**

- Amendment in case of Charitable Trust registered u/s. 12AB:

Rationalization of “specified violation” for cancellation of registration of trusts or institutions:

In case of minor default / incomplete application the same shall not be treated as “specific violation” as per explanation to sub-section (4) of section 12AB and shall not lead to cancellation of registration of trust or institution.

### Period of registration of smaller trusts or institutions:

The validity of registration increased to 10 years from 5 years, in cases where the trust or institution made an application under sub-clause (i) to (v) of the clause (ac) of sub-section (1) of section 12A, and the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12, does not exceed Rs. 5 crores during each of the two previous year, preceding to the previous year in which such application is made.

### Rationalization of persons specified under sub section (3) of section 13 for trusts or institutions:

It is proposed to amend the definition of persons specified referred to in clause (b) of sub-section (3) of section 13, thereby making following changes:

1. The existing limit of persons to be considered as specified person making substantial contribution Rs. 50,000/- increased to Rs. 1,00,000/-.
2. The relative and concerns of person making substantial contribution excluded.

***The above amendments will take effect from 01.04.2025***

- **Rationalisation in taxation of Business Trusts:**

As per the existing provision of sub-section (2) of section 115UA, the total income of a business trust is charged to tax at the maximum marginal rate, subject to the provisions of section 111A, section 112. Now the provision of section 112A is also proposed to be inserted. ***Amendment will take effect from 01.04.2026 (AY 2026-27).***

- **Income on redemption of Unit Linked Insurance Policy**

It has been now clarified that ULIPs to which exemption under clause (10D) of section 10 does not apply, shall be charged to tax as capital gains which was earlier taxable under the head of other sources. Further ULIPs shall be included in the definition of equity oriented fund. ***Amendment will take effect from 01.04.2026 (AY 2026-27).***

- **Amendment of definition of Capital Asset**

Any security held by investment funds referred to in Section 115UB which has invested in such security in accordance with the regulations made under the SEBI Act, 1992 would be treated as capital asset. ***Amendment will take effect from 01.04.2026 (AY 2026-27).***

- **Extension of timeline for tax benefits to start-ups**

The benefit of existing provisions of Section 80-IAC of the Act is proposed to extend for another period of 5 years i.e it will be available to eligible start-ups incorporated before 01.04.2030. ***Amendment will take effect from 01.04.2025***

- **Rationalization of taxation of capital gains on transfer of capital assets by non-residents**

As per section 115AD of the Act, the tax rate on Long Term Capital Gain on the income of the specified fund or Foreign Institutional Investor will be 12.5 % as against earlier rate of 10%. ***Amendment will take effect from 01.04.2026 (AY 2026-27).***

- **Scheme of presumptive taxation extended for non-resident providing services for electronics manufacturing facility**

As per new section 44BBD, 25% of the aggregate amount received/ receivable by, or paid/ payable to, the non-resident, on account of provision of services or technology, are deemed as profits and gains of such non-resident from this business. This will result in an effective tax payable of less than 10% on gross receipts, by a non-resident company. ***This amendment will take effect from the 1st April, 2026 (AY 2026-27 onward).***

- **Rationalisation of transfer pricing provisions for carrying out multi-year arm's length price determination**

The assessee will have option to get the ALP, determined in relation to an international transaction or a specified domestic transaction for any previous year, applied to a similar transaction for the two consecutive previous years immediately following such previous year. In effect, the ALP determined in addition to such transaction for a year can be valid for similar transactions for the next 2 years. ***This amendment will take effect from the 1st day of April, 2026 (AY 2026-27).***

- **Rationalisation of provisions related to carry forward of losses in case of amalgamation**

In order to bring clarity and parity with the provisions of section 72 of the Act, it is proposed to amend section 72A and section 72AA of the Act to provide that any loss forming part of the accumulated loss of the predecessor entity, which is deemed to be the loss of the successor entity, shall be eligible to be carried forward for not more than eight assessment years immediately succeeding the assessment year for which such loss was first computed for original predecessor entity.

***Amendment will take effect from 01.04.2026 (AY 2026-27).***

- **Time limit to impose penalties rationalized:**

Time limit of imposition of penalty as specified in section 275 proposed to be amended whereby, the penalty order shall be passed before the expiry of six months from the end of the quarter in which the connected proceedings are completed, or the order of appeal is received by the jurisdictional Principal Commissioner or Commissioner, or the order of revision is passed, or the notice for imposition of penalty is issued, as the case maybe, thereby rationalizing multiple timelines for imposition of penalties in various cases.

***Amendment will take effect from 01.04.2025.***

- **Non-applicability of Section 271AAB of the Act:**

It is being clarified that the penalty provision under section 271AAB of the Act shall not be applicable to the assessee wherein the search has been initiated under section 132 on or after the 1st day of September, 2024. ***This amendment will take effect from the 1st day of September, 2024.***

# Indirect Tax

## Customs duty

### Policy changes

Median rate of BCD retained at 10%

## Customs Tariff Act

### Rate movement

The following changes will be effective from February 2, 2025:

- Changes in the BCD rated on some key items are enunciated below:

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Granite, crude or roughly trimmed, merely cut into blocks, slabs and other	40	20	▼
Synthetic flavoring essences and mixtures of odoriferous substances of a kind used in food and drink industries	100	20	▼
Waterproof Footwear with outer soles and Uppers of Rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes	35	20	▼
Articles of Jewellery and parts thereof	25	20	▼
Tungsten Waste and Scrap	5	Nil	▼
Cobalt Waste and Scrap	5	Nil	▼
Solar Cells	25	20	▼
Solar Module and Other semiconductor devices and photovoltaic cells	40	20	▼
Motor vehicles for transport of 10 or more persons	40	20	▼
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702)	125	70	▼
Motor vehicles for transport of goods	40	20	▼
Yachts and other vessels for pleasure or sports; rowing boats and canoes	25	20	▼
Electricity meters for alternating current (Smart meter)	25	20	▼
Mattress supports, articles of bedding and similar furnishing etc.	25	20	▼

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Parts of electronic toys	70	20	▼
All dutiable goods imported for personal use.	35	20	▼
Cobalt Ores and concentrates	2.5	Nil	▼
Liquefied Propane	15	2.5	▼
LPG (for non-automotive purposes)	15	5	▼
Other liquefied petroleum gas	15	5	▼
Hot-rolled products in coils of thickness greater than or equal to 4.75 mm, but not exceeding 10 mm	22.5	15	▼
Flat-rolled products of other alloy steel - grain-oriented, silicon electrical steel	20	15	▼
Beryllium unwrought, powders	5	Nil	▼

### Rate movement

Other proposals involving changes in Basic Customs Duty Rates

The following changes will be effective from February 2, 2025:

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Frozen Fish Paste (Surimi) for use in the manufacture of Surimi Analogue products, for export	30	5	▼
Wet blue leather (hides and skins)	10	Nil	▼
Waste and scrap of Lithium-Ion Battery	5	Nil	▼
Open cell for Interactive Flat Panel Display Module with or without touch, Touch Glass Sheet and Touch Sensor PCB for the manufacture of the Interactive Flat Panel Display Module.	15 /10	5	▼
Inputs and Parts of the Open Cells for use in the manufacture of Television Panels of LED/LCD TV.	2.5	Nil	▼
Inputs or Parts/sub-parts for use in the manufacture of the Printed Circuit Board Assembly, Camera module and connectors of cellular mobile phones and inputs and raw materials for use in the manufacture of specified parts of cellular mobile phones i.e on Wired Headset, Microphone and Receiver, USB Cable and Fingerprint reader/Scanner of Cellular Mobile Phone.	2.5	Nil	▼
Motor vehicles for transport of 10 or more persons	25 /40	20	▼

Items	Rate Moment (%)		Moment
	Basic Duty		
	From	To	
Motor cars and other motor vehicles with CIF value of more than US \$40,000 or with engine capacity more than 3000 cc for petrol-run vehicles and more than 2500 cc for diesel-run vehicles or with both	100	70	▼
Motorcycles with engine capacity not exceeding 1600cc in CBU form	50	40	▼
Motorcycles with engine capacity not exceeding 1600cc in CKD form	15	10	▼
PVC Flex Films, PVC Flex Sheets, PVC Flex Banner	Nil	7.5	▲
Footwear with outer soles of rubber, plastics, leather, or composition leather and uppers of leather	Nil	18.5	▲
Solar Cells	Nil	7.5	▲
Motor vehicles for the transport of 10 or more persons when imported under S. No. 524 (1) (b) of the notification No. 50/2017- Customs	Nil	5	▲
Motor cars and other motor vehicles principally designed for the transport of persons in other than Completely Knocked Down and Semi Knocked Down forms with CIF value exceeding USD 40,000	Nil	40	▲
Motor vehicles for transport of 10 or more persons when imported under S. No. 525 (2) of the notification No. 50/2017- Customs	Nil	20	▲
<b>SOCIAL WELFARE SURCHARGE (SWS)</b>			
The following goods are being exempted from the levy of Social Welfare Surcharge			
Candles, tapers, and the like headings 3920 or 3921			
PVC Flex Films including Flex Banner and PVC flex Sheets under headings 3920 or 3921			
Electricity meters for alternating current (Smart meter)			
Seats (other than those of headings 9402), whether or not convertible into beds, and parts thereof			
Mattress supports, articles of bedding and similar furnishing etc.			
Waterproof Footwear with outer soles and Uppers of Rubber or Plastics			
Yachts and other vessels for pleasure of sports			
Other Footwear with Outer Soles and Uppers of Rubber or Plastics			
Footwear with Outer Soles of Rubber, Plastics, Leather or Composition Leather and Uppers of Textile Materials			
Motor cars and other motor vehicles principally designed for the transport of persons in other than Completely Built Form with CIF value exceeding USD 40,000			
Laboratory Chemicals under CTH 9802 00 00 (other than those attracting 10% BCD for specified end use)			
Dutiable articles imported by passenger or member of crew in his baggage classified under heading 9803			



## Review of Customs Duty Exemptions

A review of conditional exemptions/concessional rate entries expiring by 31.03.2025 has been extended.

Description	End date
Ships and vessels for breaking up	31.3.2035
Raw materials, components, consumables or parts, for use in the manufacture of ships/vessels	31.3.2035
Bulk drugs for manufacture of drugs or medicines [A separate entry is being created for Drugs, medicines, and diagnostic kits specified in List 3 with modifications in the list]	31.3.2029
Drugs, Medicines, or Food for Special Medical Purposes (FSMP) used for the treatment of rare disease	31.3.2029
Goods for the manufacture of telecommunication grade optical fibers or optical fiber cables	31.3.2027
Textile machinery (with the addition of two new machinery)	31.3.2027
Goods for use in the manufacture of Open-cell LCD and LED TV panel	31.3.2027
Permanent magnets for the manufacture of PM synchronous generators above 500KW for use in wind-operated electricity generators	31.3.2026

## Other Changes: Certain entries being modified in erstwhile Customs Notification.

Description	Serial No - Customs Notification
9 new groups of items such as sea shells, adhesives, etc are being added to the list of duty-free items for use in the manufacture of handicrafts for export. The time period for export of the handicraft items is also being increased from 6 months to 1 year, further Extended by another three months.	257A
BCD exemption is being extended to imports of ground installations for satellites and payloads and its spares and consumables of such installations.	539
BCD exemption is being provided on goods for use in the building of launch vehicles and launching of satellites	539A
<b>AMENDMENT IN ERSTWHILE CUSTOMS NOTIFICATION</b>	
The notification exempts specified drugs and medicines from the whole of the duty of customs leviable thereon subject to their being supplied free to cost to patients under the Patient Assistance Programme (PAP) run by pharmaceutical companies. 37 new drugs and 13 patient assistance programs are being added to the list.	2017-customs dated 20.04.2017
Currently, articles of foreign origin can be imported into India for maintenance, repair, and overhauling subject to their export within six months extendable to 1 year. The duration for export in the case of railway goods imported for such purpose has been increased from 6 months to 1 year further extendable by 1 year	1994-customs dated 13.07.1994
Amendments have been made to the IGCR (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules.	
Rules 6 and 7 are being amended to increase the time limit for fulfilling end use from the current six months to one year. Further, the importers will now have to file only a quarterly statement instead of a monthly statement.	

## Amendments to the First Schedule of the Customs Tariff Act.

The First Schedule of the Customs Tariff Act is proposed to be amended to rationalize tariff rates on certain goods effective from May 01, 2025. The key changes include:

Reduction of tariff rates from 25%, 30%, 35%, and 40% to 20%, primarily affecting automobiles and automotive parts.

Reduction of tariff rates from 150%, 125%, and 100% to 70%, applicable to alcoholic beverages.

New tariff items will be introduced under sub-heading 2008 19 to specifically classify different Makhana products, including:

- Popped Makhana
- Makhana Flour and Powder
- Other Makhana Products

New tariff items will be created under sub-heading 2710 91 to separately identify waste oils based on their concentration levels of:

- Polychlorinated Biphenyls (PCBs)
- Polychlorinated Terphenyls (PCTs)
- Polybrominated Biphenyls (PBBs)

## Customs Act

### Legislative Changes

The changes to come into effect from the date of enactment of the Finance Bill, 2025, unless otherwise specified.

#### Section 18 of the Customs Act:

- **Power of Provisional Assessment:** The customs officer in charge can provisionally set the duty for imported goods.
- **Removal of Time Requirement for Finalization:** The previous mandatory time limit for the customs officer to finalize the provisional duty assessment has been removed.
- **New Time Limit for Finalization:**
  - A maximum of two years is now set for finalizing this provisional assessment.
  - If there is a valid reason for needing more time, the Principal Commissioner or Commissioner of Customs can extend this limit by one year.
  - For cases that are currently pending, the two-year period would start from when the Finance Bill, 2021 becomes law.
- **Special Circumstances for Time Calculation:**
  - In certain situations, if the reasons for delay still exist, the two-year period will begin from the point when those reasons are resolved, rather than from the date the provisional assessment was made.

### RNM India Comments

1. **Clarification of Authority:** This amendment clarifies the authority of the customs officers regarding provisional assessments, giving them flexibility and removing the firmness of time frames.
2. **Balance between Efficiency and Fairness:** By allowing for extensions based on sufficient cause, the amendment seeks to balance the need for timely assessments with fairness to importers who may face unforeseen delays.
3. **Importance of Clarity:** The introduction of specific sub-sections and clear definitions regarding the calculations of time limits is essential for ensuring compliance and understanding among stakeholders.
4. **Implications for Importers:** Importers may appreciate the possibility of extended timelines, especially during complex assessments, but should also remain aware of the new two-year limit starting from the enactment date for pending cases.

The amendment aims to enhance the efficiency and predictability of the customs assessment process, aligning with contemporary requirements in trade and commerce.

### Introduction of Section 18A in the Customs Act:

**Right to Revise Entry:** Importers and exporters can voluntarily change their customs entry after their goods have been cleared. This must be done according to the rules and within a specified time.

**Self-Assessment Option:** They are also permitted to evaluate the revised entry themselves, which allows for corrections if there were any mistakes.

**Duty Payment or Refund Claim:** If the revised entry requires more duty to be paid, the importer/exporter can do so. Alternatively, if there was an overpayment, this revised entry can be treated as a request for a refund under specific Section of the Act.

**Verification by Customs Officer:** The customs officer has the authority to check and reassess the revised entry to ensure that the corrections are accurate.

**Restrictions on Revision:** There are specific situations listed in sub-section (5) where revisions to the entry cannot be made under this new section.

### RNM India Comments

The introduction of the, specific Section facilitates a cooperative approach between customs authorities and stakeholders in the import/export sector, thereby improving operational efficiency while maintaining the necessary checks and balances.

### Section 27 of the Customs Act:

Section 27 of the Customs Act amended by adding a new Explanation in sub-section (1).

**New Rule for Refund Claims:** The time to file a refund claim following a revised customs entry or an amendment is now clearly set at one year. This time period starts from the date the duty or interest is paid.

### RNM India Comments

The amendment serves to enhance transparency and efficiency in the Customs Act regarding refund claims associated with revised entries, thus benefiting both the authorities and users of the customs system.

### Section 28 of the Customs Act:

Section 28 of the Customs Act amended by inserting a new clause (ba) in Explanation 1. New Rule for Relevant Date: In cases where duty payments are made under revised entries, the date considered for calculations is now the date when the duty or interest is paid.

### RNM India Comments

**Consistency with Other Provisions:** Aligning the relevant date with the date of duty or interest payment ensures consistency with other provisions of the Customs Act, particularly those related to refund claims and time limits.

### Section 127B of the Customs Act:

**Deadline for New Applications:** No new applications under this section will be accepted after April 1, 2025.

**Processing of Pending Applications:** All pending applications will be handled by the Interim Board, starting from the point they were at before the Interim Board was established.

### RNM India Comments

The amendment aims to simplify processes under specific Section and ensure that the treatment of applications is organized and efficient as it transitions towards a new administrative structure.

### Section 127D of the Customs Act:

**Shift of Power:** The power to settle customs matters under this section is transferred from the Settlement Commission to the Interim Board.

**Extension of Provisions:** The rules and procedures governing the Settlement Commission are extended to the Interim Board, adapting to its new role.

### RNM India Comments

The amendment aims to improve the efficiency and adaptability of customs administration by transferring powers and extending provisions from an established body to a new entity, thereby ensuring a seamless continuation of services and decision-making processes.

### Section 127H of the Customs Act:

**Transfer of Duties:** The roles and responsibilities of the Settlement Commission under this section are delegated to the Interim Board.

**Adaptation of Existing Rules:** The processes and procedures outlined in the section for the Settlement Commission are applicable to the Interim Board, ensuring continuity in the administration of customs settlements.

### RNM India Comments

The amendment streamlines the settlement process of customs disputes and appeals by delegating the Settlement Commission's powers and functions to the more agile and adaptable Interim Board, ensuring the continuity of critical customs administration services.

## Goods and Services Tax

### **Legislative Changes**

The amendments shall take effect from the enactment of the Finance Bill 2025, unless otherwise specified.

#### Input Service Distributor

The definition of Input Service Distributor is being amended to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to specific sub-sections of Integrated Goods and Services Tax Act.

#### RNM India Comments

Existing definition is being amended to incorporate reverse charge mechanism with Input Service Distributor and the availment of input tax credit thereon.

This amendment shall take effect from 1st day of April, 2025.

#### Local Fund and Municipal Fund

The definition of Municipal Committee is being amended to substitute the term "municipal or local fund" with the term "municipal fund or local fund" and inserted an explanation to provide the definitions of the terms Local Fund and Municipal Fund also.

#### RNM India Comments

The definition is being amended to clarify the scope of the said terms under the purview of Central Goods and Service Tax Act, 2017.

#### Unique Identification Marking

A new clause to specific section is being proposed to define the expression "unique identification marking", defining it as a mark that is unique, secure and non-removable, for implementation of track and trace mechanism.

#### RNM India Comments

New definition is being proposed to incorporate the scope of the said terms in Central Goods and Service Tax Act, 2017.

#### Time of Supply in respect of Vouchers

Specific sub-sections are being omitted to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services.

#### RNM India Comments

Sub-sections are being omitted to remove voucher transactions from the purview of Central Goods and Service Tax Act, 2017. The transactions involving vouchers would neither be considered as supply of goods nor supply of services.

### Plant and Machinery

Specific sub-sections are being amended to substitute the expression “plant or machinery” with the expression “plant and machinery”.

This amendment shall take effect retrospectively from 1st day of July, 2017.

### RNM India Comments

The expression is being amended to remove any ambiguity in interpretation for the purpose of availment of input tax credit in such cases.

### Credit Note Section 34 sub-section 2

1. **Mandate the reversal of input tax credit:** If a registered recipient has availed ITC on a credit note, they must reverse the corresponding ITC for the supplier to reduce their tax liability.

2. **Remove the condition related to the incidence of interest:** The amendment eliminates the requirement that the supplier must prove that the incidence of interest has not been passed on while reducing their tax liability using a credit note.

### RNM India Comments

The changes aim to streamline the tax adjustment process, enhance compliance, and simplify credit note provisions.

### Amendment to Section 38

1. **Removal of the term “auto-generated”:** The term “auto-generated” is omitted to provide flexibility in the ITC statement process.

2. **Modification of sub-section (2), clause (b):** The word "including" is inserted to ensure the provision covers other cases where ITC is restricted under any provision of the Act.

3. **Insertion of a new clause (c) in sub-section (2):** Introduces an enabling provision allowing the prescription of additional details in the ITC statement.

### RNM India Comments

The changes aim to streamline ITC eligibility, enhance clarity in ITC restrictions, and allow adaptability in ITC reporting mechanisms.

### Filing of Returns

Specific sub-section is being amended to provide for an enabling clause so as to prescribe specific conditions and restriction for filing of return under the said sub-section.

### RNM India Comments

Sub-section is amended with the objective to provide a structured framework for taxpayers, ensuring clarity and consistency in the return filing process.

### 10% Pre-Deposit in case of Appeals

Specific sub-section is being amended to substitute the provision to provide for the mandatory requirement of pre-deposit of ten percent (10%) of the penalty amount for filing an appeal before the Appellate Authority/Tribunal against an order which involves demand of penalty without involving any demand of tax.

### RNM India Comments

The 10% mandatory pre-deposit rule for appeals involving only penalty amounts (with no tax involved) provides clarity and ensures that only serious appeals are filed. The pre-deposit must be paid both to the Appellate Authority and the Appellate Tribunal, thereby creating consistency.

### Track and Trace Mechanism

Two new sections, 148A and 122B, are being proposed relating to “track and trace mechanism” in the Central Goods and Services Tax Act, 2017.

### RNM India Comments

Section 148A is being proposed to provide for an enabling provision for implementation of track and trace mechanism for ensuring effective monitoring and control of supply of specified commodities.

Section 112B is being proposed to provide for the penal provisions for contraventions of the provision relating to track and trace mechanism.

### Supply of Goods warehoused in Special Economic Zone or in Free Trade Warehousing Zone

1. A new clause to Schedule III of Central Goods and Services Tax Act is being proposed to specify that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services.

2. An explanation is inserted to define the expressions “Special Economic Zone”, “Free Trade Warehousing Zone” and “Domestic Tariff Area” for the purpose of the proposed clause.

These amendments shall take effect retrospectively with effect from the 1st day of July, 2017.

### RNM India Comments

New clause is being proposed to reduce the unnecessary tax burden in relation to the goods that are stored in SEZs/FTWZs, before they are either exported or moved to the Domestic Tariff Area (DTA). These goods shall not be considered as taxable supplies under the Central Goods and Services Tax Act, 2017.

### Refund of Tax

It is also clarified that no refund of tax, already paid would be available for the aforesaid activities or transactions referred to in previous point.

### RNM India Comments

The clarification is meant to restrict the refund claims in specific situations, such as non-exported goods or non-compliant transactions. Businesses need to evaluate the nature of their transactions, especially with exports, SEZs, and non-taxable supplies, to ensure that they comply with refund eligibility criteria.

## Central Excise

### Legislative Changes

#### Amendments in Central Excise Act, 1944

Amendment- These changes will come into effect from the 1st day of April 2025	Sections
<p>The amendment introduces definitions for:</p> <ul style="list-style-type: none"><li>• “Interim Board for Settlement” – A temporary body to handle settlement applications in the absence of a permanent Settlement Commission.</li><li>• “Pending Application” – Clarifies what constitutes a valid application awaiting resolution under the settlement mechanism.</li></ul>	Section 31
<p>Pertains to the establishment of Interim Boards for Settlement.</p> <ul style="list-style-type: none"><li>• Establishment of one or more Interim Boards for Settlement to process pending applications.</li></ul> <p>Ensures that every pending application is dealt with by the Interim Board from the exact stage it was at before the Board’s constitution.</p>	Section 31A
<p>Introduces a proviso stating that the Customs and Central Excise Settlement Commission (CCESC) shall cease to operate on or after 1st April, 2025.</p> <p><i>RNM India Comments</i></p> <p>This amendment indicates the discontinuation of CCESC, likely transferring its functions to Interim Boards for Settlement as per the newly inserted Section 31A. The change aims to streamline the settlement process and transition to a new mechanism for handling pending applications.</p>	Section 32(1)
<p>Central Excise Act, includes the following key changes:</p> <ol style="list-style-type: none"><li>1. Substitution of "Settlement Commission" with "Interim Board": The term “Settlement Commission” is replaced with “Interim Board” to reflect the new mechanism for settlement of cases, ensuring that the procedure outlined under Section 32E for receiving applications applies to the Interim Boards.</li><li>1. Introduction of a New Sub-section: A new sub-section allows the Interim Board, within three months of its constitution, to extend the time limit for disposing of pending applications by up to twelve months, provided that the reasons are recorded in writing.</li></ol>	Section 32F

## Service Tax

### Retrospective exemptions

It is proposed that services provided or agreed to be provided by insurance companies in the form of reinsurance services under the Weather-Based Crop Insurance Scheme (WBCIS) and the Modified National Agricultural Insurance Scheme (MNAIS) will be exempted from service tax. This exemption will apply retrospectively for the period starting from 1st April 2011 and ending on 30th June 2017.

#### *RNM India Comments*

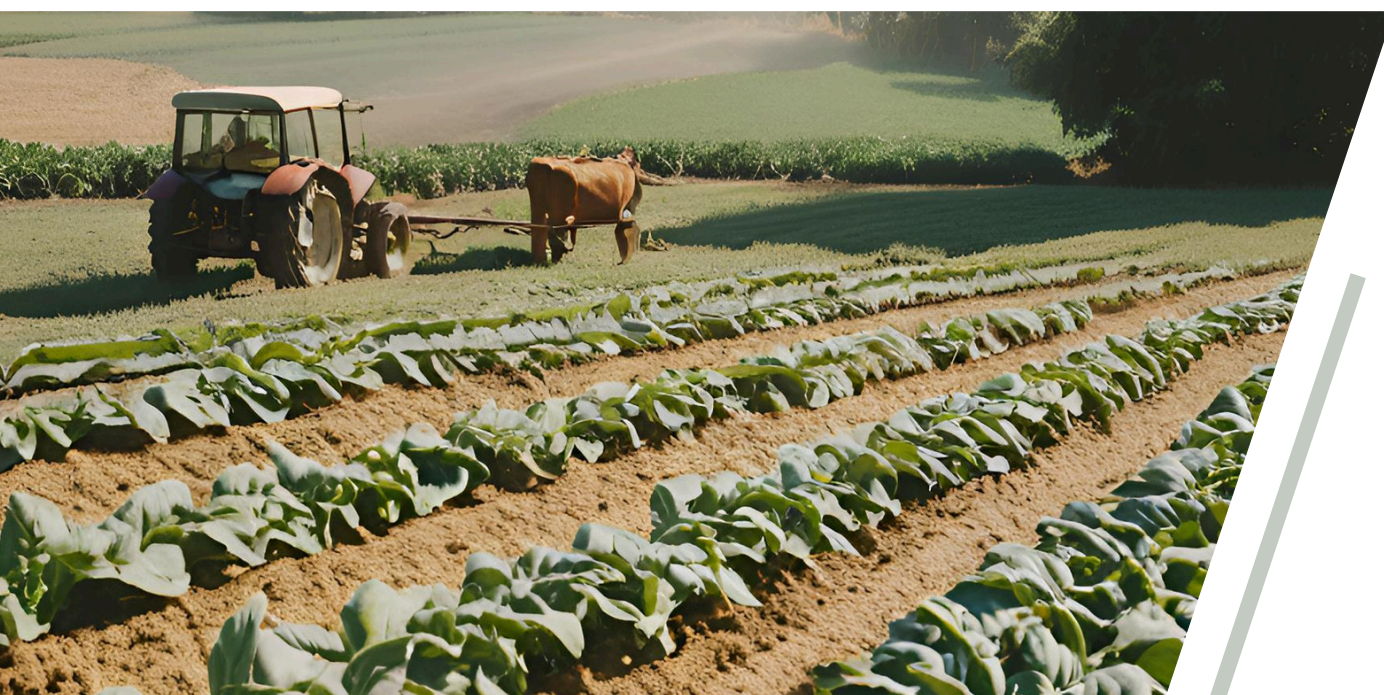
This measure aims to relieve the burden of service tax on these specific insurance services and provide clarity regarding their taxability during this period.



# Major Highlights

## Spurring Agricultural Growth & Building Rural Prosperity

- **National Mission on High Yielding Seeds:** Targeted development and propagation of seeds with high yield, pest resistance and climate resilience;
- **Enhanced Credit through KCC:** Facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of ₹5 lakh;
- **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;
- **Makhana Board** in Bihar;
- Launch a 6-year Mission with special focus on Tur, Urad and Masoor (Pulses);
- Designate India Post as a **Catalyst for the Rural Economy**



## Supporting MSME's and Further Make in India

- **Credit Cards for Micro Enterprises:** Customised Credit Cards with a ₹ 5 lakh limit for micro enterprises registered on Udyam portal. In the first year, 10 lakh such cards will be issued;
- **Manufacturing mission with the mandate to focus on** (a) Ease and cost of doing business; (b) Future ready workforce for indemand jobs; (c) A vibrant and dynamic MSME sector; (d) Availability of technology;(e) Quality products; (f) Clean tech manufacturing for climate-friendly development;
- **Measures for Labour Intensive Sectors**
  - Focus Product Scheme for Footwear & Leather Sectors: scheme is expected to facilitate employment for 22 lakh persons, generate turnover of ₹ 4 lakh crore and exports of over ₹ 1.1 lakh crore.
  - Measures for the Toy Sector: To focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys to represent the 'Made in India' brand.
  - Support for Food Processing: Establishment of a National Institute of Food Technology in Bihar, enhanced income for the farmers and skilling, entrepreneurship and employment opportunities for the youth;
- **Significant enhancement of credit availability** with guarantee cover

₹ in Crore	Credit guarantee cover	
	Current	Revised
MSEs	5	10
Startups	10	20
Exporter MSMEs	For Term Loans Up To ` 20 Crore	

- **Revision in classification criteria for MSMEs**

₹ in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

## Investing in people, economy and innovation

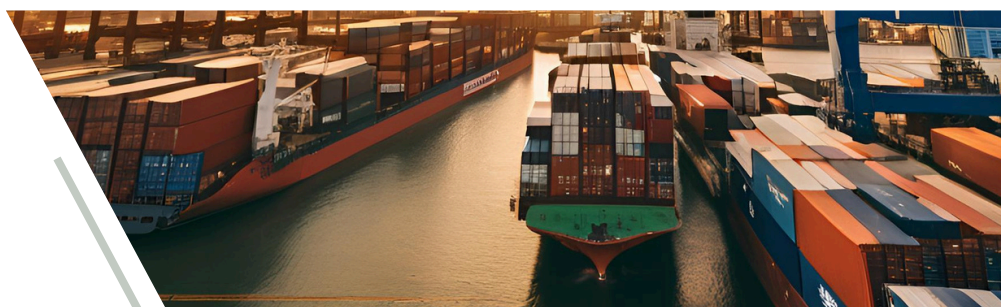
- **Saksham Anganwadi** and Poshan 2.0;
- Expansion of Capacity in IITs;
- Day Care Cancer Centres in all District Hospitals;
- Bharatiya Bhasha Pustak Scheme: provide digitalform Indian language books for school and higher education;
- 05 National Centres of Excellence for skilling to be set up with global expertise and partnerships;
- **Atal Tinkering Labs:** 50 Thousand Labs to be set up in government schools in next 5 years;
- Centre of Excellence in Artificial Intelligence for education with a total outlay of ₹500 crore;
- Broadband connectivity to be provided to all government secondary schools and primary health centres in rural areas;
- Expansion of medical education: 10,000 additional seats with the goal of adding 75,000 seats in the next 5 years;
- **PM SVANidhi:** To be revamped with enhanced loans from banks, UPI linked credit cards and capacity building support;
- **Welfare of Online Platform Workers:** Registration on the e-Shram portal & healthcare under PM Jan Arogya Yojana;
- **Support to States for Infrastructure:** With an outlay of ₹ 1.5 lakh crore, 50-year interest free loans to states for capital expenditure and incentives for reforms;
- **Jal Jeevan Mission:** To achieve 100 % coverage, the mission extended till 2028 with an enhanced total outlay;
- **Power Sector Reforms:** Incentivize distribution reforms and augmentation of intra-state transmission. Additional borrowing of 0.5 % of GSDP to states, contingent on these reforms;
- **Asset Monetization Plan 2025-30:** launched to plough back capital of ₹ 10 lakh crore in new projects;
- **Urban Challenge Fund** ₹ 1 lakh crore to implement the proposals for ‘Cities as Growth Hubs’, ‘Creative Redevelopment of Cities’ and ‘Water & Sanitation’;
- **Maritime Development Fund** with a corpus of ₹25,000 crore for long-term financing with up to 49 % contribution by the government;
- **Nuclear Energy Mission for Viksit Bharat:** Amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be taken up for active partnership with the private sector;
- **UDAN:** Regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years;
- **Future needs of Bihar Greenfield airports,** Financial support for the Western Koshi Canal ERM Projecs;

- **SWAMIH Fund:** 2 ₹ 15,000 crore for expeditious completion of one lakh dwelling units through blended finance;
- **PM Research Fellowship** To provide ten thousand fellowships for technological research in IITs and IISc;
- **Gene Bank for Crops Germplasm** The 2nd Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security;
- **Gyan Bharatam Mission** Documentation and conservation of our manuscript heritage to cover more than 1 crore manuscripts. National Digital Repository of Indian knowledge systems for knowledge sharing to be set up;
- **Research, Development & Innovation** Allocating ₹ 20,000 crore to implement private sector driven Research, Development and Innovation initiative;
- **National Geospatial Mission** To develop foundational geospatial infrastructure and data. Using PM Gati Shakti, facilitation of modernization of land records, urban planning, and design of infrastructure projects



### Promoting Exports

- **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;
- **BharatTradeNet:** A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. Support for integration with Global Supply Chains;
- **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.



## Tourism for employment-led growth

- Top 50 tourist destination sites to be developed in partnership with states;
- Performance-linked incentives to states;
- Introducing streamlined e-visa facilities;
- MUDRA loans for homestays;
- 1.5 Intensive skill-development programmes for our youth;
- Ease of travel and connectivity to tourist destinations.



## Financial Sector Reforms and Development

- **‘Grameen Credit Score’** framework to serve the credit needs of SHG members and people in rural areas;
- **NaBFID** to set up a ‘Partial Credit Enhancement Facility’ for corporate bonds for infrastructure;
- **Revamped Central KYC registry** to be rolled out in 2025;
- **Rationalisation of requirements and procedures for speedy approval of company mergers;**
- **FDI limit for the insurance sector will be raised from 74 to 100 per cent.**



### Tax and Regulatory Reforms

- Changes in direct taxes and proposal to introduced the New Income Tax Bill
- Light-touch regulatory framework based on principles and trust to unleash productivity and employment;
- **High Level Committee** for Regulatory Reforms;
- Investment Friendliness Index of States;
- **FSDC Mechanism**: to evaluate impact of the current financial regulations and subsidiary instructions along with a framework to enhance their responsiveness and development of the financial sector;
- **Jan Vishwas Bill 2.0**: to decriminalize more than 100 provisions in various laws.



# Industry - Wise Impact

S. No.	Sector/ industry	Analysis	Impact/ remarks
1.	Insurance	FDI limit for insurance sector raised from 74 to 100 per cent available for the companies which invest the entire premium in india shall certainly a good news for the sector and will help in widening its outreach. This move is expected to attract more international players into the market, fostering competition and innovation.	Positive
2.	Tourism	The Union Budget 2025-26 focuses on generation of employment led growth related to Tourism Sector. Announcements include: <ul style="list-style-type: none"> <li>• 50 tourist destination sites in the country to be developed in partnership with state in challenge mode;</li> <li>• states to be given performance linked incentives for effective destination management</li> <li>• muda loans for homestay be provided</li> <li>• special focus on destinations related to life and times of lord budda</li> <li>• medical tourism and heal india to be promoted in partnership with private sector along with capacity building and easier visa norms.</li> </ul>	Positive
3.	Real Estate	The Union Budget introduces several key measures aimed at boosting the real estate and infrastructure sectors. Key announcements include: <ul style="list-style-type: none"> <li>• SWAMIH Fund-2: ₹15,000 crore allocation to complete 1 lakh homes installed projects.</li> <li>• SWAMIH Fund-1: 50,000 units completed, with another 40,000 in progress, addressing housing delays.</li> <li>• TDS on Rent: Threshold raised from ₹2.4 lakh to ₹6 lakh, easing compliance for landlords.</li> <li>• Nil Valuation for Self-Occupied Properties: Investors can now claim Nil valuation for two properties instead of one.</li> <li>• Urban Challenge Fund: ₹1 lakh crore fund proposed to improve urban infrastructure and support smart cities.</li> </ul>	Positive

S. No.	Sector/ industry	Analysis	Impact/ remarks
4.	Information Technology	<p>The Union Budget focuses on driving India's technological and digital transformation. With substantial investments in artificial intelligence (AI), digital infrastructure, and innovation, the government aims to position India as a global leader in AI and the digital economy. Key initiatives include:</p> <ul style="list-style-type: none"> <li>• Centre of Excellence in AI for Education: ₹500 crore was allocated for a new AI centre focused on education, following previous announcements for AI in agriculture, health, and sustainable cities.</li> <li>• National Nuclear Energy Mission: ₹20,000 crore allocated to develop Small Modular Reactors (SMRs) and generate 100 GW of nuclear energy by 2047.</li> <li>• Electronics Goods Manufacturing: Reduction in customs duties on electronics components to support domestic manufacturing.</li> <li>• Lithium-Ion Battery Manufacturing: 35 additional capital goods for EV battery production and 28 for mobile phone battery manufacturing exempted from Basic Customs Duty.</li> <li>• Deep Tech Fund of Funds: Proposal to establish a deep tech fund to promote innovation in emerging technologies.</li> <li>• National Geospatial Mission: Development of geospatial infrastructure to aid urban planning and infrastructure design through PM Gati Shakti.</li> <li>• BharatTradeNet: A unified platform for trade documentation and financing to streamline international trade processes.</li> </ul>	Positive
5.	Railways	No specific announcements for the railways were mentioned in the budget. According to budget records, the allocation for FY26 has been kept unchanged remaining at Rs 2.55 lakh crore.	Negative
6.	Healthcare	<p>The Union Budget initiatives include:</p> <ul style="list-style-type: none"> <li>• The government will help all district hospitals establish childcare cancer centers within the next three years.</li> <li>• Hospitals and medical schools will add 10,000 seats next year, with an additional 75,000 seats to be added over the following five years.</li> <li>• The list of medications completely exempt from basic customs duty will be expanded to include 36 life-saving medications.</li> <li>• Thirteen new patient assistance programs and 37 additional medications will be completely exempt from basic customs duty where they are provided to patients at no cost.</li> </ul>	Positive
7.	Defense	Finance Minister set aside Rs 6,81,210 lakh crore for defense spending in FY25 in her eighth consecutive budget address. This amount is somewhat more than the Rs 6.21 lakh crore that was declared in the first full budget of Modi 3.0 in July. The modest increase in capital expenditure from Rs 11.11 lakh crore to Rs 11.2 lakh crore also disappointed investors.	Neutral



S. No.	Sector/ industry	Analysis	Impact/ remarks
8.	FMCG	The extension of income tax exemption up to Rs 12 lakh, along with an additional standard deduction of Rs 75,000, is expected to boost disposable income. With urban demand previously showing fatigue, this move is likely to enhance spending on daily essentials will help this Industry.	Positive
9.	Water & waste management	The continuation of the Jal Jeevan Mission is set to provide opportunities for companies in water treatment and waste management	Positive
10.	Textile	A five-year mission to boost cotton productivity will positively impact textile companies.	Positive





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