

UNION BUDGET SECTORAL IMPACT

2025-26



Agriculture

Budget Proposals

- Finance Minister announced Dhan Dhanya Krishi Yojana in partnership with States. The programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters.
- The government will also launch comprehensive multi-sectoral 'Rural Prosperity and Resilience' programme will be launched in partnership with states.

Impact

- The scheme will enhance agricultural productivity, adopt crop diversification and sustainable agriculture practices, augment post-harvest storage at the panchayat and block level, improve irrigation facilities and facilitate availability of long-term and short-term credit.
- The launch comprehensive multi-sectoral programme will generate ample opportunities in rural areas so that migration is an option, but not a necessity.

Aquaculture

Budget Proposals

- Government will introduce an enabling to support the sustainable growth of the fisheries sector in Exclusive Economic Zone and High Seas. The focus areas include Andaman & Nicobar and Lakshadweep Islands.

Impact

- The introduction of framework for fisheries sector in Exclusive Economic Zone and High Seas will encourage investment in deep-sea fishing, increasing revenue for the fisheries sector.
- It will also create employment opportunities for fishermen, processing units, and ancillary industries. It also enhance the export potential of seafood, improving trade balance.

Aviation

Budget Proposals

- Finance Minister announced that modified UDAN Scheme to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly, aspirational, and North East region districts.

Impact

- The modification in UDAN scheme will increase regional connectivity, boost in demand for air travel from smaller cities and generate thousands of direct and indirect jobs in aviation and allied sectors.

Batteries

Budget Proposals

- The government proposes to add 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing.

Impact

- The addition of additional capital goods for EV battery manufacturing will boost domestic manufacture of lithium-ion battery, both for mobile phones and electric vehicles.

Education

Budget Proposals

- Finance Minister Nirmala Sitharaman announced an outlay of Rs 500 crore for Centre of Excellence for AI in education.
- Proposed to implement a Bharatiya Bhasha Pustak Scheme to provide digital-form Indian language books for school and higher education.

Impact

- Setting up of Centre of Excellence for AI in education will enhance learning outcomes. AI can provide real-time feedback and customized tests. May also, encourage cutting-edge research on AI applications in education.
- Bharatiya Bhasha Pustak Scheme will help students understand their subjects better.

Electronic Goods

Budget Proposals

- The government proposes 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, government 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.

Impact

- The increase in custom duty will incentivize local assembly of IFPDs instead of direct imports. It will encourage investment in assembling IFPDs in India. More companies may shift to assembling IFPDs in India, reducing dependency on fully-built imports and leading to more competitive pricing.

Fertilizer

Budget Proposals

- Government announced new urea plant with annual capacity of 12.7 lakh metric tons will be set up at Namrup, Assam.

Impact

- The setting up of new urea plant will boost agriculture productivity in the northeastern region by ensuring adequate urea supply for farmers. It will also reduce dependency on urea imports, saving foreign exchange.

Infrastructure

Budget Proposals

- Finance Minister Nirmala Sitharaman announced that each infrastructure ministry to come up with 3 PPP proposals, Rs 1.5 lakh crore interest free loans for capex and incentives for reforms.

Impact

- Government's push for each infrastructure ministry to propose at least three PPP projects will encourage private investment in infrastructure, reducing the burden on public finances. It will also accelerate the development of critical infrastructure such as roads, railways, airports, ports, and urban infrastructure.

Insurance

Budget Proposals

- Government announced the increase in Foreign Direct Investment (FDI) in the sector.

Impact

- More FDI leads to higher capital availability, enabling insurance companies to expand operations, develop new products, and enhance coverage. It will also help insurers to meet solvency requirements, ensuring financial stability.

Leather and footwear

Budget Proposals

- Finance Minister Nirmala Sitharaman announced that focus product scheme for footwear and leather sectors.
- The government propose to fully exempt BCD on Wet Blue leather to facilitate imports for domestic value addition and employment. It also proposes to exempt crust leather from 20% export duty to facilitate exports by small tanners.

Impact

- The scheme is expected to facilitate employment for 22 lakh persons, generate turnover of Rs 4 lakh crore and exports of over Rs 1.1 lakh crore.
- The full exemption on Wet Blue Leather imports will lower the raw material cost for tanneries and leather product manufacturers. It will also enhance the leather value chain, benefiting sectors like footwear, garments, and accessories.

Pharmaceutical

Budget Proposals

- Finance Minister announced exemptions from basic customs duty (BCD) for 36 life-saving drugs.

Impact

- The exemption in BCD will help in reducing the overall price of life-saving drugs, making them more affordable for patients who need them. Moreover, these exemptions encourage pharmaceutical companies to import and distribute essential drugs in markets where domestic production may not be sufficient to meet demand.

Shipping

Budget Proposals

- The government proposes to continue the exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships for another ten years. It also proposes the same dispensation for ship breaking to make it more competitive.

Impact

- With the help of exemption in BCD the shipbuilders can import raw materials and parts without paying the basic customs duty, which reduces overall production costs. This makes shipbuilding more cost-effective, especially for manufacturers who rely on imported components that are not readily available locally.

Telecommunication

Budget Proposals

- The government proposes to reduce the BCD from 20% to 10% on Carrier Grade ethernet switches to make it at par with Non-Carrier Grade ethernet switches.

Impact

- After the reduction of BCD on Carrier Grade ethernet switches, the telecom and data center operators may be more inclined to invest in expanding and upgrading their networks, knowing that the cost of essential infrastructure will be lower. This could drive technological advancements and improved services.

Textiles

Budget Proposals

- The government proposes to add two more types of shuttle-less looms to the list of fully exempted textile machinery.
- The government also proposes 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”.

Impact

- The custom duty and addition of shuttle-less looms will promote domestic production of technical textile products such as agro-textiles, medical textiles and geo textiles at competitive prices.

Tourism

Budget Proposals

- Finance Minister announced that modified UDAN Scheme to enhance regional connectivity to 120 new destinations.

Impact

- The expansion of the UDAN scheme to 120 new destinations will provide tourists with more options and easier access to previously underserved or less-explored locations. This could lead to a rise in both domestic and international tourist visits to these regions, unlocking their tourism potential.