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INDIA'S UNION BUDGET FY 2025-26: KEY TAKEAWAYS

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UNION BUDGET 2025

Union Budget for the financial year 2025-26 was presented in the parliament earlier today. The budget continues the government's efforts to accelerate growth, secure inclusive development, invigorate private sector investments, uplift household sentiments, and enhance the spending power of India's rising middle class. Below are the edited excerpts from the budget speech made by Nirmala Sitharaman, Hon'ble Finance Minister of India.

Budget theme

1. To realize 'Sabka Vikas', stimulating balanced growth of all regions.
2. Viksit Bharat, encompasses:
   1. zero-poverty;
   2. hundred per cent good quality school education;
   3. access to high-quality, affordable, and comprehensive healthcare;
   4. hundred per cent skilled labour with meaningful employment;
   5. seventy per cent women in economic activities; and
   6. farmers making our country the 'food basket of the world'.

3. The proposed development measures span ten broad areas focusing on Garib, Youth, Annadata and Nari.
    1. Spurring Agricultural Growth and Productivity;
    2. Building Rural Prosperity and Resilience;
    3. Taking Everyone Together on an Inclusive Growth path;
    4. Boosting Manufacturing and Furthering Make in India;
    5. Supporting MSMEs;
    6. Enabling Employment-led Development;
    7. Investing in people, economy and innovation;
    8. Securing Energy Supplies;
    9. Promoting Exports; and
    10. Nurturing Innovation.
4. For this journey of development:
    1. Four powerful engines: Agriculture, MSME, Investment, and Exports
    2. Fuel: Reforms
    3. Guiding spirit: Inclusivity
    4. Destination: Viksit Bharat
5. This Budget aims to initiate transformative reforms across following six domains:
    1. Taxation;
    2. Power Sector;
    3. Urban Development;
    4. Mining;
    5. Financial Sector; and
    6. Regulatory Reforms.

Agriculture as the first engine for development

- Motivated by the success of the Aspirational Districts Programme, the government will undertake a ‘Prime Minister Dhan-Dhaanya Krishi Yojana’ in partnership with states. Through the convergence of existing schemes and specialized measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to (1) enhance agricultural productivity, (2) adopt crop diversification and sustainable agriculture practices, (3) augment post-harvest storage at the panchayat and block level, (4) improve irrigation facilities, and (5) facilitate the availability of long-term and short-term credit. This programme is likely to help 1.7 crore farmers.

- A comprehensive multi-sectoral ‘Rural Prosperity and Resilience’ programme will be launched in partnership with states. This will address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy. The goal is to generate ample opportunities in rural areas so that migration is an option, but not a necessity. The programme will focus on rural women, young farmers, rural youth, marginal and small farmers, and landless families.

- Global and domestic best practices will be incorporated and appropriate technical and financial assistance will be sought from multilateral development banks. In Phase-1, 100 developing agri-districts will be covered.

- The Government is implementing the National Mission for Edible Oilseed for achieving atmanirbhrata in edible oils.

- The Government will now launch a six-year “Mission for Aatmanirbharta in Pulses” with a special focus on Tur, Urad and Masoor. Central agencies like NAFED and NCCF will be ready to procure these three pulses, as much as offered during the next four years from farmers who register with these agencies and enter into agreements.

- A comprehensive programme for Vegetables & Fruits will be launched to promote production, efficient supplies, processing, and remunerative prices for farmers in partnership with states. Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up.
- A Makhana Board will be established in Bihar to improve production, processing, value addition, and marketing of makhana. The people engaged in these activities will be organized into FPOs. The Board will provide handholding and training support to makhana farmers and will also work to ensure they receive the benefits of all relevant Government schemes.
- A National Mission on High Yielding Seeds will be launched, which is aimed at strengthening the research ecosystem, targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and commercial availability of more than 100 seed varieties released since July 2024.
- India ranks second-largest globally in fish production and aquaculture. Seafood exports are valued at INR 60,000 crore. To unlock the untapped potential of the marine sector, the Government will bring in an enabling framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with a special focus on the Andaman & Nicobar and Lakshadweep Islands.
- A five-year Mission for Cotton Productivity will facilitate significant improvements in productivity and sustainability of cotton farming, and promote extra-long staple cotton varieties. The best of science & technology support will be provided to farmers. Aligned with integrated 5F vision for the textile sector, this will help in increasing incomes of the farmers, and ensure a steady supply of quality cotton for rejuvenating India's traditional textile sector.
- Kisan Credit Cards (KCC) facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers. The loan limit under the Modified Interest Subvention Scheme will be enhanced from INR 3 lakh to INR 5 lakh for loans taken through the KCC.
- For Atmanirbharta in urea production, the Government had reopened three dormant urea plants in the Eastern region. To further augment urea supply, a plant with annual capacity of 12.7 lakh metric tons will be set up at Namrup, Assam.
- India Post with 1.5 lakh rural post offices, complemented by the India Post Payment Bank and a vast network of 2.4 lakh Dak Sevaks, will be repositioned to act as a catalyst for the rural economy.
- India Post will also be transformed as a large public logistics organization. This will meet the rising needs of Viswakarmas, new entrepreneurs, women, self-help groups, MSMEs, and large business organizations.
- The Government will provide support to NCDC for its lending operations for the cooperative sector.

MSMEs as the second engine

- Encompasses manufacturing and services with a focus on MSMEs totalling 5.7 crore.
- Over 1 crore registered MSMEs, employing 7.5 crore people, and generating 36% of our manufacturing, have positioned India as a global manufacturing hub. With their quality products, these MSMEs are responsible for 45% of India's exports. To help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively. This will give them the confidence to grow and generate employment for our youth.
- To improve access to credit, the credit guarantee cover will be enhanced:
    - For Micro and Small Enterprises, from INR 5 crore to 10 crore, leading to additional credit of INR 1.5 lakh crore

  - in the next 5 years;
  - For Startups, from INR 10 crore to 20 crore, with the guarantee fee being moderated to 1% for loans in 27 focus sectors important for Atmanirbhar Bharat; and
  - For well-run exporter MSMEs, for term loans up to INR 20 crore.

- Customized Credit Cards with a INR 5 lakh limit for micro enterprises registered on Udyam portal will be introduced. In the first year, 10 lakh such cards will be issued.
- The Alternate Investment Funds (AIFs) for startups have received commitments of more than INR 91,000 crore. These are supported by the Fund of Funds set up with a Government contribution of INR 10,000 crore. Now, a new Fund of Funds, with expanded scope and a fresh contribution of another INR 10,000 crore will be set up.
- A new scheme will be launched for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. This will provide term loans up to INR 2 crore during the next 5 years. The scheme will incorporate lessons from the successful Stand-Up India scheme. Online capacity building for entrepreneurship and managerial skills will also be organized.
- To promote employment and entrepreneurship opportunities in labour-intensive sectors, the Government will undertake specific policy and facilitation measures.
- To enhance the productivity, quality and competitiveness of India's footwear and leather sector, a focus product scheme will be implemented. The scheme will support design capacity, component manufacturing, and machinery required for production of non-leather quality footwear, besides the support for leather footwear and products. The scheme is expected to facilitate employment for 22 lakh persons, generate turnover of INR 4 lakh crore and exports of over INR 1.1 lakh crore.
- Building on the National Action Plan for Toys, the government will implement a scheme to make India a global hub for toys. The scheme will focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative, and sustainable toys that will represent the 'Made in India' brand.
- A National Institute of Food Technology, Entrepreneurship and Management will be established in Bihar to provide a strong fillip to food processing activities in the entire Eastern region. This will result in enhanced income for the farmers through value addition to their produce, and skilling, entrepreneurship and employment opportunities for the youth.
- The government will set up a National Manufacturing Mission covering small, medium and large industries for furthering "Make in India" by providing policy support, execution roadmaps, governance and monitoring framework for central ministries and states.
- The National Manufacturing Mission will also support Clean Tech manufacturing. This will aim to improve domestic value addition and build our ecosystem for solar PV cells, EV batteries, motors and controllers, electrolysers, wind turbines, very high voltage transmission equipment and grid scale batteries.

Investment as the third engine

- Encompasses investing in people, investing in the economy and investing in innovation.

Investing in People

- The Saksham Anganwadi and Poshan 2.0 programme provides nutritional support to more than 8 crore children, 1 crore pregnant women and lactating mothers all over the country, and about 20 lakh adolescent girls in aspirational districts and the north-east region. The cost norms for the nutritional support will be enhanced appropriately.

- Fifty thousand Atal Tinkering Labs will be set up in Government schools in next five years to cultivate the spirit of curiosity and innovation, and foster a scientific temper among young minds.
- Broadband connectivity will be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.
- A Bharatiya Bhasha Pustak Scheme will be implemented to provide digital-form Indian language books for school and higher education. This aims to help students understand their subjects better.
- Building on the initiative announced in the July 2024 Budget, five National Centres of Excellence for skilling will be set up with global expertise and partnerships to equip India's youth with the skills required for "Make for India, Make for the World" manufacturing. The partnerships will cover curriculum design, training of trainers, a skills certification framework, and periodic reviews.
- Total number of students in 23 IITs has increased 100% from 65,000 to 1.35 lakh in the past 10 years. Additional infrastructure will be created in the 5 IITs started after 2014 to facilitate education for 6,500 more students. Hostel and other infrastructure capacity at IIT, Patna will also be expanded.
- A Centre of Excellence in Artificial Intelligence for Education will be set up with a total outlay of INR 500 crore.
- Government has added almost 1.1 lakh UG and PG medical education seats in ten years, an increase of 130%. In the next year, 10,000 additional seats will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years.
- Day Care Cancer Centres in all district hospitals will be set up in the next 3 years. 200 Centres will be established in FY 2025-26.
- A scheme for socio-economic upliftment of urban workers will be implemented to help them improve their incomes, have sustainable livelihoods and a better quality of life.
- PM SVANidhi scheme has benefitted more than 68 lakh street vendors giving them respite from high-interest informal sector loans. Building on this success, the scheme will be revamped with enhanced loans from banks, UPI linked credit cards with INR 30,000 limit, and capacity building support.
- Recognising contribution of gig workers, the Government will arrange for their identity cards and registration on the e-Shram portal. They will be provided healthcare under PM Jan Arogya Yojana. This measure is likely to assist nearly 1 crore gig-workers.

Investing in Economy

- Each infrastructure-related ministry will come up with a three-year pipeline of projects that can be implemented in PPP mode. States will also be encouraged to do so and can seek support from the India Infrastructure Project Development Fund (IIPDF) scheme to prepare PPP proposals.
- An outlay of INR 1.5 lakh crore is proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- Building on the success of the first Asset Monetization Plan announced in 2021, the second Plan for 2025-30 will be launched to plough back capital of INR 10 lakh crore in new projects. Regulatory and fiscal measures will be fine-tuned to support the Plan.
- Since 2019, 15 crore households representing 80% of India's rural population have been provided access to potable tap water connections. To achieve 100% coverage, Jal Jeevan Mission will be extended until 2028 with an enhanced total outlay.
- Jal Jeevan Mission's focus will be on the quality of infrastructure and O&M of rural piped water supply schemes through "Jan Bhagidhari". Separate MoUs will be signed with states/UTs, to ensure sustainability and citizen-

centric water service delivery.

- Building on the July Budget proposals, urban sector reforms related to governance, municipal services, urban land, and planning will be incentivised.
- The Government will set up an Urban Challenge Fund of INR 1 lakh crore to implement the proposals for 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation', which were announced in the July 2024 Budget.
- This Urban Challenge Fund will finance up to 25% of the cost of bankable projects with a stipulation that at least 50% of the cost is funded from bonds, bank loans, and PPPs. An allocation of INR 10,000 crore is proposed for 2025-26.
- The government will incentivise electricity distribution reforms and augmentation of intra-state transmission capacity by states. This will improve financial health and capacity of electricity companies. Additional borrowing of 0.5% of GSDP will be allowed to states, contingent on these reforms.
- Development of at least 100 GW of nuclear energy by 2047 is essential for India's energy transition efforts. For an active partnership with the private sector towards this goal, amendments to the Atomic Energy Act and the Civil Liability for Nuclear Damage Act will be taken up.
- A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of INR 20,000 crore will be set up. At least 5 indigenously developed SMRs will be operationalised by 2033.
- The Shipbuilding Financial Assistance Policy will be revamped to address cost disadvantages. This will also include Credit Notes for shipbreaking in Indian yards to promote the circular economy.
- Large ships above a specified size will be included in the infrastructure harmonised master list (HML).
- Shipbuilding Clusters will be facilitated to increase the range, categories and capacity of ships. This will include additional infrastructure facilities, skilling and technology to develop the entire ecosystem.
- For long-term financing for the maritime industry, a Maritime Development Fund with a corpus of INR 25,000 crore will be set up. This will be for distributed support and promoting competition. This will have up to 49% contribution by the Government, and the balance will be mobilised from ports and the private sector.
- A modified UDAN scheme will be launched 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.
- Greenfield airports will be facilitated in Bihar to meet the future needs of the State. These will be in addition to the expansion of the capacity of Patna airport and a brownfield airport at Bihta.
- Financial support will be provided for the Western Koshi Canal ERM Project benefitting a large number of farmers cultivating over 50,000 hectares of land in the Mithilanchal region of Bihar.
- Mining sector reforms, including those for minor minerals, will be encouraged through sharing of best practices and institution of a State Mining Index.
- A policy for recovery of critical minerals from tailings will be brought out.
- SWAMIH (Special Window for Affordable and Mid-Income Housing) Fund 2 will be established as a blended finance facility with contribution from the Government, banks and private investors. This fund of INR 15,000 crore will aim for expeditious completion of another 1 lakh units.
- For furthering PPPs and assisting the private sector in project planning, access to relevant data and maps from the PM Gati Shakti portal will be provided.
- Top 50 tourist destination sites in the country will be developed in partnership with states through a challenge mode. Land for building key infrastructure will have to be provided by states. Hotels in those destinations will be

included in the infrastructure HML.

- Following measures will be taken for facilitating employment-led growth:
  - Organizing intensive skill-development programmes for our youth including in Institutes of Hospitality Management;
  - Providing MUDRA loans for homestays;
  - Improving ease of travel and connectivity to tourist destinations;
  - Providing performance-linked incentives to states for effective destination management including tourist amenities, cleanliness, and marketing efforts; and
  - Introducing streamlined e-visa facilities along with visa-fee waivers for certain tourist groups.
- Continuing with the emphasis on places of spiritual and religious significance in the July Budget, there will be a special focus on destinations related to the life and times of Lord Buddha.
- Medical Tourism and Heal in India will be promoted in partnership with the private sector along with capacity building and easier visa norms.

Investing in Innovation

- INR 20,000 crore will be allocated to implement private sector driven Research, Development and Innovation initiative announced in the July Budget.
- A Deep Tech Fund of Funds will also be explored to catalyse the next generation startups as a part of this initiative.
- In the next five years, under the PM Research Fellowship scheme, ten thousand fellowships will be provided for technological research in IITs and IISc with enhanced financial support.
- The 2nd Gene Bank with 10 lakh germplasm lines will be set up for future food and nutritional security. This will provide conservation support to both public and private sectors for genetic resources.
- A National Geospatial Mission will be started to develop foundational geospatial infrastructure and data. Using PM Gati Shakti, this Mission will facilitate modernisation of land records, urban planning, and design of infrastructure projects.
- A Gyan Bharatam Mission for survey, documentation and conservation of our manuscript heritage with academic institutions, museums, libraries and private collectors will be undertaken to cover more than 1 crore manuscripts. A National Digital Repository of Indian knowledge systems will be established for knowledge sharing.

Exports as the fourth engine

- An Export Promotion Mission will be established with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.
- A digital public infrastructure, 'BharatTradeNet' (BTN) for international trade will be set-up as a unified platform for trade documentation and financing solutions. This will complement the Unified Logistics Interface Platform. The BTN will be aligned with international practices.
- Support will be provided to develop domestic manufacturing capacities for integration with global supply chains. Sectors will be identified based on objective criteria.

- Facilitation groups with participation of senior officers and industry representatives will be formed for select products and supply chains.
- Through this, there are huge opportunities related to Industry 4.0, which needs high skills and talent. India's youth have both. The government will support the domestic electronic equipment industry to leverage this opportunity for the benefit of the youth.
- A national framework will be formulated as guidance to states for promoting Global Capability Centres in emerging tier 2 cities. This will suggest measures for enhancing availability of talent and infrastructure, building-byelaw reforms, and mechanisms for collaboration with industry.
- The government will facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce. Cargo screening and customs protocols will be streamlined and made user-friendly.

Reforms as the fuel

- Reaffirmed the commitment of the tax department to "trust first, scrutinize later".
- A new income-tax bill will be introduced next week.
- The FDI limit for the insurance sector will be raised from 74 to 100%. This enhanced limit will be available for those companies which invest the entire premium in India. The current guardrails and conditionalities associated with foreign investment will be reviewed and simplified.
- The services of India Post Payment Bank will be deepened and expanded in rural areas.
- NaBFID will set up a 'Partial Credit Enhancement Facility' for corporate bonds for infrastructure.
- Public Sector Banks will develop 'Grameen Credit Score' framework to serve the credit needs of SHG members and people in rural areas.
- A forum for regulatory coordination and development of pension products will be set up.
- To implement the earlier announcement on simplifying the KYC process, the revamped Central KYC Registry will be rolled out in 2025. A streamlined system for periodic updating will be implemented.
- Requirements and procedures for speedy approval of company mergers will be rationalised. The scope for fast-track mergers will also be widened and the process made simpler.
- To encourage sustained foreign investment and in the spirit of 'first develop India', the current model Bilateral Investment Treaties will be revamped and made more investor-friendly.
- The government is determined to ensure that India's regulations must keep up with technological innovations and global policy developments. A light-touch regulatory framework based on principles and trust will unleash productivity and employment. Through this framework, regulations that were made under old laws will be updated. To develop this modern, flexible, people-friendly, and trust-based regulatory framework appropriate for the twenty-first century, four specific measures will be undertaken:
    - A High-Level Committee for Regulatory Reforms will be set up for a review of all non-financial sector regulations, certifications, licenses, and permissions. The committee will be expected make recommendations within a year. The objective is to strengthen trust-based economic governance and take transformational measures to enhance 'ease of doing business', especially in matters of inspections and compliances. States will be encouraged to join in this endeavour.
    - An Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive cooperative federalism.
    - Under the Financial Stability and Development Council, a mechanism will be set up to evaluate impact of

  the current financial regulations and subsidiary instructions. It will also formulate a framework to enhance their responsiveness and development of the financial sector.

  - In the Jan Vishwas Act 2023, more than 180 legal provisions were decriminalized. The government will now bring up the Jan Vishwas Bill 2.0 to decriminalize more than 100 provisions in various laws.

Fiscal policy

- Government's endeavour will be to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP. The roadmap for the next 6 years has been detailed in the FRBM statement.
- The Revised Estimate of the total receipts other than borrowings is INR 31.47 lakh crore, of which the net tax receipts are INR 25.57 lakh crore. The Revised Estimate of the total expenditure is INR 47.16 lakh crore, of which the capital expenditure is about INR 10.18 lakh crore.
- The Revised Estimate of the fiscal deficit is 4.8% of GDP.
- Coming to 2025-26, the total receipts other than borrowings and the total expenditure are estimated at INR 34.96 lakh crore and INR 50.65 lakh crore respectively. The net tax receipts are estimated at INR 28.37 lakh crore. The fiscal deficit is estimated to be 4.4% of GDP.
- To finance the fiscal deficit, the net market borrowings from dated securities are estimated at INR 11.54 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at INR 14.82 lakh crore.

Indirect taxes

Rationalisation of Customs Tariff Structure for Industrial Goods

Finance Minister proposed to:

1. remove seven tariff rates. This is over and above the seven tariff rates removed in 2023-24 budget. After this, there will be only eight remaining tariff rates including 'zero' rate.
2. apply appropriate cess to broadly maintain effective duty incidence except on a few items, where such incidence will reduce marginally.
3. levy not more than one cess or surcharge.

Relief on import of Drugs/Medicines

- To provide relief to patients, particularly those suffering from cancer, rare diseases and other severe chronic diseases, 36 lifesaving drugs and medicines will be added to the list of medicines fully exempted from Basic Customs Duty (BCD). 6 lifesaving medicines will be to the list attracting concessional customs duty of 5%. Full exemption and concessional duty will also respectively apply on the bulk drugs for manufacture of the above.
- Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies are fully exempt from BCD, provided the medicines are supplied free of cost to patients. 37 more medicines will be added along with 13 new patient assistance programmes.

Support to Domestic Manufacturing and Value addition

- Full exemption on Basic Exemption Duty (BCD) to cobalt powder and waste, the scrap of lithium-ion battery, Lead, Zinc and 12 more critical minerals. This will help secure their availability for manufacturing in India and promote more jobs for our youth.

- To promote domestic production of technical textile products such as agro-textiles, medical textiles and geo textiles at competitive prices, two more types of shuttle-less looms will be added to the list of fully exempted textile machinery. BCD will be revised for knitted fabrics covered by nine tariff lines from "10% or 20%" to "20% or INR 115 per kg, whichever is higher".
- To rectify inverted duty structure, BCD on Interactive Flat Panel Display (IFPD) will be increased from 10% to 20% and reduced to 5% on Open Cell and other components.
- BCD on parts of Open Cells will now stand exempted.
- To the list of exempted capital goods, I propose to add 35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for mobile phone battery manufacturing. This will boost domestic manufacture of lithium-ion battery, both for mobile phones and electric vehicles.
- Considering that shipbuilding has a long gestation period, finance minister proposed to continue the exemption of BCD on raw materials, components, consumables or parts for the manufacture of ships for another ten years. She also proposed the same dispensation for ship breaking to make it more competitive.
- To prevent classification disputes, BCD will be reduced from 20% to 10% on Carrier Grade ethernet switches to make it at par with Non-Carrier Grade ethernet switches.

Export Promotion

- To facilitate exports of handicrafts, time period for export to be extended from six months to one year, further extendable by another three months, if required. Additionally, nine items will be to the list of duty-free inputs.
- BCD exemption on Wet Blue leather to facilitate imports for domestic value addition and employment.
- Export duty exemption to crust leather from the current 20% to facilitate exports by small tanners.
- To enhance India's competitiveness in the global seafood market, BCD reduction from 30% to 5% on Frozen Fish Paste (Surimi) for manufacture and export of its analogue products. Finance Minister also proposed to reduce BCD from 15% to 5% on fish hydrolysate for manufacture of fish and shrimp feeds.
- In July 2024 Budget, to promote development of domestic MROs for aircraft and ships, the government had extended the time limit for export of foreign origin goods that were imported for repairs, from 6 months to one year and further extendable by one year. Similar rules will be applicable for railway goods now.

Trade facilitation

- Presently, the Customs Act, 1962 does not provide any time limit to finalise Provisional Assessments leading to uncertainty and cost to trade. As a measure of promoting ease of doing business, a time-limit of two years, extendable by a year, for finalising the provisional assessment has been proposed.
- A new provision will be introduced to enable importers or exporters, after clearance of goods, to voluntarily declare material facts and pay duty with interest but without penalty. This will incentivise voluntary compliance. However, this will not apply in cases where department has already initiated audit or investigation proceedings.
- For industry to better plan their imports, time limit for the end-use of imported inputs in the relevant rules, will be extended from six months to one year. This will provide operational flexibility in view of cost and uncertainty of supply. Further, such importers will now have to file only quarterly statements instead of a monthly statement.

Direct Taxes

- Presently the tonnage tax scheme is available to only sea going ships. The benefits of existing tonnage tax scheme are proposed to be extended to inland vessels registered under the Indian Vessels Act, 2021 to promote inland water transport in the country.
- It was proposed to extend the period of incorporation by 5 years to allow the benefit available to start-ups which are incorporated before April 1, 2030.
- In order to attract and promote additional activities in the IFSC, specific benefits will be provided to ship-leasing units, insurance offices and treasury centres of global companies which are set up in IFSC. Further, to claim benefits, the cut-off date for commencement in IFSC has also been extended by five years to March 31, 2030.
- Category I and category II AIFs are undertaking investments in infrastructure and other such sectors. It was proposed to provide certainty of taxation to these entities on the gains from securities.
- To promote funding from Sovereign Wealth Funds and Pension Funds to the infrastructure sector, it was proposed to extend the date of making an investment by five more years, to March 31, 2030.
- The benefit provided under Section 80-IAC to startups will be extended for another period of five years, i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.

For the full speech, please visit: https://www.indiabudget.gov.in/doc/Budget_Speech.pdf