



Shaping Tomorrow

Economic Insights 2025

Knowledge Series

March 2025

Volume 6 (Series 12)

❖ Introduction:

The Union Budget 2025 is here, bringing a vision of progress, sustainability, and innovation. This is not just about numbers; it's about charting a path to a stronger, more resilient India. With the government's focus on growth, sustainability, and fiscal prudence, the Budget reflects the aspirations of a nation poised to become the third-largest economy in the world. Here's an in-depth look at the key highlights and implications of the Union Budget 2025.

❖ What is the Union Budget?

The Union Budget 2025 refers to the annual financial statement presented by the Government of India, outlining its anticipated revenue and expenditure for the fiscal year starting April 1, 2025, and ending March 31, 2026. The budget is presented by the Finance Minister in the Parliament, typically on February 1, and it provides a roadmap for the country's economic direction, fiscal policies, and public spending priorities.

❖ Purpose of the Union Budget

1. Resource allocation & economic planning

The Budget outlines how the government distributes its financial resources across different sectors, programs, and projects. The Union Budget determines which sectors receive funding and the size of these allocations, based on national priorities and economic goals. It also reflects process of formulating policies and strategies to achieve long-term economic goals. It is about designing fiscal policies that align government spending and revenue generation with broader national economic objectives.

2. Revenue and expenditure management

Revenue and Expenditure Management is a key component of a country's Union Budget. It ensures that the government's fiscal policies align with the country's economic goals while maintaining financial stability. The government must carefully manage how it raises funds (revenue) and spends

them (expenditure) to foster growth, maintain public services, and reduce debt.

3. Policy Implementation & growth promotion.

The government uses the Budget to lay out its policies and strategies for driving economic growth, improving public welfare, and ensuring that these policies are effectively implemented.

4. Outlining the Direct and Indirect Tax Policies for next fiscal year.

Outlining the **Direct and Indirect Tax Policies** for the next fiscal year is a critical aspect of the **Union Budget**. These policies have a significant impact on government revenue, economic activity, and the welfare of citizens and businesses.

❖ Evolution of India's Development Slogans



❖ Overview of Union Budget 2025

1. Investments:

Prioritize infrastructure development, public-private partnerships (PPPs), and foreign direct investment (FDI) to stimulate economic growth.

2. Securing Inclusive Development:

Focus on education, healthcare, social welfare, and regional development to ensure no community is left behind

3. Invigorating Private Sector Investments

Simplify tax structures, improve ease of doing business, business efficiency and offer sector-specific incentives to attract private sector investments.

4. Uplifting Household Sentiments

Provide income support, affordable housing, and job creation to boost the financial security of households.

5. Enhancing the Spending Power of the Middle Class:

Offer tax relief, consumer credit options, and expanded social security benefits to improve disposable income and overall spending power.

6. Accelerating Growth:

Focus on digital transformation, boosting exports, and investing in green technologies to accelerate long-term economic growth.

❖ Estimates for FY 2025-26

The Union Budget for the fiscal year 2025-26 outlines the government's financial plan, focusing on economic growth, inclusive development, and fiscal consolidation.

Key Highlights:

- Total Expenditure: Estimated at **₹ 50.65 lakh crore**, marking a **7.4%** increase from the revised estimate of 2024-25.
- Total Receipts (excluding borrowings): Projected at **₹34.96 lakh crore**, an **11.1%** rise over the previous year's revised estimate.
- Fiscal Deficit: Targeted at **4.4%** of GDP, indicating a commitment to fiscal consolidation.

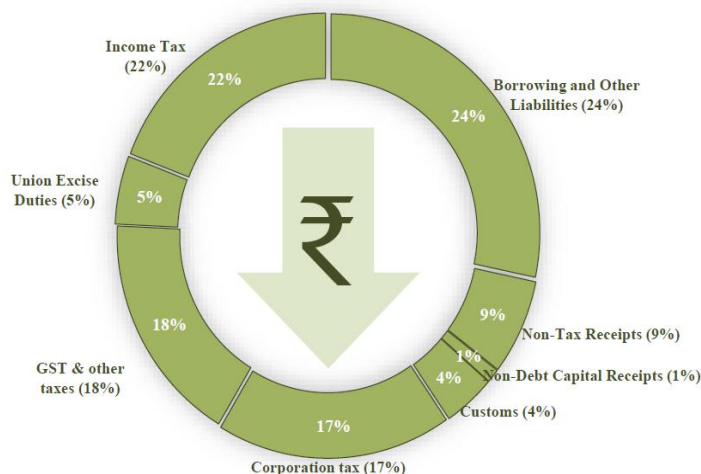
- The Union Budget for the fiscal year 2025-26, presented on February 1, 2025, projects India's real GDP growth to be between 6.3% and 6.8%. This projection aligns with the Reserve Bank of India's (RBI) forecast of 6.7% growth for the same period.
- In the Union Budget for 2025-26, the Indian government has projected gross market borrowings at **₹15.69 lakh crore**, which is part of the strategy to finance its fiscal deficit and other government expenditures.

❖ Budgeted Receipts for FY 2025-26

In the Union Budget for FY 2025-26, the Indian government's **budgeted receipts** (excluding borrowings) are projected at **₹34.96 lakh crore**. Here's the **detailed bifurcation** of these receipts, along with their respective percentages:

Category	Amount (₹ lakh crore)	% of Total Receipts
Tax Revenue (Net)	28.37	81.15%
Direct Taxes	15.8	45.20%
Indirect Taxes	12.57	35.90%
Non-Tax Revenue	5.59	15.99%
- Dividends & Profits (PSUs, RBI)	3.22	9.20%
- Interest Receipts	1.18	3.40%
- Other Non-Tax Revenue (Fees, Fines, etc.)	1.19	3.40%
Capital Receipts	1	2.86%
- Disinvestment & Privatisation	0.5	1.40%
- Recoveries of Loans	0.27	0.80%
- Other Capital Receipts (Savings, PF)	0.23	3.50%
Grand Total	34.96	100%

This breakdown reflects a heavy reliance on tax revenues (both direct and indirect) while also aiming for significant contributions from disinvestment and capital receipts to meet the fiscal deficit target



❖ Budgeted Expenditures for FY 2025-26

In the Union Budget for FY 2025-26, the Indian government's total expenditure is projected at ₹50.65 lakh crore, marking a 7.4% increase over the revised estimate of the previous fiscal year.

➤ Detailed Expenditure Breakdown:

Category	Amount (₹ Lakh Crore)	% of Total Expenditure
Revenue Expenditure	₹39.44	77.90%
➤ Interest Payments	₹12.76	25.20%
➤ Subsidies	₹3.50	6.90%
➔ Food Subsidy	₹2.50	-
➔ Fertilizer Subsidy	₹1.00	-
➤ Pension Payments	₹2.77	5.50%
➤ Other Expenses	₹20.41	40.30%
Capital Expenditure	₹11.21	22.10%
➤ Capital Outlay	₹11.21	22.10%
Total Expenditure	₹50.65	100%

❖ India's Four Growth Engines (Budget 2025-26)

India's Economic Four Growth Engines: Agriculture, MSMEs, Exports, and Investment (As Per Union Budget 2025-26)

In the Union Budget for FY 2025-26, the Government of India has placed significant



emphasis on the growth engines that will shape the country's economic future. These four key sectors – Agriculture, Micro, Small, and Medium Enterprises (MSMEs), Exports, and Investment – are poised to drive the nation's growth and development. The government's proposals and fiscal support for these sectors in the budget reflect a strategic approach toward creating a more resilient and inclusive economy. Let's delve deeper into how each of these growth engines is highlighted in the Union Budget.

➤ Agriculture: Empowering Rural Growth and Food Security

Agriculture remains a crucial pillar of the Indian economy, supporting over 50% of the rural population. The Union Budget for 2025-26 underscores the importance of agriculture by enhancing the focus on rural development, aggrotech, and ensuring food security.

Key Agricultural Measures in Budget 2025-26

- **Increased Agricultural Credit:** ₹20 lakh crore allocated to provide easier finance access for farmers, especially smallholders.

- **Agri-Tech Promotion:** Investment in AI, drones, and digital platforms to enhance farming productivity and sustainability.
- **Food & Fertilizer Subsidies:** ₹3.5 lakh crore set aside to support vulnerable farmers and rural populations.
- **PM-KISAN Scheme Boost:** Higher allocation to improve farmers' income security. These measures reinforce agriculture's role in food production, employment generation, and rural stability.

➤ **MSMEs: Strengthening the Backbone of India's Industrial Growth**

The Micro, Small, and Medium Enterprises (MSMEs) sector continues to be the backbone of India's industrial sector, contributing significantly to GDP, employment, and exports. In the Budget 2025-26, MSMEs are a focal point, with a series of initiatives to enhance their competitiveness and capacity.

Key MSME Measures in Budget 2025-26

- **Boost in Credit Access:** ₹1 lakh crore added under Mudra Yojana for easier microfinance loans to support small businesses.
- **Simplified Regulations:** Compliance and tax processes eased, with a one-stop digital platform to assist MSMEs.
- **Expanded PLI Scheme:** More sectors like textiles, electronics, and auto components included to help MSMEs enter global markets.
- **Skill Development Focus:** Enhanced training programs to help small businesses adopt new technologies and stay competitive.

These steps will strengthen MSMEs, driving job creation, exports, and industrial growth.

➤ **Exports: Enhancing Global Reach and Trade Opportunities**

Exports are vital for India's economic growth, contributing significantly to its foreign exchange reserves and industrial

output. In Budget 2025-26, the government has laid out clear strategies to boost India's export sector across multiple dimensions.

Key Export Measures in Budget 2025-26

- **Easier Credit for Exporters:** Enhanced EPCG scheme to lower financing costs for capital goods.
- **New Global Markets:** Focus on **Africa, Latin America, and Southeast Asia** to expand exports in **pharma, IT services, and organic products**.
- **Digital Trade Platforms:** Online systems to streamline exports and reduce transaction times for small businesses.
- **More Trade Agreements:** Plans to **negotiate FTAs with the US, Europe, and Japan** for better market access.

These initiatives aim to position India as a **global export hub**, boosting key industries like **pharmaceuticals, textiles, and IT**.

➤ **Investment: Fueling Growth Through Infrastructure and Innovation**

Investment plays a central role in shaping India's future economic landscape. The Union Budget 2025-26 places significant emphasis on enhancing investment, both domestic and foreign, to accelerate infrastructure development and technological advancement.

Key Investment Measures in Budget 2025-26

- **Simplified FDI Process:** Easier regulations and better incentives for foreign investors in **electronics, renewable energy, and defence manufacturing**.
- **₹10 Lakh Crore for Infrastructure:** Expansion of **roads, ports, railways, and urban projects** to boost employment and productivity.
- **Push for Green Investments:** Funds allocated for **solar parks and EV infrastructure** to support India's sustainability goals.

- **Boost to Startups:** Increased **government-backed funding** and **tax benefits** for startups in **AI, blockchain, and biotech**.

These steps aim to accelerate **economic growth, job creation, and technological innovation**, strengthening India's position as a global investment hub.

❖ **Union Budget 2025-26: Key Highlights for MSMEs, Startups & AI in Education**

1. **Supporting Labour-Intensive Sectors**

- **Skill Development Programs** to enhance workforce productivity in textiles, handicrafts, agriculture, and construction.
- **Financial Support & Export Promotion** to strengthen job creation and global competitiveness.
- **Infrastructure Development** to improve logistics, manufacturing, and market access for labour-intensive industries.

2. **Boosting Startups through Fund of Funds**

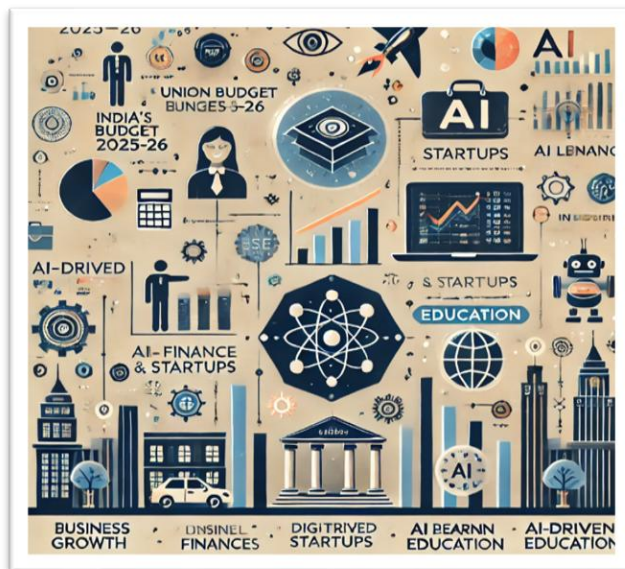
- **Increased Capital & Venture Funding** to support early-stage startups, particularly in AI, fintech, renewable energy, and healthcare.
- **Job Creation & Innovation Focus** to establish India as a global startup hub.

3. **AI & Digital Economy Push**

- **₹500 crore investment in AI Centre of Excellence for Education** to drive AI-based learning, automation, and digital inclusion.
- **Personalized Learning & AI Tutors** for customized education pathways, real-time feedback, and 24/7 student assistance.
- **Accessibility & Inclusion** through AI-driven language translation, assistive tools for differently abled learners, and expanded online education.
- **Boosting Research & Skilling Workforce** with AI labs, training programs, and partnerships to integrate AI in education and innovation.

- With a strong focus on MSMEs, labour-intensive sectors, startups, and AI-driven education, this budget lays the foundation for sustainable economic growth and technological advancement.

❖ **Economic & Future Impact of Budget 2025**



➤ **Boost to Household Consumption:**

Increased Tax Rebates: By raising the tax rebates, particularly for the middle class, the government has effectively increased their disposable income. This move puts more money in the hands of consumers, directly boosting their purchasing power.

Impact on Consumption and GST: The increase in disposable income is expected to lead to a higher consumption rate, which in turn will increase the GST collections as more goods and services are purchased. This uptick in consumption will also contribute positively to the country's GDP growth, as it is a key driver of economic activity.

Revenue Forgone: To provide this relief, the government has forgone Rs. 1 lakh crore in revenue, demonstrating a commitment to supporting the middle class while balancing the need for fiscal growth. This move is strategic as it aims to stimulate demand in the economy, which can offset the immediate revenue loss.

➤ **Fiscal Prudence:**

Fiscal Deficit Target: The government has set a fiscal deficit target of 4.4% of GDP for FY26, down from 4.8% in FY25. This demonstrates a commitment to fiscal discipline, focusing on managing government spending and reducing the budget deficit.

Maintaining Fiscal Responsibility: The reduction in fiscal deficit as a percentage of GDP indicates that the government is focused on controlling debt levels, ensuring that it doesn't overburden future generations, and is taking necessary steps toward long-term economic sustainability.

➤ **Support for Agriculture and Rural Sectors:**

Schemes and Incentives for Rural Economy: The budget introduces various schemes aimed at developing the rural economy. These measures include financial incentives for agriculture, rural infrastructure, and rural livelihoods, aimed at boosting rural incomes and creating a more sustainable rural economy.

Improvement in Livelihoods: By focusing on enhancing rural sectors, the budget aims to address income disparities and improve the standard of living for the rural population. It will also stimulate demand in rural areas, further contributing to economic growth.

➤ **MSME Growth:**

Investment in Manufacturing and Services: The government is increasing its investment in manufacturing and service sectors, especially through the MSME (Micro, Small, and Medium Enterprises) sector, which is a significant employment generator. Higher investments are expected to lead to greater business activity and job creation, providing opportunities for a wide range of workers.

Job Creation: The focus on MSMEs will create more job opportunities in both urban and rural areas. MSMEs are critical to employment in the country, especially for skilled and semi-skilled labor. This will help reduce unemployment rates, particularly among youth.

➤ **FDI in Insurance Sector:**

Increase in FDI Limit: The government has proposed raising the Foreign Direct Investment (FDI) limit in the insurance sector from 74% to 100%. This move is designed to attract global investments into India's insurance sector, which will bolster sectoral growth and introduce global best practices.

Enhanced Sectoral Growth: With increased foreign investments, the insurance sector will witness more capital infusion, leading to increased coverage and better product offerings. This will enhance financial inclusion and provide better risk management solutions for Indian citizens.

➤ **Boost to AI and Digital Economy:**

Rs. 500 Crore Investment in AI: The government has allocated Rs. 500 crore to foster the Artificial Intelligence (AI) ecosystem in India. This funding will support AI research, development, and innovation across various sectors, including healthcare, education, and manufacturing.

Driving Innovation and Technology-led Growth: With AI at the forefront of technological

advancements, this investment is expected to drive innovation in industries, creating new opportunities for businesses and individuals. It also paves the way for India to emerge as a global leader in AI technologies, contributing to its digital economy.

Technological Advancements: AI and related technologies will not only revolutionize business models but will also create a tech-driven economy, leading to higher productivity, better resource management, and improved global competitiveness.

❖ **Vision of Vikasit Bharat -2047**

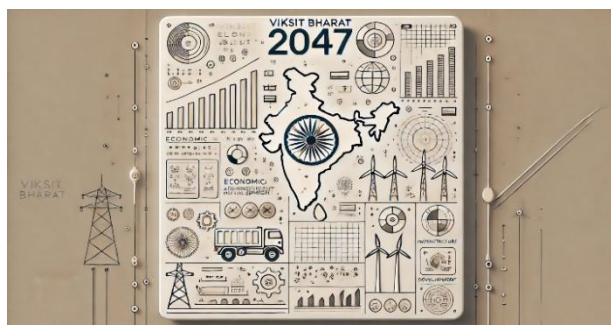
The Union Budget 2025-26 outlines significant steps toward realizing the vision of Vikasit Bharat (Developed India) by 2047. Key measures include:

Infrastructure Development: Investments in transportation, digital infrastructure, and smart cities to support economic growth and connectivity.

Technological Growth: A focus on AI and digital transformation, positioning India as a global leader in technology.

Human Capital Development: Improved education and skill development programs to create a highly skilled workforce.

To achieve Vikasit Bharat, further measures are required, including investment in green technologies, inclusive growth, strengthening healthcare, boosting domestic manufacturing, and enhancing global trade relations. A balanced approach with continued focus on innovation, sustainability, and social inclusion will be key to realizing the vision by 2047.



❖ Final Takeaway: Union Budget 2025

The Union Budget 2025 sets a strong foundation for India's economic future, balancing growth, sustainability, and fiscal prudence. With a focus on infrastructure development, MSME support, digital transformation, and green investments, the budget aims to accelerate long-term growth while maintaining financial stability.

➤ Key Takeaways:

Fiscal Responsibility – Fiscal deficit targeted at 4.4% of GDP, ensuring disciplined financial management.

Middle-Class Relief – Increased tax rebates and social security benefits to enhance disposable income.

MSME & Startup Growth – Enhanced credit access, regulatory simplifications, and PLI expansion to drive industrial competitiveness.

AI & Digital Push – ₹500 crore investment in AI-driven education, automation, and innovation to boost digital inclusion.

Agriculture & Rural Development – Higher allocations for farm credit, subsidies, and agri-tech adoption to strengthen rural economies.

❖ Compliance calendar for the month of March 2025:

Sr.	Due Date	Compliance
1	07-03-2025	Payment of TDS/TCS (Corporate & Non-Corporate), ECB-2 Return (Corporate & Non-Corporate)
2	10-03-2025	Filing of Form APR, GSTR-7 (Corporate & Non-Corporate), GSTR-8 (Corporate & Non-Corporate)
3	11-03-2025	GSTR-1 (Monthly) (Corporate & Non-Corporate)
4	13-03-2025	GSTR-6 (Corporate & Non-Corporate)
5	15-03-2025	Payment of ESIC and Return, Payment of PF and Return, Payment of Advance Tax (Corporate & Non-Corporate), Issue of TDS Certificate u/s 194IA & 194IB (Corporate & Non-Corporate), Monthly MIS Reporting, Internal Audit - Monthly
6	20-03-2025	GSTR-3B (Corporate & Non-Corporate), GSTR-5 & 5A (Corporate & Non-Corporate), Monthly Payment of Profession Tax (Karnataka) (Corporate & Non-Corporate), Accounting & Book Keeping (Monthly Mode - Non-Corporate)
7	21-03-2025	Monthly Payment of Profession Tax (Corporate & Non-Corporate)
8	25-03-2025	GSTR-3B (Payment under QRMP) (Corporate & Non-Corporate)
9	28-03-2025	GSTR-11 (Corporate & Non-Corporate)
10	30-03-2025	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments), 26QE (Crypto Assets) for February 2025, Softex Form Filing, Monthly Review, Payroll Processing
11	31-03-2025	Maharashtra Profession Tax Yearly Return and Payment (Corporate & Non-Corporate), Monthly Return for Profession Tax (more than ₹1,00,000) (Corporate & Non-Corporate), Accounting & Book Keeping, Appeal and Assessment, Income Tax Assessment

❖ RRCO Advisors LLP

Management Consultants

Pune | Mumbai | Thane | Hyderabad

501-504, Akshay Landmark,

Opp. Pu La Deshpande Garden,

Sinhagad Road, Pune – 411030.

Phone: +91-20-24254388 | 24254288

Email: info@rrco.co.in

❖ Special Mention :

Thank you, Sushma, Abhay, Shreya, and Kartik for successfully completing this enriching knowledge series.

❖ RRCO CORNER :

At RRCO Advisors LLP, we believe in fostering knowledge-sharing, collaboration, and team spirit.

Recently, we conducted an insightful "*Budget Pe Charcha*" session on YouTube Live, where experts and professionals discussed key takeaways from the Union Budget 2025. The session provided deep insights, practical perspectives, and strategic analysis.

 ([Click for YouTube Video](#)).

In addition to professional discussions, we also strengthened our team bonds with a special night-out program, "*Mehfil-e-Bonfire*" This event was a perfect blend of relaxation, conversations, and camaraderie under the starlit sky, creating unforgettable memories.

These initiatives truly reflect our commitment to continuous learning, innovation, and a thriving

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