



SUMMARY OF

YOJANA

MARCH 2025



✓ Roadmap for
Viksit Bharat
@2047

✓ Charting Next
Infrastructure
Frontier

✓ Tax Reforms:
Empowering
Middle Class

UNION BUDGET

2025-26

TOPIC 1: FISCAL FEDERALISM IN INDIA: THE ROLE OF UNION BUDGET 2025-26

Introduction

Fiscal federalism refers to the financial relationship between different levels of government in a federal system. It involves the allocation of financial resources and responsibilities between the Union and State governments, ensuring that resources are distributed equitably and efficiently. The term was coined by German economist Richard Musgrave and plays a crucial role in India's economic governance.

The Union Budget 2025-26 underscores the significance of fiscal federalism in realizing the vision of "Viksit Bharat" (Developed India). The budget lays down a roadmap for economic growth through enhanced devolution of financial resources, capital investment assistance, grants-in-aid, and borrowing provisions for states.

Fiscal Federalism in India: Constitutional Framework

The Indian Constitution clearly defines the financial roles and responsibilities of the Union and State governments through:

(i) Seventh Schedule:

- Union List – Subjects on which only the Centre can legislate and levy taxes (e.g., defense, foreign affairs, income tax).
- State List – Subjects on which States have exclusive powers (e.g., police, public health, agriculture).
- Concurrent List – Both the Centre and States can legislate, but in case of conflict, central laws prevail (e.g., education, environmental protection).

(ii) Finance Commission (Article 280):

- Determines how taxes collected by the Union are shared with the States.
- The 14th Finance Commission increased States' share of central taxes from 32% to 42% (later reduced to 41% by the 15th Finance Commission due to J&K reorganization).

(iii) Revenue Distribution Mechanisms:

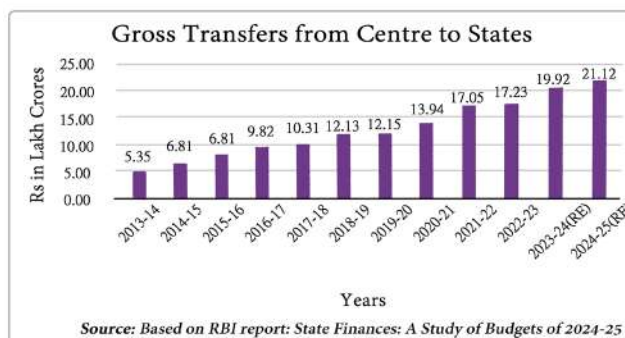
- Tax devolution (direct transfer of tax revenue to states).
- Grants-in-aid (for specific purposes like disaster relief, social sector schemes).
- Loans and borrowings (to help States finance development projects).

Constitutional Provisions pertaining to Fiscal Federalism in India

- **Article 270:** Deals with taxes levied and distributed between the Union and States.
- **Article 275:** Deals with grants from Union to States.
- **Article 279A:** Provides for Constitution of GST Council. The GST Council is responsible for providing recommendations to the Union and the State governments on matters related to Goods and Services Tax (GST).
- **Article 280:** Deals with the constitution of Finance Commission every 5 years to recommend the distribution of tax proceeds between the Union and States, grants to States, and measures to augment State and local government funds.
- **Article 282:** Mentions that the Union and States can make grants for any specific purpose, even if it is not within the scope of laws that Parliament/State Legislature can enact. It allows flexibility in funding various projects regardless of legislative authority.
- **Article 293:** Gives States the executive power to borrow money within the limits that the State legislature sets subject to consent of the Government of India in certain cases.

Strengthening Fiscal Federalism: A Decade of Progress

Over the past decade, India has witnessed a substantial rise in the financial transfers from the Centre to the States, ensuring that States have the resources to drive development.

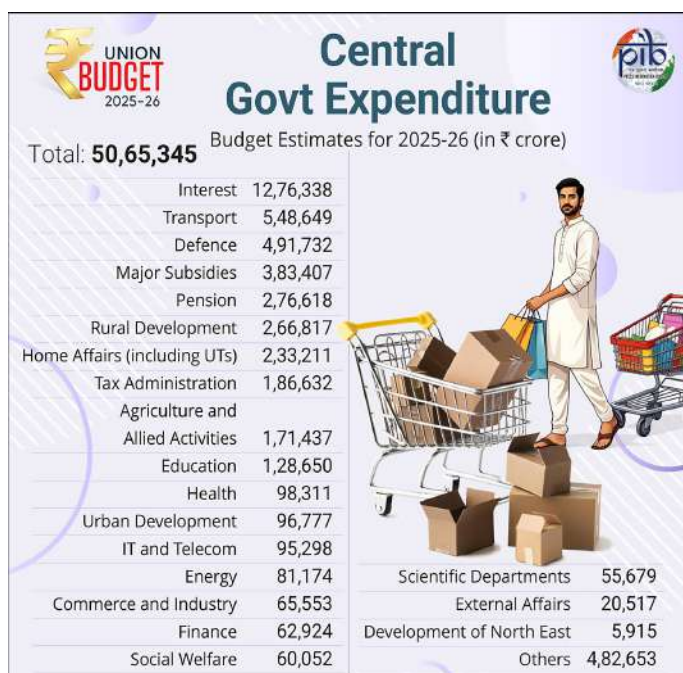


Graph 1: Gross Transfers from Centre to States

Key Trends in Fiscal Federalism (2013-2025):

Year	Gross Transfers from Centre to States (Rs. Lakh Crore)
2013-14	5.35
2024-25	21.12
2025-26	25.59

This fourfold increase reflects the Union Government's commitment to cooperative federalism and balanced regional development.



Union Budget 2025-26: The Four-Pillar Model of Fiscal Federalism

The Union Budget 2025-26 builds on a four-pillar model to strengthen fiscal federalism and empower States:

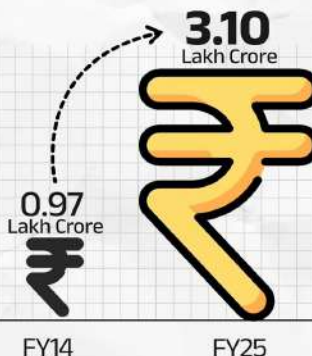
(i) Higher Devolution of Central Taxes and Duties

- Tax devolution is based on the Finance Commission's recommendations under Article 280.
- The 14th Finance Commission increased the share of States from 31% to 42%, and the 15th Finance Commission retained 41%.
- Budget 2025-26 increases the total transfer of taxes and duties to Rs. 14.22 lakh crore, a 14.01% increase from the previous year (Rs. 12.47 lakh crore in 2024-25).



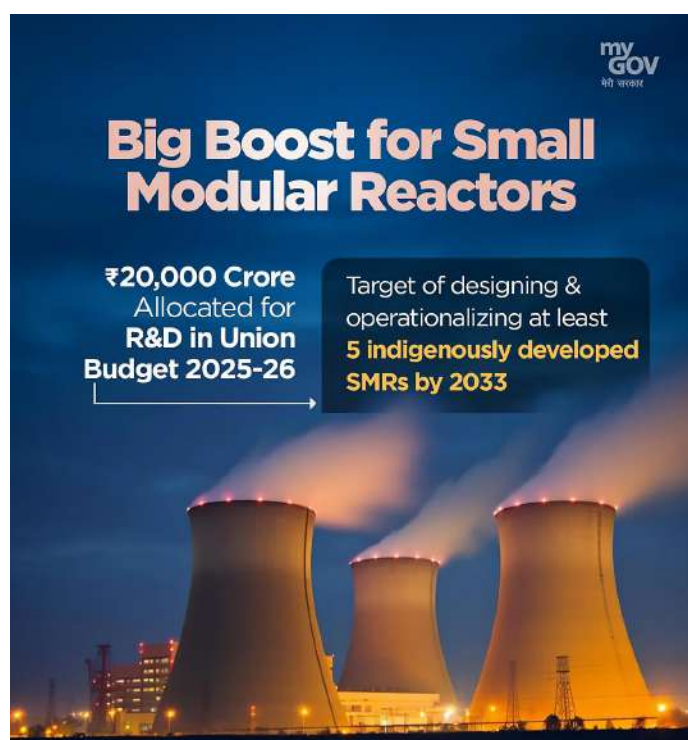
200%+ Rise In WOMEN'S WELFARE BUDGET

Budget for Welfare And Empowerment Of Women



(ii) Special Assistance to States for Capital Investment

- Capital expenditure enhances economic productivity and long-term growth.
- Budget 2025-26 allocates Rs. 1.5 lakh crore under the Special Assistance Scheme.
- Key benefits of this scheme:
 - 50-year interest-free loans to States.
 - Untied funds, allowing flexibility in capital investment.
 - Incentives for urban planning, land record modernization, farmers' registry, and vehicle scrappage programs.



(iii) Increased Grant-in-Aid for Centrally Sponsored Schemes (CSS)

The Centre provides grants-in-aid for schemes that require joint implementation by States. The Union Budget 2025-26 allocates Rs. 5.41 lakh crore for such schemes.

Key Initiatives under CSS:

(i) Agriculture Sector:-

- PM Dhan-Dhaanya Krishi Yojana: Focuses on 100 agricultural districts, enhancing productivity and irrigation.
- Atma Nirbharta in Pulses: A six-year mission to boost domestic pulse production.
- Comprehensive Vegetables & Fruits Program: Strengthening production, supply chains, and processing.
- Mission for Cotton Productivity: Promotes high-yielding cotton varieties for textile growth.

(ii) Rural Development:-

- Rural Prosperity & Resilience Program: Aims to reduce rural underemployment through skill development.
- Jal Jeevan Mission Extension (until 2028): Ensures 100% rural tap water connections under Jan Bhagidari.

(iii) Urban Development:-

- PM SVANidhi: Enhanced support for 68 lakh street vendors through micro-financing.
- Urban Challenge Fund (Rs. 1 Lakh Crore): Supports urban redevelopment, sanitation, and infrastructure.
- Social Security for Gig Workers: 1 crore workers to be registered on e-Shram portal with healthcare under PM Jan Arogya Yojana.

(iv) Education Sector:-

- 50,000 Atal Tinkering Labs in government schools to promote innovation.
- Broadband connectivity for all secondary schools under BharatNet.
- Centre of Excellence in AI for Education (Rs. 500 crore allocation).

(v) Strengthening State Finances through Enhanced Borrowing

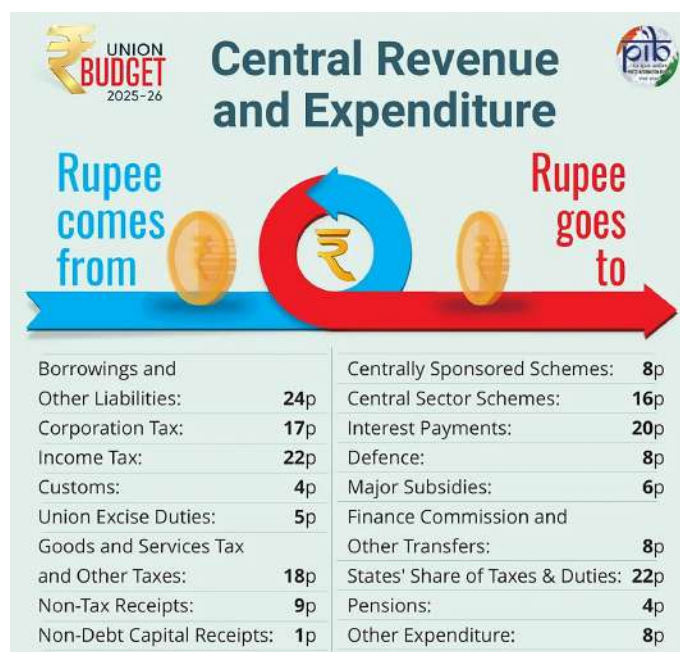
- Additional borrowing limit of 0.5% of Gross State Domestic Product (GSDP) for States.
- Unlocks Rs. 2 lakh crore in funding for State governments.
- Linked to power sector reforms, ensuring DISCOMS' financial sustainability.

Boosting Growth Through Central-Sector Schemes

The budget also emphasizes Centre-led strategic investments in key sectors, with allocations increasing from Rs. 63,614 crore (2024-25) to Rs. 76,758 crore (2025-26).

Key Initiatives:

- Technology & Innovation: Rs. 20,000 crore fund for private-sector R&D.
- Deep Tech Fund of Funds to support next-gen startups.
- Regional Connectivity Scheme (RCS) – Udaan 2.0: Adds 120 new airports, benefiting 4 crore passengers over 10 years.
- Maritime Development Fund: Boosts shipbuilding and port infrastructure for economic expansion.



Conclusion

The Union Budget 2025-26 reinforces fiscal federalism as the foundation of India's development model. By significantly increasing tax devolution, capital assistance, grants-in-aid, and borrowing capacity for States, the budget strengthens cooperative and competitive federalism.

The Four-Pillar Model ensures that States have the financial autonomy to implement region-specific policies while maintaining fiscal discipline. With an ambitious vision of "Viksit Bharat", the Union Government aims to build a strong, self-reliant, and inclusive economy, where both the Centre and States work in harmony towards equitable growth.

TOPIC 2: ROADMAP FOR VIKSIT BHARAT@2047

Introduction

The Viksit Bharat@2047 vision outlines India's path toward becoming a developed nation by its centenary of independence. This vision is driven by economic resilience, innovation, sustainability, and inclusivity. The 1991 economic reforms laid the foundation for India's rapid growth by dismantling protectionist policies and integrating the nation into global markets. However, the world economy is undergoing a structural shift due to protectionism, geopolitical tensions, and supply chain realignments. India must recalibrate its economic strategies to sustain high growth, generate employment, and build a robust industrial and technological ecosystem while addressing challenges like climate change and energy transition.

Key Pillars for Viksit Bharat@2047

Achieving the Viksit Bharat vision requires a self-reliant growth model focusing on four key priorities:

- i. **Broad-based deregulation**
- ii. **Building a robust manufacturing base**
- iii. **A sustainable and pragmatic energy transition**
- iv. **A tripartite compact between the government, private sector, and academia**

These priorities will enable India to capitalize on its strengths and navigate challenges in a shifting global order.

Pillar 1: Deregulation for Growth

(i) Importance of Deregulation

- **1991 Reforms Impact:** The removal of the License Raj and trade liberalization led to rapid economic growth.
- **Recent Deregulation Efforts:** Since 2014, the government has undertaken extensive regulatory simplifications:
 - Rationalized 20,000+ compliances and simplified 300+ laws.
 - **GST & Insolvency and Bankruptcy Code (IBC):** Streamlined tax structure and corporate restructuring.

- **Real Estate Regulation Act (RERA):** Cleaned up real estate markets.
- **India Stack (UID-UPI-DBT):** Improved digital governance and reduced inefficiencies.

(ii) The Need for Continuous Deregulation

- **Economic Survey 2024-25 Insights:**
 - SMEs lose 50% of industrial plot space due to rigid building codes.
 - Rigid labor laws prevent flexible working hours, hurting businesses.
 - Education sector bottlenecks (UGC & AICTE regulations) hinder dynamic curriculum adaptation.

Way Forward

- **State-Level Deregulation:** States with higher ease of doing business scores have shown higher industrial activity.
- **Reforming Investment Policies:-**
 - Simplified Income Tax Act and investor-friendly bilateral treaties.
 - High-Level Committee for Regulatory Reforms to assess non-financial regulations.
- **Global Competitiveness:** Regulatory flexibility will attract foreign investments, strengthen domestic industries, and ensure job creation.

Reforming and Developing Financial Sector

- **FDI limit** for insurance sector to be raised from **74% to 100%**
- **Forum for regulatory coordination and development of pension products** to be set up
- **Revamped Central KYC Registry** to be rolled out in 2025, to simplify KYC process

Pillar 2: Manufacturing as a Force Multiplier

(i) Historical Significance of Manufacturing

- **Global Lessons:**
 - Industrial Revolution (UK, 19th century) Created large-scale employment.
 - East Asian Miracle (1970s-2000s) Countries like China and South Korea used manufacturing to lift millions out of poverty.
- **China's Manufacturing Dominance:**
 - 2000: 6% share in global manufacturing.
 - 2024: 45% share, surpassing the US and its allies.

(ii) India's Manufacturing Strategy

- **Employment Creation:** India needs to create 8 million non-farm jobs annually until 2036.
- **Key Manufacturing Drivers:-**
- **Production-Linked Incentive (PLI) Schemes:**
 - **White Goods:** Developed a self-sufficient air conditioner value chain.
 - **Telecom Sector:** 60% import substitution achieved.
 - **Green Energy Manufacturing:** Solar, battery storage, EVs.
- **MSME Strengthening:**
 - Trade Receivables Discounting System (TReDS) facilitated ₹1.38 lakh crore in financing.
 - **Mutual Credit Guarantee Scheme:** 60% credit guarantee for MSMEs purchasing machinery.

(iii) Balancing Labor & Technology-Intensive Growth

- **Labor-Intensive Growth:** Essential for mass employment.
- **Technology-Intensive Growth:** Necessary for long-term productivity.
- **Outcome:** A balanced approach will maximize India's demographic dividend while ensuring global competitiveness.

Pillar 3: Energy Transition for Economic Stability

(i) Global Energy Transition Challenges

- **Western Nations' Missteps:**
 - Over-reliance on renewable energy subsidies led to rising energy costs and deindustrialization.

- Europe's energy crisis exposed the risks of premature fossil fuel phase-outs.

#ViksitBharatBudget2025

my GOV

INFRA GOT +10000 AURA THIS BUDGET!

Jal Jeevan Mission: 100% water supply coverage by 2028!

UDAN Scheme Expansion connecting 120 new destinations & 4 crore passengers in 10 years!

₹1 lakh crore Urban Challenge Fund to redevelop cities as growth hubs focusing on water & sanitation

IMPACT

Stronger public infrastructure, better healthcare, and increased global investments!



(ii) India's Unique Energy Needs

- **Energy Security & Growth:** India's industrialization needs cost-effective and abundant energy.
- **Current Energy Transition Goals:-**
 - Net-zero by 2070 with phased decarbonization.
 - **Nuclear Energy Expansion:** Targeting 100 GW capacity by 2047.
 - **Renewables Expansion:** Solar, wind, and green hydrogen focus.
- **Government Initiatives:**
 - Private sector participation in nuclear energy.
 - Amendments to nuclear laws for foreign technology partnerships.
 - LiFE (Lifestyle for Environment) movement promoting sustainable consumption.

(iii) Ensuring a Pragmatic Transition

- **Avoiding Hasty Fossil Fuel Phase-Out:** Gradual shift to renewables without disrupting energy security.
- **Investment in Green Infrastructure:** Scaling up energy-efficient public transport and circular economy models.

Pillar 4: A Tripartite Compact for Innovation & Growth

(i) Importance of Government-Industry-Academia Collaboration

A sustainable growth model requires a strong partnership between the government, private sector, and academia to drive:

- **Policy Innovation:** Regulatory agility and business-friendly policies.
- **Skill Development:** Industry-oriented educational reforms.
- **R&D Investments:** Technology and AI-driven industrial expansion.

(ii) Global Models & India's Pathway

- **South Korea's Innovation Ecosystem:** Close government-industry ties in tech development.
- **Germany's Vocational Training Model:** Strong emphasis on industry-driven education.
- **India's Approach:**
 - Startup India & Atal Innovation Mission fostering entrepreneurship.
 - Strengthening National Research Foundation (NRF) to boost R&D.
 - Collaborative university-industry research projects.

Conclusion

India's roadmap to Viksit Bharat@2047 is based on economic resilience, manufacturing strength, strategic energy transition, and innovation-led growth. The country must reinvent its economic strategies, strengthen domestic industries, and adapt to global transformations. The four-pronged approach—deregulation, manufacturing expansion, pragmatic energy policies, and tripartite collaboration—will ensure India's transition into a developed, self-reliant, and globally competitive economy.

TOPIC 3: INVESTMENT AS AN ENGINE OF GROWTH

Introduction

Investment is one of the critical drivers of economic growth, playing a pivotal role in enhancing productivity, generating employment, and fostering innovation. The Union Budget 2025-

26 underscores investment as the 'third engine' of development, alongside agriculture, MSMEs, and exports. This investment-driven approach is built on three primary pillars—investing in people, the economy, and innovation—designed to propel India towards the vision of 'Viksit Bharat 2047.'

Investing in People

Investing in human capital is essential for socio-economic transformation and inclusive development. The government has introduced several measures to enhance education, healthcare, and skill development:

(i) Education and Skill Development

- **Atal Tinkering Labs:** 50,000 labs to be established in government schools over the next five years to foster scientific curiosity.
- **IIT Expansion:** Infrastructure of five IITs to be strengthened, increasing capacity by 6,500 students.
- **Bharatiya Bhasha Pustak Scheme:** Digital books in Indian languages to support learning in regional languages.
- **Artificial Intelligence (AI) Centres:** Rs 500 crore allocated to set up Centres of Excellence in AI for education.
- **National Centres for Skilling:** Five centres to be established for global partnerships in manufacturing-related skill training.

(ii) Healthcare and Nutrition

- **Medical Education Expansion:** 10,000 additional medical seats in colleges, with a plan for 75,000 more in five years.
- **Cancer Treatment:** Establishment of 200 district-level day-care cancer centres by 2025-26.
- **Nutrition Support:** Under Saksham Anganwadi and Poshan 2.0, nutrition provided to:
 - 8 crore children
 - 1 crore pregnant and lactating women
 - 20 lakh adolescent girls
- **Gig Worker Welfare:** Revamped PM SVANidhi Scheme with a UPI-linked credit card (Rs 30,000 limit) and healthcare benefits.

Investing in the Economy

- Economic investment, particularly in infrastructure and urbanisation, acts as a catalyst for sustainable growth. The budget includes significant provisions for public-private partnerships, state-level capital expenditure, and urban development.

(i) Infrastructure Development

- **50-Year Interest-Free Loans:** Rs 1.5 lakh crore allocated for capital expenditure incentives to states.
- **PPP Model Expansion:** Ministries to create three-year project pipelines under public-private partnerships.
- **Asset Monetisation Plan:** Rs 10 lakh crore investment plan (2025-30) for new infrastructure projects.

(ii) Urban Development & Housing

- **Urban Challenge Fund:** Rs 1 lakh crore for urban renewal projects.
- **SWAMIH Fund 2:** Rs 15,000 crore for completion of 1 lakh dwelling units.
- **Jal Jeevan Mission:** Extended till 2028 with a Rs 67,000 crore allocation.

(iii) Tourism and Transport

- **Tourism Development:** Top 50 tourist destinations to be developed in collaboration with states.
- **UDAN 2.0:** Expansion of air connectivity to 120 new destinations.
- **Shipbuilding Industry:** Revamped financial assistance policy and creation of 'Shipbuilding Clusters.'
- **Maritime Development Fund:** Rs 25,000 crore to support long-term financing of the maritime sector.
- **Nuclear Energy Mission:** Rs 20,000 crore for R&D on small modular reactors (SMRs).

Investing in Innovation

Innovation is the cornerstone of a knowledge-driven economy. The government is prioritising R&D, technology advancements, and digital initiatives to enhance India's global competitiveness.



#ViksitBharatBudget2025

India's Research Revolution Continues!

Research, Development & Innovation

- ₹ 20,000 crore for private-sector driven R&D and Innovation initiative announced in July Budget
- **PM Research Fellowship** 10,000 fellowships in next 5 years, for technological research in IITs & IISc



₹ 20,000 crore for private-sector driven Research, Development and Innovation initiative announced in the July Budget

- ▶ Deep Tech Fund of Funds to be explored to catalyze next-generation startups
- ▶ Second Gene Bank with 10 lakh germplasm lines to be set up for future food and nutritional security

(i) Research and Development

- Rs 20,000 crore allocation for private-sector-driven R&D and innovation.
- Deep-Tech Fund of Funds to support next-generation startups.
- 10,000 PM Research Fellowships for IIT and IISc students.
- National Geospatial Mission for better urban planning and land record management.

(ii) Agricultural Innovation

- **2nd Generation Bank:** 10 lakh germplasm lines to enhance food security and conservation of genetic resources.
- **National Digital Repository of Indian Knowledge Systems (IKS):** Documentation and conservation of over 1 crore manuscripts.

Way Forward: Vision for Viksit Bharat 2047

The Union Budget 2025-26 aligns investments with the long-term goal of making India a developed nation by 2047. Key areas of focus include:

- Strengthening human capital through education and skill development.
- Enhancing infrastructure and urbanisation for economic transformation.
- Boosting technological innovation to create a competitive global economy.
- Ensuring social equity and inclusivity through welfare schemes and employment generation.

This strategic roadmap will help India achieve sustainable and inclusive growth, reinforcing the 'Sabka Saath, Sabka Vikas' philosophy. By leveraging investments in human resources, infrastructure, and innovation, India can emerge as a global economic powerhouse, setting a benchmark for Vishwamanav Model development in the 21st century.

TOPIC 4: AGRICULTURE: ENGINE FOR INDIA'S DEVELOPMENT

Introduction

Agriculture has been a fundamental pillar of India's economy, contributing significantly to GDP, employment, and food security. Recognizing its critical role, the Union Budget 2025-26 has emphasized agriculture as one of the four powerful engines of development, alongside MSMEs, investment, and exports. Several strategic initiatives have been introduced to enhance productivity, sustainability, and resilience in the agricultural sector.

Prime Minister Dhan-Dhaanya Krishi Yojana: Developing Agri Districts Programme

#ViksitBharatBudget2025

PRIME MINISTER DHAN-DHAANYA KRISHI YOJANA

Govt will undertake 'Prime Minister Dhan-Dhaanya Krishi Yojana' in partnership with states to help around **1.7 crore farmers**

It will cover **100 districts** with low productivity, moderate crop intensity and below-average credit parameters

It aims to:

- Enhance agricultural productivity
- Adopt crop diversification & sustainable agriculture practices
- Augment post-harvest storage at Panchayat & Block level
- Improve irrigation facilities
- Facilitate availability of long-term & short-term credit



Inspired by the Aspirational Districts Programme, this scheme focuses on boosting productivity in 100 districts with low agricultural output and weak financial credit parameters. Key objectives include:

- **Enhancing Agricultural Productivity:** Adoption of modern techniques and better farming practices.
- **Crop Diversification & Sustainability:** Promotion of climate-resilient and high-value crops.
- **Post-Harvest Storage & Irrigation:** Development of storage infrastructure at panchayat and block levels.
- **Facilitating Agricultural Credit:** Improving access to long-term and short-term loans.

This initiative is expected to benefit around 1.7 crore farmers, leading to enhanced food security and rural prosperity.

Rural Prosperity and Resilience Programme

A comprehensive multi-sectoral initiative aimed at addressing underemployment and enhancing rural livelihoods through:

- **Skill Development & Employment Generation:** Training programs to enable entrepreneurship and agribusinesses.
- **Empowering Rural Women:** Financial inclusion and enterprise development initiatives.
- **Youth Engagement in Agriculture:** Encouraging modern agricultural practices among young farmers.
- **Infrastructure Development:** Strengthening warehousing, irrigation, and post-harvest management.

This programme seeks to make migration an option rather than a necessity, ensuring sustainable rural development.

Aatmanirbharta in Pulses

Given India's success in achieving near self-sufficiency in pulses, the government has launched a 6-year Mission for Aatmanirbharta in Pulses, focusing on:

- **Climate-Resilient Seeds:** Development and commercial availability of high-yielding varieties.
- **Productivity Enhancement:** Support for better agronomic practices and mechanization.
- **Procurement & Price Assurance:** Central agencies (NAFED & NCCF) to procure Tur, Urad, and Masoor at remunerative prices.
- **Post-Harvest Management:** Investment in storage and processing infrastructure.

This initiative ensures price stability, food security, and enhanced farmer incomes.

Comprehensive Programme for Vegetables and Fruits

With increasing awareness of nutritional needs and rising demand for fruits, vegetables, and Shree-Anna (millets), the government has launched a programme to:

- **Boost Production & Supply Chain Efficiency:** Encouraging modern horticultural practices.
- **Enhance Processing Capabilities:** Promoting value addition and food processing.
- **Ensure Remunerative Prices for Farmers:** Strengthening market linkages through Farmer Producer Organizations (FPOs) and cooperatives.

This initiative will improve nutritional security, farmer incomes, and market accessibility.

Grameen Credit Score: Financial Inclusion in Rural India

To improve financial accessibility for rural communities, Public Sector Banks will develop a Grameen Credit Score framework, which aims to:

- Facilitate Credit for Self-Help Groups (SHGs) and rural entrepreneurs.
- Enhance Financial Inclusion through digital credit assessment tools.
- Empower Small & Marginal Farmers by improving loan eligibility and reducing dependence on informal lending.

This initiative will bridge the financial gap and enable rural enterprises to thrive.

Way Forward: Strengthening Agricultural Resilience and Growth

The Union Budget 2025-26 has laid a transformational roadmap for agriculture by integrating financial, technological, and infrastructural support. The key takeaways include:

- Enhancing productivity through targeted interventions in low-yield districts.
- Promoting sustainable agriculture via crop diversification and climate-resilient practices.
- Empowering rural communities by generating employment and enterprise opportunities.
- Boosting financial access through innovative credit frameworks.
- Strengthening market linkages to ensure fair pricing and reduced wastage.

By leveraging these initiatives, India aims to build a self-reliant, resilient, and globally competitive agricultural sector, reinforcing its role as a key driver of economic growth and rural development.

Transforming Agricultural Finance

Kisan Credit Card Reforms in Union Budget 2025-26

- Agriculture and allied activities employ **46.1%** of the Indian population
- The **Union Budget 2025-26** strengthens **agricultural financing**, especially through the **Kisan Credit Card (KCC) scheme**
- The KCC scheme is introduced to provide farmers with **easy and affordable credit** for cultivation, post-harvest expenses, household needs, and allied activities
- **Loan limit increased from ₹3 lakh to ₹5 lakh** under the Modified Interest Subvention Scheme
- Supports **collateral-free loans up to ₹1.60 lakh** for animal husbandry, dairying, and fisheries

PIB Explainer

Kisan Credit Card Yojana

SHREYAS KISAN CARD

RuPay

TOPIC 5:- NEP 2020 IN ACTION: DRIVING ACCESSIBILITY & INCLUSIVITY

Introduction

A nurturing environment for children's cognitive, emotional, and social development in early education profoundly impacts their future success. While research underscores this, India has historically failed to provide

such foundational support. Recognizing this gap, the National Education Policy (NEP) 2020, introduced by the government led by Prime Minister Narendra Modi, emphasizes the need for strong foundational learning. It focuses on equipping students with vital life skills beyond rote memorization.

The goal is clear: invest early and wisely to ensure long-term educational and societal benefits, delivering on the commitment to inclusivity and accessibility of education from a young age. This holistic approach aims to correct past shortcomings, fostering environments where every child can thrive. The NEP seeks to break the cycle of educational inequities, particularly for disadvantaged students.

The success of the NEP can be quantified in terms of better enrollments, improved learning outcomes, and the creation of a skilled workforce. These outcomes are also captured by the Annual Status of Education Report (ASER) survey, which assesses children's enrollment and learning levels in rural India. The ASER insights have historically highlighted the urgency of implementing NEP's focus on foundational skills.

Key Outcomes of NEP 2020 Implementation

(i) Improvements in Foundational Learning

The ASER 2024 highlights that students in primary and secondary classrooms, beyond recovering from the pandemic's disruption, have surpassed even their pre-pandemic peers in foundational skills.

Government schools have demonstrated quicker progress in foundational skills compared to private schools.

Enrolled children in the age group of 6-14 years have reached their highest-ever level at 98.1% in 2024.

Underage children in Standard I have dropped to their lowest level at 16.7%, aligning with NEP's emphasis on age-appropriate school enrollment.

(ii) NIPUN Bharat Mission: Scaling Transformation

The NIPUN Bharat Mission has been a significant catalyst in driving the NEP's objectives forward. It incorporates:

- **Clear Targets:** Focused on achieving specific foundational learning milestones.

- **Innovative Pedagogies:** Encourages toy-based and experiential learning.
- **Rural Effectiveness:** Addresses learning gaps in underprivileged areas.
- **Teacher Training:** Provides intensive programs to equip educators with effective teaching strategies.

Key Trends Shaping India's Education Landscape

(i) Strengthening Early Childhood Education

- Pre-primary enrollments have risen significantly, exceeding 70% for the 3-5 age group.
- Out-of-school children in the 3-5 age group have decreased substantially from 2018 to 2024.

(ii) Anganwadis as the Backbone of Early Education

- Anganwadis play a crucial role in ensuring early childhood education, providing access to nutrition, vaccinations, and health support.
- States with high Anganwadi enrollments have witnessed better foundational learning outcomes.

(iii) Digital Literacy Among Rural Adolescents

- More than 90% of rural adolescents now have access to a smartphone.
- They demonstrate confidence in searching for **educational content online** and understanding digital safety measures.

(iv) Infrastructure Upgrades in Schools

- Significant improvements in sanitation, hygiene, and classroom conditions post-pandemic.
- Enhanced infrastructure has resulted in better student attendance and engagement.

(v) Performance in Double-Engine Growth States

- **Uttar Pradesh:** Notable improvements in literacy and reading skills over two decades.
- **Madhya Pradesh:** Incremental progress in numeracy and literacy, with 90% schools gaining electricity access.
- **Gujarat:** Consistently strong performance in foundational education.

Conclusion

The NEP 2020 has enabled India to make remarkable strides in educational accessibility and inclusivity. The next five years will be crucial in sustaining this momentum, shaping the nation's trajectory for the next twenty-five years. The concerted effort to keep children in schools, enhance foundational learning, and improve digital and physical infrastructure demonstrates the effectiveness of strategic policy implementation. The NEP 2020 and NIPUN Bharat Mission are not merely education reforms but strategic investments in securing India's human capital competitiveness for Viksit Bharat @2047. By eliminating learning deficits and fostering inclusivity, India is building a knowledge-driven, globally competitive society, ensuring equitable growth and development for all.

TOPIC 6 : COMBATING VIOLENCE AGAINST WOMEN: A MULTI-SECTORAL APPROACH

Introduction

Despite progressive legal frameworks and policy initiatives, women continue to face various forms of abuse, including domestic violence, sexual harassment, trafficking, honour killings, cyber violence, and workplace harassment. Addressing this issue requires a comprehensive, multi-sectoral approach that integrates legal, social, educational, technological, and economic interventions. A coordinated effort from policymakers, law enforcement agencies, civil society organizations, and the private sector is essential for effectively combating gender-based violence.

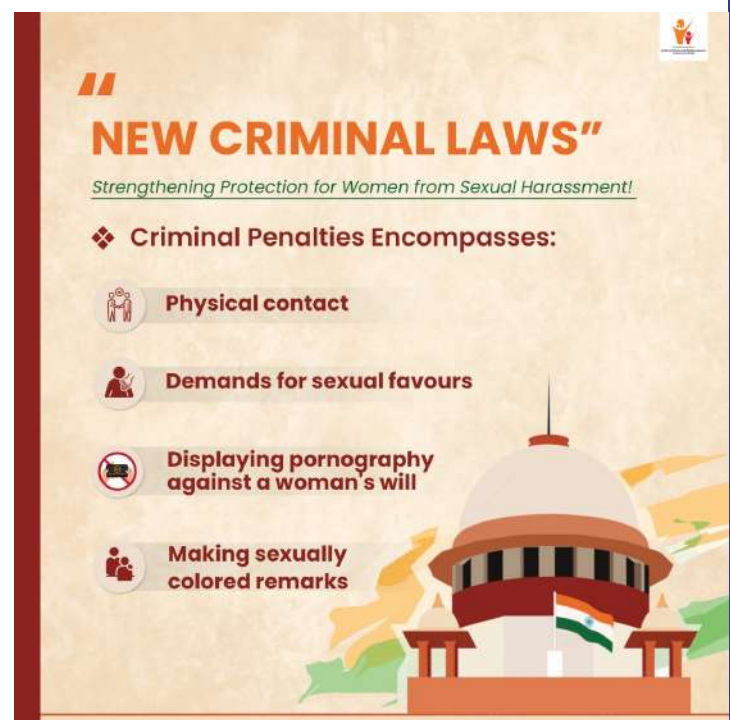
Strengthening the Legal and Institutional Framework

India has a robust legal framework to address violence against women, with laws such as:

- The Protection of Women from Domestic Violence Act, 2005 – Provides immediate protection and relief to survivors of domestic violence.
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and

Redressal) Act, 2013 – Mandates Internal Complaints Committees (ICCs) in workplaces to address sexual harassment.

- The Criminal Law (Amendment) Act, 2013 (Nirbhaya Act) – Strengthens laws on sexual offences, including stringent punishment for rape and acid attacks.
- The Dowry Prohibition Act, 1961 – Criminalizes the practice of dowry and related violence.
- The Protection of Children from Sexual Offences (POCSO) Act, 2012 – Provides comprehensive protection to minors from sexual abuse and exploitation.



Challenges and Institutional Strengthening

- Establishing fast-track courts for the speedy disposal of cases.
- Increasing women's representation in law enforcement.
- Training law enforcement personnel and judiciary members in gender-sensitive case handling.
- Expanding victim support services, including shelters, legal aid, and trauma counselling.
- Strengthening coordination among agencies to create a more responsive legal system.

Enhancing Community-Based Support Systems

Empowering communities to address violence against women is essential for long-term change.

Key Initiatives:

- One Stop Centre Scheme and Women Helpline (181) improve access to victim assistance.
- Grassroots women's collectives and self-help groups (SHGs) provide financial and emotional support.
- Community-based interventions such as neighbourhood watch programs and gender-sensitive urban planning enhance safety.
- Engagement of religious and community leaders to advocate against harmful practices like child marriage.

Role of Education in Changing Mindsets

Education is a powerful catalyst for dismantling patriarchal norms that sustain gender-based violence.

- Integrating gender sensitivity in school curriculums from an early age.
- Training teachers to foster inclusive learning environments.
- Engaging boys and young men in discussions on equality.
- Self-defense training to boost women's confidence and security.
- Media collaborations to counter misogynistic portrayals and promote progressive gender roles.
- Educating parents to foster gender-equal households.

Leveraging Technology for Women's Safety

Technology has the potential to combat violence against women through:

- Mobile applications like Nirbhaya App, SHEROES, and Himmat Plus for instant assistance.
- AI-driven safety tools and cyber awareness campaigns.
- Online grievance redressal mechanisms to combat cybercrimes.
- Wearable safety devices that alert law enforcement in emergencies.
- AI-based predictive policing to identify high-risk areas.

Economic Empowerment as a Shield Against Violence

Financial independence is a key deterrent to gender-based violence.

- Skill India enhances employability.
- Mudra Yojana and Stand-Up India provide financial support for women entrepreneurs.
- 'Lakhpati Didi' Scheme aims to empower 2 crore women from SHGs.
- Increasing female participation in STEM and the digital economy.
- Ensuring equal wages and harassment-free workplaces.

Addressing Cyber Violence Against Women

With digital penetration, cyber violence has become a significant threat.

- NCW's Digital Shakti Program spreads awareness about cyber safety.
- Strengthening legal mechanisms to tackle online harassment.
- Collaboration with social media platforms to curb abuse.
- Promoting digital literacy to empower women against cyber threats.



Strengthening Public-Private Partnerships

Public-private partnerships (PPPs) play a crucial role in combating gender-based violence.

- Workplace safety measures – Gender audits and employee sensitization programs.

- Safe transportation initiatives – Safe City Projects, app-based cab safety features.
- Corporate mentorship and training programs – Collaboration with Skill India, Startup India.
- Investment in AI-driven safety tools – Development of legal-tech solutions.
- Leveraging CSR funds for One Stop Centres (OSCs) – Providing psychological, legal, and medical aid.

Powering Entrepreneurship

New Fund of Funds for Startups to be set up

- › Fresh contribution of another 210,000 crore, in addition to existing government contribution of 810,000 crore

Did You Know?
Alternate Investment Funds (AIFs) for startups, supported by Fund of Funds, have received commitments of more than ₹91,000 crore

New Scheme for 5 lakh Women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs

- › To provide term loans up to 22 crore during next 5 years
- › To provide online capacity building for entrepreneurship and managerial skills

Addressing Gender-Based Violence in Conflict-Affected Regions

Women in conflict-affected regions face increased risks of gender-based violence.

- Gender-responsive disaster policies to prevent violence.
- Expanding emergency shelters and OSCs to support survivors.
- Deploying women protection task forces in disaster-hit areas.
- Training law enforcement and humanitarian workers under programs like Mission Shakti.
- Encouraging women-led community policing to strengthen local safety networks.

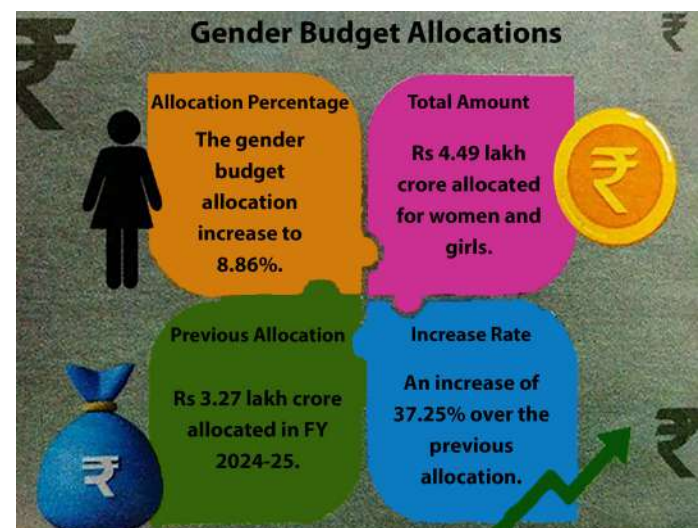
TOPIC 7 : GENDER BUDGETING: A ROADMAP TOWARDS INCLUSIVITY

Introduction

Gender equality is a key factor in the economic development of a country and serves as a nation's backbone. According to the World Bank Report 2023, women constitute 48.4% of India's population, compared to 49.7% globally. They play a crucial role in the economy, yet face various forms of discrimination, including sex-selective abortions, assault, and economic vulnerability. To address these challenges, the government has taken legislative and policy measures, among which Gender Budgeting (GB) is a significant initiative to reduce gender disparities.

Concept of Gender Budgeting

Gender Budgeting is a tool that ensures budget allocations are made considering gender-specific needs. According to the Council of Europe, GB is the implementation of gender mainstreaming in the budgetary process by restructuring income and expenditures and integrating a gender perspective at all budgetary stages. GB aims to include gender-specific concerns in fiscal policies and government financial management.



Evolution of Gender Budgeting

- First adopted by Australia in 1984, followed by Canada (1993), Philippines and South Africa (1995).
- Fourth World Conference on Women (Beijing, 1995) highlighted GB as a crucial measure.

- India introduced GB in 2005-06 under Union Budget Statement 19, later moved to Statement 20 (2006-07) and Statement 13 (2017-18 onwards).
- Ministry of Women and Child Development (MoWCD) is the nodal agency for GB in India.

Classification of Gender Budgeting

Since 2024-25, GB allocations are categorized into three parts:

- **Part A:** Women-centric schemes (100% allocation for women and girls).
- **Part B:** Pro-women schemes (at least 30% allocation for women and girls).
- **Part C:** Pro-women schemes (less than 30% allocation for women and girls).

(i) Trends in Gender Budgeting (2005-06 to 2025-26)

- **2005-06:** 9 ministries allocated Rs 14,378.68 crore (2.8% of Union Budget).
- **2011-12:** Highest GB allocation (6.37% of Union Budget) with 29 ministries onboard.
- **2014-15:** GB allocation refocused, reaching 5.6% of the Union Budget with 36 ministries.
- **2024-25:** Historical increase of 233.73%, with Rs 3.27 lakh crore allocated across 43 ministries.
- **2025-26:** Record Rs 4,49,028.68 crore (8.86% of Union Budget) with 56 ministries onboard.

Gender Budget 2025-26 Highlights

Part A: Women-Specific Schemes (Rs 1,05,535.40 crore, 23.50% of GB)

- **Namo Drone Didi Scheme:** Rs 950.85 crore for empowering women in agriculture.
- **National Rural Livelihood Mission (NRLM):** Rs 19,005 crore for skill development.
- **Pradhan Mantri Awas Yojana (Urban & Rural):** Rs 78,126 crore (74.02% of Part A allocation).

Part B: Pro-Women Schemes (Rs 3,26,672 crore, 72.75% of GB)

- **Pradhan Mantri Garib Kalyan Anna Yojana:** Rs 1,07,638.78 crore for food security.
- **Samagra Shiksha Scheme:** Rs 12,375 crore for girls' education.
- **MGNREGA:** Rs 40,000 crore to provide rural employment.

- **Swachh Bharat Mission & Jal Jeevan Mission:** Rs 23,380.36 crore.
- **Ministry of Women and Child Development:** Rs 18,459.91 crore.

Part C: Newly Introduced Category (Rs 16,821.28 crore)

- **Department of Agriculture & Farmers Welfare:** Rs 15,000 crore for PM-Kisan Samman Nidhi.
- **Department of Water Resources & Ganga Rejuvenation:** Rs 455 crore.

Challenges in Gender Budgeting Implementation

- **Lack of Gender-Disaggregated Data:** Difficulty in measuring the actual impact.
- **Limited Institutional Capacity:** Need for trained personnel in gender-sensitive budgeting.
- **Monitoring & Evaluation Gaps:** Absence of structured assessment frameworks.
- **Underutilization of Allocated Funds:** Bureaucratic delays in fund distribution.
- **Sectoral Imbalance:** Disproportionate allocation favoring select ministries.

Way Forward

- **Strengthening Institutional Mechanisms:** Establish dedicated Gender Budgeting Cells (GBCs) across ministries.
- **Capacity Building & Training:** Conduct gender-budgeting workshops for officials.
- **Improving Data Collection & Analysis:** Develop a robust framework for gender-disaggregated data.
- **Ensuring Transparent & Accountable Allocation:** Regular audits and impact assessments.
- **Expanding GB to Local Governance:** Implement GB in Panchayati Raj institutions and municipalities.

Conclusion

Gender Budgeting is a crucial step towards bridging gender disparities and ensuring inclusive development. The increasing allocation towards GB in recent years, especially in 2025-26, demonstrates the government's commitment to women's empowerment. However, effective implementation, data-driven policies, and continuous monitoring are essential to make GB a transformative tool for gender equality and economic progress.

TOPIC 8: INDIA'S RAPID STRIDE IN THE FIELD OF SOLAR ENERGY

Introduction

India has emerged as a global leader in solar energy production, ranking fourth in the world as of October 31, 2024. With an ambitious target of achieving 300 GW of installed solar capacity by 2030, India is making significant strides in renewable energy adoption. Given its geographical advantage, receiving abundant sunlight throughout the year, the country is leveraging solar energy as a key alternative to fossil fuels. With solar power being crucial in reducing pollution and meeting energy demands, India's solar energy revolution is not just about sustainability but also economic growth and energy security.

India's Solar Energy Growth: An Overview

(i) Installed Solar Capacity

- As of December 2024: 97.86 GW of solar power capacity installed.
- In 2014: Installed capacity was only 2.8 GW, marking a 3,450% increase in a decade.
- The government aims to reach 300 GW by 2030, reflecting an aggressive push toward clean energy.

(ii) India's Global Ranking in Solar Energy

- Ranked 4th globally in solar power production.
- Among the top five countries leading the renewable energy transition.
- Contributing significantly to the International Solar Alliance (ISA), an initiative launched by India.

Need for Alternative Energy Sources

- To curb rising pollution levels, dependence on fossil fuels must be reduced.
- Alternative sources like solar energy, wind energy, hydropower, and green hydrogen need to be explored.
- Solar energy is the most viable option given India's climatic and geographical conditions.



Government Initiatives to Boost Solar Energy Production

(i) PM Surya Ghar: Muft Bijli Yojana (2024)

- **Target:** Provide solar power to 1 crore households by March 2027.
- **Subsidy:** Up to 40% subsidy on rooftop solar panel installations.
- **Budget Allocation:** ₹20,000 crore.
- **Impact:** Reduces electricity costs for households, promotes self-sufficiency in energy.

(ii) KUSUM Scheme (Kisan Urja Suraksha evam Utthaan Mahabhiyan)

- **Focus:** Solarisation of agricultural pumps.
- **Benefits:** Provides standalone solar pumps to farmers, reducing dependence on the power grid.
- **Budget Allocation:** ₹2,600 crore.
- **Impact:** Enhances sustainability in agriculture and reduces reliance on diesel-powered pumps.

Production Linked Incentive (PLI) Scheme for Solar Energy

- **Objective:** Boost domestic manufacturing of solar cells, modules, and components.
- **Budget:** ₹24,000 crore (₹4,500 crore in Phase 1, ₹19,500 crore in Phase 2).
- **Impact:** Reduces dependence on imports and strengthens India's solar manufacturing sector.

Encouragement for Solar Rooftop Installations

- Government is actively promoting rooftop solar installations across households and industries.

- State Governments play a key role in implementation and subsidy distribution.

Top 10 Solar Energy Producing States (as of December 2024)

Rank	State	Installed Solar Capacity (MW)
1	Rajasthan	26,489.65
2	Gujarat	16,795.77
3	Tamil Nadu	9,518.37
4	Maharashtra	8,989.36
5	Karnataka	8,986.94
6	Madhya Pradesh	4,973.58
7	Telangana	4,842.10
8	Andhra Pradesh	4,730.27
9	Uttar Pradesh	3,346.99
10	Haryana	1,986.96

Promotion of Solar Energy at the Institutional Level

- Government and private offices are adopting solar energy to reduce electricity costs.
- Green Energy adoption is being encouraged in Central and State government offices.
- IIT-Madras Research Park meets 90% of its energy needs from solar and wind energy.
- Private industries are installing solar rooftops to cut operational costs and reduce carbon footprint.

Battery Storage: The Future of Renewable Energy

(i) Importance of Solar Energy Storage

- **Challenge:** Solar energy is intermittent (available only during the day).
- **Solution:** Battery storage ensures a 24x7 power supply.

(ii) Grid-Scale Battery Storage Initiatives

- The government is developing large-scale battery storage facilities to store surplus solar energy.
- IIT-Madras Research Park has developed a 1 MWh battery that provides 4 hours of backup, with plans to triple capacity.

National and International Targets

- **India's Battery Storage Target (2030):** 34 GW (136 GWh) capacity.
- **IEA Estimate (2040):** 140-200 GW of battery storage, the highest in the world.
- **Battery Energy Storage Systems (BESS):** Emerging as a critical technology for renewable energy integration.

Solar Electrification of Rural Areas

- Remote and mountainous villages are being electrified using solar microgrids.
- **Bihar Experiment:** Farmers provided with solar pumping sets.
 - Diesel pump irrigation costs ₹200-₹300 per hour.
 - Solar pumps reduce costs to zero for the owner and allow rental income.
- Large-scale solar street lighting projects at panchayat levels improve rural infrastructure.

Solar Energy Storage at Household Level

- Traditional lead-acid batteries are being replaced by advanced lithium-ion batteries.
- **Market Growth:**
 - India's solar inverter and battery market was 84.4 GW in 2023.
 - Expected to grow to 609.5 GW by 2032.
- **Affordable Storage Solutions:** IIT-Madras is working on low-cost battery technologies for homes and industries.

India's Solar PV Cell Production: Domestic Manufacturing Boost

- India is reducing its reliance on imported solar PV cells through domestic production.
- **PLI Scheme for Solar PV Modules:** ₹24,000 crore investment to boost domestic manufacturing.
- **Expected Capacity Addition:** 65 GW of solar PV production under PLI Scheme.
- **Policy Reforms:**
 - Import tariffs on solar components are reduced to make solar panels cheaper.
 - Mandatory use of domestically produced modules in government projects.

Challenges in Solar Energy Adoption

- **High Initial Cost of Installation**
 - Although long-term savings are high, the initial investment in solar panels is a challenge.

- Intermittency of Solar Power
 - Dependence on battery storage for continuous supply.
- Land Acquisition Issues
 - Large-scale solar farms require vast land areas.
- Dependence on Imports
 - Although local production is increasing, key raw materials are still imported.

Conclusion: A Sustainable Solar Future for India

India is witnessing a solar revolution, positioning itself among the top global producers of solar energy. With a 97.86 GW installed capacity (as of 2024) and an ambitious 300 GW target by 2030, the country is making rapid progress. Government initiatives like PM Surya Ghar Yojana, KUSUM Scheme, and the PLI Scheme are strengthening India's solar sector. Large-scale adoption, battery storage advancements, and domestic manufacturing incentives ensure that India remains at the forefront of the renewable energy transition, fostering economic growth while promoting environmental sustainability.

TOPIC 9: GREEN BUDGETING IN INDIA: A STEP TOWARDS SUSTAINABLE DEVELOPMENT

Introduction

Green Budgeting is an essential fiscal strategy that integrates environmental sustainability into national budgetary planning. It ensures that government expenditures and revenues contribute towards mitigating climate change, enhancing environmental conservation, and promoting green economic growth. India, as a rapidly growing economy and a leader in global climate action, has taken significant strides towards sustainability. The Union Budget 2025-26 reinforces India's commitment to environmental goals, integrating green policies into economic growth. Key budgetary allocations focus on clean energy, sustainable agriculture, circular economy, and urban development, positioning India as a global leader in sustainable finance.

What is Green Budgeting?

Green Budgeting refers to the practice of systematically incorporating environmental considerations into fiscal policies and budgetary decisions. It involves:

- Allocating financial resources to climate adaptation and mitigation.
- Implementing environmental taxes and green subsidies.
- Enhancing accountability in public spending for sustainability.

Globally, countries like France, the UK, and Canada have adopted Green Budgeting to align fiscal policies with climate objectives. India's approach integrates climate considerations into core economic policies.

Key Features of Green Budgeting in India (Union Budget 2025-26)

A. Enhancement in Policy Implementation and Governance of Green Sectors

- **Increased Budget for MoEFCC:** The Ministry of Environment, Forest, and Climate Change (MoEFCC) saw a 10% increase in budget allocation to ₹3,412.82 crore, highlighting India's commitment to environmental governance.
- Budget allocation for the Ministry of New and Renewable Energy (MNRE) increased by 39% to ₹25,649 crore, reinforcing India's push for clean energy.

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CRITICAL MINERALS

■ Cobalt powder and waste, the scrap of Lithium-ion battery, Lead, Zinc and 12 **more critical minerals will be fully exempted** from Basic Customs Duty

■ It will help in securing their availability for **manufacturing in India** and promote more jobs for the youth

■ In the July 2024 Budget, BCD was exempted on **25 critical minerals** that are not domestically available



B. Clean Energy and Solar Power Push

- **Distributed Solar Energy Boost:**
 - Budget increased by 66% to ₹22,600 crore for distributed solar energy.
 - The PM Surya Ghar Muft Bijli Yojana provided free solar electricity for up to 300 units per household, achieving 630,000 installations by December 2024.
- **Solarisation of Agriculture (PM-KUSUM):**
 - 3% budget increase to ₹2,600 crore to reduce diesel dependency and increase farmers' income.

C. Strengthening Renewable Energy Transmission and Storage

- **Green Energy Corridors (GECs):**
 - ₹600 crore allocated for transmission infrastructure to ensure efficient renewable energy distribution.
- **Green Hydrogen Sector Development:**
 - Budget doubled from ₹300 crore to ₹600 crore for green hydrogen, critical for industries like steel and cement.

D. Nuclear Energy Expansion

- **National Nuclear Mission:**
 - Target to increase nuclear power capacity to 100 GW by 2047 (currently at 8.2 GW).
 - Proposal to develop five indigenous small modular reactors (SMRs) for decentralized energy supply.
- **Private Sector Engagement in Nuclear Energy:**
 - ₹20,000 crore allocated for R&D to advance nuclear technology.
 - Proposal to amend the Atomic Energy Act and Civil Liability for Nuclear Damage Act to attract private investment.

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Lithium-ion Battery Manufacturing

35 additional capital goods for EV battery manufacturing, and 28 additional capital goods for Mobile phone battery manufacturing, will be added to the list of Exempted Capital Goods

It will boost domestic manufacturing of Lithium-ion battery, both for Mobile phones and Electric Vehicles

Full exemption of BCD on cobalt powder and waste, the scrap of lithium-ion battery, lead, zinc and 12 more critical minerals





विद्युत मंत्रालय
MINISTRY OF
POWER

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NUCLEAR ENERGY MISSION FOR VIKSIT BHARAT

- A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) to be set up
- At least 5 indigenously developed SMRS will be operationalised by 2033
- Outlay of Rs. 20,000 crore is proposed for the Mission



E. Green Mobility and Electric Vehicles (EVs)

- **Reduction in EV Manufacturing Costs:**
 - Basic Customs Duty (BCD) removed on key raw materials like lithium, cobalt, and zinc.
 - Expansion of PLI Scheme for EV batteries.
- Duty exemption on 35 imported capital goods to boost domestic EV production.

F. Circular Economy and Recycling

- **Fiscal Benefits for Recycling in Shipbuilding and Mining:**
 - Critical minerals will be recovered from industrial waste, reducing dependence on virgin raw materials.
 - Circular economy initiatives can reduce energy consumption by 11%.

G. Climate-Resilient Agriculture

- **National Mission on High Yielding Seeds:**
 - Development of climate-resilient seeds to withstand extreme weather, enhancing food security.
 - Budgetary support for farmers impacted by climate change-induced yield fluctuations.

H. Conservation of Natural Resources and Biodiversity

- **Higher allocation for ecosystem conservation:**
 - Strengthening Project Tiger and Project Elephant to protect biodiversity.
 - Conservation of aquatic ecosystems to enhance resilience against climate change.

Urban Sustainability and Smart Cities

- **Urban Challenge Fund (₹1 lakh crore):**
 - Focus on water and sanitation infrastructure.
 - Financing model to attract private sector investment in sustainable urban development.

Impact of Green Budgeting on India's Sustainable Development Goals (SDGs)

Green Budgeting directly contributes to achieving several UN Sustainable Development Goals (SDGs):

SDG Goal	Impact of Green Budgeting
SDG 7 (Affordable & Clean Energy)	Increased investment in renewable energy, solar power, and nuclear energy.
SDG 9 (Industry, Innovation & Infrastructure)	Strengthening of green energy corridors and clean energy manufacturing.
SDG 11 (Sustainable Cities & Communities)	Urban Challenge Fund for climate-resilient urban infrastructure.
SDG 12 (Responsible Consumption & Production)	Promotion of the circular economy and recycling initiatives.
SDG 13 (Climate Action)	Increased funding for climate adaptation and mitigation projects.
SDG 15 (Life on Land)	Greater conservation efforts for biodiversity and natural resources.

Challenges in Implementing Green Budgeting in India

Despite significant progress, India faces several challenges in fully implementing Green Budgeting:

A. Financial Constraints

- While budget allocations have increased, mobilizing private investment remains a challenge.
- High costs of green infrastructure require innovative financing models.

B. Implementation Bottlenecks

- Slow project execution in renewable energy transmission and battery storage.
- Bureaucratic hurdles in nuclear energy expansion and private sector participation.

C. Technological and Supply Chain Gaps

- Dependence on imported materials for EV batteries and solar panels increases vulnerability.
- Green hydrogen and nuclear technology need faster R&D advancements.

D. Socioeconomic Barriers

Need for awareness programs to encourage the adoption of distributed solar and EVs.

Ensuring energy access for rural and marginalized communities.

The Way Forward: Strategies for Effective Green Budgeting

To overcome these challenges and strengthen Green Budgeting in India, the following strategies are recommended:

A. Increasing Private Sector Participation

- **Green Bonds & Climate Financing:** Mobilizing domestic and international climate funds.
- **Public-Private Partnerships (PPPs):** Engaging private companies in renewable energy, nuclear power, and EV production.

B. Strengthening Governance and Policy Implementation

- Faster policy execution for nuclear energy expansion.
- Ease of approvals for renewable energy projects.

C. Investing in R&D and Innovation

- Strengthening India's Green Hydrogen and Battery Manufacturing Ecosystem.
- Accelerating indigenous nuclear technology development.

D. Public Awareness and Capacity Building

- Education and training programs to promote the adoption of clean energy solutions.
- Subsidies and incentives for individual households adopting solar and EVs.

Conclusion

India's Green Budgeting approach in the Union Budget 2025-26 marks a bold step towards sustainability, integrating economic growth with climate resilience. By significantly increasing allocations for renewable energy, clean mobility, climate-resilient agriculture, and biodiversity conservation, India is positioning itself as a global leader in green finance. While challenges remain, strategic policy implementation, increased private sector participation, and continued innovation can drive India's transition towards a low-carbon, climate-resilient economy. Green Budgeting is not just a financial strategy but a crucial pathway to achieving sustainable and inclusive development in India.

TOPIC 10: BALANCING PRODUCTION & CONSUMPTION FOR ECONOMIC GROWTH

Introduction

Achieving sustainable economic growth requires a balance between production and consumption, as excessive production without adequate demand leads to overcapacity and inefficiency, while excessive consumption without sufficient production can cause inflation and trade imbalances.

A well-structured taxation policy serves as a key instrument in maintaining this balance by:

- Influencing income distribution and household consumption.
- Ensuring government revenue generation for infrastructure and social welfare.
- Encouraging business expansion and investment.
- Enhancing economic efficiency through compliance and reduced tax evasion.

India's Recent Taxation Reforms

India has undertaken significant direct and indirect tax reforms, including:

- Goods and Services Tax (GST) (2017)** – Unifying indirect taxation to enhance trade and consumption efficiency.
- Income Tax Reforms (2025)** – Aiming to boost disposable income and spur economic activity.

Taxation as a Tool for Economic Growth

Taxation influences consumer behavior, business investment, and government revenue, shaping the economy. It is broadly categorized into:

(i) Direct Taxes

- **Definition:** Levied directly on income and profits (e.g., Income Tax, Corporate Tax).
- **Impact on the Economy:**
 - Influences savings and investment – Higher taxes may discourage savings and investments, while lower taxes can stimulate economic activity.
 - Promotes wealth distribution – Progressive taxation ensures economic equity.
 - Encourages entrepreneurship – Lower corporate tax rates foster business expansion.

(ii) Indirect Taxes

- **Definition:** Levied on goods and services (e.g., GST, Customs Duty).
- **Impact on the Economy:**
 - Affects price stability – Higher indirect taxes raise prices, reducing affordability.
 - Enhances government revenue – Enables funding for development projects.
 - Influences consumer demand – Lower tax rates can increase demand, boosting production.

GST and Economic Efficiency

The implementation of GST in 2017 streamlined India's tax system, replacing multiple indirect taxes with a unified structure.

Key Impacts of GST

- **Reduced logistics costs** – Elimination of state-border checkpoints lowered transportation costs.
- **Improved supply chain efficiency** – Average daily truck travel increased from 225 km to 300-325 km.
- **Enhanced trade competitiveness** – India's Logistics Performance Index (LPI) ranking improved from 44 (2018) to 38 (2023).
- **Lower logistics costs as % of GDP** – Reduced by 0.8-0.9 percentage points (FY14-FY22).
- **Improved tax compliance** – Increased transparency, reduced tax evasion.

Direct Tax Reforms and Consumption Boost

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Good News for Middle-Class Taxpayers

- 'Nil tax' slab up to ₹12.00 lakh
- Zero Income Tax till ₹12 Lakh Income under New Tax Regime!
- Reduce taxes of middle class and leave more money in their hands

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The 2025 Income Tax reforms aim to ease the tax burden on middle-class taxpayers, enhancing disposable income and consumption.

(i) Key Direct Tax Reforms and Their Impact

Reform	Impact
No income tax for individuals earning up to Rs 12 lakh	Increases disposable income, stimulating demand.
Expansion of safe harbour rules	Reduces litigation, fostering a stable tax environment.
Tonnage Tax Scheme for Inland Vessels	Supports logistics sector growth.
Extension of tax benefits for start-ups	Encourages innovation and entrepreneurship.
Lower corporate tax rates for MSMEs	Enhances global competitiveness of small businesses.

(ii) Projected Economic Impact

- Marginal Propensity to Consume (MPC) of 0.7: Leads to an additional Rs 65,000-70,000 crore in annual consumption.
- **Fiscal Multiplier Effect:**
 - Multiplier of 3 Economic expansion of Rs 3-3.3 lakh crore.
 - Boosts employment and investment growth.

Multiplier Effect on Economic Growth

A balanced taxation policy creates a positive cycle of consumption, production, and investment:

(i) Higher Consumer Spending

- Increased demand for goods and services.
- Leads to higher business revenues.

(ii) Rising Production

- Manufacturers respond to demand by expanding output.
- Growth in industrial and service sectors.

(iii) Employment Growth

- More jobs in labor-intensive industries (e.g., manufacturing, retail).
- Rising household income further stimulates demand.

(iv) Investment Growth

- Businesses expand to meet demand.
- Strengthens economic dynamism and innovation.

(v) Higher Government Revenue

- Increased GST collections and corporate tax receipts.
- Enables greater public investment in infrastructure and welfare programs.

Sectoral Implications of Increased Consumption

(i) Durable Goods

- Higher demand for automobiles, electronics, and home appliances.
- Encourages domestic manufacturing and allied industries.

(ii) Essential Goods

- Increased spending on nutritional food and healthcare.
- Improves public health indicators and human capital development.

(iii) Services

- Growth in hospitality, tourism, and e-commerce.
- Revitalization of retail and digital economy.

(iv) Real Estate

- Higher demand for housing and commercial properties.
- Stimulates the construction sector and allied industries.

Revenue Implication

- **GST Rate Assumption:** 12%
- **Projected additional consumption:** Rs 3.3 lakh crore Generates Rs 40,000 crore in indirect tax revenue.
- Revenue reinvestment in infrastructure, digital transformation, and sustainable energy.

Impact of Monetary Policy: Interest Rate Reduction

The Monetary Policy Committee (MPC) of RBI is expected to reduce the Repo Rate after five years, fostering credit growth.

Expected Outcomes

- **Business Expansion** – Lower capital costs encourage industrial growth.
- **Housing and Automobile Growth** – Cheaper loans boost consumer purchases.
- **Debt Reduction** – Lowers financial burdens on businesses and households.
- **Improved Liquidity** – Strengthens market confidence and investments.

Indirect Tax Reforms: Custom Duty Rationalization

India is focusing on Customs Duty Rationalization to:

- Simplify tariff structures – Enhancing trade facilitation.
- Improve global competitiveness – Reducing production costs.
- Support domestic manufacturing – Encouraging Make in India.
- Reduce import dependence – Strengthening foreign exchange reserves.

Conclusion

Taxation plays a pivotal role in balancing production and consumption to achieve sustainable economic growth.

- **Direct Tax Reforms** Increase disposable income, encouraging consumption and investment.
- **GST & Indirect Taxes** Improve compliance, efficiency, and economic dynamism.
- **Multiplier Effect** Creates a virtuous cycle of demand, production, employment, and revenue generation.

- **Monetary Policy & Custom Duty Reforms** Further stimulate investment and industrial growth.

TOPIC 11 : BUDGET 2025-26: TOWARDS TAX REFORMS

Introduction

Modern tax administration is not merely about revenue collection but about fostering trust between taxpayers and the government. The shift from an enforcement-heavy approach to a compliance-friendly system reflects responsive governance that aligns with economic realities and taxpayer concerns. At its core, the 2025-26 Finance Bill seeks to reduce tax burdens, promote investment, and simplify processes, reinforcing India's commitment to a fair and efficient tax system. The Union Budget 2025-26 builds on this progress, introducing tax reforms aimed at:

- Simplifying tax compliance to reduce administrative burdens.
- Rationalizing tax rates to boost disposable income and investment.
- Encouraging voluntary compliance over punitive enforcement.
- Enhancing digital tax administration for efficiency and dispute resolution.

Relief for the Middle Class: Lower Taxes, Higher Disposable Income

(i) Restructuring of Personal Income Tax Slabs: One of the biggest highlights of this budget is the restructuring of personal income tax slabs, benefiting the middle class.

Key Tax Slab Reforms:-

Annual Income	Previous Tax Rate	New Tax Rate (2025-26)
Up to ₹5 lakh	0% (No Tax)	0% (No Tax)
₹5 lakh - ₹8 lakh	10%	5%
₹8 lakh - ₹12 lakh	15%	10%
Above ₹12 lakh	20%-30%	20%

Key Benefits

- Higher disposable income: More money in the hands of individuals, leading to increased consumption and savings.
- Boost to demand: Rising household spending drives economic activity across various sectors.
- Simplified taxation: Removal of unnecessary complexity in the multi-tiered tax system.

(ii) Removal of Outdated Property Tax Restrictions

- Previously, homeowners faced restrictions when claiming nil annual value for their second self-occupied house.
- The 2025-26 Budget removes these restrictions, ensuring individuals are not unfairly penalized for owning multiple properties.



Making Tax Compliance Easier and Less Stressful

A good tax system should facilitate compliance, not create unnecessary hurdles. The Budget 2025-26 introduces several measures to ease compliance and reduce taxpayer anxiety.

(i) Key Compliance Reforms

Measure	Previous Rule	New Reform (2025-26)	Impact
ITR Filing Deadline Extension	24 months to file updated returns	Extended to 48 months	More time for rectifications, reducing stress on taxpayers.
Presumptive Taxation for NRIs	No clear provision	Introduced for services related to electronic manufacturing	Greater tax clarity for foreign investors.
TDS/TCS Rationalization	Higher TDS/TCS rates for non-filers	Eliminates excessive deductions	Prevents disruption of business cash flows.
Criminal Liability for TCS Delay	TCS delays could lead to criminal prosecution	Now carries monetary penalties only	Encourages compliance without excessive fear.

(ii) Benefits of Compliance Reforms

- **Reduced litigation:** More clarity reduces unnecessary tax disputes.
- **Encouragement of voluntary compliance:** Taxpayers can rectify mistakes without severe penalties.
- **Smoother cash flow for businesses:** Less disruption due to tax deductions.

Encouraging Investment and Economic Growth

Tax policy is no longer just about revenue collection—it is a tool for economic expansion. The 2025-26 Budget focuses on attracting investment, supporting entrepreneurs, and boosting key industries.

(i) Key Investment-Focused Reforms

Sector	Reform Introduced	Expected Impact
Startups	Tax benefits extended for businesses incorporated until April 1, 2030.	Supports new ventures, drives innovation, and enhances job creation.
Shipping Industry	New Tonnage Tax Scheme for Indian shipping companies.	Strengthens the maritime sector and promotes inland water transport.
International Financial Services Centre (IFSC)	Exemptions on capital gains and dividends for ship-leasing units.	Attracts global financial investors, increasing India's role in global finance.

(ii) Growth Impact

- Strengthens MSMEs and startups, driving job creation.
- Boosts India's global competitiveness in financial services and logistics.
- Attracts foreign investments, supporting long-term economic expansion.

A Smarter, Fairer Tax System

Beyond personal and corporate tax benefits, the budget includes structural changes to reduce tax disputes and improve administrative efficiency.

**(i) Key Tax System Enhancements**

Measure	Reform Introduced	Expected Outcome
Simplified Compliance for Charitable Trusts	Registration extended from 5 years to 10 years.	Reduces administrative burden on non-profits.
Multi-Year Framework for Transfer Pricing	Allows businesses to set Arm's Length Price (ALP) over multiple years.	Enhances predictability for multinational corporations.
AI-driven Tax Administration	Digital monitoring and AI-driven assessments for faster processing.	Speeds up refunds and reduces tax errors.

(ii) Benefits of Structural Tax Reforms

- Ensures fairness by reducing unnecessary penalties for minor compliance issues.
- Encourages investment by providing long-term tax stability.
- Reduces litigation by making dispute resolution quicker and more transparent.

Conclusion: A Balanced, Growth-Oriented Tax Approach

Key Tax Performance Indicators (2024-25 RE)

- Tax-to-GDP Ratio: 11.9%
- Direct Taxes-to-GDP Ratio: 6.9%
- Tax Buoyancy: 1.20 (Nominal GDP growth at 10.1%)

The Union Budget 2025-26 builds upon previous tax reforms, further simplifying compliance, enhancing investment, and reducing disputes. The reforms align with India’s long-term growth ambitions, ensuring a progressive, efficient, and transparent tax system.

At its heart, this transformation follows the PRUDENT approach:

PRUDENT	Description
Proactive	Adapts tax policies to evolving economic needs.
Responsive	Addresses taxpayer concerns efficiently.
User-Friendly	Simplifies processes for individuals and businesses.
Digitally-Enabled	AI-driven assessments and faster dispute resolution.
Environmentally Inclusive	Supports sustainable sectors like shipping and logistics.
Neutral	Ensures a fair tax structure for all income groups.
Transparent	Reduces corruption and enhances compliance.

TOPIC 12: BUDGET 2025: CHARTING INDIA'S NEXT INFRASTRUCTURE FRONTIER

India’s infrastructure development is no longer about catching up but about setting global benchmarks. Over the past decade, the country has significantly improved its transport, energy, and urban infrastructure. The Union Budget 2025-26 and the Economic Survey 2024-25 outline an ambitious path toward achieving

a \$30 trillion economy by 2047, with a strong emphasis on shipbuilding, urban development, and renewable energy. This budget marks a new phase of India’s infrastructure modernization, aimed at enhancing economic growth and global competitiveness.

The 2014-2024 Legacy: Building Blocks of Progress

The past decade (2014-2024) has been marked by significant improvements in infrastructure, which have laid a strong foundation for India’s future growth.

EXPANSION OF PM GatiShakti PORTAL

- PM Gati Shakti Portal extended to Private Sector
- Company Access to relevant data, maps & logistics to assist in enhanced planning & delivery
- Major Boost to Cargo Movement with reduction in logistics cost



(i) Expansion of Transport Infrastructure

- **National Highways:** Grew from 91,287 km (2014) to 146,145 km (2024), a 60% increase, reducing logistical costs by 15%.
- **Rural Roads:** 3.74 lakh km of rural roads were built under PMGSY, linking 7.55 lakh habitations, enhancing rural connectivity and economic opportunities.
- **Shipping and Ports:** India’s global shipping ranking improved from 44th to 22nd, and port cargo-handling capacity doubled to 1,630 million tonnes (MT).
- **Metro Rail:** Expanded fourfold from 248 km (2014) to 993 km (2024), enhancing urban mobility and decongesting cities.

(ii) Urban Infrastructure and Housing

- **Pradhan Mantri Awas Yojana (Urban):** Provided 1.18 crore houses to low-income households, addressing urban housing shortages.

- **Maritime Development Fund:** ₹25,000 crore to support shipbuilding clusters, research, and technology development.
 - **Custom Duty Exemptions:** On ship components to reduce manufacturing costs.
 - **Shipbreaking Credit Notes:** 40% of scrap value reimbursed to promote domestic recycling.
 - **Employment Generation:**
 - 2.1 lakh direct and 14 lakh indirect jobs currently in shipbuilding.
 - Target: 5 million jobs by 2030, benefiting coastal states (Gujarat, Kerala, Tamil Nadu, Andhra Pradesh, Odisha, West Bengal, Maharashtra, Goa).
- (iii) Legislative Reforms in the Maritime Sector**
- To complement these initiatives, the Winter Session 2024 introduced four key bills:
- **Coastal Shipping Bill, 2024:** Creates a comprehensive regulatory framework for coastal trade.
 - **Merchant Shipping Bill, 2024:** Expands vessel ownership to NRIs, OCIs, and Indian companies.
 - **Carriage of Goods by Sea Bill, 2024:** Streamlines legal responsibilities and dispute resolution.
 - **Bills of Lading Bill, 2024:** Modernizes shipping documentation.
- These bills are expected to boost ease of doing business and improve India's global maritime ranking.

Strategic Implications of India's Shipbuilding Push

Key Issue	Current Scenario	Budget 2025 Strategy	Expected Impact
Shipbuilding Market Share	0.07% (Rank 22nd)	Top 10 by 2030	Boost manufacturing
Ship Ownership	1,526 ships	Expand fleet	Reduce forex outflow
Freight Payment	\$75 billion/year	Reduce dependence	Strengthen maritime economy
Employment	2.1 lakh direct jobs	5 million by 2030	Boost coastal economies
Investment & Financing	Limited domestic funding	₹25,000 crore fund	Support shipyards

Conclusion:

The Union Budget 2025-26 is a historic moment for India's infrastructure and economic transformation. The focus on urban development, renewable energy, and shipbuilding signals a strategic pivot to long-term economic security and job creation.

The shipbuilding initiative is particularly significant because: It enhances economic self-reliance, reducing foreign freight payments. It creates millions of jobs in coastal states. It strengthens India's maritime trade and strategic autonomy. With strong policy support, legislative reforms, and financial incentives, India is set to become a global leader in infrastructure and shipbuilding, accelerating its journey to a \$30 trillion economy by 2047.