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RESEARCH ARTICLE

A COMPREHENSIVE AND COMPARATIVE ANALYSIS OF UNION BUDGET 2025

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ABSTRACT

The Union Budget 2025, delivered by Finance Minister Nirmala Sitharaman, prioritises economic growth, fiscal prudence, and social welfare (Government of India, 2025). The budget allocates ₹50.65 lakh crore, emphasising infrastructure development, defence, rural employment, and agricultural support, while preserving essential subsidies. Tax reforms seek to enhance middle-class consumption, whereas elevated capital expenditure is anticipated to foster investment and job development. The fiscal deficit aim is a primary concern, maintaining equilibrium between developmental objectives and economic stability. The budget emphasises digitalisation, green energy projects, and manufacturing incentives to promote sustained growth. Sectoral analysis reveals a robust advocacy for public-private partnerships and sustainable economic policies. This study rigorously analyses the budget's influence on inflation, employment, and investment sentiment. The budget establishes a robust basis for economic resilience; nonetheless, its total efficacy will hinge on successful execution and international economic circumstances (Government of India, 2025).

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INTRODUCTION

The Union Budget is a vital economic policy tool that influences a nation's fiscal direction and developmental priorities (Government of India, 2025). The Union Budget 2025, delivered by Finance Minister Nirmala Sitharaman, arrives at a crucial juncture as India addresses post-pandemic economic recovery, inflationary challenges, and global geopolitical uncertainty. This budget seeks to achieve equilibrium between fiscal austerity and growth stimulation through the implementation of tax changes, augmentation of capital investment, and strengthening of social welfare initiatives. This research study offers an extensive examination of the Union Budget 2025, assessing its macroeconomic effects, sectoral distributions, and consequences for economic growth, employment, and financial stability. This study evaluates major fiscal policies, including personal income tax adjustments, fiscal deficit targets, and sector-specific spending, to determine the budget's alignment with India's long-term economic objectives. The research examines stakeholder responses, encompassing market reactions, industry viewpoints, and public sentiment, to assess the budget's efficacy in tackling current economic difficulties. This research employs an empirical and qualitative methodology to elucidate the broader consequences of Budget 2025 on India's economic landscape. The results provide clarity on the government's policy orientation, fiscal viability, and the prospective path of economic expansion in the forthcoming years (Government of India, 2025).

Review of Literature: The Union Budget is a vital economic tool that influences a country's fiscal strategy and developmental objectives. A number of experts have examined its influence on sectoral allocations, macroeconomic stability, and financial markets.

Sectoral Allocations and Economic Growth: Kumar & Kumar (2021) underscore the significance of sectoral allocations in the Union Budget, asserting that focused expenditures in critical sectors foster equitable growth and socio-economic stability. Their research contends that deliberate fiscal allocations are essential for regional development and social equality. Gupta and Basu (2020) contend that public investment in infrastructure acts as a spur for private sector expansion, hence enhancing economic inclusion. Furthermore, Das and Mohanty (2022) emphasise the increasing attention on the gig economy and start-ups, indicative of global economic shifts in fiscal policies.

Sustainability, Accountability, and Fiscal Discipline: Recent discourse on fiscal policy emphasises the incorporation of sustainability and accountability within the budgeting framework. Wang and Chan (2020) emphasise the necessity of integrating environmental and social factors into fiscal planning. Goetz and Jenkins (2001) emphasise that transparency and community participation augment accountability in budgetary processes. Chakraborty (2016) and Bhanumurthy & Singh (2018) examine the budget's function in regulating inflation, economic growth, and public debt, highlighting the imperative of robust fiscal policies for macroeconomic stability.

Impact on Financial Markets and Investor Sentiment: The declaration of the Union Budget profoundly impacts financial markets and investor sentiment. Verma and Sharma (2022) analyse stock market responses to fiscal measures, determining that early variations in stock prices signify investor sentiment and market anticipations. Mukherjee and Pandey (2018) similarly discover that market reactions to fiscal stimulus and business tax policies affect long-term financial stability.

Taxation and Economic Growth: Tax reforms remain a crucial component of fiscal strategies, designed to promote economic growth. The Union Budget 2025-26 implemented substantial income tax reductions to stimulate middle-class expenditure and private investment. Moody’s (2025) warns that although these measures enhance disposable income, their efficacy in stimulating economic development is still dubious. Bhattacharya and Rao (2015) further examine the influence of taxation on income distribution and government revenue, asserting that modifications in direct taxation affect consumption and savings behaviours. Piketty and Qian (2019) endorse this perspective, asserting that tax rationalisation improves compliance and expands the tax base.

Fiscal Policy and Macroeconomic Stability: Fiscal policies are essential in determining economic growth patterns. Keynesian economic theory posits that government spending and taxation substantially influence aggregate demand and economic stability (Keynes, 1936). Rangarajan and Srivastava (2011) emphasise that fiscal discipline and targeted expenditure are essential for sustainable economic growth in India.

Public Welfare and Social Spending: Public welfare remains a key priority in budgetary decisions. Dreze and Sen (2013) contend that efficient social welfare policies enhance human capital development and foster long-term economic advancement. Government expenditure in healthcare, education, and rural employment is essential for promoting economic inclusivity. The current literature on the Union Budget highlights its multifaceted influence on economic growth, financial markets, fiscal discipline, and social welfare. Although sectoral investments and tax reforms seek to promote growth and equity, obstacles persist in achieving budgetary sustainability and successful execution. Subsequent studies may investigate the enduring economic ramifications of Budget 2025 on employment, private investment, and inflation management.

Objectives of the Study

1. To examine sectoral allocations and investment priorities of the 2025 budget.
2. To evaluate the policies to determine their effect on economic growth.
3. To analyse and assess the implemented direct tax reforms
4. To examine the effects of welfare programs and subsidies
5. To evaluate market and industry reactions to the budget

Scope of the Study

This study focuses on the Budget 2025 presented by the Government. It covers:

- It will evaluate the congruence of the budget with India's sustained economic growth and fiscal stability.
- This study will examine the direct and indirect tax alterations enacted in the budget, concentrating on their impacts on individuals, businesses, and government revenue.
- The budget's emphasis on critical areas including infrastructure, agriculture, healthcare, education, and digital transformation will be examined.
- The study will analyse the impact of welfare programs, subsidies, and employment initiatives on poverty alleviation and social security.
- The study will examine the Union Budget 2025 in comparison to previous budgets to identify trends, policy modifications, and economic priorities. Analysis of prior fiscal measures will guide the assessment of the effectiveness of current policies.

RESEARCH METHODOLOGY

Research Design: This study employs a descriptive and analytical research design to examine the Union Budget 2025. The descriptive element encapsulates the budget's fundamental aspects, while the analytical component evaluates its economic and social implications. The study primarily employs secondary data sources, including official documents like the Union Budget 2025 address, the Economic Survey 2024-25, and reports from the Finance Ministry, alongside published literature such as books, research papers, and journal articles pertaining to fiscal policies, taxation, and economic growth. Furthermore, it integrates data from the Reserve Bank of India (RBI), NITI Aayog, the World Bank, and the International Monetary Fund (IMF), as well as evaluations from business journals, financial entities, and stock market analyses.

Data Analysis Techniques

The research employs the following techniques to analyze the collected data

Comparative Analysis: The Union Budget 2025 will be juxtaposed with earlier budgets to discern significant policy alterations, fiscal priorities, and economic developments.

Sectoral Impact Assessment: An analysis will be conducted on budget allocations for infrastructure, agriculture, healthcare, and social welfare to assess their developmental impact.

Market and Industry Reactions: Stock market patterns, corporate investment responses, and expert analyses will be assessed to evaluate the business community's impression of the budget.

Analysis

SECTORAL ALLOCATIONS AND INVESTMENT PRIORITIES: The Union Budget 2025 encompasses a combination of fiscal policies, infrastructure investments, tax reforms, and sector-specific allocations designed to promote economic growth, generate employment, and achieve fiscal consolidation. A thorough examination of essential financial allocations ensues, emphasising their possible effects.

Agriculture and Rural Development: The 2025 budget improves access to agricultural financing, designating ₹22 lakh crore for farm loans. The High-Yield Crop Program prioritises the cultivation of cotton and pulses, whereas rural infrastructure initiatives enhance irrigation systems. These initiatives seek to improve production and economic stability for 77 million farmers (Press Information Bureau, 2025).

Infrastructure & Transport: Infrastructure is prioritised with an allocation of ₹5.48 lakh crore, comprising ₹2.87 lakh crore for highways and ₹2.52 lakh crore for railways. The establishment of a ₹2.5 lakh crore maritime development fund facilitates shipbuilding and port modernisation, promoting sustained economic growth (PRS Legislative Research, 2025).

Industrial and Manufacturing Sector: The National Manufacturing Mission enhances "Make in India" by supporting MSMEs, facilitating technology access, and ensuring quality production. The ₹50,000 crore MSME loan assistance and investment in rare earth elements enhance India's industrial competitiveness (Economic Survey, 2025).

Energy and Sustainability: The Ministry of New and Renewable Energy is allocated ₹26,549 crore, reflecting a 53% increase. Investments in solar, wind, and hydrogen initiatives (₹1.5 lakh crore) demonstrate India’s dedication to renewable energy. The objective of achieving 100 GW of nuclear capacity by 2047 and providing incentives for electric vehicles is consistent with environmental initiatives (Ministry of Finance, 2025).

Digital Economy and Technology: The budget allocates a ₹25,000 crore fund for artificial intelligence and semiconductor research, as well as for the enhancement of 5G and internet accessibility. A ₹10,000 crore deep-tech startup fund and incentives for fintech demonstrate initiatives to establish India as a worldwide technology hub (NASSCOM, 2025).

Education and Skill Development: The education sector is allocated ₹1.28 lakh crore, reflecting a 6.65% rise. Principal projects encompass Skill India 2.0, the establishment of three new IITs, and the formation of AI research institutes. An AI Centre of Excellence with a budget of ₹500 crore promotes innovation in education (University Grants Commission, 2025).

Healthcare and Social Welfare: The health budget increases by 9.8% to ₹99,858 crore, extending Ayushman Bharat to encompass 70 million families. Reductions in GST on necessary medications and extensions of maternity benefits are intended to enhance public health (Ministry of Health & Family Welfare, 2025).

Entrepreneurial Ventures & Freelance Economy: A ₹10,000 crore Fund of Funds facilitates entrepreneurs, while 50,000 Atal Tinkering Labs promote innovation. A social security initiative offers healthcare to one crore gig workers, promoting workforce inclusion (Startup India, 2025).

Defense and National Security: Defence expenditure rises to ₹6.81 lakh crore (a 9.5% increase), comprising ₹4.7 lakh crore for personnel and ₹1.8 lakh crore for modernisation. Indigenisation inside "Aatmanirbhar Bharat" persists in bolstering national security (Ministry of Defence, 2025).

Financial Markets and Investor Sentiment: Tax concessions for the middle class (up to ₹12 lakh tax-exempt income) enhance consumption. Stable fiscal policy, reforms in foreign investment, and a diminished fiscal deficit (4.4% of GDP) seek to enhance investor confidence (Reserve Bank of India, 2025).

ASSESSMENT OF THE POTENTIAL ECONOMIC IMPACT OF BUDGETARY ALLOCATIONS AND POLICY MEASURES

The Union Budget 2025 delineates a strategic framework for economic expansion, fiscal prudence, and social welfare. The budgetary allocations and policy actions seek to augment productivity, promote consumption, and propel investments in essential industries. This evaluation analyses the possible economic consequences of significant budgetary provisions.

Impact on Economic Growth and Infrastructure Development: A significant feature of the budget is the ₹11.1 lakh crore commitment for capital expenditure, with a pronounced focus on infrastructure initiatives, encompassing roads, trains, and urban development. Augmented investment in transportation and logistics promotes connection, diminishes transportation expenses, and optimises supply chain efficiency (PRS Legislative Research, 2025). The modernisation of the railway sector and regional air connectivity under the UDAN project are anticipated to enhance economic activity and generate employment (Ministry of Finance, 2025). These initiatives are expected to foster sustained GDP growth and economic expansion.

Effects on the Manufacturing and Industrial Sector: The extension of the Production Linked Incentive (PLI) program for electronics, semiconductors, and the automotive sector is anticipated to draw private investment and bolster domestic production (Economic Survey, 2025). The allocation of ₹50,000 crore for MSMEs guarantees loan accessibility, promoting the expansion and innovation of small enterprises. Moreover, investments in essential minerals and rare earth elements seek to diminish import reliance and enhance industrial robustness (Ministry of Commerce & Industry, 2025).

Implications for Agriculture and Rural Development: The ₹22 lakh crore agricultural credit allocation, together with short-term loans from the Kisan Credit Card (KCC) scheme, improves liquidity for farmers. The emphasis on high-yield crop initiatives, irrigation schemes, and rural infrastructure enhancement is anticipated to elevate agricultural production and income levels (Press Information Bureau, 2025). These steps are essential for guaranteeing food security and stabilising rural employment.

Impact on Energy and Sustainability: The augmented investment of ₹1.5 lakh crore for renewable energy initiatives underscores the government's dedication to mitigating carbon emissions and attaining energy security (Ministry of New & Renewable Energy, 2025). The objective of expanding nuclear energy to 100 GW by 2047 is consistent with India's long-term sustainability objectives. Incentives for electric vehicles (EVs) and battery production will expedite the green transition and diminish reliance on fossil fuels.

Digital Economy and Innovation Boost: A ₹25,000 crore investment in artificial intelligence and semiconductor research highlights the government's commitment to digital transformation. Enhancing rural broadband and fintech assistance will close the digital gap and promote financial inclusion (NASSCOM, 2025). The establishment of a ₹10,000 crore deep-tech startup fund bolsters India's standing in international technology markets.

Effects on Social Welfare and Human Capital Development: Education is allocated ₹1.28 lakh crore, emphasising AI-enhanced learning and vocational training. The Skill India 2.0 initiative seeks to enhance the workforce's digital and technical competencies, hence improving employability (University Grants Commission, 2025). Increased healthcare investment (₹99,858 crore) and the extension of Ayushman Bharat would enhance medical accessibility and public health results (Ministry of Health & Family Welfare, 2025). The Union Budget 2025 strategically allocates budgetary resources to infrastructure, manufacturing, technology, and human capital development, emphasising sustainable and equitable growth. Tax reductions and MSME support stimulate immediate economic activity, whilst long-term investments in renewable energy and digital transformation create a platform for future resilience. Nonetheless, successful execution and financial discipline are essential to optimising the potential advantages of these policy initiatives.

EVALUATION OF THE DIRECT AND INDIRECT TAX REFORMS INTRODUCED IN THE BUDGET 2025

The Union Budget 2025-26, delivered by Finance Minister Nirmala Sitharaman, offers substantial adjustments in direct and indirect taxation, extending the modifications established in the 2024-25 budget. This assessment contrasts the principal tax revisions of 2025 with those of 2024, emphasising their prospective effects on taxpayers and the overall economy.

Direct Tax Reforms

Personal Income Tax Relief: For the fiscal year 2024-25, the income tax exemption threshold was established at ₹700,000, with revised tax bands advantageous for those earning up to ₹1.5 million. For the fiscal year 2025-26, the exemption threshold has been increased to ₹1.2 million, accompanied by modifications to tax bands that benefit individuals earning up to ₹2.4 million. This modification seeks to augment discretionary income for the middle class, therefore enhancing consumption (Reuters, 2025).

Standard Deduction: For the fiscal year 2024-25, the standard deduction was raised from ₹50,000 to ₹75,000. For the fiscal year 2025-26, the standard deduction is maintained at ₹75,000, hence continuing to offer assistance to salaried individuals.

Capital Gains Tax: For the fiscal year 2024-25, short-term capital gains tax rates were elevated from 15% to 20%, while long-term capital gains tax rates were established at 12.5%. Additionally, the exemption threshold was enhanced from ₹100,000 to ₹125,000. 2025-26: No additional modifications have been declared in this domain, preserving the structure from the preceding year.

Indirect Tax Reforms

Customs Duty Adjustments: In 2024-25, the government decreased import levies on some motorcycles from 50% to 30%, intending to advantage consumers and indicate a shift from restrictive trade policies (Financial Times, 2025). In 2025-26, additional duty reductions have been implemented on commodities including cancer medications, jewellery, and furniture, thereby fostering local production and enhancing the affordability of vital goods.

Goods and Services Tax (GST) Compliance Enhancements: In 2024-25, a Track and Trace Mechanism was implemented for designated commodities to mitigate tax evasion. In 2025-26, the government has proposed to redefine the handling of vouchers, clarifying that they do not constitute a supply of goods or services under GST, thus simplifying compliance for enterprises (Business Standard, 2025). The 2025-26 budget enhances last year's measures by offering increased tax relief to the middle class and further streamlining the tax structure. The elevation of the income tax exemption threshold and modifications to tax bands are anticipated to augment disposable income, potentially stimulating consumer expenditure. Nevertheless, several analysts, including those from Moody's, warn that although these measures may provide immediate advantages, their long-term effects on economic growth are indeterminate. It is proposed that capital investment in infrastructure may yield a more durable enhancement to the economy (Reuters, 2025). The ongoing decrease of customs tariffs and the clarification of GST laws reflect the government's dedication to bolstering local industries and streamlining tax compliance. These measures are expected to reduce expenses for consumers and stimulate production, hence fostering economic expansion. The tax revisions in the 2025-26 budget signify an advancement over the prior year's attempts, providing immediate assistance to taxpayers while instituting structural modifications to bolster long-term economic goals. The efficacy of these initiatives will hinge on their execution and the reactions of consumers and companies.

STUDY OF THE IMPACT OF WELFARE SCHEMES AND SUBSIDIES INTRODUCED IN UNION BUDGET 2025

The Union Budget 2025-26, delivered by Finance Minister Nirmala Sitharaman, unveils numerous welfare initiatives and subsidies designed to advance social justice, stimulate economic growth, and assist marginalised populations. This analysis evaluates the principal appropriations and their possible effects, citing data from the budget and expert assessments.

Increased Allocation for Social Justice and Welfare: The budget substantially enhances financing for social justice and welfare activities, with an increase of almost 35% relative to the prior fiscal year. This improvement highlights the government's dedication to assisting marginalised segments of society, including those with disabilities, elderly citizens, and economically disadvantaged populations. The Scholarships for Higher Education for Young Achievers Scheme (SHREYAS), aimed at Scheduled Castes (SCs), has garnered ₹472 crore in total funding. This encompasses allocations for sub-schemes such the National Fellowship for SCs (₹212 crore), Free Coaching for SCs and OBCs (₹20 crore), Top Class Education for SCs (₹110 crore), and the National Overseas Scholarship for SCs (₹130 crore) (The Economic Times, 2025).

Subsidy Allocations: The budget emphasises subsidies, allocating ₹4.57 trillion for food, fertilisers, and rural jobs. This sum is almost unchanged from the prior year, signifying a continued dedication to bolstering the rural economy and guaranteeing food security (Reuters, 2025). It is significant because the total subsidy expenditure is projected to decrease to a six-year low in absolute terms and a seven-year low in relation to the Gross Domestic Product (GDP). This decrease indicates a strategy transition towards more focused subsidy allocation and a prioritisation on budgetary consolidation (The Indian Express, 2025).

Impact on Social Sector Spending: Despite a 7% increase in government expenditure, from ₹47.16 lakh crore in 2024-25 to ₹50.65 lakh crore in 2025-26, the allocation for the social sector has not experienced a corresponding increase. In the last ten years, social sector expenditure has averaged approximately 21% of total spending and 2.8% of GDP. The current budget reflects this trend, highlighting the necessity for increased emphasis on social sector allocations to tackle persistent issues in health, education, and social welfare (India Development Review, 2025). The Union Budget 2025-26 reflects a dedication to social justice and welfare by enhancing allocations to certain schemes and maintaining emphasis on subsidies for vital sectors. Although these initiatives aim to assist marginalised areas and foster economic progress, the comparatively stable proportion of social sector expenditure within the overall budget underscores the necessity for ongoing lobbying and strategic planning to guarantee holistic social development.

ANALYSIS OF MARKET AND INDUSTRY RESPONSES TO THE BUDGET 2025

The Union Budget 2025-26, delivered by Finance Minister Nirmala Sitharaman, has generated diverse reactions across several economic sectors. The budget emphasises augmenting middle-class purchasing power via personal income tax reductions, fostering inclusive growth, and stimulating private investment, which has been pivotal to these responses.

Consumer Goods and Automobiles: The elevation of the income tax exemption level from ₹700,000 to ₹1.28 million is expected to enhance disposable income for the middle class, consequently invigorating spending. This policy has garnered favourable responses from consumer goods businesses as Hindustan Unilever, Nestle, and Dabur, which had stock increases ranging from 1.5% to 2%. Automakers including as Bajaj Auto, Hero MotoCorp, and Maruti Suzuki observed stock increases, ascribed to anticipated demand stemming from elevated consumer expenditure.

Real Estate and Footwear: The real estate sector exhibited a favourable response, as the Nifty Realty index increased by 3.4%, representing its most significant advance since June 2024. Entities like Phoenix Mills experienced substantial increases. Footwear manufacturers such as Bata India and Liberty Shoes experienced stock increases of 6.2% and 7.3%, respectively, due to regulatory initiatives favouring the leather industry.

Infrastructure: Notwithstanding the declared capital expenditure allocation of ₹11.2 trillion for 2025-26, the infrastructure sector conveyed dissatisfaction on the perceived insufficient increment. This mood resulted in a 3.4% reduction in the stocks of companies like Larsen & Toubro, representing its most significant one-day decrease since October 2024. The Nifty Infrastructure index declined by 1.1% overall.

Insurance: The modification of tax brackets, although advantageous for customers, prompted apprehensions within the insurance sector. HDFC Life and SBI Life had stock decreases ranging from 1% to 3%, as elevated tax exemption levels could diminish the appeal of tax-saving insurance products.

Market Overview

The whole stock market displayed varied responses to the budget. The Nifty 50 index registered a minor decrease of 0.11%, and the BSE Sensex saw a negligible rise of 0.01%. Investors weighed optimism about tax relief measures against apprehensions on the sufficiency of capital expenditure allocations.

Industry Perspectives: Industry leaders have predominantly endorsed the budget's initiatives. Aasif Malbari, Chief Financial Officer of Godrej Consumer Products, stated that investments in rural development and employment generation are anticipated to enhance economic activity and stimulate increased demand, hence creating new avenues for market expansion.

Recommendations for Effective Implementation and Future Policy Directions Based on Union Budget 2025: The Union Budget 2025-26, delivered by Finance Minister Nirmala Sitharaman, unveils multiple initiatives designed to invigorate economic growth, improve social welfare, and advance sustainable development. To facilitate the effective execution of these actions and to inform future policy trajectories, the following proposals are put forth:

Strengthening Infrastructure Investment

The budget designates ₹11.2 trillion for capital investment; however, apprehensions have emerged regarding the sufficiency of this increment in fostering long-term growth (Reuters, 2025).

- The government is advised to prioritise high-impact projects, concentrating on infrastructure initiatives capable of yielding substantial economic benefits, including transport networks, renewable energy installations, and digital infrastructure.
- Augment Public-Private Partnerships (PPPs): Foster increased private sector involvement by simplifying regulatory frameworks and providing incentives, thus harnessing private cash and expertise.

Deepening Economic Reforms: The budget has been criticised for prioritising immediate economic relief above essential reforms required for long-term growth (Reuters, 2025). To rectify this, the government ought to:

- Enact Agricultural Reforms: Modernise agricultural markets and supply chains to enhance efficiency and

augment farmer earnings. Revise labour laws to modernise rules, ensuring a balance between worker safeguards and labour market flexibility to promote job growth.
- Streamline Business Regulations: Alleviate bureaucratic obstacles to create a more favourable climate for startups and small enterprises.

Enhancing Social Sector Spending: Notwithstanding a general rise in government spending, the percentage designated for the social sector has remained relatively stable, averaging approximately 21% of total expenditure (India Development Review, 2025).

To foster inclusive development

- Augment Allocations for Health and Education: Enhance financial support to advance healthcare infrastructure and educational standards, especially in marginalised areas.
- Enhance Social Welfare Programs: Extend the scope of welfare initiatives to encompass a greater number of beneficiaries, guaranteeing that marginalised populations have sufficient assistance.

Fostering Sustainable Energy Initiatives: The budget emphasises long-term energy security, with intentions to augment nuclear capacity to 100 GW by 2047, which is a commendable initiative (Ember, 2025). To expand upon this:

- Invest in Renewable Energy: Allocate resources to advance solar, wind, and other renewable energy sources to diversify the energy portfolio and mitigate carbon emissions.
- Advocate for Energy Efficiency: Enact policies that foster energy conservation within various sectors and residential settings.

Maintaining Fiscal Prudence: The budget aims for a fiscal deficit of 4.4% of GDP year 2025-26, a reduction from 4.8% in the prior year (PRS Legislative Research, 2025). To accomplish this:

- Augment Revenue Collection: Fortify tax compliance initiatives and expand the tax base to elevate government revenues.
- Regulate Non-Essential Expenditures: Recognise and reduce expenditures in non-priority sectors to maintain budgetary discipline.

CONCLUSION

The Union Budget 2025, unveiled by Finance Minister Nirmala Sitharaman on February 1, 2025, implements substantial initiatives to promote economic growth and tackle socio-economic issues. A significant feature is the considerable personal income tax relief, with the exemption threshold increased from ₹8.07 lakh to ₹14.8 lakh, aimed at enhancing middle-class spending and savings. The budget prioritises agricultural growth via a high-yield crop initiative aimed at 17 million farmers and improved subsidised lending. Investments in infrastructure, manufacturing, and the energy sector, including a Nuclear Energy Mission targeting 100 GW by 2047, are specified. Although these initiatives demonstrate a strategic attempt to reconcile fiscal conservatism with growth-oriented policies, the efficacy of tax reliefs in substantially enhancing economic growth is yet to be determined.

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