



EXPECTATIONS FROM THE UNION BUDGET 2025

The Union Budget for the financial year 2025-2026 is scheduled to take place on February 1, 2025, at 11 am.

☞ All eyes are on the Union Budget 2025-26 as it sets the tone for India's economic priorities. From tax reforms to infrastructure spending, its impact will ripple across businesses and households alike. ☞



Few Expectations from Budget 2025



As the Union Budget 2025 approaches, various stakeholders have articulated their expectations and priorities for the upcoming fiscal year.

Here are the key expectations from the budget:

1. Increased Capital Expenditure:

- There is a strong push for maintaining and increasing capital expenditure (capex) to support infrastructure development. FICCI has recommended a 15% increase in capex for FY26 over the previous year, emphasizing the importance of investments in physical, social, and digital infrastructure to sustain economic growth amid global uncertainties.

2. Tax Reforms:

- Expectations include potential reductions in personal income tax rates and an increase in the basic exemption limit from ₹3 lakh to ₹5 lakh under the new tax regime. Such measures aim to boost disposable income and stimulate consumer spending, which is crucial for reviving demand in the economy.

3. Focus on Employment Generation:

- Job creation is a priority, with calls for enhanced employment guarantee schemes and upskilling initiatives to address structural unemployment issues. Stakeholders emphasize the need for jobs that meet living costs rather than just creating employment opportunities.



4. Disincentivizing the old regime:

- Taxpayers can expect changes that will make the old tax regime less beneficial than the concessional tax regime. This can happen either by restructuring the tax slabs/rates in the concessional tax regime while leaving the old regime unchanged, as has been done in the past, or just scrapping the old regime.

5. Investment in Education and Digital Literacy:

- Experts are urging significant boosts to the education sector, focusing on enhancing quality, digital literacy, and skilling programs to prepare the workforce for future challenges.

6. Sustainability and Green Initiatives:

- There is an expectation for policies that promote sustainability and green energy initiatives as part of India's commitment to combating climate change. This includes investments in renewable energy projects and incentives for sustainable practices across industries.

7. Fiscal Deficit Management:

- The government aims to reduce the fiscal deficit to below 4.5% of GDP, aligning with fiscal consolidation goals while supporting growth initiatives through strategic spending.

8. Technological Advancements:

- A focus on innovation within the digital economy is anticipated, with investments aimed at enhancing technological infrastructure and capabilities across sectors.

Key Sectors and Stocks in Focus :



1. Defence and Military Modernization

- Increased investment is anticipated in defence capabilities and self-reliance initiatives to strengthen national security.
- **Stocks to Watch:** Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL), MTAR Tech

2. Technology and Innovation

- A strong emphasis on technological advancements, including support for startups and deep tech, is expected to drive growth in this sector.
- **Stocks to Watch:** Infosys, Tata Consultancy Services (TCS), Zaggle, Affle India

3. Semiconductor Manufacturing

- Continued government support for the semiconductor industry aims to reduce reliance on imports and enhance domestic capabilities.
- **Stocks to Watch:** Tata Elxsi, Moschip Technologies.

4. Renewable Energy

- Focus on enhancing renewable energy capacity, particularly in solar and offshore wind sectors, to meet sustainability goals.
- **Stocks to Watch:** Adani Green Energy, Tata Power, NTPC Green

5. Electric Vehicles (EVs)

- Incentives for EV manufacturing and infrastructure development are likely to boost the automotive sector's transition towards sustainability.
- **Stocks to Watch:** Tata Motors, Mahindra & Mahindra, Olectra Greentech

6. Agriculture

- Support for agricultural innovations and reforms is expected to boost productivity and sustainability in the sector.
- **Stocks to Watch:** UPL Limited, Coromandel International

Here are the Top income tax expectations simplified:



1. Enhancement of the Basic Exemption Limit:

- There's an anticipation that the government may raise the basic exemption limit from the current ₹3 lakh to ₹5 lakh under the new tax regime, aiming to increase disposable income and stimulate consumption.

2. Introduction of a New Tax Slab:

- Possibility of making annual incomes up to ₹10 lakh tax-free and introducing a new 25% tax slab for those earning between ₹15 lakh and ₹20 lakh, thereby providing relief to middle-income groups.

3. Including Bangalore and Hyderabad in HRA Benefits:

- Currently, higher House Rent Allowance (HRA) benefits are given to those living in metro cities like Chennai, Delhi, Kolkata, and Mumbai. The proposal suggests extending this benefit to cities like Bangalore and Hyderabad, where the cost of living is comparable or even higher.

4. Extending 80D Limit to New Tax Regime:

- Deduction under section 80D for medical and health insurance premiums is currently available only for those in the old tax regime. The expectation is to extend this benefit to individuals in the new tax regime as well, considering medical expenses are a basic necessity.

5. Adjustment of Standard Deduction:

- There's an expectation for an increase in the standard deduction limit, which would offer additional tax relief to salaried individuals by reducing their taxable income.

6. Rationalization of Tax Slabs:

- Experts advocate for a simplification of the tax structure, including a reduction in the number of tax slabs, to make the system more straightforward and taxpayer-friendly.

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