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Tax Alert - Key announcements  
of Union Budget 2025



# Union BUDGET 2025-26

## Budget 2025 - Comprehensive reforms sowing the seeds for agriculture advancement and holistic rural growth



**Aashish Kasad**

*Partner and National Leader - Chemicals and Agriculture Sector,  
EY - India*

*Aashish Kasad*

As per the Economic Survey, the agriculture sector contributes approximately 16% of the country's GDP for FY24 at current prices and supports about 46.1% of the population.

India's agriculture sector has achieved an average annual growth rate of 5% from FY17 to FY23, demonstrating resilience amidst challenges. This steady growth is primarily due to numerous government initiatives and reforms aimed at boosting productivity, encouraging crop variety, and elevating the earnings of farmers.

In the context of the above, India requires strategic policy measures to accelerate the pace of development of the agricultural sector, thereby ensuring food security.

This Budget highlights agriculture as one of the power engines of the economy and presents an ongoing plan to boost agricultural productivity and growth, strengthen rural India and foster prosperity for the farmers, support MSMEs, enhance export capabilities, spur innovation, promote the advancement of women, improve digital and technological expertise, expand infrastructure, and improve farmers' access to credit.

Additionally, it lays the groundwork for self-sufficiency and growth driven by consumer spending, all aimed at achieving Atmanirbhar Bharat and Viksit Bharat.

#EYonBudget2025

# How does the budget impact Agriculture sector?

## Agriculture as the 1<sup>st</sup> Powerful Engine of the economy

### Infrastructure

- Prime Minister Dhan-Dhaanya Krishi Yojana
  - Agri Districts Programme will be developed to cover 100 districts with low productivity, moderate crop intensity and below-average credit parameter which is likely to help 1.7 crore farmers
  - Aims to achieve agricultural productivity, crop diversification, improved irrigation facilities and availability of credit
- Urea Plant in Assam
  - Plant with annual capacity of 12.7 lakh metric tons will be set up at Namrup, Assam to augment urea supply

### Atmanirbharta

- Aatmanirbharta in Pulses
  - 6-year "Mission for Aatmanirbharta in Pulses" will be launched with a special focus on Tur, Urad and Masoor
  - The above mission to emphasize on development and commercial availability of climate resilient seeds, enhancing protein content, increasing productivity, improving post-harvest storage and management and assuring remunerative prices to the farmers
- Mission for Cotton Productivity
  - 5-year mission to facilitate improvements in productivity and sustainability of cotton farming
  - Aims to boost farmers' earnings and ensure a consistent flow of quality cotton to revitalize India's textile industry
- National Mission on High Yielding Seeds
  - Will be launched with an aim of strengthening the research ecosystem, targeted development and propagation of seeds with high yield, pest resistance and climate resilience, and commercial availability of more than 100 seed varieties

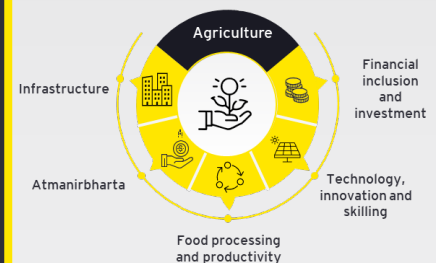
### Food Processing and Productivity

- Makhana Board in Bihar
  - Board will be set up to improve production, processing, value addition, and marketing and organisation of FPOs
  - Board to provide handholding and training support to makhana farmers and work to ensure receipt of benefits of relevant Government schemes

## Highlights

**Vision to be the food basket of the world**

**Holistic and comprehensive reforms for agriculture**



**Expenditure towards agriculture and allied activities  
INR1,71,437 crore**



**1.7 crore farmers**

**Impacted under Prime Minister Dhan-Dhaanya Krishi Yojana**

- Comprehensive Programme for Vegetables & Fruits
  - Will be launched to promote production, efficient supplies, processing, and remunerative prices for farmers
  - Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up
- Fisheries
  - To develop framework for sustainable harnessing of fisheries from Indian Exclusive Economic Zone and High Seas, with focus on the Andaman & Nicobar and Lakshadweep Islands

### Technology, innovation and skilling

- Building Rural Prosperity and Resilience
  - This Programme will be launched to address under-employment in agriculture through skilling, investment, technology, and invigorating the rural economy
  - The programme will focus at:
    - catalyzing enterprise development, employment and financial independence for rural women;
    - accelerating creation of new employment and businesses for young farmers and rural youth;
    - nurturing and modernizing agriculture for productivity improvement and warehousing, especially for marginal and small farmers; and
    - diversifying opportunities for landless families

### Financial inclusion and investment

- Enhanced Credit through KCC
  - Facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of INR5 lakh
- India Post as a catalyst for the Rural Economy
  - India Post along with India Post Payment Bank, will be repositioned to act as a catalyst for the rural economy
  - India Post will be transformed as a large public logistics organization to meet the rising needs of Viswakarmas, new entrepreneurs, women, self-help groups, MSMEs, and large business organizations
  - The expanded range of services will include rural community hub colocation, institutional account services, cash out and EMI pick-up, credit services to micro enterprises, insurance; and assisted digital services
- Grameen Credit Score
  - Public Sector Banks to develop 'Grameen Credit Score' framework to serve the credit needs of Self Help Group members and people in rural areas

## Highlights

6-year "Mission for Aatmanirbharta in Pulses" will be launched with a special focus on Tur, Urad and Masoor



Comprehensive Programme for vegetables and fruits



7.7 crore farmers

Short-term loans facilitated



National Mission on High Yielding Seeds

## MSMEs as the 2nd Engine

- Revision in classification criteria for MSMEs
  - In order to promote growth and generate employment, investment and turnover limits for classification of all MSMEs will be enhanced to 2.5 and 2 times respectively
- Support for Food Processing
  - To provide fillip to the food processing activities, National Institute of Food Technology, Entrepreneurship and Management in Bihar will be established

## Investment as the 3rd Engine

### Investing in innovation

- Gene Bank for Crops Germplasm
  - 2nd Gene Bank with 10 lakh germplasm lines will be set up for future food and nutritional security and provide conservation support for genetic resources
- Research, Development and Innovation
  - To implement private sector driven Research, Development and Innovation allocation of INR20,000 crore
- Deep Tech Fund of Funds
  - Will be explored to catalyze the next generation startups as a part of this initiative
- National Geospatial Mission
  - A National Geospatial Mission will be started to develop foundational geospatial infrastructure and data to facilitate modernization of land records, urban planning, and design of infrastructure projects

### Investing in economy

- Western Koshi Canal Project in Mithilanchal
  - Financial support will be provided for the Western Koshi Canal ERM Project benefitting a large number of farmers cultivating over 50,000 hectares of land in the Mithilanchal region of Bihar
- Asset Monetization Plan 2025-30
  - Will be launched with a target of INR10 lakh crore in new projects

## Highlights



**INR10 lakh crore**

Budget for asset  
monetization

**Revision in  
investment and  
turnover limits  
for MSMEs**



**10 lakh  
germplasm lines**



**INR20,000 crore**

Allocation for research,  
development and  
innovation

## Export as the 4th Engine

### Export Promotion Mission

- An Export Promotion Mission will be set-up with sectoral and ministerial targets to facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets

### Warehousing facility for air cargo

- Upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce

## Tax Proposals

### Key direct tax proposals

- No specific corporate tax changes for Agriculture sector
- New income-tax bill to be released
- Extension in sunset date for incorporation of start-ups by 5 years upto 31 March 2030 for availing 100% deduction of profits and gains from business for three consecutive years out of 10 years

### Key indirect tax proposals

#### Changes in BCD rate effective 02 February 2025

- Aquafarming and Marine products
  - Reduction in BCD rate (effective 02 February 2025)

Chapter Heading	Commodity	Rate of duty	
		From	To
0304 99 00	Frozen Fish Paste (Surimi) for use in manufacture of Surimi Analogue products, for export	30%	5%
2301 20	Fish Hydrolysate for use in manufacture of aquatic feed	15%	5%

- Concessional BCD rate on import of specified goods under various notifications extended as below

HSN code	Commodity	Rate	Extended till
2301 20	Fish meal for use in manufacture of aquatic feed	5%	31 March 2027
06, 07, 08, 09 or 12	Planting materials, namely, oil seeds, seeds of vegetables, flowers and ornamental plants, tubers and bulbs of flowers, cuttings or saplings of flower plants, seeds or plants of fruits and seeds of pulses	5%	31 March 2026
1518	Algal Oil for manufacturing of aquatic feed	Nil	31 March 2026
Any Chapter	The goods specified in List 1 used in the processing of sea-food such as Flavouring oil sorbitol	Nil	31 March 2026
2710	Naphtha, for use in the manufacture of fertilisers	Nil	31 March 2026

## Impact analysis

The agricultural sector has exhibited continuous expansion over the previous five years, and its ongoing performance is crucial to India's economic development and the realization of food security, especially in light of the country's population size.

The 2025 Budget has underscored agriculture as one of the power engines, unveiling a series of policies and financial plans for the sector, aimed at reaching the objective of *Atmanirbhar Bharat* and *Viksit Bharat*.

It presents a detailed approach to improving agricultural performance and stability, creating avenues for employment and skills training, promoting the progress of women, boosting digital and technological skills, stimulating innovation, supporting MSME's, extending infrastructure, and increasing the availability of credit to farmers, while also providing for self-sufficiency and a consumption-led growth, enabling a holistically healthy India.

To bolster agricultural growth and output, an array of comprehensive strategies such as Prime Minister Dhan-Dhaanya Krishi Yojna, National Mission on high yielding seeds, comprehensive programme for vegetables and fruits, enhanced credit through KCC, export promotion schemes have been announced.

Investment in innovative projects is poised to catalyze advancement within the sector. For instance, the creation of a Gene bank, which will store an extensive collection of 10 lakh germplasm lines, aims to preserve genetic diversity and facilitate agricultural research and breeding programs. Additionally, the initiation of a National Geospatial Mission, focused on developing a foundational geospatial infrastructure and compiling critical data, will provide valuable insights for various applications, potentially transforming practices in agriculture and beyond. These forward-thinking ventures are anticipated to significantly propel the sector's innovative capacity.

The proposed "Building Rural Prosperity and Resilience Programme" is set to be introduced with an emphasis on key demographic groups within the rural landscape, including rural women, young farmers, the rural youth, and marginal and small-scale farmers.

Further, repositioning of India Post, leveraging its extensive reach and presence in rural areas, will serve as a driving force for the rural economy. The transformation of India Post is expected to facilitate financial inclusion for farmers, offering them easier access to banking, insurance, and credit services.

Should these measures be implemented effectively and efficiently, they are likely to comprehensively develop India's rural economy, thus potentially leading to a notable contribution to India's GDP growth. These reforms will also accelerate the nation's march towards achieving self-sufficiency or *Atmanirbharta*, particularly in the much needed realm of food security, while also supporting the rest of the world.

## Glossary

BCD - Basic Customs Duty

FPO - Farmers Producers Organisation

FY - Financial Year

HSN - Harmonized System of Nomenclature

KCC - Kisan Credit Card

MSME - Micro, Small and Medium Enterprise



For details on other sectors and solutions visit our website [Union Budget 2025](#)

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# Our offices

## Ahmedabad

22nd Floor, B Wing, Privilon  
Ambli BRT Road, Behind Iskcon Temple  
Off SG Highway  
Ahmedabad - 380 059  
Tel: + 91 79 6608 3800

8th Floor, Building No. 14A  
Block 14, Zone 1  
Brigade International Financial Centre  
GIFT City SEZ  
Gandhinagar - 382355, Gujarat  
Tel +91 79 6608 3800

## Bengaluru

12th & 13th Floor  
"UB City", Canberra Block  
No.24 Vittal Mallya Road  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

Ground & 1st Floor  
# 11, 'A' wing  
Divyasree Chambers  
Langford Town  
Bengaluru - 560 025  
Tel: + 91 80 6727 5000

3rd & 4th Floor  
MARKSQUARE  
#61, St. Mark's Road  
Shantala Nagar  
Bengaluru - 560 001  
Tel: + 91 80 6727 5000

1st & 8th Floor, Tower A  
Prestige Shantiniketan  
Mahadevapura Post  
Whitefield, Bengaluru - 560 048  
Tel: + 91 80 6727 5000

## Bhubaneswar

8th Floor, O-Hub, Tower A  
Chandaka SEZ, Bhubaneswar  
Odisha - 751024  
Tel: + 91 674 274 4490

## Chandigarh

Elante offices, Unit No. B-613 & 614  
6th Floor, Plot No- 178-178A  
Industrial & Business Park, Phase-I  
Chandigarh - 160 002  
Tel: + 91 172 6717800

## Chennai

6th & 7th Floor, A Block,  
Tidel Park, No.4, Rajiv Gandhi Salai  
Taramani, Chennai - 600 113  
Tel: + 91 44 6654 8100

## Delhi NCR

Aikyam  
Ground Floor  
67, Institutional Area  
Sector 44, Gurugram - 122 003  
Haryana  
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1  
IGI Airport Hospitality District  
Aerocity, New Delhi - 110 037  
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B  
Tower 2, Sector 126  
Gautam Budh Nagar, U.P.  
Noida - 201 304  
Tel: + 91 120 671 7000

## Hyderabad

THE SKYVIEW 10  
18th Floor, "SOUTH LOBBY"  
Survey No 83/1, Raidurgam  
Hyderabad - 500 032  
Tel: + 91 40 6736 2000

## Jaipur

9th floor, Jewel of India  
Horizon Tower, JLN Marg  
Opp Jaipur Stock Exchange  
Jaipur, Rajasthan - 302018

## Kochi

9th Floor, ABAD Nucleus  
NH-49, Maradu PO  
Kochi - 682 304  
Tel: + 91 484 433 4000

## Kolkata

22 Camac Street  
3rd Floor, Block 'C'  
Kolkata - 700 016  
Tel: +91 33 6615 3400

6th floor, Sector V,  
Building Omega, Bengal Intelligent  
Park, Salt Lake Electronics Complex,  
Bidhan Nagar  
Kolkata - 700 091  
Tel: +91 33 6615 3400

## Mumbai

14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar (W), Mumbai - 400 028  
Tel: + 91 22 6192 0000

5th Floor, Block B-2  
Nirlon Knowledge Park  
Off. Western Express Highway  
Goregaon (E)  
Mumbai - 400 063  
Tel: + 91 22 6192 0000

3rd Floor, Unit No.301Building  
No.1, Mindspace-GigaplexIT Park,  
MIDC, Plot No. IT-5  
Airoli Knowledge Park  
Airoli West,  
Navi Mumbai - 400 708  
Tel: + 91 22 6192 0003

Altimus, 18th Floor  
Pandurang Budhkar Marg  
Worli, Mumbai - 400 018  
Tel: +91 22 6192 0503

## Pune

C-401, 4th Floor  
Panchshil Tech Park, Yerwada  
(Near Don Bosco School)  
Pune - 411 006  
Tel: + 91 20 4912 6000

10th Floor, Smartworks  
M-Agile, Pan Card Club Road  
Baner, Pune - 411 045  
Tel: + 91 20 4912 6800



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