

INDIAN UNION BUDGET

Union Budget 2025: Key Expectations and Impact on India's Economy and Businesses

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The Union Budget 2025, set to be announced on February 1, will be key in shaping India's economic future. It is expected to focus on boosting growth, creating jobs, and improving infrastructure. The government may introduce changes in taxation and policies that will affect sectors like healthcare, education, and business. While addressing the current economic challenges, the budget will aim to build a stable and sustainable future. In this article, we will look at what industry experts are expecting from Budget 2025 and how it could impact businesses and the economy.

Transforming Healthcare with Proactive Health Plans and Digital Infrastructure

Sushant Roy, Co-Founder, COO, and CBO, Alyve Health, emphasised that with the approach of Union Budget 2025, it is crucial to highlight the transformative role of comprehensive health plans in promoting proactive healthcare. He noted that these plans are reshaping healthcare behaviour by encouraging regular check-ups, personalised assessments, and sustainable habit-building activities.

To accelerate this shift, he recommend the government focus on:

- **Strengthening Digital Health Infrastructure:** Ensuring access to personalised health plans and data-driven insights for better adherence and outcomes.
- **Standardising Annual Health Assessments:** Promoting early detection and preventative care as a national priority.
- **Expanding Access to Underserved Regions:** Leveraging technology to bridge healthcare disparities.
- **Improving Access to Immediate Expert Consultation and Health Education:** Empowering individuals with timely advice and the knowledge needed to make informed health decisions.

Focus on Nurturing India's Startup Ecosystem

Priyanka Salot, Co-Founder, The Sleep Company, expressed hope for continued focus on nurturing India's dynamic startup ecosystem. She said, "Ahead of the Union Budget, we are hopeful to see continued focus on nurturing India's dynamic startup ecosystem, which has emerged as a highly innovative and driving force for economic growth. With the growth of D2C brands and e-commerce, startups are transforming industries, and we expect the government to further strengthen policies that support their growth."

Access to capital at the right time remains one of the critical factors for startups as they prepare for their next phase of growth or eye public listing. The abolishment of Angel Tax as announced in the Interim Budget was a critical step in the direction of easing financing woes by startups. We look forward to more initiatives such as this to ease investment regulations, which will spur the growth of startups.

Salot added that incentivising domestic production would boost manufacturing capabilities. "Incentivising domestic production will further enhance manufacturing capabilities and ease the growth journey of startups. This will also align with the government's vision to transform India into a global manufacturing hub. We are also keen to collaborate with the policymakers and trade bodies to foster innovation in the ecosystem, and national networking platforms will be instrumental in shaping a tech-driven future."

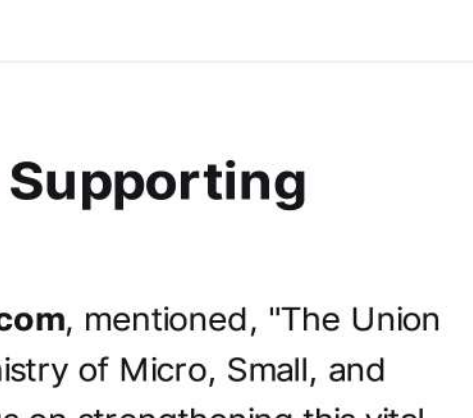
She also mentioned that The Sleep Company is looking for international trade support. "As we aspire to take The Sleep Company beyond national boundaries, making it a legacy brand in the Comfort-tech industry, we are looking for enhanced support on seamless export policies and international trade support. We hope to see stronger regulations to safeguard startups from corporate fraud, ensuring a secure and trustworthy ecosystem."

Finally, she shared her views on evolving consumer behaviour, saying, "Lastly, talking from a consumer lens, the buying behaviour and journey of people have evolved over the years, with digital payments taking centre stage. Robust digital payment systems will support streamlining online purchases, thereby enhancing business operations and ensuring customer convenience."

Union Budget 2025: Expert Expectations on Infrastructure, Real Estate, and Sustainability

Discover insights from industry experts in real estate, hospitality, and renewable energy on their expectations for the Union Budget 2025.

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Strengthening the MSME Sector and Supporting Innovation

Tarun Joshi, Founder and CEO of Join Ventures and IGP.com, mentioned, "The Union Budget 2024's allocation of over INR 22,000 crore to the Ministry of Micro, Small, and Medium Enterprises (MSME) reaffirms the government's focus on strengthening this vital sector, often referred to as the backbone of India's economy. As new-age D2C brands continue to reshape the consumer economy, there's an increasing need for measures like local manufacturing incentives and smoother processes for GST input credit refunds."

He emphasised the importance of investing in advanced technologies. "To help Indian businesses compete globally, it's essential to invest in advanced technologies like Artificial Intelligence (AI) and Machine Learning (ML). We're hopeful that the upcoming budget will address these priorities, aligning with India's aspirations to emerge as a global economic leader."

Ratish Pandey, Business Coach and Founder, Ethique Advisory, highlighted the factors contributing to the current economic slowdown and emphasised the importance of supporting the SME/MSME sector, which is vital for India's economy. He shared his key expectations for the upcoming budget:

- **Increased Access to Credit Support:** Improving access to affordable and timely credit will be crucial for the growth and survival of SMEs in a volatile economy.
- **Focus on Skill Development:** Continued emphasis on skill development programs will enhance productivity and competitiveness for SMEs, the largest employment generator.
- **Support for MSME Manufacturing:** Tax breaks and subsidies on capital expenditures will encourage investment and improve efficiency in the manufacturing sector.
- **Structural Support for Exporters:** Policy frameworks and incentives are needed to boost the export sector, especially amid a depreciating INR.
- **GST Streamlining:** Simplifying GST compliance and reducing operational bottlenecks will enable SMEs to operate more smoothly and contribute to the economy.

Support for Technology and Innovation

Pankaj Panjwani, CEO and Founder of KeenSemi (KeenHeads) emphasised that as India approaches Union Budget 2025, the semiconductor and technology sectors are at a critical juncture. To propel India towards becoming a global semiconductor hub, it is essential for the budget to introduce comprehensive measures that strengthen the entire value chain—from design and R&D to manufacturing and talent development.

India's National Supercomputing Mission (NSM) requires additional impetus, including increased funding for the homegrown development of high-performance computing semiconductor chip architecture, design, and ecosystem. In 2015, INR 4,500 crore was allocated to NSM for seven years. This year's budget is expected to allocate over INR 5,000 crore for the next five years to drive HPC and GPU development in India.

Panjwani highlighted, "Schemes such as the Design-Linked Incentive (DLI) must be made more attractive by integrating larger imperatives for startups and companies developing designs tailored to indigenous needs and customers."

Enhanced incentives for domestic chip production, along with robust support for advanced research in AI, IoT, microcontrollers, and high-performance computing, will be crucial for achieving this vision.

Investments in digital infrastructure, particularly in the expansion of 5G networks and the establishment of robust data centers, are vital to meet the growing demand for connected devices and services. Additionally, fostering industry-academia collaborations can help bridge the skills gap and ensure a workforce proficient in cutting-edge technologies.

We remain optimistic that the forthcoming budget will establish a strong foundation for technology landscape, innovation, and self-reliance in India's semiconductor and technology landscape."

Innovation, Sustainability, and Growth for India's Ecosystem

Amar Nagaram, Founder and CEO of VIRGIO, shared that as the Union Budget FY25-26 approaches, they are eager to see a focus on innovation, sustainability, and inclusive growth, which are essential for shaping the future of India's entrepreneurial ecosystem. "We remain optimistic that the government will continue fostering an environment where businesses like ours can significantly contribute to the nation's economic and environmental goals."

Nagaram said, "For D2C startups, we hope for initiatives that enhance access to affordable logistics, robust digital infrastructure, and streamlined cross-border trade, enabling international scalability. Expanding tax incentives, simplifying compliance frameworks, and introducing funding schemes to drive innovation in technology and sustainability would be invaluable. Targeted measures to improve credit accessibility, encourage digitization, and reduce the overall cost of operations would be transformative. Encouraging collaborations between MSMEs and larger corporations can further catalyze long-term economic growth."

On the sustainability front, we look forward to policies that incentivize the adoption of green technologies, promote renewable energy investments, and support circular economy initiatives. Such measures will not only help industries align with India's ambitious climate goals but also ensure a future that is environmentally conscious and economically resilient."

Vishal Jain, Co-Founder and CEO of Roadcast, highlighted the important role that Micro, Small, and Medium Enterprises (MSMEs) play in India's economic landscape, driving employment, innovation, and GDP growth. He noted that the Ministry of Micro, Small & Medium Enterprises is key in their development and regulation, implementing policies and programs to foster expansion. In the 2024/25 budget, the Indian government announced a billion expenditure plan focused on job creation.

India's startup ecosystem has witnessed remarkable growth, positioning itself as a global hub for innovation and entrepreneurship. As of 2025, India ranks as the world's third-largest startup ecosystem, following the United States and China. This rapid expansion is fueled by technological advancements, supportive government policies, and a growing pool of skilled professionals.

"With the Union Budget 2025 approaching, industry stakeholders have outlined key expectations to further strengthen the sector with Expansion of the Production-Linked Incentive (PLI) Scheme, Tax incentives for Research and Development (R&D), Strengthening of Credit Guarantee Schemes, Simplification of the regulatory framework, Enhanced support for digital infrastructure, Greater focus on skill development," Jain added.

Karan Sehdev, Founder of Merch Matters, mentioned that as of July 2024, India's MSME sector employed approximately 20.39 crore individuals. He stated that in the upcoming 2025 budget, the sector seeks simplified tax compliance, particularly in GST, to alleviate administrative burdens and enhance cash flow. Sehdev emphasised addressing the estimated \$300 billion credit gap, with expectations for improved access to financing through enhanced funding programs or interest subsidies.

He also anticipated government incentives for digital technologies and automation to boost efficiency and global competitiveness. Lastly, Sehdev highlighted that infrastructure development and streamlined supply are vital for cost reduction and productivity enhancement, enabling businesses like Merch Matters to achieve multiple milestones and contribute to India's economic growth.

Startup India Campaign: Eligibility & Tax Exemptions

The Startup India campaign, an initiative of the Government of India was first announced on August 15, 2015, by Prime Minister Narendra Modi.

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Driving Growth and Innovation in Retail and D2C Sectors

Saurabh Agrawal, Co-Founder and CEO of HRFun pointed out that the Indian retail and D2C sectors are at a pivotal moment, driven by rapid digital transformation and evolving consumer preferences. "As we approach Union Budget 2025, the apparel and retail sectors call for essential measures to drive growth and innovation within the system."

He further mentioned the need for enhanced support for digital infrastructure and financing options. "As a growing brand, we believe that policies aimed at enhancing the ease of doing business, including a simplified and uniform GST rate structure to enhance affordability and reduce compliance burdens along with encouraging investment through tax benefits or grants can have a significant impact."

Agrawal also called for expanded support for domestic manufacturing. "Expanding the Production-Linked Incentives (PLI) scheme will bolster domestic manufacturing in line with the 'Make in India' initiative, while rationalizing customs duties is necessary to create a level playing field for local products against imports."

Supporting Indian Students in Global Education

Waseem Javed, Founder and CEO, of EduVib mentioned that the Union Budget 2025 presents an opportunity to acknowledge the growing aspirations of Indian students aiming to pursue education abroad.

"With over 13.35 lakh Indian students studying overseas in 2024, the importance of creating a supportive and streamlined ecosystem for international education is evident. A focus on simplifying processes and making financial support more accessible could greatly benefit students and their families, enabling Indian talent to excel on a global platform. As a study-abroad consultancy, we remain dedicated to empowering students through technology, personalized guidance, and robust global partnerships. Initiatives that foster international education opportunities will further strengthen India's role in global education mobility, creating pathways for students to achieve their academic and career goals," said Javed.

Energising the F&B Industry for Entrepreneurial Growth

Rahul Seth, Co-Founder, Burger Singh, shared that the upcoming Union Budget presents a wonderful opportunity to energize the F&B industry, which is a vital contributor to the country's economy.

"With the right policy measures, including simplified GST regulations and incentives for first-time franchisees, the government can empower businesses to innovate and expand into untapped markets like Tier 2 and Tier 3 cities. These steps would not only boost entrepreneurial growth but also create jobs and enhance accessibility to quality QSR options across the country. We are optimistic that this Budget will provide the momentum the F&B sector needs to achieve greater heights and drive economic progress."

Growth in India's Drone Industry

Satyabrata Satpathy, CEO and Co-Founder, BonV Aero, expressed optimism about the government's focus on innovation and technological advancements as the Union Budget approaches. "The global drone market, valued at over USD 30 billion in 2023, is growing rapidly, and India's drone industry, projected to reach USD 5 billion by 2025, stands at a pivotal point. To scale up indigenous capabilities and an urge increased allocation under the PLI scheme for drones, with up to INR 1,000 crore and an extension to all drone manufacturing startups. Taxation reforms on ESOPs taxed at realisation rather than an allotment, would help startups attract and retain talent."

"We also propose a dedicated budget for specialised drone parks to address infrastructure gaps and lower entry barriers for startups. These measures will boost innovation, create jobs, and establish India as a global leader in drone technology. At BonV Aero, we are committed to driving this transformation," added Satpathy.

Supporting Entrepreneurs and Women Founders for Inclusive Growth

Dr. Malini Saba, Businesswoman, Philanthropist, Environmentalist, Psychologist, Global Advocate for Women and Girls, and Founder of the Anannke Foundation, expressed that the Union Budget for 2025-2026 has a significant opportunity to drive inclusive growth. She highlighted the importance of simplifying tax laws and making financial resources more accessible, especially for women entrepreneurs, who currently make up only 14% of startups in India.

Dr. Saba emphasised, "There's also a pressing need to invest more in both physical and mental health services, especially for women and children in underprivileged areas. Public healthcare spending in India is shockingly low, at just 1.5% of GDP, according to the World Bank. This requires urgent attention. Additionally, improving financial literacy and encouraging long-term savings plans like PPF, EPF, and NPS could significantly boost financial inclusion. Women, in particular, hold only 26% of India's wealth, according to Credit Suisse, highlighting the importance of this issue."

Janet Rajan, Founder and Principal Coach of Growth Collective mentioned that, having started her entrepreneurial journey in recent years, she has experienced firsthand the challenges entrepreneurs face, particularly in navigating regulations, funding, and market access. She believes that Budget 2025 presents a unique opportunity to ease these burdens. Simplifying regulatory processes, lowering GST rates for early-stage startups, expanding tax holidays, and providing easier access to credit through government-backed funds would be game-changers.

For first-time founders, she thinks initiatives like affordable coworking spaces, skill development programmes, and mentorship networks could be transformative. Women entrepreneurs, especially in Tier 2 and 3 cities, need targeted support through seed funding grants, simplified collateral-free loan schemes, and gender-focused incubators. Access to new-age technology and AI/ML platforms can unlock untapped potential.