

# Union Budget 2025-26 Announced by the Union Finance Minister

## Sets up Export Promotion Mission

### Additional items for Duty free Import for Handicraft exporters Notified

The Union Budget for 2025-26 was presented on 1st February 2025, by Smt. Nirmala Sitaraman, Union Finance Minister, Govt. of India. Mr. Dileep Baid, Chairman - EPCH said that the Union Budget 2025 outlines a strategic framework for increasing exports, focusing on MSMEs, infrastructure, digital trade facilitation and sector-specific incentives. The Budget 2025 contains some benefits for the handicrafts sector which the council has been representing at several forums. Adding further, he indicated some of the following measures addressed in the budget that includes:

- **Duty Free Import** - Earlier 9 items were allowed duty-free import under Import of Goods at Concessional Rate of Duty (IGCR) by bonafide handicrafts exporters. In the budget 2025-26, the following additional 9 items have been included for IGCR:-

- (j) Electric parts for fitting on electric lamp / table lamp / wall lamp / ceiling Lamp / door lamp / Window lamp / Garden lamp / wire roll / Christmas ornamentation
- (k) Chemical / lacquer required for improved finish of export product
- (l) Wood Polish materials
- (m) Sea shell, Mother of Pearl (MOP), Cattle horn and Bone Materials
- (n) Clock movement
- (o) Adhesive / glue
- (p) Natural essential oils / aromatic chemicals
- (q) Compact Fluorescent Lamps (CFL) and bulbs of 120 volts
- (r) Resins

The time limit for the end-use of imported inputs in the relevant rules, is extended from 6 months to 12 months and have to file only quarterly statements instead of a monthly statement. Further, provided that the said period of twelve months may be further extended by the jurisdictional Commissioner for a period not exceeding three months.

- **Export Promotion Mission**- An Export Promotion Mission will set up with sectorial and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance.

It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.

- **Bharat Trade Net** - A digital public infrastructure, 'Bharat Trade Net' (BTN) for international trade to be set-up as a unified platform for trade documentation and financing solutions. The BTN will be aligned with international practices.
- **Revision in classification criteria for MSMEs** - MSMEs accounts for 45 per cent of our exports and to help them achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs enhanced to 2.5 and 2 times respectively.

Rs. in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

- **Credit Cards for Micro Enterprises** - the new scheme is announced for customized Credit Cards with a Rs. 5 lakh limit in the first year for micro enterprises registered on Udyam portal.
- **Scheme for First-time Entrepreneurs** - A new scheme for women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs will provide term loans up to Rs. 2 crore during the next 5 years.
- **National Centres of Excellence for Skilling** - Five National Centres of Excellence for skilling will be set up with global expertise and partnerships to develop skills required for "Make for India, Make for the World" manufacturing.
- **Support for integration with Global Supply Chains** - Support will be provided to develop domestic manufacturing capacities for our economy's integration with global supply chains. Sectors will be identified based on objective criteria.

Facilitation groups with participation of senior officers and industry representatives will be formed for select products and supply chains.

- **Time limit for Provisional Assessment** - The Customs Act, 1962 does not provide any time limit to finalize Provisional Assessments leading to uncertainty and cost to trade. As a measure of promoting ease of doing business, it is proposed to fix a time-limit of two years, extendable by a year, for finalising the provisional assessment.
- **TDS/TCS rationalisation for easing difficulties** - To rationalize Tax Deduction at Source (TDS) by reducing the number of rates and thresholds above which TDS is deducted. The annual limit of Rs. 2.40 lakh for TDS on rent is being increased to Rs. 6 lakhs.
- **Reductions in Custom Duty** - Custom duty of certain items are reduced such as Marble, all other articles of iron / steel under heading "other furniture and parts under tariff of heading 9403" and article of imitation jewelry under heading 7113.
- **Measures for the Toy Sector** - A National Action Plan for Toys will come up with a scheme to make India a global hub for toys under 'Made in India' brand. The scheme will focus on development of clusters, skills, and a manufacturing ecosystem that will create high-quality, unique, innovative and sustainable toys.

Mr. Dileep Baid, Chairman-EPCH said that "the development of BharatTradeNet (BTN), a unified platform for trade documentation and financing solutions and the Export Promotion Mission Mission for export credit and factoring will support MSMEs to tackle non-tariff measures in overseas markets. Revised classification criteria

for MSMEs; New customized credit card scheme for micro enterprises with a Rs. 5 lakh limit in the first year; National Centres of Excellence for Skilling; integration with Global Supply Chains; loan scheme for first-time women, SC, and ST entrepreneurs; enhanced time limit for Provisional Assessment; TDS/TCS rationalization for easing difficulties and others would go a long way in realizing the Hon'ble Prime Minister's vision of Viksit Bharat".

Mr. Neeraj Khanna, Vice Chairman - EPCH said that "in Budget 2025, nine additional items have been added to the list of duty-free imports which will reduce input costs for handicraft production. This will encourage the use of diverse raw materials and will enhance product quality, allowing manufacturers to cater a wider range of global markets. Budget also emphasized the government's commitment towards boosting exports by giving financial assistance to MSMEs, streamlining trade processes and improving infrastructure".

Mr. Sagar Mehta, Vice Chairman II - EPCH said that "the budget is a forward-looking blueprint aimed at fostering inclusive growth and innovation across sectors. With a strong emphasis on MSMEs, investment and exports budget introduced significant reforms in taxation, infrastructure and financial regulations with focus on tapping India's growth potential".

Mr. R K Verma, Executive, Director - EPCH said that "the Union Budget 2025-26 sets a comprehensive framework to realise 'Sabka Vikas' and propel India towards a Viksit Bharat. He further added that the government's focus on reducing input costs, National Action Plan for Toys to make India a global hub for toys under 'Made in India' brand and supporting the leather segment will provide the much-needed impetus for manufacturers to innovate and expand their product lines". ■