



# UNION BUDGET 2025-26

## Key Provisions & Analysis

Key Takeaways for the Electronics Sector

## Preface

### **ELCINA Welcomes Union Budget 2025-26: A Boost for Large Scale Electronics Manufacturing**

ELCINA welcomes the Union Budget 2025-26 and its strong focus on further strengthening the supply chain for large volume production of electronic equipment and modules. The rationalization of tariffs on key inputs and components enhances cost competitiveness and obviates inverted duties to achieve this objective.

The Budget is positive for the electronics industry, addressing a few key requests from ELCINA. On the regulatory front, a key concern regarding end-use certificates for IGCR components has been addressed, with the timeline extended from six months to a year. This is a welcome move providing a realistic time frame for utilization of key inputs for components. Further, the shift from monthly to quarterly returns aligns with ease of doing business.

The BCD reduction from 2.5% to Nil on inputs and parts (including chip on film, PCBA, glass board/substrate cell) used in the manufacture of open cells for LCD/LED television panels will increase value addition for manufacturing Flat Panel Displays. BCD on IFPD (CBU) has been enhanced sharply from 10 to 20% encouraging domestic manufacturers.

Once again, duties have been reduced on some key components for mobiles (from 2.5% to 0%) to rationalize the duty structure and give further boost to manufacturing of mobiles.

At the macro level, the Union Budget 2025-26 streamlines tax frameworks, enhances credit access, and revises upwards MSME investment & production limits to drive growth and innovation. Duty exemptions on critical minerals and capital goods strengthen supply chain resilience, benefiting electronics and clean tech industries. A ₹10,000 crore Fund of Funds and targeted schemes support first-time entrepreneurs, while the National Manufacturing Mission boosts domestic production of solar PV cells, EV batteries, and semiconductors, to improve viability and our global competitiveness.

Providing relief to the individual tax payer, enhanced income tax rebate under the new tax regime reduces tax liability for resident individuals with zero tax for those earning up to INR 12 lakh pa, increasing disposable incomes and stimulate domestic consumption which will also drive demand for electronic equipment.

ELCINA hopes that these measures will enable the industry to realise the vision of the Hon'ble Prime Minister to achieve USD 500 billion in electronics manufacturing by 2030.

***Rajoo Goel***  
***Secretary General***

## UNION BUDGET 2025-26 - Key Provisions & Analysis

### A. ELCINA-Key Takeaways for the Electronics Sector – Union Budget 2025-26

Segment wise Budget provisions impacting the ESDM sector are provided below for better understanding of expected outcomes:

#### **Category 1: Customs Rules Amendments**

- **Amendments to Customs (Import of Goods at Concessional Rates or For Specified End Use) Rules, 2022:**
  - **Extended End-Use Fulfillment Period:** The time limit for fulfilling end use is increased from **six months to one year**.
  - **Reporting Frequency Adjustment:** The requirement for filing a **monthly statement** is replaced with filing a **quarterly statement**.

#### **Category 2: LCD/LED Television Panel Manufacturing**

- **BCD Reduction on Open Cell Inputs:** The BCD is being reduced from **2.5% to Nil** on inputs and parts (including chip on film, PCBA, glass board/substrate cell) used in the manufacture of **open cells for LCD/LED television panels**. (Cust. Notf. 5/2025)

#### **Category 3: Interactive Flat Panel Displays (IFPD)**

- **IFPD Duty Structure Adjustments:** Under **Cust. Notf. 5/2025**, the duty structure for Interactive Flat Panel Displays is revised as follows:

Item/Category	Tariff Item/Heading	Previous BCD Rate	Revised BCD Rate
Interactive Flat Panel Displays (CBU)	8528 59 00	10%	20%
Open Cell (with/without touch)	8524 15	10%	5%
Touch Glass Sheet & Touch Sensor PCB	8529	–	5%

#### **Category 4: Lithium-Ion Battery Manufacturing**

- **Exemption for Capital Goods:** Capital goods used in the manufacture of **Lithium-Ion Batteries** for mobile phones (28 lines) and electric vehicles (35 lines) are exempted from BCD. (Cust. Notf. 11/2025)
  - **BCD Reduction on Battery Waste & Scrap:** The BCD on **Lithium-Ion Battery waste and scrap**, classified under tariff items **8549 13 00, 8549 14 00, and 8549 19 00**, is being reduced from **5% to Nil**. (Cust. Notf. 5/2025)

- **BCD Reduction on Cobalt Powder:** The BCD on **Cobalt Powder** classified under tariff item **8105 20 30** is being reduced from **5% to Nil**. (*Cust. Notf. 5/2025*). *This is a critical material for some components and batteries.*

### **Category 5 : Mobile Phone Modules/Components Manufacturing**

- **BCD Reduction on Mobile Phone Inputs:** The Basic Customs Duty (BCD) is being reduced from **2.5% to Nil** on inputs, **parts, or sub-parts** used for the manufacture of **PCBA, camera modules, connectors, wired headsets, microphones and receivers, USB cables, and fingerprint readers/scanners** for cellular mobile phones. (*Cust. Notf. 10/2025*)

### **Category 6: Metal Scrap and Waste Items**

- **Tariff Rate Reduction to Nil on Metal Scrap Items:** The tariff rates on the following metal waste and scrap items are being reduced to **Nil** under **Cust. Notf. 4/2025**:
  1. *Antimony, Waste & Scrap – Tariff Item 8110 20 00*
  2. *Beryllium, Waste & Scrap – Tariff Item 8112 13 00*
  3. *Bismuth and Bismuth Alloys, Waste & Scrap – Tariff Item 8106 90 10*
  4. *Cadmium, Waste & Scrap – Tariff Item 8112 61 00*
  5. *Cobalt, Waste & Scrap – Tariff Item 8105 30 00*
  6. *Molybdenum, Waste & Scrap – Tariff Item 8102 97 00*
  7. *Rhenium, Waste & Scrap – Tariff Item 8112 41 20*
  8. *Tantalum, Waste & Scrap – Tariff Item 8103 30 00*
  9. *Tungsten, Waste & Scrap – Tariff Item 8101 97 00*
  10. *Zirconium, Waste & Scrap – Tariff Items 8109 31 00, 8109 39 00*

### **Category 7: Other Manufacturing and Regulatory Amendments**

- **Amendments to Notification No. 57/2017 (Mechanics):**
  1. **Expansion of Scope:** Serial No. 6D is amended to incorporate ‘**any chapter**’ in column (2).
  2. **Omission:** Serial No. 5E, covering **Touch Panel/Cover Glass Assembly**, is omitted.  
(*Customs Notification No. 57/2017 dated 30th June 2017*)
- **Tariff Reduction on Other Items:**
  1. **Smart Meters:** The tariff rate on **electricity meters for alternating current (Smart meters)**, classified under tariff item **9028 30 10**, is reduced from **25% to 20%**, effective **1st May 2025**.  
(*Cust. Notf. 5/2025*)

2. **Luminaries & Lighting Fittings:** The tariff rate on **luminaries and lighting fittings** (including searchlights, spotlights, and parts thereof) classified under **Heading 9405** is reduced from **25% to 20%** (SWS exempted).

### **Category 8: Customs Rules Amendments**

#### **10. Amendments to Customs (Import of Goods at Concessional Rates or For Specified End Use) Rules, 2022:**

- **Extended End-Use Fulfillment Period:** The time limit for fulfilling end use is increased from **six months to one year**.
- **Reporting Frequency Adjustment:** The requirement for filing a **monthly statement** is replaced with filing a **quarterly statement**.

## **B. MSMEs Opportunities for the Electronics Manufacturing Industry in Union Budget 2025-26**

The Union Budget 2025-26 introduces several initiatives that create significant opportunities for India's electronics manufacturing industry:

### **1. Revised Classification Criteria**

- **Enhanced Limits:** Investment and turnover limits have been raised by **2.5 times and 2 times**, respectively, allowing electronics manufacturers to scale operations, adopt advanced technologies, and expand production capabilities.

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



## 2. Enhanced Credit Availability

- **Credit Guarantee:** The cover for **micro and small enterprises** has increased from ₹5 crore to ₹10 crore, facilitating additional financing of ₹1.5 lakh crore over five years.
- **Startups:** Guarantee cover for **electronics startups** doubles from ₹10 crore to ₹20 crore, with a reduced loan fee of 1% for 27 priority sectors, including electronics and semiconductors.
- **Exporter MSMEs:** Electronics exporters can avail **term loans up to ₹20 crore** with improved guarantee coverage, boosting global competitiveness.
- **Credit Cards for MSMEs:** **₹5 lakh credit cards** for micro enterprises will provide working capital to small electronics manufacturers, supporting liquidity and supply chain financing.

## 3. Support for Startups and First-Time Entrepreneurs

- **Fund of Funds:** A **₹10,000 crore fund** will expand financial support for startups, including those in **electronics and semiconductor manufacturing**.
- **Targeted Scheme:** Financial support of up to **₹2 crore for first-time women, SC, and ST entrepreneurs** will encourage inclusive growth in the electronics sector.

## 4. Manufacturing and Clean Tech Initiatives

- **National Manufacturing Mission:** Policy support and roadmaps for industries under the **Make in India** initiative will enhance local manufacturing of electronic components and devices.
- **Clean Tech Focus:** Special emphasis on domestic production of **solar PV cells, EV batteries, wind turbines, and high-voltage transmission equipment** will benefit electronics manufacturers involved in **renewable energy and EV supply chains**.

These measures strengthen India's electronics manufacturing industry by improving financial access, promoting local production, and integrating MSMEs into global supply chains. With **5.93 crore MSMEs employing over 25 crore people and contributing 45.73% of India's exports in 2023-24**, the Budget aims to drive growth, enhance competitiveness, and position India as a global electronics hub.

## C. Key Amendments to Chapter 85 – Customs Duty Changes

The following changes to Basic Customs Duty (BCD) and related tariff rates have been introduced under the Finance Bill, 2025:

### a. Increase in BCD on Interactive Flat Panel Displays (CBU):

- BCD on Interactive Flat Panel Displays (CBU) classified under tariff item **8528 59 00** is being increased from **10% to 20%**, effective midnight of **1st February/2nd February 2025**.
- Other goods under this tariff item, excluding Interactive Flat Panel Displays (CBU), will continue to attract **10% BCD** under **S.No 515C of Notification No. 50/2017-Customs**, as amended by **Notification No. 5/2025-Customs**.

### b. Reduction in BCD for Open Cell for IFPD Modules:

- BCD on **Open Cell (with or without touch) under heading 8524**, used for manufacturing Interactive Flat Panel Display (IFPD) modules, is being reduced to **5%**. (**S.No. 515AA of Notification No. 50/2017-Customs**, as amended by **Notification No. 5/2025-Customs**).

### c. Reduction in BCD for Touch Components of IFPD Modules:

- BCD on **Touch Glass Sheets and Touch Sensor PCBs** (heading **8529**) for manufacturing IFPD modules is being reduced to **5%**. (**S.No. 515D of Notification No. 50/2017-Customs**, as amended by **Notification No. 5/2025-Customs**).

## Revised Duty Structure for Interactive Flat Panel Displays:

Component	HS Code	BCD Rate	Notes / Reference
<b>Interactive Flat Panel Display (IFPD) – CBU</b>	8528 59 00	20%	Increased from 10% to 20% to encourage domestic manufacturing.
<b>Flat Panel Display Module</b>	8529	15%	Applicable to the complete module used for manufacturing IFPDs.
<b>PCBA of IFPD</b>	8529	15%	Applicable to the Printed Circuit Board Assembly of IFPDs.
<b>Open Cell for Flat Panel Display Module (with or without touch)</b>	8524	5%	Reduced BCD to promote local assembly of display modules.
<b>Touch Glass Sheet</b>	8529	5%	BCD reduced to 5% for manufacturing IFPD modules. Reference: S.No. 515D of Notification No.

			50/2017-Customs as amended by Notification No. 5/2025.
<b>Touch Sensor PCB</b>	8529	5%	BCD reduced to 5% for manufacturing IFPD modules. Reference: S.No. 515D of Notification No. 50/2017-Customs as amended by Notification No. 5/2025.

d. **BCD Reduction for Inputs in LCD/LED Panel Manufacturing:**

- BCD on **inputs and parts** (Chip on Film, PCBA, Glass Board/ Substrate Cell) for manufacturing Open Cell of LCD/LED television panels is reduced from **2.5% to Nil**. (**S.No. 515B of Notification No. 50/2017-Customs, as amended by Notification No. 5/2025-Customs**).

Component / Inputs	HS Code	Previous BCD Rate	New BCD Rate	Description	Reference
Chip on film, PCBA, Glass board / Substrate cell for open cell LCD/LED panels	8529	2.5%	Nil	Inputs/parts for manufacturing open cell of LCD/LED television panels	S.No. 515B, Notification No. 50/2017-Customs (dated 30th June 2017), as amended by Notification No. 5/2025-Customs (dated 1st February 2025)

e. **Reduction in BCD on Carrier-Grade Ethernet Switches:**

- BCD on **Ethernet Switches - Carrier Grade** classified under **8517 62 90, 8517 69 90** is reduced from **20% to 10%**. (**S.No. 20 of Notification No. 57/2017-Customs, as amended by Notification No. 10/2025-Customs**).

Component / Product	HS Code	Previous BCD Rate	New BCD Rate	Description	Reference
Ethernet Switches – Carrier Grade	8517 62 90, 8517 69 90	20%	10%	Reduction in BCD on Carrier-grade Ethernet Switches	S. No. 20, Notification No. 57/2017-Customs (30th June 2017), as



					amended by Notification No. 10/2025-
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**f. Tariff Rate Reduction for Solar Modules & Semiconductor Devices:**

- The tariff rate on **solar modules, semiconductor devices, and photovoltaic cells** (tariff items **8541 43 00** and **8541 49 00**) is reduced from **40% to 20%**, effective **1st May 2025**.
- Effective **2nd February 2025**, these goods will attract **20% BCD + 20% AIDC + Nil SWS**. (**S.No. 24 of Notification No. 4/2025-Customs & related notifications**).

Component / Product	HS Code	Previous Tariff Rate	New Tariff Rate (Effective 1 May 2025)	Duties (Effective 2 Feb 2025)	Reference
<b>Solar Modules</b>	8541 43 00	40%	20%	20% BCD, 20% AIDC, Nil SWS	Clause 98(b) of the Finance Bill, 2025 (Third Schedule); S. No. 24, Notification No. 4/2025-Customs (1st Feb 2025); S. Nos. 16AB & 16AC, Notification No. 6/2025-Customs (1st Feb 2025); S. No. III (8B), Notification No. 7/2025-Customs (1st Feb 2025)
<b>Semiconductor Devices &amp; Photovoltaic Cells</b>	8541 49 00	40%	20%	20% BCD, 20% AIDC, Nil SWS	Clause 98(b) of the Finance Bill, 2025 (Third Schedule); S. No. 24, Notification No. 4/2025-Customs (1st Feb 2025); S. Nos. 16AB & 16AC, Notification No. 6/2025-Customs (1st Feb 2025); S. No. III (8B), Notification No. 7/2025-Customs (1st Feb 2025)

**g. BCD Reduction for Inputs in Mobile Phone Components Manufacturing:**

- BCD is being **reduced to Nil** on inputs/parts for manufacturing:
    - PCBA
    - Camera Module
    - Connector
    - Wired Headset
    - Microphone & Receiver
    - USB Cable
    - Fingerprint Reader/Scanner
  - **(S.No. 6A, 6B, 6C, and 7 of Notification No. 57/2017-Customs, as amended by Notification No. 10/2025-Customs).**
- h. **Tariff Rate Reduction for Solar Cells:**
- The tariff rate on **Solar Cells** (tariff item **8541 42 00**) is reduced from **25% to 20%**, effective **1st May 2025**.
  - Effective **2nd February 2025**, these goods will attract **20% BCD + 7.5% AIDC + Nil SWS**. **(S.No. 24 of Notification No. 4/2025-Customs & related notifications).**
- i. **BCD Exemption on Lithium-Ion Battery Waste & Scrap:**
- BCD on **Lithium-Ion Battery waste and scrap** (tariff items **8549 13 00, 8549 14 00, 8549 19 00**) is **reduced from 5% to Nil**. **(S.No. 518A of Notification No. 50/2017-Customs, as amended by Notification No. 5/2025-Customs).**

## **D. Other Key announcements of Union Budget 2025-26 is summarized below: (Part A and Part B)**

### **Part A: Key Budget Estimates and Provisions**

#### **Budget Estimates 2025-26**

- **Total Receipts (excluding borrowings):** ₹34.96 lakh crore
- **Total Expenditure:** ₹50.65 lakh crore
- **Net Tax Receipts:** ₹28.37 lakh crore
- **Fiscal Deficit:** Estimated at 4.4% of GDP
- **Gross Market Borrowings:** ₹14.82 lakh crore
- **Capital Expenditure (Capex):** ₹11.21 lakh crore (3.1% of GDP)

#### **Agriculture as the 1<sup>st</sup> Engine of Development**

- **Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme:** To cover 100 districts with low productivity and provide benefits to 1.7 crore farmers.
- **Aatmanirbharta in Pulses:** A six-year mission focusing on enhancing pulse production, with NAFED and NCCF procuring pulses over four years.
- **Comprehensive Programme for Vegetables & Fruits:** To improve production, processing, and pricing for farmers.
- **Makhana Board in Bihar:** To enhance the value chain in the makhana industry.
- **National Mission on High Yielding Seeds:** Focusing on improving seed varieties and their availability.
- **Fisheries Framework:** Focusing on sustainable fisheries and the Andaman & Nicobar Islands.
- **Mission for Cotton Productivity:** A five-year mission to improve cotton farming productivity.
- **Enhanced Credit through KCC:** Loan limits increased from ₹3 lakh to ₹5 lakh under the Kisan Credit Card (KCC) scheme.
- **Urea Plant in Assam:** Setting up a urea plant with a capacity of 12.7 lakh metric tons.

## MSMEs as the 2<sup>nd</sup> Engine of Development

- **Revision in MSME Classification:** Investment and turnover limits for classification to be enhanced by 2.5 and 2 times respectively.
- **Customized Credit Cards for Micro Enterprises:** ₹5 lakh credit cards for micro enterprises, 10 lakh cards to be issued in the first year.
- **Fund of Funds for Startups:** ₹10,000 crore allocated for a new fund to support startups.
- **Scheme for First-time Entrepreneurs:** Loans up to ₹2 crore for 5 lakh women and SC/ST first-time entrepreneurs.
- **Focus Product Scheme for Footwear & Leather Sectors:** To enhance productivity, generate ₹4 lakh crore turnover, and exports of ₹1.1 lakh crore.
- **Measures for the Toy Sector:** A scheme to make India a global hub for sustainable toys.
- **National Institute of Food Technology in Bihar:** A new institute for food processing support.

## Investment as the 3<sup>rd</sup> Engine of Development

### I. Investing in People

- **Saksham Anganwadi and Poshan 2.0:** Enhanced nutritional support for children.
- **50,000 Atal Tinkering Labs:** Establishment in government schools over the next five years.
- **Broadband Connectivity in Schools & PHCs:** Expansion of the BharatNet project.
- **Bharatiya Bhasha Pustak Scheme:** Digital Indian language books for schools and universities.
- **National Centres of Excellence for Skilling:** To equip youth with skills for "Make for India, Make for the World."
- **Expansion of IITs:** Infrastructure for 6,500 additional students.
- **Centre of Excellence in AI for Education:** ₹500 crore for AI in education.
- **Medical Education Expansion:** Adding 10,000 medical seats next year and 75,000 seats over five years.
- **Day Care Cancer Centres:** 200 centres to be set up across district hospitals.
- **PM SVANidhi Scheme:** Enhanced loans, UPI-linked credit cards, and capacity-building support.

## II. Investing in the Economy

- **Public-Private Partnerships (PPP):** Ministries will develop a 3-year pipeline for PPP projects.
- **Support to States for Infrastructure:** ₹1.5 lakh crore allocated for 50-year interest-free loans to states.
- **Asset Monetization Plan 2025-30:** ₹10 lakh crore to be reinvested in new projects.
- **Urban Challenge Fund:** ₹1 lakh crore for city development.
- **Nuclear Energy Mission:** Setting up Small Modular Reactors (SMRs) with ₹20,000 crore investment.
- **Shipbuilding:** Revamping the financial assistance policy.
- **UDAN Scheme Expansion:** Connectivity to 120 new destinations and support for smaller airports.
- **Greenfield Airport in Bihar:** Development and capacity expansion at Patna and Bihta.
- **Western Koshi Canal Project:** Financial support for Bihar's irrigation project.
- **Mining Sector Reforms:** Recovery of critical minerals from tailings.
- **SWAMIH Fund 2:** ₹15,000 crore to complete 1 lakh dwelling units.

## III. Investing in Innovation

- **Research & Development:** ₹20,000 crore for private sector-driven R&D initiatives.
- **Deep Tech Fund of Funds:** To support next-generation startups.
- **PM Research Fellowship:** 10,000 fellowships for technological research in IITs/IISc.
- **Gene Bank for Crops:** To ensure food and nutritional security.
- **National Geospatial Mission:** Developing infrastructure and geospatial data.
- **Gyan Bharatam Mission:** Surveying and conserving India's manuscript heritage.

## Exports as the 4th Engine of Development

- **Export Promotion Mission:** A mission with sectoral and ministerial targets.
- **BharatTradeNet (BTN):** A unified platform for trade documentation and financing.
- **National Framework for GCC:** To support the growth of Global Capability Centres in tier-2 cities.

## Financial Sector Reforms and Development

- **FDI in Insurance:** The FDI limit in the insurance sector will be raised from 74% to 100% for companies that invest entirely in India.
- **NaBFID's Credit Enhancement Facility:** To set up a facility for corporate bonds in infrastructure.
- **Grameen Credit Score:** Framework to serve credit needs in rural areas.
- **Pension Sector Reforms:** A forum for regulatory coordination and pension product development.
- **High-Level Committee for Regulatory Reforms:** To review non-financial sector regulations.
- **Investment Friendliness Index of States:** Launching an index to foster competitive federalism.
- **Jan Vishwas Bill 2.0:** Decriminalization of over 100 provisions in various laws.

## Part B: Direct Tax Provisions

- **Personal Income Tax:** No tax payable up to ₹12 lakh income, with new slabs for higher earnings

For any queries regarding this ELCINA Policy Capsule, please contact [policy@elcina.com](mailto:policy@elcina.com).



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