



Key Budget Highlights for the Infrastructure Sector

Beyond Better





The government has reaffirmed its strong commitment to infrastructure-led economic growth with a significant allocation of INR 11.21 lakh crore, continuing last year's investment momentum. The budget introduces key initiatives aimed at enhancing regional connectivity, boosting private sector participation, and promoting sustainable urban and rural development. Strategic tax amendments and regulatory reforms further support long-term infrastructure investment while simplifying compliance and reducing litigation risks.

Infrastructure Investment & Development

- **Budget Allocation:** INR 11.21 lakh crore allocated for capex towards infrastructure development.
- **Investment Support to States:** INR 1.5 lakh crore allocated as 50-year interest-free loans to states for capital expenditure and reform incentives.
- **Asset Monetization Plan:** Second phase of asset monetization (2025-30) to be launched, unlocking INR 10 lakh crore for investment in new infrastructure projects.
- **Public Private Partnerships:** Each infrastructure-related ministry to prepare a three-year PPP project pipeline to boost private sector participation; states can seek support from the India Infrastructure Project Development Fund to prepare PPP proposals.
- **Regional Connectivity:** UDAN – Regional Connectivity Scheme to add 120 new air destinations, targeting 4 crore passengers over the next decade.
- **Purvodaya Vision:** New and expanded airports in Bihar to improve connectivity in eastern India.
- **Tourism Development:** 50 new world-class tourist destinations to drive employment-led growth and boost domestic tourism spending.

Urban & Rural Infrastructure Expansion

- **Jal Jeevan Mission:** Extended until 2028 to ensure 100% rural water coverage under the Sabka Vikas vision.
- **Urban Challenge Fund:** INR 1 lakh crore allocated to implement 'Cities as Growth Hubs', 'Creative Redevelopment of Cities' and 'Water and Sanitation' proposals. Allocation of INR 10,000 crore proposed for 2025-26.
- **Maritime Development Fund:** INR 25,000 crore fund established to attract private investment and enhance maritime infrastructure.
- **Nuclear Energy Mission:** Introduction of a dedicated Nuclear Energy Mission with an allocation of INR 20,000 crore, focusing on research and development of Small Modular Reactors (SMRs).

Select Highlights of Tax Amendments Impacting the Sector

- **Corporate Tax:** No changes in tax rates for domestic and foreign companies.
- **SWF & PF Investments:**
 - A. Tax exemptions on dividend, interest and capital gains extended for investment made up to 31 March 2030.
 - B. Capital gains tax exemptions now cover unlisted bonds and debentures.
- **Tonnage Tax Scheme:** Expanded to include inland vessels under the Inland Vessels Act, 2021, effective April 2025.
- **Extension of benefits for ship-leasing and airline leasing activity through IFSC:**
 - A. Sunset date for commencement of operations extended to 31 March 2030 for 80LA benefits.
 - B. Royalty and interest exemption for non-residents extended up to 31 March 2030.
 - C. Capital gain exemption extended to transfer of shares of company engaged in ship-leasing activity.
 - D. Extension of dividend exemption to IFSC company earning income from another IFSC company engaged in ship-leasing.

- **Transfer Pricing (TP) Revisions:** Block assessments for three years to reduce compliance burdens and litigation risks.
- **Merger & Amalgamation Rules:** Streamlined to allow loss carry-forward and set-off for up to eight years post-reorganization.
- **Infrastructure Investment Trusts (InvITs):** Long-term capital gains on listed securities to be taxed at a reduced rate of 12.5%.

Other taxation reforms:

- A. Significant Economic Presence provisions not applicable in case of purchase of goods for export.
- B. Initial period for re-export of railway goods for repairs extended from six months to one year, further extendable by one year.
- C. BCD exemption for import of following extended to 31 March 2035: Vessels and other floating structures for breaking up; raw materials, components, consumables or parts for use in the manufacture of ships and vessels.





KNAV has charted a course to be one of the world's leading accounting and consulting firms over the last two decades. We provide an expansive suite of public accounting services including accounting, assurance, taxation, international transfer pricing, global risk consulting, and business advisory services. With over 550+ professionals in 6 countries, our team combines local insights with global expertise to design powerful strategies and help our clients stay ahead of the curve. Our commitment to customer service, integrity, and innovation makes us the best choice for businesses of all sizes.

USA

Atlanta

One Lakeside Commons, Suite 850, 990
Hammond Drive NE, Atlanta, GA 30328

New York

1177 6th Ave 5th Floor, New York, NY 10036,
USA

Houston

6430 Richmond Ave., Suite 120, Houston, TX
77057-5908

Bay Area

Bishop Ranch 3, 2603 Camino Ramon, Suite 200,
San Ramon, CA 94583

India

Mumbai

7th floor, Godrej BKC, Bandra Kurla Complex,
Mumbai 400051

Canada

55 York Street, Suite 401, Toronto, ON M5J 1R7,
Canada

Singapore

1 North Bridge Road, High Street Centre, #21-08,
Singapore 179094

UK

Ground floor, Hygeia Building, 66-68 College
Road, Harrow, Middlesex HA1 1BE

Netherlands

Fokkerstraat 12, 3833 LD Leusden, The
Netherlands