



India Union Budget 2025-26

Point of view

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Healthcare

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Key announcements for the sector

The Government of India has allocated a total of ~INR 99,859 crore (Cr.) in FY2025-26 budget for the country's healthcare sector, which is 11 percent increase from ~INR 89,974 Cr. in FY2024-25. Out of the overall budget, Department of Health and Family Welfare is allocated ~INR 95,958 Cr. as compared to ~INR 86,582 Cr. (an increase of ~11 percent) and Department of Health Research (DHR) is allocated approximately INR 3,901 Cr. as compared to INR 3,392 Cr. (an increase of 15 percent). The focus of this FY's budget was on continuing last few years investment in healthcare infrastructure augmentation, strengthening implementation of the Centrally Sponsored Schemes, and strengthening cancer care services. In line with the Government's continuous efforts for overall health system strengthening, the following announcements were covered in the Union Budget of FY 2025-26.

New initiatives

- Day Care Cancer Centres in all District Hospitals - The government will facilitate setting up of Day Care Cancer Centres in all district hospitals across India over the next three years and 200 Day Care Cancer Centres will be set-up in 2025-26 to provide access and affordable cancer care services like diagnosis, chemotherapy and other services
- Relief on import of Drugs/Medicines – To provide relief to patients, particularly those suffering from cancer, rare diseases and other severe chronic diseases, an additional 36 lifesaving drugs and medicines have been added to the list of medicines fully exempted from Basic Customs Duty (BCD). Furthermore, six lifesaving medicines have also been added to the list attracting concessional customs duty of 5%. Full exemption and concessional duty will also respectively apply on the manufacture of these drugs in bulk. Additionally, changes have also been proposed in the basic customs duty for X-ray tubes and flat panel detectors for use in medical X-ray machines under the 'phased manufacturing programme for synchronization in domestic capacity addition'
- Specified drugs and medicines under Patient Assistance Programmes run by pharmaceutical companies will be fully exempted from Basic Customs Duty (BCD), provided the medicines are supplied free of cost to patients. Moreover, 37 extra medicines along with 13 new patient assistance programmes have also been proposed
- Medical Tourism and Heal in India - Medical Tourism and Heal in India will be promoted in partnership with the private sector along with capacity building and easier visa norms
- Strengthening primary healthcare services - Broadband connectivity will be provided to all primary health centres in rural areas along with government secondary schools under the Bharatnet project.

Key public health and other allied programmes

- Compared to the last fiscal year, the National Health Mission (NHM) received a slightly higher budget, with an increase of 3 percent from INR 36,000 Cr in FY 2024-25 to approximately INR 37,227 Cr in FY 2025-26

- There was an increase in budget allocation for the National Organ Transplant Programme, with INR 15 Cr compared to INR 10 Cr in the previous fiscal year (a 50 percent increase)
- The National Tele Mental Health Programme saw a major boost with a 77 percent increase in budget allocations, amounting to approximately INR 80 Cr compared to INR 45 Cr in FY 2024-25
- The Ayushman Bharat Digital Mission (ABDM) received an increased allocation of approximately INR 340 Cr compared to INR 225 Cr in FY 2024-25 (a 51 percent increase).

Department of Health Research (DHR)

- The Department of Health Research received an increased budget allocation by 15 percent (~INR 3,901Cr.) from last FY (INR 3,392 Cr.) for establishment of centers, various central sector schemes for infrastructural development of health research (54.29 percent), and major budget allocation of ~INR 3,126 Cr. to the Indian Council of Medical Research (ICMR) which has increased by nearly 9 percent last FY
- Budget allocation for Bio-security preparedness and strengthening Pandemic Research and Multi Sector and National Institutions and Platform for One Health has been bolstered by marquee increase of 87 % as compared to last financial year. The budget has been increased from ~INR 187 Cr in FY 2024-25 to ~ INR 350 Cr in FY 2025-26.

Healthcare Coverage Budget

- The Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) allocation was raised from ~INR 7,606 crore in 2024-25 to INR 9,406 crore in 2025-26 (an increase of nearly 24 percent). This will drive access and affordable healthcare to the beneficiaries covered under the AB-PMJAY, and significant efforts towards reducing out of pocket expenses (OOPE) in healthcare
- The government has extended healthcare coverage under AB-PMJAY to all ASHA workers, Anganwadi workers and helpers
- Acknowledging the vital role of gig workers in the new age service economy, government will facilitate their identification by issuing identity cards and registration on the e-Shram portal. Nearly 1 crore online gig-workers will also receive healthcare benefits under the AB-PMJAY.

Healthcare Infrastructure Development

- Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) has got an increased allocation of nearly 15 percent as compared to last FY. The scheme aims augment facilities for quality medical education in the country for establishment of 22 new AIIMS and 75 up-gradation Projects of existing Government Medical Colleges/Institutions (GMCI)s. As a part of this, almost 1.1 lakh UG and PG medical education seats have been added in the last ten years, an increase of 130 per cent. In the next year, 10,000 additional seats will be added in medical colleges and hospitals, towards the goal of adding 75,000 seats in the next 5 years
- Allocation for Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM) was increased from INR 3,380 Cr. in 2024-25 to ~INR 4,758 Cr. in 2024-25 (an increase of nearly 41percent). Under PM-ABHIM, the budget proposed an increased allocation of 87 percent (~INR 187 Cr in FY 2024-25 to INR 350 Cr in FY 2025-26) for DHR that aims for Bio Security Preparedness and strengthening Pandemic Research and Multi Sector and National Institutions and Platform for One Health.

Disease Surveillance Systems and Outbreak Management

- There has been a significant increase of nearly 184 percent in the Global Fund Grant under the Covid-19 Response Mechanism. The budget allocation has risen from approximately INR 125 Cr. in the previous fiscal year to around INR 355 Cr. in FY 2025-26
- The allocation for the establishment and strengthening of NCDC Branches and Health Initiatives, including inter-sectoral coordination for preparation and control of zoonotic diseases and other neglected tropical diseases, surveillance of viral hepatitis, and anti-microbial resistance, has increased by 77 percent. The overall allocation is approximately INR 54 Cr in FY 2025-26 compared to around INR 30 Cr. in FY 2024-25

- There has been an increase of nearly 526 percent for Health Sector Disaster Preparedness and Response, and Human Resources Development for Emergency Medical Services, with an allocation of INR 94 Cr in FY 2025-26 compared to INR 15 Cr. in FY 2024-25
- There is a decrease of 6 percent in the allocation for setting up a nationwide network of laboratories for managing epidemics and national calamities, with the budget decreasing from nearly INR 61 Cr in FY 2024-25 to approximately INR 57 Cr in FY 2025-26
- The budget allocated for the development of tools and support to prevent outbreaks of epidemics has decreased by nearly 56 percent, from INR 8 Cr in FY 2024-25 to approximately INR 3 Cr in FY 2025-26.

Human Resources for Health

- The budget allocated to human resources for health and medical education has increased by 189 percent, from approximately INR 579 Cr in FY 2024-25 to around INR 1,675 Cr in FY 2025-26, with increased focus on nursing sector
- The budget allocation for the development of nursing services has increased by nearly 31 percent, from approximately INR 22 Cr in the previous fiscal year to around INR 29 Cr in FY 2025-26.

Ministry of AYUSH and Other Allied Programmes

- The Ministry of AYUSH has been allocated an increased budget of approximately INR 3,993 Cr in FY 2025-26, compared to around INR 3,498 Cr in the previous fiscal year (nearly a 14 percent increase). Major allocations have been made for central sector schemes such as AYURGYAN (85 percent increase from INR 27 Cr in FY 2024-25 to INR 50 Cr in FY 2025-26), Ayurswashay Yojana (approximately a 116 percent increase from INR 29 Cr in FY 2024-25 to around INR 63 Cr in FY 2025-26), and AYUSH Oushadhi Gunvatta evum Uttapadan Samvardhan Yojana (AOGUSY) (80 percent increase from INR 15 Cr in FY 2024-25 to INR 27 Cr in FY 2025-26)
- The budget allocation for the Swachh Bharat Mission (SBM) – Urban has increased by nearly 132 percent, from approximately INR 2,159 Cr in FY 2024-25 to around INR 5,000 Cr in FY 2025-26. This mission contributed significantly to improving public health and addressing communicable diseases
- The Jal Jeevan Mission will continue till 2028 to achieve 100% coverage of Indian rural households with potable tap water connections, contributing significantly to the reduction of food and waterborne communicable diseases.

Direct Tax (All amendments will be applicable from FY 2024-25)

- Incomplete application submitted for registration of charitable institutions not to be treated as a 'specified violation' leading to cancellation of tax exemption registration
- Validity of registration for smaller charitable institutions whose income does not exceed INR 5 crores in each of the two previous years prior to filing of application to be extended from 5 years to 10 years
- Threshold for coverage under 'specified persons' for persons making substantial contributions increased to INR 1 lakh per year and a cumulative limit of INR 10 lakhs
- Relatives and entities where substantial interest held by persons covered under 'specified persons' under the 'substantial contribution' definition excluded from the meaning of 'specified persons'
- Provisions of TCS on sale of goods shall not be applicable from 1 April 2025 to reduce compliance burden on the taxpayers
- TDS threshold limit across various sections rationalized for ease of doing business and better compliance for taxpayers.

Implications for the sector

- Cancer treatment is a costly burden on individuals often resulting in significant financial strain. The FY2025-26 budget proposal's plan to set up specialized Day Care Cancer Centres to enhance cancer treatment accessibility is a welcome move for providing focused care for cancer patients, allowing them to receive treatment without extended hospital stays
- Furthermore, to reduce the financial burden on patients, certain cancer medications have been exempted from customs duties which is expected to make these essential drugs more affordable and improve patient access to necessary treatments
- This year's budget highlighted a reduction on customs duties on life-saving drugs making these essential medications more affordable for patients. This measure is expected to improve access to critical treatments and support better health outcomes
- The budget outlines a 2.5% to 3% increase in healthcare spending compared to the previous year. The additional funds designated are proposed for enhancing healthcare infrastructure, particularly in rural and semi-urban areas, which will aim to improve service delivery and accessibility in remote locations reducing the equity gap in healthcare services
- To foster innovation in the pharmaceutical sector, the government is reintroducing weighted average tax benefits for research and development activities. This incentive is an encouraging step designed to encourage advancements in critical therapeutic areas and bolster the industry's global competitiveness
- The budget included an increased allocations for the PLI scheme, aiming to boost domestic manufacturing of pharmaceutical products and medical devices. This initiative seeks to strengthen India's self-reliance in healthcare manufacturing and reduce dependence on imports
- The Indian government's focus on strengthening infrastructure is expected to bolster medical colleges and augment the healthcare workforce improve access and quality of care and address the existing shortage of medical professionals. This on the parallel end, would expand the healthcare education sector, improve quality of medical training, and ensure a robust supply of skilled healthcare professionals to meet the nation's needs.

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