



India Union Budget 2025-26

Point of view

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WaSH (Water, Sanitation & Hygiene)

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Key announcements for the sector

- **Jal Jeevan Mission:**
 - Tap water connections have been successfully provided to 15 crore households, covering 80 per cent of India's rural population. To achieve 100 per cent coverage, the scheme has been extended until 2028 with an increased budget
 - The focus will be on improving the quality of infrastructure and the O&M of rural water supply systems through Jan Bhagidari. Separate MoUs will also be signed with States/UTs to ensure sustainability and citizen-centric water service delivery.
- **Western Kosi Canal Project in Mithilanchal:**
 - Financial support will be provided for the Western Kosi Canal ERM project, benefiting farmers cultivating over 50,000 hectares of farmland in the region.
- **Urban Challenge Fund:**
 - INR 1 lakh crore fund has been allocated to implement proposals aimed at developing cities as growth hubs, creative redevelopment of cities, and addressing water and sanitation needs, as announced in the July budget
 - The fund will finance up to 25 per cent of the cost of bankable projects, with a requirement that at least 50 per cent of the cost be funded through bonds, bank loans, and PPPs. INR 10,000 crore has been allocated for FY2025-26.
- **Prime Minister Dhan Dhanya Krishi Yojana:**
 - The program will cover 100 districts with low agricultural productivity, moderate crop intensity, and below-average credit availability for farmers. One of the primary objectives is to improve irrigation facilities, benefitting approximately 1.7 crore farmers.
- **PPP in Infrastructure:**
 - Each infrastructure-related Ministry will develop a three-year pipeline of projects under the Public-Private Partnership (PPP) model. States will be encouraged to follow suit and can seek support from the India Infrastructure Project Development Fund scheme to prepare the PPP proposals.

- **Budget allocations for key government programmes and schemes:**

Ministry	Scheme/ Programme	FY 2024-25 (INR Cr.)	FY 2025-26 (INR Cr.)	Increase or decrease (%)
Ministry of Jal Shakti	Namami Gange II	3,345.70	3,400.00	+1.6
	River Basin Management	154.79	243.00	+57
	Atal Bhujal Yojana	1,778.00	1,780.40	+0.1
	National Water Mission	67.06	70.00	+4.4
	PMKSY	8,249.80	8,259.80	+0.1
	National River Conservation Plan – Other Basins	592.11	558.09	- 5.7
	Interlinking of Rivers	3,500.00	2,400.00	-31.4
	Major Irrigation Projects (DRIP and Farakka Barrage)	126.98	119.30	-6
	Jal Jeevan Mission	70,162.90	67,000.00	-4.51
	SBM – Grameen	7,192.00	7,192.00	-
Ministry of Urban and Housing Affairs	AMRUT 2.0	8,000.00	10,000.00	+25
	SBM – Urban	5,000.00	5,000.00	-

Implications for the sector

- The Union Budget 2025-2026 presents the Government of India’s continued emphasis upon its vision of Viksit Bharat
- The Urban Challenge Fund will provide an avenue to cities to innovatively develop cities and address water and sanitation needs in a sustainable and resilient manner. The Fund provides an opportunity to cities to holistically reimagine their landscapes by adopting water-sensitive planning. This could integrate surface water, groundwater, rainwater harvesting and water reuse, ensuring a comprehensive solution to all urban water challenges
- The emphasis on encouraging PPP in infrastructure development showcases the government’s recognition of the critical role played by the private sector, through increased investments, improved service delivery, risk sharing and financial sustainability. This increased involvement will be critical to tackle some of the key challenges and growing demands faced by the water sector
- The announcement for outlay for states offers potential new opportunities for investment in sub-sectors such as irrigation, water supply, wastewater treatment and reuse in the water sector

- Ensuring 100 per cent access to piped tap water connections and enhancing irrigation facilities remain as one of the topmost priorities for the government
- While the budget reflects a positive outlook for select schemes and programmes, the allocation for other areas appears more measured. This may require prioritisation to address the sector's evolving needs across both urban and rural landscapes.

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