

In AI stimulus, budget allots ₹500 crore for Centre of Excellence in education

By [Aditi Agrawal](#) ✕

Feb 02, 2025 03:05 AM IST



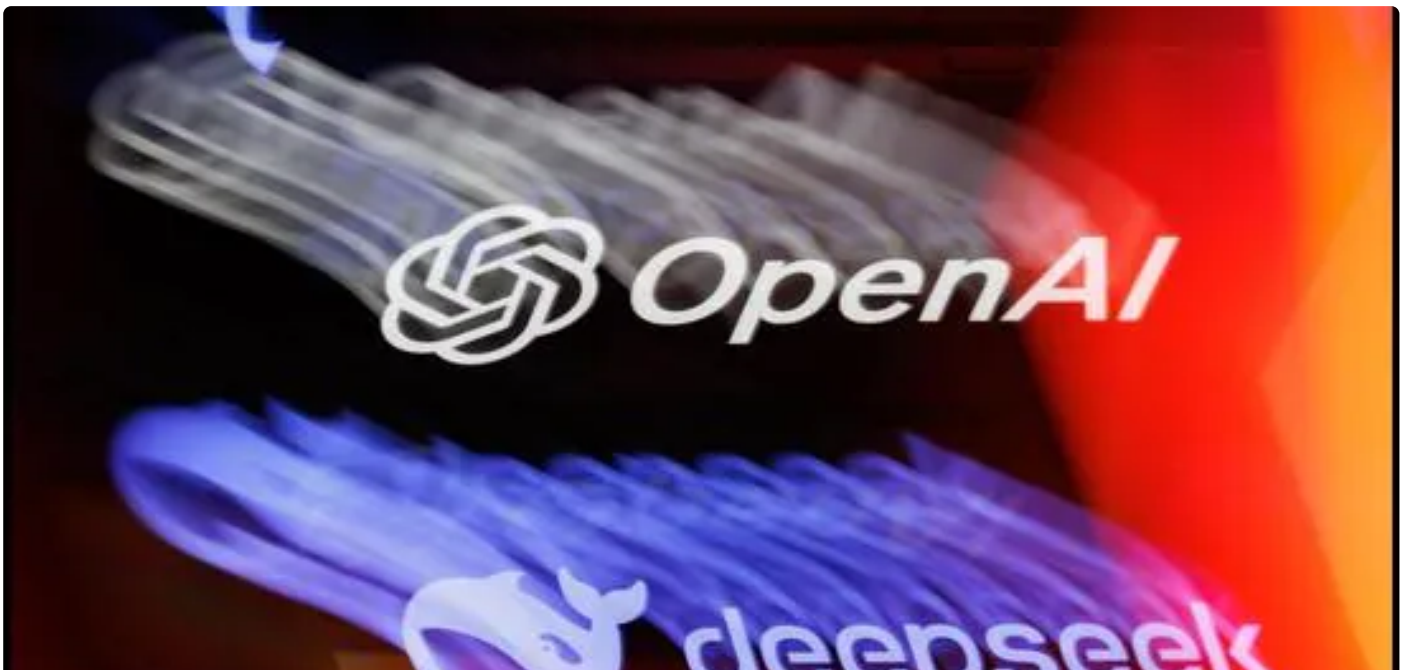
The central government will invest ₹500 crore in a new AI Centre for Excellence in education and ₹20,000 crore for private sector research and innovation.

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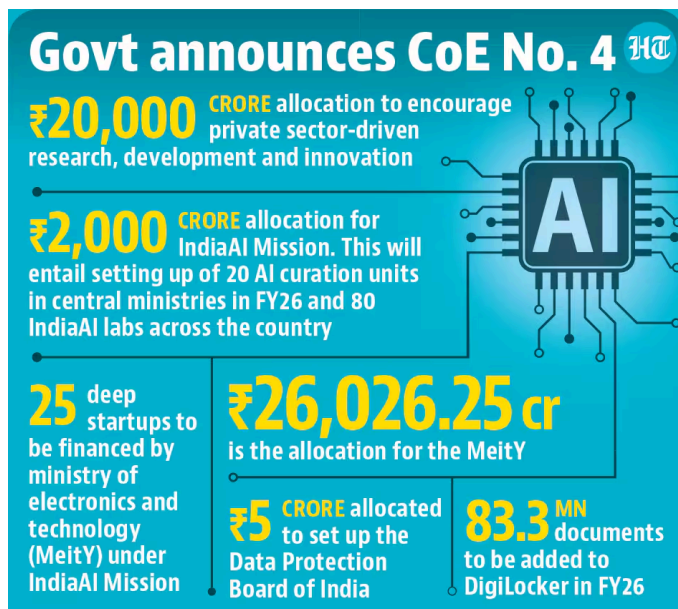
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The central government will set up a centre for excellence (CoE) in Artificial Intelligence (AI) for education with an outlay of ₹500 crore, Union finance minister Niramala Sitharaman announced in her budget speech on Saturday, outlining a major push for future technologies.



Sitharaman also announced a ₹20,000 crore allocation encourage private sector-driven research, development and innovation, a portion of which may be used to set up a “Deep Tech Fund of Funds” to encourage startups.

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Union IT minister Ashwini Vaishnaw had said that the Centre is looking at the potential of indigenous AI models. (HT Print)

The CoE for AI in education is the fourth such centre to be announced. In 2023, Sitharaman announced a CoE in AI for agriculture, health, and sustainable cities. In a media interaction after the budget speech, IT minister Ashwini Vaishnaw also said the allocation for the new CoE was a part of the allocation for the IndiaAI Mission, the IT Ministry’s initiative to boost indigenous AI development that was cleared with an outlay of ₹10,371.92 crore in March 2024 to be spent over five years.

On Saturday, the IndiaAI Mission was allocated ₹2,000 crore for FY26, up from the revised estimate of ₹173 crore for FY25. Through this ₹2,000 crore, the government wants to set up 20 AI curation units in central ministries in FY26 and 80 IndiaAI labs across India, according the government’s output document.

Vaishnaw said the AI curation units will be responsible for curating datasets with non-personal data such as passport data. He said that the Centre and states will work on this

“To implement the private sector-driven Research, Development and Innovation initiative announced in the July Budget, I am now allocating ₹20,000 crore. A Deep Tech Fund of Funds will also be explored to catalyse the next generation startups as a part of this initiative,” Sitharaman said.

In a statement, NASSCOM said, “Such a fund, when implemented, can help drive India’s leadership in frontier technologies such as AI, quantum computing, semiconductors, and space tech.” This, the industry body said, would ensure “greater access to patient capital for early-stage and growth-stage startups”.

While announcing the interim budget in February 2024, Sitharaman had announced a ₹1 lakh crore [₹1 trillion] corpus to help finance research in technology through 50-year interest-free loans that would also provide long-term financing or re-financing with long tenures and low or nil interest rates.

“This will encourage the private sector to scale up research and innovation significantly in sunrise domains,” she had said. At the time, Vaishnav said the details of this corpus and how the projects will be selected would be released in the days following the interim budget, but no such details were released.

Separately, the budget allocation for the ministry of electronics and technology (MeitY) increased by 48.16%, to ₹26,026.25 crore from the revised estimate (RE) for FY25 of ₹17,566.31 crore, primarily focussed on boosting two sectors – electronics manufacturing and manufacturing of semiconductors.

Sitharaman announced that the basic custom duty (BCD) on interactive flat panel display (IFPD) will be increased from 10% to 20 and reduced on open cell and other components to 5%. BCD on open cells of LCD/LED TVs will be exempted. BCD on inputs for camera modules, wired headsets, microphones and receivers, USB cable, fingerprint reader/sensor of cellular mobile phone has also been reduced to zero. The BCD on carrier-grade ethernet switches has been reduced from 20% to 10%.

Pankaj Mohindroo, the chairperson of India Cellular and Electronics Association (ICEA), said that this rationalisation of tariffs on key inputs and components would “create a more competitive cost structure” that allows for greater integration with global value chains.

Sitharaman also proposed a presumptive taxation regime for non-residents who provide services to a resident company that is establishing or operating an electronics manufacturing facility. This means that such non-residents will pay a fixed percentage of their turnover or gross receipts, irrespective of their actual expenses.

The presumptive taxation regime will lead to tax certainty and supplements the Centre's intent to boost electronics and semiconductor manufacturing in India, Aaron Kamath, leader, commercial and technology practice at Nishith Desai Associates, said. "The Finance Bill, 2025, supplements this intent and encourages overseas service and technology providers to collaborate with electronics manufacturers in India by providing the former with tax certainty through presumptive taxation," he said.

Through the proposed section 44BBD, the overseas provider will pay an effective tax of less than 10 per cent on gross receipts, leading to reduction in tax liability and promotion of India as a destination for electronics manufacturing, Kamath said.

The government also set aside ₹5 crore to set up the Data Protection Board of India, up from the ₹2 crore allocation in the July budget. The government aims to finish 75% of the work required to set up the office for the DPB in FY26 after the data protection rules are notified.

The government also aims to add 83.3 million documents to DigiLocker in FY26.

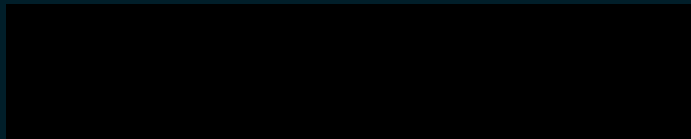
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