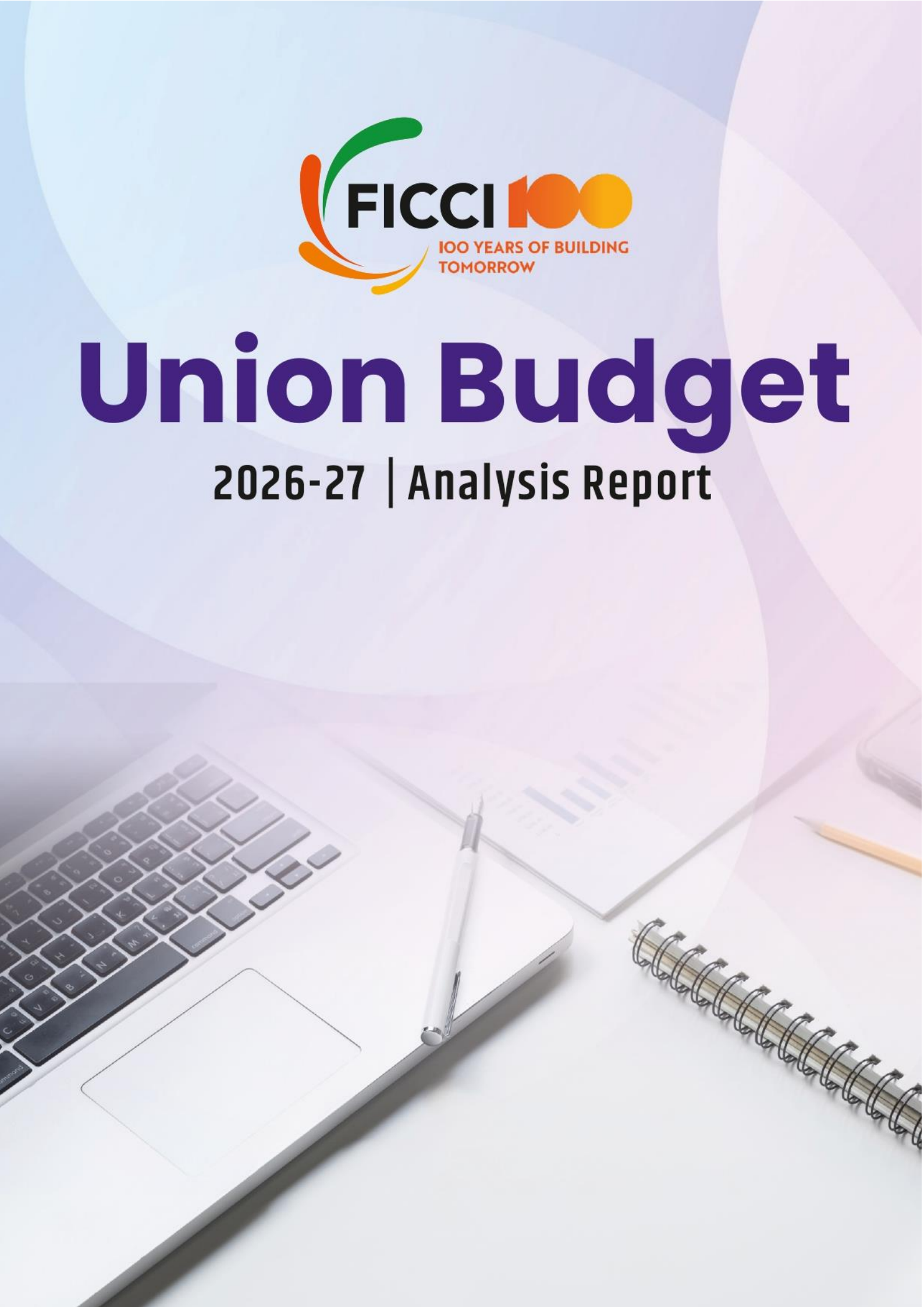
FICCI 100
100 YEARS OF BUILDING TOMORROW

Union Budget

2026-27 | Analysis Report



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Part A: Macro Overview

Union Budget 2026–27 continues the government's balanced and pragmatic approach to economic management. Presented against a backdrop of global uncertainty marked by geopolitical tensions, fragmented trade flows and uneven growth prospects, the Budget reflects a measured effort to safeguard macroeconomic stability while sustaining growth through well-calibrated policy interventions.

Consistent with key expectations of industry, public investment remained at the centre of the growth strategy. Capital expenditure for 2026-27 has been raised to Rs 12.2 lakh crore, reflecting a 9% increase over 2025-26 (RE) and underscoring a sustained upward trajectory—nearly sixfold higher than the Rs 2 lakh crore outlay in 2014-15. This continued focus on asset-creating expenditure reinforces the government's preference for investment-led growth that expands productive capacity, crowds in private investment and strengthens long-term competitiveness. Emphasis on the quality, execution and multiplier impact of public capex is expected to support growth momentum in the years ahead.

Manufacturing occupied a central position in the Budget's growth and employment framework. Targeted support for frontier and strategic sectors such as biopharma, semiconductors, electronics, rare earth magnets and chemicals seeks to reduce strategic import dependence and move India up global value chains. Significant allocations for container manufacturing, capital goods and the revival of legacy industrial clusters are expected to strengthen domestic supply chains, improve logistics reliability and enhance productivity. These initiatives are complemented by focused support for labour-intensive sectors such as textiles and sports goods, providing a positive impetus to manufacturing-led job creation.

MSMEs continued to be recognised as a key pillar of economic growth. The Budget's announcements on building "Champion SMEs" through equity support, improved liquidity mechanisms and professional assistance addresses long-standing challenges related to scale, access to finance and compliance burdens. Measures to deepen platforms such as TReDS and strengthen integration with public procurement are expected to improve cash flows, accelerate formalisation and enhance MSME participation in domestic and export value chains.

Amid ongoing global turbulence, the external sector also received focused attention. While exports remain vulnerable to weak global demand and trade fragmentation, the emphasis on improving trade facilitation, logistics infrastructure and domestic value addition is expected to strengthen export competitiveness over the medium term. Initiatives aimed at enhancing supply chain resilience and reducing dependence on critical imports further support external sector stability.

Fiscal consolidation remained a cornerstone of the macroeconomic framework. The government stayed aligned with the consolidation path announced in 2021–22, with the fiscal deficit estimated at 4.4% of GDP in the previous year and a continued commitment to gradual reduction. A notable feature of the Budget is the growing emphasis on debt sustainability as a medium-term fiscal anchor. The projected decline in the Centre's debt-to-GDP ratio reinforces confidence in public finances and creates space for priority spending without compromising macroeconomic stability, especially at a time when many global economies are facing elevated debt pressures.

Employment and skilling formed another important dimension. Continued focus on workforce readiness, sector-aligned skilling and job creation across manufacturing, MSMEs and emerging sectors reflects a clear recognition of India's demographic opportunity. Investments in skills infrastructure and institutional capacity are expected to support improved labour market outcomes over the medium term.

Further, measures aimed at enhancing ease of doing business and ease of living reinforced the governance reform agenda. Simplification of regulations, trust-based compliance systems and reduced administrative burdens are expected to create a more predictable and transparent environment for businesses and citizens. While gradual in nature, these reforms play a critical role in strengthening investor confidence and improving everyday economic participation.

Overall, the Union Budget 2026–27 builds further momentum across key growth pillars—manufacturing, MSMEs, infrastructure, logistics, human capital, and governance reforms—blending fiscal discipline with sustained public investment and structural initiatives to reinforce the foundations of stable, inclusive, and long-term economic growth.



Fiscal Performance

Fiscal Indicators (as % of GDP)

	Actual 2024-25	Budget 2025-26	Revised 2025-26	Budget 2026-27
Fiscal Deficit	4.8	4.4	4.4	4.3
Revenue Deficit	1.7	1.5	1.5	1.5
Primary Deficit	1.4	0.8	0.8	0.7

Source: Union Budget 2026-27

- The Union Government has reinforced its **fiscal consolidation strategy** by anchoring it to a medium-term debt-to-GDP glide path. Under this framework, the **debt-to-GDP ratio** has declined steadily from 61.4% in 2020-21 to 56.1% in 2025-26 (RE) and is budgeted to moderate further to 55.6% in 2026-27, reflecting a sustained effort to reduce interest burdens and create fiscal space for priority spending.

- Consistent with this consolidation path, **the fiscal deficit** was contained at 4.4% of GDP in 202526 (RE)- in line with the Budget Estimates-and is budgeted to decline further to 4.3% of GDP in 2026–-27, despite an uncertain external environment and ongoing GST rationalisation.
- Underpinning these gains is a steady improvement in the **quality of expenditure**. The revenue deficit declined to 1.5% of GDP in 2025-26 (RE), the lowest level since 2008–09 and is budgeted to be maintained at the same level in 2026–27, enabling a greater share of resources to be channelled toward capital formation.
- Further strengthening fiscal sustainability**, the primary deficit** (excluding interest payments) has narrowed sharply from 1.4% of GDP in 2024–25 (Actuals) to 0.8% in 2025–26 (RE) and is budgeted to decline further to 0.7% in 2026–27, underscoring the government's progress in curbing interest-driven borrowing and stabilising public debt.

Revenue Side

Receipts (in Rs crore)

	Actual	Budget	Revised	Budget	2025-26 BE over 2024-25 RE (%)	2025-26 RE over 2024-25A (%)	2026-27 BE over 2025-26 RE (%)
	2024-25	2025-26	2025-26	2026-27			
Revenue Receipts	**3036619**	**3420409**	**3342323**	**3533150**	**10.8**	**10.1**	**5.7**
Tax Revenue (Net)	2500039	2837409	2674661	2866922	**11.0**	**7.0**	**7.2**
Gross Tax Revenue	**3796382**	**4270233**	**4077772**	**4404086**	**10.8**	**7.4**	**8.0**
Corporation Tax	986767	1082000	1109000	1231000	**10.4**	**12.4**	**11.0**
Tax on Income	1235171	1438000	1312000	1466000	**14.4**	**6.2**	**11.7**
Customs	233201	240000	258290	271200	**2.1**	**10.8**	**5.0**
Union Excise Duty	300253	317000	336550	388910	**3.9**	**12.1**	**15.6**
Goods & Services Tax	1027041	1178000	1046480	1019020	**10.9**	**1.9**	**-2.6**
Non -Tax Revenue	536580	583000	667662	666228	**9.8**	**24.4**	**-0.2**
Interest receipts	40435	47738	40165	41763	**40.2**	**-0.7**	**4.0**
Dividends and Profits	308424	325000	375590	391000	**12.3**	**21.8**	**4.1**
Other Non-Tax Revenue	184206	205668	248461	229373	**1.1**	**34.9**	**-7.7**
Receipts of UTs	2828	3419	1807	1765	**11.4**	**-36.1**	**-2.3**
Capital Receipts	**1615641**	**1642452**	**1576797**	**1781463**	**4.2**	**-2.4**	**13.0**
Debt*	1573823	1566452	1512770	1663066	**3.2**	**-3.9**	**9.9**
Non -debt	41818	76000	64027	118397	**28.8**	**53.1**	**84.9**
Recoveries of loans and advances	24617	29000	30190	38397	**11.5**	**22.6**	**27.2**
Other Receipts	17202	47000	33837	80000	**42.4**	**96.7**	**136.4**
Total Receipts	**4652867**	**5065345**	**4964842**	**5347315**	**7.4**	**6.7**	**7.7**

***The receipts are net of payment.**

Source: Union Budget 2026-27

- For 2026–27**, revenue receipts** are budgeted at Rs 35.3 lakh crore, reflecting a 5.7% increase over 2025-26 (RE), compared to a stronger 10.1% growth recorded in 2025-26 (RE) over 2024–25 Actuals. This moderation is primarily driven by a sharp contraction in Other Non-Tax Revenue by 7.7% in 2026–27 (BE).
- Despite GST rate rationalisation, **gross tax revenue** (GTR) is budgeted to grow by 8.0% in 2026–27 (BE) over 2025–26 (RE), accelerating from 7.4% growth in 2025–26 (RE). This expansion is largely supported by robust direct tax collections, with corporation tax and income tax projected to grow by 11.0% and 11.7%, respectively, in 2026–27. As a result, the **direct tax-to-GDP ratio** is budgeted to rise to 6.9% in 2026–27, up from 6.8% in 2025–26 (RE), reflecting improved compliance aided by technology-driven administration and data-based enforcement.

- On the capital receipts side, **non-debt capital receipts** are budgeted at Rs 1.18 lakh crore in 2026–27 (BE), representing a sharp 84.9% increase over 2025–26 (RE). However, the realisation of other miscellaneous capital receipts remains contingent on market conditions and asset monetisation outcomes.

Expenditure Side

Summary of Expenditure (in Rs crore)

	Actual	Budget	Revised	Budget	2025-26 BE over 2024-25 RE (%)	2025-26 RE over 2024-25A (%)	2026-27 BE over 2025-26 RE (%)
	2024-25	**2025-26**	**2025-26**	**2026-27**			
Total Expenditure	**4652867**	**5065345**	**4964842**	**5347315**	**7.4**	**6.7**	**7.7**
On Revenue Account	3600914	3944255	3869087	4125494	**6.7**	**7.4**	**6.6**
Interest Payments	1115575	1276338	1274338	1403972	**12.2**	**14.2**	**10.2**
Grants in Aid for creation of capital assets	272656	427192	308151	492702	**42.4**	**13.0**	**59.9**
On Capital Account	1051953	1121090	1095755	1221821	**10.1**	**4.2**	**11.5**

Source: Union Budget 2026-27

- **Total expenditure** in 2026–27 is budgeted at Rs 53.47 lakh crore, marking a 7.7% increase over 2025–26 (RE), with growth driven primarily by higher capital spending.
- **Revenue expenditure** is budgeted at Rs 41.25 lakh crore, reflecting a 6.6% increase over 2025–26 (RE), compared with 7.4% growth recorded in the previous year, indicating continued restraint in consumption-oriented spending.
- In contrast, **capital expenditure** is budgeted to grow by 11.5% in 2026-27, reinforcing the government's emphasis on asset creation. This is further reflected in **effective capital expenditure,** which includes grants-in-aid for capital asset creation—budgeted at Rs 17.1 lakh crore, equivalent to 4.4% of GDP, up from 4.0% in 2024–25 and well above the pre-pandemic average of 2.7% of GDP. Notably, effective capex in 2026–27 is over 2.5 times the level recorded in 2020–21.
- Higher capital allocations are directed toward defence, railways, roads and bridges, and communication services, along with a significant increase in special assistance to States and Union Territories for capital investment.

Major Subsidies (in Rs. crore)

	Actual	Budget	Revised	Budget	2025-26 BE over 2024-25 RE (%)	2025-26 RE over 2024-25A (%)	2026-27 BE over 2025-26 RE (%)
	2024-25	**2025-26**	**2025-26**	**2026-27**			
Fertiliser Subsidy	170683	167887	186460	170781	-1.99	9.24	-8.4
Food Subsidy	199867	203420	228154	227629	3.0	14.2	-0.2
Petroleum Subsidy	14479	12100	15121	12085	-17.7	4.4	-20.1
Major Subsidies	**385029**	**383407**	**429735**	**410495**	**-0.003**	**11.6**	**-4.5**
Interest Subsidies	21885	27840	24666	27441	-1.1	12.7	11.3
Other Subsidies	15692	14969	15105	16820	-8.1	-3.7	11.4
Total - Subsidies	**422607**	**426216**	**469505**	**454773**	**-0.4**	**11.1**	**-3.1**

Source: Union Budget 2026-27

- For 2026–27, **major subsidies**—comprising food, fertiliser, and petroleum—are budgeted at Rs 4.1 lakh crore, reflecting a 4.5% reduction over 2025–26 (RE). Each of the three major subsidy heads records either a marginal decline or near-flat growth compared to the revised estimates of the previous year.
- In contrast, 2025-26 (RE) saw a sharp 11.6% increase in major subsidies, primarily driven by higher food subsidy outlays under Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) and elevated fertiliser subsidy requirements, including nutrient-based subsidies and urea support.
- **Total subsidies, including interest and other subsidies**, are budgeted at Rs 4.55 lakh crore in 2026–27, marking a 3.1% decline over 2025–26 (RE), consistent with the broader fiscal consolidation effort.

Part B: Taxation

Key Tax Announcements in Union Budget 2026-27

The Union Budget 2026-27 introduces a comprehensive set of reforms in both direct and indirect taxation aimed at simplifying compliance, promoting investment, and supporting key sectors of the economy. On the direct tax side, the proposals focus on rationalizing penalties and prosecution, encouraging voluntary compliance, and creating incentives for strategic sectors such as IT, critical minerals, and international financial services. Key measures include stability in tax rates, extended timelines for filing/expanded exemptions, and targeted relief for small taxpayers and cooperatives.

For indirect taxes, the amendments in GST, customs, excise, and related levies seek to streamline procedures, rationalize duty structures, and improve transparency. The reforms aim to enhance cash flow for exporters and businesses facing inverted duty structures, simplify GST compliance, modernize customs processes, support strategic sectors like clean energy, defence, healthcare, and aviation, and align India's tax framework with global best practices.

FICCI warmly welcomes the key proposals announced in the Union Budget 2026–27, which reflect a forward-looking and growth-oriented approach to India's taxation framework. The comprehensive reforms in both direct and indirect taxes are a significant step towards simplifying compliance, promoting voluntary participation, and fostering investment across sectors.

The rationalisation of penalties, introduction of fee-based mechanisms, and expansion of immunity from prosecution will provide greater certainty to taxpayers and reduce litigation, creating a more predictable and business-friendly environment. Special emphasis on easing the compliance burden for cooperatives and small taxpayers underscores the Government's commitment to inclusive growth.

FICCI particularly appreciates measures aimed at supporting strategic sectors such as IT, critical minerals, international financial services, clean energy, defence, healthcare, and aviation. Initiatives like the enhanced tax incentives for data centres, expansion of IFSC benefits, and rationalisation of customs duties are expected to significantly boost investment, global competitiveness, and ease of doing business.

On the indirect tax side, procedural simplifications in GST and customs, rationalisation of duty structures, and support for exporters are steps in the right direction for improving trade facilitation, transparency, and overall ease of compliance.

The key direct tax announcements proposed in the budget are summarised as below:-
The provisions of Finance Bill, 2026 (hereinafter referred to as "the Bill"), relating to direct taxes seek to amend the Income-tax Act, 2025 ('the Act'), the Income-tax Act, 1961, The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 and the Finance (No. 2) Act, 2004.

With a view to achieving the above, the various proposals for amendments are organized under the following heads: —
A. Rates of tax for financial year 2026-2027
B. Ease of Living
C. Rationalising penalty and prosecution
D. Cooperatives
E. Supporting IT sector as India's growth engine
F. Attracting global business and investment
G. Rationalisation of corporate tax regime
H. Rationalisation of other direct tax provisions

A. Rates of tax for financial year 2026-2027

1. No Change in Income-tax Rates

Under this head, the Finance Bill, 2026 proposes no change in the rates of income tax for any category of taxpayers for the assessment year 2026–27 and tax year 2026–27. The tax rates applicable to individuals, Hindu undivided families, firms, companies, cooperative societies, local authorities, and other assessees continue as per the existing provisions. The slab rates under the new default tax regime for individuals and HUFs remain unchanged, along with the surcharge structure and the cap of 25 percent surcharge under the new regime. Health and education cess continues to be levied at 4 percent. Similarly, the rates for deduction of tax at source, advance tax computation, and special cases of assessment also remain unchanged. The intent of this head is to provide stability and certainty in taxation and avoid any additional tax burden on taxpayers.

B. Ease of Living

a. Employee Contribution – Relaxed Due Date

- Employer can now claim deduction of employee welfare contributions (PF, ESI, etc.) if paid up to the due date of filing the return.
- Earlier, deduction was allowed only if paid within the statutory due date under respective laws.
- The amendment will take effect from the 1st day of April, 2026 and will, accordingly apply to tax year 2026-27 and subsequent tax years.

b. Motor Accident Compensation and Compensation received under RFCTLARR Act, 2013

Interest received on compensation awarded by the Motor Accident Claims Tribunal has been fully exempted from income tax, and the requirement of tax deduction at source on such interest has been completely removed. This amendment ensures that accident victims and their families receive the full benefit of compensation without facing tax deductions or refund procedures. The Bill further provides explicit exemption for compensation received on compulsory acquisition of land under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, thereby removing interpretational ambiguity and aligning tax treatment with the rehabilitative intent of the legislation.

These amendments will take effect from the 1st day of April, 2026 and shall accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

c. Enabling electronic verification and issuance of certificate for deduction of income-tax at lower rate or no deduction of income-tax

Currently, a payee seeking a certificate for deduction of tax at source (TDS) or collection of tax at source (TCS) at a lower or nil rate must apply physically to the Assessing Officer, who issues the certificate after verification of total income. To reduce compliance burden, the Finance Bill 2026 allows small taxpayers to apply electronically for such certificates. The tax authority may issue the certificate if conditions are met or reject the application if incomplete or non-compliant. This amendment will be effective from 1 April 2026**.**

d. Relaxation from requirement to obtain tax deduction and collection account number (TAN) by a resident individual or HUF, where the seller of the immovable property is a non -resident

Currently, buyers of immovable property from non-resident sellers must obtain a Tax Deduction and Collection Account Number (TAN) to deduct tax at source, even for a single transaction, while buyers from resident sellers are exempt. To reduce this compliance burden, the Finance Bill 2026 proposes that resident individuals and Hindu undivided families will not be required to obtain TAN when

purchasing property from non-resident sellers under section 393(2). This amendment will take effect from 1 October 2026.

e. **Enabling filing of declaration for no deduction to a depository**

Currently, investors earning income from dividends, interest, or mutual fund units must submit separate declarations to each payer to claim no TDS, creating compliance challenges. To simplify this, the Finance Bill 2026 proposes:

1. Investors can file a single declaration with the depository, which will forward it to the relevant payers.
2. Payers will now submit these declarations to the income-tax authority quarterly instead of monthly.
3. Only investors holding securities/units in a depository and listed on a recognized stock exchange in India are eligible.

   The amendment will take effect from the 1st day of April, 2027.

f. **Application of TDS on supply of manpower**

Currently, there is ambiguity about the applicable TDS rate for payments for supply of manpower—whether it falls under:

- Contract payments for work (1% for individual/HUF, 2% others) or
- Fees for professional/technical services (2%–10%).

  To remove this ambiguity, it is proposed that supply of manpower will be treated as "work" under section 402(47). Consequently, the TDS provisions for contract payments under Section 393(1) [Table Sl. No. 6(i)/(ii)] will apply. The amendment will take effect from the 1st day of April, 2026.

g. Allowing deduction to non-life insurance business when TDS, not deducted earlier is paid later

Currently, when calculating profits for non-life insurance companies, certain amounts where tax was not deducted are added back to the profits. However, unlike other expenses, there's no rule allowing these amounts to be deducted later when the tax is actually paid. To fix this, it is proposed to change the rules so that these amounts can be deducted in the year the tax is paid. This change will take effect from 1 April 2026, for the 2026-27 tax year onwards.

h. Exemption for Disability Pension to armed force personnel

Statutory exemption has been introduced for disability pension received by armed forces and paramilitary personnel who are invalided out of service due to disability attributable to or aggravated by service conditions. The exemption covers both the service element and disability element of the pension but does not apply in cases of normal retirement.

i. Rationalising due dates for filing of return of Income

(i) **Extended Due Date for Non-Audit Cases**

- Non-audit business taxpayers and partners of non-audit firms: Return filing due date extended from 31 July to 31 August**.**
- Individuals filing ITR-1 / ITR-2: No change (31 July).

  The due date for filing returns by assessees engaged in business or profession whose accounts are not required to be audited, as well as partners of such firms and certain trusts, has been extended from 31st July to 31st August. However, the due date for individuals filing simple returns remains unchanged at 31st July. This amendment recognises the practical difficulties faced by small businesses and professionals in finalising accounts within a shorter timeframe.

(ii) Revised Return – Time Limit Extended

- Time limit for filing a revised return extended from 9 months to 12 months from the end of the tax year.
- A fee will apply if revised return is filed after 9 months.

The time limit for filing a revised return has also been extended from nine months to twelve months from the end of the relevant assessment year. This amendment provides taxpayers with a longer window to correct genuine errors or omissions. To discourage misuse, a fee has been prescribed for revised returns filed after the expiry of nine months.

(iii) **Scope of filing of updated return in the case of reduction of losses**

The scope of updated returns has been expanded by permitting taxpayers to reduce losses declared earlier and by allowing filing of an updated return even after the issuance of a notice for reassessment, subject to payment of additional tax. These changes are intended to encourage voluntary compliance and reduce prolonged litigation.

(iv) Allowing the filing of updated return after issuance of notice of reassessment

The Finance Bill, 2026 proposes to further liberalise the provisions relating to filing of updated returns with the objective of encouraging voluntary compliance and reducing litigation. Under the existing framework of section 263 of the Income-tax Act, 2025, a taxpayer is permitted to file an updated return within forty-eight months from the end of the financial year succeeding the relevant tax year, irrespective of whether an original return was filed. However, such updated return is subject to restrictions, including that it cannot be a return of loss, cannot reduce the tax liability or increase a refund, and cannot be filed where assessment, reassessment, search, survey or prosecution proceedings are pending or have been completed. In particular, section 263(6)(c)(v) prohibits the filing of an updated return where reassessment proceedings have been initiated, thereby preventing taxpayers from resolving disputes once a reassessment notice has been issued.

To reduce litigation and provide an additional avenue for voluntary compliance, it is proposed to amend section 263 of the Act to allow a taxpayer to furnish an updated return even after the issuance of a notice of reassessment under section 280, within the period specified in such notice. In such cases, the taxpayer will be barred from filing the return of income in response to the reassessment notice in any other manner. Correspondingly, section 267 of the Act is proposed to be amended to provide that where an updated return is filed in pursuance of a reassessment notice, the additional income-tax payable shall be increased by a further sum of ten percent of the aggregate of tax and interest payable, over and above the additional tax already prescribed for updated returns. At the same time, it is proposed that the income on which such additional income-tax is paid shall not be used as a basis for levy of penalty under section 439, thereby providing certainty and relief from penal consequences.

These amendments are proposed to come into force from 1 April 2026 and shall apply from the tax year 2026–27 onwards. Similar amendments are also proposed to be made in the Income-tax Act, 1961 to maintain alignment between the two statutes. Accordingly, an updated return may be furnished under the 1961 Act in response to a notice issued under section 148 within the period specified in such notice, with a corresponding bar on filing the return in any other manner. The amendment to the Income-tax Act, 1961 is proposed to take effect retrospectively from 1 March 2026.

j. **Foreign Assets of Small Taxpayers - Disclosure Scheme, 2026 (FAST-DS 2026)**

The Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026 (FAST-DS 2026) is proposed to encourage voluntary disclosure of undisclosed foreign assets and foreign-sourced income held by

resident taxpayers, particularly small taxpayers. The Black Money Act, 2015 was originally enacted to deal with undisclosed foreign income and assets, and at the time of its introduction, a one-time compliance window was provided in 2015 to allow voluntary declaration of such assets on payment of tax and penalty. However, it has been observed that many cases of non-compliance still exist, especially where non-disclosure was unintentional or relates to legacy holdings.

Such cases commonly involve small taxpayers who hold foreign assets due to past foreign employment benefits like ESOPs or RSUs, low-value or dormant foreign bank accounts of former students, savings or insurance policies of returning non-residents, or assets acquired during overseas deputation. Data received through the Automatic Exchange of Information mechanism also shows that a large number of PAN holders have not disclosed their foreign financial assets in India.

To address these issues and reduce hardship, the Government proposes to introduce FAST-DS 2026 as a time-bound disclosure scheme. Under this scheme, eligible taxpayers will be able to voluntarily declare undisclosed foreign assets and foreign-sourced income by paying tax or a prescribed fee, depending on the nature and source of acquisition. In return, limited immunity from penalty and prosecution under the Black Money Act will be granted for matters covered by the declaration. However, cases involving prosecution or assets linked to proceeds of crime will be excluded from the scheme. The overall objective of FAST-DS 2026 is to help small taxpayers regularise past non-disclosures in a simplified manner and promote voluntary compliance.

C. RATIONALISING PENALTY AND PROSECUTION

a. Relaxation of Conditions for Prosecution under the Black Money Act

The Bill proposes to relax prosecution provisions under the Black Money (Undisclosed Foreign Income and Assets) Act, 2015 to provide relief in cases of minor and inadvertent non-disclosures. At present, sections 49 and 50 of the Black Money Act prescribe rigorous imprisonment and fine for wilful failure to disclose foreign income or assets. It is now proposed that prosecution shall not apply in respect of foreign assets, other than immovable property, where the aggregate value does not exceed Rs. 20 lakh. This amendment aligns prosecution provisions with the existing penalty framework and protects small taxpayers from severe consequences for minor defaults. The amendment is retrospective and will take effect from 1 October 2024**.**

b. Rationalisation of Prosecution Proceedings under the Income-tax Act, 2025

The Bill proposes a significant rationalisation and partial decriminalisation of prosecution provisions under the Income-tax Act, 2025 with the objective of reducing criminalisation of minor and procedural tax defaults and focusing prosecution on serious and wilful tax evasion. Under the existing framework, several procedural and compliance-related defaults were punishable with rigorous imprisonment, leading to hardship and prolonged litigation.

Under the proposed amendments, certain key offences are decriminalised, particularly those involving technical or procedural lapses without any element of wilful tax evasion. These include defaults such as failure to furnish prescribed statements, reports, certificates or information within the stipulated time, failure to comply with certain notices where there is no concealment of income, and other compliance-related omissions of a non-substantive nature. In such cases, prosecution provisions are either removed altogether or replaced with monetary penalties or fees.

Further, offences relating to delayed filing of returns, delayed deposit of tax deducted or collected at source, and other similar defaults are proposed to be dealt with through civil consequences such as interest, fees, or penalties, instead of criminal prosecution, where the amount involved is below

prescribed thresholds. This ensures proportionality and avoids criminal action for small or first-time defaults.

In addition to decriminalisation, the Bill also reclassifies several offences by substituting rigorous imprisonment with simple imprisonment and reducing the maximum term of imprisonment, particularly where the tax evaded does not exceed specified monetary limits. For cases involving lower amounts of tax evasion, prosecution is proposed to be replaced entirely with monetary fines.

Overall, the rationalisation of prosecution proceedings under the Income-tax Act, 2025 reflects a policy shift towards decriminalisation of minor and procedural offences, reduction of litigation, and encouragement of voluntary compliance, while retaining stringent prosecution provisions for serious, deliberate, and high-value tax evasion cases.

c. Rationalisation of Block Assessment for Other Persons

Under the existing block assessment provisions, where undisclosed income belonging to a third person is detected during a search on another person, the third person is subjected to a full block assessment, even if the undisclosed income relates to only one tax year. To reduce unnecessary compliance burden, it is proposed to amend section 295 of the Act to limit the block period in the case of such third persons. This ensures that individuals who were not searched are not subjected to an extended block assessment for limited undisclosed income. The amendment will apply to searches or requisitions initiated on or after 1 April 2026.

d. Revision of Time Limit for Completion of Block Assessment

Currently, the time limit for completing block assessments is linked to the execution of the last search authorisation, which can result in different limitation periods in group search cases. To ensure uniformity and coordinated assessments, it is proposed to link the limitation period to the date of initiation of the search or requisition. Correspondingly, the time limit for completing block assessments is proposed to be extended from twelve months to eighteen months. This amendment will apply to searches or requisitions initiated on or after 1 April 2026**.**

e. Conversion of Certain Penalties into Fees

The Bill proposes to convert certain penalties into mandatory fees to reduce litigation arising from technical and procedural defaults. Penalties for failure to get accounts audited, failure to furnish transfer pricing reports, and failure to furnish statements of financial transactions are proposed to be replaced with graded fees, depending on the period of delay.

First, the penalty under section 446 for failure to get accounts audited is proposed to be omitted and replaced with a fee-based mechanism under the proposed section 428(c). Under this provision, a graded fee structure is introduced, with a fee of Rs. 75,000 or Rs. 1,50,000 depending on the period of delay in complying with the audit requirement. It is important to note that while section 446 is omitted for this default, it has been repurposed to provide penalty provisions for failure to furnish information or for furnishing inaccurate information relating to transactions in crypto assets.

Secondly, the penalty under section 447 for failure to furnish a report under section 172 is proposed to be converted into a fee under section 428(4). A graded fee of Rs. 50,000 or Rs. 1,00,000 is prescribed based on the length of delay in furnishing the report. This change replaces discretionary penalty proceedings with a fixed fee structure, thereby improving compliance certainty.

Thirdly, the penalty under section 454(1) for failure to furnish a statement of financial transaction or a reportable account is proposed to be converted into a fee under section 427(3). By treating such

non-compliance as a fee-based default rather than a penal offence, the amendment aims to simplify enforcement and reduce disputes arising from procedural lapses.

An upper cap of Rs. 1,00,000 is also proposed for fees relating to delayed furnishing of financial transaction statements. These amendments promote certainty and reduce discretionary penalty proceedings and will apply from tax year 2026–27.

f. Imposition of Penalty for Under-reporting or Misreporting within the Assessment Order

At present, assessment and penalty proceedings are carried out separately, resulting in multiple proceedings and prolonged uncertainty for taxpayers. To address this, it is proposed that penalties for under-reporting and misreporting of income be imposed directly within the assessment order itself. Consequential amendments are proposed to defer levy of interest on penalty amounts until appellate proceedings are concluded. Corresponding changes are also made to the Dispute Resolution Committee framework. These amendments aim to reduce multiplicity of proceedings and will be effective for assessments made on or after 1 April 2027**.**

g. Increase in Maximum Penalty for Failure to Furnish Information

Section 466 of the Income-tax Act, 2025 currently provides for a maximum penalty of Rs. 1,000 for failure to furnish information sought by income-tax authorities during business inspections. To ensure effective deterrence and improve compliance, it is proposed to increase the maximum penalty to Rs. 25,000. This amendment will apply from tax year 2026–27**.**

h. Rationalisation of Tax Rate and Penalty for Unexplained Income

Income relating to unexplained credits, investments, assets, or expenditure is currently taxed at a rate of 60 percent under section 195 of the Act, along with a separate penalty under section 443. It is proposed to rationalise the tax rate by reducing it from 60 percent to 30 percent. Further, the separate penalty under section 443 is proposed to be omitted and such cases will be treated as misreporting of income under the general penalty provisions. These amendments will apply from tax year 2026–27.

i. Expansion of Immunity from Penalty and Prosecution under Section 440

Presently, immunity from penalty and prosecution under section 440 is available only in cases of under-reporting of income. It is proposed to extend this immunity to cases of misreporting of income as well, subject to payment of additional tax in lieu of penalty. Further, immunity is also proposed for cases involving unexplained income previously covered under a separate penalty provision. This measure enables early dispute resolution and reduces litigation. The amendment will take effect from tax year 2026–27.

j. Expansion of Immunity under Section 270AA

Section 270AA currently provides immunity from penalty and prosecution only in cases of under-reporting of income. To provide parity and reduce disputes, it is proposed to extend this immunity to cases involving misreporting of income as well, subject to payment of additional tax. This amendment will take effect from 1 March 2026 and will apply to assessment year 2026–27 and earlier years**.**

D. COOPERATIVES

a. Deductions in respect of dividends received and distributed by certain cooperative societies

Under section 149(2)(d) of the Income-tax Act, cooperative societies are currently allowed a deduction for income received as interest or dividend from other cooperative societies, but only in the old tax regime, while dividends received from companies are taxed in the hands of the cooperative society. It is proposed to allow such deductions in the new tax regime as well, to the extent that the dividends are distributed to members. Additionally, notified federal cooperative

societies will be allowed a deduction for dividends received from companies for three years, till the tax year 2028-29, under both old and new regimes, provided these dividends arise from investments made by the federal cooperative up to 31st January 2026 and are further distributed to its members. This amendment is proposed to take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

b. Widening Scope of Deduction under Section 149 – Ancillary Activities

Currently, section 149(2)(b) allows primary cooperative societies a deduction for profits and gains from supplying milk, oilseeds, fruits, or vegetables to federal cooperatives, the government, or relevant companies. It is proposed to extend this deduction to include ancillary activities, specifically supplying cattle feed and cotton seeds by members of primary cooperative societies. This amendment is proposed to take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-27 and subsequent tax years.

c. Inclusion of Cooperatives registered under Multi-State Cooperative Societies Act, 2002 in the definition of co-operative society

The definition of a "co-operative society" under section 2(32) currently includes societies registered under the Cooperative Societies Act, 1912, or any other state law. It is proposed to expand this definition to include cooperative societies registered under the Multi-State Cooperative Societies Act, 2002**.** This amendment is proposed to take effect from 1st April, 2026 and will, accordingly, apply in relation to the tax year 2026-27 and subsequent years.

E. SUPPORTING IT SECTOR AS INDIA'S GROWTH ENGINE

Under the existing provisions of section 168(1) of the Income-tax Act, 2025, only the person entering into an Advance Pricing Agreement (APA) with the Board is allowed to file a modified return of income. Currently, there is no provision for an associated enterprise, whose income and tax liability are modified as a result of the APA, to file a return or claim a refund for any additional taxes paid by it or withheld from its income. To address this, it is proposed that where an income is modified pursuant to an APA, the person entering into the APA shall, or the associated enterprise may, furnish a return or modified return in accordance with the agreement. The return must be filed within three months from the end of the month in which the APA was entered into and will apply to the tax years covered by the agreement. These amendments will take effect from 1st April 2026 and will apply to the tax year 2026-27 and subsequent tax years.

F. ATTRACTING GLOBAL BUSINESS AND INVESTMENT

a. Exemption to Foreign Companies for Data Centre Services

Foreign companies procuring data centre services from a specified Indian data centre will be exempt from Indian tax on such income until tax year 2046-47. In order to attract investment in data centre and promote artificial intelligence data centre framework in India, it is proposed to amend the Schedule IV to provide exemption to a foreign company, on any income accruing or arising in India or deemed to accrue or arise in India by way of procuring data centre services from a specified data centre, for a period upto tax year ending on 31st March, 2047.

One of the conditions for exemption is that where services are provided to India users by the foreign company, it shall be routed through an Indian reseller entity. Definitions of "data centre," "data centre services," and "specified data centre" are introduced. Effective from 1st April 2026, applicable for tax year 2026-27 onwards.

b. Deduction for Prospecting of Critical Minerals

Expenses incurred on prospecting and exploration of critical minerals are proposed to be eligible for deduction under section 51, expanding the list of minerals in Schedule XII. Deduction is allowed on a deferred basis over 10 years from commercial production. Effective 1st April 2026.

c. Exemption for Foreign Companies Providing Capital Equipment

Foreign companies supplying capital goods, equipment, or tooling to contract manufacturers in custom bonded areas producing electronic goods in India will be exempt from tax on such income until tax year 2030-31. Effective 1st April 2026.

d. Exclusion of Certain Non-Resident Businesses from MAT

Specified businesses of non-residents opting for presumptive taxation under section 61 (e.g., cruise ships and services for setting up electronics manufacturing) will be excluded from Minimum Alternate Tax (MAT). Effective 1st April 2026, applicable for tax year 2026-27 onwards.

e. Exemption for Non-Residents Rendering Services under Notified Schemes

Non-resident individuals providing services in India under notified government schemes will be exempt from Indian tax on income accruing outside India for five consecutive tax years starting from their first year of service. Effective 1st April 2026.

f. Extension of Deduction for Units in IFSC and Rationalization of Tax Rate

Deduction period for IFSC and OBU units increased to 20 consecutive years (from 10 years) to enhance competitiveness. Post-deduction, business income of IFSC units will be taxed at 15%. Effective 1st April 2026.

g. Rationalization of Terms for Treasury Centres in IFSC

The definition of dividend is amended for inter-group loans/advances between entities in notified foreign jurisdictions, ensuring parent or principal entities are listed outside India. Definitions of "group entity" and "parent/principal entity" are clarified. Effective 1st April 2026**.**

G. RATIONALISATION OF CORPORATE TAX REGIME

a. Rationalization of Minimum Alternate Tax provisions

Under section 206 of the Income-tax Act, 2025, Minimum Alternate Tax (MAT) applies to companies at a rate of 15% of book profit, excluding units in International Financial Services Centres (IFSC). If MAT exceeds the regular income tax on total income, the excess paid is allowed as a tax credit, which can be carried forward for up to 15 years and set off when regular tax exceeds MAT. Currently, MAT applies only in the old tax regime. It is now proposed that MAT paid under the old regime will be treated as final tax, and no new MAT credit will be allowed. The MAT rate will be reduced from 15% to 14% of book profit, and set-off of MAT credit will be allowed only in the new tax regime, up to 25% of tax liability for domestic companies and, for foreign companies, up to the difference between normal tax and MAT for the year in which normal tax exceeds MAT. These amendments are intended to facilitate a smooth transition from the old tax regime with deductions and exemptions to the new regime and will take effect from 1st April 2026, applicable to the tax year 2026-27 and subsequent years.

H. RATIONALISATION OF OTHER DIRECT TAX PROVISIONS

a. Rationalization of Tax Collection at Source (TCS) Rates

The government proposes to rationalize TCS rates under Section 394(1) with a mix of reductions and increases to simplify compliance and provide relief to taxpayers. Key changes include: TCS on alcoholic liquor, scrap, and minerals is increased from 1% to 2%; TCS on tendu leaves is reduced from 5% to 2%;

TCS on LRS remittances for education/medical purposes is reduced from 5% to 2% (while 20% for other purposes remains unchanged); and TCS on overseas tour packages is reduced to a flat 2%, removing the previous Rs. 10 lakh threshold. These amendments are proposed to take effect from 1st April 2026.

b. Clarification regarding jurisdiction to issue notice under section 148 where income has escaped assessment and for carrying out pre-assessment procedure under section 148A

The government has proposed a clarification regarding the term "Assessing Officer" under sections 148 and 148A of the Income-tax Act. This is important because these sections deal with reassessment of income. The clarification specifies that the term Assessing Officer will not include the National Faceless Assessment Centre (NFAC) or any of its assessment units, no matter what any court judgment, order, or decree may have stated. In other words, for the purpose of issuing notices or conducting proceedings under sections 148 and 148A, only the traditional Assessing Officers (and not NFAC units) will be recognized.

The purpose of this amendment is to

1. Ensure consistent interpretation of the law.
2. Minimize litigation arising from disputes over whether NFAC can act as the Assessing Officer.
3. Provide certainty and clarity to taxpayers and authorities.
   The amendment will apply retrospectively from 1st April 2021 in the Income-tax Act, 1961, and for the Income-tax Act, 2025, it will take effect from 1st April 2026.

c. Assessments not to be invalid on ground of any mistake, defect or omission on account of computer-generated DIN, if such assessment is referenced by computer generated DIN in any manner

The proposed amendment seeks to clarify that assessments under the Income-tax Act shall not be rendered invalid merely on account of any mistake, defect or omission relating to the quoting of a computer-generated Document Identification Number (DIN), provided that the assessment is referenced by such DIN in any manner. Section 292B of the Income-tax Act, 1961 already provides that no return of income, assessment, notice, summons or other proceeding shall be invalid merely due to any technical mistake, defect or omission if it is in substance and effect in conformity with the intent and purpose of the Act. However, pursuant to CBDT Circular No. 19 of 2019 dated 14 August 2019, which mandated quoting of DIN on assessment orders, certain judicial pronouncements have invalidated assessments on technical grounds such as non-mention of DIN on every page or in the body of the assessment order, even where a valid DIN had been generated and quoted in accompanying communications. This interpretation has resulted in annulment of otherwise lawful assessments despite the protection available under section 292B. In view of the impending enforcement of the Income-tax Act, 2025 from 1 April 2026 and the objective of reducing interpretational disputes and litigation, it has become necessary to explicitly clarify the legislative intent. Accordingly, it is proposed to amend section 292B to provide that notwithstanding anything contained in any judgment, order or decree of any court, no assessment shall be invalid or deemed to be invalid solely due to any mistake, defect or omission in respect of quoting of a computer-generated DIN, so long as the assessment order is referenced by such DIN in any manner, and minor defects in notices or summons connected with such assessment shall not affect its validity. This clarification shall apply retrospectively with effect from 1 October 2019 under the Income-tax Act, 1961, and corresponding amendments shall take effect from 1 April 2026 under the Income-tax Act, 2025, in order to ensure certainty, uniform interpretation, and minimisation of litigation.

d. **Clarifying time-limit for completion of assessment under section 144C**

The proposed amendment clarifies the time limits for completing assessments under section 144C of the Income-tax Act, which applies to certain cases such as non-residents and transfer pricing matters. Under this procedure, the Assessing Officer first issues a draft assessment order, after which the taxpayer may either accept the proposed changes or raise objections before the Dispute Resolution Panel (DRP). If the changes are accepted, the assessment must be completed within one month, and if objections are raised,

it must be completed within one month after the DRP issues its directions. These time limits apply independently of the general assessment time limits prescribed under sections 153 and 153B. However, differing court decisions have created confusion by suggesting that the overall assessment must still meet the general time limits. To remove this uncertainty and reduce litigation, the amendment clarifies that the general time limits apply only up to the draft order stage, while the specific time limits under section 144C apply to completing the final assessment. Similar changes are proposed in the Income-tax Act, 2025 to ensure consistency. The clarification under the Income-tax Act, 1961 will apply retrospectively, while the amendments under the new Act will take effect from 1 April 2026.

e. Clarification on time limit for Transfer Pricing Officer (TPO) orders

The amendment clarifies how the 60-day period available to the Transfer Pricing Officer for passing an order should be calculated. It confirms that the last date for completing the assessment should be included while counting these 60 days. This clarification addresses court disputes that led to valid assessments being cancelled due to differing interpretations. The change will apply retrospectively from 1 June 2007 and prospectively under the Income-tax Act, 2025 from 1 April 2026**.**

f. Extension of tonnage tax scheme to inland vessels

To support inland water transport, several provisions relating to the tonnage tax scheme are amended to align with the Inland Vessels Act, 2021. These changes clarify certification requirements, training norms, income computation, and the role of the Inland Waterways Authority of India. A formal definition of the Authority is also introduced. These amendments take effect from 1 April 2026**.**

g. Penalty for non-reporting or incorrect reporting of crypto-asset transactions

A penalty framework is introduced to ensure compliance with reporting requirements for crypto-asset transactions. A daily penalty is prescribed for failure to file statements, and a fixed penalty applies where incorrect information is furnished and not corrected. These provisions will apply from 1 April 2026**.**

h. Definition of "commodity derivative"

To maintain consistency with the Income-tax Act, 1961, the definition of "commodity derivative" is formally introduced in the Income-tax Act, 2025. This amendment applies from 1 April 2026**.**

i. Definition of "authorised person"

The term "authorised person," relevant for payments to non-residents involving foreign exchange assets, is defined in the Income-tax Act, 2025 to align with existing law. This amendment takes effect from 1 April 2026**.**

j. Correction of referencing errors

Certain cross-referencing errors in provisions relating to clubbing of income and TDS on sale of immovable property are corrected to reflect the correct legislative intent. These technical corrections will apply from 1 April 2026**.**

k. Amendments relating to income from house property and PAN

The law is amended to allow a two-year nil annual value for property held as stock-in-trade, clarify that prior-period interest is included within the interest deduction limit, and expand CBDT's power to mandate quoting of PAN even for non-business transactions. These changes take effect from 1 April 2026.

l. Binding nature of CBDT guidelines on TDS/TCS

Guidelines issued by the CBDT to resolve difficulties in TDS/TCS provisions are expressly made binding on both tax authorities and persons responsible for deduction or collection of tax. Effective from 1 April 2026**.**

m. Repeal and savings clarification for deductions allowed earlier

The amendment clarifies that amounts allowed as deductions or excluded from income under the repealed Income-tax Act, 1961 can still be taxed under the new Act, even without violation of conditions, if such taxation was required under the old law. Applicable from tax year 2026-27**.**

n. Definition of "specified fund"

The definition of "specified fund" is aligned with the Income-tax Act, 1961 to ensure consistency in tax treatment. Effective from 1 April 2026.

o. Amendments relating to Non-Profit Organisations (NPOs)

Several changes are introduced to align NPO provisions with earlier law, including tax treatment on mergers, clarification of violations, removal of unnecessary registration requirements for certain funds, and enabling filing of belated returns. These amendments apply from tax year 2026-27**.**

p. Disallowance of interest deduction against dividend income

Interest expenditure will no longer be allowed as a deduction against dividend income or income from mutual fund units. This change applies from tax year 2025-26 onwards.

q. Rationalisation of provident fund provisions

Legacy provisions relating to recognised provident funds are streamlined to align with the current EPF framework and the monetary cap on employer contributions. Several outdated or overlapping limits are removed. Effective from tax year 2026-27.

r. Capital gains exemption on Sovereign Gold Bonds

The exemption on capital gains from redemption of Sovereign Gold Bonds is clarified to apply only where bonds are subscribed at original issue and held until maturity. Applicable from tax year 2026-27.

s. Increase in Securities Transaction Tax (STT)

STT rates on futures and options transactions are increased to address excessive speculative trading. The revised rates apply to transactions entered into on or after 1 April 2026.

t. Taxation of share buy-backs

Proceeds from share buy-backs will henceforth be treated as capital gains rather than dividend income. To account for the influence of promoters in buy-back decisions, higher effective tax rates have been introduced for them. These changes will be effective from the tax year 2026–27.

u. No TDS on interest paid to cooperative banks

Interest (other than interest on securities) paid to cooperative banks will not be subject to TDS, aligning the law with earlier provisions. Effective from 1 April 2026

The key amendments proposed in relation to Indirect Taxes are summarised as below:-

AMENDMENTS TO THE CUSTOMS ACT, 1962

The Finance Bill, 2026 proposes several changes to modernise and clarify customs law, effective from the date the Bill receives Presidential assent. The jurisdiction of the Customs Act is being extended beyond India's territorial waters to cover fishing and related activities carried out by Indian-flagged fishing vessels. A new definition for "Indian-flagged fishing vessel" is introduced for clarity. Provisions relating to penalties under customs duty recovery are clarified by treating certain penalties as charges for non-payment of duty. The validity period of advance rulings is fixed at five years, unless there is a change in law or facts, and existing rulings can be extended on request. A new section is introduced to provide a clear legal framework for fishing activities beyond territorial waters, including duty-free import of fish caught in such areas and treatment of fish landed at foreign ports as exports. Procedural simplifications

are also made by removing the requirement of prior permission for transfer of goods between bonded warehouses and by empowering authorities to frame rules for custody of imported or export goods.

Amendments to the Customs Tariff Act, 1975 – Duty Rate Changes

The Customs Tariff is amended to rationalise and simplify duty structures. For the MSME sector, specific duties are introduced on umbrellas and their parts to provide protection against low-cost imports. The basic customs duty on personal baggage imports is reduced from 20% to 10% to ease compliance for individual importers. A large number of tariff rate changes are carried out without altering the effective duty burden, mainly by shifting duty rates from exemption notifications into the tariff itself. This exercise is intended to simplify the tariff structure, improve transparency, and reduce reliance on exemptions.

Reduction or Removal of Duties on Key Inputs

Customs duties are reduced or eliminated on several raw materials, minerals, chemicals, metals, agricultural inputs, and industrial goods. These changes are aimed at lowering input costs for domestic manufacturing, supporting sectors such as agriculture, renewable energy, electronics, pharmaceuticals, chemicals, and critical minerals, and improving global competitiveness**.**

Creation of New Tariff Lines

New tariff items are introduced for better product classification and monitoring, particularly for food products, chemicals, minerals, plant-based extracts, and industrial components. This will help in accurate product identification, improved data collection, better tracking of sensitive goods, and more informed policy decisions. Most of these changes will come into effect from 1 May 2026**.**

Taken together, these amendments aim to strengthen customs enforcement, support domestic industry, simplify procedures, enhance transparency in tariff classification, promote ease of doing business, and align customs law with emerging sectors such as offshore fishing and advanced manufacturing**.**

AMENDMENT TO RULES UNDER CUSTOMS ACT, 1962

The Customs rules are being updated to simplify procedures and improve passenger and trade facilitation. The existing Baggage Rules, 2016 will be replaced by the Baggage Rules, 2026 to make baggage provisions clearer and more practical for travellers. The new rules aim to resolve interpretation issues at airports, reduce unnecessary detention of goods, clarify temporary import and export of personal items, and reorganise Transfer of Residence benefits for Indian residents and foreign professionals based on how long they have stayed in India. These revised baggage rules will come into effect from midnight of 2 February 2026.

In addition, the Deferred Payment of Import Duty Rules, 2016 are being amended to make duty payments more flexible for importers. The payment cycle is being extended from the current 15-day period to a monthly basis, and a new category of “eligible importers” is being introduced to broaden access to this facility. This change is intended to ease cash-flow pressures and simplify compliance for regular and trusted importers.

OTHER CHANGES PROPOSED IN THE CUSTOM NOTIFICATIONS

The customs exemption framework is being expanded to support clean energy, defence, healthcare, and strategic sectors. The existing Basic Customs Duty (BCD) exemption on capital goods used to manufacture lithium-ion cells for electric vehicle batteries is being extended to also cover batteries used for stationary energy storage systems (BESS). This change will apply from 2 February 2026 and is intended to promote energy storage infrastructure.

New exemptions are being introduced to support the aviation and defence sectors. Raw materials used to manufacture aircraft parts for maintenance, repair, and overhaul activities will be exempt from BCD when imported by Defence Public Sector Units, subject to prescribed procedures and certification from

the Ministry of Defence. In addition, components and engines used for manufacturing aircraft and aircraft parts will also be eligible for BCD exemption, provided the concessional duty procedures are followed. Both measures will take effect from 2 February 2026.

Customs duty exemptions for nuclear power projects are being broadened and extended. The exemption will now apply to goods required for setting up nuclear power projects of any capacity, subject to certification by the Department of Atomic Energy. The validity of this benefit is being extended up to 30 September 2035, and the scope is widened to cover all eligible contracts registered up to that date.

To improve access to healthcare, the list of medicines eligible for customs duty exemption is being expanded to include 17 additional drugs. Further, exemptions on drugs, medicines, and special medical foods imported for personal use are being extended to cover seven more rare diseases under the National Policy for Rare Diseases, 2021. These healthcare-related changes will also be effective from 2 February 2026.

As part of tariff simplification, exemptions for critical minerals are being streamlined. Several entries in the existing notification are being removed as their duty rates are being incorporated directly into the Customs Tariff, while redundant entries are being deleted. Certain mineral-related exemptions are being merged into a consolidated notification, and the separate notification on critical minerals will be withdrawn from 1 May 2026. Importantly, these changes are procedural in nature and do not alter the effective customs duty rates.

REVIEW OF CUSTOMS DUTY EXEMPTIONS

The government has carried out a comprehensive review of customs duty exemptions and concessional duty rates that were due to expire on 31 March 2026. Out of 124 such exemptions, a large majority—102 entries—have been extended for a further period of two years, up to 31 March 2028, with some of them modified to improve clarity or coverage. These extensions mainly support key sectors such as agriculture, renewable energy, electronics, semiconductors, defence, aviation, healthcare, medical devices, textiles, gems and jewellery, printing, paper, infrastructure, and manufacturing. The objective is to provide policy continuity, reduce costs for domestic manufacturing, and support exports and strategic industries.

At the same time, 22 conditional exemptions have been allowed to lapse from 31 March 2026. These relate to specific goods where continued duty concessions were no longer considered necessary. In addition, certain unconditional exemptions are being withdrawn from 2 February 2026, either because they are outdated or because the same duty rates will now apply directly through the Customs Tariff. Importantly, in many such cases, the effective customs duty rate remains unchanged, and the change is mainly for simplification.

Several structural and procedural changes have also been made to improve the exemption framework. Sunset clauses have been removed for a few entries to ensure long-term certainty, while new sunset dates have been prescribed for certain gold and silver imports by passengers. Some exemptions have been modified to expand their scope, increase permissible limits, extend export timelines from six months to twelve months, or include additional categories of exporters and products. Certain overlapping or redundant entries have been merged or removed to streamline the notification.

Beyond the main exemption notification, the validity of several standalone customs exemption notifications has also been extended up to 31 March 2028, covering areas such as precious stones, export-related job work, copper products, and precious metals recovered through processing. One standalone notification has been allowed to lapse, and another has been given a defined sunset date to bring consistency across exemptions.

Finally, as part of tariff rationalisation, several exemption entries relating to ores, metals, and minerals have been omitted because their duty treatment has been shifted directly into the Customs Tariff. These changes are aimed at simplifying the exemption structure, improving transparency, and ensuring that customs duty policy is easier to understand and administer, without increasing the overall duty burden.

SOCIAL WELFARE SURCHARGE (SWS)

1. Technical amendments – no change in effective tax burden

Certain changes have been made to Notification No. 11/2018-Customs to align it with the removal or shifting of some customs duty exemptions. These changes are technical in nature, and the actual SWS exemption continues unchanged.

From 1 May 2026, the following goods will continue to remain exempt from SWS by being specifically included in Notification No. 11/2018-Customs:

- Natural graphite
- Quartz and quartzite
- Silicon dioxide
- Artificial graphite

These goods were earlier exempt under a different notification that is now being rationalised.

2. Compound alcoholic preparations (Heading 2106 90)

- Goods under heading 2106 90 (excluding certain alcoholic beverage preparations) currently attract 50% Basic Customs Duty along with SWS.
- From 1 May 2026, the concessional BCD rate will be moved directly into the Customs Tariff instead of being provided through an exemption notification.
- As a result, Notification No. 11/2018-Customs is being adjusted to ensure that the incidence of SWS remains exactly the same as earlier.
- This is a structural adjustment only, with no change in the overall tax impact.

3. Spent catalyst and ash containing precious metals

- Spent catalyst and ash containing precious metals (heading 7112) will continue to be exempt from SWS.
- From 1 April 2026, the relevant SWS exemption entry is being modified only to remove a reference to an exemption that is expiring.
- The SWS exemption itself remains unchanged.

4. Levy of SWS on personal imports (Heading 9804)

- With effect from 1 April 2026, Social Welfare Surcharge will apply to all dutiable goods imported for personal use under heading 9804.
- This marks a policy change, as such imports will no longer be exempt from SWS.

5. Electronic toys

- From 2 February 2026, parts imported for the manufacture of electronic toys are being exempted from SWS.
- As a result, all goods under heading 9503 (toys) will be fully exempt from Social Welfare Surcharge.

II. Agriculture Infrastructure and Development Cess (AIDC)

Aircraft tyres

- New pneumatic tyres of rubber used in aircraft (tariff item 4011 30 00), except those already enjoying NIL BCD, will continue to attract AIDC at 0.5%.

- From 2 February 2026, the relevant AIDC notification is being technically amended to remove references to an exemption entry that is being withdrawn.
- There is no change in the AIDC rate or tax impact, only a correction to align the notification with the revised exemption structure.

EXCISE – KEY AMENDMENTS

(All amendments under the Finance Bill, 2026 are effective from 1 May 2026 unless a different date is mentioned.)

I. Revision of NCCD Rates on Tobacco Products

- The National Calamity Contingent Duty (NCCD) rates mentioned in the law for certain tobacco products are being revised upward.
- This change applies to:
- Chewing tobacco
- Jarda scented tobacco
- Other tobacco products, including gutkha

Product	Earlier Rate	Revised Rate
Chewing tobacco	25%	60%
Jarda scented tobacco	25%	60%
Other tobacco products (incl. gutkha)	25%	60%

II. Excise Duty Relief on Blended CNG Containing Biogas / CBG

- When Compressed Natural Gas (CNG) is blended with Biogas or Compressed Biogas (CBG), the value of biogas/CBG and the GST paid on it will not be included while calculating central excise duty on blended CNG.
- This provides a broader excise relief compared to earlier provisions.
- To implement this:
- Notification No. 11/2017-Central Excise has been amended.
- Earlier Notification No. 05/2023-Central Excise is being withdrawn.
- Effective date: 2 February 2026

III. Deferment of Higher Excise Duty on Unblended Diesel

- The proposed additional excise duty of Rs2 per litre on unblended diesel has been postponed.
- This higher duty will now apply only after 31 March 2028.
- The deferment is made through an amendment to Notification No. 11/2017-Central Excise.
- Effective from: 2 February 2026

GOODS AND SERVICES TAX – KEY PROPOSED AMENDMENTS

(Unless specifically mentioned, these amendments will take effect from a date to be notified, in coordination with similar changes by States and Union Territories.)

I. Amendments to the CGST Act, 2017

1. **Post-sale discounts made simpler**
   The law is being amended to remove the requirement that post-sale discounts must be linked to a prior agreement. Where the recipient reverses input tax credit (ITC), the supplier can issue a credit note under section 34, simplifying compliance.

2. **Linking valuation and credit notes**

Section 34 is being amended to specifically refer to section 15, ensuring better alignment between valuation provisions and the issuance of credit notes.

3. **Provisional refund for inverted duty structure**
   Refunds arising from an inverted duty structure will now be eligible for provisional refunds, improving liquidity for businesses facing accumulation of input tax credit.

4. **Faster refunds for export of goods**
   The existing threshold limit for sanctioning refund claims in cases where goods are exported with payment of tax is being removed, enabling quicker processing of export-related refunds.

5. **Interim arrangement for GST appellate appeals**
   Until the National Appellate Authority is constituted, the Central Government will be empowered to notify an existing authority or tribunal to hear appeals under section 101B. This amendment will take effect from 1 April 2026.

II. Amendments to the IGST Act, 2017

1. **Change in place of supply for intermediary services**
   The special provision that treated the location of the supplier as the place of supply for intermediary services is being removed. Going forward, the place of supply will be determined under the general rule, i.e., the location of the recipient of services.

   The proposed amendments are intended to simplify GST compliance, reduce interpretational disputes, and improve cash flow for exporters as well as businesses affected by inverted duty structures. In particular, the change relating to intermediary services is significant for service exporters, as it aligns the place-of-supply rules more closely with international GST principles and is expected to reduce unnecessary tax burdens and litigation.

Part C- Sectoral Analysis

Agriculture

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025-26 RE	2026-27 BE	% change (BE FY26 over RE FY25)
Dept. of Agriculture & Farmers Welfare	129933.47	123089.30	130561.38	6%
Dept. of Agriculture Research & Education	9810.53	10280.83	9967.40	-3%
Dept. of Animal Husbandry & Dairying	2961.32	5302.83	6153.46	16%
Department of Fisheries	1024.99	1732.95	2761.80	59%
Total Outlay	143730.3	140405.91	149444.04	6%
Outlays for key sectoral schemes				
Crop Insurance Scheme	14473.46	12267.00	12200.00	-1%
Modified Interest Subvention Scheme (MISS)	22600.00	22600.00	22600.00	0%
Pradhan Mantri Annadata Aay Sanrakshan Yojna (PM-AASHA)	5437.99	6941.36	7200.00	4%
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	66121.20	63500.00	63500.00	0%
Pradhan Mantri Kisan Man Dhan Yojana	100.00	50.00	120.00	140%
Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)	474.24	584.00	500.00	-14%
Agriculture Infrastructure Fund (AIF)	725.34	900.00	910.00	1%
National Beekeeping Honey Mission (NBHM)	66.50	100.00	100.00	0%
NAMO DRONE DIDI	1.48	100.00	676.85	577%
Central Sector Scheme for Development of Makhana	-	30.00	90.00	200%
Bharat-VISTAAR	-	-	150.00	-
Support for High Value Agriculture	-	-	350.00	-
Other Major Schemes				
Rashtriya Krishi Vikas Yojna (RKVY)	7386.14	7000.00	8550.00	22%
National Mission on Natural Farming	10.35	725.00	750.00	3%
Fisheries and Aquaculture Infrastructure Development Fund (FIDF)	18.25	30.00	30.00	0%
Krishionnati Yojna	5599.70	6800.00	11200.00	65%
Pradhan Mantri Matsya Sampada Yojana (PMMSY)	977.28	1500.00	2500.00	67%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Bharat-VISTAAR — Multilingual AI platform integrating AgriStack & ICAR advisories.**	Potential game-changer for precision and advisory delivery. It will reduce information asymmetry and risk for smallholders; enables market-signal linkage for export-grade production.

	Budget Announcement	Likely Implication
2.	**Coconut Promotion Scheme (replanting, productivity, varieties) — supporting ~30m livelihoods.**	Rejuvenation of ageing plantations will spur demand for superior planting material, micro-irrigation, mechanisation for copra processing, and processing/branding investments.
3.	**Dedicated programme for Cashew & Cocoa to make India self-reliant and transform Indian cashew and cocoa into premium branding by 2030.**	Opportunity for investment in domestic processing (roasting, deshelling, chocolate/ingredient grade), traceability, quality certification and branding.
4.	**Support for Sandalwood cultivation/post-harvest processing.**	This will aid in restoring India's sandalwood ecosystem, enhance farmer incomes and support value addition.
5.	**Expand high-density cultivation of walnuts, almonds, pine nuts & orchard rejuvenation.**	Hill economies can shift to higher per-ha incomes; demand for high-quality saplings, cold chain, processing (shelling, grading) will rise.
6.	**Support to Fisheries** • Integrated development of 500 reservoirs/Amrit Sarovar's value chain strengthening • Duty-free EEZ/High Seas catches treated as exports.	Inland and marine production scale-up will increase raw material for processors. Export facilitation (EEZ treatment) and higher duty-free input will improve global competitiveness. It is likely to lead to acceleration in seafood processing investments and logistics.
7.	**Animal Husbandry** To create quality employment opportunities in rural and peri-urban areas, entrepreneurship in the animal husbandry sector will be strengthened through a credit-linked subsidy programme, scaling up and modernisation of livestock enterprises, development of integrated livestock, dairy and poultry value chains, and encouragement of Livestock Farmer Producer Organisations (FPOs).	Addresses chronic gaps in vet services and breeding. Will catalyse private investment in animal-health, feed, diagnostics, and genetics.
8.	**SHE-Marts** Community retail outlets for women entrepreneurs (build on Lakhpati Didi program).	This will strengthen last-mile rural marketing and women-led value chains (FPOs/SHGs).
9.	**Exemption of Central Excise Duty on value of Biogas/Compressed Biogas (CBG) contained in Blended Compressed Natural Gas (CNG) -** The value of Biogas/Compressed Biogas (CBG) and the appropriate Central Tax, State Tax, Union Territory Tax or Integrated Tax, as the case may be, paid on such Biogas or CBG contained in blended CNG, is being excluded from the transaction value for the purpose of computation of central excise duty on such blended CNG	The reform mainstreams agricultural by-products into a market-driven energy value chain, converting farm and livestock waste into valuable economic resources. By supplying feedstock to biogas plants, farmers can earn supplementary income, while the growth of rural energy enterprises supports expanded production, employment generation, and entrepreneurship across agrarian communities

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 reflects the Government's continued commitment to strengthening agriculture and allied sectors through targeted investments, technology adoption, and a sharper focus on value addition and farmer incomes.

The Department of Agriculture & Farmers' Welfare (DA&FW) continues to receive the dominant share of allocations, accounting for 87% of the total agriculture and allied sector budget, underscoring the Government's priority on core agricultural interventions. The interventions suggest an emphasis on value-chain deepening, productivity enhancement, and rural entrepreneurship.

A key highlight of the Budget is the 577 percent increase in allocation for the NAMO Drone Didi Scheme, from Rs 100 crore to Rs 676 crore. This sharp scale-up reflects strong early traction and growing confidence in drones as a scalable tool for precision agriculture, input efficiency, crop monitoring, and service delivery.

The Krishi Unnati Yojana has seen a substantial enhancement of nearly 65 percent, with allocations rising from Rs 6,800 crore to Rs 11,200 crore. As an umbrella programme covering soil health, mechanisation, extension, and horticulture, this increase signals renewed emphasis on crop productivity, diversification, and sustainable farming practices, delivered through an integrated and outcome-oriented framework. Similarly, the Rashtriya Krishi Vikas Yojana (RKVY) has been strengthened with a 22 per cent increase, from Rs 7,000 crore to Rs 8,550 crore. This reinforces the role of states as key drivers of agricultural innovation, enabling region-specific solutions, infrastructure creation, and agri-entrepreneurship through flexible, need-based interventions.

Support for High-Value Agriculture (Rs 350 crore), indicates a clear policy direction towards diversification, export orientation, and higher value realisation for farmers.

A major new initiative, Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources), will be launched — a multilingual AI-based platform integrating AgriStack and ICAR (Indian Council of Agricultural Research) practices to help farmers make data-driven decisions and improve productivity.

Capital Goods

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Heavy Industries	**2647.97**	**5293.85**	**7939.90**	**49.98%**
Enhancement of Competitiveness in the Indian Capital Goods Sector	171.62	120.00	125.36	4.46%
Scheme for Enhancement of Construction and Infrastructure Equipment (CIE)			200	-

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Hi-Tech Tool Rooms to be established by CPSEs at two locations as digitally enabled, automated service bureaus to locally design, test, and manufacture high-precision components at scale and at lower cost. A Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) to be introduced to strengthen domestic manufacturing of high-value and technologically advanced CIE, covering equipment ranging from lifts in multi-story buildings and fire-fighting equipment to tunnel-boring machinery for metros and high-altitude road projects.	These announcements will significantly strengthen India's domestic capital goods manufacturing capabilities by addressing critical gaps in precision tooling, advanced equipment, and scale. The establishment of Hi-Tech Tool Rooms will improve access to high-precision design, testing, and manufacturing services, particularly benefiting MSMEs and ancillary suppliers in the capital goods value chain. At the same time, the CIE scheme will drive indigenisation of high-value construction and infrastructure equipment, reduce import dependence and enhancing technological depth across key capital goods segments.
2.	To promote environmentally sustainable passenger transport systems, seven High-Speed Rail corridors will be developed between cities as "growth connectors", namely: • Mumbai–Pune • Pune–Hyderabad • Hyderabad–Bengaluru • Hyderabad–Chennai • Chennai–Bengaluru • Delhi–Varanasi	The development of high-speed rail corridors will generate sustained and large-scale demand for capital goods across the rail value chain, including rolling stock, propulsion & traction systems, signalling and communication technologies, and specialised construction equipment. This will encourage domestic manufacturing, indigenisation of advanced rail technologies, and capacity expansion within the capital goods sector. The long project lifecycle and scale of investment will also provide long-term order visibility, enabling firms to invest in technology upgradation, skill development, and innovation, thereby strengthening India's capital goods ecosystem.
3.	To provide a fillip to tool manufacturing in India, income tax exemption for a period of five years is proposed for any non-resident entity providing capital goods, equipment, or tooling to a tool	This measure is likely to attract foreign suppliers of advanced capital goods, equipment, and tooling to partner with domestic tool manufacturers, facilitating technology transfer and access to high-end manufacturing capabilities. It will

	Budget Announcement	Likely Implication
	manufacturer operating in a bonded zone.	strengthen India's tool manufacturing ecosystem, improve precision and quality in downstream manufacturing sectors, and reduce dependence on imported tooling. Over time, this is expected to enhance competitiveness of the capital goods sector and support higher-value manufacturing in India.
4.	MSMEs as 'Champion' enterprises: A three-pronged approach has been announced. As part of this, a dedicated Rs10,000 crore SME Growth Fund is being introduced to create future Champions by providing equity support and incentivising enterprises based on select criteria. In addition, the Self-Reliant India Fund, set up in 2021, will be topped up by Rs2,000 crore to continue supporting micro enterprises and to ensure sustained access to risk capital.	The focus on creating "Champion SMEs" through equity support will strengthen the capital goods supply chain, where MSMEs play a critical role as component manufacturers, tool makers, and technology providers. Access to patient capital through the SME Growth Fund and enhanced support to micro enterprises will enable capacity expansion, technology upgradation, and quality improvement in capital goods manufacturing. This will help MSMEs scale up from ancillary suppliers to globally competitive firms, improve localisation of capital goods production, and enhance resilience and depth of the domestic manufacturing ecosystem.

Overall Assessment of Budget for Sector's Growth and Development

The Budget announcements signal a decisive push to strengthen India's capital goods sector as a foundational pillar of industrial growth. By combining targeted manufacturing support, large-scale infrastructure creation, incentives for technology transfer, and equity-based strengthening of MSMEs, the measures address the entire capital goods value chain—from tooling and precision components to advanced equipment and systems integration. The emphasis on scale, indigenisation, and long-term demand visibility is expected to enhance competitiveness, deepen domestic capabilities, and position India as a globally relevant hub for capital goods manufacturing, while supporting productivity, resilience, and higher-value growth across the economy.

Capital Markets

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Overall Outlay for Ministry of Corporate Affairs	679.91	8919.43	5561.86	(37.64) %
Outlays for key sectoral schemes				
Corporate Data Management System	14.61	15.00	11.51	(23.27) %
PM Internship Scheme	32.16	526.39	4788.45	809.67%
Insolvency and Bankruptcy Board of India	-	-	0.03	
Competition Commission of India	51.0	54.63	54.20	(0.79) %
National Financial Reporting Authority	44.0	50.00	49.00	(2) %
Investors Education and Protection Fund	29.92	7592.19	50.00	(99.34) %

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Corporate Bond Market** - Market making framework for corporate bonds to be introduced. A new derivative instrument, total return swaps, is also to be introduced for corporate bonds.	The proposal on market making framework, a suggestion made by FICCI, will address long-standing liquidity challenges in India's corporate bond market. The measures announced will go a long way to attract a wider pool of investors, facilitate better price discovery and create more efficient trading conditions for institutional and retail investors participating in corporate debt securities, supporting the development of a more resilient and robust corporate bond market in India.
2.	**Municipal Bond Market -** To encourage issuance of municipal bonds of higher value by large cities, an incentive of Rs100 crore has been announced for single bond issuance of municipal bonds of more than Rs1000 crores. The current scheme under AMRUT (Atal Mission for Rejuvenation and Urban Transformation) which incentivises issuances up to Rs200 crore, will continue to support smaller and medium towns.	The incentive will make it economically viable for big municipal corporations to raise money via bonds instead of relying solely on bank loans or grants for financing large urban infrastructure projects. Bigger ticket sizes are also likely to draw increased participation from institutional investors such as insurance companies, pension funds and mutual funds, thereby broadening the investor base and strengthening the municipal bond market. Further, the continuation of AMRUT incentives for issuances up to Rs200 crore will ensure that smaller and medium towns continue to receive support, while simultaneously incentivising larger cities to undertake market borrowings at scale.
3.	**Comprehensive review of the Foreign Exchange Management (FEMA) (Non-debt Instruments) Rules** -	The announcement of a comprehensive review of the FEMA (Non-Debt Instruments) Rules signals a move towards an investor-friendly foreign investment regime. Building on the

	Budget Announcement	Likely Implication
	The Foreign Exchange Management (Non-Debt Instruments) Rules will be reviewed to establish a more contemporary and user-friendly regulatory framework for foreign investments, aligned with India's evolving economic priorities.	Government's ongoing efforts to simplify and rationalise foreign investment regulations, this proposal will facilitate smoother capital inflows.
4.	**Infrastructure Development -** • Setting up Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders. • Continued focus on developing infrastructure in cities with over 5 lakh population (Tier 2 and Tier 3), which have expanded to become growth centres. Several initiatives for large-scale enhancement of public infrastructure through InVITs, REITs and institutions like NIIF and NABFID already undertaken. • Recycling real estate assets of CPSEs through the setting up of dedicated REITs • Public capital expenditure has risen from Rs2 lakh crore in FY 2014–15 to Rs11.2 lakh crore in BE 2025–26 and is proposed to be increased further to Rs12.2 lakh crore in FY 2026–27.	• The proposed Infrastructure Risk Guarantee Fund, through partial credit guarantees will enhance lender confidence, reduce perceived project risk, reduce the cost of capital and improve access to long-term finance for infrastructure projects. • Continued focus on Tier 2 and Tier 3 cities will accelerate infrastructure creation in emerging growth centres, supporting balanced regional development and urbanisation beyond metros. Further, deepening of infrastructure financing instruments will strengthen market-based infrastructure financing. • Setting up dedicated REITs for CPSE real estate assets will enable asset monetisation, unlock value from idle or underutilised assets and redeploy capital into new infrastructure creation. • The continued increase in public capital expenditure signals a strong commitment to infrastructure-led economic growth, with positive spillovers for employment generation and private sector investment.
5.	**Portfolio Investment Scheme** - • Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. • Higher investment ceiling: The individual investment limit under this scheme has been raised from 5 % to 10% • Broader ownership base: The aggregate limit for all PROIs together has been increased from 10% to 24%	This has been a long-standing ask of FICCI. PROIs can now invest more freely in the Indian market via PIS accounts, instead of routing funds through GIFT City. This provides greater flexibility and higher allocation opportunities compared with previous caps. Further, individual PROIs can take larger positions in Indian companies, while increased aggregate limits will allow more global Indian investors to participate without quickly hitting regulatory ceilings. This move, part of the Government's broader effort to modernise foreign investment rules, will deepen the Indian equity market, attract more foreign capital and provide more investment avenues for overseas investors.

	Budget Announcement	Likely Implication
6.	**Buyback to be taxed as Capital Gains** - Proceeds received by shareholders from equity buybacks will be taxable under capital gains rather than being treated as dividend income.	Buyback proceeds will be taxed as capital gains for all shareholders, aligning the treatment with the taxation of gains on the sale of shares in secondary market.
7.	**Securities Transaction Tax (STT) on the equity derivatives segment (trades in futures and options contracts)** - Increased STT Rates for Derivatives: • Futures contracts: Increased from 0.02 % of the trade value to 0.05 %. • Options contracts: a. On options premium: Increased from 0.10 % to 0.15 %. b. On options exercise: Increased from 0.125 % to 0.15 %.	These changes will increase the transaction cost for derivatives trading, as higher STT will now be applied to all transactions - both buy and sell. This increase may dampen overall participation in the derivatives market.
8.	**Capital Gains Tax on Sovereign Gold Bonds (SGB)** - Capital gains tax exemption will only be available to taxpayers who subscribed to the SGB at the time of original issue and held continuously until maturity until redemption.	This proposal will unfairly impact taxpayers who have invested in SGBs through the secondary market.
9.	**Penalties for non-reporting of crypto assets** - Platforms that do not file the required statements will be liable to a fine of Rs 200 per day until such statements are submitted. Further, a flat penalty of Rs 50,000 will be imposed on entities that provide incorrect or misleading information and fail to rectify it.	The proposed penalties for nonfiling or incorrect reporting by crypto platforms will strengthen compliance, enhance monitoring of crypto transactions and reduce tax evasion in the virtual digital asset space, bringing greater regulatory clarity and aligning crypto reporting with traditional financial norms.
10.	**Disinvestment target** - The Government has set a divestment target of Rs. 80,000 crores under miscellaneous capital receipts for 2026-27 which includes sale of shares in PSUs and asset monetisations.	Disinvestments of public sector enterprises would help increase the depth of Indian capital market. The disinvestment target also signals expectations of more favourable market conditions and a robust pipeline of stake sales and asset monetisation. This strategy is consistent with the Economic Survey's recommendation to redefine public sector enterprises in a manner that enables the Government to exercise greater flexibility in diluting its shareholding in listed entities, while preserving strategic control where required.
11.	**Ease of Doing Business** - **Centralised electronic submission of Form 15G/15H** - Form 15G/15H will now be accepted by depositories from eligible taxpayers	Form 15G/15H is a self-declaration under the Income Tax Act, used to inform banks and other payers that total estimated income is below the taxable limit, so that TDS need not

	Budget Announcement	Likely Implication
	and forwarded electronically to the concerned companies and financial institutions where income is earned. **Joint Committee of Ministry of Corporate Affairs (MCA) and Central Board of Direct Taxes (CBDT)** - A Joint Committee of MCA and CBDT will be constituted for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS). **Rationalizing Penalty and Prosecution Framework under the Income Tax Act** – • Procedural lapses such as non-production of books of account, documents etc. to be decriminalised. • Minor offences to attract fine only. • Punishment for other offences will be graded commensurate with the quantum of offence, with only simple imprisonment and maximum imprisonment reduced to two years, and power to courts to convert even those into fine. **Corporate Mitras** - Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier 2 and Tier 3 towns.	be deducted on interest or similar income. With this change, a single centralised submission of Form 15G/15H will be accepted for all banks and companies, eliminating the need for separate manual filings and reducing errors and compliance hassles. This initiative will improve alignment between accounting and tax standards, enhance transparency and consistency in financial reporting, reduce litigation and streamline compliance for corporates, thereby improving ease of doing business. This will reduce litigation and allow tax authorities to focus on serious violations, thereby improving ease of doing business and boosting corporate and investor confidence. This initiative will help MSMEs navigate the compliance process, improve governance and foster their growth.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 demonstrates a continued focus on strengthening financial markets and promoting ease of doing business. Initiatives to deepen the corporate bond market, including the introduction of a market-making framework and total return swaps are expected to address long-standing liquidity challenges, attract a wider pool of investors and improve trading efficiency for both institutional and retail investors. Similarly, the incentive for large municipal bond issuances will help mobilise market-based finance for urban infrastructure while broadening the investor base and promoting balanced urban development.

The Budget also reflects a strong commitment to facilitating foreign investments. The comprehensive review of FEMA (Non-Debt Instruments) Rules, along with higher investment ceilings under the Portfolio Investment Scheme will deepen the equity market and encourage long-term participation by global investors.

Infrastructure development remains a key priority, with positive measures such as the Infrastructure Risk Guarantee Fund, asset monetisation through dedicated REITs for CPSE real estate and continued rise in public capital expenditure.

On the regulatory front, the centralised submission of Form 15G/15H, rationalisation of penalties under the Income Tax Act and harmonisation of ICDS with IndAS will streamline compliance, reduce litigation and enhance transparency, fostering investor confidence. Even though measures such as aligning buyback taxation with capital gains will improve clarity, changes such as the SGB capital gains restriction will impact secondary market investors.

Some of FICCI's pre-budget recommendations, including aligning the tax treatment of debt mutual funds with equity instruments and revising investment caps for insurance and pension funds to encourage greater participation in corporate bonds and operational infrastructure projects, did not find mention in this year's Budget. Addressing these measures could further deepen the debt capital market.

Chemicals & Petrochemicals

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 – 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Chemicals & Petrochemicals	226.01	185.57	185.72	0.08%
Central Sector Schemes/Projects				
New Schemes of Petrochemicals	33.49	45.50	52.50	15.38%
Other Central Sector Expenditure				
Statutory and Regulatory Bodies				
Assistance related to Bhopal Gas leak Disaster	14.46	22.66	26.08	15.09%
Autonomous Bodies				
Central Institute of Petrochemicals Engineering and Technology (CIPET)	13.83	76.35	70.00	-0.831%
Institute of Pesticides Formulation Technology (IPFT)	17.15	12.15	8.94	-26.41%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Scheme to support States in establishing 3 dedicated Chemical Parks, through challenge route, on a cluster-based plug-and-play model.	The three dedicated chemical parks announced in the Union Budget 2026–27 with an initial allocation of Rs600 crore are expected to create cluster-based plug-and-play infrastructure that lowers entry and operating costs, strengthens supply chains, attracts investment, and boosts competitiveness for the chemicals and petrochemicals industry by providing shared utilities, waste management and logistics support, which can speed up project implementation, reduce dependence on imports and enhance export potential while improving environmental compliance and overall sector growth.
2.	Carbon Capture Utilisation and Storage technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of Rs20,000 crore is proposed over the next 5 years.	This is expected to benefit the chemicals and petrochemicals sector by enabling companies to adopt carbon capture and utilisation technologies that reduce greenhouse gas emissions from high-carbon processes such as feedstock cracking and refinery operations, help the industry align with net-zero commitments, improve energy efficiency, and potentially lower compliance costs under evolving environmental regulations; this can enhance competitiveness and support development of low-carbon products.
3.	New tariff lines are also being introduced to help in, getting actual transaction data of precursor chemicals and help in their effective monitoring, facilitating, tracking exports.	The introduction of new tariff lines for precursor chemicals will help the chemicals sector by enabling more granular and accurate capture of transaction-level trade data, which will strengthen the government and industry's ability to monitor production, imports, and exports.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 offers a strong roadmap for the chemicals and petrochemicals industry by focusing on infrastructure, sustainability, and domestic manufacturing. The allocation of Rs 600 crore to establish three dedicated chemical parks is a significant step forward. These parks will provide plug-and-play, cluster-based infrastructure that should help lower operating costs, speed up project timelines, and make the sector more attractive for both domestic and foreign investment.

Sustainability is another major focus area with the introduction of a Rs 20,000 crore CCUS scheme over the next five years for five sectors including chemicals industry. This fund will support the adoption of low-carbon technologies in energy-intensive processes, helping the industry align with India's net-zero goals while staying competitive as global environmental standards tighten.

By combining infrastructure development with sustainability, the Budget takes a balanced approach to strengthening manufacturing and expanding the industry's export potential.

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Civil Aviation

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Civil Aviation	2600.63	2055.49	2102.87	2.31%
Regional Connectivity Scheme	789.31	434.50	550	26.58%
Production Linked Incentive (PLI) Scheme for Drone and Drone Component	37.10	-	-	-
Capital Outlay on Civil Aviation	85.36	38.01	40.00	5.24
Investment in Airports Authority of India	5069.45	4688.03	4699.92	0.25

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Boost to Aircraft Manufacturing & MRO** Basic Customs Duty exemption proposed on components and parts required for manufacture of civilian, training and other aircraft. Raw materials imported for aircraft parts used in Maintenance, Repair and Overhaul (MRO) by defence-sector units are also exempted.	• Reduces costs for aircraft manufacturing and MRO, improving operational efficiency and competitiveness. • Promotes domestic production and strengthens India's aviation manufacturing and MRO ecosystem under Atmanirbhar Bharat. • Positions India as a regional MRO hub, attracting investment, reducing forex outflow, and generating skilled employment.
2.	**Seaplane Operations & Regional Connectivity -** • Introduction of incentives for indigenisation of seaplane manufacturing to enhance last-mile and remote connectivity and promote tourism. • Proposed introduction of a Seaplane Viability Gap Funding (VGF) Scheme to provide operational support for seaplane services.	• Enables the development of seaplane-based connectivity for remote, coastal, island, and tourism-focused regions where conventional airport infrastructure is constrained. • Encourages domestic manufacturing of seaplanes, supporting Atmanirbhar Bharat and reducing reliance on imports in a niche aviation segment. • Improves the financial viability of seaplane operations through VGF support, facilitating pilot projects and gradual scaling of services. • Supports tourism-led economic growth while complementing existing regional connectivity initiatives such as UDAN.
3.	**Infrastructure Push Benefiting Aviation -** • Overall public capital expenditure increased to Rs12.2 lakh crore in FY 2026–27.	• Supports airport expansion, modernisation, and capacity augmentation, particularly in Tier-II and Tier-III cities. • Improves aviation-linked logistics and cargo infrastructure, enhancing network efficiency. • Creates multiplier effect through employment generation and private investment.

	Budget Announcement	Likely Implication
4.	**Multimodal Logistics & Air Cargo Enablement -** • Strong emphasis on freight corridors, waterways, coastal cargo and logistics ecosystems.	• Enhances air cargo efficiency for high-value and time-sensitive goods through integrated logistics ecosystems. • Improves connectivity between air, road, rail, and waterways, and strengthening supply chains. • Reinforces India's role in global trade and export competitiveness.
5.	**Ease of Doing Business for Aviation Sector -** Customs reforms such as: • Trust-based clearance systems • Reduced compliance burden • Faster cargo clearance using AI and non-intrusive scanning	• Reduces compliance burden and clearance timelines for aircraft parts, spares, and cargo. • Improves operational efficiency and aircraft turnaround time for airlines and MROs. • Enhance investor confidence and ease of operations in the aviation ecosystem.
6.	**Tourism Growth Driving Air Traffic** Strong tourism push through: • Development of iconic destinations • Medical value tourism hubs • Heritage and eco-tourism initiatives	• Increases domestic and international passenger traffic, boosting airline demand and airport revenues. • Strengthens air connectivity to tourism and medical hubs, supporting regional economies. • Creates sustained demand for aviation services and infrastructure.
7.	**Strategic Alignment with "Viksit Bharat"** Civil aviation positioned as: • A growth enabler for trade, tourism, and services • A job creator across manufacturing, operations, MRO, logistics, and services • Budget supports long-term vision of India as a global aviation ecosystem, not just a consumer market	• Positions civil aviation as a key enabler of economic growth, connectivity, and services. • Generates employment across manufacturing, operations, MRO, logistics, and allied sectors. • Supports India's transition from an aviation consumer market to a globally competitive aviation ecosystem.

Overall Assessment of Budget for Sector's Growth and Development

*Enhanced allocation for the **UDAN Regional Connectivity Scheme** (**+26.58%**) supports the continued implementation of expanded regional air connectivity, including small airports, heliports, and last-mile access to remote and aspirational regions. Ongoing **greenfield and brownfield airport development**, including PPP-led upgrades, complements regional connectivity by improving capacity, efficiency, and passenger experience.*

*Increased funding for **DGCA, BCAS, and CRS** reinforces safety, security, and regulatory preparedness amid rapid fleet expansion and rising air traffic. Policy support for **aircraft manufacturing, MRO, leasing, and customs reforms** strengthens India's* integrated aviation ecosystem and investor confidence.

*Continued focus on **skill development and training** addresses manpower needs and supports long-term sectoral growth. Overall, the budget positions civil aviation as a key enabler of connectivity, trade, tourism, employment, and the broader **Viksit Bharat** vision.*

Defence & Homeland Security

Budget Outlay for Defence (Rupees Crore)

	2024-25 Actual	2025-26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Overall, Ministry of Defence			784678.28	
Outlay Key Sector Schemes				
Aircraft & Aero engines	44364.86	72780.15	63733.94	(-)12.43%
Heavy and Medium Vehicles	3569.38	3696.46	4580.16	23.90%
Other equipment	52204.54	50760.27	82217.82	61.97%
Procurement of Rolling Stock	34.90	358.00	400.00	11.73%
Naval Fleet	25566.96	21396.81	25023.63	16.95%
Naval Dockyard	5618.87	4500.00	4333.70	(-)3.69%
Special Projects	849.44	1519.89	1989.12	30.87%
Works under Border Roads Development Board	6523.95	7134.50	7380.00	3.44%
Technology Development - Assistance for prototype development under Make project				
Projects of the Army	0.71	76.00	89.00	17.10%
Projects of the Air Force	261.02	1650.91	1618.81	(-)1.94%
Investment in Public Enterprises	4009.74	3780.00	4279.00	13.20%

Budget Outlay for Homeland Security (Rupees Crore)

	2024-25 Actual	2025-26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Home Affairs			**255233.53**	
BSF Air Wing, Aircrafts, River Boats and Helibase	72.52	81.14	95.05	17.14%
Border Infrastructure and Management	3953.84	5472.31	5576.51	1.90%
Border Area Development Programme	86.41	20.00	0.06	-(99.70)
Police infrastructure	2133.18	3684.23	5393.37	46.39
Schemes for Safety of Women	286.42	649.00	889.05	36.99
Modernization Plan IV for Central Armed Police Forces	119.24	610.79	343.66	-(43.74)
Modernization of Police Forces	2903.10	3279.53	4061.34	23.84
Modernization of Prisons	43.62	252.00	300.00	19.05
Disaster Management				
Infrastructure for Disaster Management	81.29	50	100	100
Other Disaster Management Schemes	1.04	0.00	0.04	4
Ministry of Electronics & Information Technology				
Cyber Security Projects	210.99	600.00	790.00	31.67
Cyber Security (CERT-In)	254.88	277.00	269.00	-(2.89)
Ministry of Civil Aviation				
Bureau of Civil Aviation Security	84.44	88.00	114.00	29.55
Ministry of Defence (Civil)				
Coast Guard Organisation	8082.11	7783.00	8392.85	7.84

Overall Assessment of Budget for Sector's Growth and Development

Ministry of Defence allocated an all-time high of Rs 7.85 lakh crore in Union Budget 2026-27, 15% higher over Budgetary Estimates of FY2025-26, with record Rs 2.19 lakh crore allocated under Capital Head and quantum leap of 24% in the Capital Acquisition budget. Rs 1.39 lakh crore has been allocated for domestic industries, including private players. In addition to the modernisation of the Armed Forces and financing their regular requirement, the significantly enhanced allocation will also cater for the financial requirements that have arisen due to the emergency procurement of arms and ammunition made subsequent to Operation Sindoor under both the categories viz. Capital and Revenue.

The budgetary allocation to Defence Research and Development Organisation (DRDO) has been increased to Rs 29,100.25 crore in FY 2026-27 from Rs 26,816.82 crore in FY 2025-26. Out of this allocation, a major share of Rs. 17,250.25 crore is allocated for capital expenditure. Through this enhanced provision, the Government has reaffirmed its resolve to transform the Armed Forces and their capabilities to the world's highest standards with a strategic shift towards the goal of Aatmanirbhar Bharat.

Electronics

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Electronics and Information Technology	**13661.31**	**20232.95**	**21632.96**	**6.9%**
Promotion of Electronics and IT HW Manufacturing (MSIPS, EDF and Manufacturing Clusters)	676.53	619.81	720	16.16%
R and D in IT/Electronics/CCBT	1175.51	1249.75	1248.33	-0.11%
Modified Program for Development of Semiconductors and Display Manufacturing Ecosystem in India	638.07	4300	8000	86%
Modified Scheme for setting up of Compound Semiconductors/Silicon Photonics/Sensors Fab/Discrete Semiconductors Fab and Semiconductor Assembly, Testing, Marking and Packaging (ATMP)/Outsourced Semiconductor Assembly and Test (OSAT) facilities in India	561.83	3175.08	5000	57.5%
Modified Scheme for Setting up of Semiconductor Fabs in India		1000	2000	100%
Modified Scheme for setting up of Display Fabs in India				
Modernisation of Semi-Conductor Laboratory, Mohali	7.79	20	900	4400%
Design Linked Incentive Scheme	68.45	105	100	-4.76%
Electronics Components Manufacturing Scheme		6.80	1500.00	21958.8%
India Semiconductor Mission 2.0			1000	-

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Increase in the outlay for Electronics Components Manufacturing Scheme.**	Launched in April 2025 with an outlay of Rs22,919 crore, the ECMS has already received investment commitments at double the target. The increase in the outlay to Rs40,000 crore, would further help in strengthening the electronics manufacturing ecosystem in the country. A higher outlay will attract additional investments into electronics manufacturing and strengthen domestic manufacturing of key electronic components, reducing import dependence and addressing supply-chain vulnerabilities.
2.	**Launch of India Semiconductor Mission 2.0.** India Semiconductor Mission (ISM) 1.0 expanded India's semiconductor sector capabilities. The launch of ISM 2.0 shall boost the production of equipment and materials, design full stack Indian IP, and fortify supply chains. The focus is on industry led research and training centres to develop technology and skilled workforce.	There is immense potential in semiconductor-related industries in India, with strong government support playing a crucial role in nurturing innovation and growth in this field. Such an increase would attract large scale investments in India by encouraging leading manufacturers to set up semiconductor facilities. The government has allocated a total of Rs1000 Cr for ISM 2.0. Alongside, allocation of Rs900 crore for Modernisation of Semi-Conductor

	Budget Announcement	Likely Implication
		Laboratory in Mohali will be a big boost for the semiconductor ecosystem in the country.
3.	**BCD on specified parts used in the manufacture of microwave ovens (8516 5000) has been reduced to Zero.**	The reduction in BCD on parts used in microwave ovens is expected to lower the cost of production, leading to more competitive pricing of the finished product and benefiting both manufacturers and end consumers. This will also deepen the value addition in the consumer electronics sector.
4.	**Credit Guarantee Support Mechanism for MSMEs in the Manufacturing Sector.**	Given that the electronic components industry is mainly driven by MSME players, this scheme will ensure easy access to credit without collateral
5.	**Creation of 5 university townships in the vicinity of major industrial and logistic corridors.** These planned academic zones will host multiple universities, colleges, research institutions, skill centres and residential complexes.	Proximity to manufacturing clusters enables closer collaboration on R&D, product design, testing, and rapid prototyping in electronics and semiconductors. University townships can supply industry-ready engineers and technicians aligned with electronics manufacturing, design, and emerging technologies.

Overall Assessment of Budget for Sector's Growth and Development

The budget announcement for the electronics sector reflects Governments strong focus in deepening the electronics manufacturing and innovation ecosystem spanning semiconductors, components and related manufacturing. The development of entire electronics value chain in India would help in increasing local value addition and promoting exports. Given that a significant portion of component manufacturers in India are MSMEs, the credit support schemes introduced for MSMEs will further help them to scale and integrate with global value chains.

Environment & Climate Change

Budget Outlay for Sector (Rupees Crore)

	2024- 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Environment, Forest & Climate Change	2219.70	3481.61	3759.46	7.98%
Outlays for key sectoral schemes				
Total-Central Sector Schemes/Projects	191.37	1451.52	1307.70	-9.91%
Total-Centrally Sponsored Schemes	605.53	391.75	651.34	66.26%
Total-Establishment Expenditure of the Centre	831.73	1051.51	1163.92	10.69%
Other Central Sector Expenditure	591.07	586.83	636.50	8.47%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Carbon Capture, Utilisation and Storage (CCUS):** Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of Rs20,000 crore is proposed over the next 5 years.	**Accelerating Industrial Decarbonization:** This is a welcome announcement by the Government. This mission-mode initiative is poised to trigger a paradigm shift within "hard-to-abate" sectors – including Power, Steel, Cement, Refineries, and Chemicals – where deep electrification remains technologically challenging. By directly de-risking the high capital expenditure and technical uncertainties typically associated with carbon scrubbing, government is facilitating a structural evolution toward a Net Zero industrial economy. Beyond mere emissions reduction, this policy is expected to stimulate a robust circular economy by creating a high-value marketplace for captured carbon, turning waste CO_2 into usable commodity like feedstock for synthetic fuels, chemicals, and building materials, thereby enhancing India's industrial resilience in a carbon-constrained global market. **Potential Implications on Industry -** • Reduced decarbonization risk • Faster technology readiness & deployment • Unlocking financing and partnerships • Long term energy security & continuity • New value chains & innovations • Improved export resilience The announcement establishes CCUS as a key enabler of industrial decarbonisation, allowing energy-intensive sectors to lower emissions while preserving competitiveness, safeguarding investments in existing assets, and supporting sustainable economic growth.
2.	**Sustainable Cargo Movement:** Establishing new Dedicated Freight Corridors (DFC), connecting Dankuni in the East to Surat in the West and operationalizing 20 new National Waterways, with a particular	**Modal Shift for Lower Emissions:** This initiative drives a critical multimodal transition in the logistics sector, strategically pivoting the transport of heavy cargo away from carbon-intensive road networks and toward significantly more fuel-efficient rail and water-based systems. Central to this strategy is the Coastal Cargo Promotion Scheme, which aims to double the domestic market share of coastal shipping and inland waterways from 6% to 12% by 2047. By

	Budget Announcement	Likely Implication
	focus on the high-priority NW-5 in Odisha.	incentivizing this modal shift, the government is not only lowering the overall carbon intensity of the national supply chain but also drastically reducing logistics costs, thereby enhancing the global competitiveness of Indian exports while aligning with long-term climate resilience goals. **Potential implications –** • Lower emissions from Freight • Improved Air Quality & Public Health • Resource optimization • Climate Resilient & inclusive infrastructure • Promotion of green jobs Overall, the announcement strengthens climate-resilient infrastructure, supports inclusive regional development, and aligns India's long-term logistics growth with its sustainability and net-zero ambitions.
3.	**Green Transport Connectors:** Development of seven High-Speed Rail (HSR) corridors as central "growth connectors." This network includes high-traffic routes such as Mumbai–Pune, Delhi–Varanasi, and Hyderabad–Bengaluru, alongside strategic links like Pune–Hyderabad and Varanasi–Siliguri. The objective is to link major economic and technological hubs.	**Sustainable Inter-City Connectivity:** These corridors represent a fundamental shift toward high-capacity, low-emission passenger systems, positioning rail as a viable alternative to carbon-intensive short-haul aviation and private road travel. By integrating high-speed connectivity into the national infrastructure, the initiative is expected to substantially reduce the collective carbon footprint of long-distance journeys. **Potential implications –** • Energy Efficiency & RE integration • Lower Carbon intensity • Resilient Infrastructure The initiative signals a strategic shift towards low-carbon, efficient and sustainable mobility, aligning economic growth with environmental stewardship and climate commitments.
4.	**Electric Urban Mobility:** The government has introduced a targeted provision for the deployment of **4,000 electric buses (e-buses)** specifically dedicated to major tourism destinations across the **five Purvodaya states** (Bihar, Jharkhand, Odisha, West Bengal, and Andhra Pradesh).	**Preserving Sensitive Ecosystems:** This targeted deployment is set to eliminate tailpipe emissions in ecologically sensitive and heritage-rich zones, significantly mitigating the environmental impact of high-density tourism. By promoting clean public transit in historically underserved regions, the initiative enhances the global **"Green Tourism"** profile of the Eastern corridor while delivering immediate improvements to local air quality and public health. Furthermore, the shift to electric mobility de-risks these zones from the long-term effects of pollution, ensuring that India's natural and cultural landmarks are preserved for future generations while simultaneously stimulating the local green-tech economy.

	Budget Announcement	Likely Implication
		Potential Implications – • Improved Air Quality in sensitive tourism zones • Reduction in transport based GHG emissions • Reduced reliance on fossil fuels leading to energy security The announcement reflects a shift towards **clean, inclusive and climate-aligned mobility**, integrating environmental protection with regional development and sustainability objectives.
5.	**Circular Economy (Bio-Energy):** To accelerate the adoption of renewable fuels, government has proposed complete exclusion of the value of biogas when calculating the Central Excise duty payable on biogas-blended CNG. This targeted fiscal relief, introduced in the Union Budget 2026-27, effectively removes the tax burden from the renewable component of the fuel mix.	**Incentivizing Waste-to-Wealth:** This announcement strengthens the economic case for cleaner fuels and encourages wider adoption of such resources. By improving the viability of biogas, the measure supports reduction of greenhouse gas emissions through methane capture and substitution of fossil-based natural gas, while advancing circular economy outcomes via waste-to-energy pathways. It encourages industries, particularly transport, manufacturing, and energy to shift towards biogas blends without incurring higher tax burdens, thereby lowering compliance costs associated with emissions reduction. **Potential implications –** • Improves cost competitiveness • Faster adoption • Increase in investments • Decarbonization of industry

Overall Assessment of Budget for Sector's Growth and Development

This year, Central Government has allotted Rs3,759.46 crore to the Union Environment Ministry in the 2026-27 Union Budget, an increase of 7.98 per cent from Rs3,481.61crore in 2025-26, thereby providing more funds for ecosystem conservation, wildlife protection, and expanding forest cover.

The Union Budget 2026–27 reinforces India's commitment to sustainability and climate action, creating significant opportunities for business and industry. Investments in green technologies and CCUS aim to strengthen domestic clean energy ecosystems and accelerate growth in clean energy, EVs and energy storage. Aligned with India's net-zero 2070 goals, the budget encourages adoption of sustainable practices across sectors. Measures supporting circular economy, green transport, electric buses and high-speed rail further advance low-emission mobility and resource-efficient growth.

Overall, the 2026-27 Budget provides a clear roadmap for low-carbon and climate-resilient growth, enabling industries and communities to accelerate decarbonisation across energy-intensive sectors through initiatives such as CCUS, clean energy manufacturing, sustainable transport, and circular economy interventions, while fostering innovations, green jobs, and long-term economic prosperity in alignment with India's climate and environmental goals.

External Trade

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Commerce	5412.45	6606.0	5873.07	-11.1%
Outlays for key sectoral schemes				
Establishment Expenditure of the Centre on Foreign Trade and Export Promotion	1029.48	891.31	946.41	6.18%
Export Promotion Scheme		2250.00	2300.0	2.2%
Interest Equalisation Scheme	2482.00	-	-	
National Export Insurance Account	-	1800.00	887.30	-50.7%
Gems and Jewellery: Establishment of India Centre for Lab Grown Diamond (InCent-LCD) at IIT Madras, Chennai	35.68	36	40	11.11%
Ministry of Finance (Indirect Taxes)	38801.62	41496.22	27682.63	-33.3%
Remission of Duties and Taxes on Exported Products (RoDTEP)	18313.06	18232.50	10000.00	-45.2%
Rebate on State and Central Taxes and Levies (RoSCTL)	8565.00	10010.38	5000.00	50.1%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Trade Facilitation and Customs Reforms -** • Tariff rationalisation, removal of the value cap on courier exports, introduction of AI-enabled risk management in a phased manner, trust-based customs systems and enhanced AEO benefits. • Measures to reduce transaction delays and compliance costs such as self-declarations, electronic tracking and faceless approvals in customs warehousing. • Customs Integrated System (CIS) to be rolled out in 2 years as a single, integrated and scalable platform for all customs processes. Approvals for cargo clearance from various government agencies will be integrated into a single digital window by the end of the financial year with clearance processes for food, drugs, plant, animal, and wildlife products, to be operational by April 2026.	Various measures towards customs duty rationalization and introducing AI-enabled, single-window platforms, trust-based customs processes will help lower logistics friction, cost for inputs, speed up trade clearance, and strengthen the competitiveness of MSME and e-commerce exports.
2.	**Special Economic Zone (SEZ) -** One-time measure allowing limited concessional sales by SEZ units to the Domestic Tariff Area amid global trade disruptions.	This would help in effective capacity utilisation of units in SEZ and help cushion the impact of global disruptions.
3.	**Export Facilitation for Marine, Textiles and Leather Sectors -** Duty-free treatment for fish caught in EEZ/high seas and higher duty-free import limits for seafood processing inputs. Extension of export time period to one year and extension of duty-free inputs to shoe uppers.	These measures will help reduce input costs, ease compliance requirements, provide greater operational flexibility, and enhance export competitiveness in labour-intensive sectors, supporting employment generation and foreign exchange earnings.

	Budget Announcement	Likely Implication
4.	**Champion SMEs -** A three-pronged approach to support the growth of "Champions," including a Rs10,000 crore SME Growth Fund with defined eligibility criteria and improved access to risk capital for SMEs through a top-up to the Self-Reliant India Fund.	This will enable MSMEs to scale up operations, integrate into global value chains and expand their participation in international trade.
5.	**Building a container manufacturing ecosystem -** A proposal for a scheme to create a globally competitive container manufacturing ecosystem, with a budgetary allocation of Rs10,000 crore over a five-year period.	This will help support domestic production and lower dependence on imported containers thus helping to strengthen logistics, lower costs and enhance India's competitiveness in global merchandise trade.
6.	**Coastal cargo promotion Scheme -** The proposed scheme will help enhance the share of coastal shipping from 6% to 12% by 2047 and incentivise a modal shift from rail and roadways.	The scheme is expected to reduce logistics costs, decongest road and rail networks, promote more efficient and sustainable freight movement, and strengthen domestic supply chains, thereby supporting trade competitiveness and regional economic integration.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget adopts a comprehensive and forward-looking approach to supporting sectoral growth and development, with a strong emphasis on trade competitiveness, manufacturing depth, and integration with global markets. The focus on strengthening domestic manufacturing ecosystems through enhanced support for electronics, semiconductors, chemicals, textiles, and container manufacturing is expected to improve supply chain resilience, reduce import dependence, and enhance export capacity across key sectors.

The budget outlay for the Department of Commerce in 2026-27 shows an 11% decline compared to the revised estimates of the previous year. However, relative to the 2025-26 budget estimates, there was an increase of 10.79%.

Targeted interventions for labour-intensive and traditional sectors such as textiles, handicrafts, leather, marine products underscore the Budget's employment-centric growth strategy. By combining technology upgradation, skilling, sustainability initiatives, and cluster development, these measures aim to improve productivity, quality, and global market access, thereby reinforcing India's position in international trade.

Reforms in customs procedures, trust-based systems, and digital trade infrastructure are expected to reduce transaction costs, enhance predictability, and improve ease of doing business for exporters and importers alike. In addition, initiatives supporting agriculture, allied sectors, and niche products focus on value addition, certification, and branding, enabling greater participation of farmers and rural enterprises in export markets.

However, defying expectations, the budget outlay for the RoDTEP and RoSCTL scheme has been reduced by almost half, which may dampen exporter sentiment, particularly among sectors that had anticipated an upward revision of rates.

Overall, the Budget remains aligned with the government's export promotion agenda, introducing targeted measures to streamline trade processes, reduce transaction costs, and strengthen India's integration with global trade networks.

Financial Services -– Banking, NBFC, Insurance & Fintech

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 – 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Financial Services	3412.03	3335.32	3305.06	-1%
Outlays for key sectoral schemes				
Government Co-contribution to Atal Pension Yojana	465.05	459.50	547.75	19%
Pradhan Mantri Vaya Vandan Yojana (PMVVY)	507.22	597.33	596.40	NA
Incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (person-to merchant)	1922.77	2196.21	2000.00	-9%
Interest Subsidy to LIC for Pension Plan for Senior Citizens	16.17	81.46	160.00	96%
Department of Economic Affairs				
National Investment and Infrastructure Fund (NIIF)	827.83	1700.00	3001.23	77%
SME Growth Fund	-	-	500.00	NA
Infrastructure Risk Guarantee Fund	-	-	1000.00	NA

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**High-Level Committee on Banking for "Viksit Bharat"**	The proposed committee will examine structural and regulatory aspects of the banking sector and recommend measures to strengthen financial stability, deepen financial inclusion, and enhance consumer protection, while supporting India's long-term development goals under the Viksit Bharat vision.
2.	**Rs10,000 crore SME Growth Fund**	Government backed equity can help build "SME champions" by attracting private investment. By reducing leverage and strengthening the creditworthiness of high potential firms, it supports the growth of domestic PE/VC ecosystems, enhances the SME IPO pipeline
3.	**Mandating TReDS for all CPSE purchases from MSMEs**	Making TReDS the default settlement rails for CPSE–MSME transactions standardises invoice acceptance, compresses payment cycles and sets transparent price discovery. This improves MSME liquidity, reduces working capital cost, and strengthens lender confidence, building on prior mandates for onboarding by large companies and CPSEs to curb delayed payments.
4.	**Credit guarantee support for invoice discounting**	A CGTMSE style guarantee for TReDS reduces potential losses for lenders. This allows them to price credit more sharply and offer higher limits on MSME receivables. By shifting part of the risk to a pooled guarantee, more banks and NBFC actors can participate. This widens access for MSMEs and increases the throughput on the platform—without forcing any lender to expand its balance sheet too much.
5.	**Linking GeM with TReDS to improve data availability for lenders**	Integrating GeM's verified order and acceptance data with TReDS creates trusted, real-time transaction trails. This cuts down fraud, duplicate financing and disputes. Lenders get stronger underwriting signals and faster straight through processing, which improves portfolio quality and helps scale up invoice discounting volumes.

	Budget Announcement	Likely Implication
6.	**Recognition of TReDS receivables as asset-backed securities**	Securitising a mixed pool of discounted invoices creates a short-term, low risk investment product. This attracts mutual funds, insurance companies and corporate treasuries. By selling these securitised pools, lenders free up capital, which they can use to extend more credit to MSMEs term, low risk investment product.
7.	**New Infrastructure Risk Guarantee Fund to provide partial guarantee to lenders**	A central guarantee facility can help attract private lenders to PPPs and new infrastructure projects. By taking on some of the construction and early operation risks, it makes these projects safer and more appealing for banks, insurers and bond investors. This improves bankability and gives investors better risk adjusted returns.
8.	**Restructuring of PFC and REC**	Reorganising these large PSU NBFCs aims to enhance scale, efficiency and governance in power sector financing—lowering cost of funds, standardising risk pricing, and anchoring co-lending/credit enhancement structures. Stronger specialised DFIs improve project bankability for banks/NBFCs and support the broader energy transition and infrastructure pipeline.

Overall Assessment of Budget for Sector's Growth and Development

The Budget highlights that India's banking sector is currently at historic highs in profitability, with strong balance sheets and improved asset quality, and coverage extending to over 98% of villages. The Budget outlines a vision for NBFCs, with specific targets for tech adoption and credit expansion.

The Union Budget 2026–27 has strong thrust on MSME financing. It significantly strengthens the Trade Receivables Discounting System (TReDS) to improve liquidity for MSMEs and reduce their operational costs. By mandating that all CPSE procurement settlements be routed through TReDS, the Budget directly tackles the persistent problem of delayed payments to small suppliers. The integration of TReDS with the Government e-Marketplace (GeM) will enable seamless, real-time transmission and verification of invoices, ensuring faster payment flows to MSMEs at substantially lower interest rates. Additionally, the move to structure TReDS-generated receivables as asset backed or secondary market instruments, along with the provision of credit guarantee support, is expected to multiply liquidity access for small businesses. Collectively, these reforms aim to lower working capital costs, broaden financing avenues for MSMEs, and enhance transparency and efficiency throughout public sector supply chains.

Long-term infrastructure financing receives a significant boost through continued use of instruments like InVITs and REITs, complemented by a new Infrastructure Risk Guarantee Fund designed to reduce lender risk during the construction phase, thus attracting greater private investment.

The Budget adopts a reform-led and stability-focused strategy that strengthens the financial sector's role in driving India's transition to Viksit Bharat. It emphasizes structural reinforcement of banks and NBFCs, ensuring they remain resilient and capable of supporting the economy's expanding credit needs.

FMCG

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Consumer Affairs, Food and Public Distribution	7302.24	3361.82	4474.17	33.08%
Outlays for key sectoral schemes	7302.24	3361.82	4474.17	33.08%
Consumer Awareness (Advertising and Publicity)	17.74	17.94	18.00	0.33%
Consumer Protection Cell	9.43	9.90	9.00	-9.09%
Legal Metrology and Quality Assurance	89.80	113.30	133.00	17.38%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Propose to strengthen the Central Drugs Standard Control Organisation to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.	The proposal to strengthen the Central Drugs Standard Control Organisation through a dedicated scientific review cadre and specialised experts is a significant step towards aligning India's cosmetics regulatory framework with global benchmarks. Faster and more predictable approval timelines will enhance ease of doing business, support innovation and product launches, and improve regulatory certainty for domestic manufacturers and international brands alike. Over time, this move is expected to bolster India's credibility as a quality-driven cosmetics market and facilitate smoother global market access.
2.	For the labour-intensive Textile Sector, proposal for an Integrated Programme with 5 sub-parts: (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres; (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres; (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels; (e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.	The proposed integrated programme for the textile sector is expected to significantly strengthen the man-made fibre ecosystem critical for products such as sanitary napkins and diapers. Focused support for fibre self-reliance, cluster modernisation, sustainability initiatives, and upgraded skilling under Samarth 2.0 will enhance domestic manufacturing capabilities, Improve quality and cost competitiveness and reduce import dependence. Collectively, these measures are likely to support scale, innovation, and employment generation across hygiene and absorbent product value chains, while aligning the sector with global sustainability and performance standards.
3.	Proposal for a comprehensive review of the Foreign Exchange Management (Non-debt Instruments) Rules to create a more contemporary, user-friendly framework for foreign investments, consistent with India's evolving economic priorities.	The proposed comprehensive review of the Foreign Exchange Management (Non-Debt Instruments) Rules is expected to bring greater clarity, flexibility, and ease of compliance for foreign investments

	Budget Announcement	Likely Implication
		across FMCG sector. A more contemporary and user-friendly framework will help reduce regulatory friction, improve investor confidence, and support long-term capital inflows.
4.	Proposal to (i) set up 3 new All India Institutes of Ayurveda; (ii) upgrade AYUSH pharmacies and Drug Testing Labs for higher standards of certification ecosystem, and make available more skilled personnel; (iii) upgrade the WHO Global Traditional Medicine Centre in Jamnagar to bolster evidence-based research, training and awareness for traditional medicine.	The proposed expansion of institutional capacity and regulatory infrastructure for Ayurveda and AYUSH is expected to significantly strengthen the credibility and global competitiveness of AYUSH-based cosmetics. Enhanced testing, certification, and evidence-based research will improve quality assurance, standardisation, and consumer trust, while a stronger skilled workforce will support innovation and scale.
5.	Comprehensive push for high-value crops across diverse agro-climatic regions of the country. This includes promoting coconut, sandalwood, cocoa and cashew in coastal areas; Agarwood in the North-Eastern region; and nuts such as almonds, walnuts and pine nuts in hilly regions. • A **Coconut Promotion Scheme** to enhance competitiveness through interventions such as replacement of old and unproductive palms with improved varieties in major coconut-growing States. • A dedicated programme for **Indian Cashew and Indian Cocoa.** • Focused cultivation and post-harvest processing of sandalwood.	The proposed push for high-value crops and targeted commodity-specific programmes is expected to strengthen raw material security and value chains across food, processed foods, and cosmetics sectors. Enhanced domestic production, improved varieties, and focused interventions in coconut, cocoa, cashew, sandalwood, and nut crops will support quality consistency, reduce import dependence, and enable higher value addition. Over time, these measures are likely to improve farmer incomes, encourage sustainable sourcing, and position Indian agri-based ingredients and products as premium, globally competitive offerings.
6.	To strengthen trade facilitation, enhance predictability, and reduce compliance burdens, the Government proposed a comprehensive set of Customs reforms anchored around trust-based systems and the Authorised Economic Operator (AEO) framework. These include extending the duty deferral period for Tier 2 and Tier 3 AEOs from 15 days to 30 days and providing the same duty deferral facility to eligible manufacturer-importers to incentivise their progression towards full Tier-3 AEO accreditation.	The proposed trust-based Customs reforms anchored around the AEO framework will significantly enhance trade facilitation for FMCG sector. Extended duty deferral timelines, longer validity of advanced rulings, and reduced cargo verification will improve cash flows, predictability, and business planning. Seamless factory-to-port clearances, faster release of low-risk imports, and a technology-driven warehousing regime will collectively lower compliance costs, shorten turnaround times, and strengthen supply chain efficiency.
7.	Approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of the financial year. 171. For goods not having any compliance requirements, clearance will be done by	The move towards a fully integrated, single-window digital Customs ecosystem will significantly streamline import clearances for FMCG sectors. Seamless inter-agency approvals, immediate clearance for non-regulated goods, and the rollout of the

	Budget Announcement	Likely Implication
	Customs immediately after online registration is completed by the importer, subject to the payment of duty. 172. Customs Integrated System (CIS) will be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes.	Customs Integrated System will reduce delays, improve predictability, and lower transaction costs.

Overall Assessment of Budget for Sector's Growth and Development

The Budget 2026-27 demonstrates the Government of India's strong commitment to promoting growth, ease of doing business, and global competitiveness in the FMCG sector. The Budget strengthens regulatory frameworks through faster approvals, enhanced quality standards, and expanded capacities in CDSCO, AYUSH, and Ayurveda. Focused support for high-value crops like coconut, cashew, cocoa, sandalwood, and nuts will improve domestic sourcing, farmer incomes, and sustainable supply chains for food, cosmetics, and nutraceuticals. Trade facilitation measures, including extended duty deferrals, tech-driven warehousing, and single-window Customs clearance, will reduce compliance costs, improve predictability, and accelerate market access. Overall, the Budget reflects the Government's proactive approach to enabling business growth, innovation, and global competitiveness in the FMCG sector.

Food Processing

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Food Processing Industries	2304.07	3571.57	4064.16	13.7%
Outlays for key sectoral schemes				
Pradhan Mantri Kisan Sampada Yojana (PMKSY)	630.00	650.00	915.00	40.7%
Production-Linked Incentive Scheme for Food Processing Industry (PLIFPI)	450.48	1200.00	1200.00	0%
Prime Minister Formalisation of Micro Food Processing Enterprises Scheme (PM FME)	1023.10	1500.00	1700.00	13.33%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Strengthening fisheries value chain through integrated development of 500 reservoirs and Amrit Sarovars, and enabling market linkages for start-ups, women-led groups and Fish FPOs.	This will significantly strengthen raw material availability and organised sourcing for fish and seafood processors, support expansion of cold chain and processing infrastructure, and improve direct market access for producers. The initiative is expected to boost value addition, improve quality and traceability, enhance export readiness of marine and inland fisheries products, and generate new employment opportunities across coastal and inland processing clusters.
2.	Dedicated programme for Indian cashew and cocoa to make India self-reliant in raw material production and processing and to build premium global brands by 2030, along with continued support for high-value agriculture including coconut and nuts (walnuts, almonds and pine nuts).	The programme will strengthen domestic supply chains for key processing commodities, reduce dependence on imported raw material, and enable higher value addition through branded and premium product segments. It will also directly benefit consumers by improving access to nutritious, value-added coconut and nut-based products that offer well-recognized health and wellness benefits. It will create new opportunities for investment in processing facilities, product innovation and exports, while supporting farmer incomes, youth engagement and entrepreneurship across high-value crop and nut-based value chains.
3.	Increase in duty-free imports of specified inputs used for processing seafood products for export from 1% to 3% of the FOB value of the previous year's export turnover.	This will lower input costs for seafood processors, improve export competitiveness and support scale-up of export-oriented processing capacities, enabling Indian seafood products to compete more effectively in global markets.
4.	Rollout of a single, integrated Customs Integrated System (CIS) within two years. Approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of	This will significantly reduce clearance time and procedural delays for food and agri consignments, especially perishables, enabling smoother movement through ports and borders. It will strengthen cold-chain linked processing and export infrastructure by providing faster and more

	Budget Announcement	Likely Implication
	the financial year. Processes involved in clearance of food, drugs, plant, animal & wild life products, accounting for around 70 percent of interdicted cargo, will be operationalised on this system by April 2026 itself.	predictable cargo clearance, thereby supporting higher value addition and improving the global competitiveness of the food processing sector.

Overall Assessment of Budget for Sector's Growth and Development

In Union Budget 2026–27, the allocation for the Ministry of Food Processing Industries has recorded a marginal increase of 13.7%. Among the key schemes, PMKSY has registered a significant increase of 40.7%, PM-FME has risen by 13.33%, while the allocation for PLIFPI has been maintained at the same level. The increased funding for PMKSY and PM-FME highlights continued support for micro food processing enterprises, value addition, infrastructure development and employment generation, and reflects a strong push towards strengthening food processing infrastructure and value chains, particularly in last-mile connectivity, storage and processing capacities. The continued allocation for PLIFPI will sustain investment momentum, enable scale-up of capacities and enhance the global competitiveness of the food processing sector.

While there is no major standalone announcement for the food processing sector, the Budget announcements related to agriculture and allied sectors strengthen the agri-food value chain and directly support downstream processing and value addition. The Budget announcements for the fisheries and marine sector will strengthen processing infrastructure and value addition by improving organised raw material supply through the development of 500 reservoirs and Amrit Sarovars and stronger market linkages with start-ups, women-led groups and Fish FPOs. The increase in the duty-free input limit for seafood processing exports will further support expansion of export-oriented processing and cold-chain infrastructure.

Another key positive for the industry is the Coconut Promotion Scheme and the dedicated programme for Indian cashew and cocoa, which will improve availability of quality raw material and strengthen downstream processing, branding and export competitiveness. Support for increased production of walnuts, almonds and pine nuts will expand domestic supply for value-added nut-based products and create new opportunities for processing investments and youth-led enterprises. Further, the rollout of the single, integrated Customs Integrated System (CIS) will significantly improve clearance timelines and enhance ease of doing business for food processors and exporters.

Green Mobility

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Heavy Industries	2647.97	5293.85	7939.90	49.98%
Outlays for key sectoral schemes				
PM Electric Drive Revolution in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme	993.05	1300	1500	15.38%
Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components	325.35	2091.26	5939.87	184.03%
Production Linked Incentive (PLI) Scheme for National Program on Advanced Chemistry Cell (ACC) Battery Storage	12.28	13.31	86.01	546.2%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Dedicated Rare Earth Corridors by supporting the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to promote mining, processing, research and manufacturing.	This measure will strengthen domestic access to critical minerals required for EV motors, power electronics and advanced automotive components and will also reduce import dependence.
2.	Basic customs duty exemption to the import of capital goods required for processing of critical minerals in India	The exemption will lower capital costs for establishing mineral processing facilities in India. It will strengthen India's EV supply chain and reduce dependence on imports, supporting the auto industry's energy transition and long-term energy security.
3.	Basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for battery energy storage systems too.	It will lower the manufacturing cost, boost domestic manufacturing & accelerate India's energy storage & clean energy initiatives.
4.	Higher Budget Allocation: a. PM E-DRIVE (Rs 1500 Cr) b. PLI Automobile & Auto Components (Rs 5939.87 Cr) c. 3. PLI ACC (Rs 86.01 Cr)	The increased allocations to PM E-DRIVE, PLI for Automobile & Auto Components, and PLI for ACC Battery Storage reinforce the Government's continued commitment to scaling EV adoption and strengthening domestic manufacturing capabilities. Together, these measures provide policy certainty, support localization of advanced technologies, and enhance India's competitiveness across the EV and automotive value chain.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget presents a supportive framework for the electric mobility and automotive sector, with a clear emphasis on strengthening supply chains, enhancing domestic manufacturing, and sustaining adoption momentum. The focus on developing dedicated rare earth corridors and extending customs duty exemptions for mineral processing and battery manufacturing capital goods is expected to enhance domestic value addition, reduce import dependence, and improve cost competitiveness. The provision of 4,000 e-buses in Purvodaya States, supports demand generation for electric buses, strengthens the electric public transport ecosystem, and provides scale for domestic e-bus manufacturers while advancing

cleaner urban and intercity mobility. In addition, higher allocations to PM E-DRIVE and the PLI schemes for automobiles, auto components, and advanced chemistry cell batteries reinforce policy continuity and provide confidence to industry stakeholders, supporting scale, localisation, and long-term growth of the sector.

Healthcare and Medical Value Travel

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025-26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Health & Family Welfare	90684.1	96853.5	106530.42	9.99
Department of Health and Family Welfare	**87300.17**	**92925.86**	**101709.21**	**9.45**
National Health Mission	38889.34	37100.07	39390	6.17
Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PMABHIM)	2086.34	2442.5	4200	71.95
Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)	6982.8	8995	9500	5.61
National Digital Health Mission- NHM	212.58	324.26	350	7.94
Department of Health Research	**3383.93**	**3927.64**	**4821.21**	**22.75**
Department of Pharmaceuticals	**2973.34**	**4369.7**	**5931.22**	**35.74**
Promotion of Research and Innovation in Pharma MedTech (PRIP)	48.44	245	750	206.12
PLI Scheme for Domestic Manufacturing of Medical Devices	81.99	139.85	183.44	31.17
Strengthening of Medical Device Industry	3.32	177.09	124.17	-29.88
Department of Biotechnology (MoS&T)	**1971.66**	**2830.45**	**3446**	**21.75**

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Allied Health Professionals (AHPs) expansion -** Existing institutions for Allied Health Professionals (AHPs) will be upgraded, and new AHP Institutions established in private and Government sectors. This will cover 10 selected disciplines, including Optometry, radiology, anesthesia, OT Technology, Applied Psychology and Behavioural Health and add 100,000 AHPs over the next 5 years.	• The expansion will address persistent shortages of trained allied health professionals across hospitals, diagnostics centres, and day-care facilities, a gap that has long constrained service delivery and operational efficiency. • Availability of qualified technicians in disciplines such as radiology, anaesthesia technology, OT technology, and behavioural health will enable better utilisation of clinical infrastructure and reduce turnaround time for diagnostics and procedures.
2.	**Geriatric & Caregiver Care Ecosystem -** A strong Care Ecosystem, covering geriatric and allied care services will be built. A variety of NSQF-aligned programs will be developed to train multiskilled caregivers combining core care and allied skills, such as, wellness, yoga and operation of medical and assistive devices. In the coming year, 1.5 lakh caregivers will be trained.	• The measures will formalise and expand the organised home-care and eldercare services market. • It will enable creation of trained caregiver workforce and will reduce pressure on hospitals for long-term care with growth of community-based and assisted-living services.
3.	**Veterinary & Para-vet Infrastructure and Skilling -**	• This will enable expansion of veterinary and animal health service capacity and trained workforce availability.

	Budget Announcement	Likely Implication
	To scale up availability of veterinary professionals by more than 20,000, it is proposed to roll out a loan-linked capital subsidy support scheme for establishment of veterinary and paravet colleges, veterinary hospitals, diagnostic laboratories and breeding facilities in the private sector. Collaboration between Indian and foreign institutions will also be facilitated.	• Strengthened laboratory and diagnostic infrastructure across animal health. • Provide support to disease surveillance and zoonotic disease management under a One Health approach. • Help in creation of opportunities for diagnostics providers, MedTech suppliers, and allied healthcare training institutions.
4.	**Divyang Sahara Yojana – Assistive Devices** It is proposed to (i) support the Artificial Limbs Manufacturing Corporation of India (ALIMCO) to scale up production of assistive devices, invest in R&D and AI integration, (ii) strengthen PM Divyasha Kendras and support setting up of Assistive Technology Marts as modern retail-style centres where Divyangjans and senior citizens can see, try and purchase assistive products.	• These measures will help scale domestic manufacturing and R&D in assistive devices, including AI-enabled and advanced rehabilitation technologies. • Drive MedTech innovation in affordable mobility and assistive solutions. • Improve access, choice, and affordability through strengthened Divyasha Kendras and setting up of Assistive Technology Marts.
5.	**Mental Health Infrastructure Expansion** Set up a NIMHANS-2 and upgradation of National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions.	• The expansion of mental health infrastructure will increase specialised mental healthcare capacity. • It is expected to strengthen training, research and institutional care delivery, improving quality and reach of services.
6.	**Emergency & Trauma Care Strengthening** Strengthen and increase the emergency and trauma care capacities by 50% in District Hospitals by establishing Emergency and Trauma Care Centres.	• District-level emergency and critical care infrastructure will be strengthened, improving timely life-saving care. • Reduces catastrophic out-of-pocket expenditure for poor and vulnerable households during medical emergencies. • Increases demand for emergency infrastructure, equipment, and trained personnel, strengthening district-level health systems. • Opportunities for PPP-based service delivery may expand.
7.	**Drug Affordability & Rare Disease Relief -** • Basic Customs Duty will be exempted on 17 drugs or medicines, particularly for cancer. • Seven additional rare diseases will be covered for exemption on import duties for personal imports of drugs, medicines and FSMP.	• These measures will reduce the cost burden on patients, particularly those suffering from cancer. • Access to lifesaving and specialty therapies is expected to improve. • Affordability in rare disease treatment will likely be enhanced.
8.	**Hubs for Medical Value Tourism -** Establishment of five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine	• Positions India as a global medical value tourism destination through integrated regional hubs combining tertiary care, AYUSH, diagnostics, and rehabilitation.

	Budget Announcement	Likely Implication
	medical, educational, and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation.	• They will help drive investments in tertiary and super-specialty hospitals and generate high-skill healthcare employment for doctors, allied health professionals, researchers, and wellness practitioners.
9.	**SME Growth & Startup Support -** • Rs10,000 crore SME Growth Fund to create future champions. • Rs2,000 crore top-up to Self-Reliant India Fund for micro enterprises. • Expansion of TReDS for invoice discounting and credit guarantees.	• Access to growth capital for health startups, labs, and device manufacturers will improve. • Working capital availability for smaller healthcare providers is expected to strengthen.
10.	**Public Capex & Tier-II/III Infrastructure Focus -** • Public capital expenditure increased to Rs12.2 lakh crore. • Infrastructure Risk Guarantee Fund to support private developers. • Development focus on Tier-II and Tier-III cities and City Economic Regions.	• Healthcare infrastructure development beyond metros will accelerate. • New hospitals and diagnostics facilities are likely to be established in emerging cities. • Private participation through PPP models is expected to increase.
11.	Reduction of TCS under LRS for **education and medical purposes** from 5% to 2%, and exemption of interest on **compensation awarded by Motor Accident Claims Tribunals (MACT)** from income tax with no TDS.	• Reduction of TCS for medical purposes under the Liberalized Remittance Scheme will lower the financial burden on patients seeking overseas treatment. This can improve patient access to advanced therapies, diagnostics, and procedures, and may indirectly increase demand for high-end medical devices and technologies used in complex treatments. • MACT interest exemption means accident victims and their families receive the full compensation amount without any cut for income tax, giving them better financial support.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 sends a strong and forward-looking signal for India's healthcare and MedTech ecosystem, reinforcing the Government's commitment to a broad-based, people-centric development approach. With a clear focus on affordability, workforce expansion, infrastructure augmentation, and emerging care needs, the Budget adopts a multi-dimensional strategy to strengthen healthcare delivery and manufacturing through coordinated investments in skilling, service delivery, technology enablement, and regulatory capacity. Nearly 10% ***increase in the allocation for the Ministry of Health and Family Welfare****, with a strong emphasis on infrastructure development, underscores the continued prioritisation of healthcare system strengthening.*

A key highlight of the Budget is its emphasis on ***human capital development across the care continuum****. Investments in* ***allied health professionals and para-medical training*** *aim to address critical workforce shortages and support the expansion of hospital-based and community-level services, particularly in Tier-II and Tier-III cities. The proposed development of a comprehensive* ***geriatric and caregiver care ecosystem****, including NSQF-aligned multi-skilled training programmes and the training of* ***1.5 lakh caregivers****, is expected to respond to India's ageing population while formalising caregiving services.*

*These initiatives align closely with long-standing industry recommendations and policy engagement undertaken by FICCI and other stakeholders. The Budget also extends this workforce and infrastructure push to **animal health and allied sectors**, along with planned addition of over **20,000 veterinary and para-veterinary professionals**, which is expected to strengthen livestock health systems, diagnostics, and biosecurity, while generating skilled employment and supporting the One Health approach.*

*Inclusion and accessibility are further strengthened through the **Divyang Sahara Yojana**, along with the expansion of **PM Divyasha Kendras and Assistive Technology Marts**, improving access, affordability, and user choice for assistive technologies for Divyangjans and senior citizens. These measures will also support the growth and formalisation of the assistive MedTech segment.*

*The expansion of **mental health and emergency care infrastructure** reflects a strong focus on underserved and high-impact areas. The establishment of **NIMHANS-2** and the upgradation of National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions will enhance specialised mental healthcare capacity, training, and research. Similarly, the plan to increase **emergency and trauma care capacity by 50% at district hospitals** is expected to improve timely access to life-saving services and reduce catastrophic out-of-pocket expenditure for vulnerable populations.*

*From a manufacturing and innovation perspective, the Budget reinforces India's **Atmanirbhar Bharat** and **Viksit Bharat 2047** vision. The Rs10,000 crore Biopharma Shakti scheme, expansion of NIPER infrastructure, creation of a national network of clinical trial sites, and strengthening of CDSCO to global standards will enhance India's research, regulatory, and innovation competitiveness, while creating upstream demand for advanced diagnostics, implants, and medical technologies. Exemptions from Basic Customs Duty on select cancer drugs and expanded duty relief for rare disease therapies will improve patient access and affordability. Overall, the Budget reflects a coherent, inclusive, and future-oriented approach to healthcare system development. The measures are expected to support sustained sectoral growth, strengthen self-reliance, deepen industry–academia collaboration, and improve accessibility, quality, and resilience of healthcare services across India.*

Higher Education

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Higher Education	45,576.52	51.381.67	55,727.22	+11.28
Outlays for key sectoral schemes				
World Class Institutions	1,000.00	900.00	900.00	0.00
Indian Knowledge Systems	8.35	12.45	35.00	+181.12
PM Uchchatar Shiksha Protsahan (PM-USP) Yojana	998.95	1,450.00	1,560.00	+7.59
PM Research Fellowship	204.69	290.00	600.00	+106.90
Digital India e-Learning (NMEICT, HESPIS, ABC)	1,575.06	520.00	670.00	+28.85
Research and Innovation (SPARC, STARS, MERITE, Unnat Bharat, Design Innovation)	37.30	135.55	418.00	+208.40
Malaviya Mission Teacher Training Programme	22.97	70.00	70.00	0.00
National Apprenticeship Training Scheme (NATS)	758.00	1,178.00	1,250.00	+6.11
Study in India	13.00	13.00	16.00	+23.08
Centres of Excellence in Artificial Intelligence	11.00	120.00	250.00	+108.33
CoEs in AI for Education	–	17.00	100.00	+488.24
PM One Nation One Subscription (PM-ONOS)	–	2,023.25	2,200.00	+8.73
Institutional Support				
Statutory and Regulatory Bodies (UGC, AICTE)	3,815.97	3,690.86	3,939.00	+6.72
Grants to Central Universities and Deemed CUs	16,042.44	17,085.14	17,440.00	+2.08
Indian Institutes of Technology	10,309.30	11,525.00	12,123.00	+5.19
Indian Institutes of Management	219.40	280.00	292.00	+4.29
National Institutes of Technology and IIEST	5,393.21	5,854.00	6,260.00	+6.94
IISERs	1,459.30	1,357.00	1,319.00	–2.80
IISc	859.57	898.00	845.00	–5.90
IIITs	413.52	445.78	441.00	–1.07

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Development of five university townships linked to industrial corridors	A transformative step which strengthens integrated education, research, and skilling ecosystems. It will enhance regional, economic development, and improve alignment between higher education and industry demand.
2.	Setting up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the services sector as a core driver of Viksit Bharat.	The Committee will prioritize areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies including AI on jobs and skill requirements and propose measures thereof. This improves alignment between curricula skills and labour market needs. It is expected to strengthen employability outcomes, entrepreneurship and outcome-oriented education planning.
3.	TCS on medical and education remittances reduced from 5 percent to 2 percent	It will reduce the financial burden on students and families seeking education or medical treatment abroad by improving liquidity and affordability. It signals a taxpayer friendly

	Budget Announcement	Likely Implication
		approach while maintaining oversight under the Liberalised Remittance Scheme.
4.	Digital Knowledge Grid to document places of historical cultural and spiritual significance	It will strengthen digital preservation of heritage while creating new employment opportunities for local researcher's historian's archivists and technology partners. This supports education tourism and development of digital public knowledge infrastructure.
5.	Creation of 1 lakh Allied Health Professionals across ten disciplines over five years	It addresses shortages in healthcare support workforce through structured skill-based education and certification. A welcome step to enhance employability for youth and improves healthcare delivery capacity nationwide.
6.	One girls' hostel to be established in every district for higher education STEM institutions.	This step will improve access, safety and retention of female students particularly in aspirational and underserved regions in STEM education. The expected outcome is to reduce dropouts and enable higher participation of girls in STEM field predominantly.
7.	Loan linked capital subsidy support scheme for veterinary colleges	It will encourage infrastructure expansion and modernisation in veterinary education. This is likely to attract institutional investment and strengthen animal husbandry, allied sectors and rural livelihoods.
8.	Setting up AVGC Content Creator Labs with the support of the Indian Institute of Creative Technologies, Mumbai in 15,000 secondary schools and 500 colleges.	It will promote creativity, digital literacy and future ready skills among students. This step supports emerging sectors such as animation, gaming, digital media and content creation while strengthening innovation ecosystems.
9.	Establishment of a new design institute in eastern India	It will expand access to design education and promotes regional balance in higher education infrastructure. This supports talent development for creative industries, manufacturing and services.
10.	Expansion of NIPER network with 3 new institutes and upgradation of 7 existing ones.	This will strengthen specialised education and research in pharmaceuticals and allied sciences. This also supports innovation, skilled workforce creation and healthcare manufacturing ecosystems.
11.	Establishment of new All India Institutes of Ayurveda	This will enhance capacity for education, research and clinical training in traditional medicine systems. This supports integration of Ayurveda into mainstream healthcare and employment generation.
12.	Expansion of medical education capacity including addition of medical seats over five years	This will address long term shortages of medical professionals by strengthening medical education infrastructure. This step will improve access to healthcare education and supports public health capacity.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 reflects a clear maturity of higher education policy, signalling a decisive shift from expansion led growth towards a framework anchored in quality, research intensity, and employability driven outcomes. The increase in allocation for the Department of Higher Education demonstrates a sustained commitment to strengthening institutional capacity while aligning the sector with long term national development and innovation priorities.

A defining characteristic of the current budget cycle is the sharp reallocation of resources witnessed over the last two years. This marks a transition away from incremental funding towards targeted, outcome-oriented investments. The most visible manifestation of this shift is the multifold increase in allocations for research and innovation. Enhanced funding for programmes such as SPARC, STARS, MERITE, Unnat Bharat Abhiyan, and allied initiatives underscores a policy pivot towards interdisciplinary research, industry academia collaboration, and globally benchmarked academic output, positioning research excellence at the core of higher education reform.

The establishment of a High-Powered Education to Employment and Enterprise Standing Committee further embeds skilling within a broader economic strategy, with explicit focus on services led growth, emerging technologies, and AI driven job transitions.

The renewed emphasis on world class institutions further reinforces this orientation. The significant increase in allocation following a contraction in the previous cycle signals a strategic reaffirmation of globally competitive universities as drivers of academic excellence, international collaboration, and deep research ecosystems.

Overall, the Higher Education Budget 2026–27 signals a clear reorientation of sectoral financing towards fewer but higher impact interventions. By strategically concentrating resources on research excellence, advanced technologies, digital knowledge infrastructure, and inclusive access, the budget lays the foundation for a knowledge intensive, technology enabled, and globally integrated higher education ecosystem, advancing India's long-term objective of building a globally competitive and resilient human capital base.

IT and Telecom Division

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Electronics and Information Technology	13661.31	20232.95	21632.96	6.92%
Digital India Program	3760.38	4344.45	4741.51	9.14%
Promotion of IT/ITeS Industries	59.31	90.62	90.00	-0.6 %
Cyber Security Projects	210.99	600.00	790.00	31.66%
India AI Mission	19.24	800.00	1000.00	25%
India Semiconductor Mission 2.0	-	-	1000.00	-
Department of Telecom Communications	121726.64	53398.17	73990.94	38.56%
R&D (Revenue)	160.07	150.00	400.00	166.67%
Production Linked Incentive Scheme	5756.33	7000.00	1527.04	-78.19%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Tax Holiday for Data Centre and Cloud Services:** The Budget announces a tax holiday till 2047 for foreign companies providing global cloud services using data centre infrastructure located in India, with domestic services routed via Indian reseller entities. Additionally, 15 percent safe harbour margin is extended where data centre services are provided by a related Indian entity.	This was also a recommendation submitted by FICCI, as this provides long-term policy certainty and positions data centres as strategic digital infrastructure. It strengthens India's attractiveness as a global hub for cloud and AI workloads, particularly against competing jurisdictions. The measure is likely to accelerate investments, expand domestic computing capacity, and support next-generation technologies such as AI and data analytics. Routing domestic services through Indian reseller entities ensures local value creation and regulatory alignment. The 15 percent safe harbour reduces transfer pricing risks for an entity providing data centre services to a related foreign company.
2.	**Unified Safe Harbour Regime for IT Services:** All software development services, IT-enabled services, KPO, and contract R&D are consolidated under a single IT Services category, with: • Safe harbour margin fixed at 15.5 percent • Eligibility revenue threshold rose sharply from Rs300 crore to Rs2,000 crore • Fully automated, rule-based approval with no officer discretion • Validity of five continuous years • Fast-tracked Unilateral APA completion target for two years This directly addresses long-standing transfer pricing concerns faced by mid-to-large IT firms.	The unified safe harbour regime significantly improves tax certainty and reduces compliance burden for India's IT and IT-enabled services sector. By consolidating multiple service lines under a single IT Services category and raising the eligibility threshold to Rs2,000 crore, the policy brings mid- and large-sized firms greater predictability in transfer pricing. Automated, rule-based approvals with no officer discretion lower litigation risk and administrative delays, while the five-year validity enhances business planning. The fast-tracked Unilateral APA process further strengthens confidence for firms seeking certainty beyond safe harbour. This will make

	Budget Announcement	Likely Implication
		the Indian IT/ITeS sector more competitive and investment-friendly, supporting scale, global delivery expansion, and sustained growth in services exports.
3.	**Multilingual AI Tool for Agriculture (Bharat-VISTAAR):** The Budget launches Bharat-VISTAAR, a multilingual AI-powered Agritech platform integrating AgriStack, ICAR agricultural practice databases, and AI-driven customised advisory services. This is among the first national-scale attempts to operationalise AI for small and marginal farmers at the population scale. Beyond Bharat-VISTAAR, AI is embedded across risk mitigation, crop advisory, and productivity forecasting. This marks a shift from pilot-based Agritech interventions to system-level AI deployment in agriculture.	The launch of Bharat-VISTAAR marks a structural shift in India's Agritech strategy from fragmented pilots to system-level AI adoption. AI-led risk mitigation, crop advisory, and productivity forecasting are likely to reduce input inefficiencies, manage climate-related uncertainties, and stabilise farm incomes over time. The focus on multilingual delivery expands accessibility and inclusion, aligning technology adoption with ground realities. For the ecosystem, this creates opportunities for AgriTech startups, data analytics firms, and AI solution providers, while embedding AI as a core enabler of agricultural productivity and rural economic resilience.
4.	**Digital Knowledge Grid:** A National Digital Knowledge Grid is proposed to digitally document: Cultural, Heritage, Spiritual, and Tourism-related assets. This initiative will require large-scale data digitisation, AI-based metadata tagging, language technologies, immersive tech, and platform development, opening opportunities for GovTech, content-tech, and AI startups.	The National Digital Knowledge Grid positions digital technology as a core enabler of cultural preservation and tourism-led economic growth. Large-scale digitisation of cultural, heritage, and spiritual assets, supported by AI-based metadata tagging and language technologies, will improve discoverability, accessibility, and global outreach. The initiative is likely to create demand for GovTech platforms, content-tech solutions, immersive technologies, and Indian language AI, particularly for virtual experiences and digital storytelling. Over time, the Digital Knowledge Grid can strengthen India's soft power, support the digital economy, and embed technology-driven innovation within the cultural and tourism ecosystem.
5.	Utilisation of non-intrusive scanning with advanced imaging and AI technology for risk assessment will be expanded in a phased manner, with the objective to scan every container across all the major ports.	The phased expansion of non-intrusive scanning using advanced imaging and AI-based risk assessment will significantly strengthen India's trade facilitation and border security framework for customs. This measure improves supply chain reliability, supports compliant trade, and aligns India's customs infrastructure with global best practices in smart border management.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 reflects a clear evolution in India's technology and digital economy strategy, moving decisively from pilot-led experimentation to scale-driven deployment and policy certainty. It supports sustainable economic growth with a high focus on emerging technology, including the usage of AI applications, and facilitates ease of doing business. The emphasis on long-term incentives for digital infrastructure, simplified and automated tax regimes for IT services, and system-level adoption of AI across agriculture, tourism, and public service delivery reinforces technology as a central pillar of economic growth.

These measures enhance predictability, build confidence, lower compliance costs, and strengthen India's attractiveness as a preferred destination for global technology investment. The extended horizon for data centre and cloud incentives further anchors digital infrastructure as a foundational growth asset, supporting AI, analytics, and data-driven enterprises. Further, the proposed constitution of a high-powered committee to assess the impact of emerging technologies, including AI, on the services sector, employment, and skill requirements, provides an institutional mechanism for evidence-based policymaking and future-ready reforms. Equally significant is the strategic use of AI to enhance governance and service delivery. Initiatives such as Bharat-VISTAAR and the National Digital Knowledge Grid demonstrate a shift towards embedding AI in decision-making, risk management, and citizen-facing platforms. Overall, the Budget sends a strong commitment of Government and boosts confidence in the industry and investors.

Hydrocarbons

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Total Ministry	16,962.33	29,800.34	30,443.22	2.16%
Outlays for key sectoral schemes	**16,754.43**	**29,693.11**	**30,057.07**	**1.23%**
LPG Subsidy	15,479.01	15,120.51	11,084.51	−26.68%
One-time Grant to PSU OMCs (Domestic LPG)	•	12,500.00	17,500.00	40%
Transfer to Oil Industry Development Fund (OIDF)	2,000.00	1,940.00	6,210.00	220%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Rs 20,000 crore CCUS allocation	The Budget's Rs20,000 cr CCUS allocation will provide a critical pathway for decarbonising India's hydrocarbon sector, safeguarding asset competitiveness while supporting long-term sustainability. The allocation is expected to enhance technology readiness levels (TRLs) for CCUS deployment in refineries, enabling transition from pilot-scale initiatives to commercial-scale implementation.
2.	Exemption of Central Excise Duty on the value of Biogas/Compressed Biogas (CBG) contained in blended CNG.	Promotes renewable gas blending by improving cost competitiveness of green CNG, supporting expansion of CBG production and integration within City Gas Distribution networks.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 balances energy security with transition-oriented reforms. The moderate increase in overall allocation (+2.16%) reflects a stable and calibrated fiscal support towards the Oil & Gas sector, while the reduction in total LPG subsidy (−26.68%) indicates rationalisation and a possible shift towards targeted assistance. Under the Oil sector, Rs9,200 crore has been allocated for LPG Connections to Poor Households (PMUY) and Rs1,500 crore for Direct Benefit Transfer (LPG), ensuring continued energy access for vulnerable households. The deferment of additional excise duty of Rs2 per litre on unblended diesel until March 31, 2028, provides industry additional time to adapt to blending requirements.

The significant 220% increase in allocation to the Oil Industry Development Fund (OIDF) reflects a renewed focus on strengthening upstream infrastructure and enhancing long-term energy security. At the same time, the 40% increase in the one-time grant to PSU Oil Marketing Companies (Rs17,500 crore) reflects continued fiscal support to compensate for domestic LPG under-recoveries and maintain pricing stability.

For the Natural Gas segment, the exemption of Central Excise Duty on the biogas / CBG component in blended CNG promotes renewable gas integration. Allocation of Rs700 crore for IGGL and Rs1,103 crore for gas subsidies in the Northeast strengthens regional gas infrastructure.

The issue of higher GST on capital goods used for Petroleum (including Natural Gas) and Coal Bed Methane operations remains unaddressed, continuing to create cost pressures on upstream investments.

The Budget supports energy access, offshore exploration, refinery decarbonization, and gas-based transition, while scope remains for deeper structural reforms to enhance competitiveness and upstream investment such as bring the oil & gas into GST ambit.

Intellectual Property

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Overall Ministry	7886.69	8616.1	11970.83	38.94%
Intellectual Property	336.18	378.67	375.50	–0.84%
World Intellectual Property Organisation (WIPO)	0.87	1.05	1.05	0%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Controller General of Patent Designs and Trademarks	The allocation of Rs. 334.46 Cr will improve and streamline the overall administration of IP Laws.
2.	Intellectual Policy Rights (IPR) Policy Management	The allocation of Rs. 28.04 Cr will facilitate schemes for IP Education, Awareness and Research.
3.	Infrastructure Development in Controller General of Patents Designs and Trademarks (IDCGPDTM)	The allocation of Rs. 12.00 Cr will provide support for infrastructure development of various offices under O/o CGPDTM.
4.	World Intellectual Property Organization (WIPO)	The allocation of Rs. 1.05 Cr is towards contribution towards for India membership of WIPO.

Overall Assessment of Budget for Sector's Growth and Development

From the innovation and IPR perspective, the budget may facilitate reduction in compliance burden by allocating budget for optimal functioning and administration of O/o CGPDTM.

The Union Budget has earmarked funds for Research, Development, and Innovation initiatives to encourage private sector-led advancements in these areas. The Budget also laid emphasis on the establishment of Atal Tinkering Labs and more CoEs for skilling which will further the spirit of innovation. Certain challenges persist, including the need to enhance IP awareness among startups and small enterprises, navigate global IP compliance complexities, and provide cost-effective legal solutions for IPR disputes. To position India as a global IP hub, it is essential to update the IP policy in alignment with international best practices.

A continued collaboration with WIPO will be instrumental in aligning India's IP regime with other jurisdictions.

This year's budget demonstrates a tilt towards fostering a business-friendly environment for startups, MSMEs, and large enterprises that depend on intellectual property.

Media & Entertainment

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Information and Broadcasting	**4301.82**	**6103.02**	**4551.94**	**-25.4%**

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**AVGC and Orange Economy** Support to the Indian Institute of Creative Technologies (IICT), Mumbai, for establishing AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges across the country. The emphasis is on early-stage exposure and institutional capacity building across the education pipeline. **New Design Institution:** A new National Institute of Design will be established in the eastern region of India to boost design education and development.	• This marks the first instance of AVGC being addressed at population scale through the formal education system. For the Media & Entertainment sector, this will substantially expand the long-term talent pipeline across animation, VFX, gaming, immersive media, OTT content production and advertising production services. The geographic spread of labs is likely to diversify talent availability beyond metropolitan hubs. • **Massive Educational Infrastructure Boost:** The government, in collaboration with the Indian Institute of Creative Technologies (IICT) in Mumbai, will establish AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges across the country. • **Grassroots Skill Development:** The initiative will democratize access to AVGC training, moving beyond traditional expensive private institutions and cultivating talent early in Tier II and Tier III cities. • **"Create in India" Shift:** The policy signals a move from purely outsourcing services to fostering homegrown, original IP and digital storytelling. • **Industry-Academia Integration:** The initiative will align education directly with industry demands, bridging the skill gap for animators, developers, and VFX artists.
2.	**Divyangjan Skilling in IT and AVGC:** The Budget explicitly identifies IT and AVGC sectors under the Divyangjan Kaushal Yojana as suitable for task-oriented and process-driven roles. It proposes customised training pathways aligned with specific divyang categories to enable dignified and sustainable livelihoods through technology-enabled work.	This formally integrates AVGC into the national inclusion framework and recognises its structured, workflow-based nature. For Media & Entertainment, this enables organised participation of Divyangjan in areas such as animation processing, post-production support, digital asset management, quality control and technology-assisted creative functions. It also supports development of inclusive workforce

	Budget Announcement	Likely Implication
		models within studios, platforms and production ecosystems.
3.	**Emerging Technologies and Artificial Intelligence:** The Budget places repeated emphasis on emerging technologies, particularly Artificial Intelligence, as foundational to services-led growth, productivity enhancement and employment generation. AI is positioned as a key enabler across education, skilling, service delivery and digital infrastructure, with explicit intent to integrate AI into workforce preparation.	This reinforces AI as a mainstream productivity tool for Media & Entertainment. It supports deeper adoption of AI across content creation, post-production, media management systems, digital publishing, audience analytics and advertising technology. The Budget framing legitimises AI-led transformation of creative workflows as part of the formal services growth agenda.
4.	**Semiconductor Mission and Technology Manufacturing:** The Budget launches India Semiconductor Mission 2.0 with a focus on equipment, materials, full-stack Indian intellectual property, and industry-led research and training. The objective is to strengthen domestic technology manufacturing and reduce import dependence in critical electronics and digital infrastructure.	This strengthens domestic hardware and technology ecosystems relevant to Media & Entertainment, including broadcast and transmission equipment, imaging and display technologies, animation and gaming hardware, post-production systems, and immersive media devices. Over time, this supports self-reliant production infrastructure for content creation and distribution.
5.	**Education to Employment and Enterprise Committee (Services Sector):** The Budget proposes a High-Powered Standing Committee to strengthen the services sector as a driver of employment and exports. The Committee is mandated to assess the impact of emerging technologies, including AI, on jobs and skill requirements and to recommend measures to improve workforce readiness.	This provides an institutional mechanism relevant to Media & Entertainment as a services-led sector characterised by project-based work, freelance employment and rapid technological change. The Committee's remit aligns with structural challenges in creative industries related to skills, informality and technology disruption.
6.	**Modular and Tier II / Tier III Skilling Initiatives;** The Budget proposes short-term, modular, industry-aligned courses through professional and accredited institutions, with a focus on Tier II and Tier III cities. The objective is to create locally available, job-ready talent for service sectors.	This supports decentralised talent development for Media & Entertainment, particularly for regional and language-based broadcasting, digital publishing, production support services and allied creative roles. It strengthens local ecosystems outside major media hubs.
7.	**Design Education and National Institute of Design:** The Budget recognises the growing importance of the Indian design industry	This strengthens the design talent pipeline feeding into Media & Entertainment domains such as animation, visual communication, gaming, digital

	Budget Announcement	Likely Implication
	and announces establishment of a new National Institute of Design through the challenge route in the eastern and north-eastern region. The focus is on expanding high-quality design education and capability.	media, user experience design and content-led product development.
8.	**Heritage Sites and Immersive Storytelling:** The Budget announces development of 15 archaeological and heritage sites as experiential cultural destinations. It explicitly provides for the introduction of immersive storytelling skills and technologies in conservation labs, interpretation centres and visitor engagement systems.	This creates structured demand for documentary content, immersive media, digital storytelling and interpretation-focused creative services. It embeds content creation within cultural infrastructure development.
12	**National Destination Digital Knowledge Grid:** The Budget proposes establishment of a National Destination Digital Knowledge Grid to digitally document cultural, spiritual and heritage sites across the country. The initiative aims to systematise documentation and knowledge creation.	This enables sustained demand for digital documentation, archival content creation, data-driven storytelling and technology-enabled heritage interpretation within the Media & Entertainment ecosystem.
13	**Tax Holiday till 2047 and Safe Harbour Incentives:** The Budget proposes major incentives to attract global tech investment, proposing a tax holiday till 2047 for foreign cloud companies operating through Indian data centres, a 15% safe harbour for related entities, and a 2% safe harbour to support logistics for electronic manufacturing.	This will benefit the media and entertainment sector by reducing storage and hosting costs for OTT, gaming, and AVGC-XR companies, while encouraging global cloud providers to expand data centres in India. Improved infrastructure will enhance streaming quality, reduce latency, and support advanced workflows such as post-production, virtual production, and AI-driven content creation. The strengthened cloud ecosystem will lower costs and improve speed for post-production, VFX, animation, and other audio-visual services delivered to global clients, boosting India's competitiveness. As these services qualify as zero-rated GST exports, higher volumes directly increase export gains. Better infrastructure and reduced cross-border compliance risks also make it easier for studios to operate global workflows from India, positively impacting GST-linked Audio-Visual exports.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 adopts a selective and thematic approach to the Media & Entertainment (M&E) sector, engaging with it primarily through creative skilling, emerging technologies and inclusion. The most significant announcement for the sector is the explicit recognition of Animation, Visual Effects, Gaming and Comics (AVGC) as a high-growth employment segment, with Government support to establish AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges. This signals a long-term commitment to building a large, future-ready talent pipeline for India's creative economy.

The Budget's emphasis on emerging technologies and Artificial Intelligence further supports the sector by strengthening technology-led content creation, multilingual publishing and digital media services. The focus on Divyangjan skilling, AI-enabled assistive devices and modern access centres creates opportunities for the growth of accessible content and inclusive media services.

Micro Small and Medium Enterprises

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of MSME	17306.70	23168.15	35168.15	51.79 %
Outlays for key sectoral schemes				
Total Development of Khadi, Village and Coir Industries	917.10	1105.04	1398.00	26.51%
Total-Technology Upgradation and Quality Certification	59.09	63.72	54.73	-14.11%
ASPIRE (Promotion of Innovation, Rural Industry and Entrepreneurship)	7.55	9.00	0.01	-99.89%
MSME Champions Scheme	51.54	54.72	54.72	No change
Total-Prime Minister Employment Generation Programme (PMEGP) and Other Credit Support Schemes	2277.00	2548.66	13500.01	429.69%
Prime Minister Employment Generation Programme (PMEGP)	2277.00	2548.66	4500.00	76.56%
Procurement and Marketing Support Scheme	61.73	65.00	65.00	No Change
Studies, Publicity & International Cooperation (SPIC)	26.56	30.02	45.00	49.90%
Total-Entrepreneurship and Skill Development	673.29	1050.70	2086.00	98.53%
Total-Infrastructure Development Programme	1340.26	2437.72	3131.04	28.44%
Establishment of New Technology Centres	37.45	150.00	531.20	254.13
Technology Centre Systems Programme (TCSP) EAP	161.06	228.50	417.84	82.86
Raising and Accelerating MSME Performance -RAMP	662.34	1468.00	1500.00	2.18%
Micro and Small Enterprise-Cluster Development Programme (MSE-CDP)	290.11	320.00	410.00	28.13%
Tool Rooms & Technical Institutions (TR/TIs)	139.73	181.22	177.00	-2.33%
Promotion of MSMEs in NER and Sikkim	49.57	90.00	95.00	5.56%
Total-Research and Evaluation Studies	7978.70	11800.90	24255.68	105.54%
National Schedule Caste/Schedule Tribe Hub Centre	99.90	100.00	115.00	15.00%
PM Vishwakarma	3993.10	4400.00	3860.89s	-12.25%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Proposal for Establishment of a Rs 10,000 Crore SME Growth Fund:-** It is proposed to introduce a Rs10,000 crore SME Growth Fund aimed at strengthening the competitiveness and scalability of small and medium enterprises. The fund will incentivise eligible SMEs based on clearly defined performance and compliance criteria, including growth potential, employment generation, innovation, and financial discipline.	The proposed SME Growth Fund is expected to improve access to growth capital for high-performing SMEs, encourage formalisation, and promote sustainable business practices.
2.	**Top-up of the Self-Reliant India Fund (2021) with an Allocation of Rs 2,000 Crore for Micro Enterprises: -**	The proposed top-up is expected to improve capital availability for micro enterprises, support business expansion, and enhance

	Budget Announcement	Likely Implication
	It is proposed to provide a top-up of Rs 2,000 crore to the Self-Reliant India Fund (2021) to enhance equity and quasi-equity support for micro enterprises. The additional allocation will strengthen the fund's ability to support early-stage and growth-oriented micro enterprises, particularly those with limited access to formal finance.	financial resilience. By facilitating equity support, the measure may reduce over-reliance on debt, promote formalisation, and contribute to employment generation at the grassroots level.
3.	**Mandating TReDS for Settlement of CPSE Purchases from MSMEs:-** It is proposed to mandate the use of the Trade Receivables Discounting System (TReDS) as the transaction settlement platform for all purchases made by Central Public Sector Enterprises (CPSEs) from MSMEs. This measure will position CPSEs as a benchmark for timely and transparent payments, encouraging wider adoption of TReDS by other corporates.	The proposal is expected to significantly improve liquidity and cash-flow management for MSMEs by ensuring timely realisation of receivables. Greater use of TReDS may reduce payment delays, lower financing costs, and enhance transparency in commercial transactions. Over time, CPSE-led adoption could drive broader market acceptance of digital invoice financing across the corporate sector.
4.	**Credit Guarantee Support for TReDS Invoice Discounting through CGTMSE: -** It is proposed to introduce a credit guarantee support mechanism through the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to facilitate invoice discounting on the TReDS platform. The guarantee cover will enhance lender confidence and expand access to receivables-based financing for MSMEs, particularly those with limited credit history.	The proposed mechanism is expected to improve the flow of institutional credit to MSMEs by mitigating lender risk in invoice discounting transactions. This may lead to higher participation by financiers on TReDS, faster liquidity for MSMEs, and reduced dependence on collateral-based lending, thereby strengthening overall MSME financial inclusion.
5.	**Linking GeM with TReDS to Enable Faster and Cheaper MSME Financing: -** It is proposed to link the Government e-Marketplace (GeM) with the Trade Receivables Discounting System (TReDS) to facilitate seamless invoice financing for MSMEs. The integration will enable automatic flow of transaction and invoice data, allowing MSME suppliers to access quicker and more cost-effective financing.	The proposed linkage is expected to reduce financing turnaround time and lower borrowing costs for MSMEs by improving transparency and reducing information asymmetry. Seamless integration between GeM and TReDS may also enhance trust among financiers, improve cash-flow predictability for MSMEs, and strengthen the efficiency of government procurement ecosystems.
6.	**Securitisation of TReDS Receivables to Develop a Secondary Market: -** It is proposed to enable the securitisation of receivables financed through the Trade Receivables Discounting System (TReDS) by treating them as asset-backed securities. This will facilitate the development of a secondary market for TReDS receivables, improving liquidity and efficiency in the settlement of transactions.	The proposed measure is expected to deepen the receivables financing market by allowing risk transfer and portfolio diversification for financiers. Development of a secondary market can enhance liquidity, attract a wider pool of investors, and lower the cost of financing for MSMEs, while strengthening overall market efficiency and resilience.

Overall Assessment of Budget for Sector's Growth and Development

B*udget 2026–27 reflects a strategic and maturing approach to MSME development, with a clear shift from short-term credit relief to long-term growth, competitiveness, and resilience. Among the most critical announcements is the Rs 10,000 crore SME Growth Fund, which addresses a long-standing structural gap by enabling access to equity and patient capital for scalable MSMEs. This is significant as it supports technology adoption, capacity expansion, and global market integration—areas where debt alone has proven inadequate.*

Strengthening of payment and liquidity mechanisms, including reforms around TReDS and faster receivables realisation, is another key intervention, as delayed payments and working capital stress remain core constraints for MSMEs.

The Budget also sustains support for micro enterprises through targeted funds and capacity-building initiatives, ensuring a balanced and inclusive approach across the MSME spectrum. Emphasis on formalization, compliance facilitation, and professional advisory support reflects a welcome move towards building institutional capability. Together, these measures reinforce MSMEs as engines of employment, exports, and regional development.

Overall, Budget 2026–27 sets a sound policy direction for MSME development. Its success will hinge on swift implementation, effective targeting, and deeper financial commitment to fully unlock the sector's role as a key driver of jobs, exports, and industrial growth.

Mining & Critical Minerals

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Mines	3,096.41	3,165.14	3,806.45	20.26%
National Critical Mineral Mission (NCMM)	-	90.00	440.00	388.89%
Geological Survey of India (GSI)	968.58	974.90	1,018.29	4.45%
Indian Bureau of Mines (IBM)	100.64	119.42	131.34	9.98%
Economic Services of Non-Ferrous Mining and Metallurgical Industries	2,977.39	2,842.74	3,489.32	22.75%
Investment in Public Enterprises				
Mineral Exploration Corporation Limited (MECL)	20.54	22.00	22.00	No change
Hindustan Copper Limited	409.89	350.00	350.00	No change
National Aluminium Company Limited (NALCO)	1396.55	1700.00	1500.00	11.76%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	A Scheme for Rare Earth Permanent Magnets was launched in November 2025. The Budget 2026-27 has a proposal to support the mineral-rich states of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to **establish dedicated Rare Earth Corridors** to promote mining, processing, research & manufacturing.	The combined push through Rare Earth Permanent Magnet Manufacturing Scheme and the creation of dedicated Rare Earth Corridors is expected to significantly strengthen India's rare earth value chain, spanning mining, processing, manufacturing, and R&D. The corridor-based approach can catalyse private investments, attract global technology partnerships, and enable cluster-driven industrial development, thereby improving project viability and accelerating capacity creation. This is likely to reduce import dependence, enhance supply security for strategic sectors such as EVs, renewable energy, electronics, and defence, generate skilled employment, and position India as a competitive hub for rare earth processing and advanced materials manufacturing.
2.	**To attract global business & investment, the Budget 2026-27 proposes to incentivize prospecting and exploration of critical minerals.** To that end, it is proposed to include certain critical minerals in the list of minerals in Schedule XII of the Income Tax Act, thereby making expenditure on prospecting and exploring of such critical minerals eligible for deduction as per the provision of section 51 of the Act.	The proposal to incentivize prospecting and exploration of critical minerals through tax deductions is expected to significantly improve the risk-reward profile of early-stage exploration in India. By lowering financial barriers and enhancing investor confidence, this measure can catalyse private and foreign investment in high-risk, capital-intensive exploration activities, accelerate the discovery of new mineral resources, and strengthen India's geological data base. Over time, this is likely to expand domestic resource base, reduce long-term import dependence, and improve supply security for strategic sectors. This

	Budget Announcement	Likely Implication
		measure enhances financial viability for junior miners, domestic explorers, and global mining firms, encouraging deeper geological surveys.
3	**TCS Rate Rationalisation:** **Sale of scrap -** Current TCS rate:1% Proposed TCS rate: 2% **Sale of minerals, being coal or lignite or iron ore -** Current TCS rate:1% Proposed TCS rate: 2%	The proposed increase in TCS rates on the sale of scrap and key minerals such as coal, lignite, and iron ore is likely to raise working capital requirements and increase transaction costs.
4.	**To reduce input costs, boost domestic manufacturing and promote export competitiveness, customs duty on the following items are being reduced:** **1. Monazite (Critical Mineral):** BCD to be reduced from 2.5% to Nil **2.** Budget 2026-27 proposes to provide basic customs duty (BCD) **exemption** to the **import of capital goods required for processing of critical minerals in India.**	The reduction of basic customs duty on monazite is expected to lower raw material costs and improve feedstock availability for downstream rare earth processing in India. This measure will enhance cost competitiveness of domestic refiners and processors, support stable supply chains, and facilitate faster scaling of rare earth separation and value-addition capacities. The exemption of basic customs duty on capital goods required for critical mineral processing is expected to significantly reduce project capex and improve investment viability for new processing and refining facilities. This measure will encourage faster capacity creation, promote adoption of advanced technologies, and attract global technology partnerships.

Overall Assessment of Budget for Sector's Growth and Development

The Rare Earth Permanent Magnet Scheme, combined with strong policy momentum on electric mobility, renewable energy, grid storage, defence manufacturing, and electronics production, is set to increase demand growth across critical minerals.

a. *Lithium demand will surge from EV and BESS expansion*
b. *Cobalt and nickel demand will rise for high-performance cathodes*
c. *Copper consumption will grow sharply driven by electrification, renewable integration, EV infrastructure, and data centre expansion*
d. *Rare earth demand will escalate for permanent magnets used in EV motors, wind turbines, defence systems, robotics, and industrial automation.*

This long-term demand visibility is crucial for driving mining investment and stabilising project economics.

The Budget's emphasis on AI data centres introduces a powerful new driver of mineral demand. Large-scale data infrastructure requires extensive power networks, cooling systems, high-performance computing hardware, and grid integration. All of these are copper, aluminium, nickel, and rare-earth-intensive. Data centre expansion will significantly raise copper demand for cabling, transformers, and connectivity, while boosting consumption of specialty alloys and semiconductor-grade minerals. The associated surge in renewable energy and battery storage investments to power data centres will further

amplify demand for lithium, nickel, copper, and rare earths, tightly linking India's digital growth with its critical minerals strategy.

Concurrently, the expansion of nuclear energy capacities and extension of nuclear power capital goods duty exemptions until 2035 ensures long-term demand stability for uranium, zirconium, hafnium, and rare earth alloys.

Large-scale infrastructure investment in railways, logistics, power transmission, and urban development will continue to anchor stable demand for iron ore, manganese, limestone, copper, aluminium, chromium, and nickel.

Nuclear Energy

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry	25,092.58	24,411.47	24,123.92	- 1.18%
Nuclear Power Projects	2,244	1,333	2,500	87.54%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Extension of Basic Customs Duty (BCD) Exemption on capital goods for Nuclear Power Projects till 2035, irrespective of capacity	Reduction in capital cost of reactor construction by lowering import duties on critical equipment and components. Improves project viability, accelerates capacity addition, and supports large-scale nuclear expansion towards 2047 targets. Enhances investor confidence by providing long-term tax certainty up to 2035.

Overall Assessment of Budget for Sector's Growth and Development

The FY 2026–27 Budget reinforces nuclear energy as a strategic pillar of India's long-term energy security and clean transition framework. With a total allocation of Rs 24,123.92 crore for the Department of Atomic Energy, the continued capital-heavy orientation reflects sustained investment in reactor construction, fuel cycle infrastructure, and indigenous technology development.

The policy announcements significantly strengthen the sector's growth trajectory. The 100 GW nuclear capacity target by 2047 provides long-term clarity and positions nuclear as a stable baseload complement to renewable energy.

Importantly, the extension of Basic Customs Duty exemption on capital goods imports required for nuclear power projects till 2035, irrespective of capacity reduces capital costs and improves project viability. This measure provides long-term fiscal certainty, lowers financial risk, and accelerates planned capacity additions.

The ongoing Nuclear Energy Mission with an outlay of Rs 20,200 crore further adds technological depth and deployment flexibility. Overall, the Budget demonstrates strong policy intent and fiscal support; however, accelerated execution and innovative financing mechanisms will be critical to fully realize the sector's potential.

Pharmaceutical and Ayush

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 – 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Pharmaceuticals	2973	4369	5931	35.75%
Biopharma Shakti	-	-	500	-
Ministry of AYUSH	3312	3671	4408	20%

Key Budget Announcements and Implications for Pharmaceutical

	Budget Announcement	Likely Implication
1.	**Biopharma Shakti Initiative with an outlay of Rs10,000 crore to strengthen India's biopharmaceutical ecosystem**	• **Encouraging high-value pharma manufacturing will encourage manufacturing of** complex biologics, biosimilars and advanced therapies, enabling Indian pharma to move up the global value chain. • This initiative will catalyze the development of biopharma clusters, manufacturing facilities, and skilled workforce, improving long-term ecosystem readiness. • It also supports India's ambition to evolve from the "pharmacy of the world" for generics to a global hub for affordable, high-quality biologics and biosimilars.
2.	**3 New National Institutes of Pharmaceutical Education and Research (NIPER) and Upgradation of 7 existing ones**	This will lead to: • Strengthened Research & Innovation Capacity • Enhanced Talent Development & availability Skilled Workforce • Improved Academic- Industry collaboration • Support for High-Value Biopharma Sector Growth • Enhance Global competitiveness
3.	**CDSCO to be strengthened to meet global standards and approve timeframes through a dedicated scientific reviews and specialists**	• Faster and more predictable regulatory approvals through dedicated scientific review mechanisms. • Improved alignment of India's regulatory framework with global standards, enhancing international credibility. • Greater ease of doing business for pharmaceutical and medical device companies, supporting innovation and timely market access.

	Budget Announcement	Likely Implication
4.	**Exemption of basic customs duty on 17 essential drugs, including cancer treatments, and expansion of exemptions to cover seven additional rare diseases for personal imports of drugs, medicines, and FSMP**	This measure will reduce the financial burden on patients, improve access to critical and specialized treatments, and support equitable healthcare delivery for those with high-cost or rare medical conditions.

Key Budget Announcements and Implications for AYUSH

	Budget Announcement	Likely Implication
1.	**Set up 3 new All India Institutes of Ayurveda**	The establishment of three new All India Institutes of Ayurveda will strengthen education, research, and clinical services in the Ayurveda sector. It will help develop a skilled and standardized workforce, promote evidence-based practices, and improve access to quality Ayurvedic healthcare. These institutes will also provide affordable and specialized treatment to the public, enhance the global credibility of Ayurveda, support innovation, and create new opportunities for industry stakeholders.
2.	**Upgrade the WHO Global Traditional Medicine Centre in Jamnagar=-0./O097BHY**	It will enhance scientific validation, improve international credibility, and promote adoption of best practices in the field of traditional medicines. The initiative will also support capacity building of practitioners and researchers, encourage global collaboration, and position India as a leading centre for innovation and knowledge in traditional and integrative healthcare systems.
3.	**Upgrade Ayush pharmacies and Drug Testing Labs**	The upgradation of Ayush pharmacies and Drug Testing Laboratories will improve quality control, safety, and standardization of products across the sector. Higher certification standards and availability of skilled personnel will strengthen regulatory compliance and enhance global confidence in Indian AYUSH medicines.

Overall Assessment of Budget for Sector's Growth and Development

Union Budget 2026 reflects a strong and forward-looking vision for India's pharmaceutical and healthcare sector, balancing long-term growth, innovation, and patient-centric measures. The ***Biopharma Shakti Initiative with an outlay of Rs10,000 crore*** *is a strategic step to strengthen the domestic biopharmaceutical ecosystem, support advanced therapies, and enhance research and manufacturing capabilities. Expansion of the* ***NIPER ecosystem*** *and initiatives to strengthen* ***CDSCO*** *aim to build a robust talent pipeline and regulatory framework that meets global standards, enabling India to compete effectively in high-value pharmaceutical markets.*

The budget also addresses critical patient needs. To provide relief to patients, particularly those suffering from cancer, it proposes the ***exemption of basic customs duty on 17 essential drugs and medicines****. Additionally,* ***seven more rare diseases have been added*** *for customs duty exemption on personal imports of drugs, medicines, and Food for Special Medical Purposes (FSMP), reflecting a targeted effort to improve access to specialized healthcare.*

The Budget also includes measures for strengthening the Ayush sector. The proposal to establish three new All India Institutes of Ayurveda will strengthen education, research, and healthcare services, while also improving public access to quality treatment.

The upgradation of Ayush pharmacies and drug testing laboratories will enhance quality standards, certification systems, and availability of skilled manpower. This will improve global confidence in Indian Ayurvedic products and support export growth. Strengthening the WHO Global Traditional Medicine Centre in Jamnagar will further promote evidence-based research, training, and international collaboration.

Overall, Budget 2026 combines strategic sectoral investments with patient-focused measures, supporting innovation, capacity building, and global competitiveness while enhancing accessibility and affordability. These initiatives lay the foundation for a resilient, future-ready pharmaceutical and healthcare ecosystem, reinforcing India's position as a global hub for high-quality, innovation-driven healthcare solutions.

Power & Coal

Budget Outlay for Sector (Rupees Crore)

	2024-25 Actual	2025-26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Power	19,713.78	21,587	29,996	38.95%
Outlays for key sectoral schemes				
Power System Development Fund	1,190.87	1,099.58	1,102	0.22%
Reform Linked Distribution Scheme	12,973.61	15,671	18,000	14.86%
Carbon Capture Utilization and Storage Scheme	-	-	500	500%
Viability Gap Funding for development of Battery Energy Storage Systems	-	100	1,000	900%
Ministry of Coal	**135.67**	**490.96**	**3,635.32**	**640.45%**
Outlays for key sectoral schemes				
Research and Development	20	20	21	No change
Conservation, Safety and Infrastructure Development in Coal Mines	45.41	92.50	No allocation	-100%
Scheme for Promotion of Coal / Lignite Gasification		285	3,525	1,136%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Restructuring of financial institutions for Power Sector -** The Government has announced the restructuring of public sector Financial Companies, **Power Finance Corporation (PFC)** and **Rural Electrification Corporation (REC)** to strengthen public sector finance, boost lending for power and renewable projects.	This restructuring is expected to significantly enhance efficiency and effectiveness of power sector financing. It will help establish a more robust and streamlined framework for lending and project financing, aligned with the evolving financial requirements of the Indian power sector. Through this initiative, PFC and REC will be better positioned to provide faster, more reliable, and targeted financial support to state utilities as well as developers, thereby strengthening project execution, improving liquidity, and supporting the sector's long-term growth and sustainability.
2.	**Scaling CCUS technologies -** A budget outlay of Rs 20,000 crore over five years for Carbon Capture Utilization and Storage (CCUS) technologies (including power as one of the sectors) is proposed to scale up technologies and achieve higher readiness levels in end-use applications.	The move is aimed at supporting India's transition towards lower-carbon industrial and energy systems while enabling hard-to-abate sectors to cut emissions. The CCUS technology will enable continued operation of existing power plants with reduced carbon footprint supporting baseload generation which are critical for grid stability.
3.	**BCD Exemption for Lithium ions cells and batteries -** The Union Budget has continued the Basic customs duty exemption on capital goods used for manufacturing lithium-ion cells for batteries and has also extended it to capital	The removal of BCD on key materials such as cobalt powder, lithium-ion battery scrap, lead, and zinc directly reduces the manufacturing cost of batteries within India.

	Budget Announcement	Likely Implication
	goods used for manufacturing lithium-ion cells for battery energy storage systems.	These measures are designed to strengthen the energy storage industry for renewable energy, domestic electric vehicle (EV) industry and mobile phone batteries, making them more affordable and supporting the growth of domestic battery manufacturing.
4.	**Mandate TReDS as the transaction settlement platform -** The Government has announced the Mandate of TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates. They have also linked Gem with TReDS to encourage cheaper and quicker financing.	The Government e- marketplace is being linked with TReDS to enable faster, transparent and low-cost financing for MSME suppliers. They have announced a credit guarantee support mechanism through Credit Guarantee Fund Trust for MSME (CGTMSE) for invoice discounting on the TReDS platform which is expected to significantly enhance liquidity and lender confidence. This will further enhance the financial discipline and improve the liquidity across the power sector value chain.
5.	**Allowing Special Economic Zone manufacturing units to sell goods to the DTA at concessional rates of duty -** A special one-time measure is proposed to facilitate sales by eligible manufacturing units in SEZs to the Domestic Tariff Area (DTA) at concessional rates.	This measure is expected to provide a significant boost to RE manufacturing sector as several companies are engaged in SEZ. This announcement will strengthen domestic manufacturing, improve cost competitiveness of power and renewable energy projects, and support the timely implementation of India's energy transition and infrastructure expansion plans.
6.	**Duty deferral facility -** Duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators (AEOs), to be enhanced from 15 days to 30 days. Same is extended to the eligible manufacturer-importers.	The duty deferral period is increased to 30 days for certain eligible entities such as manufacturer-importers. This will provide greater predictability for importing power and RE equipment to eligible importers. The extended duty deferral will provide financial flexibility, lower transaction costs, and strengthen the ease of doing business for stakeholders across the power sector value chain, supporting timely project development and sectoral growth.

Overall Assessment of Budget for Sector's Growth and Development

The announcements made during the Budget 2026-27 are progressive in nature and will help transform the power sector, bring in efficiencies, and provide energy access to all. The budget outlay of Rs 18,000 Crores for Reform Linked Distribution Scheme will help to improve the financial viability of the power sector, lead to reduction in Aggregate Technical and Commercial Losses (AT&C) through efficiency measures and smart meters, will modernize and strengthen the power supply infrastructure (especially on the T&D infrastructure) and improve the quality, reliability, and affordability of power supply to consumers. Further, the budget outlay of Rs 1,102 Crores for Power system development fund will create necessary new transmission systems for relieving congestion in Inter-State Transmission Systems (ISTS) and Intra-State System as well as

Renovation and Modernization (R&M) of already available transmission systems. A budget outlay of Rs 500 crores for CCUS and Rs 1,000 crores for energy storage systems will help make the grid stable and integrate renewable energy at large scale.

On the coal sector, the increased allocation of Rs 3,525 crore for promotion of Coal / Lignite Gasification will help promote cleaner coal technologies and enable commercial-scale gasification projects, support production of cleaner fuels and enhance India's energy security through value addition to indigenous coal resources. It also strengthens long-term viability of coal assets and positions coal as a transition fuel aligned with India's energy transition and decarbonisation objectives. With Ministry of Coal targeting underground coal gasification, the allocation supports technology deployment, incentivization and support to the industry initiatives.

The increase in TCS from 1% to 2% on coal will tighten working capital cycles as higher amount of funds gets blocked upfront.

Publishing

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025-26 RE	2026-27 BE	% change (BE FY26 over RE FY25)
Department of Higher Education				
Digital India-e-learning				
National Mission in Education Through ICT	1563.20	500.00	650.00	30%
Ministry of Culture				
Libraries & Archives	145.07	164.23	170.90	4.06%
National Mission for Manuscripts	2.63	15.00	60.00	300%
Ministry of Tribal Affairs				
Tribal Research Information, Education, Communication and Events (TRI-ECE)	28.33	32.00	32.00	0%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	(SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology, and Innovation) - The Strategy will include a Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones.	This will encourage the trade as well as academic publishers to develop and produce content on pharmaceutical education and research.
2.	Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short term, modular courses, and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns. These accredited paraprofessionals will help MSMEs meet compliance requirements at affordable costs.	This will create demand for specialized educational and training content handbooks, modular course material, compliance guides and digital learning resources and will open new opportunities for professional and academic publishers, particularly in vernacular and regional languages.
3.	India's Animation, Visual Effects, Gaming and Comics (AVGC) sector is a growing industry, projected to require 2 million professionals by 2030. I propose to support the Indian Institute of Creative Technologies, Mumbai in setting up AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges.	The initiative is likely to boost demand for comics, graphic novels, animation textbooks, and digital storytelling content, creating new opportunities for educational and creative publishers.
4.	The Government will support States, through challenge route, in creating 5 University Townships in the vicinity of major industrial and logistic corridors. These planned academic zones will host multiple universities, colleges, research institutions, skill centres and residential complexes.	The creation of University Townships is expected to expand demand for academic, research, professional and skill-oriented publishing across print and digital formats.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 creates new growth opportunities for the publishing industry by expanding education, skilling, and employment-linked learning initiatives, which are likely to increase demand for academic, professional, vocational and digital learning content. Announcements related to heritage, culture, and tourism, including digital documentation of cultural sites and immersive storytelling are expected to increase demand for heritage books, travel publications, illustrated works, multilingual guides and digital archival content. The continued focus on Tier-II and Tier-III cities and regional inclusion will expand readership beyond metros, encouraging growth in regional-language publishing and affordable print and digital formats.

Urban Development and Real Estate

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Urban Development and Real Estate (Ministry of Housing and Urban Affairs)	53255.15	57203.78	85522.39	49%
Pradhan Mantri Awas Yojna (PMAY)- Urban	5815	7500	18625	148%
Urban Rejuvenation Mission: AMRUT and Smart Cities Mission	7772.24	7500	8000	6%
Swachh Bharat Mission (SBM) - Urban	1893	2000	2500	25%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Focus on **developing infrastructure in cities with over 5 lakh population (Tier II and Tier III),** which have expanded to become growth centres.	• This measure is expected to promote more balanced urbanisation by directing infrastructure investment towards cities with populations above 5 lakh, thereby reducing excessive migration pressure on metropolitan cities. • Improved infrastructure in these cities will enhance their economic attractiveness, stimulate local employment generation, and support the growth of real estate, services, and manufacturing activities.
2.	Develop seven **High-Speed Rail corridors between cities as 'growth connectors'**, namely i) Mumbai-Pune, ii) Pune-Hyderabad, iii) Hyderabad-Bengaluru, iv) Hyderabad-Chennai, v) Chennai-Bengaluru, vi) Delhi-Varanasi, vii) Varanasi-Siliguri.	• These corridors will act as growth connectors, reducing travel time & emissions, and supporting overall regional development. • The routes will link India's financial hubs, technology centres, manufacturing clusters, and emerging cities with faster and cleaner mobility. • Faster and more reliable transport will enhance labour mobility, business efficiency, and logistics performance, thereby contributing to higher productivity.
3.	**Infrastructure Risk Guarantee Fund:** Setting up of an infrastructure risk guarantee fund to provide prudently calibrated partial credit guarantees to lenders.	• This fund will reduce perceived risks for lenders during the construction and early development phases of infrastructure projects by providing a calibrated public credit guarantee. • This is expected to enhance confidence among banks and financial institutions, lower the cost of borrowing for developers, and attract greater private sector participation.
4.	Accelerate recycling of significant real estate assets of CPSEs (Central Public Sector Enterprises) through the setting up of dedicated REITs.	• Dedicated REITs for CPSEs will enable systematic monetisation of large, underutilised real estate assets, generating non-tax revenues for the government. • This approach will improve capital efficiency within CPSEs and allow the recycling of public funds into new infrastructure projects. • Additionally, it will deepen India's REIT market, broaden the investor base, and strengthen

	Budget Announcement	Likely Implication
		transparency and professional management of public real estate assets.
5.	Focus on Tier II and Tier III cities, and even temple-towns, which need modern infrastructure and basic amenities. An allocation of **Rs. 5000 crore per city economic regions (CER) over 5 years** is proposed for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism	• Tier II, Tier III cities and temple towns will emerge as new growth engines, providing a significant boost to urban infrastructure development and the real estate ecosystem. • This will have more balanced regional development, reducing overdependence on Tier I cities, easing migration pressures, and enabling inclusive economic growth.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026 reinforces the Government's strong commitment to sustaining economic growth through infrastructure-led development, fiscal discipline, and long-term capital formation. With a record capital expenditure allocation of INR 12.2 lakh crore for FY27, the Budget continues to place infrastructure at the centre of India's growth strategy, which remains structurally positive for the real estate and urban development sectors.

The continued focus on urban infrastructure and connectivity is encouraging, with initiatives such as City Economic Regions, high-speed rail corridors, enhanced urban transport and logistics, and the Infrastructure Risk Guarantee Fund. These measures will improve project viability, attract private capital, and accelerate execution, while supporting residential demand by improving connectivity and unlocking new growth corridors across Tier I and Tier II cities.

Overall, Budget 2026 strikes a fine balance between growth and discipline. It's a clear thrust on infrastructure creation, urban expansion, and private sector participation is structurally positive for the economy and reinforces confidence in India's long-term growth trajectory.

Retail and E-Commerce

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
DPIIT	7886.69	8616.15	11970.83	38.93%
Outlays for key sectoral schemes	7886.69	8616.15	11970.83	38.93%
Ease of Doing Business	9.73	-	-	
Startup India	-	-	900.00	
Startup India Seed Fund Scheme (SISFS	175.00	-	-	

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	To promote environmentally sustainable movement of cargo, Government will propose: a) Establish new Dedicated Freight Corridors connecting Dankuni in the East, to Surat in the West; b) operationalise 20 new National Waterways (NW) over next 5 years, starting with NW-5 in Odisha to connect mineral rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra. Training Institutes will be set up as Regional Centres of Excellence for development of the required manpower. Further, a ship repair ecosystem catering to inland waterways will also be set up at Varanasi and Patna; c) launch a Coastal Cargo Promotion Scheme for incentivising a modal shift from rail and road, to increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047.	The proposed expansion of dedicated freight corridors, national waterways, and coastal shipping infrastructure will significantly enhance logistics efficiency and sustainability for the e-commerce sector. Improved multimodal connectivity and a targeted push towards inland waterways and coastal cargo are expected to lower transportation costs, reduce delivery timelines, and ease congestion on road and rail networks.
3.	TCS rate for sellers of specific goods namely alcoholic liquor will be rationalized to 2 percent.	The rationalisation of the TCS rate to 2 per cent on the sale of alcoholic liquor is expected to ease working capital pressures and improve cash flows for the retail sector. Lower upfront tax collection will reduce compliance and liquidity constraints for retailers, enabling smoother inventory management and more efficient operations.
4.	Proposal to allow duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear, to exports of Shoe Uppers as well.	The proposal to extend duty-free import benefits on specified inputs to exports of shoe uppers will strengthen cost competitiveness for shoe manufacturers. By lowering input costs and improving access to quality materials, this measure will support scale, efficiency, and export growth across the footwear value chain. It is expected to encourage greater value addition in India, improve margins for manufacturers, and enhance the sector's integration with global supply chains.

	Budget Announcement	Likely Implication
5.	Proposal to extend the time period for exporting final product from the existing 6 months to 1 year, for exporters of leather or textile garments, leather or synthetic footwear and other leather products.	The proposal to extend the export timeline from six months to one year will provide much-needed operational flexibility for manufacturers and retailers in the leather, textile, and footwear sectors. Longer timelines will ease production planning, inventory management, and compliance pressures, particularly for export-oriented businesses with complex supply chains. This measure is expected to improve ease of doing business, reduce procedural bottlenecks, and support sustained export growth across these labour-intensive sectors.
6.	To strengthen trade facilitation, enhance predictability, and reduce compliance burdens, the Government proposes a comprehensive set of Customs reforms anchored around trust-based systems and the Authorised Economic Operator (AEO) framework. These include extending the duty deferral period for Tier 2 and Tier 3 AEOs from 15 days to 30 days and providing the same duty deferral facility to eligible manufacturer-importers to incentivise their progression towards full Tier-3 AEO accreditation. To enable greater certainty and improved business planning, the validity of advance rulings binding on Customs will be extended from three years to five years. In line with a whole-of-government approach, other Government agencies will be encouraged to leverage AEO accreditation for granting preferential treatment in cargo clearances. Further, regular importers with trusted, long-standing supply chains will be recognised in the risk management system to minimise repetitive cargo verification, while export cargo using electronic sealing will be enabled for end-to-end clearance from factory premises to the port of shipment. For imports not requiring regulatory compliance, filing of the bill of entry by a trusted importer and arrival of goods will automatically trigger Customs clearance, allowing immediate release on arrival. Additionally, the Customs warehousing framework will be transformed into a warehouse-operator-centric, technology-driven regime based on self-declarations, electronic tracking and risk-based audits, moving away from officer-dependent approvals and significantly reducing transaction time and compliance costs.	The proposed trust-based Customs reforms anchored around the AEO framework will significantly enhance trade facilitation for retail, and e-commerce sectors. Extended duty deferral timelines, longer validity of advance rulings, and reduced cargo verification will improve cash flows, predictability, and business planning. Seamless factory-to-port clearances, faster release of low-risk imports, and a technology-driven warehousing regime will collectively lower compliance costs, shorten turnaround times, and strengthen supply chain efficiency, enabling these sectors to operate with greater speed, certainty, and scale.

	Budget Announcement	Likely Implication
7.	Approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of the financial year. For goods not having any compliance requirement, clearance will be done by Customs immediately after online registration is completed by the importer, subject to the payment of duty. Customs Integrated System (CIS) will be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes.	The move towards a fully integrated, single-window digital Customs ecosystem will significantly streamline import clearances for retail, and e-commerce sectors. Seamless inter-agency approvals, immediate clearance for non-regulated goods, and the rollout of the Customs Integrated System will reduce delays, improve predictability, and lower transaction costs. Collectively, these measures are expected to accelerate supply chain flows, enhance inventory efficiency, and support faster market responsiveness for consumer-facing businesses.
8.	To support aspirations of India's small businesses, artisans and start-ups to access global markets through e-commerce, proposal for complete removal of the current value cap of Rs10 lakh per consignment on courier exports. In addition, handling of rejected and returned consignments will be improved with effective use of technology for identifying such consignments.	The proposed removal of the Rs10 lakh per consignment cap on courier exports is set to unlock significant global market access for India's small businesses, artisans, and start-ups in the e-commerce space. Coupled with improved handling of returns and rejected consignments through technology, this measure will simplify cross-border trade, reduce operational friction, and enhance customer satisfaction. It is expected to boost export volumes, empower micro and small enterprises, and strengthen India's presence in international e-commerce markets.

Overall Assessment of Budget for Sector's Growth and Development

The Budget 2026-27 underscores the Government of India's strong commitment to promoting growth, ease of doing business, and global competitiveness in the retail and e-commerce sectors. The budget focuses on infrastructure, regulatory reforms, and technology-driven facilitation to strengthen supply chains and market access. Key measures include expansion of dedicated freight corridors, inland waterways, and coastal shipping to enhance logistics efficiency and sustainability. Trust-based Customs reforms under the AEO framework, extended duty deferrals, and a single-window digital clearance system will reduce compliance costs, improve predictability, and accelerate cargo movement. Initiatives such as rationalised TCS, extended export timelines, duty-free import benefits, and removal of courier export caps will empower retailers, exporters, start-ups, and small businesses, enabling easier global market access. Collectively, these measures reflect the Government's proactive and business-friendly approach, fostering innovation, operational efficiency, and scale while positioning India as a leading hub for retail and e-commerce.

Renewable Energy

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of New & Renewable Energy	**18,626**	**25,301**	**32,914**	**30.08%**
Outlays for key sectoral schemes				
National Green Hydrogen Mission	300	300	600	100%
Solar Power (Grid)	6,583.82	1,000	1,775	77.5%
Wind Power (Grid)	800	500	500	0%
KUSUM	2,560	5,000	5,000	0%
Green Energy Corridor	346.07	800	599.99	(25%)
Bio Energy Program	160.12	175	275	57.14%
PM Surya Ghar Muft Bijli Yojana (prog component)	7,817.61	17,000	22,000	29.41%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Scaling CCUS technologies** A budget outlay of Rs 20,000 crore over five years for Carbon Capture Utilization and Storage (CCUS) technologies is proposed to scale up technologies and achieve higher readiness levels in end-use applications. In line with the Carbon Capture, Utilization and Storage (CCUS) roadmap launched in December 2025, the government is aiming to scale up the CCUS technology across five key industrial sectors, including power, cement, refinery, steel and chemicals.	The move is aimed at supporting India's transition towards lower-carbon industrial and energy systems while enabling hard-to-abate sectors to cut emissions. The CCUS technology will enable continued operation of plants in a lower-carbon manner, supporting baseload generation which are critical for grid stability.
2.	**BCD Exemption for Lithium ions cells and batteries** The Union Budget has continued the Basic customs duty exemption on capital goods used for manufacturing lithium-ion cells for batteries and has also extended it to capital goods used for manufacturing lithium-ion cells for battery energy storage systems.	The removal of BCD on key materials such as cobalt powder, lithium-ion battery scrap, lead, and zinc directly reduces the manufacturing cost of batteries within India. These measures are designed to strengthen energy storage industry for renewable energy, domestic electric vehicle (EV) industry and mobile phone batteries, making them more affordable and supporting the growth of domestic battery manufacturing.
3.	**Solar glass import exemption** Basic customs duty on the import of sodium antimonate has been exempted, which is a key input for use in the manufacture of solar glass.	This measure aims to boost domestic solar glass production, lower input costs for solar module manufacturers, and support the renewable energy sector.
4.	**Central Excise Duty Exclusion for Biogas** The entire value of biogas will be excluded while calculating the central excise duty payable on biogas-blended CNG.	The exemption from excise duty on the biogas component is expected to result in lower blended CNG prices for consumers,

	Budget Announcement	Likely Implication
		enhancing its competitiveness against other fuels.
5.	**National large solar telescope** National Large Solar Telescope (NLST) will be developed, a major project designed for high-resolution, ground-based observations of the Sun.	The telescope aims to conduct high-resolution, high-cadence observations of the solar atmosphere to understand solar magnetic fields and their impact on Earth's environment. It is expected to be among the most advanced solar observatories globally, enhancing India's capacity in science research.
6.	**India Semiconductor mission 2.0 to be launched with an outlay of Rs 1000 cr budget for FY 2027 -** India Semiconductor Mission (ISM) 2.0 to be launched to produce equipment and materials, design full-stack Indian IP, and fortify supply chains with focus on industry led research and training centres to develop technology and skilled workforce.	The focus on designing and manufacturing indigenous semiconductor chips and intellectual property will accelerate the production of high-efficiency inverters, charge controllers, and converters crucial for solar PV and wind energy systems. With the emphasis on strengthening the domestic electronics components manufacturing ecosystem, India can reduce its reliance on imports for solar components, leading to a more resilient supply chain for the renewable sector. Industry-led research and training centres will likely foster innovation in smart grid technologies and AI-driven energy management systems, optimizing renewable energy storage and distribution. This could significantly elevate India's role in the global semiconductor value chain.

Overall Assessment of Budget for Sector's Growth and Development

The Budget presented with a sharp focus on transitioning towards the green energy sector and accordingly there has been a significant increase in the capital outlay for various schemes and missions. The total budget outlay of 2026-27 is Rs 32,914 crores with an increase of 30.08% from the previous year. The budget outlay of Rs 600 Crores for the National Green Hydrogen Mission will help scale up production and utilization of green hydrogen in the country. Further an outlay of Rs 599.99 cores for Green Energy Corridor will help facilitate augmentation of transmission infra and synchronize the electricity produced from renewable sources into grid. The government has announced a budget outlay of Rs 20,000 crore outlay over five years for Carbon Capture Utilization and Storage (CCUS) technologies which will scale up this technology and achieve higher readiness levels in end-use applications.

Further, to boost domestic manufacturing in green energy, exemptions for Lithium ions cells and batteries, capital goods in critical minerals processing, components for solar glass and biogas excise duty have been provided, which are a big boost towards India's energy transition.

School Education

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025-26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Overall for the Sector	65,159.25	70,567.14	83,562.26	18.4%
Outlays for key sectoral schemes				
Pradhan Mantri Innovative Learning Programme (DHRUV)		5.00	50.00	900%
National Means cum Merit Scholarship Scheme	353.09	374.00	381.00	1.9%
Atal Tinkering Labs (ATL) Scheme		500.00	3,200.00	540%
Kendriya Vidyalaya Sangathan (KVS)	8,727.00	9,503.84	10,129.41	6.6%
Navodaya Vidyalaya Samiti (NVS)	5,370.79	5,750.00	6,025.00	4.8%
National Council of Educational Research and Training (NCERT)	517.42	623.16	681.79	9.4%
National Bal Bhawan	24.33	30.00	30.51	1.7%
Samagra Shiksha	36,501.58	38,000.02	42,100.02	10.8%
Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)	9,903.01	10,600.00	12,750.00	20.3%
Strengthening Teaching-Learning and Results for States (STARS)	843.44	500.00	500.00	-
PM Schools for Rising India (PM SHRI)	3,504.30	4,500.00	7,500.00	66.7%
New India Literacy Programme (NILP)	130.39	130.00	160.00	23.1%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**High-Powered 'Education to Employment and Enterprise' Standing Committee -** A High-Powered 'Education to Employment and Enterprise' Standing Committee will be set up to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat. The Committee will prioritise areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies, including AI, jobs and skill requirements and propose measures thereof.	• **Strengthening School-to-Work Linkages:** Secondary and senior secondary education may see stronger alignment with employability, career readiness, and industry-relevant skills. • **Focus on Skills and Entrepreneurship:** Recommendations could drive integration of vocational exposure, skill-based learning, and enterprise orientation in schools. • **AI and Emerging Technologies in Learning Pathways:** Increased emphasis on preparing students for technology-driven job markets and future skills.
2.	**AVGC Content Creator Labs in 15,000 Secondary Schools -** AVGC Content Creator Labs will be set up in 15,000 secondary schools and 500 colleges.	• **Expanding 'Digital Skills' beyond Coding:** AVGC labs can shift the school technology agenda from only coding/robotics to creative digital production (animation, design, storytelling, media tools). • **New Pathways for Engagement & Retention:** Creative-tech learning can make secondary schooling more engaging for students at risk of dropout, particularly where academic relevance is weak. • **Teacher Enablement will Decide Impact:** Labs will require structured teacher training,

	Budget Announcement	Likely Implication
		curriculum-linked projects, and mentoring models; otherwise, they risk becoming under-utilised assets.
3	**Embedding AI in Education Curriculum and Upgrading SCERTs for Teacher Training -** Specific measures will be proposed for embedding AI in the education curriculum from school level onwards and upgrading State Councils of Educational Research and Training institutes for teacher training.	• **Mainstreaming AI Literacy in Schools:** AI may move from being an "enrichment topic" to becoming part of structured learning outcomes, especially in secondary grades. • **System Capacity Building through SCERTs:** Strengthening SCERTs can enable scalable teacher training, standardised pedagogy support, and stronger academic governance at state level. • **Need for Safe & Responsible AI Use in Classrooms:** Schools will require clear guidelines on ethical AI use, age-appropriate tools, and safeguards around misuse, bias, and over-dependence.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget reflects a clear consolidation and acceleration phase for school education, with strong emphasis on scale, future-ready skills, and systemic capacity building. The overall increase in sectoral outlay signals the government's intent to strengthen the education-to-employment pipeline while modernising school ecosystems.

Key budgetary trends indicate a shift from pilot-led interventions to scaled implementation, particularly in secondary education, digital creativity, and technology-enabled learning. The announcement of a High-Powered 'Education to Employment and Enterprise' Standing Committee further underscores a strategic alignment between schooling, skills, and emerging market needs. This is complemented by focused investments in AI integration, AVGC Content Creator Labs, and SCERT upgradation, which together point towards a stronger emphasis on creative technologies, applied learning, and teacher capacity building.

As we look towards a Viksit Bharat, the real success of this Budget will lie not just in allocations, but in execution ensuring that every child and young adult experiences education that is relevant, supportive, and empowering. To achieve that, perhaps the signals have been set for a more K–12 sector-friendly deregulation framework and hopefully stepping stones have been laid for greater reforms including encouraging Public-Private Partnerships as execution models, Direct Benefit Schemes for EWS students, incentives for encouraging more private sector participation and further impetus and strengthening of FLN for enhanced outcomes.

Skill Development

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Skill Development and Entrepreneurship	2,774.70	2,703.54	9,885.80	**265.7%**
Outlays for key sectoral schemes				
Skill India Programme (PMKVY 4.0, PM-NAPS, JSS)	2,318.00	2,000.00	2,800.00	**40.0%**
Integrated Scheme in Skilling Architecture	–	–	600.00	
PM Skilling and Employability Transformation through Upgraded ITIs (PM SETU)	–	–	6,140.50	
National Council for Vocational Education and Training (NCVET)	14.19	12.80	16.00	**25.0%**
Institutional and Infrastructure Support				
Establishment and Secretariat Expenditure	313.37	323.74	327.59	**1.19%**
Capital Outlay on Skilling Infrastructure	86.01	66	126.29	**91.35%**

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**PM SETU** through upgradation of 1,000 ITIs and 5 National Centres of Excellence	It will represent the most significant reform in vocational education, shifting ITIs towards industry aligned, technology enabled, and outcome driven skilling institutions.
2.	**Integrated Scheme in Skilling Architecture**	This will enable coupling of national policy and frameworks with state level planning and local execution through state skills transformation pilots in Andhra Pradesh, Odisha, Uttar Pradesh & Assam.
3.	**Creation of 1.5 lakh Care Givers through NSQF aligned programmes**	This will expand skilling into the care economy, addressing growing demand for geriatric and healthcare support services while creating dignified, employable career pathways.
4.	**Creation of 1 lakh Allied Health Professionals across disciplines**	This will address the workforce shortages in healthcare support roles and strengthens employability through structured, certification-based skilling.
	Integrated Programme for the Textile Sector including SAMARTH 2.0	It reinforces employment linked skilling in textiles, apparel, and traditional manufacturing clusters through NSQF aligned training and industry partnerships.
	Mahatma Gandhi Gram Swaraj Initiative for ODOP and village industries	This will enable strengthening and skilling for artisans, craftsmen, and rural youth under ODOP, linking traditional skills with quality improvement, market access, and entrepreneurship.
	Training of 10,000 Tourist Guides	It will formalise skilling pathways in tourism and services, improving employability and service quality in high growth sectors.
	AVGC Content Creator Labs and creative skilling initiatives	It will expand future ready skills in animation, gaming, digital media, and content creation, supporting employment in creative industries.
	Capital support for veterinary and para-veterinary skilling	This will strengthen skilling capacity in animal husbandry and allied sectors with positive spillovers for rural employment and livelihoods.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 marks a decisive transformation in India's skilling ecosystem, reflected in the sharp increase in the overall outlay. The introduction of Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs (PM SETU) and the Integrated Scheme in Skilling Architecture reorients vocational education towards institution centric, ecosystem driven skilling. Large scale ITI upgradation and the creation of National Centres of Excellence move skilling beyond short term certification towards durable, industry aligned infrastructure capable of delivering high quality,

The extension of skilling interventions into textiles, ODOP linked village industries, tourism, healthcare, and the emerging care economy underscores recognition of diverse employment pathways across formal and informal sectors.

The establishment of a High-Powered Education to Employment and Enterprise Standing Committee further embeds skilling within a broader economic strategy, with explicit focus on services led growth, emerging technologies, and AI driven job transitions.

Overall, the Skilling Budget 2026–27 reflects a strategic consolidation of India's skilling architecture. By aligning education, skills, and enterprise outcomes and concentrating resources on high impact institutional reforms, the budget strengthens India's human capital base and advances the long-term objective of inclusive, resilient, and sustainable economic growth.

Sports

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Youth Affairs and Sports	2,710.73	3,346.54	4,479.88	33.9%
Outlays for key sectoral schemes				
Assistance to National Sports Federations	256.06	400.00	425.00	6.25%
Khelo India	620.75	700	924.35	32.1%
Incentive to Sports Persons	42.38	28.00	40.00	42.9%
Promotion of Sports Goods Manufacturing	0.00	0.00	500.00	-

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Significant increase in the overall allocation to the Ministry of Youth Affairs & Sports**	This positions sport as a strategic development sector, reflecting its growing role in youth development, employment generation, social cohesion, and India's global soft power ambitions.
2.	**Rs. 500 crore allocation for Promotion of Sports Goods Manufacturing**	Marks a structural shift towards building domestic manufacturing capacity in sports equipment, encouraging design innovation, material science, and export competitiveness, while aligning the sports ecosystem with broader industrial and Make in India objectives.
3.	**Enhanced allocation under the Khelo India scheme**	This reinforces a comprehensive national sports development framework by strengthening the end-to-end talent development pathway, including systematic identification and nurturing of athletes, structured development of coaches and support staff, integration of sports science and technology, promotion of competitive leagues, and expansion of sports infrastructure.
4.	**Increased assistance to National Sports Federations**	This will enable federations to better training infrastructure, international exposure, and participation in global competitions for atheletes, thereby improving their performance outcomes.
5.	**Continued investment in sports science, research, and athlete support systems**	This supports the professionalisation of Indian sport by integrating sports science, medicine, and data-driven performance management into athlete training frameworks, bringing India closer to global best practice.

Overall Assessment of Budget for Sector's Growth and Development

The Budget 2026–27 marks a decisive step-up in government commitment to the sports sector, with the Ministry of Youth Affairs and Sports witnessing a substantial increase of nearly 34 per cent over the Revised Estimates of 2025–26. This expansion reflects a clear shift from incremental support to structural strengthening of India's sports ecosystem.

The continued scaling up of the Khelo India scheme reinforces the government's long-term focus on building a strong talent pipeline from grassroots to elite performance levels. Increased assistance to National Sports Federations will improve India's international competitiveness by enabling better training, exposure, and hosting of global events. A notable and transformative intervention is the introduction of a Rs. 500 crore allocation for Promotion of Sports Goods Manufacturing, signalling intent to position India

as a global hub for sports equipment manufacturing, research, and innovation, aligned with broader industrial and export led growth objectives.

At the same time, targeted investments in sports science, incentives for sportspersons, and institutional support for bodies such as SAI and anti-doping agencies strengthen the performance and governance backbone of Indian sport. Overall, the budget lays a strong foundation for India's ambition to emerge as a global sporting powerhouse.

Startups

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
DPIIT				
Startup India Seed Fund Scheme	175	0	0	-
Fund of Funds	1200	1200	1200	0%
Funds of Funds 2	0	300	0	-100%
Credit Guarantee Fund	41.67	0	0	-
Startup India Fund of Funds 2.0	0	0	900	-
Startup India	44.4	30	30	0%
Ministry of Agriculture & Farmer Welfare				
Blended Capital Support to Finance Startups for Agriculture and Rural Enterprise Relevant for Farm Produce Value Chain	62.5	7.51	63.97	751.8%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Removal of the current value cap of Rs. 10 lakh per consignment on courier exports. In addition, handling of rejected and returned consignments will be improved with effective use of technology for identifying such consignments.	The removal of the Rs. 10 lakh limit on courier exports will help Indian startups, small businesses, and artisans sell higher-value products to global markets more easily through e-commerce. This step will simplify export processes and reduce logistics barriers, especially for D2C brands and growing startups. The improved technology-based handling of rejected and returned consignments will lower costs, save time, and reduce compliance challenges. Overall, this measure will support export growth, encourage global expansion of Indian startups, and strengthen India's e-commerce export ecosystem.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget 2026–27 demonstrates the Government's strong and continued focus on nurturing India's startup ecosystem through targeted financial support and policy interventions.

A key highlight is the introduction of the Startup India Fund of Funds 2.0 with an allocation of Rs900 crore for FY 2026–27. This measure is expected to significantly improve access to growth capital, particularly for early-stage and scale-up startups, while also encouraging greater participation from domestic venture capital funds. It will help address existing funding gaps and strengthen investor confidence in the ecosystem.

The substantial increase in allocation for Blended Capital Support to Finance Startups for Agriculture and Rural Enterprises Relevant for the Farm Produce Value Chain from Rs. 7.51 crore in RE 2025–26 to Rs. 63.97 crore in Budget 2026–27 is another positive step. This enhanced support will promote innovation in agri-tech and rural enterprises, improve value addition in farm produce, and create sustainable income opportunities in rural areas.

Overall, the Budget continues to support startups in both urban and rural ecosystems, reinforcing India's position as a globally competitive startup hub.

Steel

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Steel	8,539.07	3,272.44	443.18	– 86.45%
Outlays for key central schemes	66.06	205.50	393	91.24%
Product Linked Incentive (PLI) Scheme for Specialty Steel in India	52.2	192.50	380	97.40%
Scheme for Promotion of Research and Development in Iron and Steel sector	5	6	6	-
Flagging of Merchant Ships in India	8.86	7	7	-

Overall Assessment of Budget for Sector's Growth and Development

Increased allocation to Product Linked Incentive (PLI) Scheme for specialty steel in India will provide impetus to domestic manufacturing and reduce dependence on imports. It would also help in the production of specialized steel products and local employment generation.

The Budget's 20,000 crore CCUS allocation will provide critical pathway for decarbonizing India's steel sector, safeguarding global competitiveness while supporting long-term sustainability. The Allocation will improve technology readiness levels (TRLs) for CCUS in steel plants, moving from pilot to commercial-scale deployment.

The Union Budget 2026-27 maintains a strong focus on infrastructure to drive steel demand, with capital expenditure on infrastructure projects announced. This includes continued funding for roads, railways, and urban development, driving domestic steel demand and consumption.

The budget includes measures to ease liquidity for MSMEs, including a Rs10,000 crore SME Growth Fund, which will aid small steel producers.

Expansion of inland waterways announced in the Budget will help steel sector by reducing logistics costs and improving supply chain efficiency.

Space and Geospatial Applications

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Space	10949.40	12448.60	13705.63	10.10%
Outlays for key sectoral schemes				
Space Technology	8271.49	9601.98	10397.06	8.28%
Space Applications	1562.90	1596.27	1725.06	8.06%
Space Sciences	107.93	184.62	569.76	208.7%
INSAT Satellite Systems	176.13	205.95	130.93	-36.42%
Space Research	6793.60	6984.84	7173.46	2.70%
Capital Outlay on Space Research	4025.47	5309.87	6375.92	20.07%
Department of Science & Technology				
Survey of India	382.21	548.24	561.30	2.38%
National Geospatial Mission	-	35.00	100.00	185.71%
Ministry Rural Development				
Land records modernization program	137.05	229.61	125.00	-45%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Launch of ISM 2.0 to produce equipment and materials, design full stack Indian IP, and fortify supply chains	The launch of **ISM 2.0** will strengthen India's space industry by reducing dependence on imported semiconductors, enabling indigenous space-grade electronics, and securing critical supply chains. Over time, it will support sovereign satellite and launch systems, boost competitiveness of Indian NewSpace startups, and deepen defence–space–semiconductor convergence.
2.	Rs 10,000 crore SME Growth Fund, to create future Champions, incentivizing enterprises based on select criteria. Additional 2000 crore Self-Reliant India Fund set up to continue support to micro enterprises and maintain their access to risk capital.	SME Growth Fund can accelerate the scale-up of Indian space and geospatial SMEs by enabling them to invest in manufacturing, quality certifications, and global market access. The Self-Reliant India Fund strengthens early-stage risk capital for micro and small space enterprises, especially component manufacturers, suppliers, and deep-tech startups.
3.	Telescope Infrastructure facilities will be set up or upgraded - the National Large Solar Telescope, the National Large Optical Infrared Telescope, the Himalayan Chandra Telescope and the COSMOS- 2 Planetarium.	The creation and upgradation of major telescope and planetarium infrastructure will strengthen India's astrophysics and astronomy ecosystem, driving demand for advanced optics, precision engineering, sensors, imaging systems, and data processing technologies. This will indirectly benefit the space industry nurturing specialised talent in optics and instrumentation, and fostering academia–industry collaboration, while also expanding public engagement and long-term interest in space sciences

Overall Assessment of Budget for Sector's Growth and Development

The 2026–27 Budget reflects a steady and structurally positive outlook for India's space and geospatial ecosystem, with a 10.10% increase in the Department of Space outlay. Continued emphasis on Space Technology and Space Applications signals support for operational missions and downstream use-cases, while the sharp 208.7% rise in Space Sciences highlights renewed focus on scientific capability, astronomy, and long-term knowledge creation. A strong 20% increase in capital outlay for space research indicates intent to strengthen infrastructure, advanced systems, and indigenous development. Overall, the budget prioritises sovereignty, scaling of private players, scientific depth, and supply-chain resilience, reinforcing India's long-term space ambitions.

Textiles

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Textiles	2937.7	5766.6	5279.01	-8.4%
Outlays for key sectoral schemes				
National Handloom Development Programme	193.10	234.84	205	-12.7%
National Handicrafts Development Programme (NHDP)	159.68	225.00	204.00	-9.3%
Integrated Scheme for Skill Development	258.94	260.00	299.96	15.4%
National Technical Textiles Mission	74.20	300.00	256.00	-14.7%
Textile Cluster Development Scheme	30.82	50.00	100.00	100%
Central Silk Board	945.56	854.34	960.00	12.4%
PM MITRA	24.51	200.00	300.00	50%
Integrated Textile Program. The scheme contains 5 sub-parts: (i)National Fibre Mission, (ii) Textile Expansion and Employment Scheme (TEEM), (iii) India Handmade and Human Capital Excellence, (iv) Tex Eco Mission for Sustainable Textiles, and (v) Samarth 2.0.	-	-	1500	1500%
Textile Cluster Development scheme	30.82	50	100	100%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	For labour intensive Textiles sector Integrated Programme with 5 sub-parts is proposed with an outlay of Rs 1500 Cr. • National Fibre Mission: The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres • Textile Expansion and Employment Scheme (TEEM): Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres • India Handmade and Human Capital Excellence: A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans • Tex Eco Mission for Sustainable Textiles: An Initiative to promote globally competitive and sustainable textiles and apparels • Samarth 2.0: Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.	The proposed integrated programme is expected to significantly enhance domestic fibre self-reliance, drive technology-led modernisation and competitiveness across textile clusters and accelerate large-scale employment generation in the labour-intensive textiles sector. By ensuring targeted support to weavers and artisans, promoting sustainable manufacturing, and strengthening industry-aligned skilling, the programme will deepen value addition, improve export competitiveness, and build a resilient, inclusive and future-ready textiles ecosystem.
2.	The time period for export of the final product has been extended from the existing six months	This extension is expected to reduce compliance burden, ease working-capital constraints, and provide greater flexibility in production and

	Budget Announcement	Likely Implication
	to one year for exporters of leather and textile garments.	export planning. The measure will support timely execution of export orders, benefit labour-intensive segments, and strengthen the competitiveness and stability of India's leather and textile export sector.
3.	Announcement of Mega Textile Parks in challenge mode focusing on bringing value addition to technical textiles.	The initiative is expected to strengthen integrated textile manufacturing, promote value addition in technical textiles, and improve cost efficiency and scale of operations. It will attract investment, support technology adoption, generate employment, and enhance the global competitiveness of India's technical textiles sector.
4.	To promote khadi, handloom and handicrafts, Mahatma Gandhi Gram Swaraj Initiative has been launched. To promote Khadi, handlooms and handicrafts. The initiative aims to strengthen global market linkages and branding, and to streamline and support training, skilling, and quality processes in production.	The initiative is expected to revitalise traditional and village-based industries, improve product quality and standardisation, and enhance market access and competitiveness. By strengthening skills, branding and value realisation, it will increase rural incomes, generate employment for rural youth, reinforce the ODOP framework, and support inclusive and sustainable rural economic growth.
5.	To promote the growth of MSMEs as 'Champion' enterprises, a three-pronged approach has been announced. As part of this, a dedicated Rs10,000 crore SME Growth Fund is being introduced to create future Champions by providing equity support and incentivising enterprises based on select criteria. In addition, the Self-Reliant India Fund, set up in 2021, will be topped up by Rs2,000 crore to continue supporting micro enterprises and to ensure sustained access to risk capital.	The measures are expected to improve access to equity and risk capital for MSMEs, enabling scaling-up, technology adoption and capacity expansion. This will also benefit textile and apparel MSMEs, particularly weaving units, garment manufacturers and ancillary players, by supporting modernisation, competitiveness and employment generation in the sector.

Overall Assessment of Budget for Sector's Growth and Development

The 2026-27, Union Budget announcements outline a holistic growth framework for the textiles sector, covering raw materials, manufacturing, skilling, sustainability and exports. The measures are expected to strengthen competitiveness, value addition and employment generation, while ensuring inclusive growth for weavers, artisans and MSMEs. Focus on technical textiles, cluster development and export facilitation will enhance global market positioning.

Transport Infrastructure

Budget Outlay for Sector (Rupees Crore)

	FY 2024-25 Actual	FY 2025-26 RE	FY 2026-27 BE	% Change (BE FY 26-27 over RE FY25-26)
Ministry of Railways	**255263.01**	**255466.32**	**281377.32**	**10.14**
Outlays for key sectoral schemes				
New Lines	33363.03	30631.50	36721.55	19.88

Signalling and Telecom	5567.60	6500.00	7500.00	15.38
Rolling Stock	47827.34	50007.77	52108.73	4.20
Electrification Projects	4248.38	4500.00	5000.00	11.11
Ministry of Roads Transport and Highways	**299460.35**	**287141.87**	**309875.30**	**7.91**
Outlays for key sectoral schemes				
National Highways Authority of India	168602.30	170266.00	187293.16	10.00
Roads and Bridges	130965.30	116337.14	121998.61	4.87
Road Transport and Safety	253.79	360.00	400.00	11.11
Ministry of Shipping	**2837.58**	**2899.11**	**5164.80**	**78.16**
Outlays for key sectoral schemes				
Development of Ports	1.87	0.50	0.71	42.00
Sagarmala	658.29	699.00	616.88	-11.75
Shipping and Ship Building	149.25	195.00	340.00	74.36
Inland Water Transport	3.71	7.00	265.00	3685.71

Key Budget Announcements and Implications

Budget Announcement	Likely Implications
Railways	
i. Establish new **dedicated freight corridors** connecting Dankuni (East) to Surat (West) – (*Purvodaya* / Integrated East Coast Industrial Corridor) ii. **7 high-speed rail corridors** to be built as development linkages between cities to promote environmentally sustainable passenger travel	• Will enable decongestion of the existing rail network, indirectly delivering benefits similar to freight corridors by freeing up capacity for goods movement • Will further strengthen the manufacturing-logistics link, reinforcing India's position in global supply chains, advancing the broader ambition of *Viksit Bharat* through execution-led growth
Ports & Shipping	
i. Operationalise 20 new waterways over next 5 years ii. Ship repair ecosystem catering to inland waterways to be set up in Varanasi and Patna iii. Coastal cargo promotion scheme to be launched to increase share of coastal shipping iv. Training institutes to be set up as regional institutes of excellence in Waterways v. Incentives for indigenous manufacturing of seaplanes, to promote maritime tourism	• Prioritising of waterways comes extremely timely and critically as it can have massive impact in terms of cost and efficiency by connecting mineral-rich areas, industrial centres and ports • This shall boost India's shipbuilding and ship repair ecosystem through infrastructure incentives, and skilling and training, promoting competition between various modes of transport • The scheme projected to increase the share of inland waterways and coastal shipping which will strengthen green transportation ecosystem • This will help in creation of skilled manpower for maritime development to support the increase in cargo movement through waterways/ coastal shipping • This step will promote maritime tourism by connecting more remote, high-potential tourist spots
Roads & Highways	
Scheme for **enhancement of construction and infrastructure equipment** to be introduced (including (TBMs) Tunnel Boring Machines) to	• Will enhance indigenous manufacturing capabilities, foster adoption of advanced technologies, reduce import dependence, and

Budget Announcement	Likely Implications
strengthen production of high-value Construction/Infrastructure Environment (CIE)	accelerate modernisation and growth in road construction and infrastructure sector • Timely initiative to strengthen domestic production of high-value equipment, improving execution certainty for complex packages (tunnels, high-altitude works, major structures)
Setting up of new **Infrastructure Risk Guarantee Fund** to provide prudently calibrated partial credit guarantees to lenders	• The fund will improve project bankability, attract greater private investment, enhance financing for long-term infra projects, and accelerate the development of critical infrastructure • Strong signal towards crowding-in long-tenor credit and reducing the construction-phase risk premium, particularly relevant for large highway/PPP projects
Logistics	
Further simplification and digitisation of the Bill of Entry (BoE) process to reduce delays in cargo clearance and improve trade facilitation	• Improved cash flow through deferred duty payments, lower logistics costs due to reduced port dwell time, and simplified compliance with less frequent reporting requirements • Will enable faster cargo clearance, with timelines potentially reducing to 24 hours

Overall Assessment of Budget for Sector's Growth and Development

Union Budget 2026-27 places infrastructure development at the heart of India's economic momentum. The scaled up public CAPEX outlay to Rs12.2 lakh crore reflects sustained investment in transport, logistics, connectivity, INvITs, and future-ready infrastructure to drive development. Continued focus on railways, freight corridors, inland waterways, ship repair ecosystem, and coastal shipping will strengthen the movement of goods and people while bringing Tier-II and Tier-III cities more firmly into the growth story. The initiative of moving towards automated, data-driven TBMs also reflects a potential industry shift towards enhancement of India's roads and highway construction sector.

Railways

The Rs2.77 lakh crore allocation for railways, alongside sustained capital expenditure, provides continuity and planning confidence for the rail manufacturing ecosystem. Measures announced in the Budget, such as the one-time facilitation for eligible manufacturing units in Special Economic Zones to sell into the Domestic Tariff Area at concessional duty, are particularly relevant in the context of global trade disruptions, as they help improve capacity utilisation while maintaining a level-playing field.

Equally important are steps to simplify customs processes and reduce intervention, which will support faster movement of goods and greater trade certainty. The proposed Rs10,000 crore scheme for container manufacturing, supported by production-linked incentives for containers and Battery Energy Storage Systems, will help build scale in domestic manufacturing.

The announcement of seven new high-speed rail corridors and continued investment in dedicated freight corridors will be a new feat in India's infrastructural journey, resulting in decongesting highways and lowering logistics costs. This will reinforce India's position in global supply chains, advancing the broader ambition of Viksit Bharat through execution-led growth.

Roads & Highways

The proposed Infrastructure Risk Guarantee Fund for PPP projects is a positive step, signalling intent to address risk concerns and potentially encourage greater private sector participation. The announcement of a high-level committee on banking also comes timely, bringing hope of recognising the financing needs of the infrastructure and construction sectors.

Shipping

The Union Budget 2026 prioritises the growth of the maritime sector with a clear focus on sustainability and regional development. By expanding inland waterways and enhancing coastal shipping, the initiatives are set to improve cargo movement efficiency, reduce congestion on road and rail networks, and lower carbon emissions.

The creation of ship repair facilities and training institutes will boost local economies, generate employment, and develop specialised skills in the sector. Additionally, the push for seaplane manufacturing and maritime tourism will further diversify economic opportunities, fostering innovation and tourism growth.

Tourism

Budget Outlay for Sector (Rupees Crore)

	2024 – 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Ministry of Tourism	457.35	1310.30	2438.40	86.09%
Outlays for key sectoral schemes				
Tourism Infrastructure	167.66	965.56	2236.50	131.62%
Promotion and Publicity	121.02	103.48	3.50	- 96.62%
Training & Skill Development	54.08	111.00	95.00	-16.84%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1	To promote India as a hub for medical tourism services, launch a scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals.	This will significantly strengthen India's positioning as a global healthcare and wellness destination, driving high-value international tourist inflows. The hubs will also boost demand for allied tourism services such as hospitality, transport and long-stay accommodation.
2	Set up the National Institute of Hospitality by upgrading the existing National Council for Hotel Management and Catering Technology. It will function as a bridge between academia, industry and the Government.	Focus on training and skilling will create a robust pipeline of globally benchmarked talent, improving service quality and professionalism across the tourism value chain. This will enhance India's competitiveness as a premium and reliable tourist destination.
3	Pilot scheme for upskilling 10,000 guides in 20 iconic tourist sites through a standardized, high-quality 12-week training course in hybrid mode, in collaboration with an Indian Institute of Management.	Focused training of guides would elevate on-ground visitor experience through knowledgeable, multilingual and professional guides. This directly improves destination reputation, repeat visitation, and tourist satisfaction.
4	National Destination Digital Knowledge Grid will be established to digitally document all places of significance—cultural, spiritual and heritage. This initiative will create a new ecosystem of jobs for local researchers, historians, content creators and technology partners.	By using technology, destination management will be driven by real-time data, thereby enabling smarter promotion and enhanced visitor engagement. The content ecosystem will amplify India's tourism narrative globally while creating large-scale creative and digital employment.
5.	Develop ecologically sustainable 1. Mountain trails in Himachal Pradesh, Uttarakhand and Jammu and Kashmir; Araku Valley in the Eastern Ghats and Podhigai Malai in the Western Ghats.	This will promote sustainable and adventure tourism while safeguarding fragile ecosystems. The initiative will generate livelihoods for local communities and diversify tourism offerings beyond traditional circuits.

	Budget Announcement	Likely Implication
	2. Turtle Trails along key nesting sites in the coastal areas of Odisha, Karnataka and Kerala; and 3. Bird watching trails along the Pulikat lake in Andhra Pradesh and Tamil Nadu.	
6.	Development of 15 archaeological sites into vibrant, world-class cultural tourism destinations including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace into vibrant, experiential cultural destinations.	This will transform heritage assets into world-class tourism experiences and also strengthen conservation through tourism-led revenues.
7.	Launch of a scheme for development of Buddhist Circuits in the North-East to strengthen spiritual tourism, preserve cultural heritage, and enhance international tourist inflows.	A dedicated scheme will aid cultural preservation while driving infrastructure and hospitality development in the region. This move will position the region as a major global spiritual tourism hub, attracting pilgrims from East and Southeast Asia.
8.	Creation of five tourism destinations across five Purvodaya states to unlock regional potential, drive inclusive growth, and place Eastern India firmly on the national tourism map.	This will unlock tourism potential in Eastern India, ensuring balanced regional growth with new investment opportunities and bring lesser-known destinations into mainstream tourism circuits.
9.	Reduce TCS rate on the sale of overseas tour program package from the current 5 percent and 20 percent to 2 percent without any stipulation of amount.	As outbound travel continues to grow rapidly, the reduction of TCS will lower the cost burden on travelers and tour operators and support the travel industry.

Overall Assessment of Budget for Sector's Growth and Development

The Budget makes a big, all-around push for tourism by building infrastructure, improving skills, leveraging technology and expanding available options. It helps India compete better in high-value areas like medical, spiritual, cultural, and sustainable tourism. The focus on regional balance, especially in the North-East and Purvodaya states, helps local economies and promotes inclusivity. All of these steps are guaranteed to enhance visitor experience, raise the quality of service, and create plethora of jobs along the tourism value chain.

Water

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Department of Water Resources, River Development and Ganga Rejuvenation, Ministry of Jal Shakti	**20866.65**	**18405.74**	**19912.98**	**8%**
Outlays for key sectoral schemes				
National River Conservation Plan – Other Basins	589.19	515.61	550.00	7%
Namami Gange II National Ganga Plan	2976.34	2687.00	3100.00	15%
River basin Management	131.13	168.05	205.00	22%
Water Resources Management	1406.79	1371.61	1296.61	-5%
Overall for the Department (Department of Drinking Water and Sanitation, Ministry of Jal Shakti)	**25853.25**	**23031.08**	**74894.86**	**225%**
Outlays for key sectoral schemes				
Jal Jeevan Mission (JJM)/National Rural Drinking Water Mission	22615.05	17000.00	67670.00	298%
Swachh Bharat Mission (Gramin)	3613.29	6000.00	7192.00	20%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**Jal Jeevan Mission** 81 per cent of India's rural population have been provided access to potable tap water connections since 2019. The target (providing tap water to every rural household by 2024) has been extended to 2028 to cover remaining areas and strengthen long-term sustainability and maintenance. In order to achieve this, the Union Budget has allocated Rs. 67670 crores for the Mission.	The allocation of funds for Jal Jeevan Mission (JJM) reflects a strong governmental push towards improving rural infrastructure for potable water. It reflects that the Mission is shifting beyond just installation and emphasizing operation & maintenance (O&M), infrastructure reliability, and citizen participation (Jan-Bhagidhari) to ensure systems last and provide quality water. This will ensure India's water security and provide access to safe and adequate drinking water to all Indians.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget for FY 2026-2027 has increased the funding for the Department of Water Resources, River Development and Ganga Rejuvenation, Ministry of Jal Shakti by 8%. The budget outlay for FY 2025-26 was Rs. 18405.74 crores which has now increased to Rs. 19912.98 crores in FY 26-27.

There is an increase in the budget for River Basin Management Scheme by 22%, National Ganga Plan by 15% and National River Conservation Plan for Other Basins by 7%. River basin management (including the Ganga) is now seen as more comprehensive agenda, focusing on pollution control, ecology, biodiversity, and sustainable livelihoods rather than just infrastructure. Increasing the budget supports planning, implementation, and monitoring at the basin level. It signals a clear shift in government priorities and are treating rivers as strategic assets.

The extension of the Jal Jeevan Mission (JJM) to achieve 100% coverage by 2028 is both an ambitious and essential objective. For the financial year 2026-27, a budget of Rs. 67,670 crores have been allocated to the Jal Jeevan Mission/National Rural Drinking Water Mission. It may be noted that the budget allocation

for JJM in 2025-26 was Rs. 67,000 crores, although the revised budget stood at Rs. 17,000 crores. While the actual spending was lower than the allocation last year, the same level of funding has once again been earmarked for the Mission this year. This reflects that JJM continues to be a high-priority flagship programme, with sustained support for planning, capacity expansion, and the successful completion of the mission by 2028.

Women and Child Development

Budget Outlay for Sector (Rupees Crore)

	2024-2025 Actual	2025-2026 RE	2026-2027 BE	% change (BE over RE FY26)
Ministry of Women and Child Development	24842.49	24373.91	28183.06	15.63%
Outlays for key sectoral schemes				
Saksham Anganwadi and POSHAN 2.0 (Umbrella)	21014.02	20949.47	23100.00	10.27%
ICDS - Anganwadi Services, Poshan Abhiyan, Scheme for Adolescent Girls)				
Mission Shakti (Mission for Protection and Empowerment for Women)				
SAMBAL (Beti Bacaho Beti Padhao, One Stop Centre, Nari Adalat, Mahila Police Volunteer, Women's Helpline etc.) **SAMARTHYA** (Shakti Sadan (Swadhar, Ujjawala, Widow Home), Shakhi Niwas (Working Women Hostel), Palna (National Creche Scheme), Pradhan Mantri Matru Vandana Yojana/ National Hub for Women Empowerment/Gender Budgeting/Research/ Skilling/ Trg/ Media etc.)	1834.75	2000.00	3200.00	60%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	**SHE-Marts for Rural Women-led Enterprises** • New initiative building on Lakhpati Didi • Women supported to move from credit-led livelihoods leading to enterprise ownership • Community-owned retail outlets at cluster-level federations	The scheme will enable rural women to transition into enterprise owners, enhance collective market access through community-owned retail platforms, strengthen women-led institutions, increase household incomes, and promote sustainable, locally rooted economic growth.
2.	**Girls' Hostels in STEM Institutions** • 1 girls' hostel in every district • For higher education STEM institutions • Addresses safety, accommodation, and retention of girl students • Implemented through VGF / capital support	This scheme will improve access to higher STEM education for girls by ensuring safe and affordable accommodation in every district, reducing dropouts, enhancing retention and participation, and enabling greater gender equity in science and technology fields.
3.	**Mental Health Infrastructure Expansion** • Creation of NIMHANS-2 • Upgradation of present mental health institutes at Ranchi and Tezpur • Strengthening Emergency & Trauma Care Centres in District Hospitals (+50%)	Will help expand mental health and trauma care infrastructure and timely access to quality services for women and girls, address psychosocial distress and violence-related trauma, reduce care gaps in underserved regions, and strengthen long-term well-being, safety, and resilience.

	Budget Announcement	Likely Implication
4.	**Caregiver Training Programme** • 1.5 lakh caregivers to be trained in one year • Covers geriatric care, allied care, wellness	Will create employment opportunities for women as trained caregivers while expanding access to affordable, quality care services that support working women in managing caregiving responsibilities, reducing unpaid care burdens, and enabling sustained workforce participation.
5.	**Rural & Livelihood-Linked Support for Women – for Women in Fisheries & Livestock Value Chains** • Women-led groups and FPOs integrated into: • Fisheries value chains • Livestock, dairy, poultry entrepreneurship. • Credit-linked subsidy and enterprise scaling support	Will strengthens women's participation in fisheries and livestock value chains by integrating women-led groups and FPOs, enabling enterprise scaling through credit-linked subsidies, increasing incomes, improving market access, and supporting sustainable, women-owned rural livelihoods.

Overall Assessment of Budget for Sector's Growth and Development

In Union Budget 2026–27, the allocation for the Ministry of Food Processing Industries has recorded a marginal increase of 13.7%. Among the key schemes, PMKSY has registered a significant increase of 40.7%, PM-FME has risen by 13.33%, while the allocation for PLIFPI has been maintained at the same level. The increased funding for PMKSY and PM-FME highlights continued support for micro food processing enterprises, value addition, infrastructure development and employment generation, and reflects a strong push towards strengthening food processing infrastructure and value chains, particularly in last-mile connectivity, storage and processing capacities. The continued allocation for PLIFPI will sustain investment momentum, enable scale-up of capacities and enhance the global competitiveness of the food processing sector.

While there is no major standalone announcement for the food processing sector, the Budget announcements related to agriculture and allied sectors strengthen the agri-food value chain and directly support downstream processing and value addition. The Budget announcements for the fisheries and marine sector will strengthen processing infrastructure and value addition by improving organised raw material supply through the development of 500 reservoirs and Amrit Sarovars and stronger market linkages with start-ups, women-led groups and Fish FPOs. The increase in the duty-free input limit for seafood processing exports will further support expansion of export-oriented processing and cold-chain infrastructure.

Another key positive for the industry is the Coconut Promotion Scheme and the dedicated programme for Indian cashew and cocoa, which will improve availability of quality raw material and strengthen downstream processing, branding and export competitiveness. Support for increased production of walnuts, almonds and pine nuts will expand domestic supply for value-added nut-based products and create new opportunities for processing investments and youth-led enterprises. Further, the rollout of the single, integrated Customs Integrated System (CIS) will significantly improve clearance timelines and enhance ease of doing business for food processors and exporters.

Youth Affairs

Budget Outlay for Sector (Rupees Crore)

	2024 - 25 Actual	2025 - 26 RE	2026-27 BE	% change (BE FY27 over RE FY26)
Overall for the Sector	304.46	549.38	1395.22	153.94%
Outlays for key sectoral schemes				
National Service Scheme	203.18	275.00	357.39	29.96%
Rashtriya Yuva Sashaktikaran Karyakaram	70.63	160.44	292.61	82.37%
YUVA Portal- youth leadership and social engagement	15.01	47.16	90.00	90.85%
Mera Yuva Bharat	15.64	66.78	655.22	880.86%

Key Budget Announcements and Implications

	Budget Announcement	Likely Implication
1.	Youth-inspired proposals from the Viksit Bharat Young Leaders Dialogue 2026 form the foundation of this Yuva Shakti-driven Budget.	This initiative reflects a shift toward participatory governance by integrating youth perspectives into national policymaking. It encourages young innovators, entrepreneurs, and leaders to actively engage in governance and public discourse. By recognising youth as contributors to development strategies, it builds leadership capacity, promotes civic responsibility, and fosters confidence among young citizens. Over time, it strengthens democratic participation and creates structured pathways for youth to influence national priorities and long-term development agendas.
2.	Mahatma Gandhi Gram Swaraj initiative to strengthen khadi, handloom, and handicrafts through training, branding, and global market linkages.	This initiative empowers rural and semi-urban youth by creating sustainable livelihood opportunities in traditional industries. Through skill development, quality improvement, and international branding, young artisans and entrepreneurs can access wider markets. It promotes cultural preservation alongside economic growth. The programme supports self-employment, creative entrepreneurship, and rural enterprise development, enabling youth to build modern, scalable businesses rooted in indigenous craftsmanship.
3.	Development of Dedicated Freight Corridors, National Waterways, and Regional Training Centres for logistics and transport.	Large-scale infrastructure expansion generates significant employment and skill development opportunities in logistics, supply chain management, and transport services. Training centres will equip youth with industry-relevant competencies, improving employability. Exposure to multimodal transport systems enhances technical and managerial expertise. This initiative strengthens youth participation in India's logistics sector, which is vital for trade competitiveness and industrial growth.
4.	Establishment of a High-Powered 'Education to Employment and Enterprise' Standing Committee for the services sector.	This committee will bridge gaps between academic education and industry requirements. It supports curriculum reforms, apprenticeships, and entrepreneurship programmes. Youth benefit from smoother transitions into the workforce, reduced unemployment, and improved job

	Budget Announcement	Likely Implication
		readiness. By aligning education with market demand, it encourages innovation, skill mobility, and enterprise creation across service industries such as IT, finance, tourism, and consulting.
5.	Expansion of export support for quality Ayurvedic and herbal products.	This measure strengthens opportunities for youth in agriculture, processing, wellness manufacturing, and export management. Rising global demand for natural healthcare products enables young entrepreneurs to build scalable ventures. Improved market access and value chain integration encourage rural industrialisation. The initiative promotes green jobs, supports traditional knowledge systems, and enhances youth participation in international trade networks.
6.	Dedicated programme to rejuvenate orchards and promote high-density cultivation of nuts with youth engagement.	Youth participation in modern horticulture increases farm productivity and income stability. Adoption of scientific farming methods, processing facilities, and branding enables value addition. Young agripreneurs can diversify income through allied activities such as packaging, logistics, and exports. This programme transforms traditional agriculture into a technology-driven enterprise, enhancing rural employment and economic resilience.
7.	Removal of Rs.10 lakh cap on courier exports and technology-based handling of returns.	This reform significantly benefits youth-led start-ups and e-commerce enterprises by lowering regulatory barriers. It enables small businesses to access international markets, scale operations, and improve competitiveness. Digital integration in logistics enhances efficiency and customer trust. Young entrepreneurs gain global exposure, driving export-led growth and strengthening India's digital trade ecosystem.
8.	Loan-linked capital subsidy for private veterinary and allied institutions with international collaboration.	Expansion of veterinary education and healthcare facilities creates new professional pathways in animal health, diagnostics, and biotechnology. Youth gain access to specialised training and entrepreneurship opportunities. International collaboration enhances global exposure and technical standards. This initiative strengthens rural economies, improves livestock productivity, and supports employment generation in allied healthcare services.
9.	Establishment of AVGC Content Creator Labs in schools and colleges.	This investment prepares youth for careers in animation, gaming, visual effects, and digital storytelling. Early exposure to professional studios builds technical and creative skills. It strengthens India's position in the global creative economy and supports high-growth employment sectors. Students gain access to future-ready professions, promoting innovation in media, entertainment, and digital industries.
10.	Creation of University Townships near major industrial and logistics corridors.	These integrated hubs connect education with industry, research, and innovation. Youth benefit from hands-on training, internships, and collaborative projects. Proximity to industrial clusters improves employability and skill relevance. This model promotes continuous learning,

	Budget Announcement	Likely Implication
		entrepreneurship, and applied research, reducing the gap between academic knowledge and workplace requirements.
11.	Youth-focused value addition and processing programmes in horticulture.	By encouraging youth involvement in processing, branding, and supply chains, this initiative enhances profitability in agriculture. Young farmers and entrepreneurs can move beyond primary production into high-value segments. It fosters agritech adoption, export readiness, and rural enterprise development. The programme supports sustainable livelihoods and positions agriculture as a modern, aspirational career option.

Overall Assessment of Budget for Sector's Growth and Development

The Union Budget reflects a strong and forward-looking commitment to empowering India's youth as key drivers of national growth and development. By integrating youth perspectives into policymaking, strengthening education-to-employment pathways, and expanding opportunities across traditional and emerging sectors, the Budget creates a comprehensive ecosystem for skill development, entrepreneurship, and leadership. Strategic investments in infrastructure, creative industries, agriculture, logistics, and digital commerce enhance employability and promote inclusive growth. Special emphasis on rural livelihoods, women-led enterprises, and cultural industries ensures balanced regional and social development. Initiatives supporting start-ups, global market access, and industry-academia collaboration further strengthen India's innovation capacity. Moreover, the focus on future-ready sectors such as AVGC, wellness exports, and technology-enabled services prepares young Indians for evolving global demands. Overall, the Budget positions youth not merely as beneficiaries but as active contributors to India's economic transformation, fostering confidence, competitiveness, and resilience. It lays a strong foundation for building a skilled, entrepreneurial, and socially responsible generation aligned with the vision of Viksit Bharat.

ABOUT FICCI

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