

Union Budget 2026 – 27

1 FEBRUARY 2026



The Union Finance Minister, Smt. Nirmala Sitaraman presented her 9th consecutive budget speech amidst a deepening global economic and political turmoil as India navigates on its path to a **VIKSIT BHARAT** with the aim of transforming aspirations into achievement and potential into performance by CY47.

As India stands at a unique intersection of continuity and transition, the FM has highlighted 6 important traits viz 1) Sustaining Economic Growth, 2) Strengthening the foundations of growth, 3) People – Centric development, 4) Trust based governance, 5) Ease of doing business and living and 6) Thrust on fiscal matters. One of the important achievements include the target of lowering the country's Fiscal Deficit. In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4% of GDP. In line with the new fiscal prudence path of debt consolidation, the **fiscal deficit in BE 2026-27** is estimated to be **4.3% of GDP**.

Importance of developing the economic infrastructure of the country for sustained growth remains its prime as highlighted with the increased allocation to Public CapEx from **Rs 2 Lakh Cr in 2014-15 to Rs 11.2 Lakh Cr in BE 2025-26**. The government has further proposed to increase it to **Rs 12.2 Lakh Cr in 2026-27**. At the same time, keeping in mind the importance of the MSME sector in skill development and employment generation, a Rs 10,000 Cr growth fund for the small and medium enterprises in the country to create "SME champions", with the Centre providing professional support through a cadre of "corporate mitras".

The Budget places special emphasis on poor, underprivileged, and disadvantaged Indian youth, alongside a broader agenda of comprehensive economic reforms aimed at generating employment, enhancing productivity, and accelerating growth. It also announces the rollout of 350 reforms, including GST simplification, notification of Labour Codes, and rationalization of mandatory Quality Control Orders (QCOs). These measures, supported by the formation of multiple high-level committees and collaboration with state governments, are intended to deregulate processes, reduce compliance burdens, and improve the ease of doing business.

India has become an important hub for manufacturing and research of Pharma drugs. For transforming India into a global Bio-Pharma manufacturing hub, the FM proposed **Bio-Pharma SHAKTI** mission with an outlay of Rs 10,000 Cr over the next 5 years. This will build the ecosystem for domestic production of biologics and biosimilars. Apart from the pharmaceutical industry, India continues to make significant strides towards Semi-conductors, Electronics components, harnessing of Rare Earth minerals for which proposals have been made for establishments of dedicated corridors and parks.

Even though, no changes in the Direct Tax slabs have been proposed in this budget speech, yet measures have been suggested to make the taxation procedure simple by rationalizing penalty and prosecution measures.

Overall, the budget seemed to have laid the road map for development of economic infrastructure along with creation of employment opportunities. The setting up of 5 University Townships in the vicinity of major industrial and logistic corridors zones is a welcome step which will allow establishment of multiple universities, colleges, research institutions, skill centres and residential complexes. **One of the important traits of this budget speech is that close to 25 cr people have come out of multi-dimensional poverty.**

Union Budget 2026 – 27 Key Highlights

- ❖ **3 Kartavyas:-** To accelerate and sustain economic growth by enhancing competitiveness and building resilience to volatile global dynamics, fulfil the aspirations of people and build their capacity and make them strong partners in India's path to prosperity and ensure 'sab ka saath, sab ka vikas.' It is to ensure that every family, community, region has access to resources, amenities opportunities for meaningful participation.
- ❖ **Intervention in 6 sectors:-** Scaling up manufacturing in seven strategic and frontier sectors, rejuvenating legacy industrial sectors, creating champion MSMEs, delivering a powerful push for infrastructure, ensuring long-term security and stability, developing city economic regions.
- ❖ **Textile parks:-** Mahatma Gandhi Gram Swaraj initiative to strengthen Khadi handloom. Setting up of mega textile parks in challenge mode to strengthen Khadi and handloom.
- ❖ **MSME:-** Setting up of a Self Reliance India Fund with Rs 4,000 cr in FY27 to support MSMEs.
- ❖ **Infrastructure:-** Capital Outlay raised to Rs 12.2 Lakh Cr up from Rs 11.2 lakh crore in FY25–26 (RE), allocated for the ongoing financial year, to boost infrastructure in the country. Government to continue to develop infrastructure in Tier 2, Tier 3 cities.
- ❖ **Banking:-** Proposed setting up of a high level committee on banking for Viksit Bharat to review the sector and align it with india's next phase of growth.
- ❖ **7 high speed corridor:-** Proposed developing 7 high speed corridors between cities as growth connectors. These are: Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bangalore, Hyderabad-Chennai, Chennai-Bangalore, Delhi-Varanasi, and Varanasi-Siliguri.
- ❖ **Carbon Capture Utilization and Storage:-** Outlay of Rs 20,000 Cr over the next 5 years in Carbon Capture Utilization and Storage (CCUS) technologies to scale up and achieve higher readiness levels in end-use applications across.
- ❖ **Education:-** Center will support 5 university townships in vicinity of major industrial logistics centres.
- ❖ **Khelo India Mission:-** Mission to transform the sports sector over the next decade through Integrated talent development pathway, Systematic development of coaches and support staff and Encourage competitions, leagues and training.
- ❖ **Skill Development Programmes:-** Govt to launch pilot scheme to upgrade skills of 10,000 guides at 20 iconic tourist sites. Develop ecologically sustainable trails in Himachal Pradesh, Uttarakhand and Jammu and Kashmir.
- ❖ **Tourism:-** Development of an integrated East Coast industrial corridor with a well- connected node at Durgapur. Creation of 5 tourism destinations in 5 Purvodaya States and the provision of e-buses to Buddhist sites in the North Eastern region.
- ❖ **Mental Health:-** To address lack of wide mental health care access in North India, and announcement of a Nimhans 2, and upgradation of institutes in Ranchi and Tezpur.

❖ First Budget prepared in Kartavya Bhawan

Budget 2026-2027. The government has reaffirmed its sankalp to prioritise the poor, underprivileged and disadvantaged, and has anchored this Budget around three core kartavyas that will guide policy actions and delivery in the years ahead.

- 1) First Kartavya: accelerate and sustain economic growth through productivity, competitiveness and resilience
- 2) Second Kartavya: Fulfill aspirations and build capabilities, making citizens active partners in growth
- 3) Third Kartavya: ensure inclusive access to resources and opportunities under *Sabka Saath, Sabka Vikas*

❖ First Kartavya :Growth supported by continuous reforms, a resilient financial system and adoption of advanced technologies like AI

REFORM EXPRESS

India's reform momentum continues at full speed. Following the Prime Minister's 2025 Independence Day announcement, over 350 reforms have been already been rolled out, spanning GST simplification, labor code implementation and rationalization of quality standards. High-level committees and close Centre-State coordination are accelerating deregulation and reducing compliance burdens. **The Reform Express** is firmly on track, reinforcing India's commitment to sustained growth, productivity and long term economic transformation.

• Scaling Up Manufacturing in 7 Strategic & Frontier Sectors

1. Bio Pharma Shakti

- India is positioning itself as a global hub for biologics and bio similars through the Bio-Pharma Shakti initiative, With a Rs.10000 crore outlay over five years, the programme will strengthen domestic manufacturing, expand clinical trial infrastructure and upgrade regulatory capabilities. New and upgraded National Institutes of Pharmaceutical Education and Research (NIPER) institutions will build skilled manpower, while faster global – standard approvals will improve competitiveness and affordability of advanced medicines

2. Electronics Components Ecosystem

- To capitalise on strong industry response, the Electronics Components Manufacturing Scheme outlay has been increased to Rs.40000 crores . The enhanced support will accelerate domestic value addition, attract investments and reinforce India's position as a global electronics manufacturing destination.

3. Rare Earth Corridor

- Recognising the strategic importance of critical minerals, dedicated Rare Earth Corridors will be developed in mineral-rich states – like odisha, Kerala, Andhra Pradesh and Tamil Nadu. These corridors will integrate mining, processing, research and manufacturing, reducing import dependence and supporting India's clean energy and advanced manufacturing ambitions.

Scaling Up Manufacturing in 7 Strategic & Frontier Sectors :

4. India Semiconductor Mission

- Building on the success of India Semiconductor Mission (ISM) 1.0, ISM 2.0 will deepen India's semiconductor ecosystem by expanding into equipment, materials and full-stack chip design. The focus will be on developing Indian intellectual property, strengthening supply chains and creating industry led research and training centres. This marks a decisive step towards semiconductor self reliance and technological sovereignty.

5. Dedicated Chemical Parks

- To strengthen domestic chemical manufacturing, three plug-and-play chemical parks will be established through a challenge-based model. These parks will promote cluster-based development, improve efficiency and significantly reduce import reliance in critical segments.

6. Strong Capital Goods Base

- A comprehensive push to strengthen capital goods manufacturing includes hi-tech tool rooms, advanced construction equipment manufacturing and a Rs.10000 crs container manufacturing scheme. Together, these initiatives will improve productivity, reduce costs and enhance India's competitiveness across infrastructure and industrial sectors.

7. Textile Sector

- A multi-pronged integrated programme will modernise India's labour-intensive textile sector. It spans fibre self reliance, cluster modernisation, support for handlooms and artisans, sustainable textiles, skilling under Samarth 2.0 and new mega textile parks. Additional initiative for khadi, handicrafts and sports goods manufacturing will boost employment, exports and rural income.
- The Government will launch the Mahatma Gandhi Gram Swaraj Initiative to strengthen khadi, handloom and handicrafts through better skilling, quality enhancement and streamlined production processes. This initiative will improve global market linkages such as One District – One Product, while reinforcing grassroots entrepreneurship and self reliance.

Rejuvenation of Legacy Industrial Clusters

- The government will introduce a dedicated scheme to revive 200 legacy industrial clusters, focusing on improving cost competitiveness and operational efficiency. The initiative will support infrastructure upgrades and technology modernisation, helping traditional industrial hubs regain relevance and scale.

Creating Champion SMEs

- Recognising MSMEs as a key growth engine, a three-pronged strategy has been outlined to help them scale into global champions through equity, liquidity and professional support.

Equity Support

- A dedicated Rs.10000 crs SME Growth Fund will be launched to nurture high-potential enterprises and create future champions based on defined performance criteria. In addition, the Self –Reliant India Fund will receive a Rs.2000 crores top-up, ensuring continued access to risk capital for micro enterprises.

Liquidity Support

- To strengthen cash flows for MSMEs, reforms will deepen the Trade Receivables Discounting System (TReDS) ecosystem:
 - Mandatory use of TReDS by Central Public Sector Enterprises (CPSEs) for MSME purchases
 - Credit Guarantee support via Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
 - Integration for Government e-Marketplace (GeM) with TReDS
 - Introduction of TReDS receivables as asset-backed securities, improving liquidity and settlement efficiency

Professional Support

- Professional bodies such as the Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICMAI) will design modular courses to create a cadre of Corporate Mitras. These trained para-professionals will support MSMEs-especially in Tier II and Tier III towns – with affordable compliance and advisory services.

Infrastructure

- Public capital expenditure has risen sharply from Rs. 2 lakh crores in FY14-15 to Rs.11.2 lakh crores in FY2025-26, and is proposed to increase further to Rs.12.2 lakh crores in FY26-FY27.
- Key measures include:
 - Continued focus on Tier II and Tier III cities as emerging growth centres
 - Setting up an Infrastructure Risk Guarantee Fund to provide partial credit guarantees
 - Asset monetization through Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs)
 - Development of freight corridors, national waterways, coastal cargo promotion and seaplane connectivity

Carbon Capture, Utilization and Storage (CCUS)

- To align with India's decarbonisation roadmap, Carbon Capture, Utilization and Storage (CCUS) technologies will be scaled across power, steel, cement, refineries and chemicals. An outlay of Rs.20000 crs over five years has been proposed to improve industrial readiness and emission reduction capabilities.

City Economic Regions (CERs)

- Recognizing cities as engines of growth, City Economic Regions (CERs) will be developed based on specific regional growth diversities. Each CER will receive an allocation of Rs.5000 crs over five years, implemented through a challenge-based, reform-linked financing model to unlock agglomeration-led growth.

Financial Sector

- With Banks exhibiting strong balance sheets, record profitability and near-universal coverage, the Government will set up a High-Level Committee on Banking for Viksit Bharat. The Committee will align banking reforms with future growth needs while safeguarding stability, inclusion and consumer protection.
- Additionally, restructuring of public sector Non-Banking Financial Companies (NBFCs) such as Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) has been proposed to improve scale and efficiency.

Corporate and Municipal Bonds

- To deepen Bond markets:
 - A market-making framework will be introduced for corporate bonds
 - Total Return Swaps on corporate bonds will be enabled
 - Municipal bond issuances above Rs.1000 crs will receive an incentive of Rs.100 crs, while smaller cities will continue to be supported under AMRUT (Atal Mission for Rejuvenation and Urban Transformation)

Ease of Doing Business

- To promote capital inflows and simplify investment:
 - Persons Resident Outside India (PROI) will be allowed to invest directly in listed Indian Equities
 - Individual PROI investment limit raised from 5% to 10%
 - Aggregate PROI limit increased from 10% to 24%
 - A comprehensive review of Foreign Exchange Management (Non-debt Instruments) Rules will modernize and simplify the foreign investment framework.

- **Emerging Technologies, Including AI**

- The 21st century will be defined by technology-led growth. The government will deepen adoption of Artificial Intelligence (AI) and emerging technologies to benefit farmers, women in STEM, youth seeking up skilling and Divyangjan. Ongoing initiatives such as the AI Mission, National Quantum Mission, Anusandhan National Research Fund, and Research Development and Innovation Fund will act as key enablers of inclusive, future ready growth.

- ❖ **Second Kartavya : Fulfilling Aspirations and Building Capacity**

- With nearly 25 crore people lifted out of multidimensional poverty over the past decade, the Government will place renewed emphasis on the Services Sector as a primary pathway to aspiration-led growth for India's youthful population.
- **High –Powered Education to Employment and Enterprise Standing Committee.**
- A high powered standing committee will be established to position the Service Sector as a core driver of Viksit Bharat, targeting a 10% global share by 2047. The committee will identify high-growth service sub-sectors, assess export opportunities, evaluate the impact of emerging technologies like AI on Jobs and recommend measures to align education, skilling and enterprise creation.
- **Creation of professionals for Viksit Bharat – Health**
- To expand health care manpower, existing institutions for Allied Health Professionals (AHPs) will be upgraded and new ones established across public and private sectors. Covering 10 key disciplines, this initiative will add 100,000 AHPs over five years, strengthening India's healthcare delivery ecosystem.
- **Care Ecosystem for Geriatric and Allied Services**
- A comprehensive care ecosystem will be developed through NSQF- aligned (National Skills Qualifications Framework) programmes to train multi-skilled caregivers. Combining core care with allied skills such as wellness, yoga, and medical device handling, 1.5 lakh caregivers will be trained in the coming year.
- **Hubs for Medical Value Tourism**
- To position India as a global destination for medical tourism, **five regional medical hubs** will be developed in partnership with the private sector. These integrated hubs will combine healthcare, education, and research facilities, including AYUSH centres, diagnostics, rehabilitation and Medical Value tourism Facilitation Centres, generating diverse employment opportunities.

- **Tourism**

- Launching a scheme for Development of Buddhist Circuits in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura.
- The Scheme will cover preservation of temples and monasteries, pilgrimage interpretation centers, connectivity and pilgrim amenities.
- Setting up of a 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.
- A pilot scheme for up-skilling 10,000 guides in 20 iconic tourist sites through a standardized high-quality 12-week training course in hybrid mode in collaboration with the Indian Institute of Management.
- A 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.
- Developing an ecologically sustainable (i) Mountain trails in Himachal Pradesh, Uttarakhand and Jammu and Kashmir; Araku Valley in the Eastern Ghats and Podhigai Malai in the Western Ghats. (ii) Turtle Trails along key nesting sites in the coastal areas of Odisha, Karnataka and Kerala; and (iii) Bird watching trails along the Pulikat lake in Andhra Pradesh and Tamil Nadu.
- Develop 15 archeological sites including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace into vibrant, experiential cultural destinations.
- Excavated landscapes will be opened to the public through a curated walkways. An immersive story-telling skills and technologies will be introduced to help conservation-labs, interpretation centers, and guides.

- **Sports**

- Khelo India Mission to transform the Sports sector over the next decade.
- The Mission will facilitate: a) An integrated talent development pathway, supported by training centres (foundational, intermediate and elite levels); b) systematic development of coaches and support staff; c) integration of sports science and technology; d) competitions and leagues to promote sports culture and provide platforms; and, e) development of sports infrastructure for training and competition.

• **Increasing Farmer Income**

- Fisheries: Initiatives (i) for integrated development of 500 reservoirs and Amrit Sarovars (ii) strengthen the fisheries value chain in coastal areas and enable market linkages involving start-ups and women-led groups together with Fish Farmers Producer Organisations.
- Animal Husbandry: Support the Animal Husbandry Sector in entrepreneurship development through: (a) a Credit-Linked Subsidy Programme (b) scaling-up and modernisation of livestock enterprises (c) enhance creation of livestock, dairy and poultry-focused integrated-value chains and (d) encourage creation of Livestock Farmer Producers Organisations.
- High Value Agriculture: Support high value crops such as coconut, sandalwood, cocoa and cashew in coastal areas. Agar trees in North East and nuts such as, almonds, walnuts and pine nuts in hilly regions will also be supported.
- Coconut farming:- Coconut Promotion Scheme to increase production and enhance productivity through various interventions including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States.
- Indian cashew and cocoa: A dedicated programme to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.
- Sandalwood:- Partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem.

Bharat-VISTAAR: Launching of Bharat-VISTAAR—

- A_multilingual AI tool that shall integrate the AgriStack portals and the ICAR package on agricultural practices with AI systems. This will enhance farm productivity, enable better decisions for farmers and reduce risk by providing customised advisory support.
- **Divyangjan Kaushal Yojana:**
- Ensure dignified livelihood opportunities through industry-relevant and customized training specific to each divyang group.
- Divyang Sahara Yojana: (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.
- **Mental Health and Trauma Care**
- Set up a NIMHANS-2 and also upgrade National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions. Strengthen and increase capacities by 50% in District Hospitals by establishing Emergency and Trauma Care Centres.

Ease of Living

- The Budget announced TCS reduction on i) sale of overseas tour program package; and ii) education and medical purposes under the Liberalized Remittance Scheme (LRS) from 5% to 2%
- For the purpose of avoiding ambiguity, supply of manpower services is expected to be brought under the gamut of payment to contributors for the purpose of TDS and therefore, the TDS would range between 1% - 2%, only.
- For small taxpayers, a rule-based automated process scheme is announced, enabling to obtain a lower or nil deduction certificate electronically instead of filling an application with the assessing officer.
- The Honorable FM proposed relaxation to taxpayers by extending the time available for revising returns from 31st December to 31st March, with nominal fee payment. The FM also proposed to stagger the timeline for filing of tax returns for individuals with ITR-1 and ITR-2 returns till 31st July and for non-audit business or trusts till 31st August.
- It also enabled depositories to accept Form 15G or 15H from investors and hand it over directly to the relevant companies, thereby providing ease to taxpayers holding securities in multiple companies.
- For the purpose of addressing the practical issues of small taxpayers like students, young professionals, tech employees, relocated NRIs, and such others, the budget introduced a one-time 6-month foreign asset disclosure scheme for such taxpayers to disclose income or assets below a certain size.
- On the sale of immovable property by a non-resident, TDS is proposed to be deducted and deposited through resident buyers' PAN based challan instead of TAN.

Rationalizing Penalty and Prosecution

- Proposal to integrate assessment & penalty proceedings by way of a common order for both. There will be no interest liability on the taxpayer on the penalty amount for the period of appeal before the first appellate authority irrespective of the outcome of appeal process. Further, quantum of pre-payment is being reduced from 20 percent to 10 percent and will continue to be calculated only on core tax demand.
- Allow taxpayers to update their returns even after reassessment proceedings have been initiated, at an additional 10 percent tax rate over and above the rate applicable for the relevant year. The assessing officer will then use only this updated return in his proceedings.
- Immunity from penalty and prosecution in the cases of underreporting and misreporting. However, in such a case the taxpayer will need to pay 100 percent of the tax amount as an additional income tax over and above the tax and interest due.
- Penalties for certain technical defaults such as failure to get accounts audited, non-furnishing of transfer pricing audit report and default in furnishing statement for financial transactions, are proposed to be converted into fee.
- Proposal to rationalise prosecution framework under the Income Tax Act while maintaining a careful balance for deterrence in some serious offences.
- Non-production of books of account and documents, and requirement of TDS payment, where payment is made in kind, are being decriminalised. Further, minor offences will attract fine only.
- No penalty presently for non-disclosure of non-immovable foreign assets with aggregate value less than 20 lakh rupees. Proposal to provide them with immunity from prosecution with retrospective effect from 1.10.2024.

Cooperatives

- Deduction is already allowed to a primary cooperative society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members. Proposal to extend this deduction to also include supply of cattle feed and cotton seed produced by its members.
- Proposal to allow inter-cooperative society dividend income as deduction under the new tax regime to the extent it is further distributed to its members.
- Proposal to allow exemption for a period of 3 years to dividend income received by a notified national co-operative federation, on their investments made in companies up to 31.1.2026. This exemption would be allowed only for dividends further distributed to its member co-operatives.

Information Technology

- IT services are proposed to be clubbed together under a single category of IT services with a common safe harbour margin of 15.5 percent applicable to all.
- Threshold for availing safe harbour for IT services is being enhanced substantially from 300 crore rupees to 2,000 crore rupees.
- Safe harbour for IT services shall be approved by an automated rule-driven process without any need for tax officer to examine and accept the application. Once applied by an IT Services company, the same safe harbour can be continued for a period of 5 years at a stretch at its choice.

Attracting global business and investment

- Provide tax holiday till 2047 to any foreign company that provides cloud services to customers globally by using data centre services from India. It will, however, need to provide services to Indian customers through an Indian reseller entity.
- Provide a safe harbour of 15 percent on cost in case the company providing data centre services from India is a related entity.
- Provide safe harbour to non-residents for component warehousing in a bonded warehouse at a profit margin of 2 percent of the invoice value. The resultant tax of about 0.7 percent will be much lower than in competing jurisdictions.
- Provide exemption from Income Tax up to 5 years to any non-resident who provides capital goods, equipment or tooling, to any toll manufacturer in a bonded zone.
- Provide exemption to global (non-India sourced) income of a non-resident expert, for a stay period of 5 years under notified schemes.
- Provide exemption from Minimum Alternate Tax (MAT) to all non-residents who pay tax on presumptive basis.

Review of exemptions and tariff simplification

- Removal of certain exemptions on items which are being manufactured in India or where the imports are negligible. Similarly, to further simplify the process of ascertaining the rate of duty applicable on a particular item, propose to incorporate certain effective rates in various customs notifications to the tariff schedule itself.

Promotion of exports of marine, leather, and textile products

- Increase the limit for duty-free imports of specified inputs used for processing seafood products for export, from the current 1 per cent to 3 per cent of the FOB value of the previous year's export turnover.
- 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.
- Extend the time period for export of 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.

Energy transition and security

- Extend the basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries, to those used for manufacturing Lithium-Ion Cells for battery energy storage systems too.
- Exempt basic customs duty on import of sodium antimonate for use in manufacture of solar glass.

Nuclear Power

- Extend the existing basic customs duty exemption on imports of goods required for Nuclear Power Projects till the year 2035 and expand it for all nuclear plants irrespective of their capacity.

Critical Minerals

- Provide basic customs duty exemption to the import of capital goods required for processing of critical minerals in India.

Biogas blended CNG

- Proposal to exclude the entire value of bio gas while calculating the Central Excise duty payable on biogas blended CNG.

Civil and Defence Aviation

- Proposal to exempt basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts.
- Proposal to exempt basic customs duty on raw materials imported for manufacture of parts of aircraft to be used in maintenance, repair, or overhaul requirements by Units in the Defence sector.

Electronics

- To deepen domestic value addition in consumer electronics, the Government has proposed exemption of Basic Customs Duty on specified parts used in the manufacture of microwave ovens. This measure is aimed at strengthening local component manufacturing and enhancing India's electronics production ecosystem.

Special Economic Zone (SEZs)

- To address capacity underutilization arising from global trade disruptions, eligible manufacturing units in Special Economic Zones (SEZs) will be allowed a one-time opportunity to sell goods in the Domestic Tariff Area (DTA) at concessional duty rates. These sales will be capped as a proportion of exports, regulatory safeguards to ensure a level playing field for domestic manufacturers.

Ease of Living

- For personal imports, customs duties will be rationalized by reducing the tariff rates from 20% to 10%, simplifying compliance for travellers. To provide relief to patients, particularly those undergoing cancer treatment, basic customs duty exemption will be granted on 17 life-saving drugs, along with the inclusion of 7 additional rare diseases for duty free personal imports of medicines and specialised nutritional products.

Customs Process

- Recognizing India's growing role in the global trade, customs procedures will be modernized to ensure faster clearance, minimal intervention and higher certainty for businesses. These reforms aim to reduce transaction costs while supporting India's journey towards Vikasit Bharat through efficient cross-border trade facilitation

Trust Based System

- To promote trust based compliance, the duty deferral period for Authorized Economic Operators (AEOs) in Tier-II and Tier III categories will be extended from 15 days to 30 days, with similar benefits extended to eligible manufacturer-importers. The validity of Advance Rulings will be increased from 3 years to 5 years, while risk-based systems, electronic sealing and automated clearances will enable faster cargo movement. Customs warehousing will shift to an operator-centric, self-declaration model with electronic tracking and risk based audits.

Ease of Living

- By the end of the financial year, approvals from multiple Government agencies for cargo clearance will be integrated through a single digital window, covering nearly 70% of interdicted cargo by April 2026. A New Customs Integrated System (CIS) will be rolled out over two years, providing a unified, scalable digital platform and expanding the use of AI-enabled non-intrusive scanning across major ports.

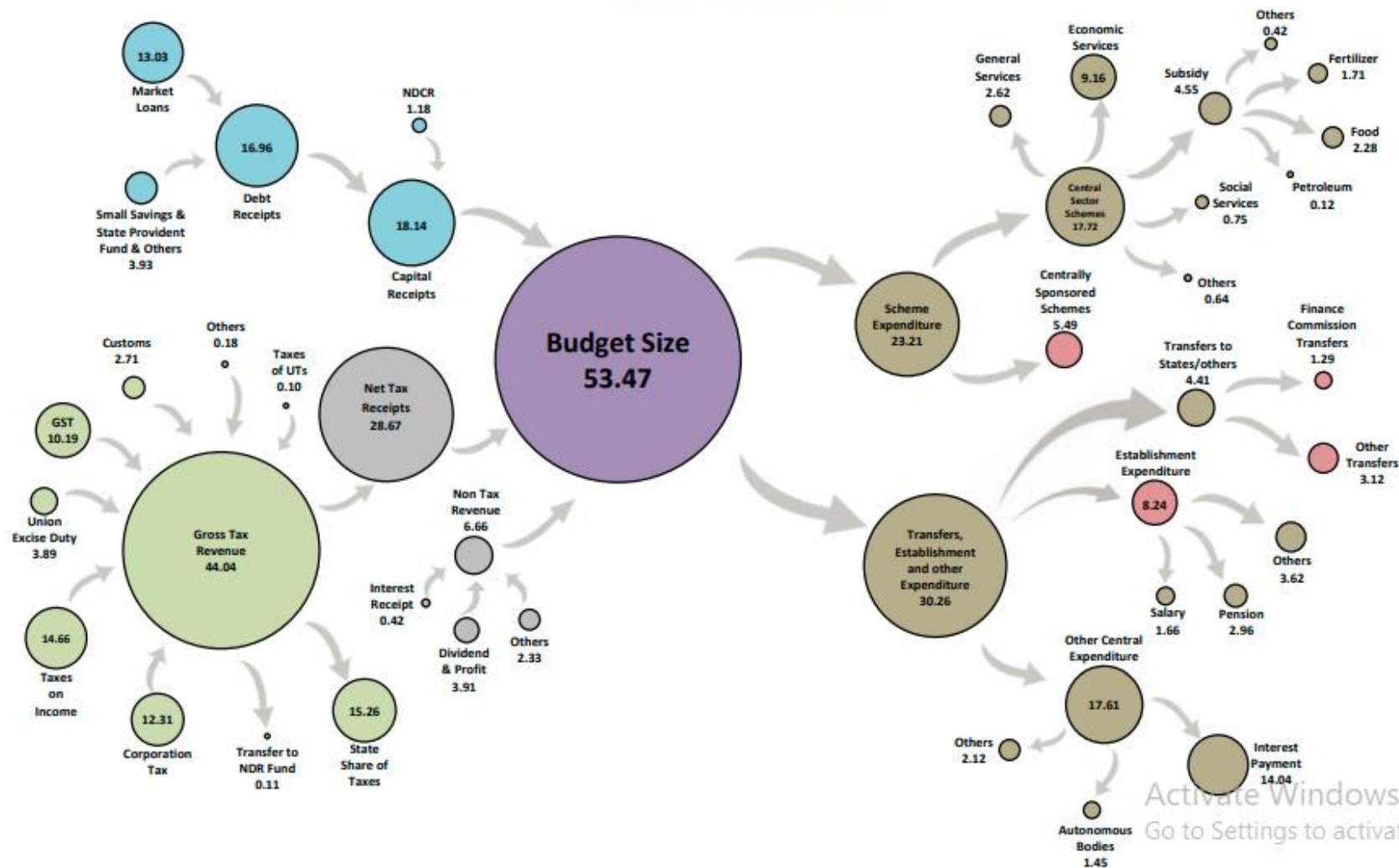
New Export Opportunities

- To unlock new export avenues, fish caught by Indian vessels in the Exclusive Economic Zone (EEZ) or on the high seas will be made duty free, and landings at foreign ports will be treated as exports. To support MSMEs, artisans and start-ups, the value cap of Rs.10 lakh per consignment on courier exports will be completely removed.

Budget Profile

BUDGET PROFILE

(₹ In lakh crore)

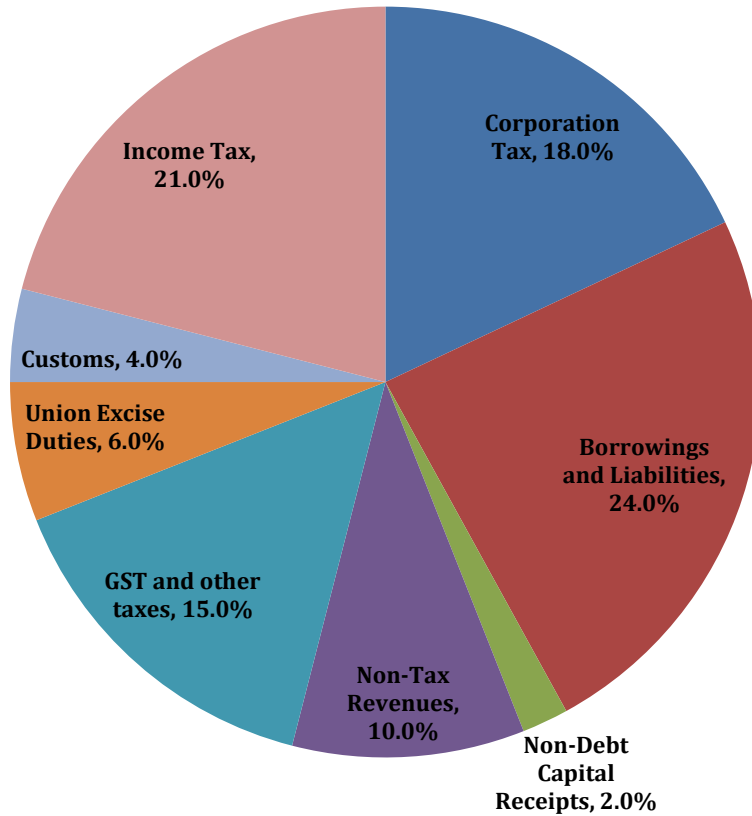


Budget at Glance 2026-2027

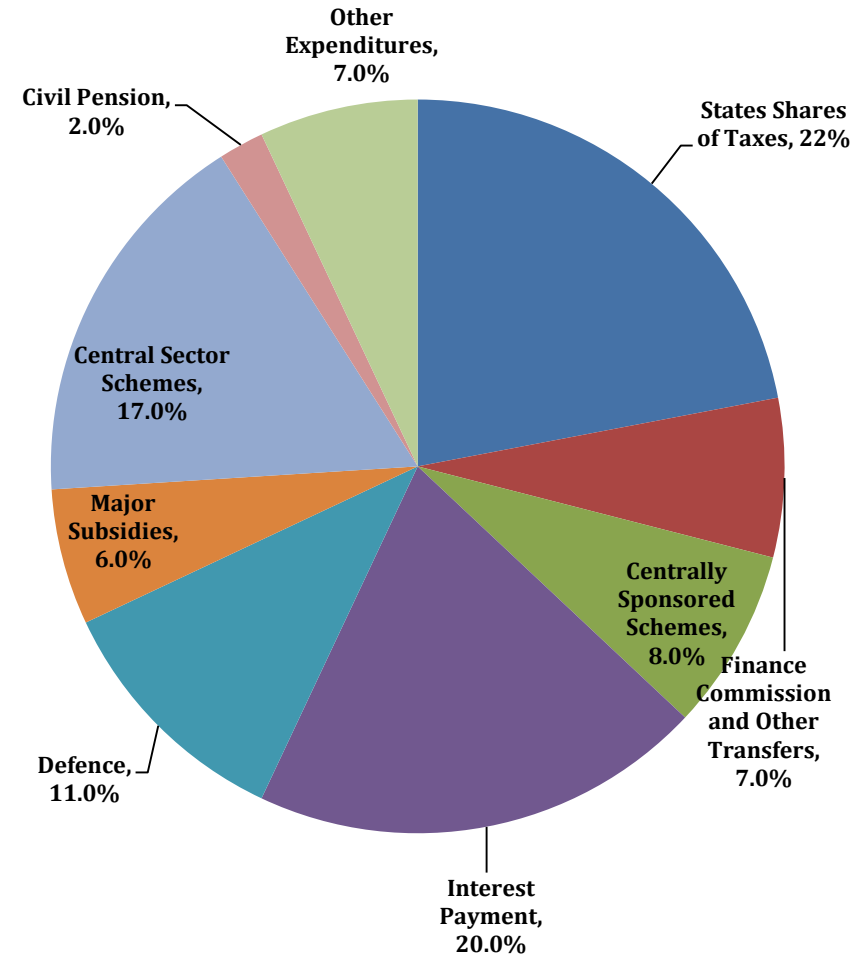
SLNo.	Particulars	(in Rs. Crs)			
		2024-2025 Actual	2025-2026 Budget Est	2025-2026 Revised Est.	2026-2027 Budget Est.
1	Revenue Receipts	30,36,619.00	34,20,409.00	33,42,323.00	35,33,150.00
	2.Tax Revenue (Net to Center)	25,00,039.00	28,37,409.00	26,74,661.00	28,66,922.00
	3.Non Tax Revenue	5,36,580.00	5,83,000.00	6,67,662.00	6,66,228.00
4	Capital Receipts	16,16,249.00	16,44,936.00	16,22,519.00	18,14,165.00
	5.Recovery Loans	24,617.00	29,000.00	30,190.00	38,397.00
	6.Other Receipts	17,202.00	47,000.00	33,837.00	80,000.00
	7.Borrowings and other Liabilities	15,74,431.00	15,68,936.00	15,58,492.00	16,95,768.00
8	Total Receipts (1+4)	46,52,867.00	50,65,345.00	49,64,842.00	53,47,315.00
9	Total Expenditure (10+13)	46,52,867.00	50,65,345.00	49,64,842.00	53,47,315.00
	10.On Revenue Account	36,00,914.00	39,44,255.00	38,69,087.00	41,25,494.00
	11.Interest Payments	11,15,575.00	12,76,338.00	12,74,338.00	14,03,972.00
	12.Grants in Aid for creation of C	2,72,656.00	4,27,192.00	3,08,151.00	4,92,702.00
	13.On Capital Account	10,51,953.00	11,21,090.00	10,95,755.00	12,21,821.00
14	Effective Capital Expenditure (12+13)	13,24,609.00	15,48,282.00	14,03,906.00	17,14,523.00
15	Revenue Deficit (10-1)	(1.7)	(1.5)	(1.5)	(1.5)
16	Effective Revenue Deficit (15-12)	2,91,640.00	96,654.00	2,18,613.00	99,642.00
		(0.9)	(0.3)	(0.6)	(0.3)
17	Fiscal Deficit [9-(1+5+6+)]	15,74,431.00	15,68,936.00	15,58,492.00	16,95,768.00
		(4.8)	(4.4)	(4.4)	(4.3)
18	Primary Deficit (17-11)	4,58,856.00	2,92,598.00	2,84,154.00	2,91,796.00
		(1.4)	(0.8)	(0.8)	(0.7)

- 1) Nominal GDP for BE 2026 – 2027 has been projected at Rs. 3,93,00,393 crore assuming 10.0 % growth over the Advanced estimated for FY25-26 of Rs.3,57,13,886 crs released by NSO
- 2) Individual items in this document may not sum up to the totals due to rounding off
- 3) Figures in parenthesis are as a percentage of GDP

Rupee comes from.....



Rupee goes to.....



Central Government Receipts in 2026-27 (Rs crore)

Particulars	(in Rs. Crore)			
	2024 - 245 (Actuals)	2025 - 26 (Budget Estimates)	2025 - 26 (Revised Estimates)	2026- 27 (Budgeted Est.)
Gross Tax Revenue	37,96,382	42,70,233	40,77,772	44,04,086
a. Corporation Tax	9,86,767	10,82,000	11,09,000	12,31,000
b. Taxes on Income	12,35,171	14,38,000	13,12,000	14,66,000
c. Customs	2,33,201	240000	258290	271200
d. Union Excise Duties	3,00,253	3,17,000	3,36,550	3,88,910
GST	10,27,041	1178000	1046480	1019020
i. CGST	9,08,954	10,10,890	9,58,480	10,19,020
ii.IGST	-32,483
iii. GST Compensation Cess	1,50,570	167110	88,000	..
f. Taxes of Union Territories	9,527	10,133	9,622	10,256
g. Other Taxes	4,422	5100	5,830	1,770
Less: NCCD transferred to the NCCF/NDRF	9,458	10,380	10,140	10,910
Less: State's share	12,86,885	14,22,444	13,92,971	15,26,255
1.a Centre's Net Tax Revenue	25,00,039	28,37,409	26,74,661	28,66,922
2. Non-Tax Revenue	5,36,580	5,83,000	6,67,662	6,66,228
Interest receipts	40,435	47,738	40,165	41,763
Dividends and Profits	3,08,424	3,25,000	3,75,590	39,100
External Grants	687	1,175	1,639	2,327
Other Non Tax Revenue	1,84,206	2,05,668	2,48,461	2,29,373
Receipts of Union Territories	2,828	3,419	1,807	1,765
Total - Revenue Receipts (1a + 2)	30,36,619	34,20,409	33,42,323	35,33,150
3. Capital Receipts				
A. Non-debt Receipts	41,818	76,000	64,027	1,18,397
B. Debt Receipts*	15,73,823	15,66,452	15,12,770	16,63,066
Total Capital Receipts (A+B)	16,15,641	16,42,452	15,76,797	17,81,463
4. Draw-Down of Cash Balance	608	2,484	45,722	32,702
Total Receipts (1a+2+3)	46,52,867	50,65,345	49,64,842	53,47,315

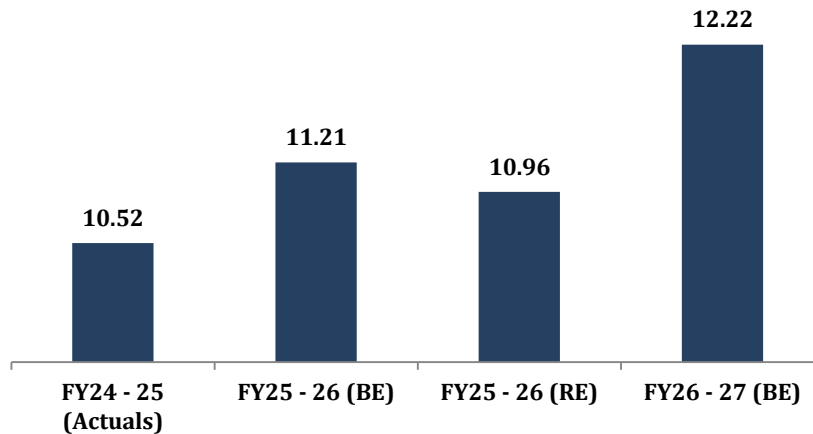
Central Government Expenditure in 2026-27 (Rs crore)

Particulars	Amount (in INR Crore)			
	2024 - 25 (Actuals)	2025 - 26 (Budgeted)	2025 - 26 (Revised)	2026 - 27 (Budgeted)
A. Centre's Expenditure				
I Establishment Expenditure	8,29,423	8,68,096	7,82,701	8,24,114
II Central Sector Schemes/ Projects	14,94,392	16,21,899	16,37,156	17,71,928
III Other Central Sector Expenditure	14,20,966	15,26,008	16,99,445	17,61,387
of which Interest Payments	11,15,575	12,76,338	12,74,338	14,03,972
B. Transfers				
IV Centrally Sponsored Schemes	4,02,368	5,41,850	4,20,078	5,48,798
V Finance Commission Grants	1,20,858	1,32,767	1,52,953	1,29,397
VI Other Grants/Loans/Transfers	3,84,860	3,74,725	2,72,510	3,11,691
Grand Total	46,52,867	50,65,345	49,64,842	53,47,315

Source: Budget at Glance, Union Budget Documents 2026 - 27, AUM Research

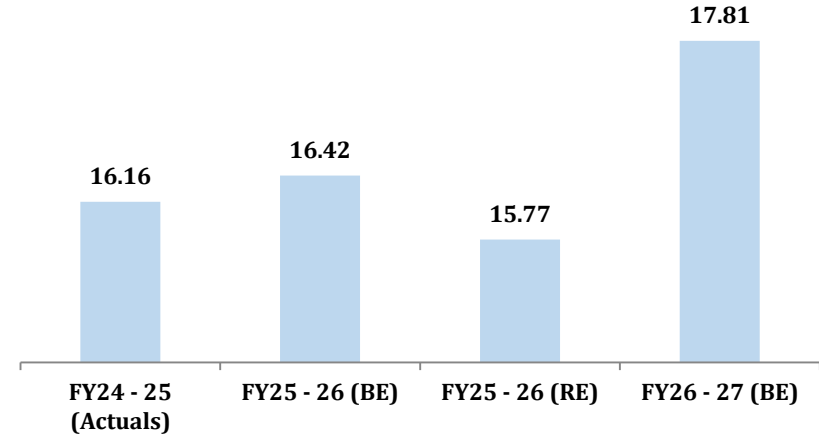
Capital Expenditure

Capital Expenditure (in INR lakh crore)



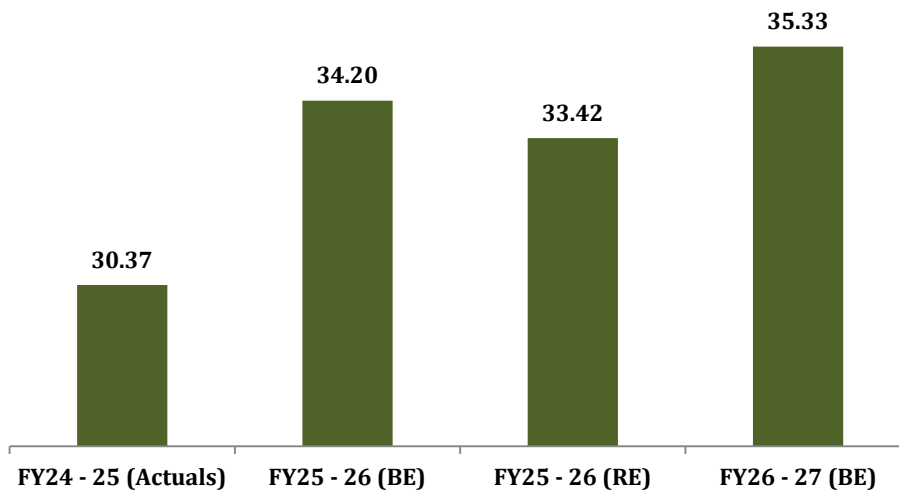
Capital Receipts

Capital Receipts (in INR lakh crore)



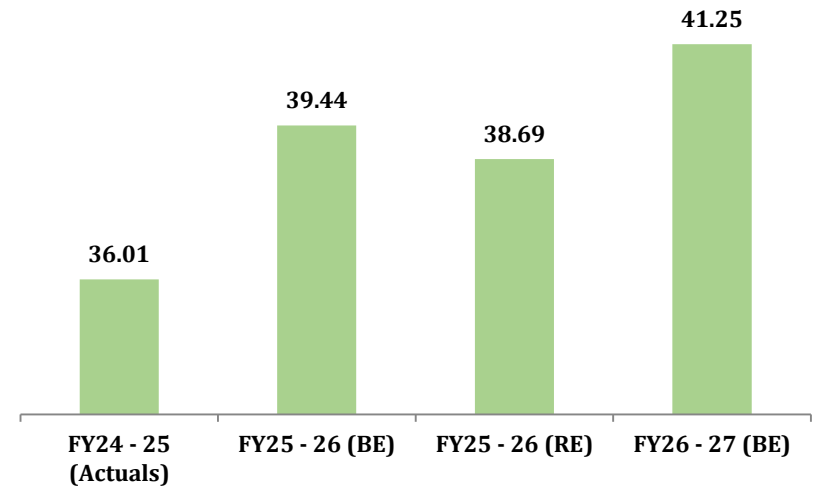
Revenue Receipts

Revenue Receipts (in INR lakh crore)



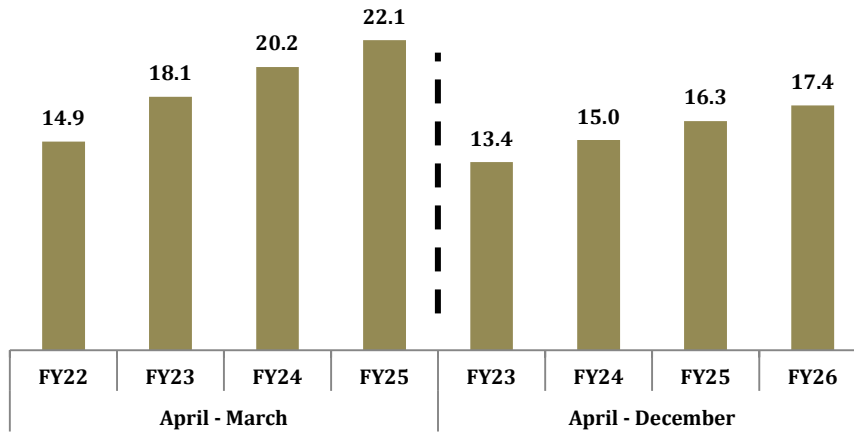
Revenue Expenditure

Revenue Expenditure (in INR lakh crore)



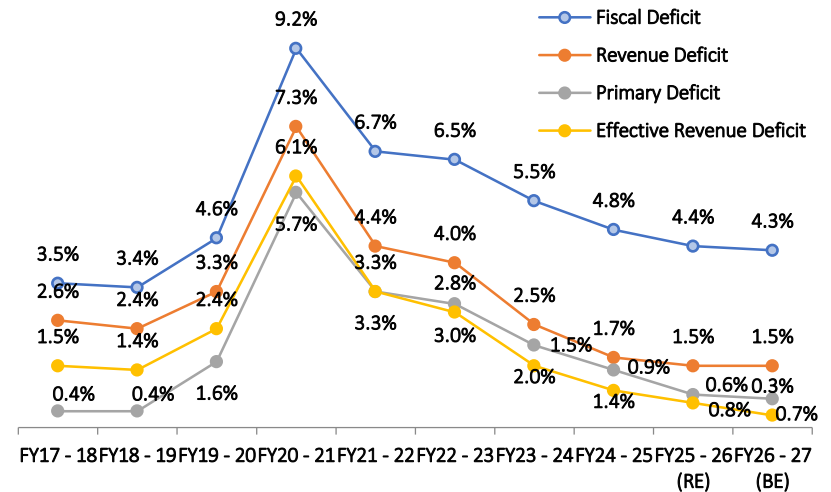
GST Collections in INR Lakh Cr.

Gross GST Collection (in INR lakh crore)



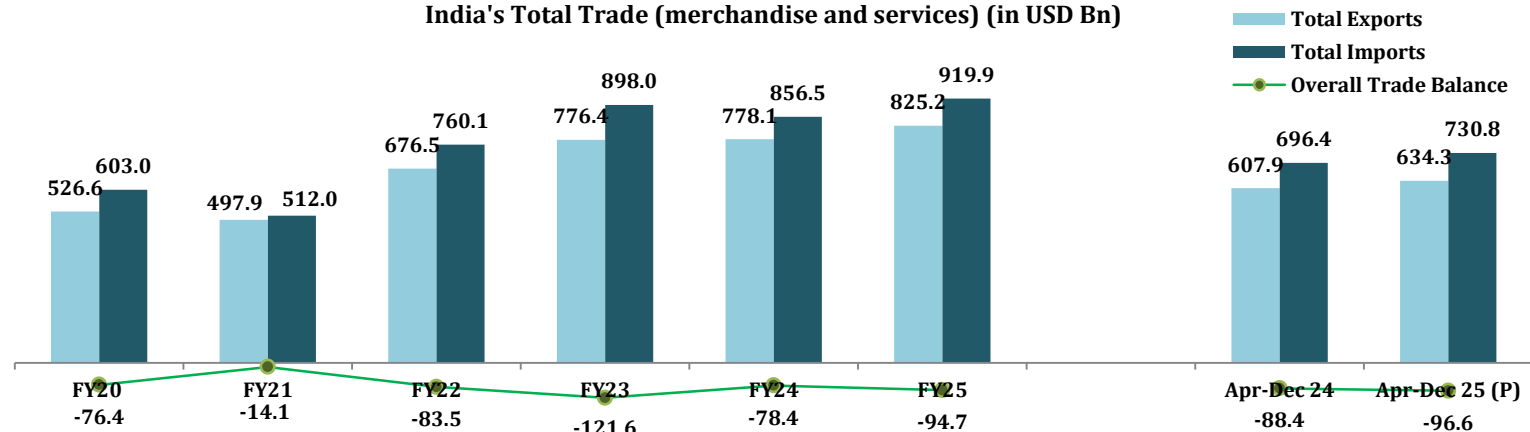
Deficit Trends (as a % GDP)

Deficit Trends (as a % GDP)



India's Total Trade Trend (USD Billion)

India's Total Trade (merchandise and services) (in USD Bn)



Sectoral Impact

Sector	Key Announcements	Winners/Losers
➤ Pharma	<ul style="list-style-type: none"> Rs 10,000 Cr for Biopharma Shakti, Exempt BCD on 17 drugs or medicines for cancer patients. PM Jan Arogya Yojana for Gig Workers (Delivery Boys of Zomato and Amazon) 	Positive For: <ul style="list-style-type: none"> Dr. Reddy's , Sun Pharma, Lupin, Cipla, Biocon etc.
➤ Infrastructure	<ul style="list-style-type: none"> Capex increased to Rs 12.2 Lakh Crs, Focus on Tier 2 and Tier 3 cities, Dedicated Freight Corridors 	Positive For: <ul style="list-style-type: none"> L&T, GMR,
➤ Chemical Industry	<ul style="list-style-type: none"> Setting up of dedicated chemical parks 	Positive For: <ul style="list-style-type: none"> All fertilizer companies and Chemicals
➤ Container Manufacturing	<ul style="list-style-type: none"> Scheme for Container Manufacturing with a budgetary allocation of Rs 10,000 crore over a 5 year period. 	Positive For: <ul style="list-style-type: none"> Concor
➤ Textile	<ul style="list-style-type: none"> National Fibre Scheme, Textile Expansion and Employment Scheme, National Handloom and Handicraft Programme 	Positive For: <ul style="list-style-type: none"> All Major Textile Companies like Arvind, Gokuldas Exports
➤ NBFC	<ul style="list-style-type: none"> In order to achieve scale and improve efficiency in the Public Sector NBFCs, as a first step, it has been proposed to restructure the Power Finance Corporation and Rural Electrification Corporation. 	<ul style="list-style-type: none"> Positive For: PFC ,REC
➤ Electronics	<ul style="list-style-type: none"> Exempt basic customs duty on specified parts used in the manufacture of microwave ovens Electronics Components Manufacturing Scheme outlay has been increased to Rs.40000 crores . 	Positive For: <ul style="list-style-type: none"> Havells, Amber Ent, LG Electronics, Dixon Tech etc...
➤ Aviation	<ul style="list-style-type: none"> Exempt basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts. 	Positive For: <ul style="list-style-type: none"> HAL, BEL, L&T etc...

Sectoral Impact

Sector	Key Announcements	Winners/Losers
➤ Medical Tourism	<ul style="list-style-type: none"> Medical tourism hubs, AYUSH Centers, Infra for diagnostics, post care and rehabilitation 	Positive For: <ul style="list-style-type: none"> Apollo Hospitals, Medanta, Shalby, Mahindra Holidays, Taj GVK, Indian Hotels, ITC hotels etc
➤ Mining	<ul style="list-style-type: none"> Recognising the strategic importance of critical minerals, dedicated Rare Earth Corridors will be developed in mineral-rich states – like odisha, Kerala, Andhra Pradesh and Tamil Nadu. 	Positive For <ul style="list-style-type: none"> NMDC, NALCO, GMDC, etc
➤ Nuclear Power	<ul style="list-style-type: none"> Removal of BCD on import of goods for projects till 2035 	Positive For <ul style="list-style-type: none"> Nuclear power corporation
➤ Marine Products	<ul style="list-style-type: none"> Development of 500 reservoirs and Amrit Sarovars 	Positive For <ul style="list-style-type: none"> Avanti Feeds, Water Base
➤ Capital Markets	<ul style="list-style-type: none"> STT on Futures to 0.05 percent options premium and exercise of options premium to 0.15 percent 	

AUM Capital Research Desk

Rajesh Agarwal	Research Head	033 4057 21221	rajesh.agarwal@aumcap.com
Tanya Kothary	Manager – Equity Research	033 4057 21221	tanya.kothary@aumcap.com
Pinaki Banerjee	Manager – Equity Research	033 4057 21221	pinaki.banerjee@aumcap.com
Naman Barjatya	Associate – Equity Research	033 4057 21221	naman.barjatya@aumcap.com

Disclosure & Disclaimer

This document is solely for the personal information of the recipient and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved) and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. AUM Capital Market Private Limited (hereinafter referred to as "AUM Cap") or any of its affiliates/group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. AUM Cap has not independently verified all the information contained within this document. Accordingly, we cannot testify nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document.

While, AUM Cap endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory compliance or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly. Neither, AUM Cap nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. AUM Cap is registered under SEBI (Research Analysts) Regulations, 2014. Further, AUM Cap hereby declares that –

- AUM Cap/its associates/research analysts do not have any financial interest/beneficial interest of more than one percent/material conflict of interest in the subject company.
- AUM Cap/its associates/research analysts have not received any compensation from the subject company(s) during the past twelve months.
- AUM Cap/its research analysts has not served as an officer, director or employee of company covered by analysts and has not been engaged in market making activity of the company covered by analysts.

Please note that registration with SEBI and Certification from NISM do not guarantee the performance of the intermediary or provide any assured returns on investments.

AUM Capital Market Private Limited

Registered Office: 226/1, AJC Bose Road, Trinity, 3rd Floor, Unit No.3G, Kolkata – 700020;

Phone: +91(33) 40572121; Fax: +91(33) 24760191

Website: www.aumcap.com; Email: aumresearch@aumcap.com

SEBI Research Analyst Registration No.: INH300002423