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UNION BUDGET

Highlights & Analysis

2026

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Union Budget 2026-27

Highlights and Analysis

The Union Budget is the Government of India annual financial statement presented by the Finance Minister, outlining revenue receipts, expenditure allocations, fiscal policy direction, and borrowing requirements for the upcoming financial year. Authorised through Parliament via Demands for Grants, followed by Lok Sabha discussion, an Appropriation Bill, and Presidential assent, it reflects the Government's economic priorities, sectoral allocations, and macroeconomic strategy. As the cornerstone of fiscal federalism, the Budget 2026–27 signals policy continuity on infrastructure-led growth whilst introducing targeted interventions for consumption recovery and industrial competitiveness.

Union Budget 2026–27 lays out the government's fiscal roadmap to accelerate infrastructure development, boost rural incomes, enhance logistics efficiency, and formalise MSMEs, targeting sustained economic growth amid global uncertainties. The Finance Minister has structured the Budget around three core *Kartavyas*: (1) accelerating economic growth through the ‘Reform Express’, (2) fulfilling aspirations via capacity building, and (3) advancing inclusive development under the vision of *Sabka Saath, Sabka Vikas*. Key priorities include ₹12.2 lakh crore public capex (up from FY26), 7 High-Speed Rail corridors, City Economic Regions (CERs) development, CCUS support for hard-to-abate industries, and MSME growth funding.

This report analyses the Budget's new announcements and their implications across key sectors—infrastructure, healthcare, energy, FMCG, cement, logistics, and manufacturing—through demand-supply linkages, competitive dynamics, and growth projections for FY27–30.

India's Economic Outlook and Budget Priorities For 2026-27

The Union Budget 2026-27 seeks to present a decisive step towards achieving the vision of *Viksit Bharat 2047* by strengthening economic fundamentals, accelerating infrastructure-led growth, and enabling inclusive development. Major indications from the Union Budget 2026-27 are the following.

India to continue as one of the fastest-growing large economies

The Economic Survey 2026 projects that the Indian economy will grow at a real GDP rate of around 6.8 per cent to 7.2 per cent in FY 2026–27. It underscores India's continued position as one of the fastest-growing large economies globally. In line with this, the Union Budget 2026–27 presents a confident macro-economic outlook for India amid continued global uncertainty.

In her address to Parliament on the 1st of February, 2026, the finance minister highlighted that while the world economy faces subdued growth, geopolitical risks, and trade disruptions, India remains a key driver of global growth. Strong domestic demand, resilient consumption, and sustained public investment are expected to support economic expansion in 2026–27. The Budget reflects optimism that India's growth momentum will be maintained through structural reforms, investment-led growth, and improved productivity.

Domestic Consumption to Remain a Key Growth Driver

Domestic consumption is expected to remain the principal engine of growth in FY 2026–27. Rising real incomes, improved labour market conditions, and stable inflation are likely to support household spending. Investment activity is also projected to strengthen, supported by sustained public capital expenditure, improved corporate balance sheets, and increasing capacity utilisation in key manufacturing sectors. The services sector will continue to be a major contributor to growth, while manufacturing is expected to gain further momentum under initiatives such as Make in India and production-linked incentive (PLI) schemes.

Stable Monetary Conditions

The macroeconomic environment in 2026–27 is likely to be characterised by stable monetary policy conditions. With inflation under control, monetary policy is expected to remain broadly growth-supportive while retaining flexibility to respond to external or domestic shocks. A key element of the macro-economic outlook is the Government's commitment to fiscal consolidation.

The Budget reiterates adherence to a medium-term fiscal framework aimed at gradually reducing the fiscal deficit while safeguarding growth-supporting expenditure. The emphasis is on improving the quality of public spending, strengthening revenue mobilisation, and ensuring long-term debt sustainability to preserve macro-economic stability and investor confidence.

External Sector Expected to Remain Resilient

The Economic Survey flags a challenging global environment marked by subdued global growth, geopolitical tensions, and trade uncertainties. These factors may weigh on export growth in 2026–27. However, India's external sector is expected to remain resilient, with a manageable current account deficit, comfortable foreign exchange reserves, and continued diversification of export markets.

Ongoing and proposed free trade agreements are expected to provide medium-term support to trade and investment flows.

The Budget speech highlights the need to remain vigilant about external sector risks in a volatile global environment. Stable capital flows, adequate foreign exchange reserves, and prudent financial sector regulation are identified as critical to sustaining macro-economic stability. The Government has emphasised continued reforms to strengthen financial markets and ensure efficient allocation of capital to productive sectors of the economy.

Optimistic Medium-Term Outlook

While the near-term outlook for FY 2026–27 is positive, the Survey identifies risks arising from global economic slowdown, financial market volatility, climate-related disruptions, and geopolitical developments. At the same time, India's strong fundamentals—demographic dividend, digitalisation, infrastructure expansion, and reform momentum—provide a solid base for sustained medium-term growth.

In line with global risks, the macroeconomic priorities outlined in the Budget reinforce the Government's medium-term vision to position India as a stable, high-growth economy with strong fundamentals. The emphasis on discipline, productivity, and resilience reflects a strategic approach to ensuring sustainable and inclusive economic development beyond 2026–27, aligning with India's aspiration for a Viksit Bharat in 2047.

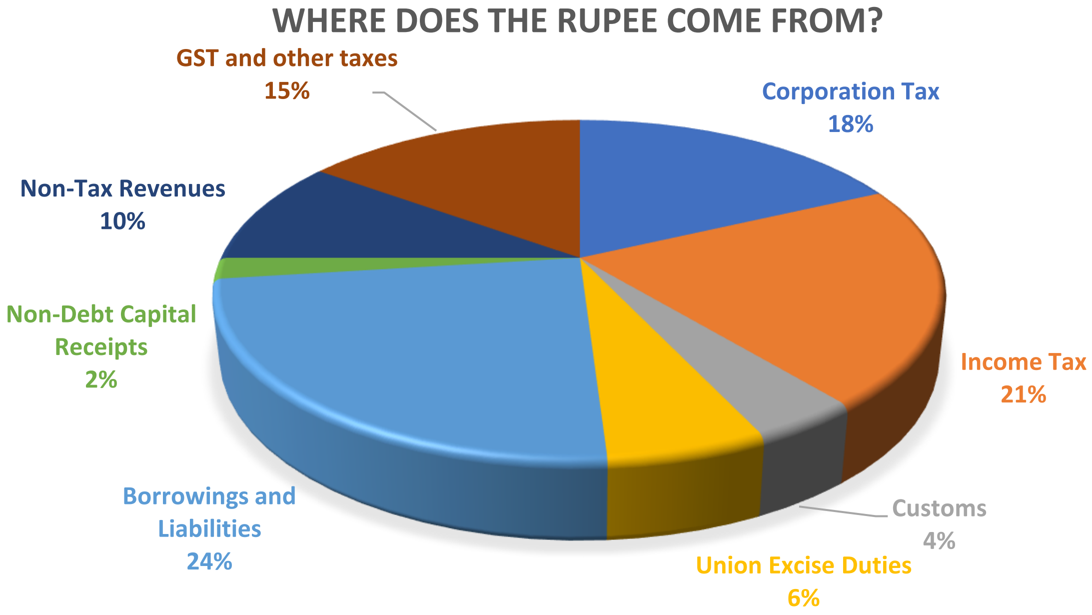
Macro-Economic Outlook

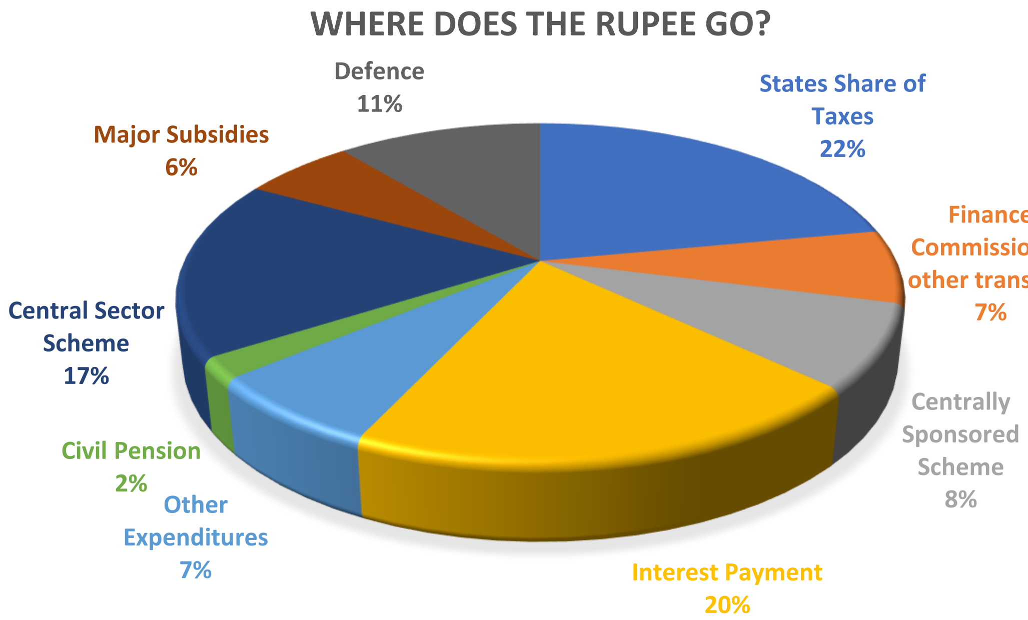
- Economic growth outlook: Government projects continued high growth, underpinned by strong investment and consumption (India's GDP growth estimated over 7% for FY26 and steady into FY27).
- Size of Budget 2026-27: ₹53.5 lakh crore.
- Fiscal Deficit: Targeted at 4.3% of GDP for FY27, down from 4.4% in FY26, reflecting a calibrated fiscal consolidation path.
- Debt-to-GDP Ratio: Estimated at 55.6% for FY27, which is a reduction from the revised estimate of 56.1% in FY26, signalling gradual stabilisation of public debt burdens.
- Tax Receipts & State Devolution: Net tax receipts estimated ₹28.7 lakh crore; ₹1.4 lakh crore revenue devolution to states announced.
- Capital Expenditure (Capex): Increased significantly to ₹12.2 lakh crore, about 8.8-9% higher, reinforcing infrastructure-led growth.

In sum, the Indian economy presents a picture of steady, resilient, and broad-based growth in FY 2026–27. With controlled inflation, stable macroeconomic policies, and strong domestic demand, India is well-positioned to navigate global uncertainties while continuing on a path of sustainable and inclusive economic expansion.

Income and Expenditure of the Indian Economy

The 2026-27 Union Budget presented by Finance Minister Nirmala Sitharaman sets total receipts at ₹ 36.5 lakh crore and total expenditure at ₹53.5 lakh crore. The fiscal deficit, estimated for the year, is 4.3% of GDP. The total inflow of revenue and outflow of expenditures as in the budget are as follows:


WHERE DOES THE RUPEE COME FROM?
GST and other taxes
15%
Corporation Tax
18%
Non-Tax Revenues
10%
Non-Debt Capital
Receipts
2%
Income Tax
21%
Borrowings and
Liabilities
24%
Customs
4%
Union Excise Duties
6%


WHERE DOES THE RUPEE GO?
Defence
11%
States Share of
Taxes
22%
Major Subsidies
6%
Finance
Commission &
other transfers
7%
Central Sector
Scheme
17%
Centrally
Sponsored
Scheme
8%
Civil Pension
2%
Other
Expenditures
7%
Interest Payment
20%

Infrastructure

The Budget 2026-27 reinforces infrastructure-led growth via elevated capital expenditure, risk mitigation instruments for private investment, multi-modal connectivity projects, and urban challenge programmes. This broad suite of initiatives is expected to sustain economic momentum, deepen regional development, and strengthen India's logistics and manufacturing ecosystems.

Key Takeaways from Budget

Initiative	Overview	Likely Impact
Enhanced Capital Expenditure (Capex)	Capital expenditure increased to ₹12.2 lakh crore for FY 2026-27, reflecting the government's continued focus on public infrastructure-led growth.	The initiative will boost construction, engineering, cement, steel, and equipment manufacturing; generate employment; and will support regional and urban development.
Infrastructure Risk Guarantee Fund	Introduction of a partial credit guarantee mechanism to de-risk infrastructure financing and crowd in private investment.	It is expected to improve access to finance for PPP projects, highways, urban transport, and logistics; strengthen the infrastructure financing ecosystem.
Integrated East Coast Economic Corridor	Development of a multi-modal connectivity corridor along the eastern coast linking ports, industrial clusters, and logistics hubs.	It can enhance trade logistics, port-led development, coastal manufacturing clusters, and export competitiveness.
Dedicated Freight & Multimodal Corridors	Expansion of rail-based and multimodal freight corridors to improve cargo movement efficiency.	It can reduce logistics costs for manufacturing, MSMEs, agri-exports; and can strengthen supply chain resilience.
High-Speed Rail Corridor Expansion	Announcement of seven high-speed rail corridors connecting major economic and urban centres.	The initiative will stimulate railways, urban real estate, tourism, services, and foster regional economic integration.
Urban Challenge Fund	Creation of a ₹1 lakh crore fund to support urban redevelopment, infrastructure upgradation, and smart city solutions.	The move will improve urban infrastructure, sanitation, housing, mobility, and will attract private investment and innovation in cities.
National Waterways Development	Operationalisation of 20 national waterways and promotion of inland water transport and coastal shipping.	It will benefit bulk cargo transport, ports, warehousing, logistics, and will reduce road and rail congestion.
Container Manufacturing Scheme	₹100 billion scheme to expand domestic container manufacturing under Make in India.	The Scheme will support manufacturing, steel, fabrication, export logistics, and will reduce import dependence.
Asset Monetisation & PPP Pipeline	Continued focus on asset recycling and preparation of a 3-year PPP project pipeline.	It will help mobilise private capital, deepen Infrastructure Investment Trusts (InvITs)/Real Estate Investment Trusts (REITs), and improve project execution and fiscal space.
Digital & Broadband Infrastructure (BharatNet)	Expansion of broadband connectivity to rural areas, schools, and healthcare facilities.	The initiative will strengthen digital public infrastructure, e-governance, education, healthcare, and rural productivity.
Seaplane & Remote Connectivity Support	Incentives for indigenous seaplane manufacturing and operations to improve last-mile connectivity.	It will boost tourism, regional connectivity, and aerospace manufacturing capabilities.

Cement

Sectoral Direction

India is the world's second-largest cement producer after China, with an installed capacity of approximately 690 million tonnes and production reaching 453 million tonnes in FY25. The domestic cement industry comprises 160 integrated plants, 130 grinding units and 62 mini-cement plants, predominantly located near raw material sources across Rajasthan, Andhra Pradesh, Telangana, Karnataka, Madhya Pradesh, Gujarat, Tamil Nadu, Maharashtra, Uttar Pradesh, Chhattisgarh and West Bengal. Capacity utilisation remains healthy, and the industry is primarily driven by robust infrastructure development, urbanisation, and government-led capex expansion in highways, railways, housing, smart cities and rural development. Bank credit to the cement sector moderated to -0.01% YoY growth in FY25, indicating a transition to non-bank funding sources for financing capex.

Government Vision (as per Economic Survey)

Strategic Positioning:

- Cement industry recognised as critical **backbone of infrastructure development** and urbanisation narrative
- Government acknowledges per capita consumption gap vis-à-vis global benchmarks, signalling untapped domestic demand
- Infrastructure-led demand expected to sustain robust growth momentum as mega projects advance
- Industry expected to benefit from structural shifts towards multimodal connectivity, logistics intelligence, and corridor-based industrialisation
- Sectoral logistics costs declining through PM GatiShakti, DFCs, and Sagarmala initiatives (estimated 7.97% of GDP in FY24, down from 8.84% in FY23)

Regulatory & Policy Recognition:

- **Quality Control Orders (QCOs):** 143 QCOs covering 723 products notified as of Dec 2025; cement falls within monitoring for consumer protection and export quality standards
- **Sustainable Manufacturing Focus:** Government emphasis on green production, carbon efficiency, and environmental compliance
- **Cluster Development:** Cement industry recognised as suited to **industrial corridor development** and plug-and-play infrastructure; sectoral plan under National Logistics Policy for efficient logistics improvements
- **Energy Transition & Decarbonisation:** Cement identified as one of five hard-to-abate sectors requiring CCUS solutions (alongside steel, chemicals, refineries, power)

Key Takeaways From Budget

Initiative	Overview	Likely Impact
Carbon Capture, Utilisation & Storage (CCUS) Scheme	₹20,000 crore outlay over 5 years to scale CCUS readiness across power, steel, **cement**, refineries and chemicals; focus on achieving higher technology readiness levels in end-use applications	• CCUS enables lower-carbon production, future-proofs against carbon-border adjustment mechanisms (CBAM) in EU, supports export competitiveness. • Domestic producers investing in CCUS can differentiate on sustainability credentials, improve margins through carbon credit monetisation.

Initiative	Overview	Likely Impact
		• Early movers gain competitive advantage in global procurement. Capex support reduces technology adoption cost.
Construction & Infrastructure Equipment (CIE) Scheme	New scheme to strengthen domestic manufacturing of high-value, technologically-advanced CIE (lifts, fire-fighting equipment, tunnel-boring machinery for metros and high-altitude roads); no explicit allocation yet but integrated with broader manufacturing support framework	• Cement consumption driven by CIE adoption—increased TBM equipment, metro projects, airport infrastructure, etc. • Scheme accelerates downstream construction activity, translating to higher cement demand. Coupled with 7 High-Speed Rail corridors, this creates sustained multi-year capex cycle for cement offtake.
7 High-Speed Rail Growth Corridors	Establish corridors linking Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, Varanasi-Siliguri as environmentally sustainable passenger systems	• Large-scale, long-duration rail capex programmes create predictable, multi-year cement demand across corridors. Geographic spread across metros and Tier-II cities ensures market diversification and capacity utilisation.
New Dedicated Freight Corridors (DFCs)	Establish new DFC connecting Dankuni (East) to Surat (West); complements existing DFC network	• DFC infrastructure requires substantial cement for construction and maintenance. • Improved logistics corridor reduces distribution cost for cement to eastern and central regions, strengthening competitive position of western cement producers (Rajasthan, Gujarat).
20 New National Waterways Operationalisation and Coastal Cargo Promotion Scheme	Operationalise 20 new National Waterways over 5 years, starting with NW-5 in Odisha connecting mineral-rich areas (Talcher, Angul) and industrial centres (Kalinga Nagar) to Ports of Paradeep and Dhamra; ship repair facilities at Varanasi and Patna	• Bulk cement movement via waterways (currently 6% modal share, targeting 12% by 2047) reduces logistics cost for coastal cement producers (Tamil Nadu, Andhra Pradesh, Odisha). • Inland waterways lower distribution friction, improve cost competitiveness vs. rail/road.
Public Capital Expenditure Expansion	Public capex increased from ₹11.2 lakh crore (BE FY26) to ₹12.2 lakh crore (BE FY27); effective capex (including grants-in-aid) at ₹17.1 lakh crore	• Sustained infrastructure spending creates predictable, multi-year demand for cement. • Historical correlation: 1% increase in govt capex translates to ~0.8-1.0% increase in cement demand. • Upward revision signals confidence in infrastructure cycle persistence through FY27-30.
Infrastructure Risk Guarantee Fund	Partial credit guarantee mechanism to de-risk lenders during construction &	• Reduces risk premium on infrastructure project financing, lowers borrowing cost for developers.

Initiative	Overview	Likely Impact
	development phase; improves bankability of projects	• This translates to higher developer capex allocation for construction, driving cement volume growth. • Improves credit flow to smaller developers, expanding addressable market.
City Economic Regions (CERs) Development	Mapping & development of CERs with ₹5,000 crore per CER over 5 years via challenge-based funding; focus on Tier-II/Tier-III cities and temple towns	• Tier-II/Tier-III urbanisation drives diffused cement demand across non-metro geographies. CER infrastructure (roads, ports, industrial corridors) requires substantial cement. • Geographic diversification reduces concentration risk for producers with pan-India presence. • Growth in per capita consumption likely as these regions industrialise.
SME Growth Fund & TReDS Liquidity Support	₹10,000 crore SME Growth Fund; credit guarantee for invoice discounting; GeM-TReDS linking	Improves liquidity for cement-dependent MSMEs (contractors, equipment suppliers, logistics providers). • Stronger MSME sector sustains downstream cement consumption. TReDS enables faster working capital cycles, reducing demand shock during rate hikes.

The provisions of the Union Budget 2026-27 are **structurally supportive** for the cement sector. Sustained infrastructure capex (₹12.2 lakh crore public capex), 7 HSR corridors, CER development, and logistics efficiency gains will help create multi-year demand visibility. The budgetary allocation under the CCUS scheme (₹20,000 cr) will aid in future-proofing producers against carbon regulation. While the execution timelines on mega projects, geopolitical tariffs, and raw material cost inflation remain headwinds, structural demand drivers appear sufficiently strong to sustain 65-75% capacity utilisation over FY27-29, with potential upside if CER rollout accelerates.

Electronics

Sectoral Direction

Budget 2026–27 treats electronics as a strategic manufacturing and export sector, central to global value chain integration, import substitution and technology sovereignty. The focus shifts from assembly to deep value addition through components, semiconductors and critical materials. Trade facilitation, simplified customs and bonded-zone manufacturing are leveraged to attract global investment and scale domestic production.

Government Vision (as per Economic Survey)

The government views electronics as a strategic pillar for economic growth, technological sovereignty, and export competitiveness. The vision focuses on moving India up the value chain, from assembly to component manufacturing, semiconductors, and design-led innovation, while reducing import dependence. The policy emphasis is on deepening domestic value addition, integrating into global value chains, and building resilient supply chains, supported by trade facilitation, targeted incentives, and infrastructure readiness.

Key Takeaways from the Budget

Initiative	Overview	Likely Impact
Electronics Components Manufacturing Scheme (ECMS) – Expanded Outlay	Outlay increased from ₹22,919 crore to ₹40,000 crore to support domestic manufacturing of electronic components.	• Accelerates domestic value addition by strengthening the electronic components ecosystem. • Reduces dependence on imported components, improving supply-chain resilience.
India Semiconductor Mission (ISM) 2.0	Focus on semiconductor equipment & materials, full-stack Indian IP, industry-led R&D and skill development.	• Moves India up the semiconductor value chain from assembly to design, materials and equipment manufacturing. • Builds domestic intellectual property and skilled workforce in advanced electronics.
Safe harbour for bonded warehousing (components)	Non-residents allowed component warehousing in bonded warehouses with 2% profit margin safe harbour.	• Enables just-in-time manufacturing by lowering logistics and inventory costs. • Improves India's attractiveness as a manufacturing base vis-à-vis East Asian electronics hubs.
Tax exemption for toll manufacturing inputs	5-year income tax exemption to non-residents supplying capital goods, equipment or tooling to toll manufacturers in bonded zones.	• Encourages global OEMs to locate contract manufacturing and assembly operations in India. • Strengthens the electronics manufacturing services (EMS) and toll manufacturing ecosystem.
Container Manufacturing Scheme	₹10,000 crore outlay over 5 years to build a globally competitive container manufacturing ecosystem.	• Reduces logistics bottlenecks and dependence on imported shipping containers. • Improves reliability and cost efficiency of electronics exports. • Strengthens trade-supporting infrastructure critical for high-volume manufacturing sectors.
Trusted trader & customs digitisation (electronics logistics)	AEO-based fast clearance, electronic sealing, automated bill of entry, CIS rollout.	• Significantly reduces cargo dwell time and compliance-related delays. • Lowers logistics costs for high-value, time-sensitive electronics exports.

Energy

Sectoral Direction

Energy policy in Budget 2026–27 prioritises security and import reduction as part of Atmanirbharta amid rising global energy and critical mineral demand. The strategy balances transition with resilience—scaling clean energy supply chains, retaining firm capacity through nuclear power, and enabling industrial decarbonisation via CCUS. Clean mobility is reinforced through e-bus deployment, supported by customs-duty rationalisation and stronger power-sector financing through PFC–REC restructuring.

Government Vision (as per Economic Survey)

The government's energy vision emphasises security, affordability and resilience amid global volatility, recognising energy as a core input to competitiveness and macroeconomic stability. The policy focuses on a sequenced energy transition—scaling renewables and clean technologies without compromising reliability or raising input costs for industry. Strategic priorities include diversifying supply chains, reducing import dependence, strengthening domestic capacity, and ensuring that decarbonisation aligns with growth and development objectives, as highlighted in the Economic Survey 2025–26.

Key Takeaways from the Budget

Initiative	Overview	Likely Impact
CCUS (Carbon Capture Utilisation and Storage) scheme	Scale-up CCUS readiness across power, steel, cement, refineries, and chemicals with ₹20,000 crore outlay over 5 years.	• Enables decarbonisation of hard-to-abate sectors such as power where direct electrification is limited. • Helps the Indian industry remain competitive under future carbon-pricing and border adjustment regimes.
BCD exemption extended to capital goods for Li-ion cells used in BESS	Extend the existing BCD exemption (earlier applicable to Li-ion cell manufacturing) to also cover capital goods used for Li-ion cells in battery energy storage systems.	• Reduces capital costs for battery energy storage manufacturing in India. • Improves commercial viability of grid-scale storage projects supporting renewable energy integration. • Strengthens domestic supply chains critical for energy transition and grid reliability.
BCD exemption on sodium antimonate (solar glass input)	BCD on sodium antimonate used in the manufacture of solar glass is exempted from 7.5% to NIL.	• Encourages backward integration within the solar manufacturing ecosystem.
Nuclear power projects: BCD exemption extended till 2035 + expanded coverage	Extend the BCD exemption on imports required for nuclear power projects till 2035 and expand it to all nuclear plants irrespective of capacity.	• Improves financial viability and execution flexibility of nuclear power projects. • Supports expansion of firm, low-carbon baseload capacity in India's energy mix.

Initiative	Overview	Likely Impact
Critical minerals: BCD exemption for processing capital goods	Provide BCD exemption for imports of capital goods required for processing critical minerals in India.	• Incentivises domestic processing and refining of critical minerals. • Reduces dependence on imported refined materials essential for clean energy technologies.
Biogas blended CNG: excise valuation relief	Exclude the entire value of biogas while calculating the central excise duty payable on biogas-blended CNG.	• Improves price competitiveness of biogas-blended fuels. • Encourages greater adoption of biogas in transport and city gas distribution networks.,
Rare Earth Corridors (inputs for magnets / clean tech)	Support Odisha, Kerala, Andhra Pradesh, Tamil Nadu to establish Rare Earth Corridors (mining, processing, R&D, manufacturing).	• Secures supply of rare earth materials vital for EVs, wind turbines and advanced electronics. • Reduces geopolitical and import-related supply risks. • Builds a strategic materials ecosystem linking mining, processing and manufacturing.
Restructuring PFC & REC (power-sector finance)	Restructure PFC and REC as a first step to improve efficiency/scale of public sector NBFCs.	• Improves operational efficiency and scale of power-sector financing institutions. • Enhances availability and affordability of long-term credit for energy and infrastructure projects.
Purvodaya: 4,000 e-buses	Provision of 4,000 e-buses as part of Purvodaya package.	• Accelerates electrification of public transport in eastern and coastal regions. • Contributes to reduced urban air pollution and lower transport emissions. • Creates demand for charging infrastructure, grid planning and EV-related services.

Fast Moving Consumer Goods

Sectoral Direction

India's FMCG sector is a mass-market consumption engine, underpinning purchasing power and household living standards across 145 crore citizens spanning rural and urban economies. The sector encompasses packaged foods, beverages, personal care, home care, and health/wellness categories, with organised retail (modern trade, e-commerce) representing 35-40% of market, whilst unorganised retail (kirana, general stores) remains substantial. Per capita consumption remains among the lowest globally, indicating significant long-term runway for volume and premiumisation. Rising urbanisation (expected to reach 40% by 2030, up from 35% currently), an expanding middle class, and a shift from unorganised to organised retail create structural tailwinds. Inflation moderation (headline CPI of 1.7% as of Dec 2025) supports the recovery of consumer purchasing power. The sector currently benefits from the recent GST rationalisation, ease of doing business improvements, and targeted support for micro-enterprises engaged in food processing and FMCG logistics.

Government Vision (as per Economic Survey)

Consumption & Inclusive Growth Narrative:

- **Private Final Consumption Expenditure (PFCE)** growth strongest since early FY23, now taking larger Gross Domestic Product (GDP) share: a clear sign that households are spending more freely
- **Rural focus drives 40-45% of Fast-Moving Consumer Goods (FMCG) demand**: Higher Minimum Support Prices (MSPs), more procurement, expanded farm credit are keeping rural buying power steady
- **Food affordability for the poor**: Better food subsidy management, higher foodgrain targets, productivity push ensures that lower-income families can afford daily needs
- **Inflation down to 1.7% Consumer Price Index (CPI)**: Vegetable/pulse procurement, storage expansion, horticulture focus eases food prices, boosting real purchasing power across board

Logistics & Distribution Efficiency:

- **Prime Minister GatiShakti (PM GatiShakti)** Platform: 1,700+ data layers optimise multi-modal routes; private firms access 230 datasets for planning
- **National Logistics Policy**: Fast-Moving Consumer Goods (FMCG)/food processing plans, Logistics Efficiency Assessment and Development (LEADS) scores, Unified Logistics Interface Platform (ULIP) integration (44 systems, 2,000 fields) make supply chains transparent
- **Dedicated Freight Corridors (DFCs) + waterways**: Cheaper transport for perishables, Fast-Moving Consumer Goods (FMCG) goods
- **Tier-II/III city push**: Infrastructure for cities over 5 lakh population improves last-mile retail reach

Key Takeaways from Budget

Initiative	Overview	Likely Impact
Duty-free Seafood, Shoe Uppers, Courier Export (Removal of ₹10L Cap)	Duty-free inputs for seafood processing (previously 1% to now 3% of export FOB value); extended to shoe uppers; removal of ₹10L cap on courier exports	• This change will strengthen FMCG export competitiveness for processed foods, frozen seafood, packaged goods targeting developed markets. • The courier cap removal will enable D2C brands and small FMCG startups to export directly.

Initiative	Overview	Likely Impact
Farmers' Income Support (MSP, Procurement, Agricultural Credit)	Focus on farmer income enhancement through MSP increases, procurement expansion, agricultural productivity programmes	• As a foundation for rural consumption growth, higher farm incomes will sustain rural FMCG demand across food, personal care, beverages. • Agricultural productivity gains will improve food availability and affordability, supporting mass-market FMCG access.
Trade Facilitation: Enhanced AEO Duty Deferral, Advance Ruling Validity (5 Years), Automated Clearance	Customs process automation; trusted importer recognition; advance ruling extended from 3 to 5 years	• This move will help reduce import uncertainty for FMCG companies needing specialty ingredients, packaging, equipment. • The lower customs friction improves import cost predictability, while the faster processing will support timely seasonal product launches across markets.

The 2026–27 Budget sets up a supportive environment for FMCG growth driven by volumes, by boosting rural incomes, improving city infrastructure, upgrading logistics and helping small businesses become more formal and efficient. As farm incomes improve and Tier-II and Tier-III cities grow into stronger consumption centres, rural FMCG demand could rise faster, and modern retail in smaller cities can reach over half of total sales by FY30, helped by better roads, cold chains and digital systems for payments and invoicing. Healthcare and wellness measures, such as more health workers, caregiver training and medical tourism hubs, are likely to increase demand for fortified foods, nutrition products and Ayurvedic or herbal items, so most profit growth may come from these premium categories, while everyday mass products remain mainly volume-led under price competition.

On the supply side, targeted funding, easier trade procedures and lower transport costs should help small manufacturers, retailers and logistics firms upgrade operations and reach export markets, giving digital-first FMCG brands a chance to scale and tap global demand. At the same time, there are real risks: city-level projects may be delayed, food inflation could pick up again, global tariffs may hurt exporters and faster modern retail growth could squeeze small kirana shops.

Even so, India’s large population, rising incomes and the structural reforms underway make 8–10% annual FMCG sector growth over FY27–29 look feasible, with volumes as the main driver and health and wellness products contributing a growing share of profits.

Healthcare

Sectoral Direction

The Budget 2026–27 advances an innovation-driven healthcare agenda, anchored by the ₹10,000 crore Biopharma SHAKTI programme, expanded clinical trials, and stronger regulatory capacity. It addresses workforce shortages through Allied Health Professional and caregiver training, while promoting Medical Value Tourism and strengthening AYUSH infrastructure. Increased focus on mental health, emergency, and trauma care, alongside targeted patient relief measures, reinforces access, resilience, and India’s global healthcare positioning.

Government Vision (as per Economic Survey)

India's healthcare vision focuses on building a preventive, inclusive, and technology-enabled system that strengthens public health delivery and citizen engagement, aligned with the Viksit Bharat goal. The Economic Survey 2025–26 notes the rising burden of non-communicable diseases, including obesity, diabetes, cardiovascular conditions, and growing mental health concerns linked to behavioural and digital exposure. Policy emphasis is therefore placed on early screening, lifestyle and nutrition awareness, supported by digital platforms such as the Ayushman Bharat Digital Mission and data-driven analytics. The approach also promotes public–private collaboration to strengthen frontline services, expand primary-level preventive care, and invest in the health workforce and digital capacity, in alignment with national programmes for NCD prevention and maternal and child health. Collectively, these measures aim to improve population health outcomes, reduce long-term disease burden, and enhance health system sustainability.

Key Takeaways from Budget

Initiative	Overview	Likely Impact
Biopharma SHAKTI Programme (₹10,000 crore)	National strategy to make India a global hub for biologics and biosimilars. Includes 3 new NIPERs, upgrade of 7 NIPERs, 1,000+ accredited clinical trial sites, and strengthening CDSCO with scientific review capacity.	• Signals a shift from generics dominance to innovation-led biomanufacturing. • Likely to attract global partnerships, contract research, and technology transfer. • Strengthened CDSCO and faster approvals may improve regulatory credibility internationally, supporting exports. • Expanded trial infrastructure could position India as a preferred global clinical research destination.
Expansion of Allied Health Professional (AHP) Workforce	Upgrading existing AHP institutions and establishing new ones in public and private sectors across 10 disciplines including optometry, radiology, anesthesia, OT technology, applied psychology, and behavioural health; target of 100,000 AHPs in 5 years.	• Helps address shortages in the health workforce and improve the efficiency of service delivery. • Raises need for clearer national standards on training quality, accreditation, and defined scope of practice. • Opens opportunities for private education and hospital-linked training models.
National Care Ecosystem & Caregiver Training	Development of NSQF (National Skills Qualifications Framework)-aligned multi-skill caregiver programs; 1.5 lakh	• Highlights rising elderly care needs and could drive the growth of a regulated long-term care market. • Creates opportunities for private care providers, training institutions, and home-health companies, while

Initiative	Overview	Likely Impact
	caregivers to be trained in one year, including geriatric and assistive care.	requiring policies on caregiver certification and service standards. • May also push insurance coverage expansion and boost demand for assistive and home-health technologies.
Regional Medical Value Tourism (MVT) Hubs	Central scheme to support states in setting up 5 integrated medical hubs with private sector participation; includes diagnostics, rehab, AYUSH centres, and facilitation services.	• Positions healthcare as an economic export sector, encouraging private and PPP investment. • May upgrade high-end infrastructure and promote standardisation in accreditation, pricing transparency, and international patient policies.
Expansion of AYUSH Infrastructure & Global Positioning	3 new All India Institutes of Ayurveda; upgrading AYUSH pharmacies and testing labs; strengthening WHO Global Traditional Medicine Centre in Jamnagar.	• Strengthens India's global positioning of traditional medicine. • Upgraded labs and certification can improve export credibility of AYUSH products, while increasing focus on evidence generation, pharmacovigilance, and stronger quality and manufacturing standards aligned with global requirements.
Veterinary & Para-vet Infrastructure	Loan-linked scheme to set up veterinary and para-vet colleges, hospitals, labs, and breeding facilities with Indian-foreign collaboration.	• Expands veterinary workforce and strengthens livestock services, supporting farmer incomes and private sector investment.
NIMHANS-2 & Regional Mental Health Apex Institutes	Establishment of a second NIMHANS in North India; upgrades of Ranchi and Tezpur institutes as regional apex centres.	• Elevates mental health as a national priority through expansion of tertiary institutions. • Increases capacity for specialist training and strengthens institutional infrastructure for mental healthcare services.
Expansion of Emergency & Trauma Care in District Hospitals	50% capacity increase through establishment of Emergency and Trauma Care Centres in district hospitals.	• Strengthens secondary-level emergency and trauma care by expanding district hospital capacity. • Increases infrastructure for timely response and management of acute health events.
Income Tax Exemption on MACT Interest Compensation	Interest on compensation awarded by Motor Accident Claims Tribunal	• Provides financial protection to accident victims by exempting MACT interest from tax, reducing economic burden after accidents.

Initiative	Overview	Likely Impact
	exempted from income tax; no TDS applicable.	
Customs Duty Exemption on 17 Cancer Drugs	Removal of basic customs duty on selected cancer medicines.	• Reduces import costs for selected cancer drugs, improving affordability and access for patients. • Could also influence pricing dynamics and competitiveness for domestic manufacturers, while shaping discussions on regulation, procurement, and policy for essential medicines.
Import Duty Exemption for Drugs/FSMP for 7 Additional Rare Diseases	Expansion of list of rare diseases eligible for duty-free personal imports of drugs and specialized nutrition.	• Expands support for rare disease patients by exempting import duties on drugs, medicines, and FSMPs for additional conditions. • Highlights gaps in domestic availability and reimbursement frameworks.

Customs Duty Changes Affecting the Healthcare Sector

Initiative	Overview	Likely Impact
Withdrawal of concessional Basic Customs Duty (BCD) on diagnostic and laboratory reagents (effective 02.02.2026)	Concessional Basic Customs Duty (BCD) on specified diagnostic and laboratory reagents is proposed to lapse following a review of exemptions.	May increase the cost of diagnostic tests across public and private facilities, with implications for affordability and screening coverage.
Withdrawal of concessional Basic Customs Duty (BCD) on inputs used in manufacture of Copper-T contraceptives (effective 01.04.2026)	Basic Customs Duty (BCD) exemption on specified goods used in the manufacture of Copper-T contraceptives is proposed to be withdrawn.	Potential increase in procurement costs for public health programmes, affecting availability of contraceptive services.
Withdrawal of concessional Basic Customs Duty (BCD) on X-ray tubes used in manufacture of X-ray machines (effective 01.04.2026)	Lapse of Basic Customs Duty (BCD) exemption on X-ray tubes used in medical, surgical, and veterinary imaging equipment manufacturing.	Likely increase in diagnostic equipment costs, with implications for access and infrastructure expansion.
Withdrawal of concessional Basic Customs Duty (BCD) on flat panel detectors used in manufacture of X-ray machines (effective 01.04.2026)	Withdrawal of Basic Customs Duty (BCD) exemption on flat panel detectors used in digital X-ray imaging systems.	May slow adoption of advanced imaging technologies and increase capital costs for healthcare providers.

Science & Technology

Sectoral Direction

The Science & Technology (S&T) thrust in Budget 2026-27 marks a clear transition from scheme-based welfare to capability-driven ecosystems. The sectoral direction is defined by:

- Embedding AI and digital public infrastructure (DPI) across agriculture, education, skilling, logistics, and governance to improve productivity and service delivery.
- Expanding technology-led employment and inclusion, focused on services-oriented science jobs, agri- and livestock value chains, and empowerment of farmers, Divyangjan, women, and youth.
- Building domestic technological and industrial capacity in R&D, manufacturing, and regulation to reduce import dependence and enhance economic resilience.

Overall, Science & Technology is positioned as a productivity multiplier across economic, social, and human capital outcomes.

Government Vision (as per Economic Survey)

The Budget closely aligns with the Economic Survey's emphasis on:

- Technology as a force multiplier for governance and service delivery, especially AI-driven platforms
- Human capital deepening, through skilling, allied health professionals, caregivers, and technology-enabled education
- Domestic capability building in strategic sectors such as biopharma, semiconductors, chemicals, and clean energy
- Resilient growth under global uncertainty, by reducing critical import dependencies
- Inclusive growth, using digital tools to reduce access gaps rather than expand subsidies

The Survey's core idea that India's next growth phase depends on combining technology, skills, and institutions is operationalised in this Budget through concrete funding, infrastructure, and institutional reforms.

Key Takeaways from Budget

Initiative	Overview	Likely Impact
Emerging Technologies & National R&D Ecosystem	Government support for frontier technologies through AI Mission, National Quantum Mission, Anusandhan National Research Fund (ANRF), and Research, Development & Innovation (RDI) Fund, with inclusive adoption benefiting farmers, women in STEM, youth, and Divyangjan	• Strengthens India's end-to-end R&D and deep-tech ecosystem, accelerates innovation-to-commercialisation pathways, and positions India as a global knowledge, research, and frontier-technology hub with inclusive access to technology.
Education to Employment & Enterprise Standing Committee	High-powered committee to align education, skilling, and enterprise with the services sector, assess impact of emerging technologies (including AI) on jobs and skills, and recommend measures	• Strengthens services-led innovation and workforce readiness, improves education–industry alignment, and positions India as a global services leader

Initiative	Overview	Likely Impact
	to boost growth, employment, and exports	targeting 10% global share by 2047
Bharat-VISTAAR (AI in Agriculture)	Multilingual AI platform integrating AgriStack and ICAR agricultural practice packages to provide customised advisory support	• Improves farm productivity and risk management, creates scale for agri-tech and advisory platforms, and positions India as a global model for AI-enabled, farmer-centric agriculture systems
Divyang Sahara Yojana	Scaling Artificial Limbs Manufacturing Corporation of India (ALIMCO); AI-enabled assistive devices; Assistive Technology Marts	• Growth in assistive technology manufacturing, R&D, and retail; opportunities for med-tech startups and device manufacturers
AI & Emerging Tech in Education	Education-to-Employment Standing Committee; AI embedded in curricula	• Strengthens ed-tech, skill-tech, and AI training markets; improves industry-ready talent pipeline
Chemical Parks – Domestic Chemical Manufacturing Ecosystem	Scheme to support States in establishing 3 dedicated Chemical Parks through a challenge route, based on a cluster-based plug-and-play model, to enhance domestic chemical production and reduce import dependence.	• Strengthens domestic chemical manufacturing capacity, attracts private investment into specialty and bulk chemicals, reduces import reliance, and positions India as a globally competitive chemicals and downstream materials hub.
Digital Single Window for Cargo Clearance	Seamless digital processing of approvals across agencies via a single integrated window; food, drugs, plant, animal & wildlife clearances (~70% of interdicted cargo) to be operational by April 2026; auto-clearance for goods with no compliance requirement	• Reduces transaction time and costs, improves predictability for exporters and importers, and positions India as a technology-enabled, trade-friendly logistics and compliance ecosystem

Sustainability

Sectoral Direction

The Sustainability thrust in Budget 2026-27 reflects a shift from climate intent to implementation-oriented green transition, with emphasis on:

- Clean energy, decarbonisation, and climate resilience as growth and competitiveness drivers
- Industrial sustainability and energy security, focusing on hard-to-abate sectors and domestic capacity
- Circular economy and climate-aligned infrastructure, integrating sustainability with jobs and manufacturing

Overall, sustainability is positioned as a competitiveness and resilience lever, supporting long-term growth while meeting climate commitments.

Government Vision (as per Economic Survey)

The Budget aligns closely with the Economic Survey's sustainability narrative, which emphasises:

- Balancing growth with climate responsibility, rather than growth trade-offs
- Technology-led decarbonisation, especially through clean tech, carbon management, and energy efficiency
- Domestic capability building to reduce exposure to global energy and commodity shocks
- Private sector participation in green transition through market creation and viability support
- Just and inclusive transition, ensuring livelihoods, jobs, and affordability during the shift

The Survey's message-that India's climate pathway must be pragmatic, technology-driven, and development-sensitive-is operationalised through targeted schemes and investments.

Key Takeaways from Budget

Initiative	**Overview**	**Likely Impact**
Carbon Capture, Utilisation & Storage (CCUS)	₹20,000 crore outlay over 5 years to deploy CCUS across power, steel, cement, refineries, and chemicals	• Creates a new industrial clean-tech market, enables decarbonisation of hard-to-abate sectors, and positions India as an early mover in CCUS technologies
Environmentally Sustainable Passenger Transport	Development of seven high-speed rail corridors as growth connectors	• Generates demand for low-carbon transport infrastructure, rolling stock, signalling, construction, and green materials, while supporting sustainable urban-regional mobility
Green Freight, Waterways & Coastal Shipping	New Dedicated Freight Corridors (Dankuni–Surat); 20 National Waterways starting with NW-5; Coastal Cargo Promotion Scheme to raise waterways & coastal shipping share to 12% by 2047; ship-repair hubs and training centres	• Boosts multimodal logistics and ship-repair services, reduces freight emissions and costs, creates skilled jobs, and strengthens India's low-carbon cargo transport ecosystem
Chemical Parks - Domestic Chemical Manufacturing Ecosystem	Scheme to support States in establishing 3 dedicated Chemical Parks through a challenge route, based on a cluster-based plug-and-play model, to enhance domestic chemical production and reduce import dependence.	• Strengthens domestic chemical manufacturing capacity, attracts private investment into specialty and bulk chemicals, reduces import reliance, and positions India as a globally competitive chemicals and downstream materials hub.
Sustainable Tourism & Ecological Trails	Development of mountain trails, turtle trails, and bird-watching trails across identified regions including the Himalayas, Eastern & Western Ghats, and coastal nesting site	• Promotes eco-tourism and nature-based livelihoods, creates opportunities for local enterprises and guides, and positions India as a destination for low-impact, sustainable tourism

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