

HIGHLIGHTS OF UNION BUDGET 2026-27

What It Means for You?



Highlights of Union Budget 2026-27

Honestly speaking, Finance Minister Nirmala Sitharaman has come out with flying colors on her record Ninth Budget, is inspired by 3 kartavyas.

First kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics.

Second kartavya is to fulfil aspirations of people and build their capacity, making them strong partners in India's path to prosperity

Third kartavya, aligned with vision of Sabka Sath, Sabka Vikas, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

The highlights of the Union Budget 2026-27 presented in the Parliament by Union Minister for Finance and Corporate Affairs Smt Nirmala Sitharaman are as follows:

Budget Estimates 2026-27

- # The non-debt receipts and the total expenditure are estimated as ₹36.5 lakh crore and ₹53.5 lakh crore respectively. The Centre's net tax receipts are estimated at ₹28.7 lakh crore.
- # The gross market borrowings are estimated at ₹17.2 lakh crore and the net market borrowings from dated securities are estimated at ₹11.7 lakh crore.
- # The Revised Estimates of the non-debt receipts are ₹34 lakh crore of which the Centre's net tax receipts are ₹26.7 lakh crore.
- # The Revised Estimate of the total expenditure is ₹49.6 lakh crore, of which the capital expenditure is about ₹11 lakh crore.
- # The fiscal deficit in BE 2026-27 is estimated to be 4.3 percent of GDP.
- # In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4 percent of GDP.
- # The debt-to-GDP ratio is estimated to be 55.6 percent of GDP in BE 2026-27, compared to 56.1 percent of GDP in RE 2025-26.

First Kartavya is to accelerate and sustain economic growth and proposes 6 interventions

1. Scaling up manufacturing in 7 strategic and frontier sectors

- i. **Biopharma SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation) announced**, with an outlay of ₹ 10,000 crores over the next 5 years to develop India as a global Biopharma manufacturing hub.
 - a. A Biopharma-focused network to be created with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones.
 - b. A network of over 1000 accredited India Clinical Trials sites to be created
- ii. **India Semiconductor Mission (ISM) 2.0** to be launched to produce equipment and materials, design full-stack Indian IP, and fortify supply chains with focus on industry led research and training centres to develop technology and skilled workforce.
- iii. **The Electronics Components Manufacturing Scheme** outlay increased to ₹40,000 crore.
- iv. Dedicated Rare **Earth Corridors to be established**, to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to promote mining, processing, research and manufacturing.
- v. Government to launch a Scheme to support States in **establishing 3 dedicated Chemical Parks**, through challenge route, on a cluster-based plug-and-play model.
- vi. **Strengthening Capital Goods Capability**
 - **Hi-Tech Tool Rooms** to be established by CPSEs at 2 locations as digitally enabled automated service bureaus that locally design, test, and manufacture high-precision components at scale and at lower cost.
 - A **Scheme for Enhancement of Construction and Infrastructure Equipment (CIE)** to be introduced, to strengthen domestic manufacturing of high-value and technologically-advanced CIE.
 - A **Scheme for Container Manufacturing announced**, to create a globally competitive container manufacturing ecosystem, with a budgetary allocation of over ₹10,000 crore over a 5 year period.

vii. Integrated Programme for the Textile Sector announced

- a. The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres.
- b. Textile Expansion and Employment Scheme to modernize traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.
 - **Mega Textile Parks** to be setup in challenge mode with focus on bringing value addition to technical textiles.
 - **Mahatma Gandhi Gram Swaraj** initiative announced, to strengthen khadi, handloom and handicrafts.
 - a. Initiative to help in global market linkage, branding and will streamline and support training, skilling, quality of process and production.

2. Rejuvenating legacy industrial sectors

- **A Scheme to revive 200 legacy industrial** clusters announced, to improve their cost competitiveness and efficiency through infrastructure and technology upgradation.

3. Creating “Champion SMEs” and supporting micro enterprises

- **A dedicated ₹10,000 crore SME Growth Fund**, to be introduced, to create future Champions, incentivizing enterprises based on select criteria.
- **Self-Reliant India Fund** to be allocated with additional ₹2,000 crore, to continue support to micro enterprises and maintain their access to risk capital.
- Government to facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of ‘Corporate Mitras’, especially in Tier-II and Tier-III towns.

4. Delivering a powerful push to Infrastructure

- **Public capital expenditure** to be increased to ₹12.2 lakh crore in FY 2026-27.
- Government to set up an **Infrastructure Risk Guarantee Fund** to strengthen the confidence of private developers regarding risks during infrastructure development and construction phase.
- Government to accelerate recycling of significant real estate assets of CPSEs through the setting up of dedicated REITs.
- To promote **environmentally sustainable movement of cargo**, following measures are proposed:
 - a. New **Dedicated Freight Corridors** to be established connecting Dankuni in the East, to Surat in the West
 - b. **20 new National Waterways (NW)** to be operationalised over next 5 years, starting with NW-5 in Odisha to connect mineral rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra.
 - o **Training Institutes** to be set up as Regional Centres of Excellence for development of the required manpower.
 - o Further, a **ship repair ecosystem** catering to inland waterways to be set up at Varanasi and Patna
 - c. A **Coastal Cargo Promotion Scheme to be launched** for incentivising a modal shift from rail and road, to increase the share of inland waterways and coastal shipping from 6% to 12 % by 2047.
- Incentives to be provided to **indigenize manufacturing of seaplanes** and enhance last-mile and remote connectivity, and promote tourism.
 - a. **Seaplane VGF Scheme** to be introduced to provide support for operations.

5. Ensuring long term energy security and stability

- An outlay of ₹20,000 crore over the next 5 years, announced for **Carbon Capture Utilization and Storage (CCUS)** technologies.

6. Developing City Economic Regions

- An allocation of ₹5000 crore over 5 years, per city economic regions (CER) announced, for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism.
- Government to develop **Seven High-Speed Rail corridors between cities as ‘growth connectors’** to promote environmentally sustainable passenger systems. These include:
 - i. Mumbai-Pune
 - ii. Pune-Hyderabad,
 - iii. Hyderabad-Bengaluru,
 - iv. Hyderabad-Chennai
 - v. Chennai-Bengaluru,
 - vi. Delhi-Varanasi,
 - vii. Varanasi-Siliguri.
- Government to setup a **“High Level Committee on Banking for Viksit Bharat”**, to comprehensively review the sector and align it with India’s next phase of growth, while safeguarding financial stability, inclusion and consumer protection.
- **Government to restructure the Power Finance Corporation and Rural Electrification Corporation** to achieve scale and improve efficiency in the Public Sector NBFCs.
- A comprehensive review of the **Foreign Exchange Management (Non-debt Instruments) Rules** is proposed, to create a more contemporary, user-friendly framework for foreign investments, consistent with India’s evolving economic priorities.

Municipal Bonds

- **An incentive of ₹100 crore for a single bond issuance of more than ₹1000 crore** announced, to encourage the issuance of municipal bonds of higher value by large cities.

Second Kartavya is to fulfil aspirations and build capacity of people

- Government to set up a High-Powered '**Education to Employment and Enterprise**' Standing Committee to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat.

Creation of Professionals for Viksit Bharat

- Existing institutions for Allied Health Professionals (AHPs) to be upgraded and new AHP Institutions to be established in private and Government sectors
 - a. 100,000 Allied Health Professionals to be added over the next 5 years
- **Five Regional Medical Hubs** to be established, to promote India as a hub for medical tourism services.

AYUSH

- **3 new All India Institutes of Ayurveda** to be established

Animal Husbandry

- Government to scale up availability of veterinary professionals by more than 20,000
 - a. A loan-linked capital subsidy support scheme to be launched for establishment of veterinary and para vet colleges, veterinary hospitals, diagnostic laboratories and breeding facilities in the private sector.

Orange Economy

- Indian Institute of Creative Technologies, Mumbai to be provided support in setting up , Visual Effects, Gaming and Comics (AVGC) Content Creator Labs in 15,000 secondary schools and 500 colleges.



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Education

- **5 University Townships** to be created in the vicinity of major industrial and logistic corridors through challenge route.
 - a. Through VGF/capital support, 1 girls' hostel to be established in every district

Tourism

- National Council for Hotel Management and Catering Technology **to be upgraded to National Institute of Hospitality**
 - a. A pilot scheme for upskilling 10,000 guides in 20 tourist sites announced through a standardized, high-quality 12-week training course in hybrid mode In collaboration with an IIM.
 - b. **A National Destination Digital Knowledge Grid** to be established to digitally document all places of significance—cultural, spiritual and heritage.

Heritage and Culture Tourism

- 15 archeological sites including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace to be developed into vibrant, experiential cultural destinations

Sports

- **Khelo India Mission** to be launched to transform the Sports sector over the next decade.
Third Kartavya is aligned with vision of Sabka Sath, Sabka Vikas and requires targeted efforts in the following four areas:

1. Increasing Farmer Incomes

- New Initiatives to be undertaken for
 - a. Integrated development of 500 reservoirs and Amrit Sarovars

High Value Agriculture:

- Govt. to support high value crops such as :
 - a. coconut, sandalwood, cocoa and cashew in coastal areas
 - b. **Coconut Promotion Scheme** to be launched to increase production and enhance productivity.

Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources)

- Government to launch Bharat-VISTAAR, a multilingual AI tool to integrate the AgriStack portals and the ICAR package on agricultural practices with AI systems.

2. Empowering Divyangjan

- **Divyangjan Kaushal Yojana** for Divyangjans to offer task-oriented and process-driven roles in IT, AVGC sectors, Hospitality and Food and Beverages sectors.

3. Commitment to Mental Health and Trauma Care

- Government to set up NIMHANS-2 in north India.
 - a. Government to upgrade National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions.

4. Focus on the Purvodaya States and the North-Eastern Region

- Government to develop an integrated East Coast Industrial Corridor with a well-connected node at Durgapur, creation of 5 tourism destinations in the 5 Purvodaya States, and the provision of 4,000 e-buses.
 - a. A scheme to be launched for the development of Buddhist Circuits in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura.

16th Finance Commission

- Government provided ₹1.4 lakh crore to the States for the FY 2026-27 as Finance Commission Grants as recommended by the 16th Finance Commission.

PART B

DIRECT TAX

1. Personal Income Tax (New Regime)

The Finance Minister announced **no changes** to the existing income tax slabs for the FY 2026-27. However, the new tax regime remains the default option, and the following structure continues:

Income Range (₹)	Tax Rate
Up to 4,00,000	Nil
4,00,001 – 8,00,000	5%
8,00,001 – 12,00,000	10%
12,00,001 – 16,00,000	15%
16,00,001 – 20,00,000	20%
20,00,001 – 24,00,000	25%
Above 24,00,000	30%

Note: With the standard deduction of ₹75,000 and the Section 87A rebate, individuals with an annual income up to ₹12.75 lakh continue to have zero tax liability under the new regime.

2. Capital Gains & Stock Market Changes

- **Share Buybacks:** In a major shift, proceeds from stock buybacks will now be treated as **capital gains** in the hands of shareholders (taxed at 22% for corporate and 30% for non-corporate promoters to prevent tax arbitrage) rather than being taxed as dividends.
- **Securities Transaction Tax (STT):** To curb excessive speculation in the F&O (Futures & Options) segment, the STT has been hiked:
 - o **Futures:** Increased to **0.05%** (from 0.02%).
 - o **Options:** Increased to **0.15%** (from 0.1%).



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- **Sovereign Gold Bonds (SGB):** Tax exemption on capital gains for SGBs is now restricted only to **original subscribers** who hold the bonds until maturity.

3. Procedural & Compliance Relief

- **New Income Tax Act, 2025:** The new Act aims to reduce litigation and simplify language. Forms are being redesigned for "ease of living" and will be notified shortly.
- **Revised ITR Deadline:** The deadline to file a revised Income Tax Return has been extended to **March 31** of the assessment year (with a nominal fee).
- **Foreign Asset Disclosure:** A one-time **6-month window** has been opened for small taxpayers (students, NRIs, tech employees) to disclose foreign assets/income below ₹1 crore with reduced penalties.
- **TCS Rationalization:** Tax Collected at Source (TCS) for overseas travel, education, and medical remittances under LRS has been reduced to a flat **2%** (down from 5%/20%).

4. Corporate Tax

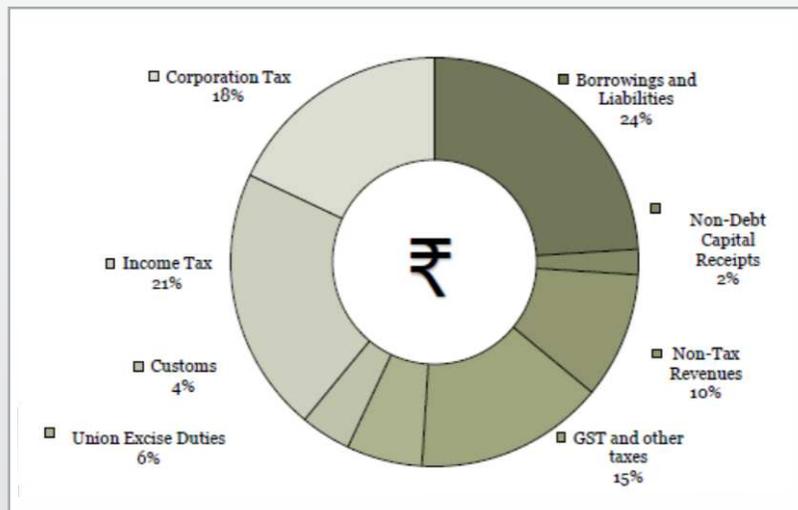
- **MAT Reduction:** The Minimum Alternate Tax (MAT) rate for companies has been reduced from **15% to 14%**.
- **Tax Holiday for Data Centres:** Foreign companies providing cloud services using Indian data centers will receive a **tax holiday until 2047** to promote India as a global data hub.

Indian economy: Recovery is resilient.

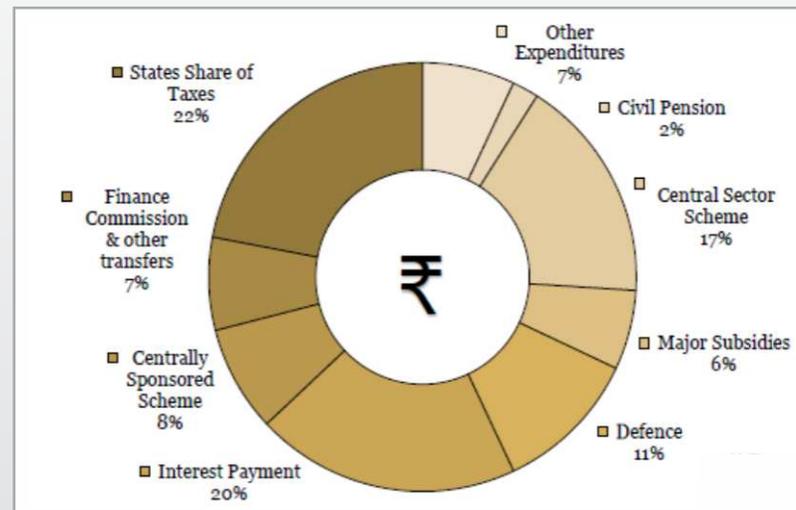
Key Figures

- # Central Government will target reaching a debt-to-GDP ratio of 50 ± 1 percent by 2030.
- # The debt-to-GDP ratio is estimated to be 55.6 percent of GDP in BE 2026-27, compared to 56.1 percent of GDP in RE 2025-26.
- # In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4 percent 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 percent of GDP.

Rupee Comes From

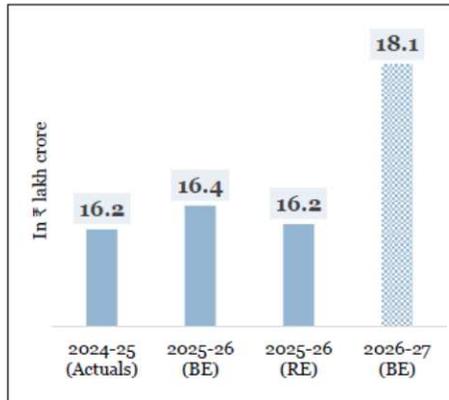


Rupee Goes To

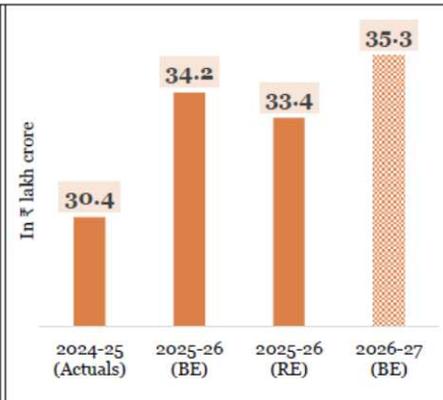


Receipts

Capital Receipts

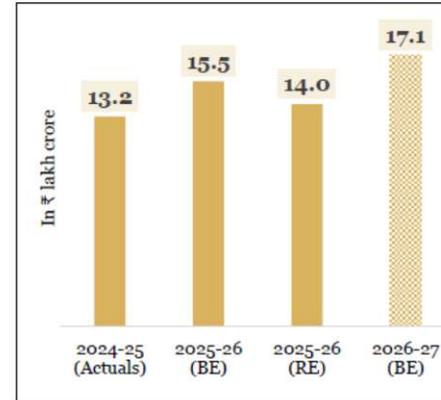


Revenue Receipts

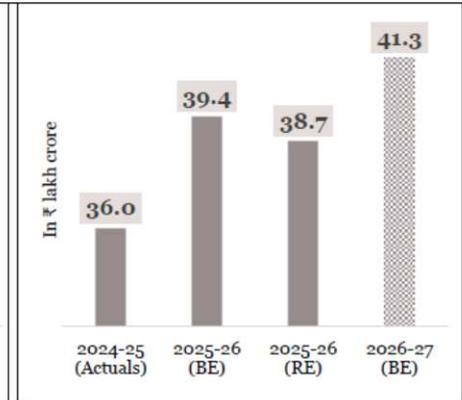


Expenditure

Effective Capital Expenditure

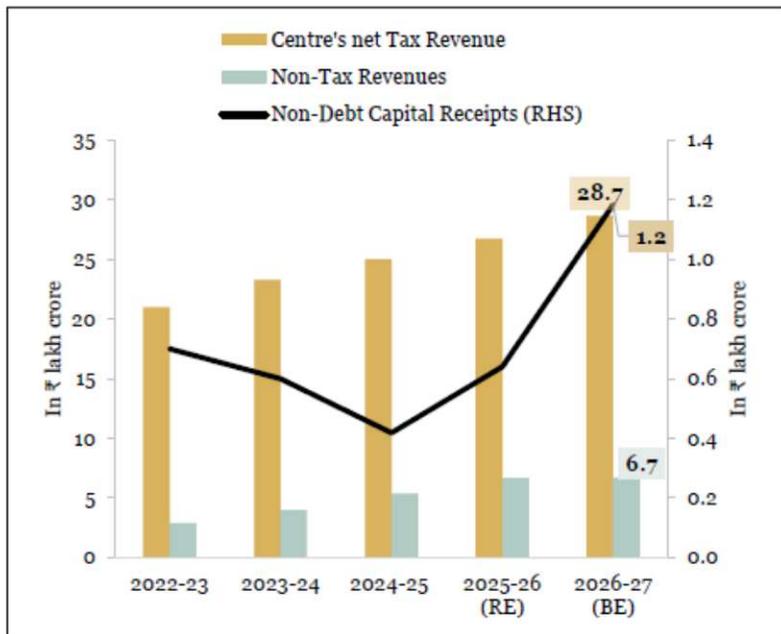


Revenue Expenditure

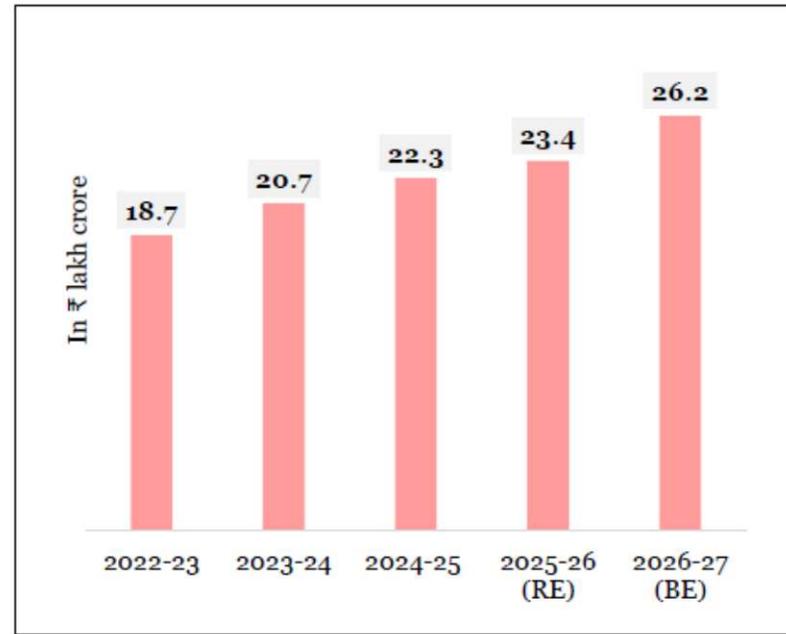


Robust Economic Foundations

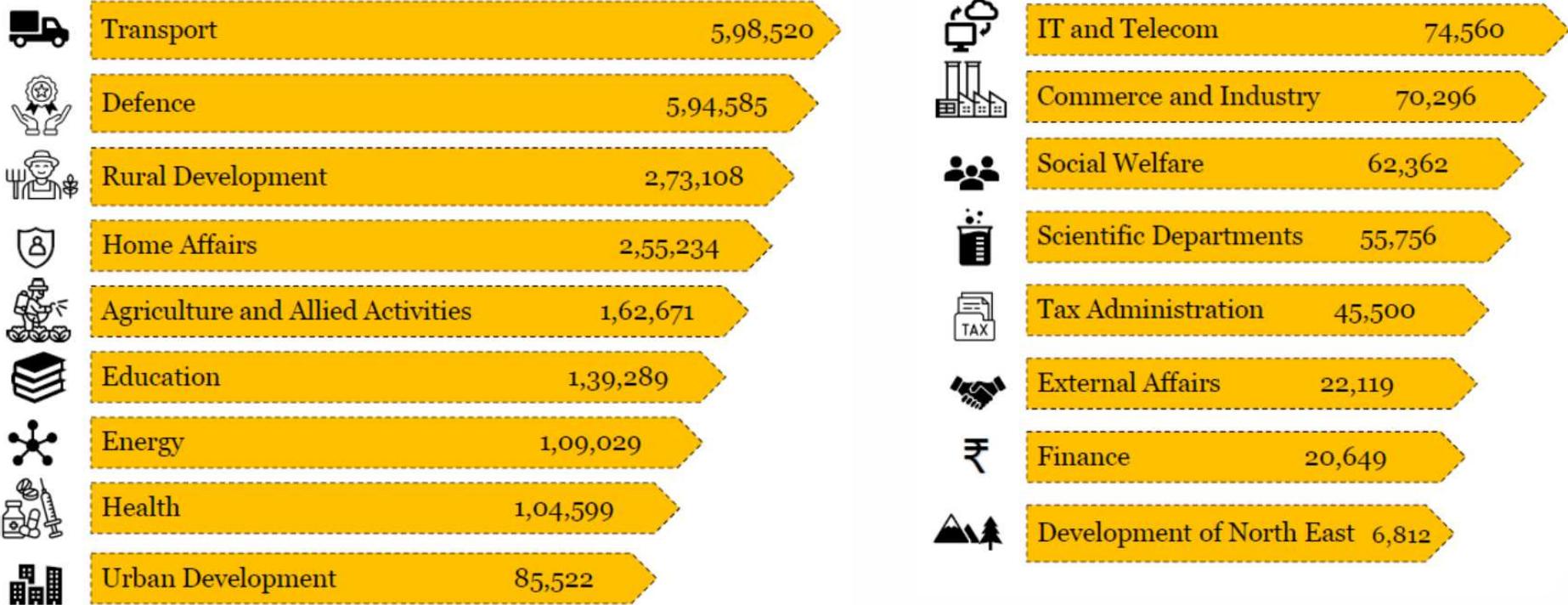
Trend in Net Receipt of Centre



Total transfer to States and UTs



Expenditure of Major Items



in Crore



Highlights of Union Budget 2026-27

Net-net, amidst all enthusiasm, Dalal Street wavered traded with negative bias to the policy announcements and blame it on

- 1) Raising the STT on Futures from 0.02% to 0.05%.
- 2) STT on options premium and exercise of options to be raised to 0.15% from rate of 0.1% and 0.125%, respectively.

Anyway. We firmly believe FM Sitharaman's Union Budget ushers a 'new leg to the bull market'.

The budget has given lots of impetus for pushing capital expenditure (capex), manufacturing, employment, and infrastructure development.

Here are the key areas receiving a "big push" in the 2026–27 budget:

Infrastructure & Capital Expenditure: The budget continues a capex-led growth strategy, raising public investment to Rs 12.2 lakh crore, with a specific focus on transport, logistics, and energy.

Manufacturing (Semiconductors & Electronics): A significant push is directed toward the "India Semiconductor Mission 2.0" and increasing the outlay for electronics components manufacturing to Rs 40,000 crore.

Employment & MSMEs: A Rs 10,000-crore SME Growth Fund is proposed to support small and medium enterprises, alongside targeted incentives for labour-intensive sectors like textiles and chemicals.

Skills & Education: The budget emphasizes capacity-building with initiatives like setting up girls' hostels in every district, five university townships near industrial corridors, and skill development for the tourism sector.

Healthcare & Technology: A major push was announced for mental health infrastructure, including a new NIMHANS in North India, alongside advancements in AI, health, and tourism.

Green Energy & Sustainability: The budget includes a Rs 20,000 crore outlay for carbon capture, utilisation, and storage (CCUS) over five years, alongside tax exemptions for lithium-ion battery manufacturing.

Urban Development: The introduction of "City Economic Regions" (CER) with a Rs 5,000 crore allocation per city over five years to foster regional growth.



Highlights of Union Budget 2026-27

Bottom-line: The Union Budget could be a game changer and represents the reforms of the BJP government as all bullish eyes now aim for — India's ambition to reach the \$5 trillion economy goal. Now, that brings us to the big question: What can finally kill this bull market at Dalal Street? Well, going forward, caution is the buzzword at Dalal Street.

Blame it on land mines that are placed here and there — and primarily planted by the President of the United States, President Donald Trump — which is clearly derailing any optimism at Dalal Street.

Strictly speaking, Trump's policies are likely to determine how the US economy will shape up and Wall Street's trading theme shall hinge on the same.

Amidst this backdrop, Nifty and its stocks remain unsure on how serious Trump's Tariff Threats are.

The battle going forward will also be between deteriorating technical conditions, vanishing liquidity from FII's camp, weaker Indian Rupee, and rising US bond yields while on the other hand are positive global cues, a government committed to reforms and bring back the economy on track on backdrop of fading geopolitical tensions.

So, expect volatility to rule the roost and choppiness will prevail at Dalal Street for the rest of 2026 primarily as investors brace for a tug of war battle between the bulls and the bears.

Long story short: Stay cautious as long as tariff, rates, recession, and inflation are on the front pages...



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