180Degrees
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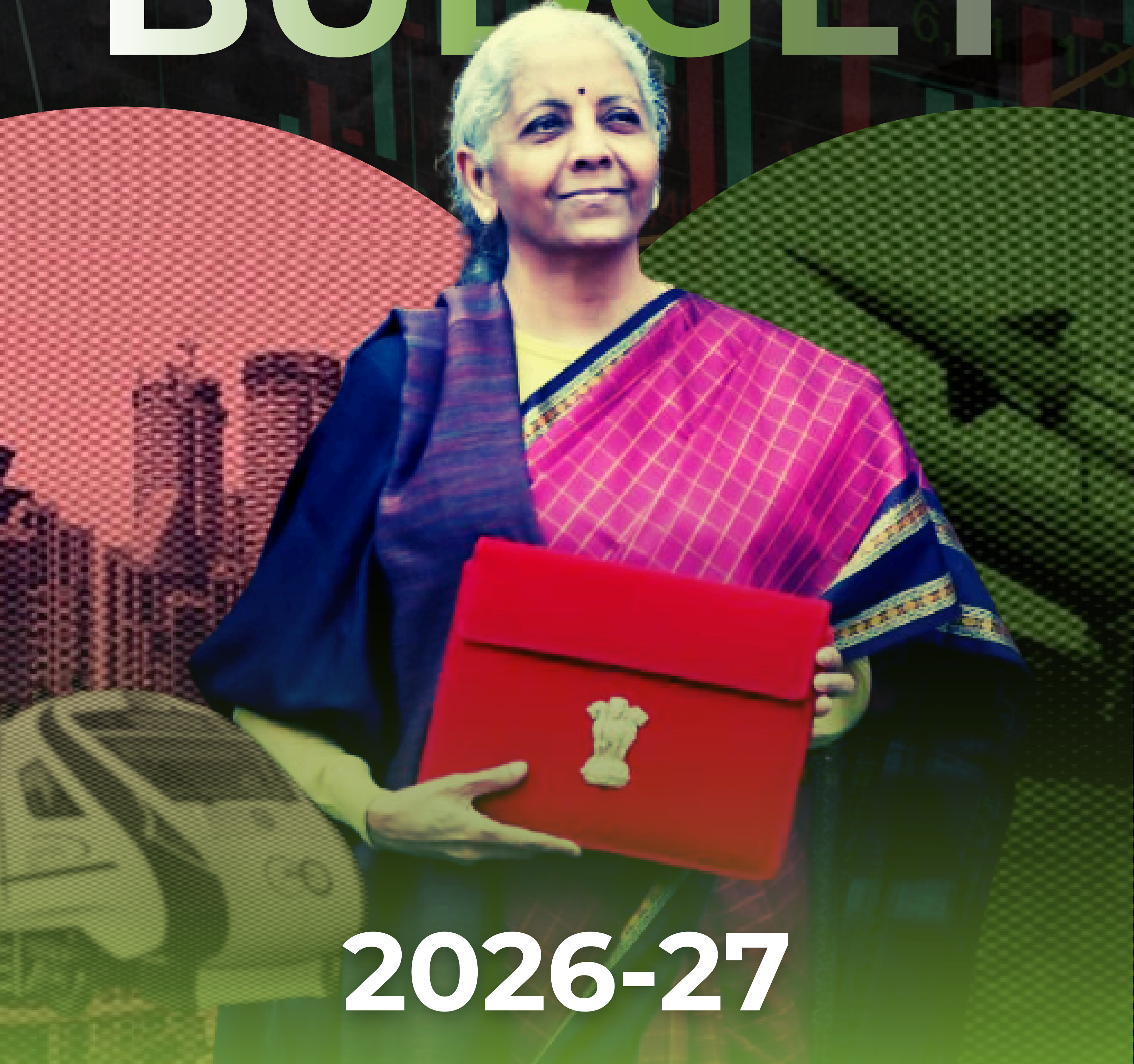
UNION BUDGET



2026-27

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EXECUTIVE SUMMARY

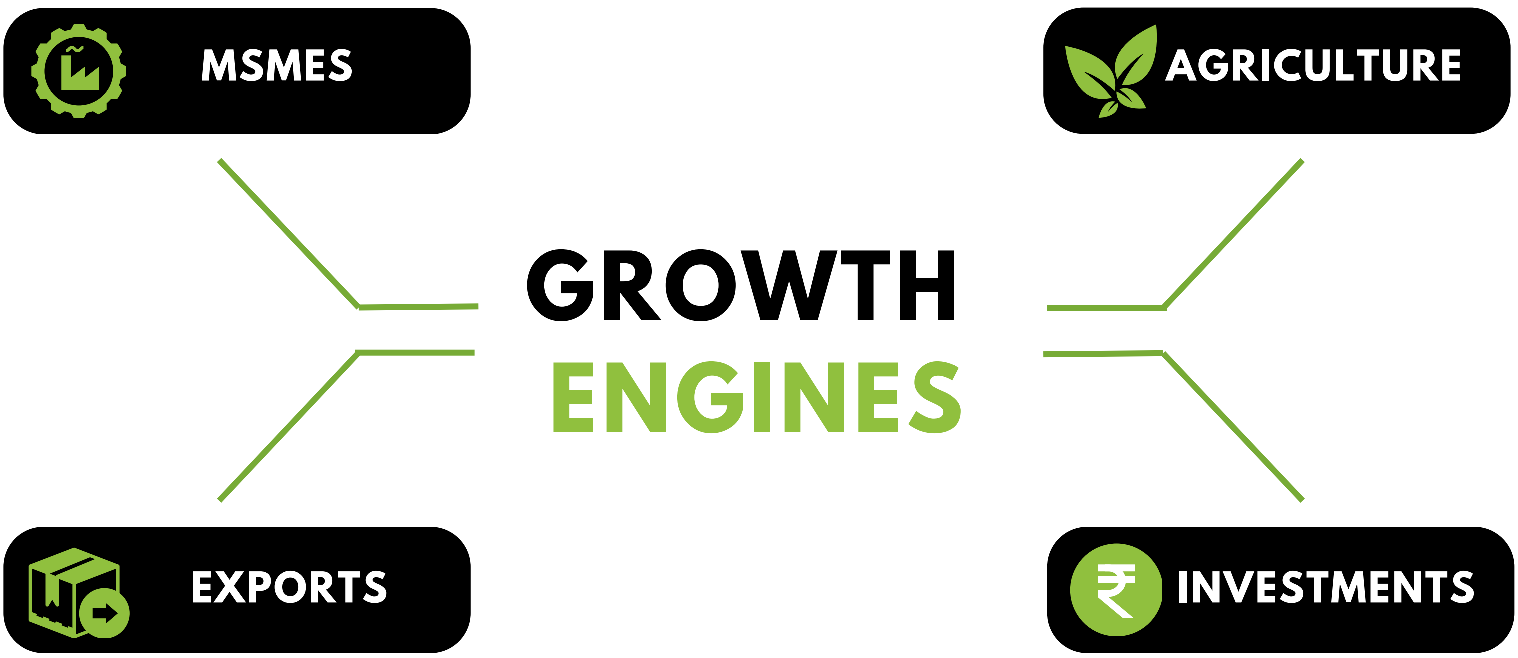
The Union budget for 2026-2027 focuses on sustaining steady economic growth for India, and provides emphasis on enhancing existing and developing Infrastructure along with deepening and liberalising financials.

The above is approached with Duty exemptions on aviation manufacturing, maintenance, and overhaul. Enabling out-of-country individuals to directly engage in local stock trading in a higher capacity than ever before-

The setting up of multiple projects concerned with domains such as reviving legacy Industrial sectors, establishing rare earth corridors and waterways, and capitalising on the container manufacturing industry, among others.

Aligned with the vision of Viksit Bharat 2047, the projected fiscal deficit for the financial year 2027 lies at 4.3% of the Gross Domestic Product (marginally under the current year at 4.4%)

The finance minister coins three Kartavyas (responsibilities) that the government takes up in a steady momentum with the release of the Union Budget, which are - first, accelerate and sustain the economic growth and build resilience to volatile global dynamics, second, to fulfil the aspirations of people and build their capacity, and third, promote Sabka Sath, Sabka Vikas - ensuring every family, community, region and sector is nourished.



ECONOMIC BACKDROP

> Today, we face an external environment in which trade and multilateralism are in imperent and access to resources and supply chains are disrupted. India will continue to take confident steps towards Viksit Bharat, balancing ambition with inclusion.

The year 2025 was a critical one for global economies, including India. Policy overhauls across Western economies, particularly in trade, investment, and industrial policy, triggered upheaval across all major global markets. Intricately connected to global value chains, India, the world's fourth-largest economy and a major global trading partner, faced external shocks and acute effects from these changes like tariff escalations and volatile capital flows.

Yet, resilience in demand, a reset in trade and investment outlook, and policy reforms stood out despite headwinds. India focused squarely on its biggest strength, domestic demand, to keep growth buoyant as inflation levels stayed low at **1.8%** on average through the fiscal year. As India enters 2026, several themes will shape the next phase of growth, and must be dealt with the same level of pragmatism. That said, it must be acknowledged that the external environment remains uncertain, which shapes the overall outlook, with significant challenges such as

- **Intensifying geopolitical conflicts**
- **Energy and finance weaponisation**
- **Export controls on technology**
- **Scepticism about free trade**
- **Competition for critical minerals**

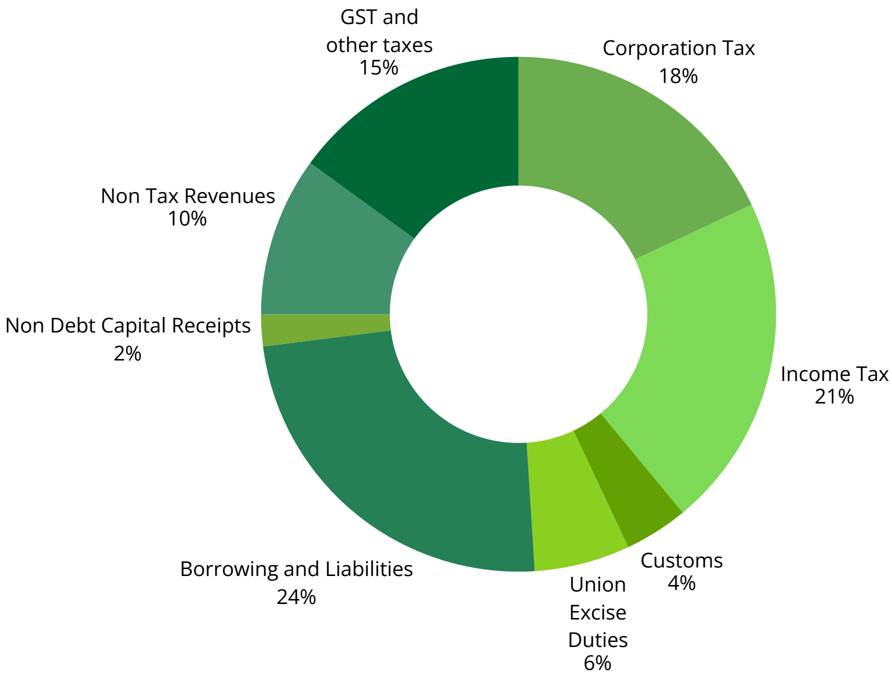
BUDGET AT A GLANCE

- Budget accelerates traditional medicine, animal husbandry, and India's orange economy
- Biopharma SHAKTI launched with a ₹10,000 crore outlay over five years
- Semiconductor Mission (ISM 2.0): Focus on equipment, materials, and Indian IP design
- Outlay for the ECMS increased to ₹40,000 crore
- ₹10,000 crore over five years allocated to build a competitive domestic container manufacturing ecosystem
- Debt to GDP at 55.6% in FY27, Fiscal Deficit at 4.3% of GDP
- Scaling up the MSME Champions Scheme up to ₹10,000 crore
- Introduction of a scheme to revive 200 legacy industrial clusters
- Public Capex has been increased to ₹12.2 lakh crore for FY 2026-27
- Development of 7 High-Speed Rail corridors
- Operationalising 20 new National Waterways over the next five years, starting with NW-5 in Odisha
- Rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu
- Energy (CCUS)-₹20,000 crs. over 5 years for Carbon Capture
- Resident individuals outside India can now invest up to 10% (up from 5%) in listed Indian companies
- The Income Tax Act, 2025, will become effective from April 1, 2026, replacing the 1961 Act
- Tax holiday upto 2047 to foreign companies providing services by procuring data centre services
- High-Powered Standing Committee to drive the Services Sector toward 10% global share
- Duty exemptions on parts foraircraft manufacture and maintenance in the defence sector

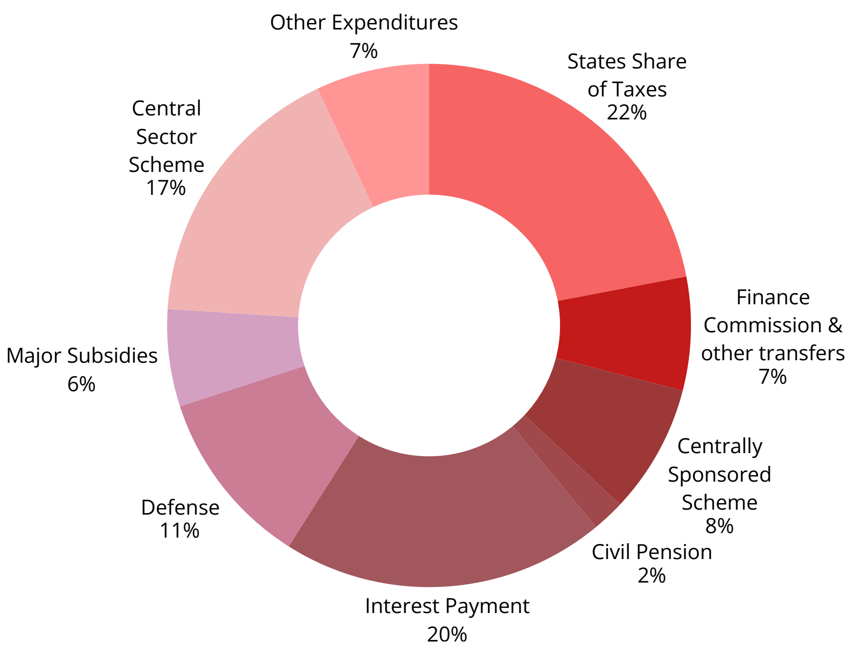
EXPENDITURE & ALLOCATION

For 2026–27, the government has projected total expenditure at ₹53.5 lakh crore, up from ₹49.6 lakh crore in 2025–26 (RE), reflecting continued focus on growth and infrastructure. Despite higher spending, fiscal discipline is maintained, with the fiscal deficit reduced to 4.3% of GDP from 4.4%.

RUPEE COMES FROM



RUPEE GOES TO



UPDATED TAX REGULATIONS

- Exempt customs duty on 17 drugs and medicines.
- 7 additional rare diseases now qualify for duty-free medical imports.
- Increased STT on commodity futures from 0.02% to 0.05%.
- Minimum Alternate Tax (MAT) rate reduced from 15% to 14%.
- Customs duty exempt on aircraft raw materials to be used in maintenance and repair by the defence sector.
- Raise duty-free import limit for seafood processing inputs from 1% to 3%.
- ITR-1 and ITR-2 filers must meet July 31 deadline.
- Non-audit businesses can file ITR till August 31.
- Small taxpayers with assets up to ₹1 crore will pay 30% tax plus 30% extra for immunity.
- No TDS will be deducted on interest income up to ₹1 lakh annually for senior citizens.
- TDS on rent payments is exempt up to ₹6 lakh per year.
- Reduction of TCS on overseas tour program packages.
- Reduction of TCS on LRS remittances for education and medical purposes to 2%.
- Pre-deposit requirement for appeals reduced from 20% to 10% of tax.
- Maximum imprisonment for tax offences capped at 2 years.

0-4 L Rupees	4-8 L Rupees	8-12 L Rupees	12-16 L Rupees	16-20 L Rupees	20-24 L Rupees	Above 24L Rupees
NIL	5%	10%	15%	20%	25%	30%

LOSERS

- Clean energy sector
- Banking
- Investors
- FMCG
- Traders

WINNERS

- Pharmaceuticals
- Textiles
- Electronic Manufacturing
- Data Centers
- Infrastructure
- Startups

SECTORAL ANALYSIS

PRIMARY SECTOR

- The agriculture sector measures focus on **improving productivity, self-reliance, and income security for farmers through targeted modernization and infrastructure development. Initiatives include rejuvenation of low-yield orchards**, **promotion of high-density horticulture, and productivity enhancement in crops such as coconut, cashew, cocoa, and nuts** to strengthen export competitiveness and global branding.
- Parallel efforts aim to strengthen allied sectors through **credit-linked subsidies, value chain development, and technology integration**. These include support for private veterinary and **breeding infrastructure, integrated fisheries development, AI-based adoption of AgriStack and ICAR practices, modernization of animal husbandry, water body development through reservoirs and Amrit Sarovars, and restoration of traditional ecosystems like sandalwood** in collaboration with state governments.

SECONDARY SECTOR

- The manufacturing sector is being positioned as a central pillar of economic expansion, with a strong emphasis on **self-reliance, competitiveness, and capacity building.** Targeted interventions such as **BioPharma Shakti** aim to develop India into a **global biopharmaceutical manufacturing hub**, while **India Semiconductor Mission 2.0 seeks to deepen domestic capabilities across design, production, equipment, and supply chains.**
- Complementary measures focus on **strengthening industrial ecosystems.** These include expansion of the **Electronics Components Manufacturing Scheme, establishment of chemical parks and hi-tech tool rooms, support for capital goods manufacturing, modernization of the textile industry, revival of legacy clusters, and initiatives to promote India as a global manufacturing hub for sports goods.**

SECTORAL ANALYSIS

SERVICE SECTOR

- The services sector is being strengthened as a key driver of **inclusive growth, employment generation, and human capital development**. Institutional measures such as the **Education to Employment and Enterprise Standing Committee** aim to better align skills, education, and enterprise needs with the requirements of a modern services-driven economy.

- Sector-specific initiatives focus on strengthening healthcare, wellness, and care services through capacity building. These include **expansion of the AYUSH ecosystem with upgraded certification infrastructure, NSQF-aligned training for caregivers, development of medical value tourism hubs in partnership with states and the private sector, and new institutions for allied health professionals** to improve service quality and workforce availability.

FINANCIAL SECTOR

- The financial sector is being strengthened to support India's next phase of growth while **ensuring stability, inclusion, and consumer protection.** Measures include the setting up of a **High-Level Committee on Banking for Viksit Bharat, restructuring of public sector NBFCs such as PFC and REC to improve efficiency, and a comprehensive review of FEMA non-debt instrument rules.**

- Reforms include the introduction of **market making and total return swaps for corporate bonds, incentives for large municipal bond issuances under AMRUT, and revisions in Securities Transaction Tax rates by raising it to 0.05% on futures and to 0.15% on options premium, supporting market stability and revenue goals.**

KEY INDUSTRIES IN THE SPOTLIGHT

EDUCATION

- **5 University Townships in the vicinity of major industrial and logistic corridors are to be established**. These planned academic zones will host multiple universities, colleges, research institutions, skill centres and residential complexes.
- Through capital support, **1 girls' hostel will be established in every district in STEM Institutions.**
- To promote **Astrophysics and Astronomy via immersive experiences, 4 Telescope Infrastructure facilities will be set up** or upgraded.

TOURISM

- Setting up a **National Institute of Hospitality** as a bridge between academia, industry and the Government, doing so by **upgrading the existing National Council for Hotel Management and Catering Technology.**
- Proposal for a pilot scheme for **upskilling 10,000 guides in 20 tourist sites** through a standardized, high-quality 12-week training course.
- **National Destination Digital Knowledge Grid** to digitally document all places of significance —cultural, spiritual and heritage.
- The government is to develop **ecologically sustainable Mountain trails, Turtle Trails and Bird watching trails** in select states.
- This year, **India is hosting the first ever Global Big Cat Summit,** where heads of governments and ministers from 95 countries will join in.

TRANSPORTATION

- Establishment of **Dedicated Freight Corridors** connecting Dankuni in the East, to Surat in the West. **20 new National Waterways** will also be operationalised.
- A **Coastal Cargo Promotion Scheme** will be launched to increase the share of inland waterways and coastal shipping from 6% to 12% by 2047.
- **Purvodaya**: The proposal for development of **an integrated East Coast Industrial Corridor** with a node at Durgapur, creation of **5 tourism destinations in the 5 Purvodaya States, and the provision of 4,000 e-buses.**
- Setting up **Infrastructure Risk Guarantee Fund** to provide prudently calibrated partial credit guarantees to lenders.

MENTAL HEALTH

- As previously, there were no national institutes for mental healthcare in north India, a **NIMHANS-2 will be set up** and the **National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions will be upgraded.**
- **Family care during emergencies is to be strengthened and the care capacities are to be increased by 50% in District Hospitals** by establishing Emergency and Trauma Care Centres.

SPORTS

- A **Khelo India Mission** will follow up this decade to further nurture sports talent. An integrated development pathway will be facilitated by **training centres, systematic support by coaches and encouragement through competitions and leagues.**

CREATOR LABS

- **India's Animation, Visual Effects, Gaming and Comics (AVGC) sector is a growing industry, projected to require 2 million professionals by 2030.**
- Therefore the government will be **setting up AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges, hinting at an orange economy**.
- There will be establishment through challenge route, of a new **National Institute of Design** to boost design education and development in the eastern region of India.

MSMES

EQUITY SUPPORT

Dedicated **₹10,000 crore SME Growth Fund.**
A **top up of the Self-Reliant India Fund** set up in 2021, with ₹2,000 crore to continue support to micro enterprises.

PROFESSIONAL SUPPORT

Facilitation of professional Institutions to develop **'Corporate Mitras'** especially **in Tier-II and Tier III towns**, to help **MSMEs meet compliance requirements at affordable costs.**

LIQUIDITY SUPPORT

With TReDS, more than ₹7 lakh crore has been made available to MSMEs. To leverage its full potential, a 4 step plan **mandating TReDS and linking it with GeM will be brought into action.**

STRATEGIC PILLARS

PRATHAM KARTAVYA

Accelerate and Sustain Economic Growth

- Keep growth around 7%, but without short-term stimulus every time things slow down. Stability matters more here.
- Big push on manufacturing and services productivity, and honestly also about making the economy tougher against global shocks.

DWITIYA KARTAVYA

Fulfil Aspirations and Build Capacity

- Very clearly Yuva Shakti–led. Youth are being treated as drivers, not just beneficiaries.
- Less obsession with job counts, more focus on skills and employability, so people actually plug into growth.

TRITIYA KARTAVYA

Sabka Saath, Sabka Vikas

- Inclusion is still central, especially keeping poorer and vulnerable groups in the growth loop.
- Access to opportunity shouldn't depend on where you're from. Inclusive growth is seen as necessary for stability.

FOUNDATIONAL FORCE MULTIPLIERS

Reforms and Simplification

Reforms are clearly not being treated as a one-off exercise, over 350 changes have already been made.

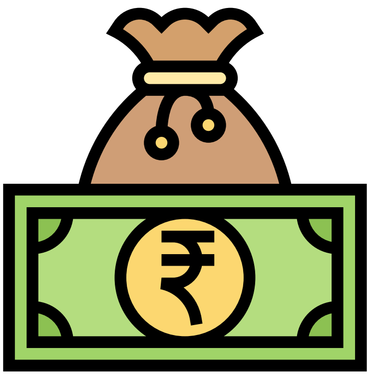
The current direction is toward less red tape and easier compliance, particularly for businesses.

Technology and Governance

Technology, including AI, is being used more as an enabler than a headline feature.

The expectation is that this improves targeting, speeds things up, and reduces friction in delivery.

Financial System and Trust-Based Governance



Banks are expected to play a bigger role in financing growth areas like infrastructure and MSMEs.

At the same time, stability is being guarded, hence the **High-Level Committee on Banking for Viksit Bharat**.

SCHEMES AND POLICY SNAPSHOTS

India Semiconductor Mission (ISM) 2.0
A second-generation push to move India deeper into the global semiconductor and high-tech manufacturing value chain, covering fabrication, advanced packaging, and design, rather than remaining limited to assembly-level work.

Biopharma SHAKTI
A focused initiative to strengthen biotechnology and pharmaceutical manufacturing, aimed at reducing import dependence, improving scale, and positioning India as a reliable global life sciences hub.

MSME "Champion" Approach and Growth Funds
A shift from survival-based support to scale-driven growth, backed by a ₹10,000 crore SME Growth Fund and ₹2,000 crore under the Self-Reliant India Fund, to help high-potential MSMEs expand.

Strategic Materials and Industrial Revival Push
A coordinated effort covering rare earth permanent magnets, the setup of three chemical parks, revival of 200 legacy industrial clusters, and creation of Hi-Tech Tool Rooms in CPSEs (government-owned enterprises) to modernise manufacturing capabilities.

Liquidity Support through Mandatory TReDS Usage

To address delayed payments, CPSEs must use TReDS (a digital invoice-discounting platform), supported by a credit guarantee mechanism to ensure MSMEs receive payments faster and more predictably.

Corporate Mitras for MSMEs

Introduction of Corporate Mitras, providing affordable compliance and advisory support, especially for MSMEs in Tier-II and Tier-III towns with limited professional access.

High-Value Crops and Fisheries Development

A targeted push toward high-value crops such as cashew, cocoa, and sandalwood, alongside development of 500 reservoirs and strengthening of coastal fisheries value chains.

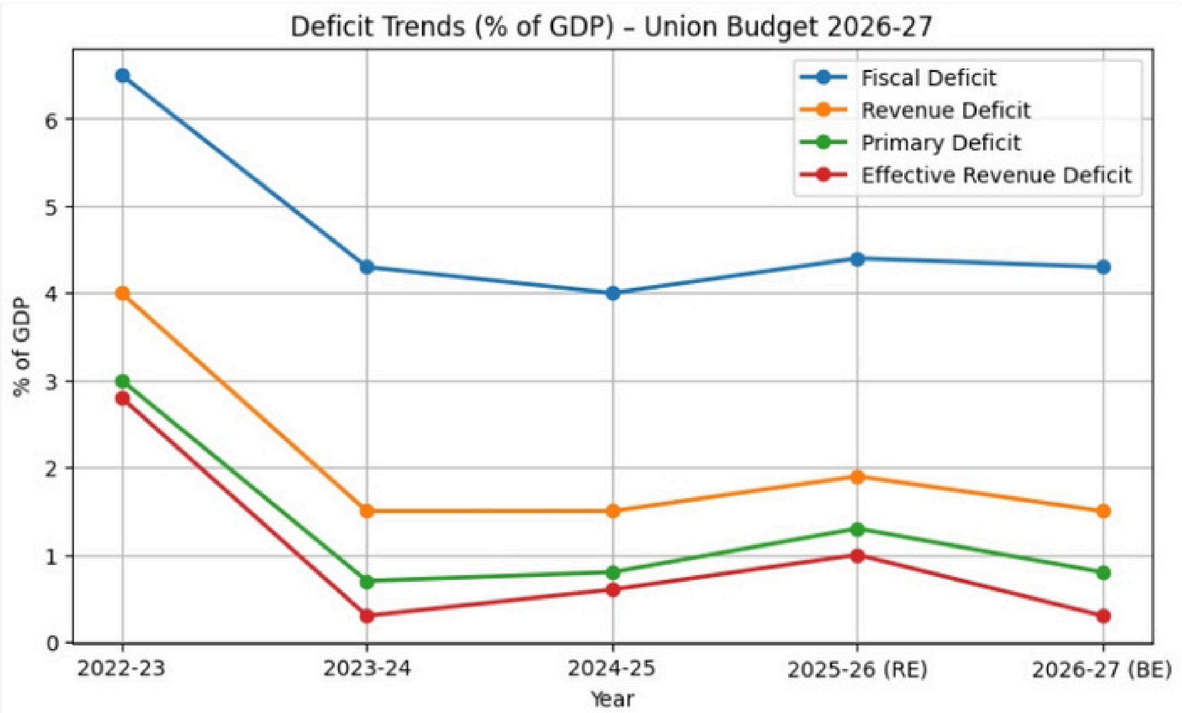
Electronics Components Manufacturing Scheme

The ECMS outlay has been increased to ₹40,000 crore, up from the earlier approved ₹22,919 crore, to accelerate domestic production of electronics components and deepen India's electronics manufacturing base.

Container Manufacturing Scheme

An allocation of ₹10,000 crore spread over five years to create a competitive domestic container manufacturing ecosystem, aimed at reducing import dependence and strengthening India's logistics and export supply chains.

BUDGET 2026 IN PERSPECTIVE



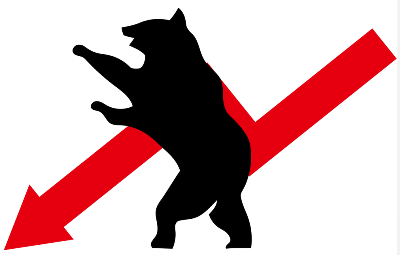
KEY INTERPRETATIONS:

- ✓ Fiscal consolidation is evident, with fiscal deficit falling from **6.5% (2022–23) to 4.3% (2026–27), reflecting improved budget discipline.**
- ✓ Revenue deficit has declined significantly, indicating **stronger revenue performance and better control over routine spending.**
- ✓ Primary deficit reduction shows **lower borrowing dependence**, improving overall fiscal health.
- ✓ Effective revenue deficit **near zero** highlights better spending quality, with greater focus on asset creation.
- ✓ The temporary rise in 2025–26 reflects **short-term fiscal pressures,** but the overall trend supports balanced and sustainable economic growth.

STOCK MARKET REACTIONS

The Union Budget 2026-27, presented by Finance Minister Nirmala Sitharaman, focused on capital investment, infrastructure expansion, critical sectors (including AI, manufacturing, and semiconductors), projecting steady growth with a budget deficit target of about 4.3% of GDP. However, in the immediate aftermath, markets reacted negatively with benchmark indices witnessing notable intraday volatility and falls.

SENSEX
NIFTY



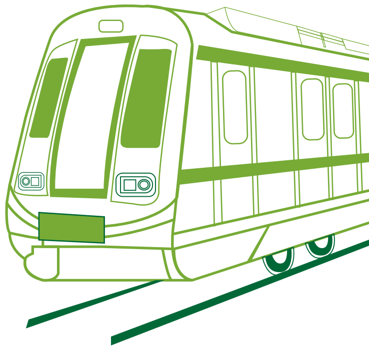
Sensex and Nifty quickly navigated heightened volatility and cautious sentiment with Nifty slipping below 25,000 and Sensex closing at 1,547 points, reflecting broad selling pressure across major sectors.
This was primarily caused due to The Securities Transaction Tax (STT) hike on futures and options, which was intended to reduce speculation and safeguard small retail investors.

Infrastructure Sector

Capital expenditure was raised to ₹12.2 lakh crore, an 8–9 % (around 11.4 % YoY) increase, reinforcing the government’s infrastructure push. This supported infrastructure and capital goods stocks, with Larsen & Toubro, IRB Infra, NBCC and Action Construction gaining 1.3–4 %, though overall market weakness capped broader gains. Despite short-term volatility, the outlook remains positive, with India’s growth projected at 7.4 % in 2026–27, driven largely by infrastructure investment.

Railways And Transport

Railway stocks traded cautiously as investors weighed policy continuity over fresh reforms. Railways received ₹2.78 lakh crore (10.3% YoY), with total capex at ₹2.93 lakh crore. Despite seven high-speed rail corridors supporting long-term prospects, IRFC, RVNL, and IRCTC saw selling amid broader market weakness.

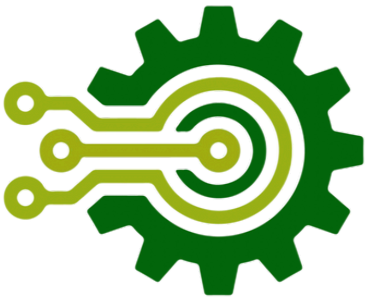


Banking Sector

News of banking sector review committees and the lack of strong FDI incentives led PSU banks and BFSI stocks to lag. Higher STT especially on derivatives, dampened risk appetite, while rising trading costs and global flow uncertainty weighed on the sector.

IT Sector

Some tech and cloud-related stocks were supported by targeted incentives, such as tax holidays for cloud data centres, driving positive investor interest. IT stocks outperformed relatively amid broader market declines, though gains were partly capped by overall risk sell-offs.



Agricultural Sector

The Union Budget 2026–27 reaffirmed support for farmer incomes, sustainability, and rural development, allocating about ₹1.63 lakh crore to agriculture and allied activities, around a 7% increase over last year's revised estimate.

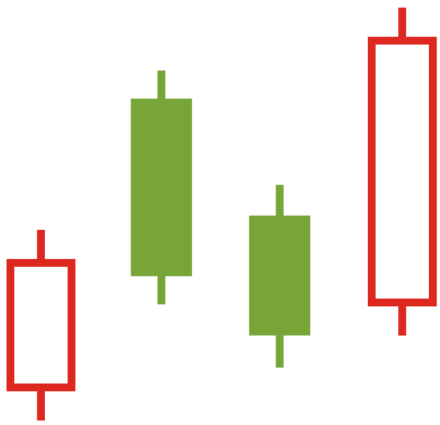
Agricultural stocks remained mostly flat or marginally poor, with the Nifty FMCG/Agri-allied space slipping by around 0.5–1%, since the Budget's minor hike in allocation did not result in significant sector-specific purchases.

Pharma And Biotech

The Budget announced the ₹10,000 crore Biopharma Shakti initiative to boost biologics, biosimilars and domestic R&D. Markets reacted positively, with Biocon rising 3% and Sun Pharma, Dr Reddy’s and Torrent Pharma gaining 1-2% post-Budget. Investor sentiment is supportive, with further upside hinging on effective implementation.

Tax Reforms And Market Impact

The Union Budget 2026-27 raised STT on futures from 0.02% to 0.05% and options to 0.15% to curb speculation, causing exchange stocks to decline 13-14%. Buybacks are now taxed as capital gains, while income tax slabs remain unchanged. TDS/TCS changes aimed at simplifying compliance.



POST BUDGET PRESS CONFERENCE

Vision for Viksit Bharat

Finance Minister Nirmala Sitharaman said the Budget “leads towards the vision of a developed India by 2047,” emphasising Sabka Saath, Sabka Vikas, with a focus on structural reforms, healthcare, and technology-led citizen empowerment.

Public Capital exp.

$135.6B in FY27

CapEx & Infrastructure

The FM reiterated the government’s commitment to public capital expenditure, allocating $135.6 Billion in FY27, the highest in over a decade, with continued focus on freight corridors, 20 new national waterways, and high-speed rail connecting key cities.

Rare Earth & Technology Focus

She highlighted rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu to cut import dependence and emphasised support for semiconductor and electronics manufacturing via ISM 2.0 and higher outlays.

Fiscal Deficit

4.3% of GDP

Fiscal Stance & Jobs

Sitharaman described the Budget as a balanced approach between fiscal prudence and growth, keeping the fiscal deficit at 4.3 % of GDP while enabling employment-enhancing schemes and ecosystem reforms.

EXPERTS REVIEW ON THE BUDGET

Raamdeo Agrawal, Co-founder & Chairman, Motilal Oswal Financial Services
Describes the budget as a "masterstroke for India's digital future", praising the 100 % tax holiday for data centres until 2047, likely to boost AI and tech investment.

Amitabh Chaudhry, CEO, Axis Bank
Says the Budget's fiscal prudence is positive, but higher Securities Transaction Tax and borrowings could temper short-term investor sentiment.

Moody's, Credit Ratings Agency
Calls the Budget "tactical rather than breakthrough", noting that while fiscal consolidation is strong, it may not shift India's credit profile significantly in the short term.

Shashi Tharoor, MP, Congress
Criticizes the Budget as "woefully short of the hype", lacking detailed measures for middle and lower-income groups.

ACKNOWLEDGEMENT

180 Degrees Consulting SGGSCC would like to express sincere appreciation to each member for their invaluable contributions in preparing the budget report. The collective efforts, dedication, and insights brought forward by the team have significantly enriched the quality and depth of the document.

This budget report stands as a testament to the team's collaborative spirit, analytical prowess, and commitment to delivering a well-informed and comprehensive financial overview. The individual expertise of each contributor has played a crucial role in shaping a document that aligns with the highest standards of accuracy and thoroughness.

Lastly, we'd like to express our gratitude to Sri Guru Gobind Singh College of Commerce for their unwavering support and guidance in the making of this Report.

1. Aditi Aggarwal
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REACH US