



# Union Budget FY27: Focus on *"Reforms over Rhetoric"*



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1. **Fiscal numbers broadly in line with expectations as Centre transitions to a debt management framework**
  - a. Budget does a fine balancing act in terms of aiming on a debt reduction roadmap with slower pace of fiscal consolidation and sustained focus on growth amid macro uncertainty
  - b. Fiscal deficit budgeted at 4.3% of GDP in FY27 (vs 4.2% in [our Budget expectations](#) ) from 4.4% in FY26 and 4.8% in FY25
  - c. Fiscal numbers are broadly “credible & conservative”. While some negative surprise is possible in FY26 tax numbers, we believe there is fiscal space available via expenditure rationalisation to ensure commitment to fiscal prudence
  - d. Focus remains on quality of spending, via capex push, rising 11.5% YoY to 3.1% of GDP, with defence capex up 20.1% YoY.
  
2. **FY27 market borrowings numbers were higher than expectations; we see uptick in long-end bond yields**
  - a. Gross and net market borrowings pegged at Rs 17.2 lakh cr and Rs 11.7 lakh cr versus market expectations of Rs 15.5-16.5 lakh cr and Rs 11-12 lakh cr respectively
  - b. This is due to: i/ GST compensation cess related redemptions not funded using the cess (as market loan repayment amortised in previous years); ii/ conservative assumption on small savings at sub-Rs 4 lakh cr (+ve surprise may add to cash balance prompting buybacks currently not budgeted) and iii/ net outflow from public account of ~Rs 45,000 cr
  - c. *We see higher-than-expected borrowing numbers to strengthen the uptrend on longer end of yield curve, amid supply pressures and in line with global trends. Bonds yields may remain caught in a push-pull between rising global pressure and RBI liquidity support, prompting investor’s caution.*

### 3. Various cyclical and structural themes covered as part of roadmap to Viksit Bharat

a. *Thrust stays on infrastructure with step up on capex especially in sectors like Defence*

b. *Focus on building strategic resilience via:*

- *Continued emphasis on manufacturing via focus on MSMEs, sunrise sectors (semiconductors, critical minerals) & rejuvenation of legacy industrial clusters apart from customs duty rationalisation for variety of sectors*
- *Services sector focused on via tax holiday for data centres, higher safe harbour thresholds especially for IT sector apart from focus on R&D and push towards technology development*
- *Inclusive growth stays in focus with 84% YoY jump in affordable housing & 43% jump in rural employment guarantee schemes apart from focus on agri and allied sub-sectors*
- *Capital market steps focus on hike in STT for F&O, tax on share buybacks, NRI equity investment limits etc.*

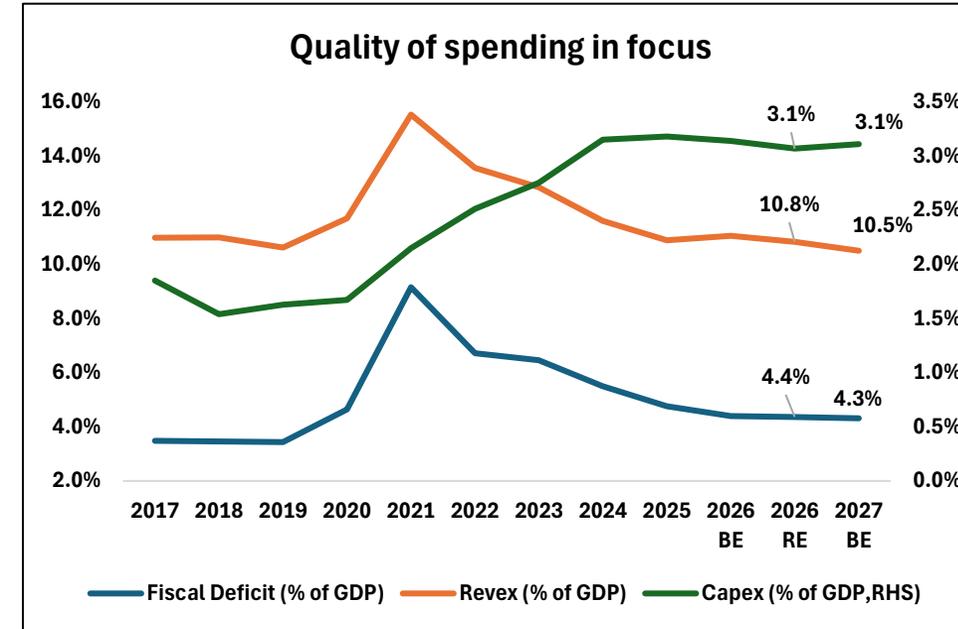
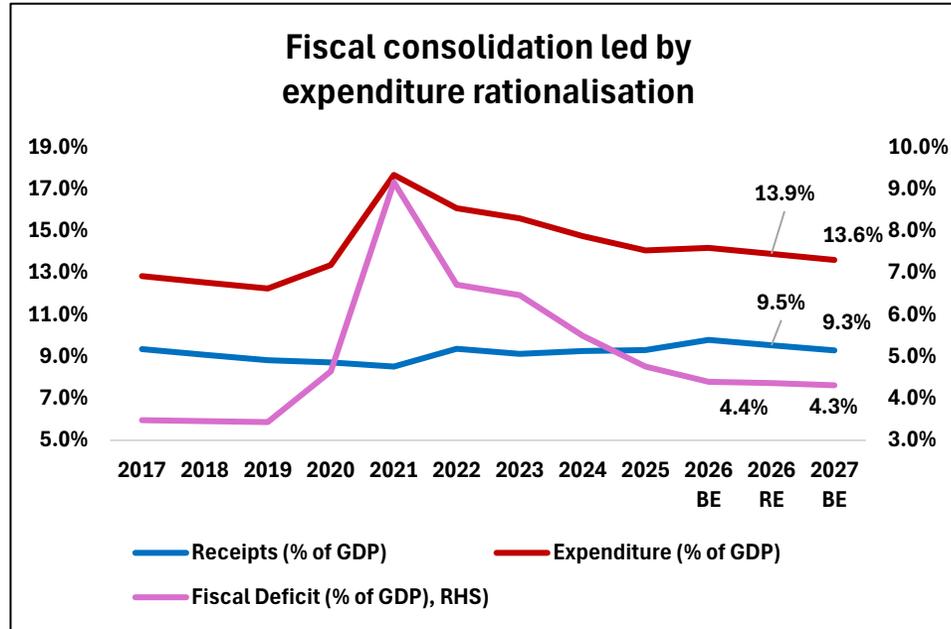
### 4. Finance Commission report: status quo in tax devolution share; very focused on state debt & fisc reforms

a. The vertical share of devolution in gross taxes (excluding cesses and surcharges) from centre to states retained at 41%

b. Various policy reforms with very +ve structural impact on general government debt dynamics viz:

- *States fiscal deficit be capped at 3% of GSDP and sees states' debt-to-GDP 27.2% by FY31*
- *States to conduct switches & buybacks to reduce gross borrowing apart from avoiding off budget borrowings*
- *Revenue deficit grants to be discontinued for states & 10% weight added in horizontal devolution formulae*
- *States should ring-fence accumulated, non-asset-backed DISCOM debt by transferring it to a SPV*

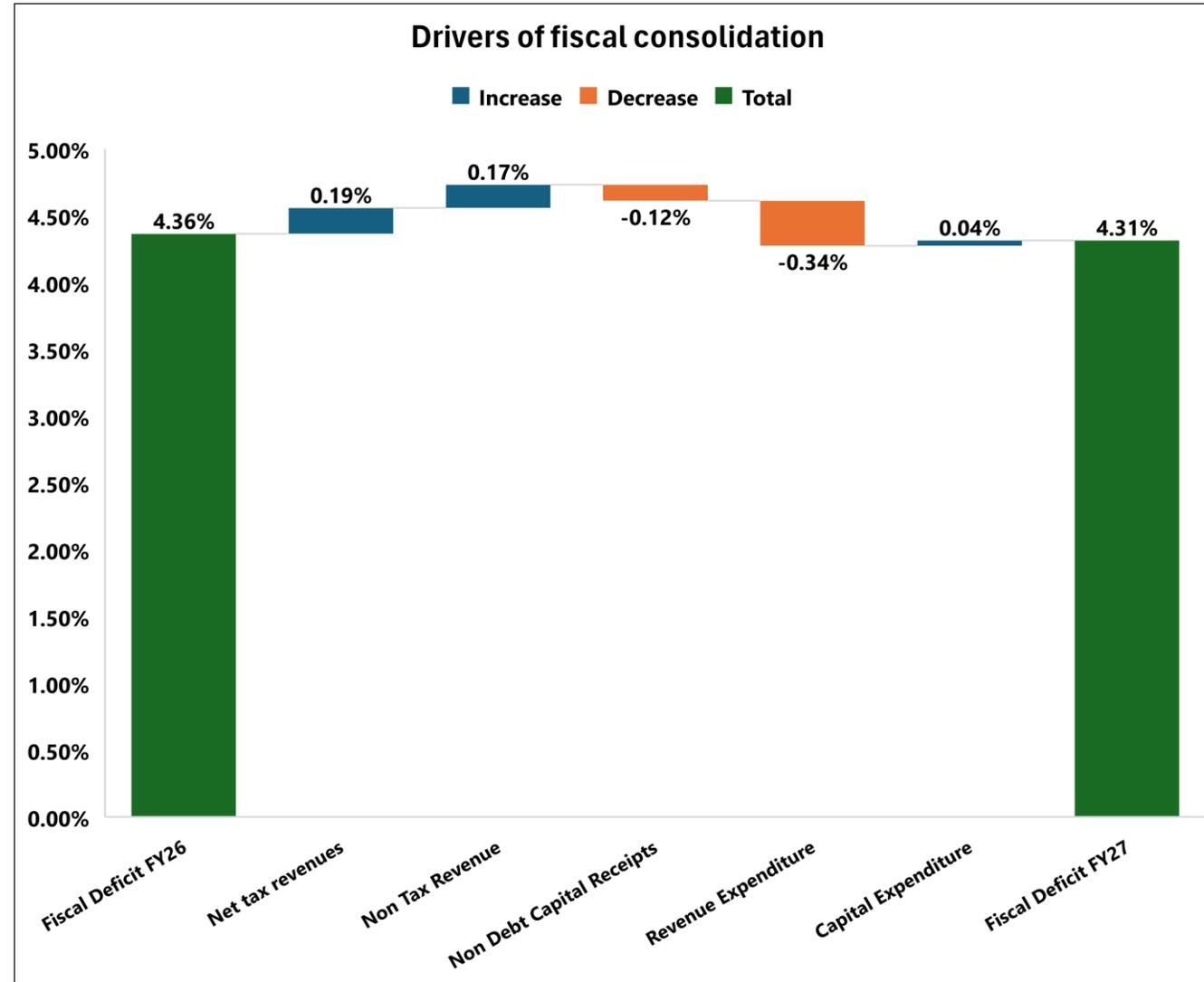
# Unveiling the fiscal math



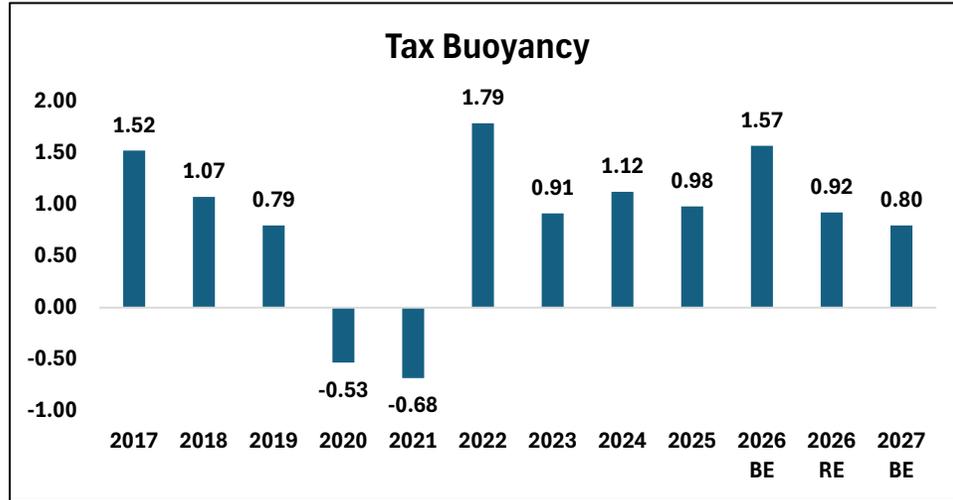
- Fiscal deficit budgeted to consolidate to 4.3% of GDP in FY27 from 4.4% in FY26 (same as BE)
- Fiscal consolidation likely to be achieved via expenditure rationalization as revenues may come under some pressure in FY27 on lower GST compensation cess collections
- Quality of spending to remain strong with Capex budget staying at 3.1% of GDP (Rs. 12.22 lakh crore), while revex may see some compression

# Impact of lower revenues (esp. in GST) likely to be offset by revex compression in FY27

% of GDP	FY26 RE over FY26 BE	FY27 BE over FY26 RE
Total Receipts	-0.26%	-0.25%
Revenue Receipts	-0.22%	-0.37%
-Gross Taxes	-0.54%	-0.21%
-Direct Taxes	-0.28%	0.08%
<i>Corporate Tax</i>	0.07%	0.03%
<i>Income Tax</i>	-0.35%	0.06%
-Indirect Taxes	-0.26%	-0.30%
GST	-0.37%	-0.34%
-Net tax revenues	-0.46%	-0.19%
-Non Tax Revenue Receipts	0.24%	-0.17%
Non Debt Capital Receipts	-0.03%	0.12%
Total Expenditure	-0.29%	-0.30%
-Revenue Expenditure	-0.22%	-0.34%
-Capital Expenditure	-0.07%	0.04%
Fiscal Deficit as a % of GDP	-0.03%	-0.05%



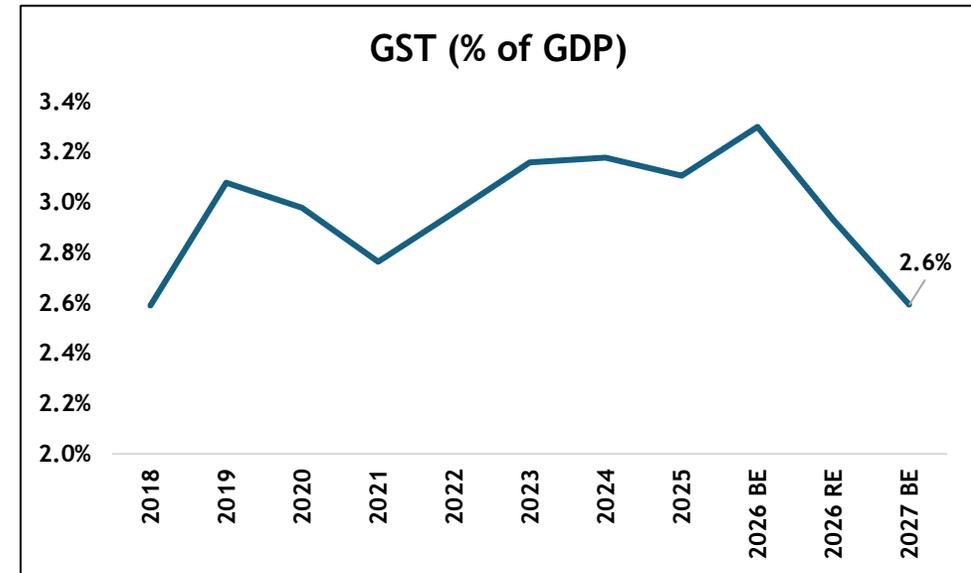
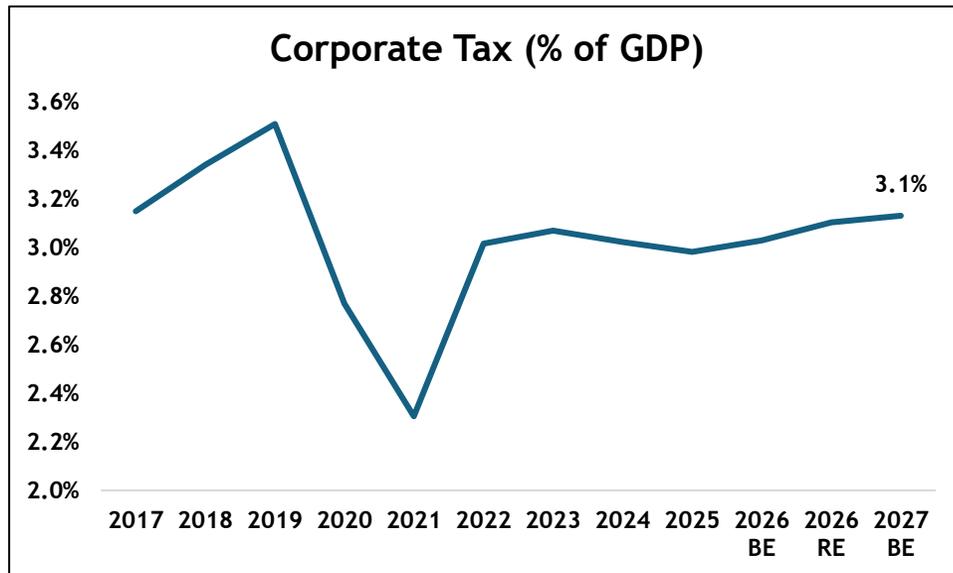
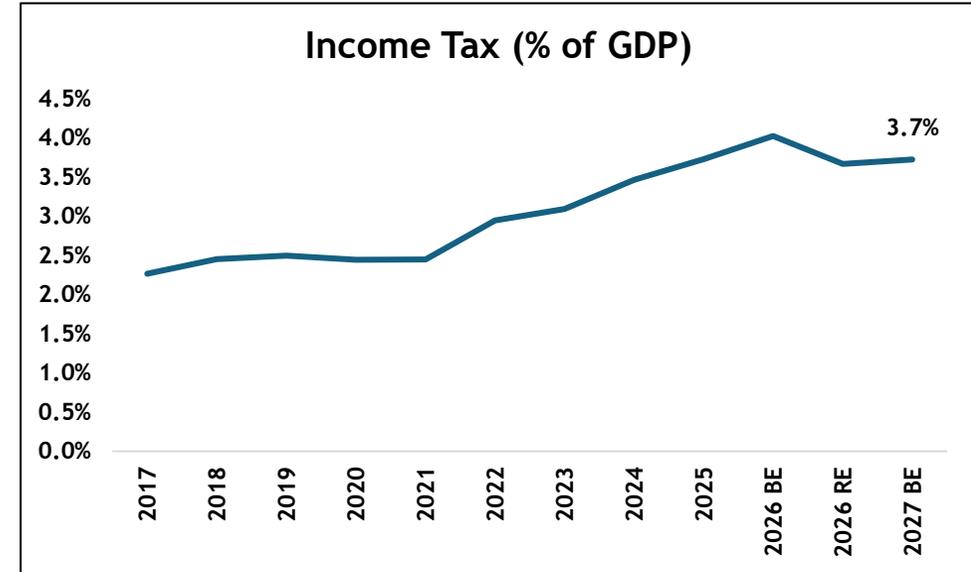
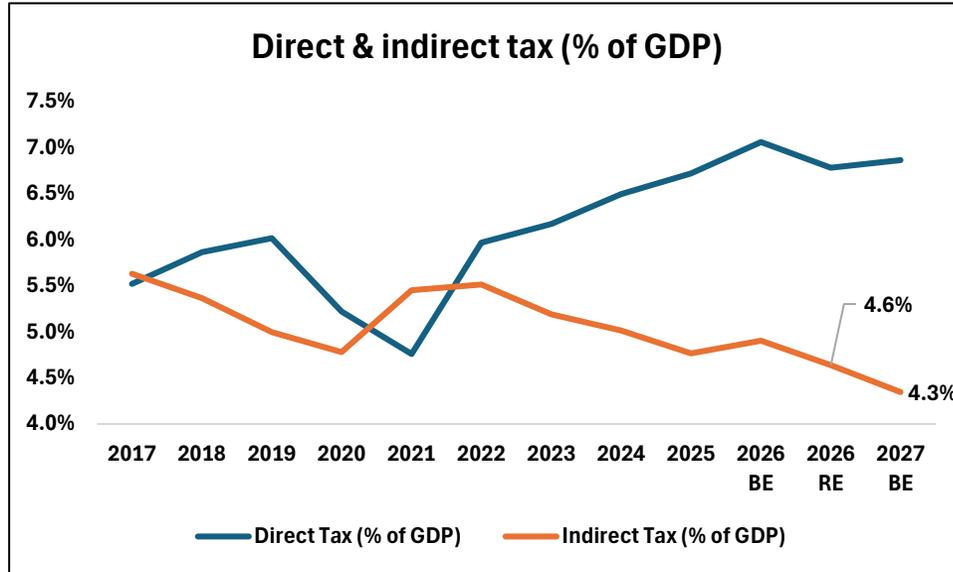
# Tax buoyancy projected to fall below 1 as indirect tax receipts may stay under pressure



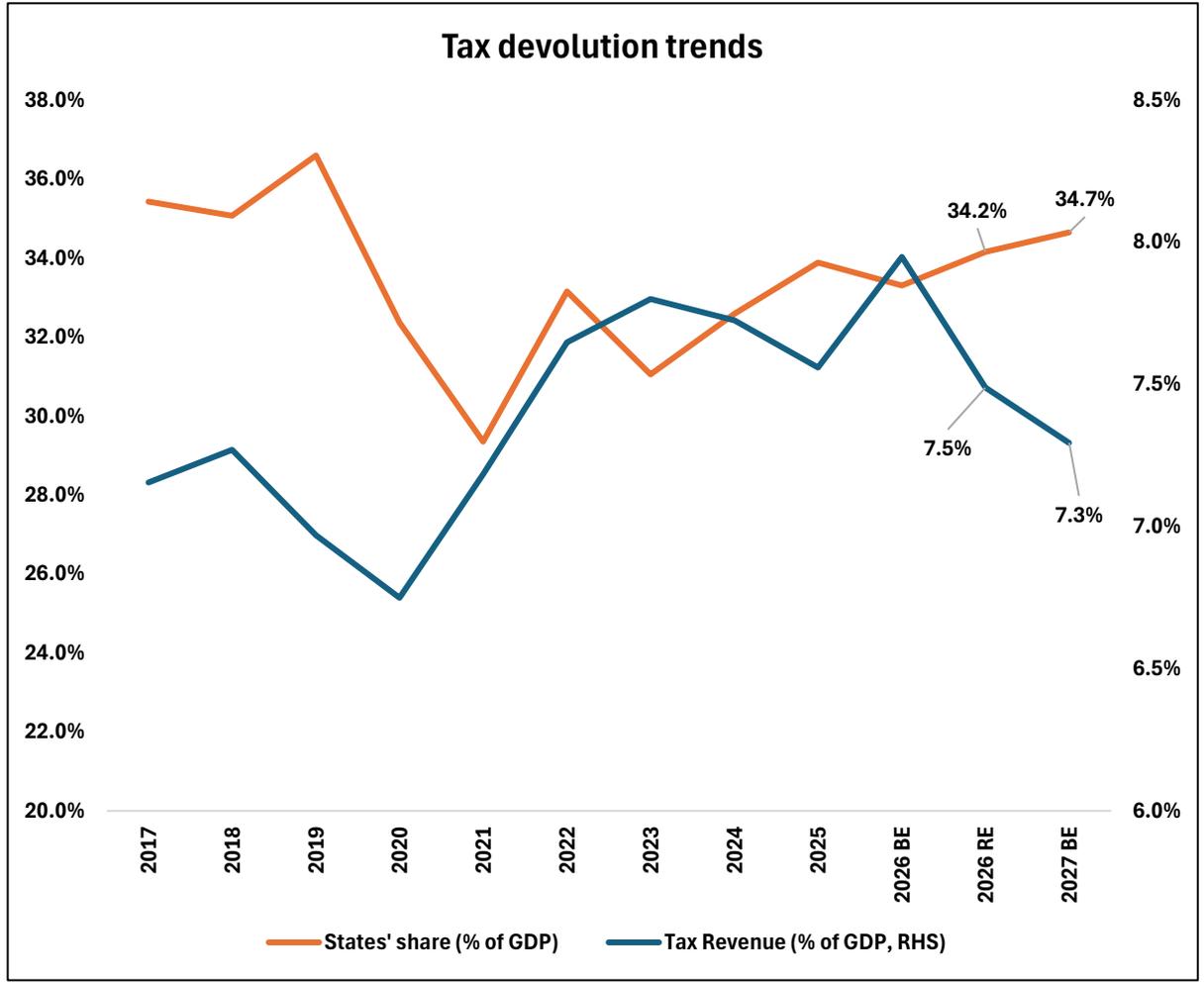
- Nominal GDP growth of 10% from 8% in FY26 appears reasonable
- Overall tax buoyancy of below 1 is primarily led by lower GST collections and is also credible with possibility of upward surprise
- That said, income tax growth of 11.7% looks on the higher side looking at just 6.2% growth seen as per FY26RE, with the latter also trailing vis-à-vis budgeted projections on tax rate cuts

Tax collections : trends & projections	Rs. In Lakh Cr			% of GDP		
	FY26 BE	FY26 RE	FY27 BE	FY26 BE	FY26 RE	FY27 BE
<b>-Gross Taxes</b>	42.70	40.78	44.04	11.96%	11.4%	11.2%
<b>-Direct Taxes</b>	25.20	24.21	26.97	7.06%	6.8%	6.9%
Corporate Tax	10.82	11.09	12.31	3.03%	3.1%	3.1%
Income Tax	14.38	13.12	14.66	4.03%	3.7%	3.7%
<b>-Indirect Taxes</b>	17.50	16.57	17.07	4.90%	4.6%	4.3%
<b>GST</b>	11.78	10.46	10.19	3.30%	2.9%	2.6%
o/w CGST+IGST	10.11	9.58	10.19	2.80%	2.7%	2.6%
Compensation cess	1.67	0.88	0.00	0.50%	0.2%	0.0%
<b>-Net tax revenues</b>	28.37	26.75	28.67	7.95%	7.5%	7.3%

# Progressive tax regime underway with direct taxes rising while indirect taxes under pressure



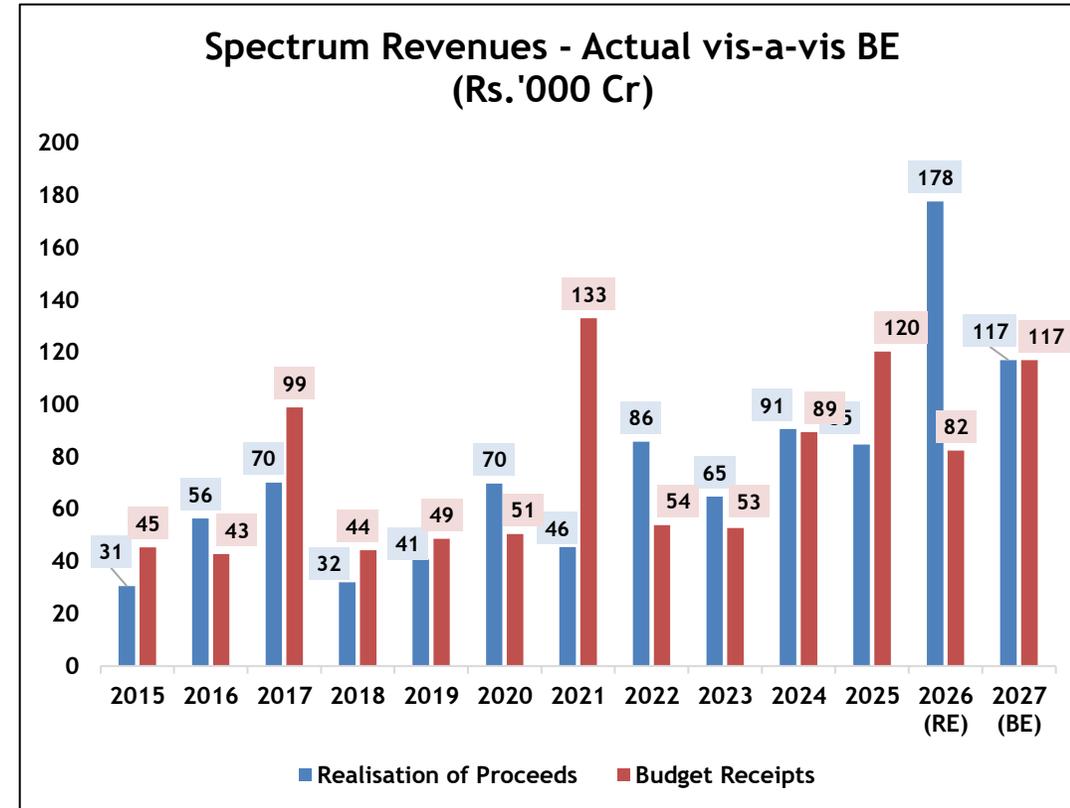
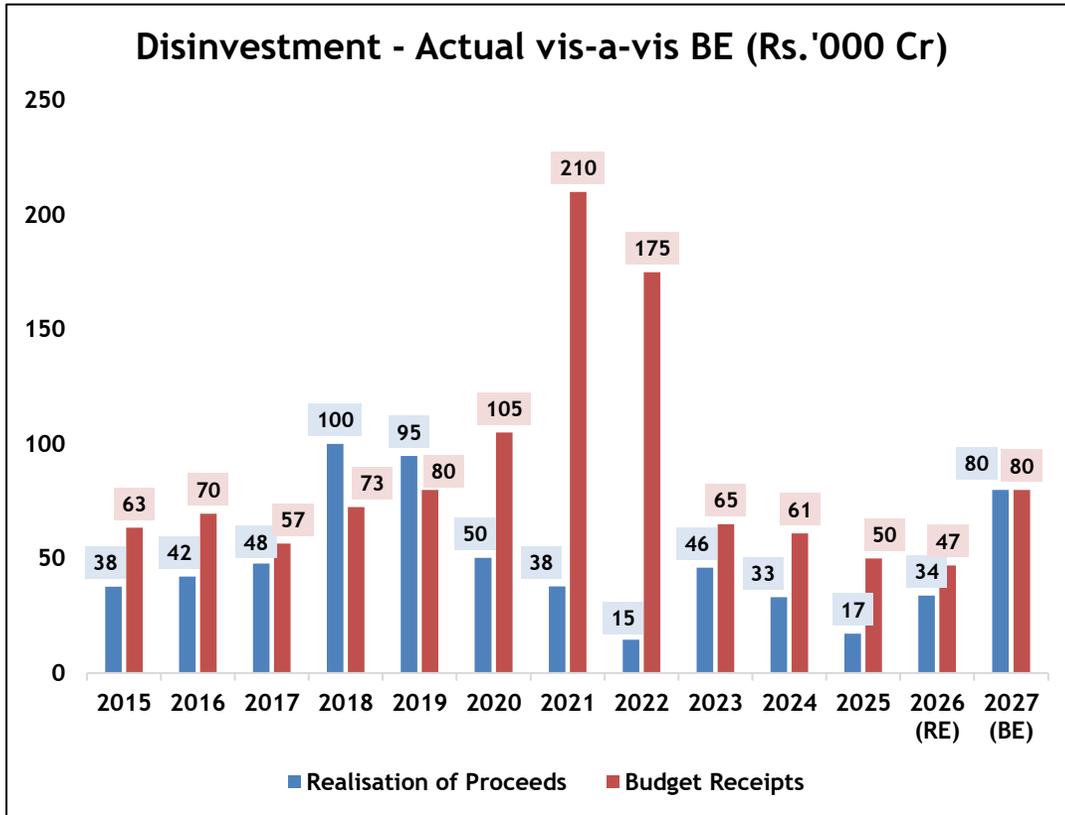
With 16<sup>th</sup> Finance Commission implementation, share of states in taxes expected to inch up apart from other resource



## TRANSFER OF RESOURCES TO STATES AND UNION TERRITORIES WITH LEGISLATURE

Rs. In Lakh Crore	2025 A	2026 RE	2027 BE
Total Transfer to States	22.3	23.4	26.2
o/w - Devolution of States share in taxes	12.9	13.9	15.3
- Finance Commission Grants	1.2	1.5	1.3
- Others	8.2	7.9	9.7
- o/w Centrally Sponsored Schemes	3.8	4.0	5.2

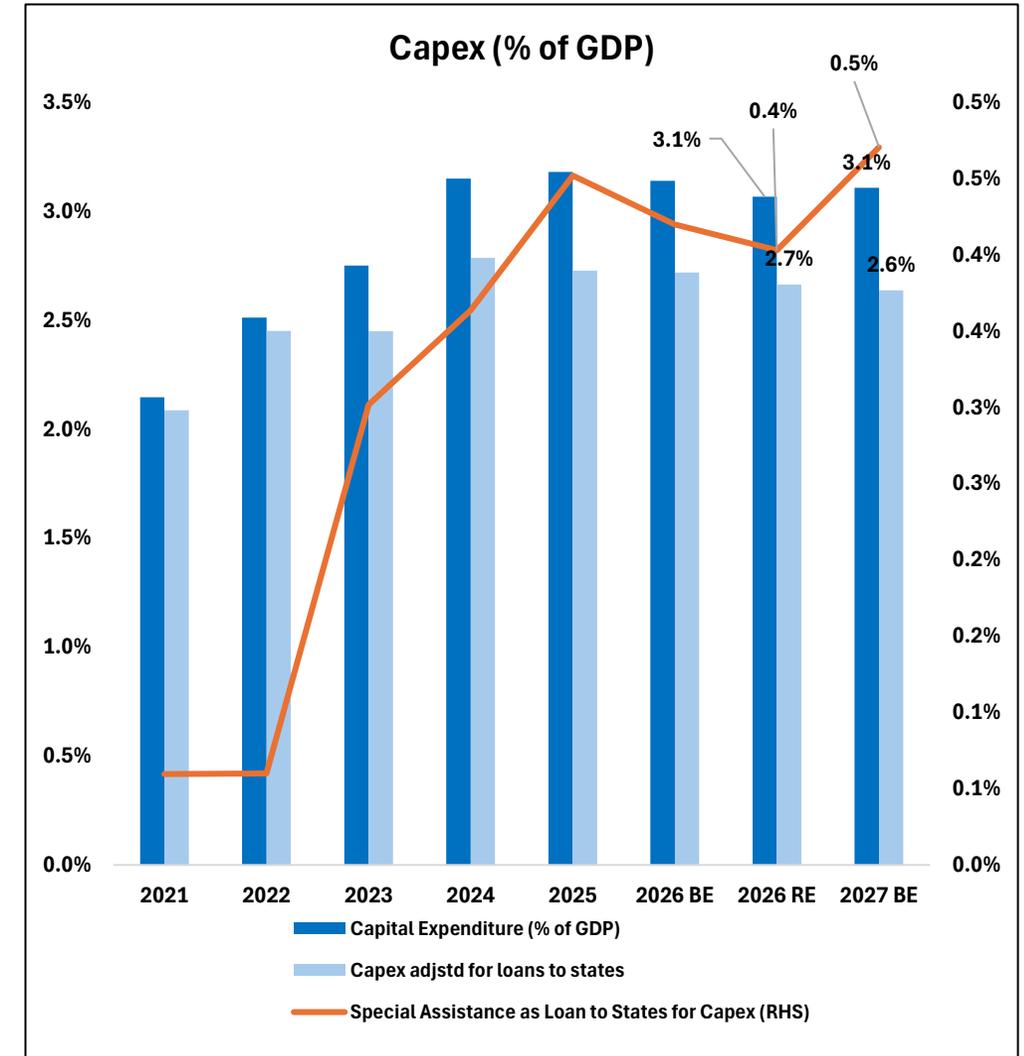
Sharp spike budgeted, scope for rationalization remains



- Divestment target of Rs 80,000 Cr from a downwardly revised Rs 34,000 Cr in FY26 assumes pending stake sales likely to be realized next year.
- Spectrum target is kept higher at Rs 1,17,000 Cr from an upwardly revised Rs 1.78 lakh Cr this year

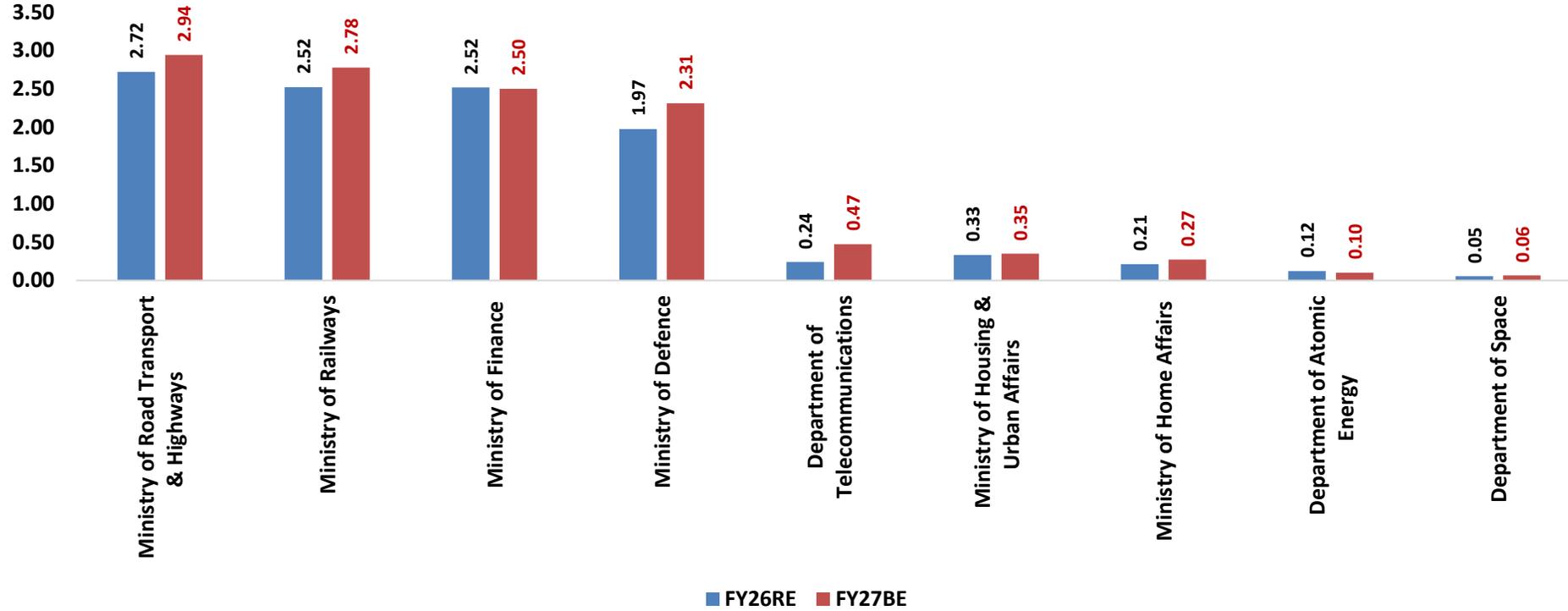
Expenditure rationalisation seen in FY27 primarily led by revex even as capex push sustains

Expenditure of Central Government								
	(Rs. Lakh Crore)				(% of GDP)			
	FY25	FY26 BE	FY26 RE	FY27 BE	FY25	FY26 BE	FY26 RE	FY27 BE
1. Total Expenditure	46.53	50.65	49.65	53.47	14.1%	14.2%	13.9%	13.6%
2. Revenue Expenditure (of which)	36.01	39.44	38.69	41.25	10.9%	11.0%	10.8%	10.5%
Interest Payments	11.16	12.76	12.74	14.04	3.4%	3.6%	3.6%	3.6%
Major Subsidies	3.83	3.83	3.83	0.00	1.2%	1.1%	1.1%	0.0%
<i>Food</i>	1.97	2.03	2.03	0.00	0.6%	0.6%	0.6%	0.0%
<i>Petroleum</i>	0.15	0.12	0.12	0.00	0.0%	0.0%	0.0%	0.0%
<i>Fertilizer</i>	1.71	1.68	1.68	0.00	0.5%	0.5%	0.5%	0.0%
<i>Defence (Revenue)</i>	4.71	4.89	4.89	5.54	1.4%	1.4%	1.4%	1.4%
3. Capital Expenditure	10.52	11.21	10.96	12.22	3.2%	3.1%	3.1%	3.1%



# Capex push in FY27 primarily led by Defence apart from Roads & Railways

Capex focused on infra creation  
Budgetary Capital Expenditure (Rs lakh Cr)

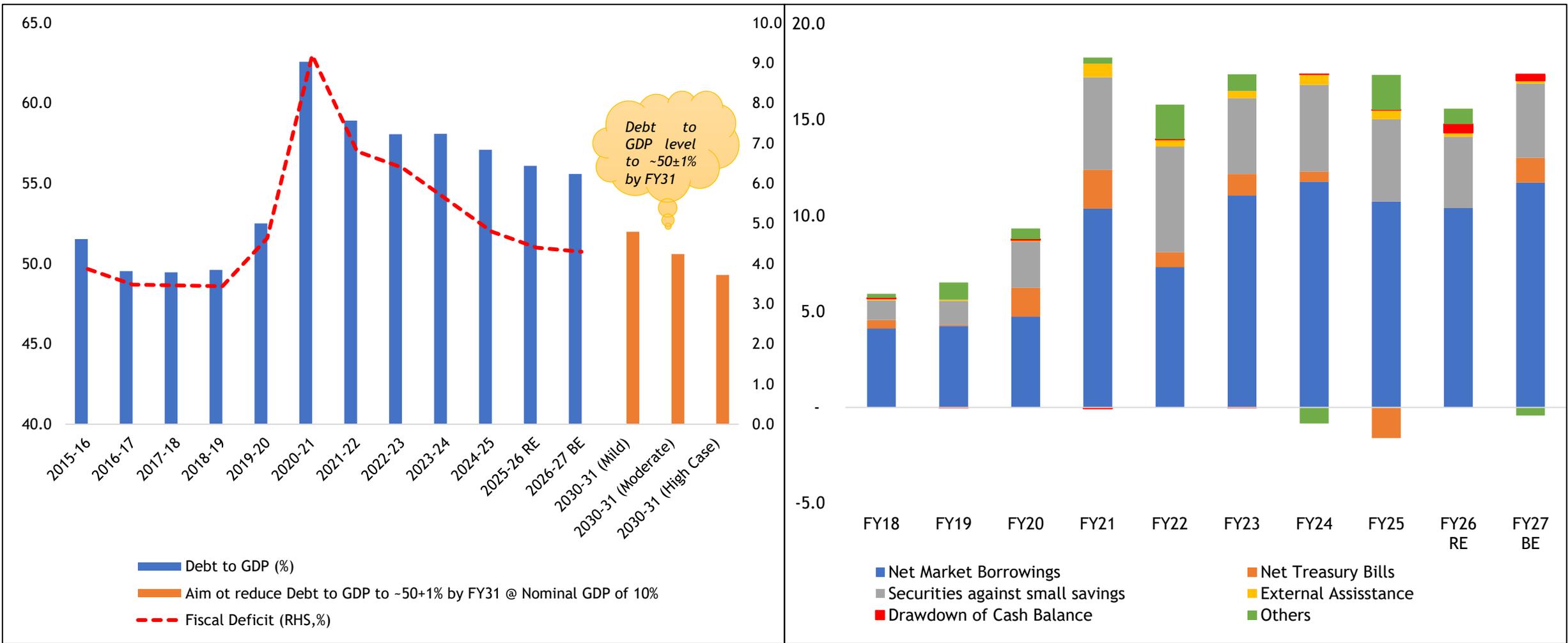


# Detailed Budget Table

Detailed Budget Table												
	(Rs. Lakh Crore)						(% of GDP)					
	FY25	FY26 BE	FY26 UBI RE	FY26 RE	FY27 UBI BE	FY27 BE	FY25	FY26 BE	FY26 UBI RE	FY26 RE	FY27 UBI BE	FY27 BE
<b>Total Receipts</b>	30.78	34.96	33.75	34.06	36.90	36.52	9.3%	9.79%	9.5%	9.5%	9.4%	9.3%
<b>Revenue Receipts</b>	30.37	34.20	33.13	33.42	36.40	35.33	9.2%	9.58%	9.3%	9.4%	9.3%	9.0%
-Gross Taxes	37.97	42.70	40.81	40.78	44.95	44.04	11.5%	11.96%	11.4%	11.4%	11.4%	11.2%
-Direct Taxes	22.22	25.20	24.79	24.21	27.27	26.97	6.7%	7.06%	6.9%	6.8%	6.9%	6.9%
Corporate Tax	9.87	10.82	10.80	11.09	11.88	12.31	3.0%	3.03%	3.0%	3.1%	3.0%	3.1%
Income Tax	12.35	14.38	14.00	13.12	15.40	14.66	3.7%	4.03%	3.9%	3.7%	3.9%	3.7%
-Indirect Taxes	15.76	17.50	16.01	16.57	17.68	17.07	4.8%	4.90%	4.5%	4.6%	4.5%	4.3%
GST	10.27	11.78	10.46	10.46	11.51	10.19	3.1%	3.30%	2.9%	2.9%	2.9%	2.6%
-Net tax revenues	25.00	28.37	27.11	26.75	29.88	28.67	7.6%	7.95%	7.6%	7.5%	7.6%	7.3%
-Non Tax Revenue Receipts	5.37	5.83	6.01	6.68	6.52	6.66	1.6%	1.63%	1.7%	1.9%	1.7%	1.7%
Non Debt Capital Receipts	0.42	0.76	0.63	0.64	0.50	1.18	0.1%	0.21%	0.2%	0.2%	0.1%	0.3%
<b>Total Expenditure</b>	46.53	50.65	49.48	49.65	53.61	53.47	14.1%	14.19%	13.9%	13.9%	13.6%	13.6%
-Revenue Expenditure	36.01	39.44	38.18	38.69	41.18	41.25	10.9%	11.05%	10.7%	10.8%	10.5%	10.5%
-Capital Expenditure	10.52	11.21	11.30	10.96	12.43	12.22	3.18%	3.14%	3.16%	3.07%	3.16%	3.11%
<b>Fiscal Deficit</b>	15.74	15.69	15.73	15.58	16.71	16.96						
<b>Fiscal Deficit as a % of GDP</b>							4.76%	4.40%	4.40%	4.36%	4.25%	4.31%

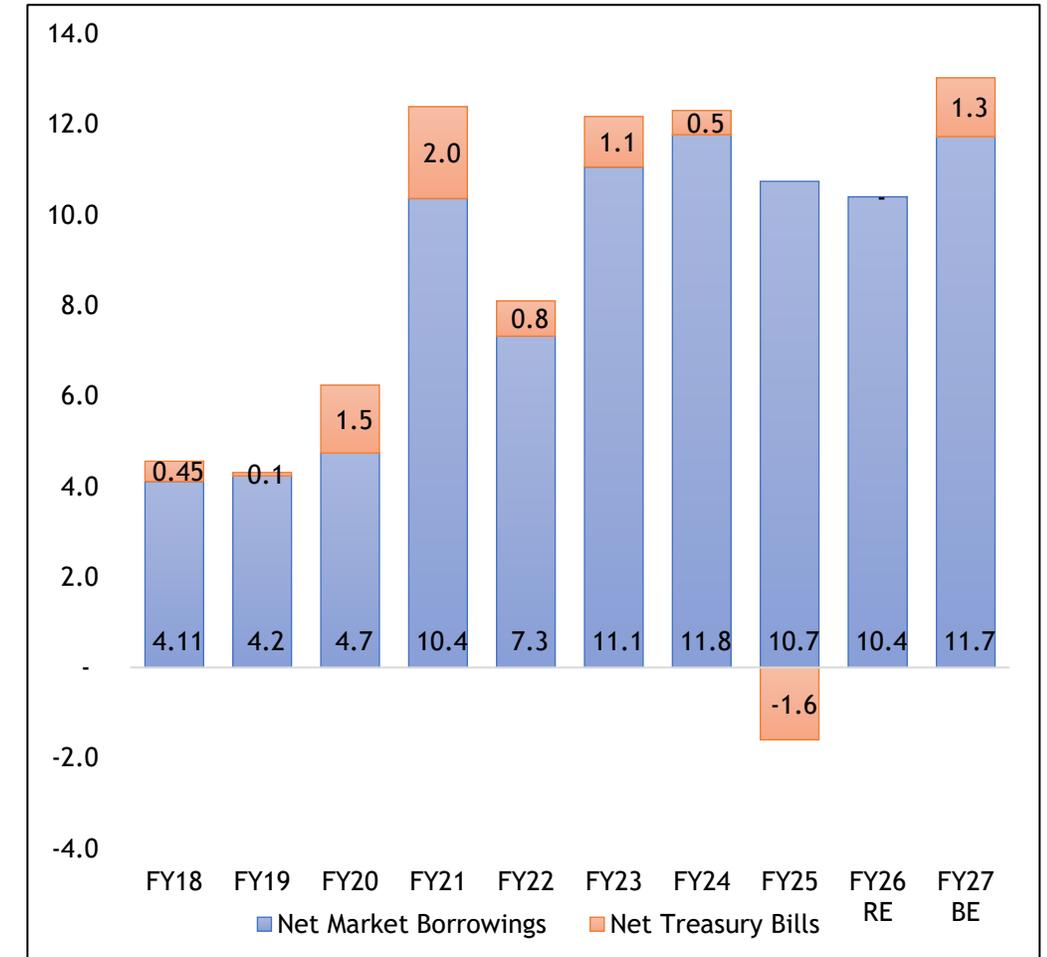
**Borrowings nos provide a -ve surprise**

# New kid on the block - Debt to GDP comes into play



# Borrowings at Rs.17.2 lakh Cr (gross) & Rs.11.7 lakh Cr (net) are way higher than market expectations

Rs lakh crore	2026 UBI Est.	2026 Prov.	2027 UBI BE	2027 BE
Market Borrowings - Dated (A)	11.33	10.40	11.51	11.73
Redemptions	3.96	3.96	5.47	5.47
G-sec Buyback		-0.92		
Net Redemptions (B)	3.96	4.88	5.47	5.47
of which: funded by GST Compensation cess fund (C)	0.68	0.68	0.86	
<b>Gross Borrowings (D) = (A)+(B)-(C)</b>	<b>14.61</b>	<b>14.61</b>	<b>16.12</b>	<b>17.20</b>



# Upward surprise in short term borrowings as expected, yet dated borrowings likely to add to bond market pressures

Rs lakh cr	2023	2024	2025	2026 BE	2026 RE	2027 UBI BE	2027 BE
External	0.4	0.6	0.5	0.2	0.2	0.3	0.2
Market borrowings	12.2	12.3	9.1	11.5	10.4	11.7	13.0
- Dated	11.1	11.8	10.7	11.5	10.4	11.5	11.7
- Short Term	1.1	0.5	-1.6	0.0	0.0	0.2	1.3
Small savings	4.0	4.5	4.3	3.4	3.7	4.0	3.9
State provident funds	0.1	0.1	0.0	0.1	0.0	0.1	0.0
Others (incl. Public account)	0.8	-0.9	1.8	0.4	0.8	0.5	-0.5
Draw Down of Cash Balance	0.0	0.0	0.0	0.0	0.5	0.2	0.3
<b>Total Financing</b>	<b>17.4</b>	<b>16.5</b>	<b>15.7</b>	<b>15.7</b>	<b>15.6</b>	<b>16.7</b>	<b>17.0</b>

# 16th Finance Commission : Implications for Fiscal financing & Budget 2027

Area	Decision Status	Impact on Fiscal Financing / Budget 2027
States' Share in Taxes (41%)	✓ Accepted	No additional fiscal space for Centre; devolution outgo structurally fixed
Horizontal Devolution Formula	✓ Accepted	Redistribution across States; no change in aggregate outgo, but State-wise budget pressures vary
Local Body Grants (₹7.9 lakh cr, 2026-31)	✓ Accepted	Annual mandatory transfers (~₹1.6 lakh cr) constrain discretionary spending
Disaster Funds (₹2.04 lakh cr)	✓ Accepted	Predictable but inflexible fiscal commitment; limited scope for reallocation
No Revenue Deficit / Sector Grants	✓ Accepted	Centre avoids new Finance Commission driven spending obligations
Fiscal Deficit Path (States 3%, Centre 3.5%)	● Accepted in principle	Budget 2027 remains flexible; targets indicative, not binding
Off-Budget Borrowings	● Under examination	Scope to continue quasi-fiscal support if needed
Cesses & Surcharges	✗ Effectively rejected	Key lever preserved for Centre to raise non-shareable revenues
CSS / Power / PSU Reforms	🕒 Deferred	No immediate fiscal correction built into Budget 2027

## Additional 16th Finance Commission Recommendations

- **Debt Management by States:** States should actively use debt reprofiling tools such as switch auctions and buybacks, similar to the Union Government, to smoothen redemption pressures in peak maturity years.
- **DISCOM Privatisation & Legacy Debt:** To enable DISCOM privatisation, States should ring-fence accumulated, non-asset-backed DISCOM debt by transferring it to a Special Purpose Vehicle (SPV), thereby shielding private investors from legacy liabilities; such debt would be resolved or serviced by the State.

**Reform announcements are key focus area in this Budget**

# Key sectoral announcements and its impact (1)

Sector	Budget Announcements	Budget impact
<p>Financial Sector</p> <p>Very Positive</p>	<ul style="list-style-type: none"> <li>➤ Setting up of High-Level Committee on Banking for Viksit Bharat to align India's banking architecture with the next phase of economic growth.</li> <li>➤ Restructuring Power Finance Corporation (PFC) and Rural Electrification Corporation (REC).</li> <li>➤ Government outlines new targets for NBFCs covering credit expansion and technology adoption to improve reach and efficiency.</li> <li>➤ Setting up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders during the development and construction phase of infrastructure projects.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enables long-term structural reforms, improves governance standards, strengthens banking resilience, and prepares the sector for high-growth credit demand.</li> <li>➤ Improves efficiency and capital allocation in power-sector financing. Strengthens ability to fund renewable and transmission projects.</li> <li>➤ Improves credit penetration in underserved segments, accelerates digitisation in NBFC operations, and enhances financial inclusion.</li> <li>➤ Strengthens lender confidence by reducing perceived credit risk in early-stage infra projects. Helps crowd-in private investment and accelerates infrastructure execution.</li> </ul>
<p>Capital Market</p> <p>Short term negative yet +ve in medium term</p>	<ul style="list-style-type: none"> <li>➤ Incentive of ₹100 crore for single issuance of municipal bonds of more than ₹1000 crore. (Current Scheme under AMRUT will continue)</li> <li>➤ Comprehensive Review of the Foreign Exchange Management (FEMA) (Non-debt Instruments)</li> <li>➤ Introduction of Market making framework and total return swaps (TRS) on corporate bonds.</li> <li>➤ Raising the STT on Futures from 0.02% to 0.05%. STT on options premium and exercise of options to be raised to 0.15% from rate of 0.1% and 0.125%, respectively.</li> <li>➤ Capital gains exemption on Sovereign Gold Bonds will apply only if the bonds were bought at original issue and held till maturity</li> <li>➤ Investment limits for PROIs/NRIs/PIOs raised: Individual 5%→10%, Aggregate 10%→24% for listed equity via PIS.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strengthens infrastructure financing capacity, enhances efficiency of power-sector credit delivery, and supports energy-transition projects.</li> <li>➤ Greater ease of investing in India, higher FPI/FDI inflows, and reduced compliance friction for global investors.</li> <li>➤ Strengthens domestic bond market depth, makes long-term financing cheaper, and offers new hedging tools for financial institutions.</li> <li>➤ Options trading becomes costlier, possibly moderating speculative volumes. Higher revenues for government with limited systemic impact. Moderately reduces speculative F&amp;O trading.</li> <li>➤ It may lead to lower liquidity in the secondary market but enhances fairness by ensuring tax benefits are aligned with original policy intent.</li> <li>➤ Deepens equity markets by expanding eligible investor pool. Boosts stable FPI inflows from overseas Indians &amp; global individuals.</li> </ul>

# Key sectoral announcements and its impact (2)

Sector		Budget Announcements	Budget impact
Infra	Very Positive	<ul style="list-style-type: none"> <li>➤ Public capex raised to ₹12.2 lakh cr (BE FY27).</li> <li>➤ Infrastructure Risk Guarantee Fund to backstop construction/development phase.</li> <li>➤ New Dankuni-Surat Dedicated Freight Corridor; 20 new National Waterways with training &amp; ship-repair ecosystems.</li> <li>➤ Coastal Cargo Promotion Scheme to double IWT+ coastal share to 12% by 2047; Seaplane VGF &amp; indigenization.</li> <li>➤ City Economic Regions (₹5,000 cr per CER/5 yrs).</li> </ul>	<ul style="list-style-type: none"> <li>➤ Drives strong economic momentum and high multiplier effects.</li> <li>➤ Improves project viability by reducing construction-phase risk and attracting private investment.</li> <li>➤ Enhances logistics efficiency and lowers freight cost through faster, multimodal cargo movement.</li> <li>➤ Boosts coastal and inland water transport share while enabling regional connectivity and tourism.</li> <li>➤ Strengthens urban growth &amp; regional integration</li> </ul>
Urban Infra	Very Positive	<ul style="list-style-type: none"> <li>➤ ₹5,000 crore per City Economic Region over 5 years to develop Tier-2 &amp; 3 cities and temple towns through a challenge-mode.</li> <li>➤ Cities recognised as “engines of growth, Urban centres with population above 5 lakh for strengthened basic infrastructure and amenities.</li> <li>➤ Urban development push supported by previous decade’s institutional financing (NIIF, NaBFID, REITs, InVITs).</li> <li>➤ Launch of 7 High-Speed Rail corridors (<i>Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, Varanasi-Siliguri</i>).</li> <li>➤ Urban Challenge Fund, AMRUT allocation (₹8,000 crore), support for brownfield redevelopment, water &amp; sanitation systems in expanding cities.</li> <li>➤ ₹25,000 crore Infrastructure Risk Guarantee Fund to improve project bankability and accelerate financial closures in urban infra projects.</li> <li>➤ City-level integrated planning to enable self-sustaining growth hubs.</li> <li>➤ CER framework to boost tourism, connectivity, and create employment.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Accelerates growth of Tier-2/3 cities by creating self-sustaining urban economic hubs.</li> <li>➤ Upgrades essential urban infrastructure, improving livability and economic productivity.</li> <li>➤ Strengthens long-term funding capability for large-scale urban development projects.</li> <li>➤ Boosting regional connectivity and urban-regional economic integration.</li> <li>➤ Improves quality of urban services and accelerates infrastructure upgrade in expanding cities.</li> <li>➤ Enhances project bankability and attracts private investment into urban infrastructure.</li> <li>➤ Supports planned, resilient, and future-ready cities</li> <li>➤ Drives local economic activity and employment.</li> </ul>

# Key sectoral announcements and its impact

Sector	Budget Announcements	Budget impact
IT and ITES  Very Positive	<ul style="list-style-type: none"> <li>➤ Safe Harbour threshold raised from ₹300 crore → ₹2,000 crore</li> <li>➤ Common Safe Harbour Margin of 15.5% introduced for all IT services</li> <li>➤ 20-year tax holiday for foreign companies providing global cloud services using Indian data centres</li> <li>➤ India Semiconductor Mission (ISM 2.0) launched</li> </ul>	<ul style="list-style-type: none"> <li>➤ Allows far more IT/ITeS and GCC companies to access predictable tax margins. Reduces transfer-pricing litigation for mid- and large-sized IT exporters.</li> <li>➤ Provides industry-aligned, realistic margins versus earlier higher mark-ups. Reduces disputes and aligns transfer pricing with commercial benchmarks.</li> <li>➤ A long-term tax holiday is provided to encourage global cloud-service companies to host infrastructure in India.</li> <li>➤ Focuses on semiconductor equipment, materials production, supply-chain strengthening, and Indian IP design—supporting IT hardware foundations.</li> </ul>
Indirect taxes primarily Custom Duty  Very Positive	<ul style="list-style-type: none"> <li>➤ Removal of long-continuing customs duty exemptions on items now manufactured domestically or where imports are negligible.</li> <li>➤ Reduction of customs duty on specified critical minerals, renewable-energy inputs, nuclear-power components, electronics parts, and certain drugs/rare-disease medicines.</li> <li>➤ Customs Integrated System (CIS) will be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Promotes domestic manufacturing by eliminating unnecessary exemptions. Simplifies tariff structure and supports Make-in-India.</li> <li>➤ Lowers input costs for priority sectors such as clean energy, electronics, and healthcare. Supports strategic industries and enhances competitiveness.</li> <li>➤ The CIS will significantly reduce processing time and manual intervention by unifying all customs operations into one digital platform. It will improve transparency, predictability, and ease of doing business for importers and exporters</li> </ul>

# Key sectoral announcements and its impact (3)

Sector	Budget Announcements	Budget impact
<p>Direct Tax Measures</p>	<p><b>Positive</b></p> <ul style="list-style-type: none"> <li>➤ New Income-tax Act, 2025 – A fully rewritten and simplified Income-tax Act to take effect from 1 April 2026</li> <li>➤ Revised &amp; belated returns allowed until 31 March – Taxpayers may file revised or belated</li> <li>➤ Penalty &amp; prosecution rationalised – Assessment + penalty merged; several offences decriminalised</li> <li>➤ Updated returns allowed post-reassessment – Updated return permitted even after reassessment starts, with an extra 10% tax</li> <li>➤ One-time 6-month foreign-asset disclosure window; depositories to accept Form 15G/15H centrally.</li> <li>➤ Buyback proceeds will be taxed as capital gains in the hands of all shareholders &amp; promoters will additionally pay a higher special levy.</li> <li>➤ One-time 6-month foreign-asset disclosure scheme – Special disclosure window for individuals to declare small foreign assets/income</li> <li>➤ MAT reduced to 14% and made final tax – MAT cut from 15%</li> <li>➤ Lower TCS on overseas education, medical treatment &amp; tour packages TCS reduced to 2% from 5% for education/medical expenses</li> <li>➤ TDS on sale of immovable property by a non-resident can be deposited using PAN-based challan; TAN not required.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Simplifies tax filing and reduces litigation by removing ambiguity. Improves ease of doing business for individuals and small firm</li> <li>➤ Provides more flexibility to correct errors without penalties. Reduces disputes arising from late compliance</li> <li>➤ Reduces fear of prosecution for minor lapses. Accelerates dispute resolution and lowers litigation load.</li> <li>➤ Helps resolve disputes faster and reduce appeals. Encourages transparent, voluntary compliance.</li> <li>➤ Provides small taxpayers a safe opportunity to regularize undisclosed foreign assets/income and avoid prosecution</li> <li>➤ The additional promoter levy disincentivises promoter-driven buybacks, reducing arbitrage and improving fairness in capital return decisions.</li> <li>➤ Provides small taxpayers a safe opportunity to regularize undisclosed foreign assets/income and avoid prosecution, improving overall tax compliance.</li> <li>➤ Simplifies corporate tax regime and incentivises transition to new structure. Reduces compliance and long-term credit tracking</li> <li>➤ Eases cash-flow burden on households. Simplifies multiple TCS rates into a more transparent structure</li> <li>➤ Simplifies TDS compliance for resident buyers and removes the need to obtain a TAN. Reduces paperwork and speeds up property-transaction compliance.</li> </ul>

# Key sectoral announcements and its impact

Sector	Budget Announcements	Budget impact
<p>Sunrise sectors</p> <p style="background-color: #4F7942; color: white; text-align: center; padding: 10px;">Very Positive</p>	<ul style="list-style-type: none"> <li>➤ Dedicated Rare Earth Corridors in Odisha, Kerala, Andhra Pradesh &amp; Tamil Nadu for mining-processing-manufacturing clusters.</li> <li>➤ Semiconductor Mission 2.0 -A full-stack boost to the semiconductor ecosystem Including R&amp;D and training centres led by industry, Equipment &amp; materials production.</li> <li>➤ Critical Minerals (Exploration &amp; Processing) Capital goods for processing critical minerals to get duty exemption and Support to states for critical-mineral-linked industrial corridors.</li> <li>➤ Data Centres &amp; Cloud Infrastructure -Tax holiday till 2047 for foreign cloud service providers using India-based data centres &amp; Safe-harbour margins for related-party data-centre operations.</li> <li>➤ AI-based modernization across services, education, governance with Measures for AI skilling and adaptation under the Education-to-Employment Committee.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Boosts domestic capability in strategic minerals by enabling integrated mining-to-manufacturing clusters.</li> <li>➤ Strengthens India’s chip ecosystem by expanding R&amp;D, manufacturing depth, and innovation.</li> <li>➤ Improves supply security for clean-energy and high-tech sectors through expanded processing capacity.</li> <li>➤ To make India a Global cloud services hub by attracting long-term digital infrastructure investments.</li> <li>➤ Accelerates nationwide productivity gains through widespread AI adoption and future-ready workforce.</li> </ul>
<p>Textiles</p> <p style="background-color: #4F7942; color: white; text-align: center; padding: 10px;">Very Positive</p>	<ul style="list-style-type: none"> <li>➤ Integrated 5-part Textile Program: National Fiber Scheme; Textile Expansion &amp; Employment; Handloom &amp; Handicraft; Tex-Eco (sustainability); Samarth 2.0 (skilling)</li> <li>➤ Mega Textile Parks in challenge mode with emphasis on technical textiles &amp; value addition</li> <li>➤ Mahatma Gandhi Gram Swaraj initiative to strengthen khadi, handloom &amp; handicrafts (branding, skilling, quality)</li> <li>➤ Export facilitation: export timelines for textiles/leather/footwear extended from 6 months to 1 year.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Boosts competitiveness of the entire textile value chain through modernization and skilling.</li> <li>➤ Accelerates high-value textile manufacturing and attracts large-scale investment in advanced textile.</li> <li>➤ Enhances incomes of artisan clusters through better branding, quality, and market access.</li> <li>➤ Improves operational flexibility and strengthens India’s textile and footwear export competitiveness.</li> </ul>

# Key sectoral announcements and its impact

Sector		Budget Announcements	Budget impact
Tourism	Very Positive	<ul style="list-style-type: none"> <li>➤ National Institute of Hospitality to be established; 10,000 tourist guides to be trained via a 12-week IIM-backed program.</li> <li>➤ Develop 15 archaeological heritage sites (e.g., Dholavira, Rakhigarhi, Sarnath) as experiential destinations.</li> <li>➤ Buddhist tourism circuits across NE states; monastery preservation and pilgrim amenities.</li> <li>➤ Eco &amp; experience-led tourism: mountain/scenic trains, nature trails &amp; astro-tourism initiatives.</li> <li>➤ TCS on overseas tour packages reduced to a flat 2% to ease travel cash flows</li> <li>➤ Five regional medical tourism hubs integrating hospitals, diagnostics, AYUSH &amp; rehab facilities.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improves tourism service quality and strengthens India's skilled hospitality workforce.</li> <li>➤ Boosts cultural tourism by creating high-quality, experiential visitor destinations.</li> <li>➤ Expands spiritual tourism and drives economic growth in Northeast states.</li> <li>➤ Diversifies tourism offerings and promotes sustainable, nature-based travel.</li> <li>➤ Supports revival of outbound tourism demand.</li> <li>➤ Enhances India's medical-value tourism appeal through integrated world-class healthcare complexes.</li> </ul>
Power / Energy	Positive	<ul style="list-style-type: none"> <li>➤ Restructuring of Power Finance Corporation (PFC) &amp; Rural Electrification Corporation (REC) to improve credit efficiency</li> <li>➤ Customs duty exemption for nuclear power project goods extended till 2035 and expanded across plant sizes</li> <li>➤ Duty reliefs for clean energy manufacturing: capital goods for Li-ion cells &amp; storage; inputs for solar glass</li> <li>➤ Policy focus on transmission, grid modernization &amp; storage to support 500 GW RE target</li> <li>➤ Expanded skilling &amp; centers of excellence to build a renewable energy workforce</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improves power-sector financing efficiency and accelerates funding for generation, transmission, and distribution projects.</li> <li>➤ Reduces project costs and supports long-term expansion of India's nuclear energy capacity.</li> <li>➤ Boosts domestic clean-energy manufacturing and lowers dependence on imported components.</li> <li>➤ Strengthens grid reliability and enables large-scale integration of renewable energy toward the 500 GW target.</li> <li>➤ Builds a future-ready workforce to support rapid growth of India's renewable energy ecosystem.</li> </ul>

# Key sectoral announcements and its impact

Sector		Budget Announcements	Budget impact
Retail	Positive	<ul style="list-style-type: none"> <li>➤ TCS on overseas tour packages cut to 2%; TCS on LRS for education/medical cut to 2%</li> <li>➤ Personal imports: uniform 10% tariff from 1 Apr 2026</li> <li>➤ MACT interest made tax-exempt; no TDS—ease of living</li> <li>➤ Revised return window extended to 31 Mar; staggered ITR timelines</li> <li>➤ Baggage rules revised—higher duty-free allowances &amp; clarity</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reduces upfront cash outflow for travel, education and medical remittances, improving liquidity for households.</li> <li>➤ Simplifies imports, reduces cost of personal-use items.</li> <li>➤ MACT exemption - Social protection for victims; faster compensation.</li> <li>➤ Extended ITR window allows better compliance &amp; convenience.</li> <li>➤ Revised baggage rules will make travel easier,</li> </ul>
MSMEs	Very Positive	<ul style="list-style-type: none"> <li>➤ ₹10,000 Cr SME Growth Fund to create future champions.</li> <li>➤ ₹2,000 Cr top-up to Self-Reliant India Fund for micro enterprises.</li> <li>➤ TReDS boost: CPSEs to settle via TReDS; CGTMSE guarantee; GeM linkage; securitise TReDS receivables.</li> <li>➤ Corporate Mitras via ICAI/ICSI/ICMAI to lower compliance costs.</li> <li>➤ One-time concessional DTA sales for eligible SEZ manufacturers</li> <li>➤ Revival of 200 Legacy Clusters to improve cost competitiveness &amp; efficiency through infrastructure &amp; technology upgradation.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Boosts scale-up capital for high-potential SMEs.</li> <li>➤ Enhances risk capital for micro-enterprises, support expansion.</li> <li>➤ Improves MSME cashflows through faster payments, better credit access, and stronger invoice financing.</li> <li>➤ Reduce compliance burden through affordable professional support.</li> <li>➤ SEZ MSMEs utilise idle capacity &amp; improve WC through domestic sales.</li> <li>➤ Upgrades ageing clusters, raising productivity and competitiveness through infrastructure and tech modernisation.</li> </ul>
Agri	Positive	<ul style="list-style-type: none"> <li>➤ Fisheries: Develop 500 reservoirs/Amrit Sarovars, strengthen coastal value chains &amp; market linkages</li> <li>➤ Animal husbandry entrepreneurship: credit-linked subsidy; scale-up livestock enterprises; promote Livestock FPOs</li> <li>➤ Coconut Promotion, dedicated Cashew, Cocoa &amp; Sandalwood Program</li> <li>➤ Hills/horticulture: rejuvenate orchards; expand high-density walnuts/almonds/pine nuts</li> <li>➤ Bharat-VISTAAR: multilingual AI advisory integrating Agri Stack &amp; ICAR</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improves rural incomes by expanding fish production and strengthening coastal marketing networks.</li> <li>➤ Boosts farmer earnings through scaled livestock enterprises and stronger collective market participation.</li> <li>➤ Raises profitability by promoting premium, high-return crop cultivation.</li> <li>➤ Enhances productivity and income in hilly regions through modern orchard renewal and high-density nut cultivation.</li> <li>➤ Improves farm decision, reduces risk via personalised AI-based guidance.</li> </ul>

# Thank You !

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