



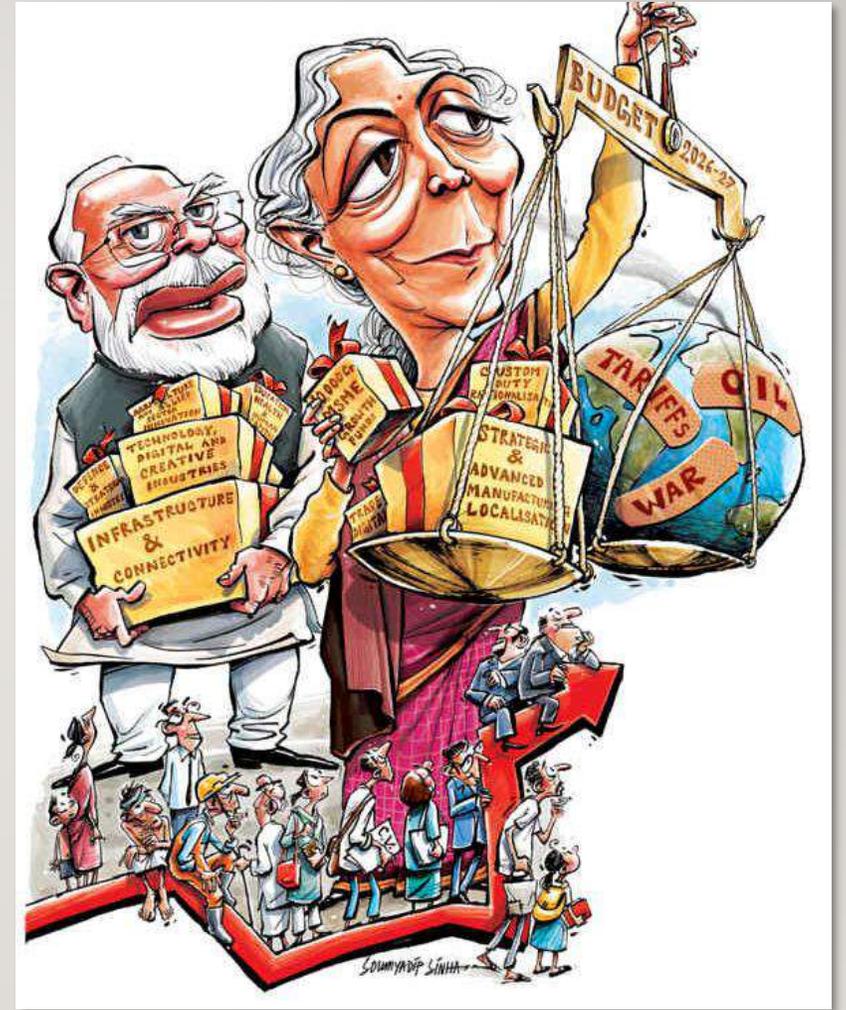
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INDIA 4 IAS

BUDGET 2026-27





INTRODUCTION

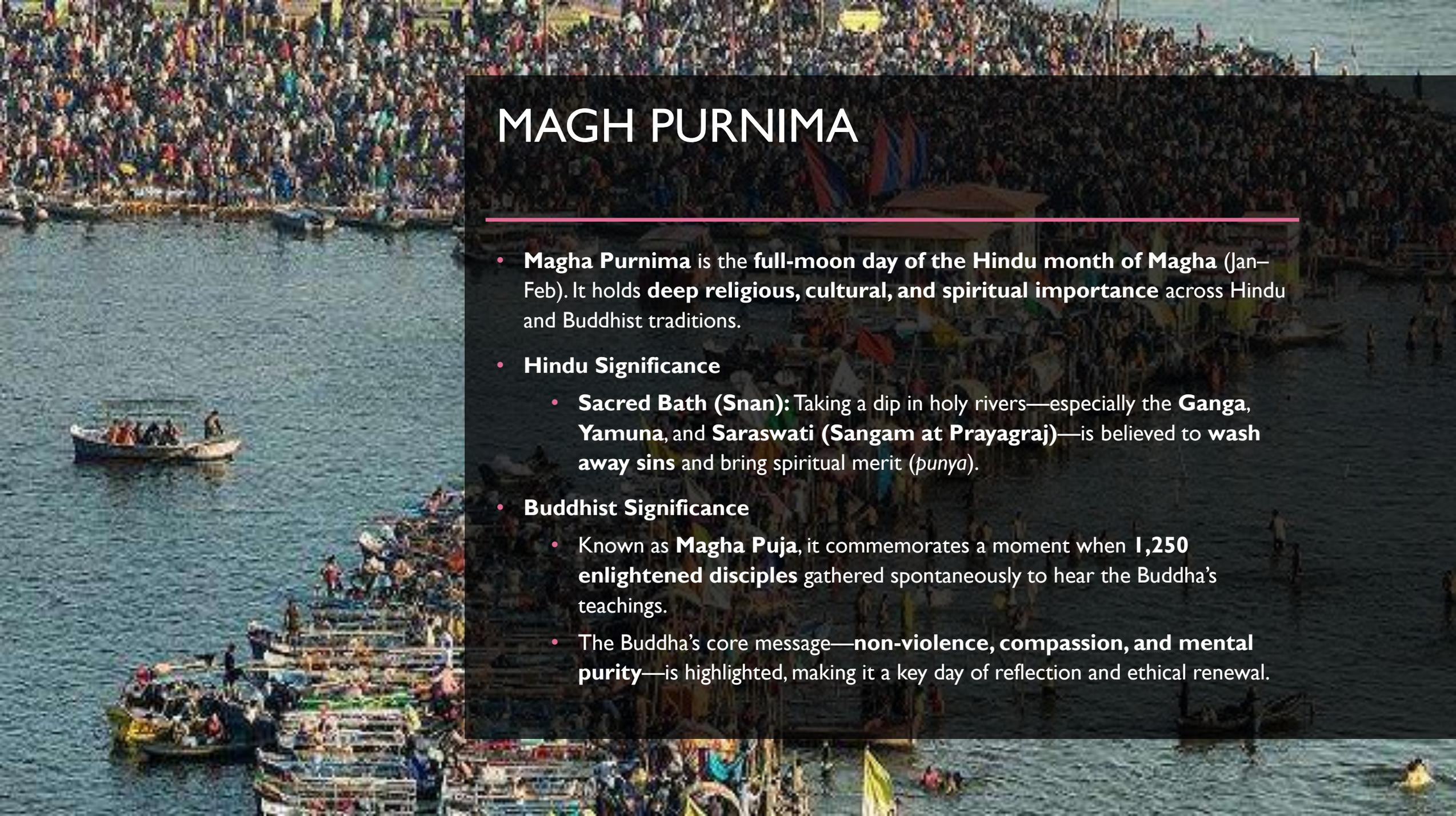


INDIA 4 IAS™

UNION BUDGET 2026-27

VIKSIT BHARAT, balancing
AMBITION with INCLUSION



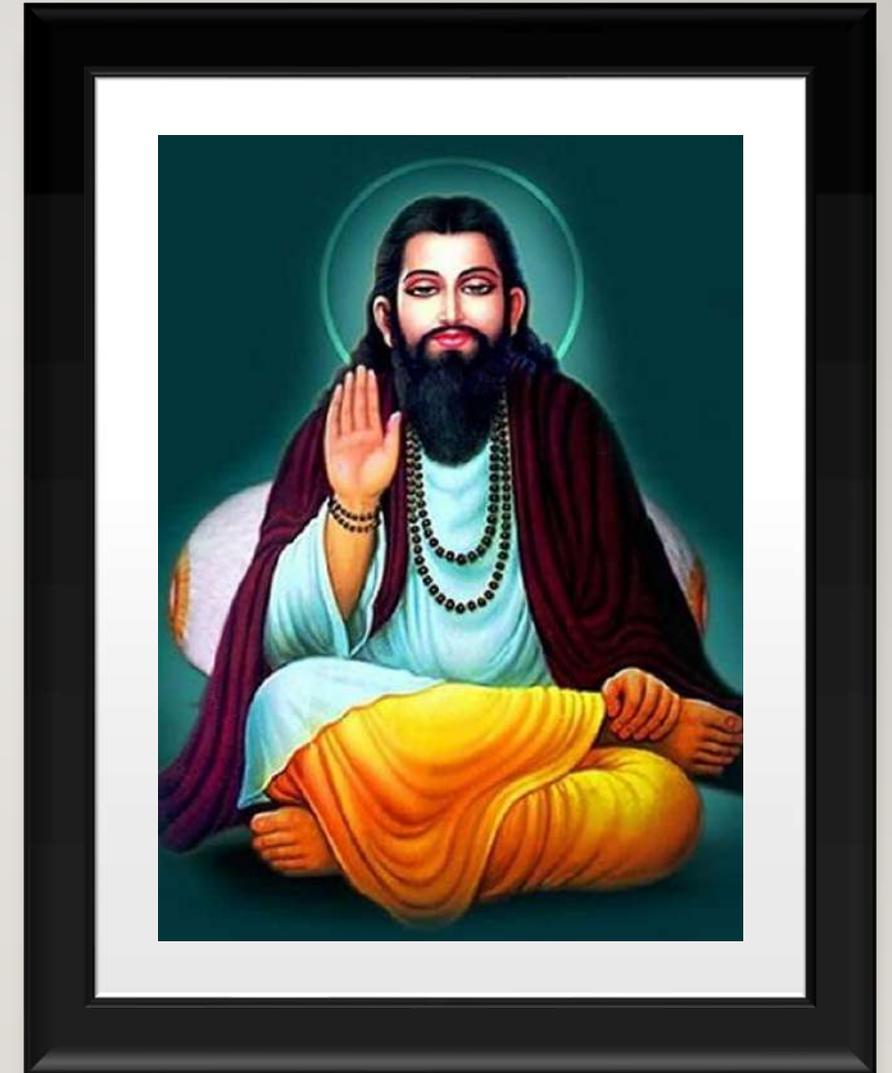
A large crowd of people is gathered on a riverbank, with a boat in the water. The scene is vibrant and festive, with many people wearing colorful clothing. The river is filled with people, and the atmosphere is one of celebration. The background shows a dense crowd of people, and the foreground shows a boat with several people on board. The overall scene is a depiction of a large-scale religious or cultural event.

MAGH PURNIMA

- **Magha Purnima** is the **full-moon day of the Hindu month of Magha** (Jan–Feb). It holds **deep religious, cultural, and spiritual importance** across Hindu and Buddhist traditions.
- **Hindu Significance**
 - **Sacred Bath (Snan):** Taking a dip in holy rivers—especially the **Ganga, Yamuna, and Saraswati (Sangam at Prayagraj)**—is believed to **wash away sins** and bring spiritual merit (*punya*).
- **Buddhist Significance**
 - Known as **Magha Puja**, it commemorates a moment when **1,250 enlightened disciples** gathered spontaneously to hear the Buddha’s teachings.
 - The Buddha’s core message—**non-violence, compassion, and mental purity**—is highlighted, making it a key day of reflection and ethical renewal.

GURU RAVIDAS

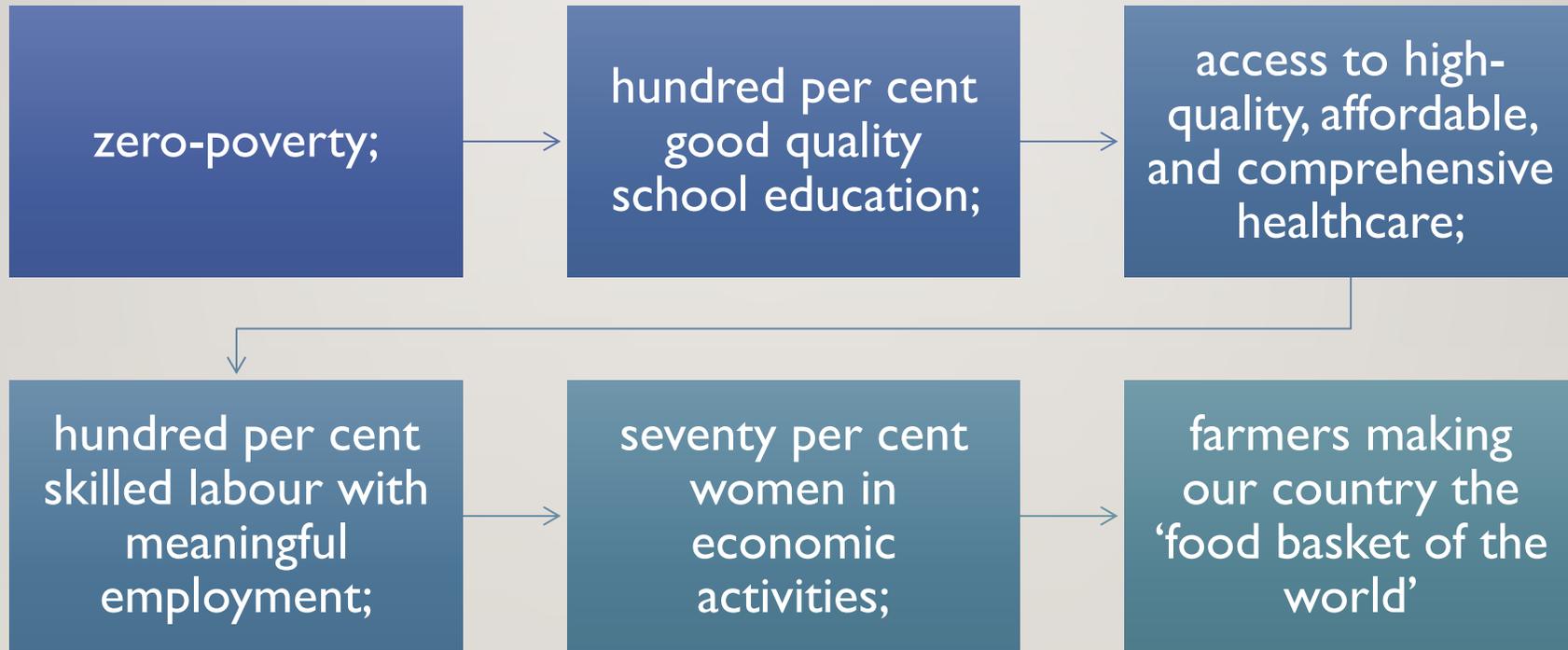
- **Who was Guru Ravidas?**
 - **15th–16th century Bhakti saint**, social reformer, poet-saint.
 - Born in **Varanasi**; associated with the **Nirguna Bhakti tradition**.
 - Contemporary of **Kabir**; verses included in the **Guru Granth Sahib**.
 - Revered widely among **Dalit communities**, especially the **Ravidassia** tradition.
- **Guru Ravidas in Sikhism**
 - **41 hymns** attributed to Guru Ravidas in the **Guru Granth Sahib**.
 - Revered as **Bhagat Ravidas**.





THEME:
'VIKSIT BHARAT': BALANCING AMBITION
WITH INCLUSION

VIKSIT BHARAT, ENCOMPASSES





YUVA SHAKTI- DRIVEN BUDGET

- First Budget prepared in **Kartavya Bhawan**, we are inspired by 3 *kartavya*:
 - **First kartavya** 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 our people and build their capacity, making them strong partners in India's path to prosperity.
 - **Third kartavya**, aligned with our 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.



Inspiring
3
Kartavya
outlining the
UNION BUDGET
2026



Accelerate & sustain economic growth alongwith building resilience to volatile global dynamics

Fulfill aspirations of our people and build their capacity

Ensure that every family, community, region and sector has access to resources, amenities and opportunities

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A 3D puzzle with several pieces. One piece is white and shaped like the Ashoka Chakra, the national emblem of India. Another piece is green and has the word 'GROWTH' written on it. A third piece is white and has the word 'ECONOMY' written on it. The puzzle is set against a background of the Indian national flag (saffron, white, and green horizontal stripes).

FIRST KARTAVYA TO ACCELERATE AND SUSTAIN ECONOMIC GROWTH

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6 KEY AREAS

Scaling	Scaling up manufacturing in 7 strategic and frontier sectors
Rejuvenating	Rejuvenating legacy industrial sectors
Creating	Creating “Champion SMEs” and supporting micro enterprises
Delivering	Delivering a powerful push to Infrastructure
Ensuring	Ensuring long term energy security and stability
Developing	Developing City Economic Regions

SCALING UP MANUFACTURING IN 7 STRATEGIC AND FRONTIER SECTORS

Scaling up manufacturing in strategic and frontier sectors

- Biopharma SHAKTI
- India Semiconductor Mission (ISM) 2.0
- The Electronics Components Manufacturing Scheme

› Biopharma SHAKTI Scheme to develop India as global Biopharma manufacturing hub

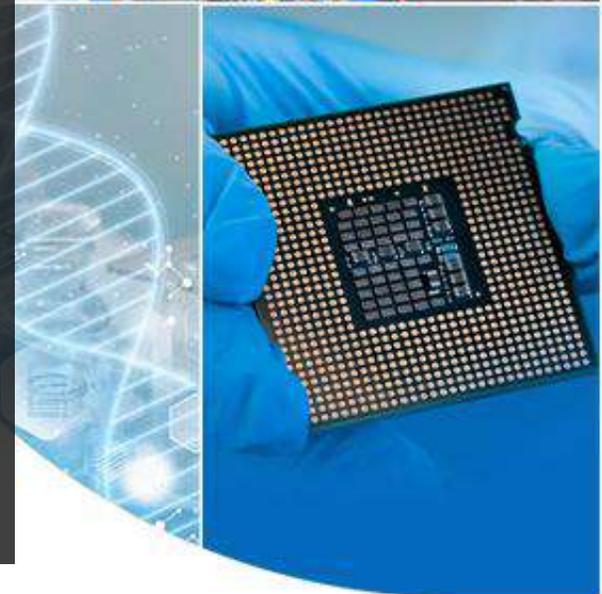
- Dedicated Rare Earth Corridors
- Dedicated Chemical Parks

• Strengthening Capital Goods Capability

› India Semiconductor Mission (ISM) 2.0 to be

• Integrated Programme for the Textile Sector

› Electronics Components Manufacturing Scheme outlay to be increased to **₹40,000 crore**



BIOPHARMA SHAKTI

- Strategy for Healthcare Advancement through Knowledge, Technology and Innovation - SHAKTI
- **Biopharma (Biopharmaceuticals)** refers to **medicines produced using biological systems**—such as living cells, microorganisms, or biomolecular processes—rather than purely chemical synthesis.

The infographic is titled "Biopharma SHAKTI" and is part of the Union Budget 2026-27. It features the logos of the Ministry of Finance and PIB. The main title is "Biopharma SHAKTI" with the subtitle "(Strategy for Healthcare Advancement through Knowledge, Technology & Innovation)". A central image shows a hand in a blue glove holding a test tube, with a DNA double helix and laboratory glassware in the background. The infographic lists five key points: 1. To develop India as a global Biopharma manufacturing hub. 2. To be launched with an outlay of ₹ 10,000 crores over the next 5 years. 3. To build an ecosystem for the domestic production of biologics and biosimilars. 4. To include a Biopharma focused network with 3 new National Institutes of Pharmaceutical Education and Research and upgrading 7 existing ones. 5. To create a network of over 1000 accredited India Clinical Trials sites. At the bottom, there are social media handles for @PIB_India, @PIBHindi, @pibindia, and @pibindia on various platforms.

₹ UNION BUDGET 2026-27

Biopharma SHAKTI

(Strategy for Healthcare Advancement through Knowledge, Technology & Innovation)

- ▶ **Biopharma SHAKTI** to develop India as global Biopharma manufacturing hub
- ▶ To be launched with an outlay of **₹ 10,000 crores** over next 5 years
- ▶ To build ecosystem for domestic production of biologics & biosimilars
- ▶ Will include a **Biopharma focused network** with 3 new National Institutes of Pharmaceutical Education and Research & upgrading 7 existing ones
- ▶ To create network of over **1000 accredited India Clinical Trials sites**

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INDIA SEMICONDUCTOR MISSION (ISM) 2.0

- The **India Semiconductor Mission (ISM)** is a **Government of India initiative (launched in 2021)**
 - to build a **complete semiconductor ecosystem** in the country—covering **design, fabrication (fabs), assembly–testing–marking–packaging (ATMP), and R&D.**
- *ISM aims to make India self-reliant in chips—the brains of modern electronics.*

Objective	What it Means
Strategic autonomy	Reduce dependence on foreign chip supply
Ecosystem creation	From design → fab → packaging
Manufacturing scale	Attract global fabs to India
Innovation & skills	Build talent, R&D, startups

DEDICATED RARE EARTH CORRIDORS

WHAT ARE RARE EARTH CORRIDORS?

- **Rare Earth Corridors** refer to **strategic supply-chain networks** created to ensure the **secure exploration, processing, manufacturing, and transportation of rare earth elements (REEs)** from source to end-use industries.
- They are not just physical routes, but **integrated value-chain corridors** involving:
 - Mining & extraction
 - Refining & separation
 - Manufacturing (magnets, batteries, semiconductors)
 - Logistics & trade partnerships

CLASSIFIED AS CRITICAL MINERALS.

- Rare earth elements (like **neodymium, dysprosium, lanthanum** are critical for:
 - Electric vehicles (EV motors)
 - Wind turbines
 - Smartphones & semiconductors
 - Missiles, radars, fighter jets
 - Solar panels & energy storage
 - Space and nuclear technologies



- **Locations**
 - Odisha coast
 - Andhra Pradesh (Visakhapatnam–Srikakulam belt)
 - Tamil Nadu (Thoothukudi, Tirunelveli)
 - Kerala (Chavara, Alappuzha)
- These regions have **monazite-rich beach sand deposits**, which contain:
 - Neodymium
 - Lanthanum
 - Cerium
 - Thorium (strategic nuclear importance)
- India's rare earth reserves are **largely coastal and placer deposits**

DEDICATED CHEMICAL PARKS

- Specialised industrial parks exclusively for the chemical and petrochemical sector, with common infrastructure, regulatory facilitation, and integrated value chains.
- **Types of Chemicals Covered**
 - Basic chemicals
 - Petrochemicals
 - Specialty chemicals
 - Agrochemicals
 - Pharmaceutical intermediates

OBJECTIVE	EXPLANATION
Self-reliance	Reduce imports of critical chemicals
Value-chain integration	From basic → specialty → downstream products
Cost efficiency	Shared utilities & logistics
Environmental compliance	Centralised waste & effluent treatment
Investment attraction	Ease of doing business

CHALLENGE ROUTES VS MISSION MODE

- **Challenge Route (or Challenge Mode)** refers to a **competitive, performance-based funding mechanism** in which **states, institutions, or firms receive government support only if they meet pre-defined reform and outcome benchmarks**, rather than getting automatic or entitlement-based funds.
- **Mission Mode** refers to a **time-bound, target-oriented, centrally coordinated approach to policy implementation**, where the government defines **clear objectives, deadlines, institutional responsibility, and monitoring mechanisms** to achieve national priorities.



Integrated Programme for **Textile Sector**



- › **Mahatma Gandhi Gram Swaraj initiative** to be launched to strengthen khadi, handloom & handicrafts
- › **Samarth 2.0** to modernize and upgrade textile skilling ecosystem
- › **National Fibre Scheme** for self-reliance in natural fibres, man-made fibres, and new-age fibres
- › Textile Expansion and Employment Scheme to modernise traditional clusters
- › National Handloom and Handicraft programme to integrate & strengthen existing schemes
- › **Tex-Eco Initiative** for globally competitive and sustainable textiles & apparels
- › Mega Textile Parks to be set up in challenge mode



ALSO KNOW

- PM MITRA –
- Technical Textiles –
- Geo Textiles



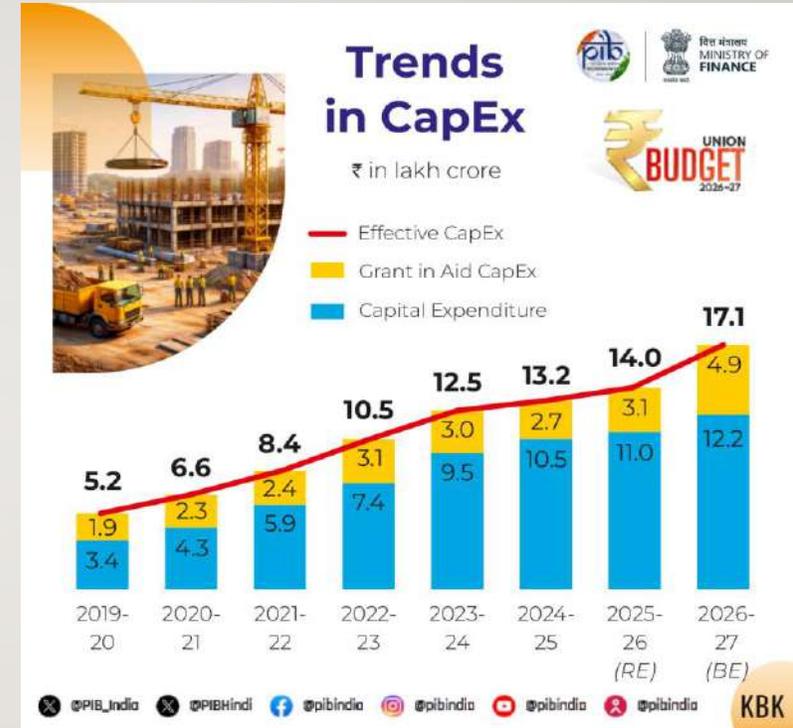


Building Infrastructure for Future Ready Bharat

- Seaplane VGF Scheme to be introduced to provide support for operations
- New Dedicated Freight Corridors connecting Dankuni in East, to Surat in West
- 20 new **National Waterways (NW)** over next 5 years
- 7 High-Speed Rail corridors** between cities as 'growth connectors' to promote environmentally sustainable passenger systems
- Training Institutes will be set up as Regional Centres of Excellence for development of required manpower

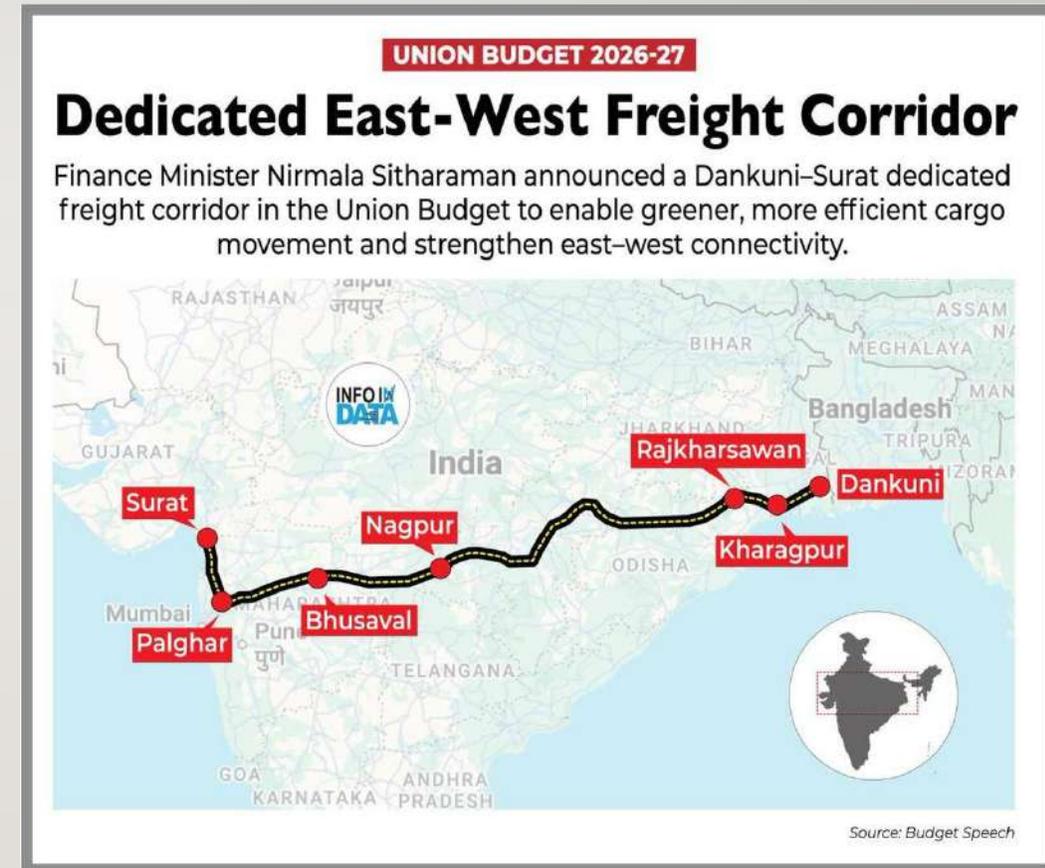
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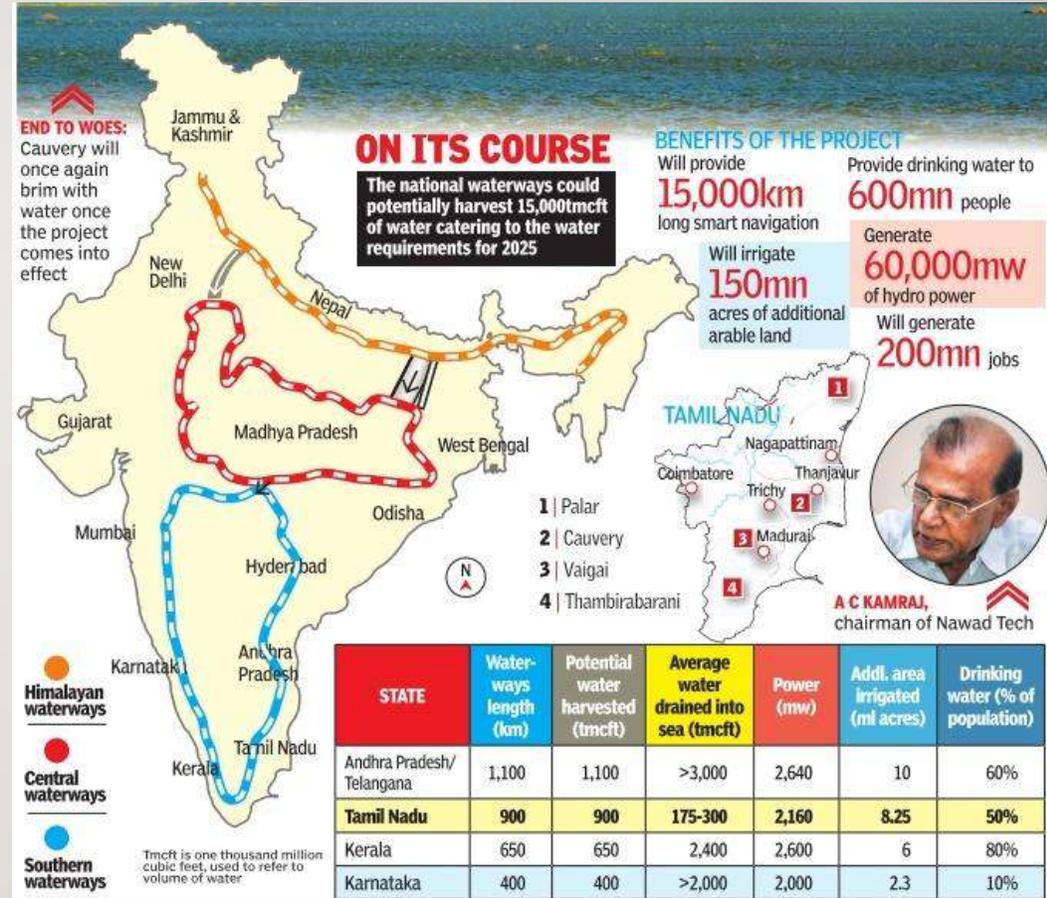
DELIVERING POWERFUL PUSH TO INFRASTRUCTURE

- This new freight corridor will start from Dankuni and terminate at Surat in Gujarat.
- It will connect with the Western Dedicated Freight Corridor (WDFC), allowing industries to transport goods from ports along the west coast, including Maharashtra and Gujarat.



WATERWAYS

- **20 new National Waterways** 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
- **Coastal Cargo Promotion Scheme**
- **Seaplane VGF Scheme** - to indigenize manufacturing of seaplanes
 - A financial incentive initiative to support the operational costs of seaplane services in India.
 - It is designed to boost tourism, enhance last-mile connectivity, and promote the use of amphibious aircraft in remote or underserved areas.



विद्युत वित्त विभाग
MINISTRY OF FINANCE

UNION BUDGET 2026-27

Carbon Capture Utilization and Storage (CCUS)

CCUS technologies at scale to achieve higher readiness levels in end-use applications across 5 industrial sectors

- › *Power*
- › *Steel*
- › *Cement*
- › *Refineries*
- › *Chemicals*

An outlay of ₹ 20,000 crore proposed over the next 5 years

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MINISTRY OF FINANCE

UNION BUDGET 2026-27

Energy Transition & Security

- › Extension of the basic customs duty exemption given to capital goods used for manufacturing **Lithium-ion Cells for batteries** and battery energy storage systems
- › Extension of the basic customs duty exemption on imports of goods required for **Nuclear Power Projects till the year 2035**
- › **Basic customs duty exemption** to the import of capital goods required for processing of **critical minerals in India**
- › Exclusion of the **entire value of biogas** while calculating the **Central Excise duty payable on biogas blended CNG**

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ENERGY SECURITY & STABILITY

SPEED RAIL CORRIDORS

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CITY ECONOMIC REGIONS



Municipal Bond

Municipal bond is a fixed-income debt security issued by a governmental entity to fund public projects, like construction of roads or sewer systems.

Government Agency

Public Works



Issues



Municipal Bond



To Fund



Hospital



School



To encourage issuance of municipal bonds of higher value by large cities, it has been proposed to provide an incentive of Rs 100 crore for a single bond issuance of more than Rs 1,000 crore – **BUDGET 2026-27**

MUNICIPAL BONDS

Budget for 2026-2027 outlines India's strategic roadmap towards becoming a developed nation (Viksit Bharat). The plan is built upon a foundation of three core duties ('kartavya') that aim to accelerate economic growth, empower citizens, and ensure inclusive development for all.

1. Accelerate & Sustain Economic Growth

Enhance productivity and competitiveness while building resilience to volatile global dynamics.



2. Fulfil Aspirations & Build Capacity

Empower people to become strong partners in India's path to prosperity.



3. Ensure Inclusive Access & Opportunity

Align with the 'Sabka Sath, Sabka Vikas' vision for all communities and regions.

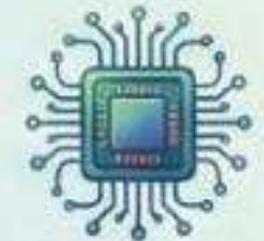


SECOND KARTAVYA IS TO FULFIL ASPIRATIONS OF OUR PEOPLE AND BUILD THEIR CAPACITY

Strategies for Economic Growth

Focus on Manufacturing

Strategic sectors including Biopharma, (ISM 2.0), and Electronics.



Semiconductors (ISM 2.0)



Electronics

₹12.2 Lakh Crore for Infrastructure

A significant increase in public capital expenditure to boost connectivity and urban development.



Creating 'Champion' Enterprises (SMEs)

Includes a new ₹10,000 crore SME Growth Fund to provide equity support.

Fiscal Indicators

Fiscal Indicator	RE 2025-26	BE 2026-27
Fiscal Deficit (% of GDP)	4.4%	4.3%
Debt-to-GDP Ratio	56.1%	55.6%

High-Powered 'Education to Employment and Enterprise' Standing Committee



- › Education to Employment and Enterprise Standing Committee to be set up to recommend measures that focus on Services Sector as core driver of **Viksit Bharat**
- › India to be a global leader in services with **10% global share by 2047**
- › Committee to prioritise areas of optimise potential for growth, employment & exports
- › It will also assess the impact of emerging technologies, including AI on jobs & skill requirements

Investment in EDUCATION



- › **National Institute of Design** to be established to boost design education and development in the **eastern region of India**
- › **5 University Townships** to be created in vicinity of major industrial and logistic corridors
- › **1 girls' hostel** to be established in every district in **Higher Education STEM institutions**
- › **4 Telescope Infrastructure Facilities** to be set up or upgraded to promote Astrophysics and Astronomy

-
- The All India Institute of Ayurveda (AIIA)
 - primary located in **New Delhi** (functioning since 2017)
 - major Satellite Centre in **Goa** (operational since 2022).
 - As of the Union Budget 2026-27, the government announced the establishment of **three new** All India Institutes of Ayurveda to enhance national research and healthcare.

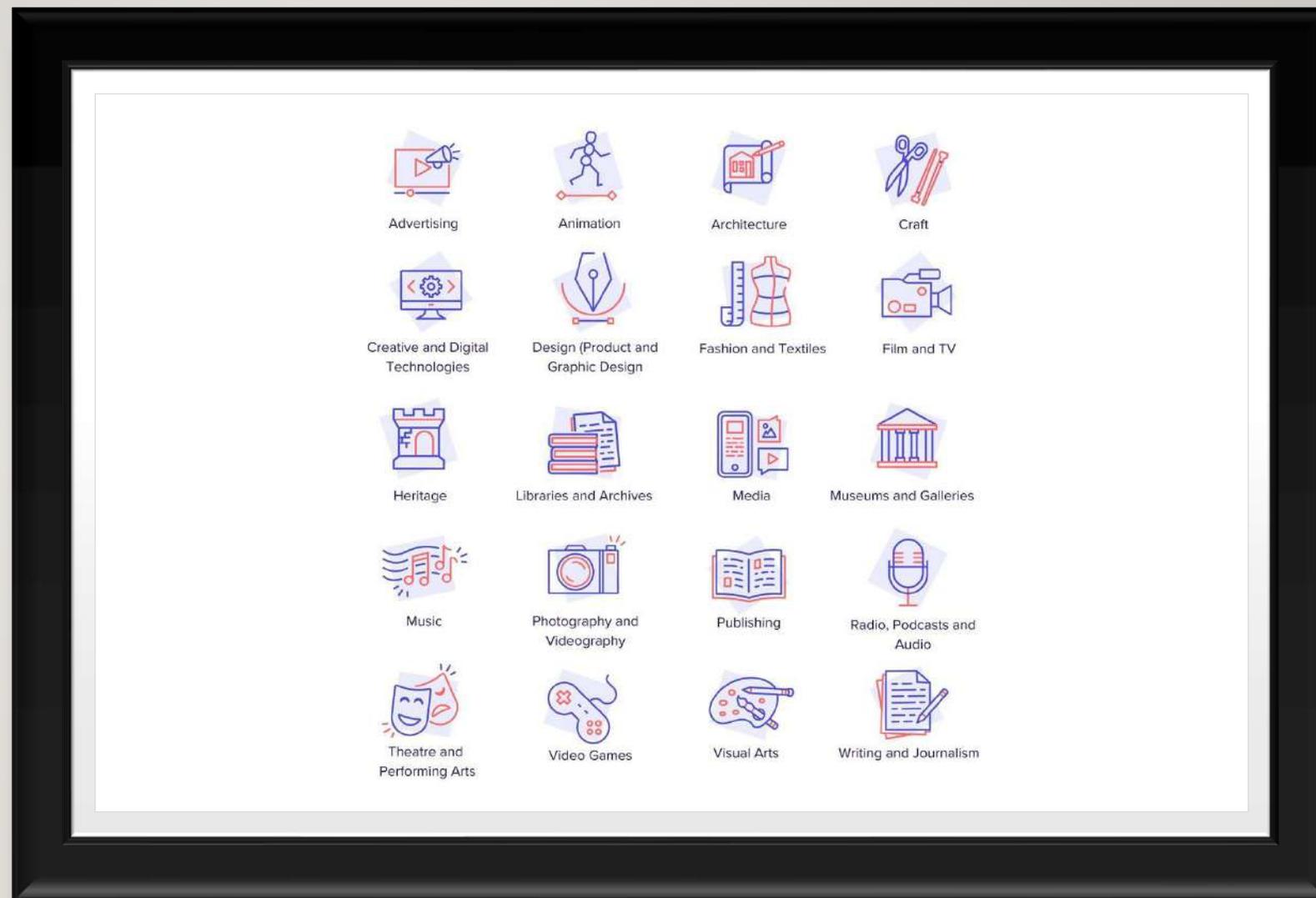
The infographic features the Ministry of Finance logo, the PIB logo, and a large golden Rupee symbol. The title 'UNION BUDGET 2026-27' is prominently displayed. The main heading is 'Strengthening Healthcare'. A central image shows a stethoscope over a white silhouette of a family inside a house. The infographic lists seven key initiatives, each with a red progress bar indicating the percentage of completion.

Strengthening Healthcare

- › Set up of 3 new **All India Institutes of Ayurveda**
- › Addition of **100,000 Allied Health Professionals (AHPs)** over next 5 years
- › Scheme to support States in establishing **5 Regional Medical Hubs** to be launched
- › **1.5 lakh** caregivers to be trained
- › **NIMHANS-2** to be setup
- › **50% capacity increase** in District Hospitals by establishing **Emergency & Trauma Care Centres**

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ORANGE ECONOMY



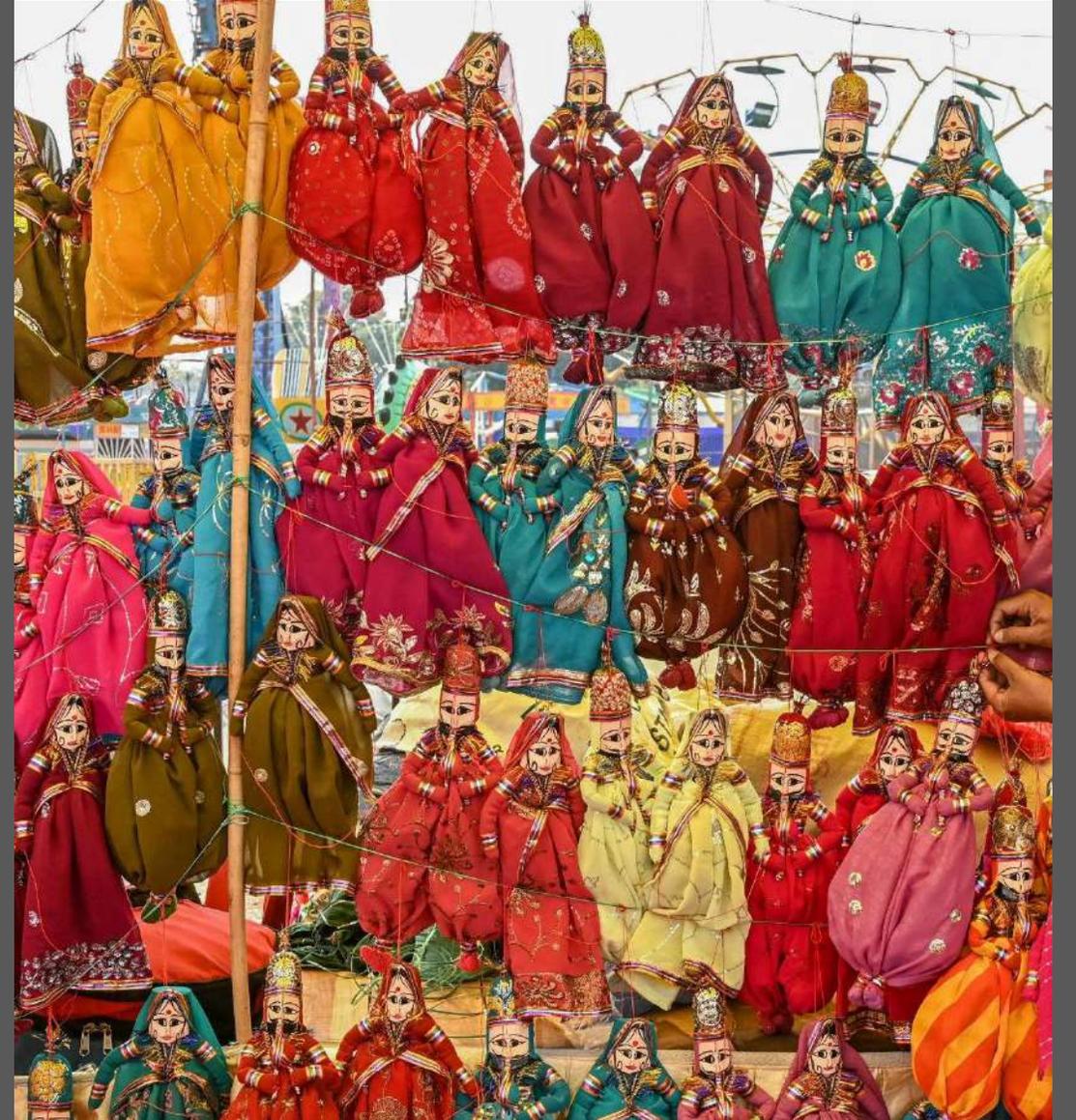
WHAT IS THE ORANGE ECONOMY?

- The **Orange Economy** refers to **economic activities driven by creativity, culture, knowledge, and intellectual property.**
- It includes sectors where **ideas and talent**—not raw materials—are the primary inputs.
- **In simple:**
 - Orange Economy is the creative economy that monetises culture, creativity, and intellectual property for growth and jobs.

Budget proposes to support **the Indian Institute of Creative Technologies, Mumbai** in setting up **AVGC Content Creator Labs** in **15,000** secondary schools and **500** colleges

Domain	Examples
AVGC	Animation, Visual Effects, Gaming, Comics
Media & Entertainment	Films, OTT, music, publishing
Design	Fashion, industrial, UX/UI
Arts & Culture	Handicrafts, heritage, performing arts
Sports Economy	Sports events, coaching, sports tech
Digital Creators	Content creation, influencer economy

India's AVGC sector is projected to require 2 million professionals by 2030



TOURISM & HERITAGE

- India to host first ever Global Big Cat Summit.



The infographic features the Ministry of Finance logo, the PIB logo, and a large golden Rupee symbol. The title 'UNION BUDGET 2026-27' is prominently displayed. The section 'Heritage and Culture Tourism' includes an illustration of a person with a suitcase and a smartphone showing travel information. The text lists four key initiatives: a digital knowledge grid, development of 15 archaeological sites, an integrated East Coast Industrial Corridor, and a scheme for Buddhist circuits.

विद्युत् मंत्रालय
MINISTRY OF
FINANCE

पिबि
Public Information Board

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2026-27

Heritage and Culture Tourism

- › **National Destination Digital Knowledge Grid** to be established to digitally document all places of significance - **cultural, spiritual and heritage**
- › Development of 15 archeological sites including **Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace** into vibrant, experiential cultural destinations
- › Development of 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**
- › Scheme for Development of **Buddhist Circuits in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura**

2/2

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SPORTS



वित्त मंत्रालय
MINISTRY OF
FINANCE



Khelo India Mission

Mission to facilitate:

- > **Integrated talent development pathway**, supported by training centres
- > **Systematic development** of coaches and support staff
- > Integration of **sports science and technology**
- > **Competitions and leagues** to promote sports culture
- > **Development of sports infrastructure** for training and competition





Sabka Saath

THIRD KARTAVYA, ALIGNED WITH OUR
VISION OF SABKA SATH, SABKA VIKAS

INCREASING FARMER'S INCOME



- › Initiatives for integrated development of **500 reservoirs and Amrit Sarovars** to strengthen the fisheries sector

- › **Entrepreneurship development** in Animal Husbandry Sector to provide quality employment opportunities

- › **Coconut Promotion Scheme** to increase production and enhance productivity to support 30 million people, including 10 million farmers

- › **Transforming Indian Cashew and Indian Cocoa** into premium global brands by 2030

- › Partner with State Governments to restore the glory of the **Indian Sandalwood ecosystem**

1/2

INCREASING FARMER'S INCOME



- › **Bharat-VISTAAR (Virtually Integrated System To Access Agricultural Resources): multilingual AI tool** to enhance farm productivity, enable better decisions for farmers and reduce risk by providing customised advisory support

- › **Self-Help Entrepreneur (SHE) Marts for Rural Women-led Enterprises:** Building on the success of the Lakhpati Didi Programme, SHE-Marts to be set up to help women take the next step from credit-led livelihoods to being owner of enterprises

2/2

Defining the Bharat-VISTAAR Platform

Bharat-VISTAAR

Key Attribute:

Accessibility. The platform is launched in multiple languages to ensure broad adoption across different states.

Definition:

An open-source, multilingual digital platform designed as a Virtually Integrated System for accessing agricultural resources.

Primary Function:

Consolidates fragmented agricultural data into a single interface to support farmers across India.

Empowering India's Farmers: A Guide to Bharat-VISTAAR

AI-based, multilingual platform offering customized, actionable insights to enhance crop management and productivity.

How to Use Bharat-VISTAAR

1. Sign Up & Set Your Profile

Access the platform, select your location, and choose your preferred language to begin.



2. Enter Your Farm Details

Add key information about your specific crops, soil conditions, and farming region.



3. Receive Custom Advice & Alerts

Get timely suggestions and notifications for irrigation, pest control, and farming tips.



Key Features for Modern Farming



Personalized Farm Guidance

Receive advice tailored to your specific crop, soil type, and local weather conditions.



AI-Powered Insights Made Simple

Complex data is transformed into easy-to-follow suggestions for farm management and decision-making.



Proactive Risk Reduction

Get real-time alerts for weather changes, pest attacks, and other potential crop threats.



₹
**UNION
BUDGET**
2026-27

Empowering Divyangjan



Divyangjan Kaushal Yojana:

- › To ensure dignified livelihood opportunities through **industry-relevant and customized training** specific to each divyang group

Divyang Sahara Yojana:

- › Support the **Artificial Limbs Manufacturing Corporation of India (ALIMCO)** to scale up production of assistive devices, invest in R&D and AI integration
- › To strengthen **PM Divyasha Kendras** and support setting up of **Assistive Technology Marts** as modern retail-style centres



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Developing steel clusters in Eastern

PURVODAYA STATES

- Purvodaya initiative aimed at all-round development of the eastern region of India, encompassing Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh

Mission Purvodaya

Ministry of Steel has prepared a draft framework for development of integrated steel clusters in the country aimed at **facilitating setting up of greenfield steel clusters along with development & expansion of existing clusters.**

The steel clusters will help country become **Aatma Nirbhar** in **value added Steel and capital goods.**

Will generate employment and entrepreneurial opportunities for **Eastern India**, covering the **states of Odisha, Chattisgarh, Jharkhand, West Bengal and Andhra Pradesh.**





- ★ National Capital
- ⊙ Provincial Capital
- City/Town

PAKISTAN

Delhi

NEPAL

Kathmandu

BHUTAN

Thimphu

Delhi-Mumbai Industrial Corridor

BANGLADESH

Dhaka

Kolkata

Bangladesh-PRC-India-Myanmar Economic Corridor

North-South Corridor in GMS

Kunming

Ha Noi

INDIA

Mumbai

Proposed East Coast Economic Corridor

MYANMAR

Nay Pyi Taw

LAO PDR

Vientiane

Bengaluru-Mumbai Economic Corridor

Bengaluru

Chennai

Chennai-Bengaluru Industrial Corridor

THAILAND

GMS Southern Economic Corridor

Bangkok

VIET NAM

Dawei

CAMBODIA

Phnom Penh

Ho Chi Minh City





UNION BUDGET 2026-27



BUDDHIST CIRCUIT: A NEW SACRED TRAIL IN THE NORTH EAST

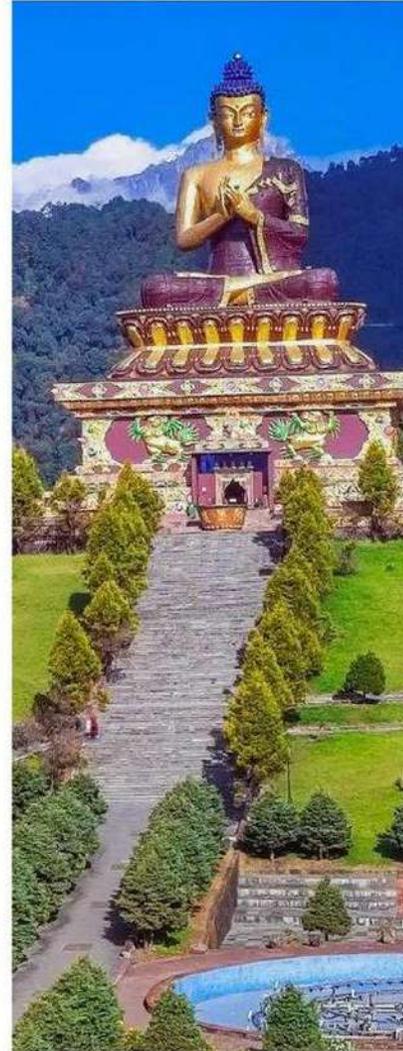
New Buddhist Circuit scheme across Arunachal Pradesh, Sikkim, Assam, Mizoram, Tripura and Manipur



Focus on preservation and restoration of Buddhist temples and monasteries



Improved pilgrim amenities across the identified states



• LIVE

16TH FINANCE COMMISSION

- Finance Commission is a **constitutional body under Article 280**
- Constituted every **five years**
- Mandate: Recommend **Centre–State fiscal relations**
- **16th FC chaired by Dr.Arvind Panagariya**
- Report tabled on **1 February 2026**
- Applicable for **2026–27 to 2030–31**

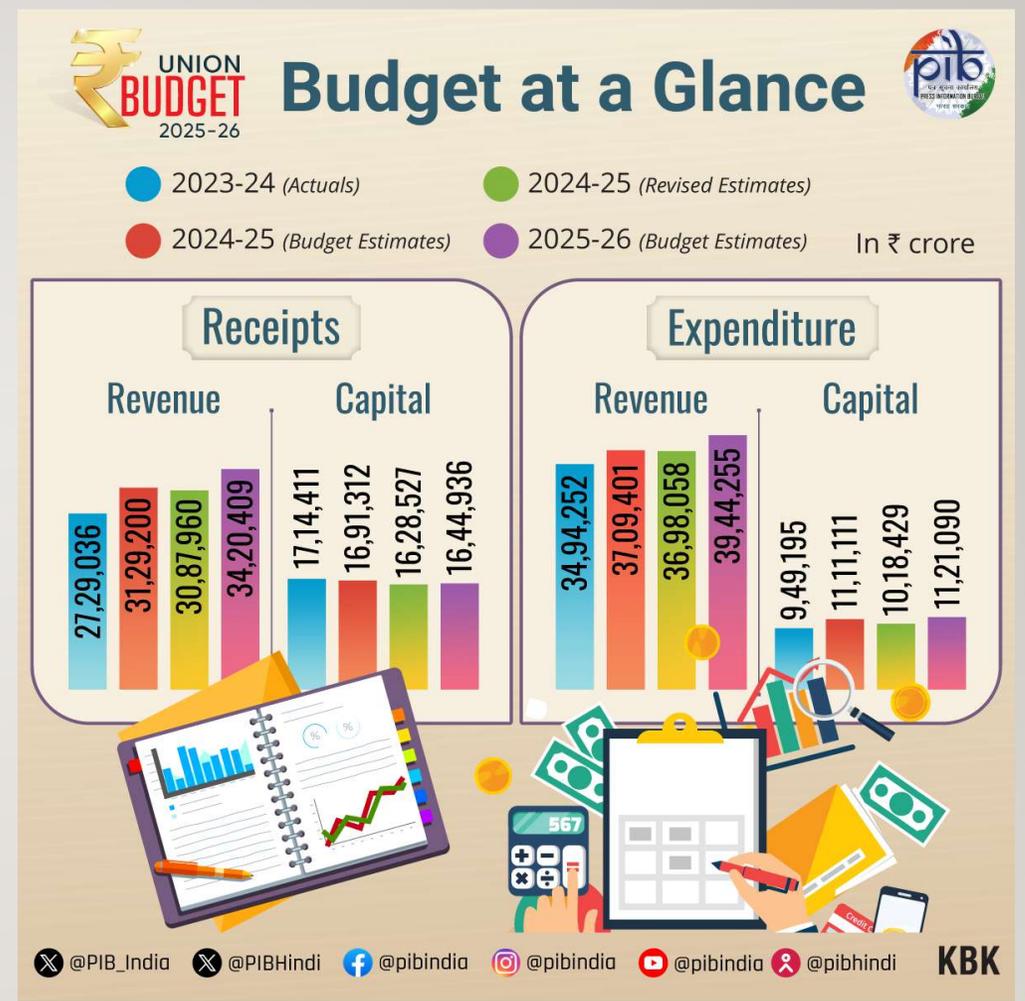
Item	Recommendation
States' share in divisible pool	41%
Change from 15th FC	No change
Divisible pool excludes	Cesses & surcharges

CRITERIA FOR HORIZONTAL DEVOLUTION

- **Demographic Performance**
 - Shift from **TFR-based** to **population growth (1971–2011)**
 - Rewards states that controlled population growth

Criteria	15th FC	16th FC
Income Distance	45%	42.5%
Population (2011)	15%	17.5%
Demographic Performance	12.5%	10%
Area	15%	10%
Forest & Ecology	10%	10%
Tax/Fiscal Effort	2.5%	Removed
Contribution to GDP	–	10% (New)
Total	100%	100%

ECONOMICS – FISCAL SIDE



BUDGET ESTIMATES

Fiscal Consolidation and Budget Estimates

- › Debt-to-GDP ratio estimated to be 55.6 % of GDP in BE 2026-27 compared to 56.1 % of GDP in RE 2025-26
- › Fiscal deficit in BE 2026-27 estimated to be 4.3 % of GDP as compared to the estimate of 4.4 % of GDP in BE 2025-26
- › Non-debt receipts estimated as ₹36.5 lakh crore in BE 2026-27
- › Total expenditure estimated as ₹53.5 lakh crore in BE 2026-27
- › Centre's net tax receipts estimated at ₹28.7 lakh crore in BE 2026-27

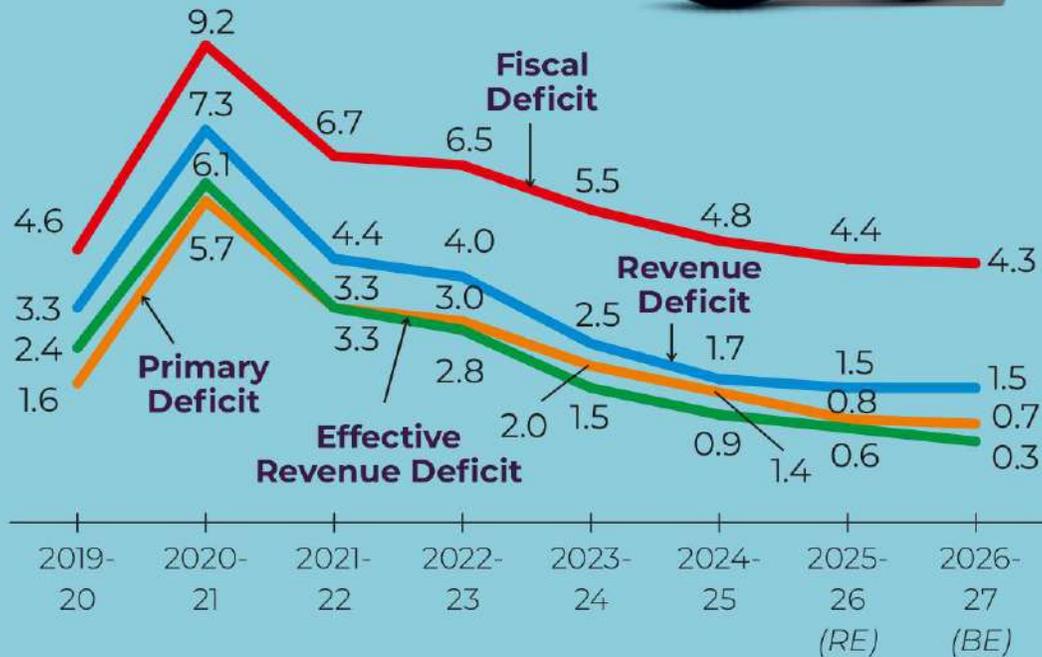


FISCAL CONSOLIDATION

- The N.K. Singh Committee (2017) recommended a combined debt-to-GDP ratio of 60% for the general government (40% for the Centre and 20% for the States) to be achieved by FY2023.
- It proposed a "glide path" for fiscal consolidation, aiming for a 3% fiscal deficit for the center.

Trends in Deficit

% of GDP



DEFICIT TRENDS

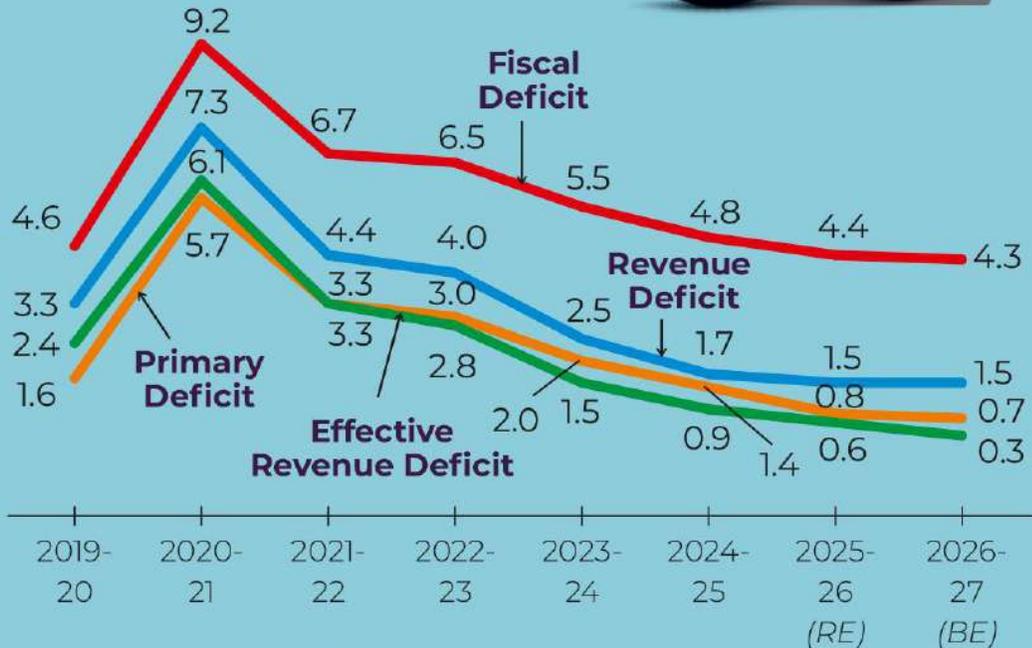
For the fiscal year **2025-26**, the **Revised Estimates** paint a clear picture of where India stands:

- Fiscal Deficit:** 4.4% of GDP, with target set at 4.3% a reflection of the Government's continuous effort to balance fiscal responsibility with economic expansion.



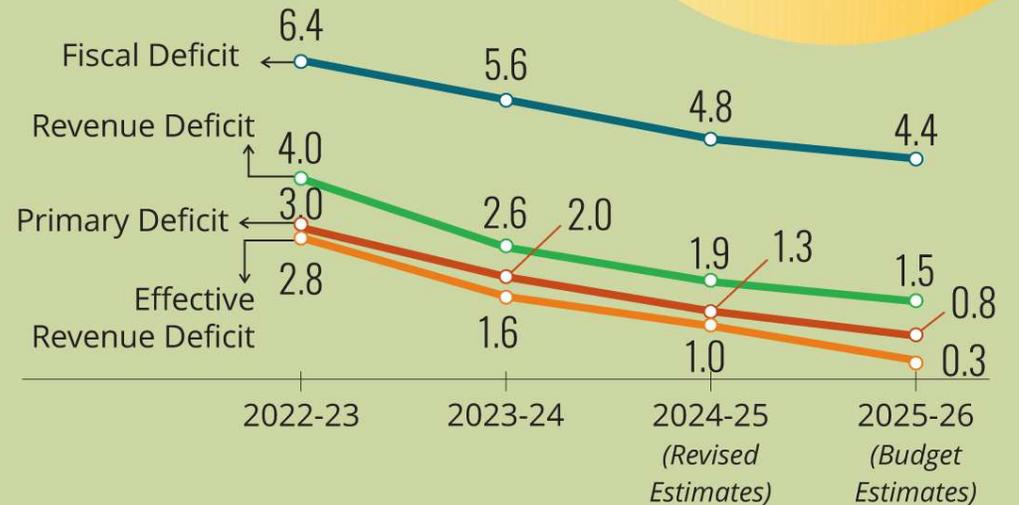
Trends in Deficit

% of GDP



Trends in Deficit

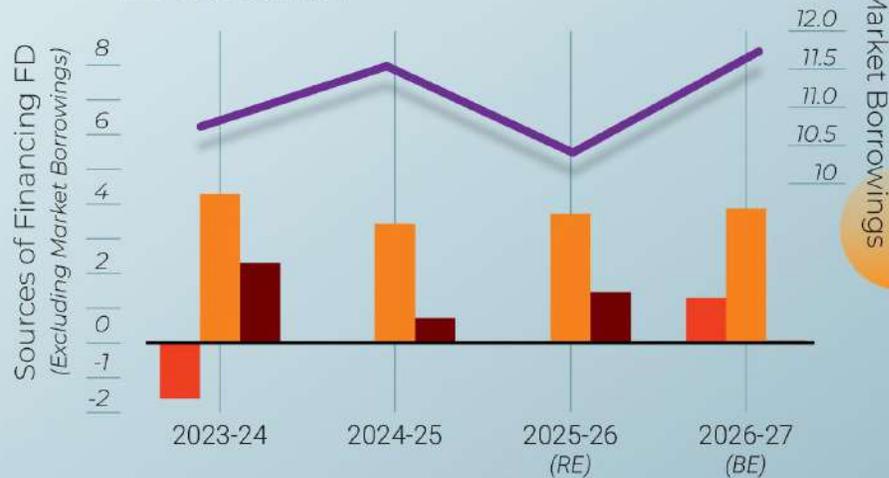
% of GDP



Sources of Deficit Financing

₹ in lakh crore

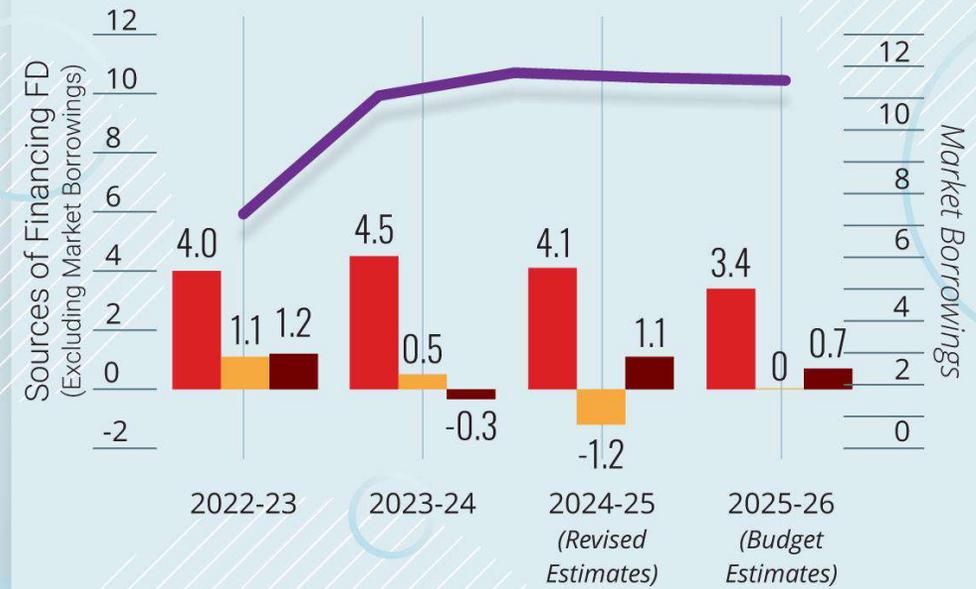
- Market Borrowings
- Short Term Borrowing (T-Bills etc.)
- Securities Against Small Savings
- Other (Include State Provident Funds, External Debt, Drawdown of Cash Balance and Other Receipts)



Sources of Deficit Financing

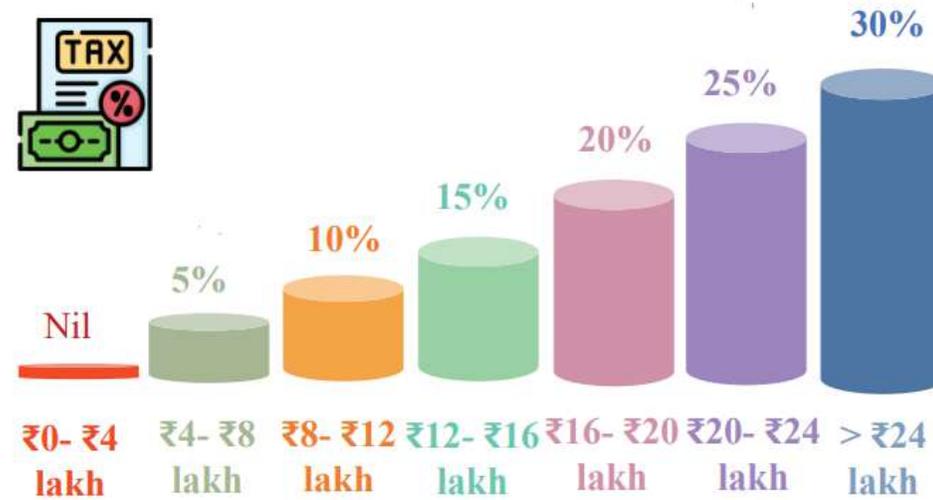
₹ in lakh crore

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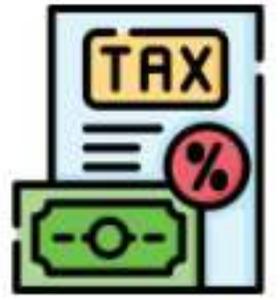
NEW TAX STRUCTURE SINCE 2025

Personal Income Tax reforms with special focus on the middle class



NEW TAX STRUCTURE

- KEY MEASURES:



- Ease of Living
- Rationalizing Penalty and Prosecution
- Cooperatives
- Supporting IT sector as India's growth engine
- Attracting global business and investment
- Tax administration
 - Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes
- Safe Harbour Rules to be rationalized



DIRECT TAXES

ATTRACTING GLOBAL BUSINESS AND INVESTMENT

- › **Tax holiday up to 2047** to any Foreign company providing services globally by procuring data centre services in India
- › **Exemption to any foreign company providing capital goods, equipment & tooling to any toll manufacturer** in a bonded zone, engaging in manufacturing of electronic goods
- › **Extension to exempt all non-residents from MAT** (Minimum Alternate Tax), paying tax on a presumptive basis
- › Extension of period of deduction for units in IFSC and rationalization of tax rate
- › **Inclusion of certain critical minerals** in the list of minerals in Schedule XII of the Act to incentivise their prospecting & exploration



A New Road to Ease of Living: Direct Tax Proposals

- › Interest awarded by the **Motor Accident Claims Tribunal** to a natural person to be **exempt from Income Tax**
- › Reduction of TCS* rate on the **sale of overseas tour program package** from the current 5% and 20% to **2% without any stipulation of amount**
- › Reduction of TCS rate **for pursuing education and for medical purposes** under the Liberalized Remittance Scheme (LRS) from 5% to **2%**
- › **Extension of time** available for revising returns from **31st December to up to 31st March** with the payment of a nominal fee
- › Individuals with **ITR 1 and ITR 2** returns will continue to file till **31st July and non-audit business cases or trusts** are proposed to be allowed time till **31st August**



*Tax Collection at Source



INDIRECT TAXES

Custom Duty Exemptions

- › **Basic customs duty exemption** on components and parts required for the manufacture of **civilian, training and other aircrafts**
- › Facilitation of sales by eligible manufacturing units in Special Economic Zones to the Domestic Tariff Area (DTA) at **concessional rates of duty**
- › **Increase in limit for duty-free imports** of specified inputs used for processing seafood products for export, from the current **1% to 3%** of the FOB value of the previous year's export turnover
- › **Duty-free imports** of specified inputs, which is currently available for exports of leather or synthetic footwear, to exports of Shoe Uppers as well



INDIRECT TAXES

Ease of Doing Business with New Export Opportunities

- › Approvals required for cargo clearance to be seamlessly processed through a **single & interconnected digital window**
- › Customs Integrated System (CIS) to be rolled out in 2 years as a single, integrated and scalable platform for all customs processes
- › Complete **removal of current value cap of ₹10 lakh** per consignment on courier exports
- › Fish catch by an Indian fishing vessel in **Exclusive Economic Zone (EEZ)** or on the High Seas to be made **free of duty**





IT as India's Growth Engine



- India is a global leader in **software development services, IT enabled services, knowledge process outsourcing services and contract R&D services** relating to software development

- All these services are proposed to be clubbed under a single category **Information Technology Services** with a **common safe harbour** margin of **15.5%** applicable to all

- Threshold for availing **safe harbour for IT services** is being enhanced substantially from 300 crore rupees to **2,000 crore rupees**



INDIRECT TAXES

A Step Closer Towards Ease of Living



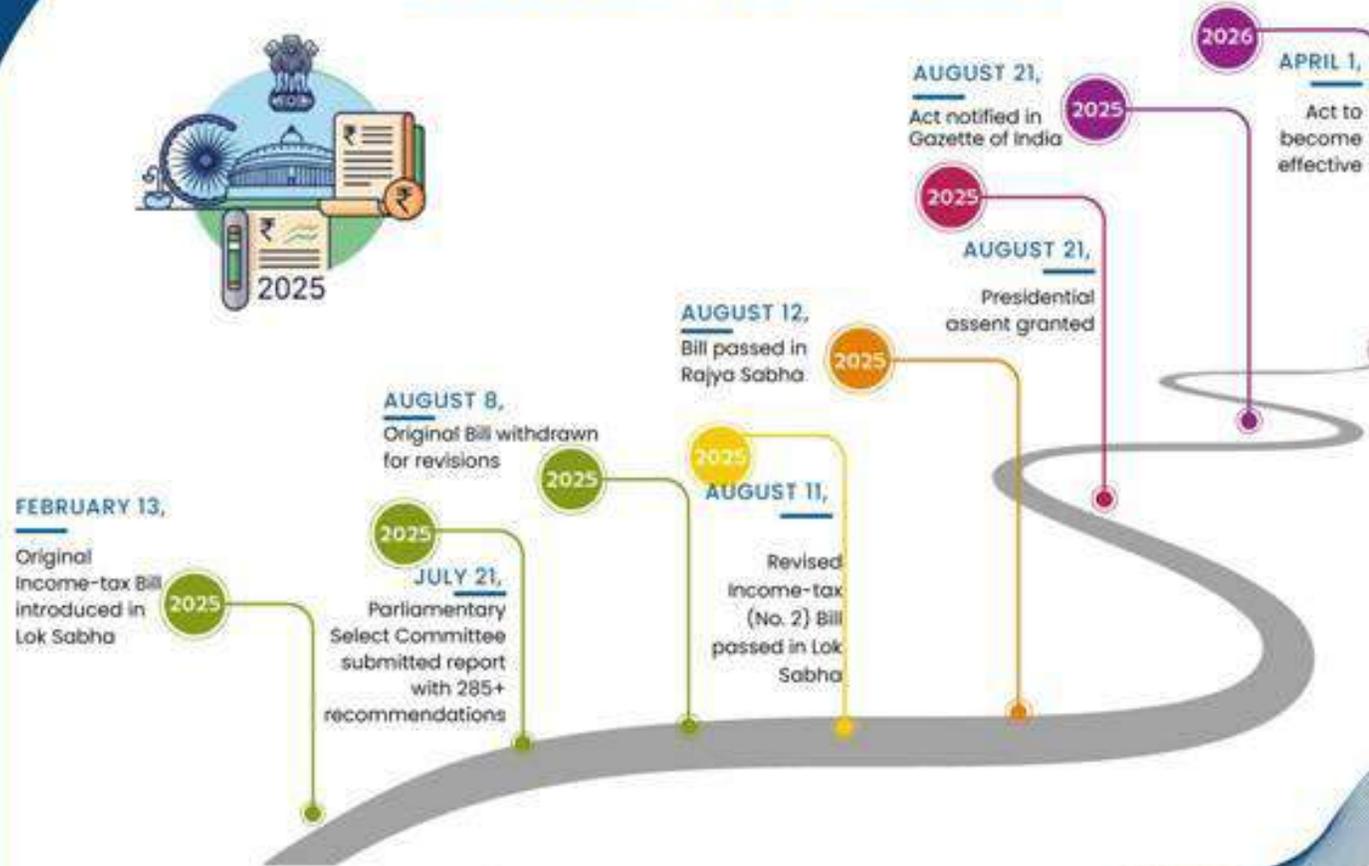
- Reduction of tariff rate on all dutiable goods imported for personal use from 20% to 10%

- Basic customs duty on 17 drugs or medicines to be exempted to provide relief to patients, particularly those suffering from cancer

- Addition of 7 more rare diseases for the purposes of exempting import duties on personal imports of drugs, medicines and Food for Special Medical Purposes (FSMP) used in their treatment



INCOME TAX ACT, 2025 LEGISLATIVE TIMELINE



Source: Select Committee Report (Parliament of India), Income Tax Act, 2025

THE INCOME TAX ACT, 2025

- RESHAPING TAX FRAMEWORK

- To modernize and simplify India's outdated tax laws, the government announced a comprehensive review of the Income-tax Act, 1961.
 - Income Tax Act, 2025 to be effective from **April 1, 2026**.
- The Act **simplifies language, removes obsolete provisions and consolidates and restructures provisions.**
- It Introduces concept of '**Tax Year**' replacing 'Assessment Year' and 'Previous Year'.
- The Act defines **Virtual Digital Assets (VDAs)**, including cryptocurrencies and tokenized assets.

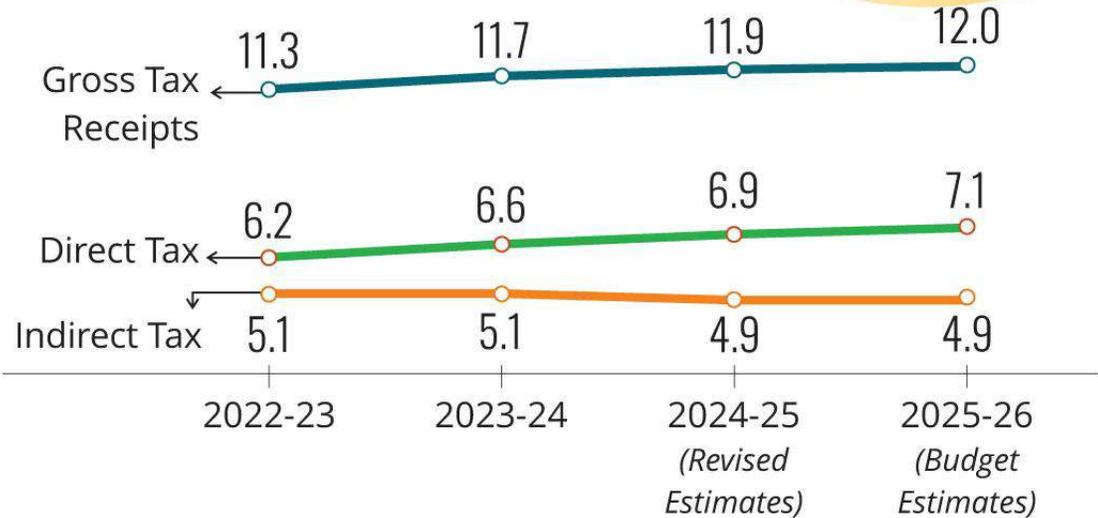


₹ UNION BUDGET 2025-26



Trends in Tax Receipts

% of GDP



@PIB_India
 @PIBHindi
 @pibindia
 @pibindia
 @pibindia
 @pibhindi
 KBK

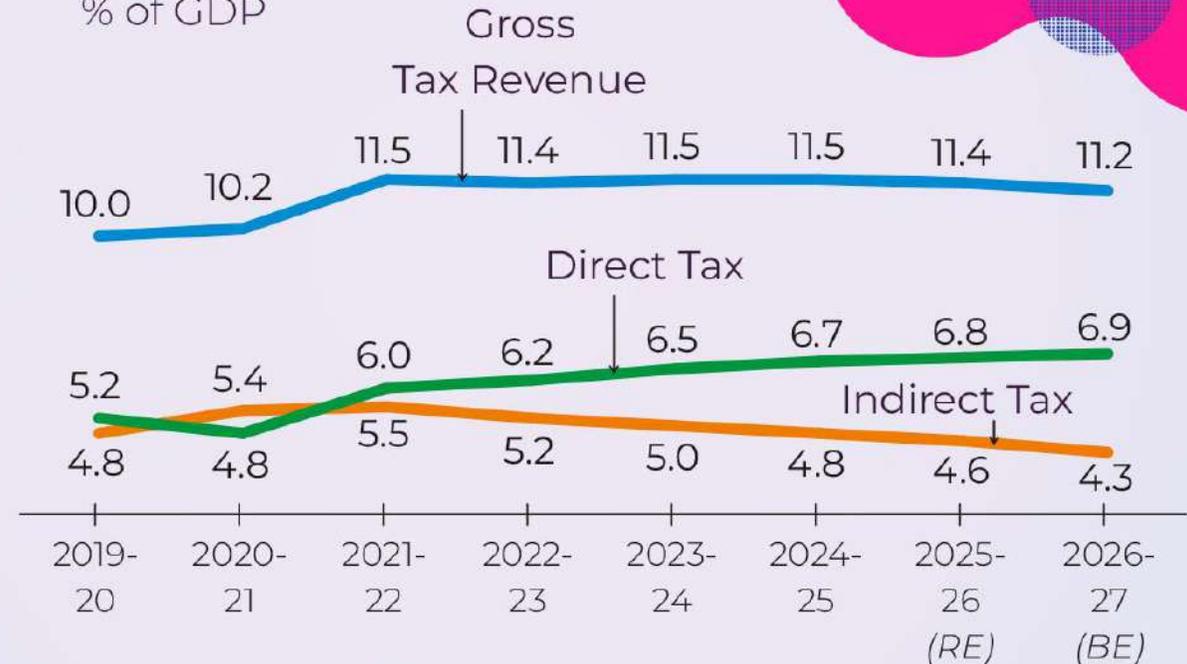


₹ UNION BUDGET 2026-27



Trend in Tax Receipts

% of GDP



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 KBK



Central Revenue and Expenditure



Rupee comes from

Borrowings and Other Liabilities	24p
Corporation Tax	18p
Income Tax	21p
Customs	4p
Union Excise Duties	6p
Goods and Services Tax and Other Taxes	15p
Non-Tax Revenue	10p
Non-Debt Capital Receipts	2p



Rupee goes to

States' Share of Taxes	22p
Finance Commission and Other Transfers	7p
Centrally Sponsored Schemes	8p
Interest Payments	20p
Defence	11p
Major Subsidies	6p
Central Sector Schemes	17p
Civil Pensions	2p
Other Expenditures	7p





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Central Revenue and Expenditure

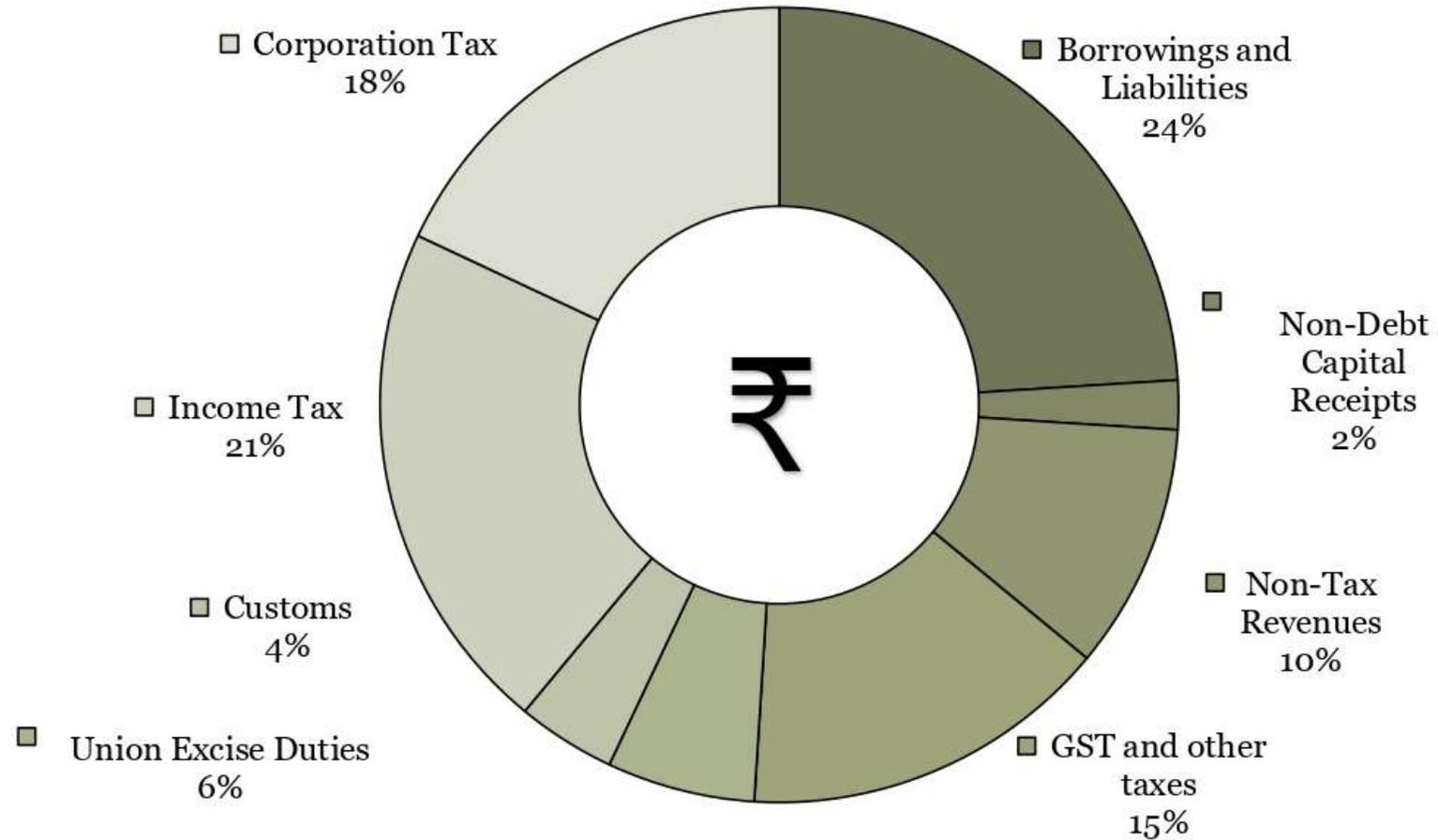
Rupee comes from



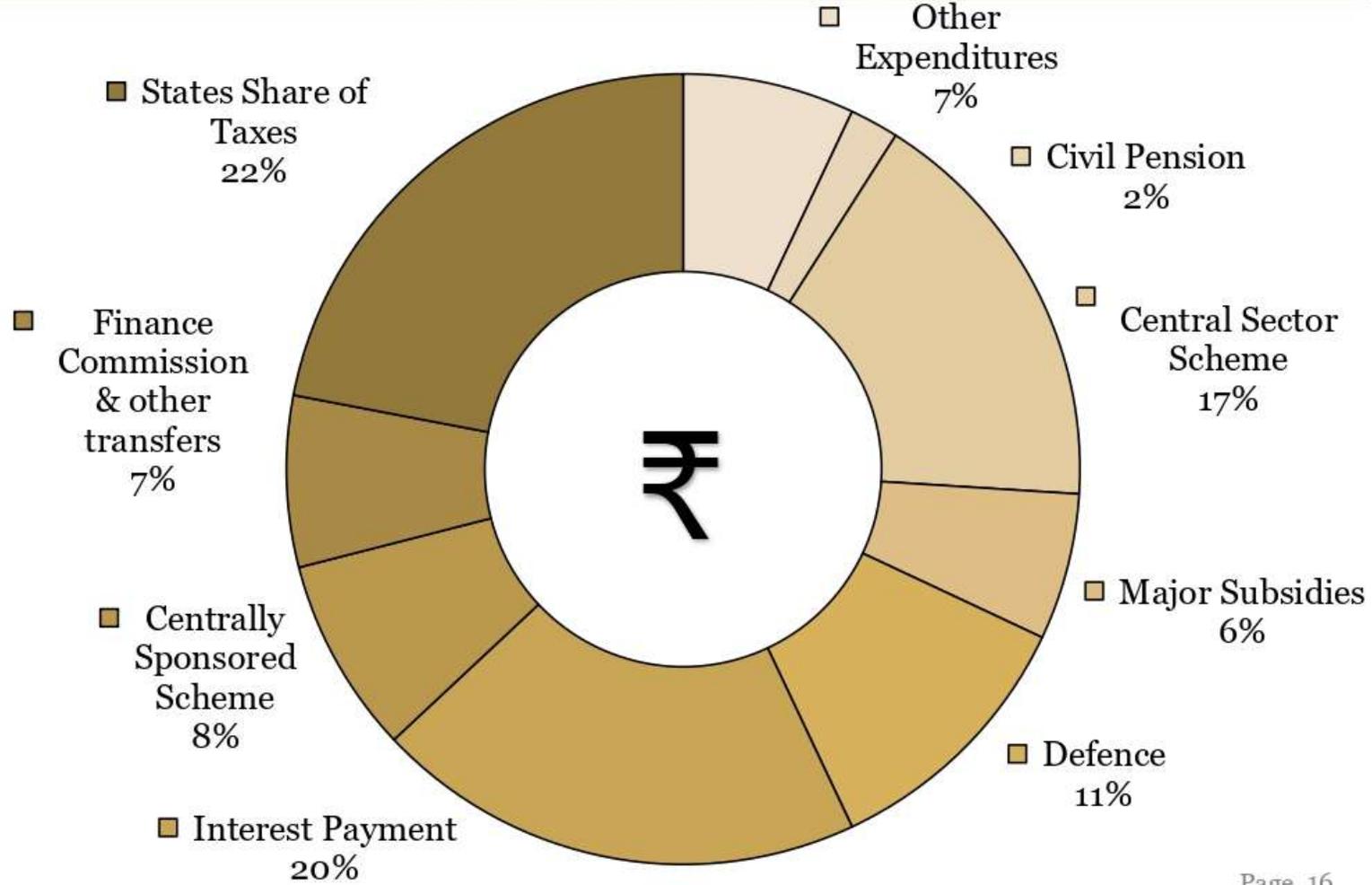
Rupee goes to

Borrowings and Other Liabilities:	24p	Centrally Sponsored Schemes:	8p
Corporation Tax:	17p	Central Sector Schemes:	16p
Income Tax:	22p	Interest Payments:	20p
Customs:	4p	Defence:	8p
Union Excise Duties:	5p	Major Subsidies:	6p
Goods and Services Tax and Other Taxes:	18p	Finance Commission and Other Transfers:	8p
Non-Tax Receipts:	9p	States' Share of Taxes & Duties:	22p
Non-Debt Capital Receipts:	1p	Pensions:	4p
		Other Expenditure:	8p

Rupee Comes From

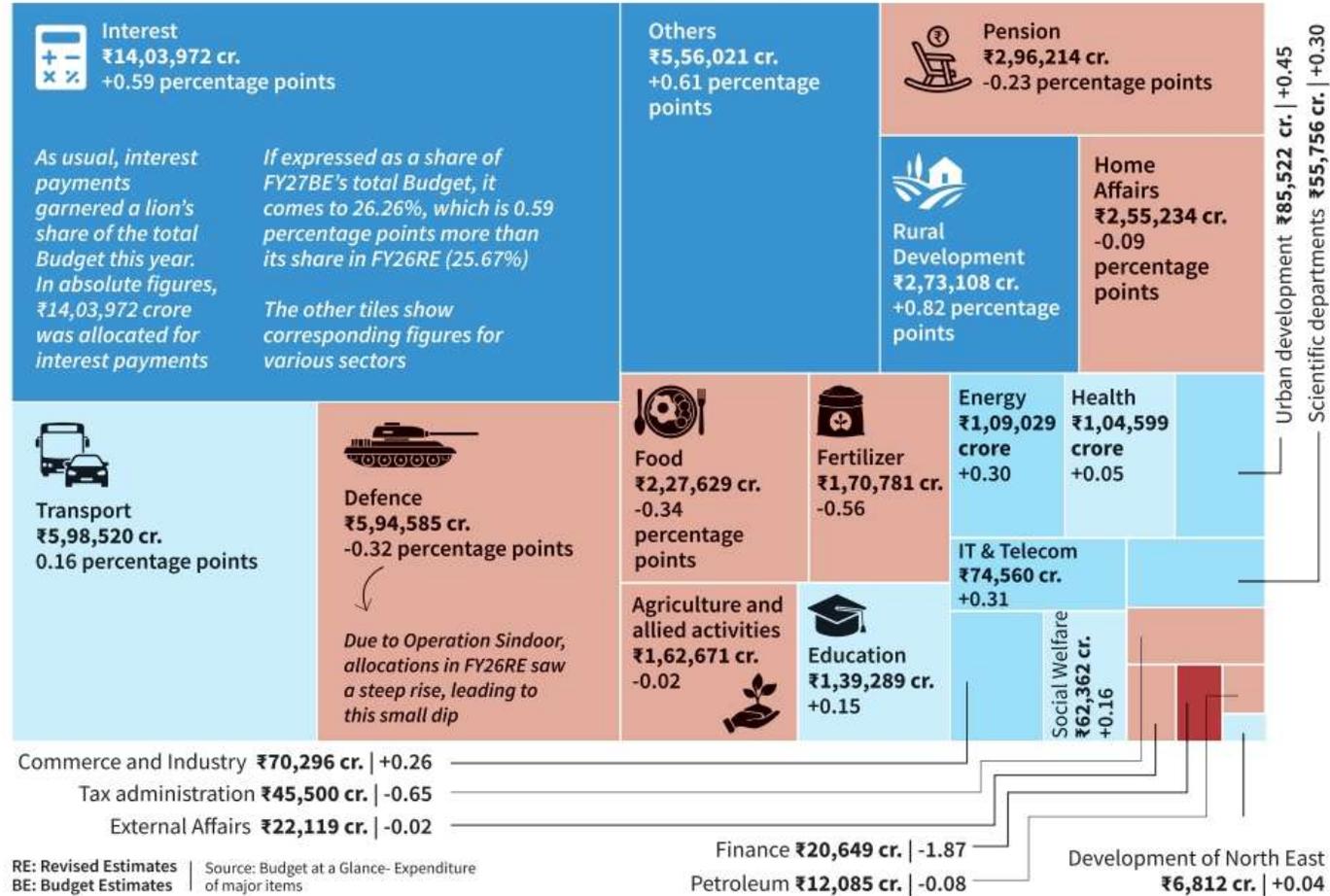


Rupee Goes To



Budget breakdown

The outlay for the transport sector (apart from interest payments) formed the bulk of the Budget Expenditure in FY27BE. Transport's share in total expenditure rose by 0.16% points from last year (increased from 11.03% of total expenses in FY26RE to 11.19% in FY27BE). The graphic depicts budgeted expenditure (₹ crore) and the change from FY26RE. For instance, the finance sector was allocated ₹20,649 crore in FY27, while its share of total expenditure decreased by 1.87% points from FY26.



Key Numbers



वित्त मंत्रालय
MINISTRY OF FINANCE



In ₹ crore	2023-24 (Actuals)	2024-25 (Budget Estimates)	2024-25 (Revised Estimates)	2025-26 (Budget Estimates)
Revenue Receipts	27,29,036	31,29,200	30,87,960	34,20,409
Capital Receipts	17,14,411	16,91,312	16,28,527	16,44,936
Total Receipts	44,43,447	48,20,512	47,16,487	50,65,345
Total Expenditure	44,43,447	48,20,512	47,16,487	50,65,345
Effective Capital Expenditure	12,53,111	15,01,889	13,18,320	15,48,282
Revenue Deficit	7,65,216	5,80,201	6,10,098	5,23,846
Effective Revenue Deficit	4,61,300	1,89,423	3,10,207	96,654
Fiscal Deficit	16,54,643	16,13,312	15,69,527	15,68,936
Primary Deficit	5,90,771	4,50,372	4,31,587	2,92,598

Key Numbers

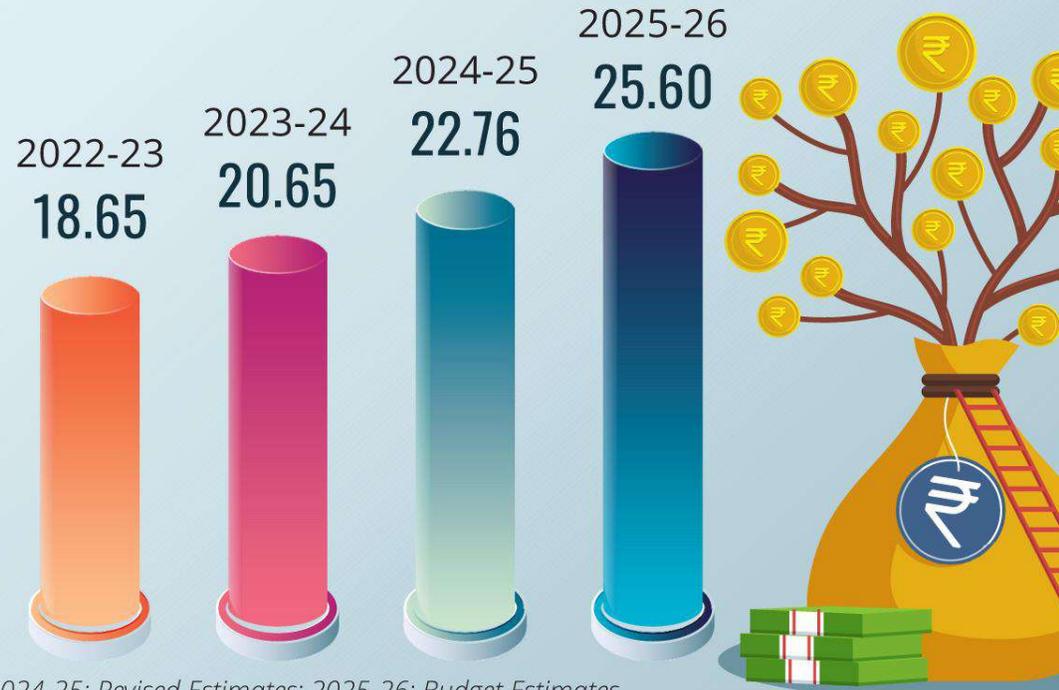
In ₹ crore	2024-25 (Actuals)	2025-26 (Budget Estimates)	2025-26 (Revised Estimates)	2026-27 (Budget Estimates)
Revenue Receipts	3,03,6619	34,20,409	33,42,323	35,33,150
Capital Receipts	16,16,249	16,44,936	16,22,519	18,14,165
Total Receipts	46,52,867	50,65,345	49,64,842	53,47,315
Total Expenditure	46,52,867	50,65,345	49,64,842	53,47,315
Effective Capital Expenditure	13,24,609	15,48,282	14,03,906	17,14,523
Revenue Deficit	5,64,296	5,23,846	5,26,764	5,92,344
Effective Revenue Deficit	2,91,640	96,654	21,8613	99,642
Fiscal Deficit	15,74,431	15,68,936	15,58,492	16,95,768
Primary Deficit	4,58,856	2,92,598	28,4154	2,91,796



Resources Transferred to States and UTs



₹ in lakh crore



2024-25: Revised Estimates; 2025-26: Budget Estimates

@PIB_India @PIBHindi @pibindia @pibindia @pibindia @pibindia @pibindia @pibindia KBK



Resources Transferred to States and UTs

₹ in lakh crore



@PIB_India @PIBHindi @pibindia @pibindia @pibindia @pibindia @pibindia @pibindia KBK

PROVIDING GOOD GOVERNANCE PRIMARILY INVOLVES BEING RESPONSIVE.

- Reforms, however, are not a destination.
- They are a means to achieve good governance for our people and economy.
- The Thirukkural captures this in Verse 542, which reads:

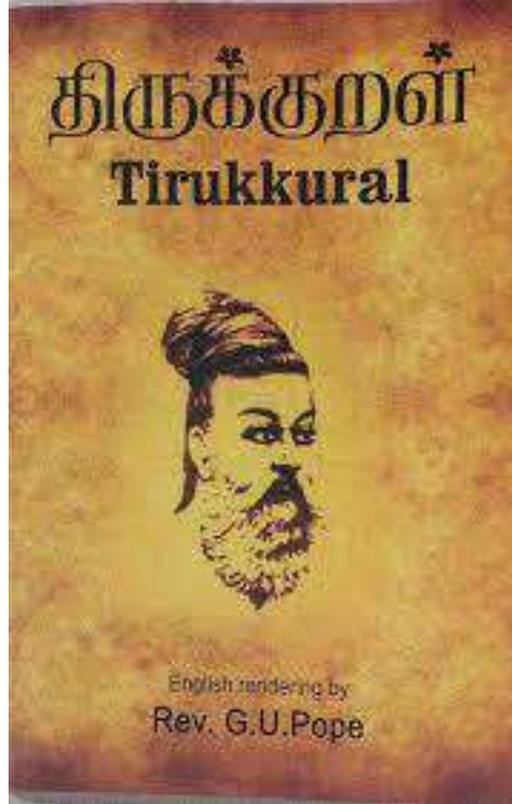
vaanokki vaalum ulakellaam mannavan

koalnokki vaalung kuti

Meaning:

Just as living beings live expecting rains,

Citizens live expecting good governance.



Finance Minister promises tax relief for the salaried middle class, schemes for artisans and tribal groups, sops for women and MSMEs, and jobs for youth – in an effort to soothe several vote banks before the 2024 Lok Sabha election

Prashanth Srinivas - www.india4ias.com



Budget 2023
Change aplenty in allocation for key schemes. Find out at: bit.ly/KeySchemes

Vikas Dhoot
NEW DELHI

With the global economy adrift, Finance Minister Nirmala Sitharaman sought to carve out an ark for India in her fifth Union Budget by trying to nudge domestic consumption and reluctant private

investments upwards, while also seeking to create a feel-good factor among specific segments of voters as the government gears up for the 2024 Lok Sabha election.

She summed up the BJP-led government's achievements since 2014 as "leaving no one behind", taking just 200-odd words to outline the doubling of per capita income to ₹1.97 lakh, the increasing contribution of the economy

Targeted help

The first Budget of the *Amrit Kaal* – the 25-year period leading to the centenary of Indian independence in 2047 – aimed to build on existing "inclusive development" efforts. As a sign of priority to the underprivileged, she said, she launched new socio-economic development schemes: the PM Particularly Vulnerable Tribal Groups Develop-

QUESTIONS???

The first Budget of Amrit Kaal
will build a strong foundation for building a developed India. It gives priority to the deprived
NARENDRA MODI
Prime Minister

Budget shows how far the government is removed from the people and their concerns about life, livelihood and the growing inequality
P. CHIDAMBARAM
Former Finance Minister

ment Mission, and the PM Vishwakarma Kaushal Samman to support artisans from the weaker sections, Scheduled Castes, Scheduled Tribes and the Other Backward Classes.

Some measures were also announced to alleviate the lot of micro, small and medium enterprises that have faced successive shocks over the last few years, from demonetisation to the pandemic.

Poll-pleasing focus
While the Minister addressed various sections' aspirations through her less-than-90-

minute speech, the broader underlying message was aimed at India's restive youth and their hopes of securing a job.

References to "job" creation in a Budget speech hit a six-year high, with the Minister flagging it seven times in different contexts, compared to just two mentions in the 2022-23 Budget speech and three references in the year before that.

Giving an impetus to growth and job creation, and creating opportunities, especially for the youth, she said, was a key focus of the government's economic agenda to achieve its vision for the *Amrit Kaal*. It is perhaps no coincidence that the last time job creation figured high (with six mentions) was when the late Arun Jaitley presented the Budget for 2018-19 – another Budget presented in the year before a general election.

ILLUSTRATION: SATHEESH VELLINEZHI

SCHEMES

- **Swachh Bharat Mission**
- **Ujjawala**
- **PM Jan Dhan**
- **PM Suraksha Bima and PM Jeevan Jyoti Yojana**
- **PM Kisan Samman Nidhi**
- **Deendayal Antyodaya Yojana National Rural Livelihood Mission**
- **PM Vishwakarma KAushal Samman (PM VIKAS)**
- **PM Matsya Sampada**
- **Global Hub for Millets: 'Shree Anna'**
- **Sickle Cell Anaemia Elimination Mission**
- **Pradhan Mantri PVTG Development Mission**
- **Bharat Shared Repository of Inscriptions (Bharat SHRI)**
- **Urban Infrastructure Development Fund (UIDF)**

- **Mission Karmayogi**
 - **Jan Vishwas Bill**
 - **Vivad se Vishwas**
 - **Green Hydrogen Mission**
 - **PM-PRANAM**
 - **GOBARdhan scheme**
 - **Bhartiya Prakritik Kheti Bio-Input Resource Centres**
 - **MISHTI**
 - **Amrit Dharohar**
 - **Pradhan Mantri Kaushal Vikas Yojana**
 - **Dekho Apna Desh'**
 - **Unity Mall**
 - **Mahila Samman Bachat Patra**
- 

2025 FOCUS

- **Prime Minister Dhan-Dhaanya Krishi Yojana - Developing Agri Districts Programme**
- **'Rural Prosperity and Resilience' programme**
- **Aatmanirbharta in Pulses**
- **Mission for Cotton Productivity'**
- **Fund of Funds for Startups**
- **Focus Product Scheme for Footwear & Leather Sectors**
- **Saksham Anganwadi and Poshan 2.0**
- **Bharatiya Bhasha Pustak Scheme**
- **PM SVANidhi**
- **Jal Jeevan Mission**
- **Nuclear Energy Mission for Viksit Bharat**
- **UDAN - Regional Connectivity Scheme**
- **SWAMIH Fund**
- **Gene Bank for Crops Germplasm**
- **National Geospatial Mission**
- **Gyan Bharatam Mission**
- **Jan Vishwas Bill 2.0**

LET'S TALK!!!



INDIA 4 IAS™

WE WILL!!!



TM



INDIA 4 IAS™

THANK YOU