

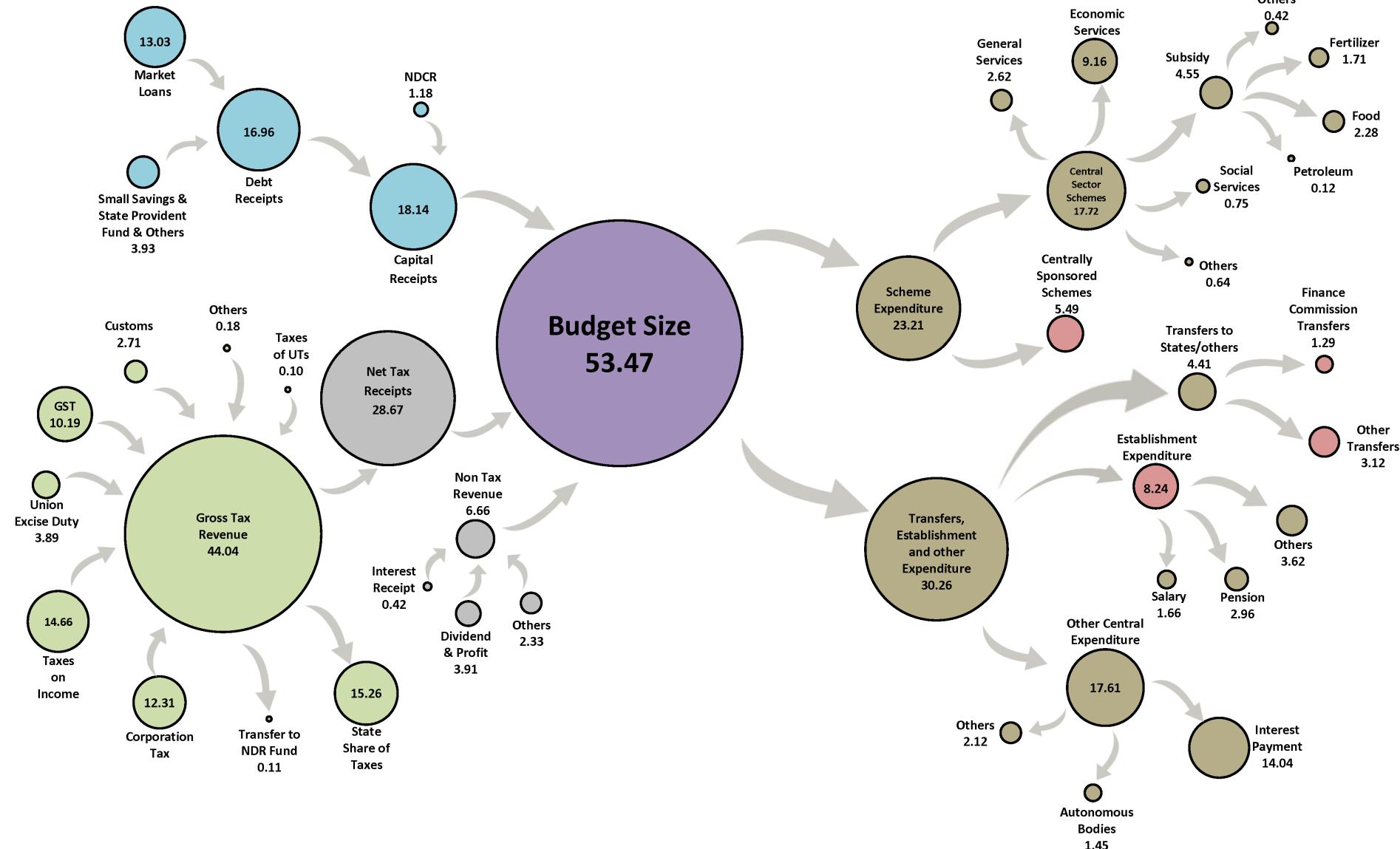


# Union Budget 2026-27

# Viksit Bharat

1 February 2026

# Budget Profile



# Budget Theme

## 6 Focus areas



Scaling up  
manufacturing



Rejuvenating  
legacy industry



MSME



Infra



Security/Stability



City Eco Regions

## Transformative Reforms across Six Domains



Sustaining  
Economic  
Growth



Strengthening  
the  
Foundations  
of Growth



People-centric  
Development



Trust-based  
Governance



Ease of doing  
business and  
Ease of Living



Fiscal Matters

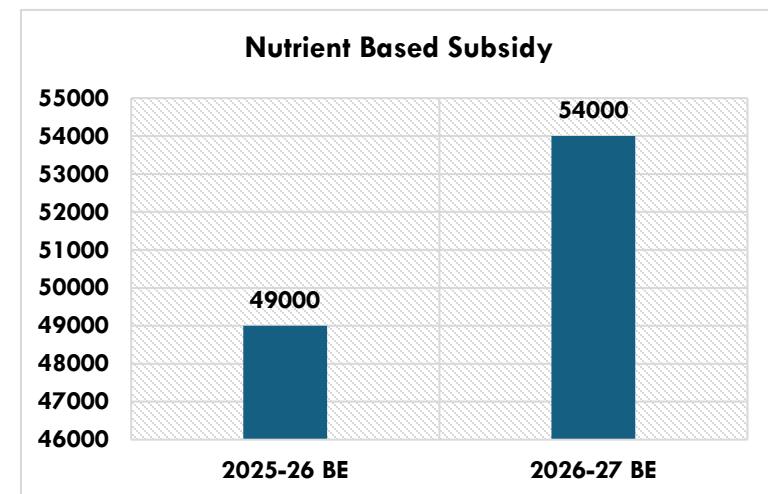
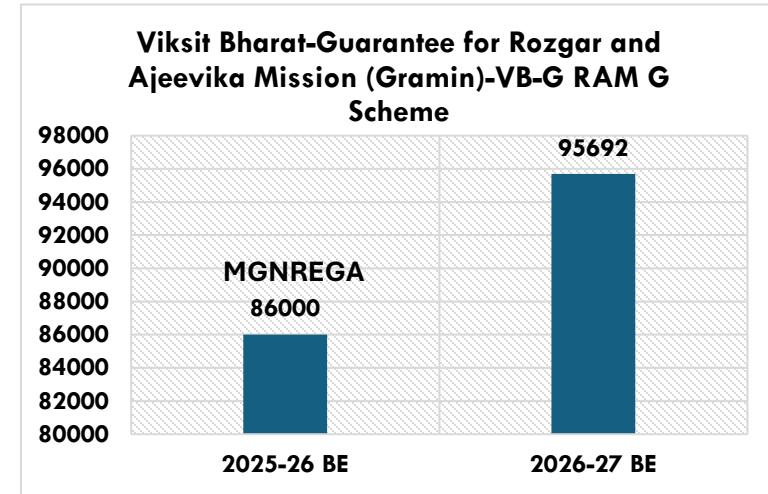
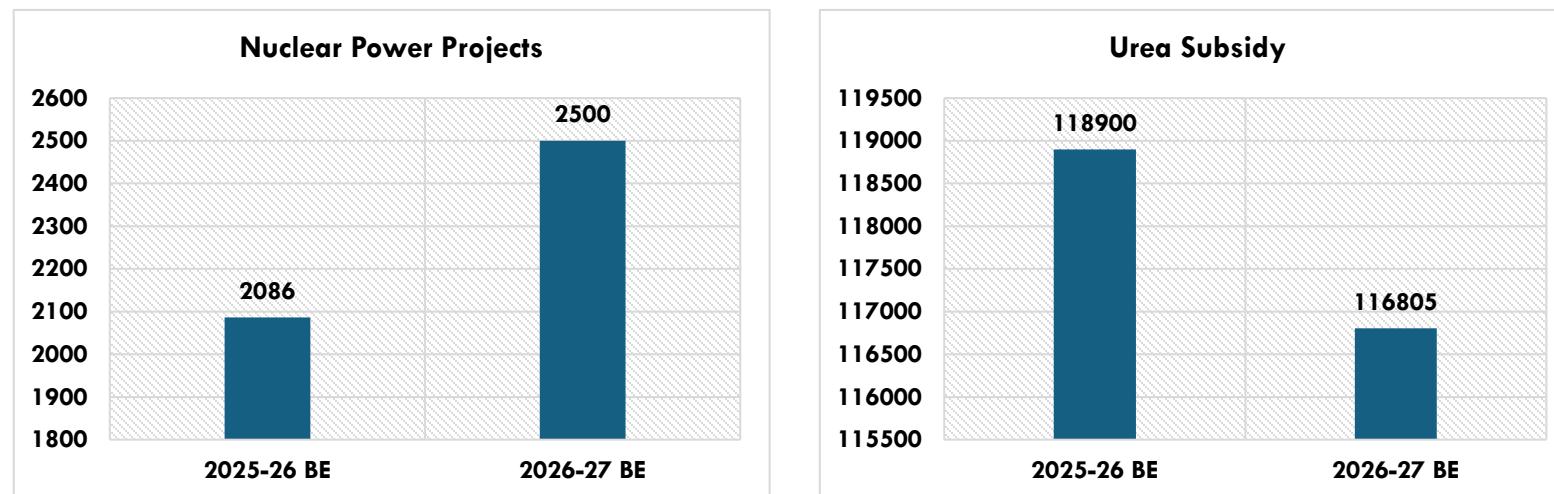
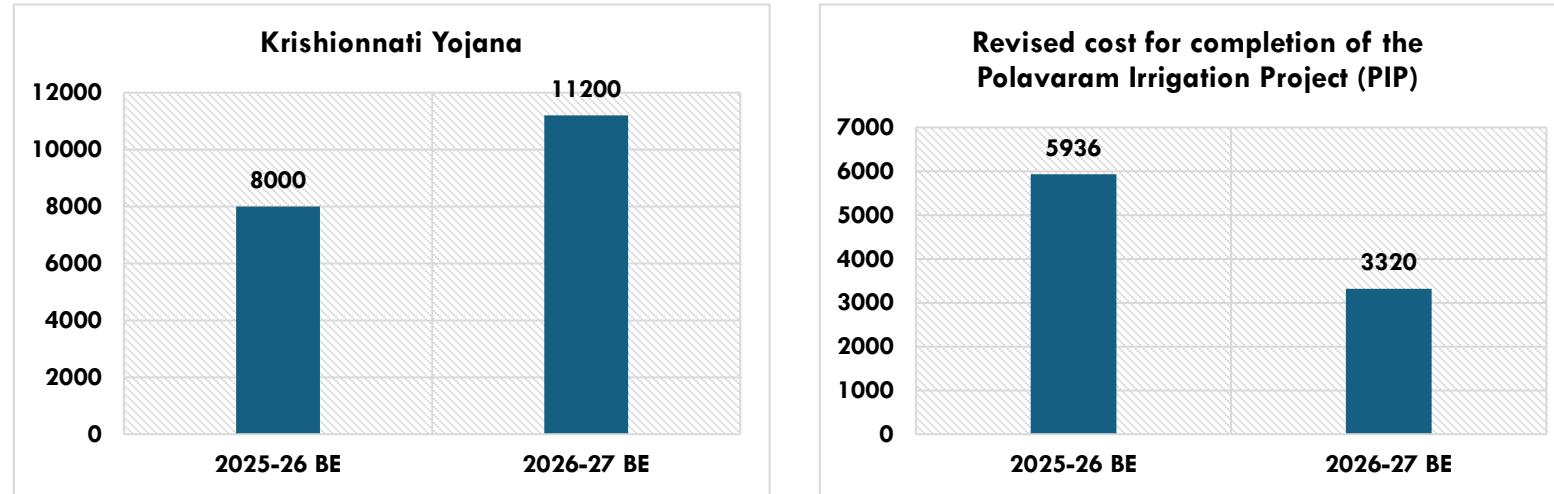
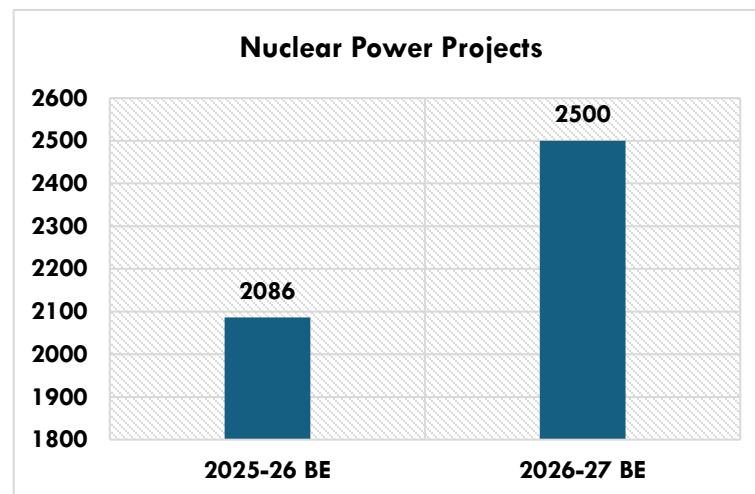
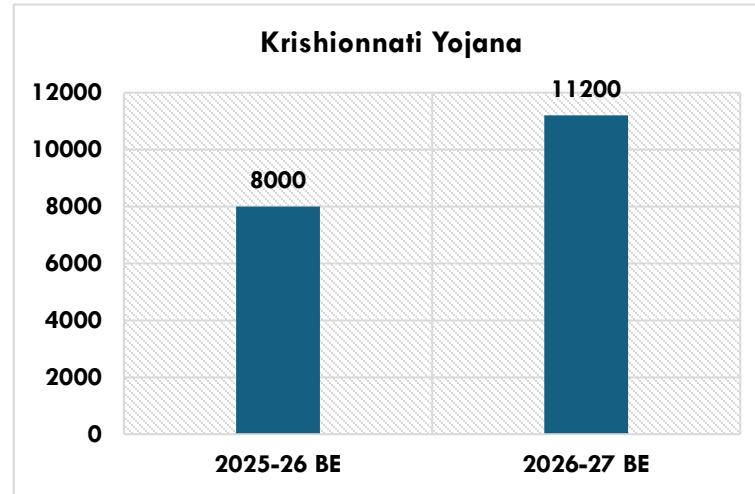
# Capex led growth with Fiscal prudence



- Growth Oriented, reform driven and Investment friendly budget
- **Fiscal Discipline:** Fiscal deficit at 4.3% (FY27), Debt/GDP improving 55.6% (FY27) to target 50%-51% by 2030
- **Big Capex Push:** ₹12.2 lakh crs capex for Infrastructure, Rail, Roads, Ports, Waterways, Logistics & Urban development
- Gross market borrowings ₹17.2 lakh crs, higher than expectations- Keeping near term pressure on G-Sec supply and yields

# Allocation to Major Schemes

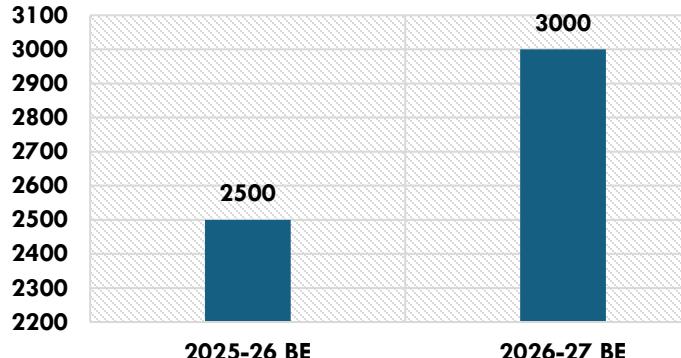
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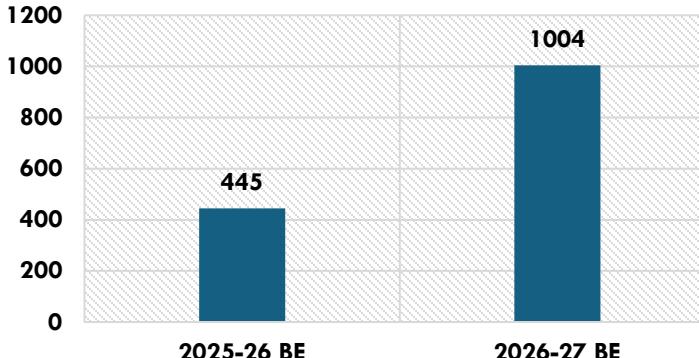
# Allocation to Major Schemes

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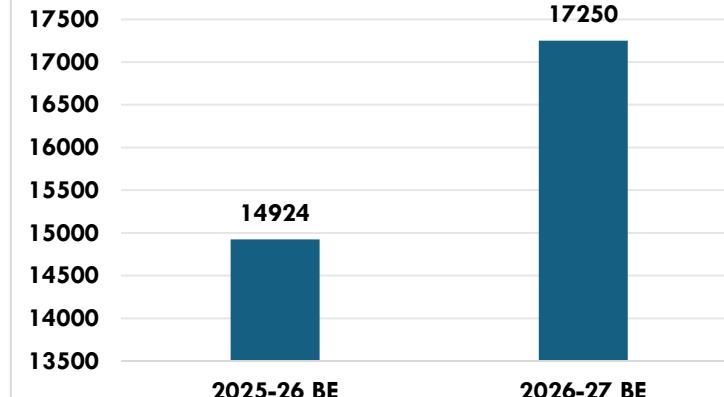
## National Industrial Corridor Development and Implementation Trust (NICDIT)



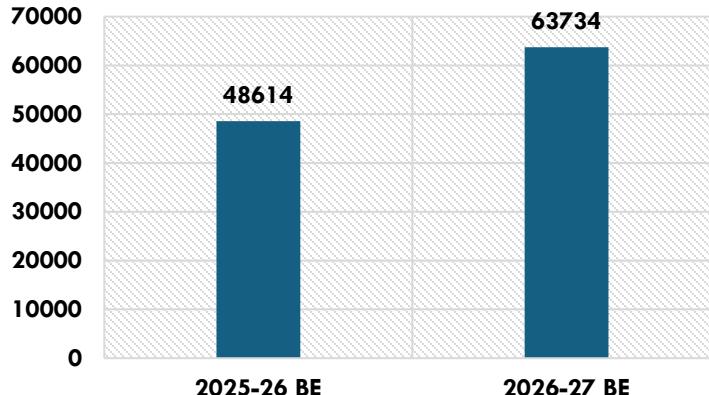
## Production Linked Incentive Scheme (PLI) for White Goods (ACs and LED Lights)



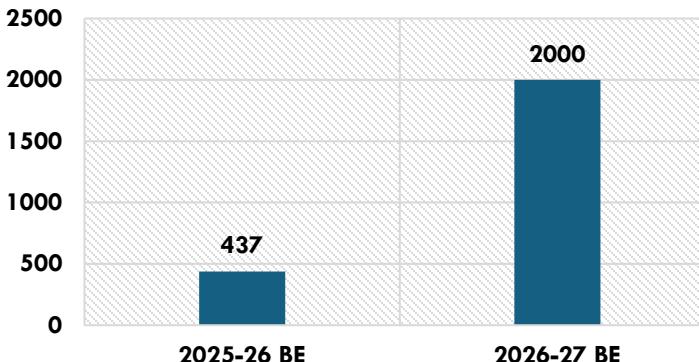
## Research and Development (Defence)



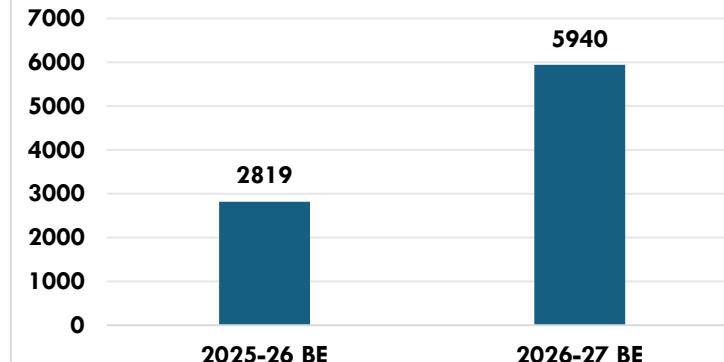
## Aircraft and Aero Engines (Defence)



## Incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI

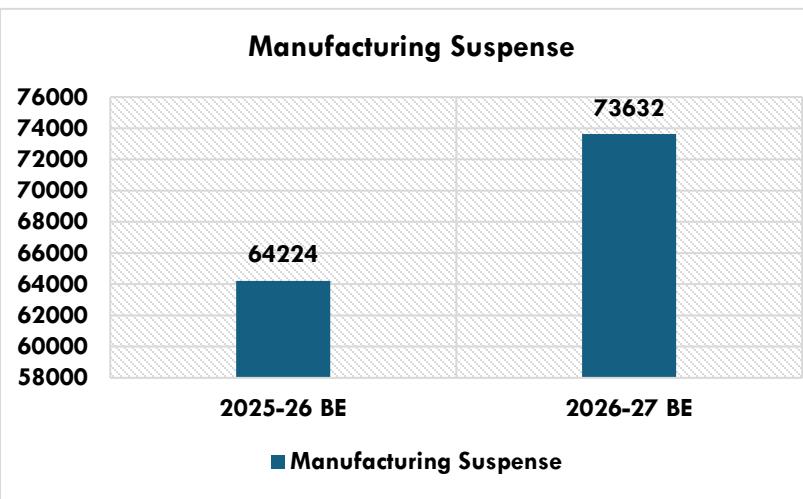
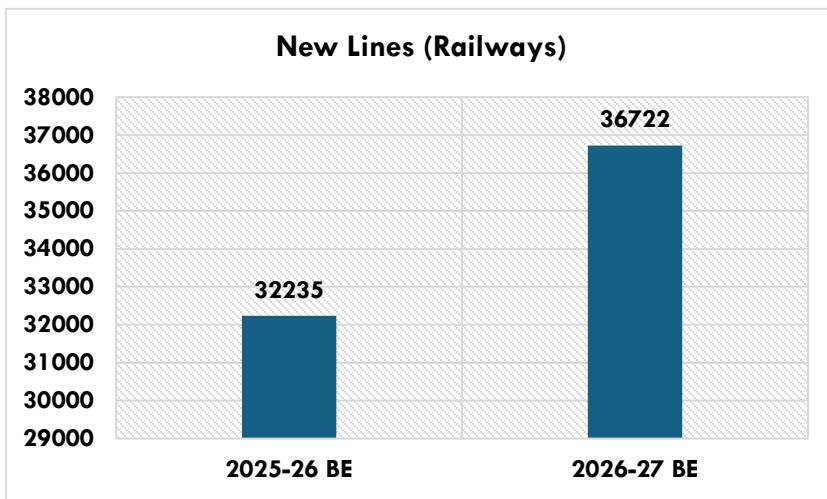
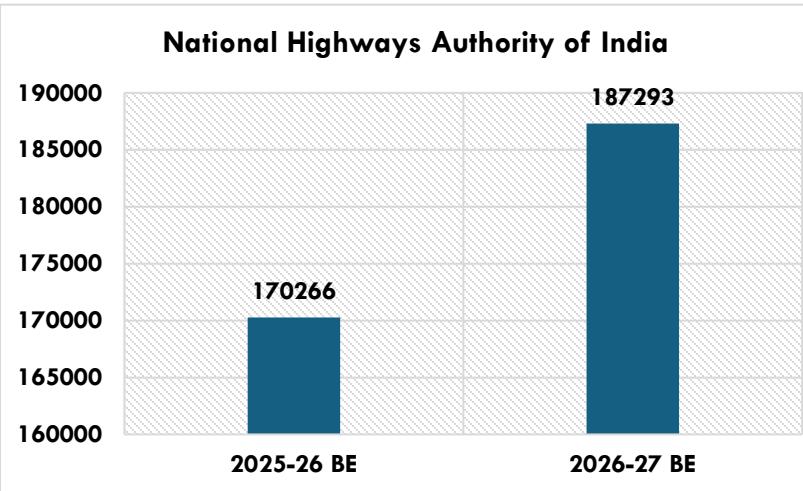
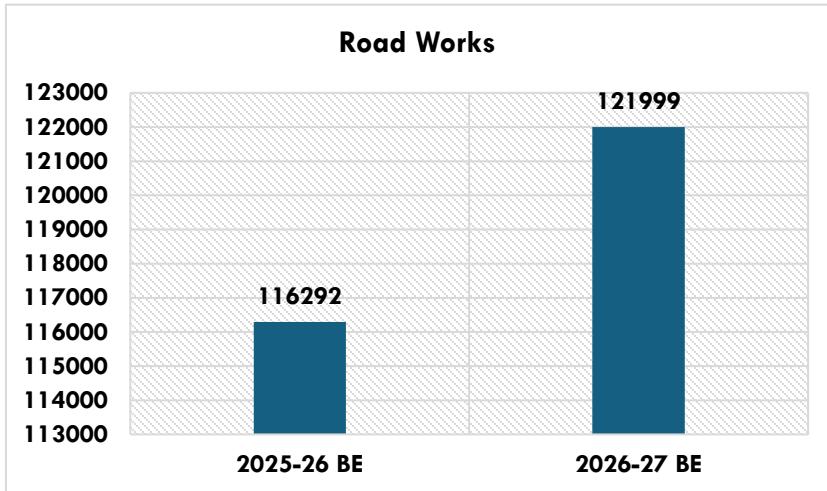


## Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components



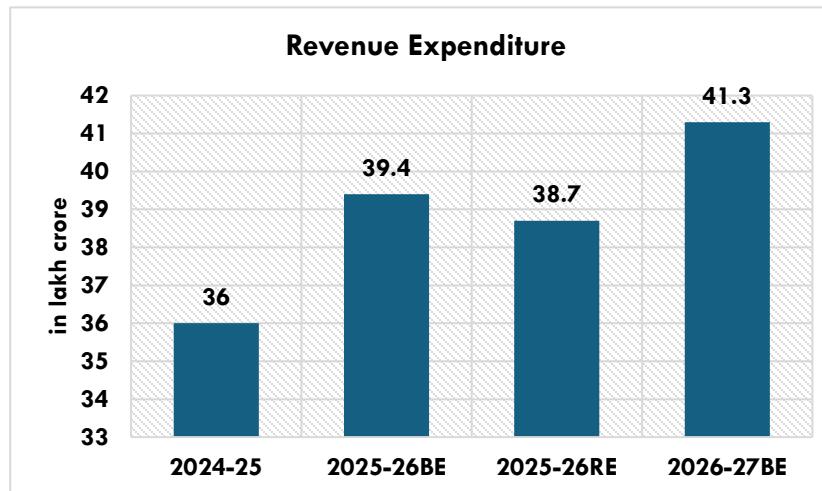
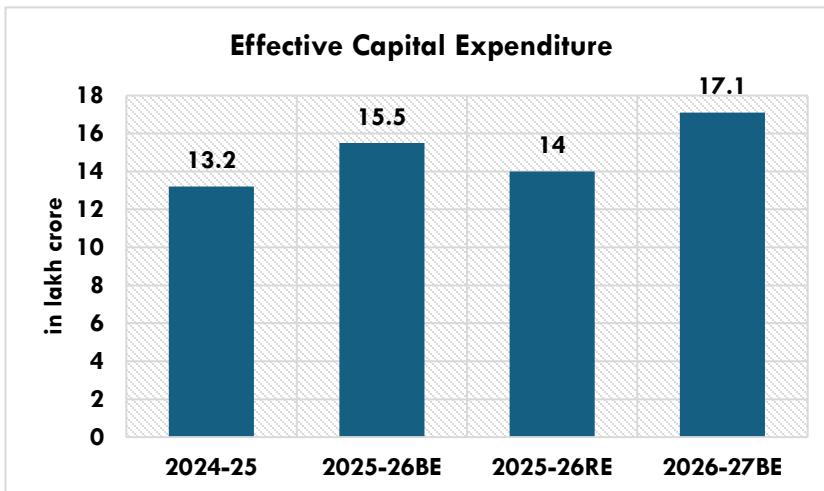
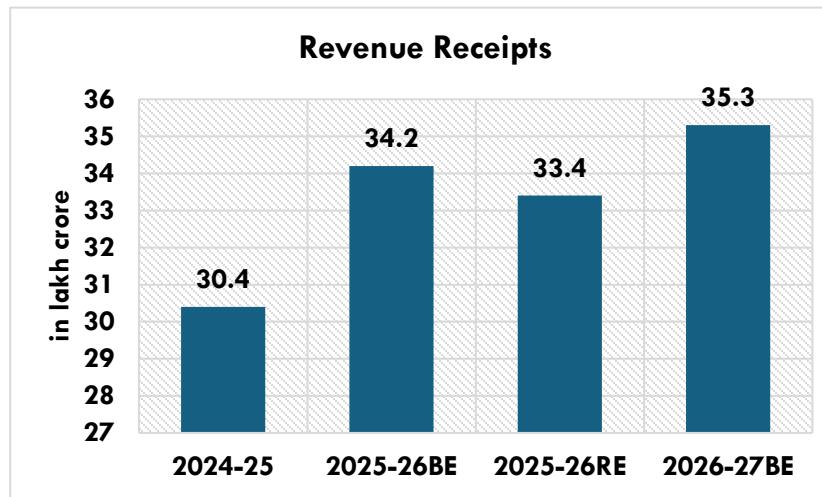
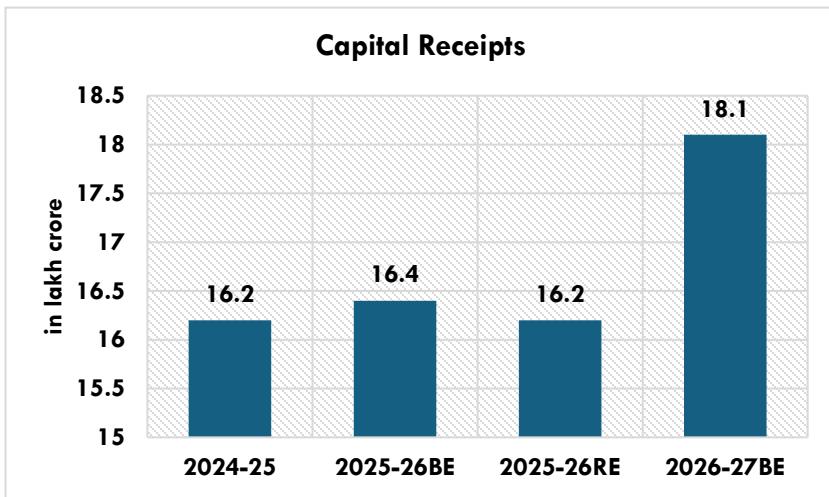
# Allocation to Major Schemes

(crs)



# Receipts and Expenditure

(crs)



# Sectoral Highlights

Financial Sector	Major Beneficiaries
➤ <b>Institutional Reforms and Governance</b> <ul style="list-style-type: none"><li>• High-Level Committee on Banking for Viksit Bharat</li><li>• Restructuring Public Sector NBFCs: PFC, REC</li></ul>	
➤ <b>Deepening Capital Markets</b> <ul style="list-style-type: none"><li>• Corporate Bond Market : Introduction of market making framework and total return swaps on corporate bonds</li><li>• Municipal Bonds: To encourage urban infrastructure financing, the government will provide an incentive of ₹100 crore for single municipal bond issuances exceeding ₹1000 crore. The existing AMRUT scheme for smaller issuances (up to ₹200 crore) will also continue.</li><li>• REITs for Asset Monetization: The budget proposes accelerating the recycling of real estate assets belonging to CPSEs through dedicated REITs</li></ul>	PFC, REC, KVB
➤ <b>Financial Inclusion and MSME Credit</b> <ul style="list-style-type: none"><li>• SME Growth Fund: Establishing a ₹10,000 crore dedicated fund for equity support.</li><li>• TReDS Mandate: Mandating the use of the Trade Receivables Discounting System (TReDS) for all MSME purchases by Central Public Sector Enterprises.</li><li>• Asset-Backed Securities: Treating TReDS receivables as asset-backed securities to develop a secondary market and enhance liquidity</li></ul>	
➤ <b>Tax Proposal for Financial Sector</b> <ul style="list-style-type: none"><li>• Raising the STT on Futures from 0.02% to 0.05%</li><li>• STT on options premium and exercise of options to be raised to 0.15% from 0.1% and 0.125% respectively</li></ul>	

# Sectoral Highlights

## Pharma - Biopharma SHAKTI

- India's disease burden is shifting towards non-communicable diseases such as diabetes, cancer and autoimmune disorders, increasing the need for affordable biologics.
- Biopharma SHAKTI proposed with an outlay of ₹10,000 crore over five years to position India as a global biopharma manufacturing hub.
- Focus on building a domestic ecosystem for biologics and biosimilars to improve access, affordability and self-reliance.
- Creation of a Biopharma-focused NIPER network, including 3 new NIPERs and upgradation of 7 existing institutes.
- Establishment of a nationwide network of 1,000+ accredited clinical trial sites to accelerate research and development.
- Strengthening of the Central Drugs Standard Control Organisation through a dedicated scientific review cadre and domain specialists to enable faster, globally aligned regulatory approvals.

## Major Beneficiaries

**Biocon, Sun pharma, Torrent pharma, JB chemical, Zydus Life, Divis Lab, Neuland Labs**

## Tourism & Hospitality

- Establishment of a National Institute of Hospitality by upgrading the National Council for Hotel Management and Catering Technology, to act as a bridge between academia, industry and government.
- Launch of a pilot upskilling scheme for 10,000 tourist guides across 20 iconic tourist sites.
- Delivery of a standardised, high-quality 12-week hybrid training programme in collaboration with an Indian Institute of Management.
- To develop ecologically sustainable Mountain trails, Turtle Trails and Bird watching trails in select states.
- Develop 15 archeological sites into vibrant, experiential cultural destinations
- Development of Buddhist Circuits in North East Region.
- Overseas Tour Packages: TCS rate rationalised from 5% (up to ₹10 lakh) and 20% (above ₹10 lakh) to a flat 2%, simplifying the structure and significantly reducing the upfront tax burden on international travel.

## Major Beneficiaries

**Indian hotel, Chalet Hotel, Lemon Trees Hotels, EIH**

# Sectoral Highlights

Healthcare sectors	Major Beneficiaries
<b>Allied Health Professionals &amp; Care Ecosystem –</b> <ul style="list-style-type: none"><li>➤ Upgradation of existing Allied Health Professional (AHP) institutions and establishment of new AHP institutions in both Government and private sectors.</li><li>➤ Coverage of 10 priority disciplines, including optometry, radiology, anesthesia, OT technology, applied psychology and behavioural health.</li><li>➤ Addition of 1,00,000 AHPs over the next five years.</li><li>➤ Development of a comprehensive care ecosystem covering geriatric and allied care services.</li><li>➤ Introduction of NSQF-aligned, multi-skilling programmes combining core care with allied skills such as wellness, yoga and operation of medical and assistive devices.</li><li>➤ Training of 1.5 lakh caregivers in the coming year.</li></ul>	
<b>Medical Tourism &amp; AYUSH –</b> <ul style="list-style-type: none"><li>➤ Launch of a new scheme to promote India as a global medical tourism hub.</li><li>➤ Support to States for establishing 5 Regional Medical Hubs in public-private partnership mode.</li><li>➤ Development of integrated healthcare complexes combining medical care, education and research.</li><li>➤ Facilities to include AYUSH Centres, Medical Value Tourism Facilitation Centres, diagnostics, post-care and rehabilitation infrastructure.</li><li>➤ Generation of diverse employment opportunities for doctors and Allied Health Professionals (AHPs).</li></ul>	<b>Apollo Hospital, Medanta, Max HC, Fortis</b>
<b>AYUSH</b> <ul style="list-style-type: none"><li>➤ Global recognition of Yoga and growing post-COVID acceptance of Ayurveda has strengthened India's traditional medicine footprint.</li><li>➤ Promotion of Ayurvedic exports, benefiting farmers and youth engaged in herb cultivation and processing.</li><li>➤ <b>Key initiatives proposed:</b><ul style="list-style-type: none"><li>• Setting up 3 new All India Institutes of Ayurveda.</li><li>• Upgradation of AYUSH pharmacies and Drug Testing Laboratories to strengthen certification standards and skilled manpower.</li><li>• Upgradation of the WHO Global Traditional Medicine Centre, Jamnagar to enhance evidence-based research, training and global awareness.</li></ul></li></ul>	

# Sectoral Highlights

Rare Earth Permanent Magnets	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ A Scheme for Rare Earth Permanent Magnets was launched in November 2025.</li><li>➤ To build on this, the Government proposes Rare Earth Corridors in mineral-rich states — Odisha, Kerala, Andhra Pradesh and Tamil Nadu.</li><li>➤ The corridors will promote mining, processing, research and manufacturing, strengthening India's rare earth value chain..</li></ul>	<b>GMDC, NMDC, Vedanta and MOIL</b>
Electronics Components Manufacturing Scheme	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ The Electronics Components Manufacturing Scheme, launched in April 2025 with an outlay of ₹22,919 crore, has received investment commitments at over twice the target.</li><li>➤ To capitalise on this strong momentum, the Government proposes to enhance the scheme outlay to ₹40,000 crore.</li></ul>	<b>Dixon, Havells, Amber Ent, Syrma</b>
Chemical	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ Launch of a new scheme to strengthen domestic chemical production and reduce import dependence.</li><li>➤ Support to States for setting up 3 dedicated Chemical Parks through a challenge-based selection route.</li><li>➤ Development of cluster-based, plug-and-play infrastructure to attract investment and accelerate manufacturing.</li></ul>	<b>Pidilite Industries, SRF, Deepak Nitrite</b>

# Sectoral Highlights

## Agriculture, Fisheries & Allied Sectors

## Major Beneficiaries

### Fisheries

- Integrated development of 500 reservoirs and Amrit Sarovars.
- Strengthening coastal fisheries value chains with market linkages involving start-ups, women-led groups and Fish Farmer Producer Organisations (FFPOs).

### Animal Husbandry

- Livestock contributes nearly 16% of farm income, including for poor and marginal households.
- To augment availability of veterinary professionals by over 20,000, a loan-linked capital subsidy scheme is proposed.
- The scheme will support private-sector establishment of veterinary and paravet colleges, veterinary hospitals, diagnostic laboratories and breeding facilities.
- Collaboration between Indian and foreign institutions will be facilitated to strengthen capacity, quality and skills.
- **Promotion of entrepreneurship to generate quality rural and peri-urban employment through:**
  - Credit-linked subsidy programme
  - Scaling up and modernisation of livestock enterprises
  - Creation of integrated livestock, dairy and poultry value chains
  - Encouraging Livestock Farmer Producer Organisations (LFPOs)
  - High-Value Agriculture
- **Support for high-value crops to diversify farm output and boost incomes:**
  - Coastal areas: coconut, sandalwood, cocoa, cashew
  - North-East: agar trees
  - Hilly regions: almonds, walnuts and pine nuts

**Godrej Agrovet, Avanti  
Feed**

**Agriculture, Fisheries & Allied Sectors continued...**

# Sectoral Highlights

## Agriculture, Fisheries & Allied Sectors

## Major Beneficiaries

### Coconut

- Launch of a Coconut Promotion Scheme to enhance productivity by replacing old and non-productive trees with improved varieties in major coconut-growing states.

### Cashew & Cocoa

- Dedicated programme to achieve self-reliance in raw cashew and cocoa, enhance exports and build premium global Indian Cashew and Indian Cocoa brands by 2030.

### Sandalwood

- Partnership with States to promote focused cultivation and post-harvest processing, revitalising the Indian sandalwood ecosystem.

### Nuts & Orchards

- Support for rejuvenation of old orchards and high-density cultivation of walnuts, almonds and pine nuts, with youth-led value addition to enhance farmer incomes.

**Apex Frozen Food**

# Sectoral Highlights

Educational and Skilling Initiatives	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ Five University Townships to be developed near major industrial and logistics corridors to strengthen industry-academia collaboration and support skill development aligned with industrial growth.</li><li>➤ Girls' hostels in Higher Education STEM institutions to be established in every district to enhance female participation, access, and retention in science, technology, engineering, and mathematics fields.</li><li>➤ Four telescope infrastructure facilities to be set up or upgraded to strengthen India's capabilities in astronomy research, space science, and advanced scientific innovation.</li><li>➤ Support to the Indian Institute of Creative Technologies and rollout of AVGC labs in 15,000 schools and 500 colleges to build talent for a sector needing ~2 million professionals by 2030.</li></ul>	PhysicsWallah, Veranda Learning
Service	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ New Tax reforms to boost Indian IT service sector.</li><li>➤ All IT services clubbed under a single category with a 15.5% common safe harbor margin. Threshold increased from ₹300 crore to ₹2,000 crore with automated, rule-based approval.</li><li>➤ Companies can opt for safe harbor benefits for five years at their choice, ensuring tax predictability.</li><li>➤ Unilateral APA process to be concluded within 2 years (extendable by 6 months). Modified return facility extended to associated enterprises of APA-availing entities.</li><li>➤ Tax holiday until 2047 for foreign companies offering global cloud services through India-based data centers. Related entities eligible for 15% safe harbor on cost.</li><li>➤ Exemption of global income for non-resident experts for up to 5 years under notified schemes.</li></ul>	Infosys, TCS, Wipro, Tech Mahindra

# Sectoral Highlights

## Infrastructure

## Major Beneficiaries

- Infrastructure development remains a core pillar of the 2026–27 Budget, with a strong push to expand connectivity, logistics efficiency and urban growth. Public capital expenditure is increased to ₹12.2 lakh crore (from ₹11.2 lakh crore BE 2025-26) to maintain momentum in large scale infrastructure creation.
- An Infrastructure Risk Guarantee Fund will provide partial credit guarantees to boost private participation. The government will accelerate REIT based monetisation of CPSE real estate assets and establish Dedicated Freight Corridors from Dankuni to Surat.
- Twenty new National Waterways will be operationalised, supported by regional training centres and a new ship repair ecosystem.
- A Coastal Cargo Promotion Scheme aims to double coastal and inland waterway transport share by 2047.
- For remote connectivity, a Seaplane VGF Scheme will support domestic manufacturing and operations. Urban development focuses on Tier II and Tier III cities through City Economic Regions, each receiving ₹5,000 crore to strengthen modern, sustainable urban infrastructure.
- The Budget 2026–27 introduces City Economic Regions (CERs) to unlock the growth potential of Tier II, Tier III cities and temple towns.
- CERs will be mapped based on their unique economic drivers and supported through a reform cum results based financing model, with ₹5,000 crore allocated per CER over five years. The initiative aims to modernise infrastructure, improve liveability, and boost job creation.
- To strengthen regional connectivity, the government will also develop seven High Speed Rail corridors—including Mumbai–Pune, Chennai–Bengaluru, and Delhi–Varanasi—as sustainable “growth connectors” between major city clusters.

**L&T, Adani Ports, HCC, Ultratech**

# Sectoral Highlights

Textile	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ The 2026–27 Budget places strong emphasis on revitalising India's textile sector, recognising it as a major source of employment and export strength. A comprehensive Integrated Programme for Textiles has been introduced, covering five pillars:</li><li>➤ The National Fibre Scheme for self reliance in natural, man made and new age fibres;</li><li>➤ The Textile Expansion and Employment Scheme to modernise traditional clusters through technology upgradation and common testing facilities.</li><li>➤ A unified Handloom and Handicraft Programme to strengthen support for artisans and weavers.</li><li>➤ The Tex Eco Initiative promoting sustainable, globally competitive textiles; and</li><li>➤ Samarth 2.0 to upgrade sectoral skilling in collaboration with industry and academia.</li><li>➤ Additionally, the government will establish Mega Textile Parks through challenge mode to enhance value addition, including in technical textiles. These measures aim to boost competitiveness, create large scale jobs, and enhance India's position in the global textile and apparel value chain.</li></ul>	<b>Gokaldas Exports, Vardhaman textile, Welspun Living Ltd., KPR Mills</b>
Container Manufacturing	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ The Budget 2026–27 announces a major push to build a globally competitive container manufacturing ecosystem in India.</li><li>➤ A dedicated Scheme for Container Manufacturing will be launched with a ₹10,000 crore allocation spread over five years, targeting large scale production capacity and reduced dependence on imports.</li><li>➤ The scheme aims to strengthen supply chains for exporters, support port led logistics and enhance India's readiness for global trade disruptions.</li><li>➤ By fostering domestic manufacturing of standard and specialised containers, the initiative is expected to improve freight availability, reduce logistics costs, and position India as an emerging hub in the global container industry.</li></ul>	<b>CONCOR, Mazagon Dock Shipbuilders</b>

# Sectoral Highlights

MSME	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ The 2026–27 Budget positions MSMEs as a core engine of India's growth, adopting a three pronged strategy to help them evolve into "Champion MSMEs."</li><li>➤ The government has announced a dedicated ₹10,000 crore SME Growth Fund to support high potential enterprises with equity infusion.</li><li>➤ To strengthen micro enterprises, the Self Reliant India Fund will receive an additional ₹2,000 crore, ensuring continued access to risk capital.</li><li>➤ For liquidity, the Budget mandates TReDS as the settlement platform for all MSME related purchases by CPSEs, introduces CGTMSE backed credit guarantees for invoice discounting, links GeM with TReDS, and promotes TReDS based asset backed securities to deepen secondary markets and improve cash flow.</li><li>➤ To enhance compliance capacity, the government will help professional institutions develop "Corporate Mitras"—trained para professionals, especially in Tier II and Tier III towns, to support MSMEs at affordable cost. Overall, the Budget aims to strengthen MSME competitiveness, liquidity, and long term growth.</li></ul>	Tata Capital, Bajaj Finance, CUB
Shipping	Major Beneficiaries
<ul style="list-style-type: none"><li>➤ The Budget 2026–27 strengthens India's shipping ecosystem with major initiatives across inland waterways, coastal logistics, and maritime services.</li><li>➤ The government will operationalise 20 new National Waterways, linking mineral belts, industrial zones, and ports, supported by new training institutes along these routes.</li><li>➤ A dedicated ship repair ecosystem will be established at Varanasi and Patna to support inland vessels.</li><li>➤ To boost coastal movement, a Coastal Cargo Promotion Scheme aims to raise the share of inland waterways and coastal shipping from 6% to 12% by 2047.</li><li>➤ Additionally, customs reforms will enable electronic seal export cargo clearance directly from factory to ship, reducing delays and improving efficiency.</li></ul>	GRSE, Cochin Ship, JSW Infra, MAZDOCK, Adani port

# Sector Specific Customs Duty Proposals

Sr.no.	Commodity	Rate of Basic Customs Duty	
		From (%)	To (%)
1	<b>Critical Minerals-Monazite</b>	2.50%	Nil
2	<b>Renewable Energy</b>		
	Sodium antimonate for use in manufacture of solar glass	7.50%	Nil
	Specified capital goods for use in manufacture of lithium-ion cells for batteries of Battery Energy Storage System	As Applicable	Nil
3	<b>Nuclear Energy</b>		
	All goods for generation of nuclear power falling under tariff item 8401 30 00	7.50%	Nil
	Control and Protector Absorber Rods, Burnable Absorber Rods for generation of nuclear power falling under tariff item 8401 40 00	7.50%	Nil
	Goods required for the setting up of specified Nuclear Power Projects, irrespective of their capacity, where the projects have been registered with the Customs Houses concerned on or before 30th September 2035, in compliance with the Project Import Regulations, 1986	As Applicable	Nil
4	<b>Electronics</b>		
	Specified goods for use in the manufacture of Microwave Ovens falling under tariff item 8516 50 00	As Applicable	Nil

# Sector Specific Customs Duty Proposals

Sr.no.	Commodity	Rate of Basic Customs Duty	
		From (%)	To (%)
5	<b>Civil Aviation</b>		
	Components or parts including engines, of aircraft, for manufacture of aircraft and parts of the aircraft	As Applicable	Nil
6	<b>Defence Sector</b>		
	Raw materials for manufacture of parts of aircraft for maintenance, repair, or overhauling of aircraft or components or parts of aircraft, including engines, when imported by Public Sector Units under the Ministry of Defence	As Applicable	Nil
7	<b>Drugs/ Medicines</b>		
	17 new drugs/medicines to be added in List 3 appended to TABLE I of notification No. 45/2025-Customs dated 24.10.2025	5%/10%	Nil
	7 rare diseases that are part of National Policy for Rare Disease (NPRD), 2021 to be added in List 22 appended to TABLE I of notification No. 45/2025- Customs dated 24.10.2025 for customs duty exemption on drugs, medicines and food for special medical purposes, when imported for personal use	As Applicable	Nil
8	<b>Personal Imports</b>		
	All dutiable goods, imported for personal use under Chapter heading 9804	10%/20%	10%

# Sector Specific Customs Duty Proposals

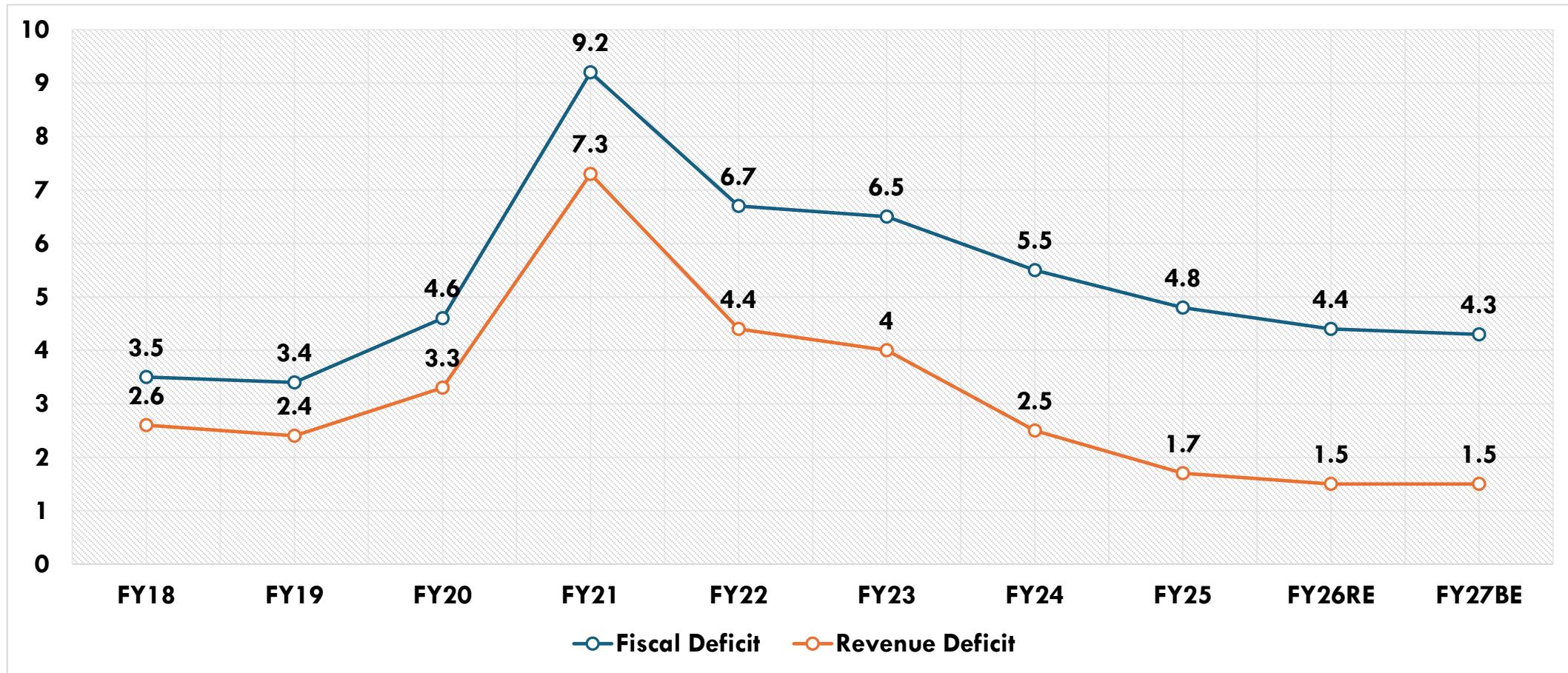
Sr.no.	Commodity	Rate of Basic Customs Duty	
	Increase/Modification in Customs duty (with effect from 02.02.2026)	From (%)	To (%)
1	<b>Commodity</b>		
	Chemicals		
	Potassium hydroxide	Nil	7.50%
2	<b>Umbrella and its parts</b>		
	Umbrellas (other than garden umbrellas) covered under tariff items 6601 9100 and 6601 9900	20%	20% or ₹60 per piece, whichever is higher
	Parts, trimmings and accessories of articles of heading 6601 to 6602	10%	10% or ₹25 per kg., whichever is higher

# Budget at a Glance

(crs)

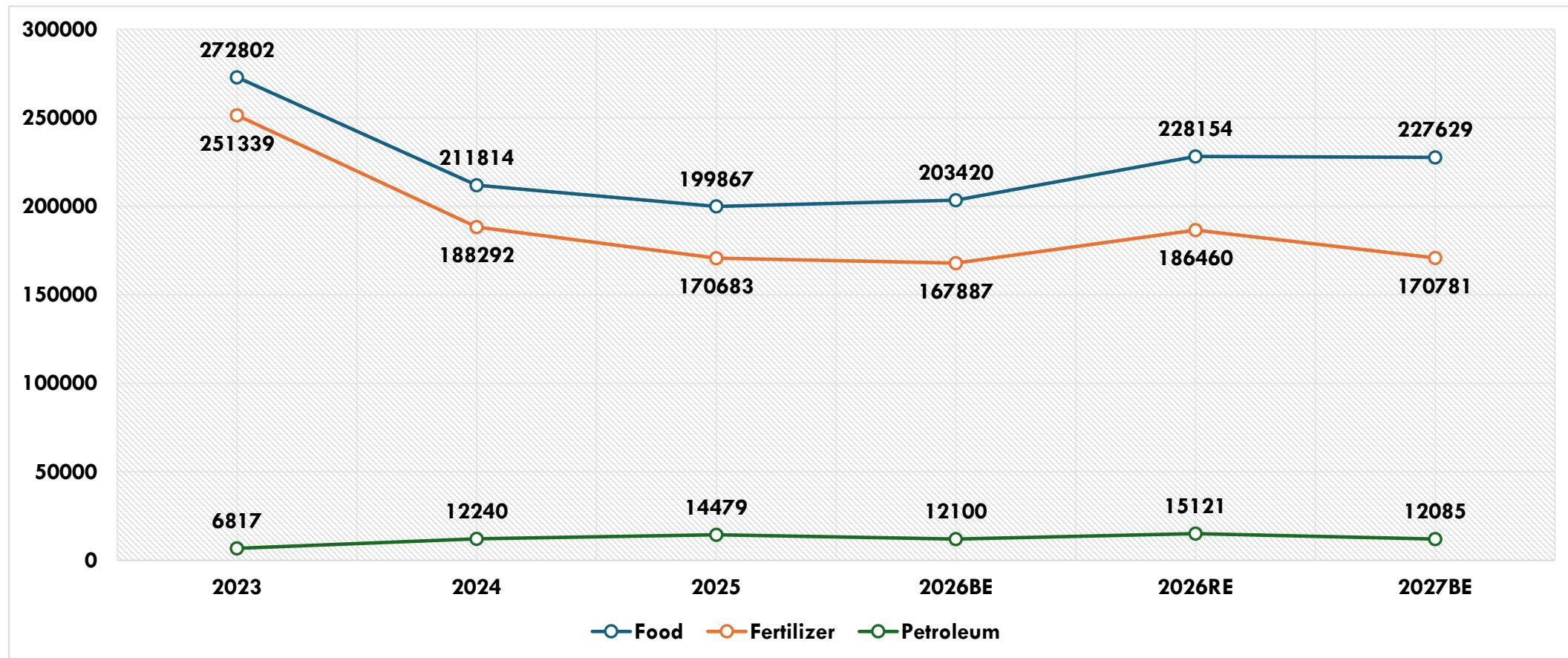
Particulars	2024-25	2025-26BE	2025-26RE	2026-27BE
<b>Revenue Receipts</b>	<b>3036619</b>	<b>3420409</b>	<b>3342323</b>	<b>3533150</b>
Tax Revenue (Net to Centre)	2500039	2837409	2674661	2866922
Non Tax Revenue	536580	583000	667662	666228
<b>Capital Receipts</b>	<b>1616250</b>	<b>1644936</b>	<b>1622519</b>	<b>1814165</b>
Recovery of Loans	24617	29000	30190	38397
Other Receipts	17202	47000	33837	80000
Borrowings and Other Liabilities	1574431	1568936	1558492	1695768
<b>Total Receipts</b>	<b>4652869</b>	<b>5065345</b>	<b>4964842</b>	<b>5347315</b>
<b>Total Expenditure</b>	<b>4652867</b>	<b>5065345</b>	<b>4964842</b>	<b>5347315</b>
On Revenue Account of which	3600914	3944255	3869087	4125494
Interest Payments	1115575	1276338	1274338	1403972
Grants in Aid for creation of Capital Assets	272656	427192	308151	492702
On Capital Account	1051953	1121090	1095755	1221821
<b>Effective Capital Expenditure</b>	<b>1324609</b>	<b>1548282</b>	<b>1403906</b>	<b>1714523</b>
<b>Revenue Deficit</b>	<b>564296</b>	<b>523846</b>	<b>526764</b>	<b>592344</b>
	<b>-1.7</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-1.5</b>
<b>Effective Revenue Deficit</b>	<b>291640</b>	<b>96654</b>	<b>218613</b>	<b>99642</b>
	<b>-0.9</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-0.3</b>
<b>Fiscal Deficit</b>	<b>1574431</b>	<b>1568936</b>	<b>1558492</b>	<b>1695768</b>
	<b>-4.8</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-4.3</b>
<b>Primary Deficit</b>	<b>458856</b>	<b>292598</b>	<b>284154</b>	<b>291796</b>
	<b>-1.4</b>	<b>-0.8</b>	<b>-0.8</b>	<b>-0.7</b>

# Deficit Trends



# Subsidies

(crs)



# Union Budget Highlights and Our View

- The 2026-27 Budget avoids populist pitfalls in favour of institutional resilience. By targeting a **Debt-to-GDP ratio of 50±1% by 2030** and a fiscal deficit of **4.3%** for the upcoming year, the government is ensuring that the "crowding out" of private investment is minimized. For the saver and the investor, the message is clear: the era of speculative volatility is being superseded by a regime of stable, transparent, and institutionally backed wealth creation. Structured around three "Kartavyas" (duties) – accelerating growth, fulfilling aspirations, and inclusive development – the budget aims to sustain a 7% GDP growth rate while maintaining fiscal prudence.
- The tax holiday for cloud services until 2047 signals strategic intent to double down on GCCs. Easier for students studying abroad by reducing TCS from 5% to 2%. Capital goods for manufacturing lithium-ion cells used in battery energy storage systems (BESS) and nuclear power plants, along with machinery for processing critical minerals, are now exempt from Basic Customs Duty (BCD). These waivers aim to lower production costs across these vital industries.
- A standout feature of this budget is the concerted effort to breathe life into the corporate bond market. The introduction of a **market-making framework** and **total return swaps** on corporate bond indices is a sophisticated move to address the perennial issue of liquidity. By providing a safety net for market makers and introducing hedging tools like swaps, the government is setting the stage for institutional investors – Insurance funds and pension houses – to move beyond sovereign debt into corporate credit.
- The "Trust-based Governance" pillar is perhaps most evident in the changes to the capital gains and tax regimes. While the **Security Transaction Tax (STT)** on futures and options has been raised (futures to 0.05% and options premium to 0.15%), this should be viewed as a nudge toward long-term equity holding rather than speculative churn. The proposal to treat **buybacks as capital gains** for all shareholders (with an additional tax for promoters) simplifies the wealth distribution model and aligns it with global standards.
- Amid global geopolitical tensions, India prioritizes seven key sectors – semiconductors, critical minerals, electronics, biopharma, chemicals, capital goods, and textiles – for strategic development and to sustain high growth rates.

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