

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

**SUMMARY OF UNION BUDGET 2026-27**

**YUVA SHAKTI-DRIVEN BUDGET EMPHASIZES ON GOVERNMENT'S 'SANKALP'  
TO FOCUS ON POOR, UNDERPRIVILEGED AND THE DISADVANTAGED**

**FIRST BUDGET PREPARED IN KARTAVYA BHAWAN INSPIRED BY 3 KARTAVYA**

**FIRST KARTAVYA IS TO ACCELERATE AND SUSTAIN ECONOMIC GROWTH**

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

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

**NEW INCOME TAX ACT, 2025 TO COME INTO EFFECT FROM APRIL 2026,  
SIMPLIFIED INCOME TAX RULES AND FORMS TO BE NOTIFIED  
SHORTLY**

**MULTIPLICITY OF PROCEEDINGS TO BE REDUCED TO RATIONALISE  
PENALTY AND PROSECUTION**

**DEDUCTION ALREADY AVAILABLE TO CERTAIN PRIMARY COOPERATIVE  
SOCIETIES TO BE EXTENDED TO CATTLE FEED AND COTTON SEED**

**SINGLE CATEGORY OF INFORMATION TECHNOLOGY SERVICES WITH  
COMMON SAFE HARBOUR MARGIN OF 15.5%**

**2000 CRORE THRESHOLD FOR AVAILING SAFE HARBOUR FOR IT SERVICES,  
UP FROM 300 CRORE RUPEES**

**FOREIGN CLOUD SERVICE PROVIDER TO BE GIVEN TAX HOLIDAY TILL 2047**

**EXEMPTION FROM MINIMUM ALTERNATE TAX TO ALL NON-RESIDENTS  
PAYING TAX ON PRESUMPTIVE BASIS**

**MINISTRY TO SET UP JOINT COMMITTEE TO MODIFY IndAS TO DO AWAY  
WITH SEPARATE ACCOUNTING REQUIREMENT BASED ON ICDS FROM TAX  
YEAR 2027-28**

**STT ON FUTURES TO BE RAISED TO 0.05% FROM PRESENT 0.02%**

**BASIC CUSTOMS DUTY EXEMPTION GIVEN TO CAPITAL GOODS USED FOR MANUFACTURING LITHIUM-ION CELLS FOR BATTERIES TO BE EXTENDED.**

**BASIC CUSTOMS DUTY TO THE IMPORT OF CAPITAL GOODS REQUIRED FOR PROCESSING OF CRITICAL MINERALS TO BE EXEMPTED**

**TARIFF RATE ON ALL DUTIABLE GOODS IMPORTED FOR PERSONAL USE TO BE REDUCED FROM 20% TO 10%**

**BASIC CUSTOMS DUTY ON 17 DRUGS OR MEDICINES TO BE EXEMPTED.**

**BIOPHARMA SHAKTI WITH AN OUTLAY OF ₹ 10,000 CRORES TO BUILD THE ECOSYSTEM FOR DOMESTIC PRODUCTION OF BIOLOGICS AND BIOSIMILARS**

**₹10,000 CRORE SME GROWTH FUND PROPOSED TO CREATE MSME'S AS FUTURE CHAMPIONS**

**PUBLIC CAPEX ENHANCED FROM ₹11.2 LAKH CRORE IN BE 2025-26 TO ₹12.2 LAKH CRORE IN FY 2026-27**

**SEVEN HIGH-SPEED RAIL CORRIDORS BETWEEN CITIES WILL BE DEVELOPED AS 'GROWTH CONNECTORS' TO PROMOTE ENVIRONMENTALLY SUSTAINABLE PASSENGER SYSTEMS**

**INDIAN INSTITUTE OF CREATIVE TECHNOLOGIES, MUMBAI TO SETUP AVGC CONTENT CREATOR LABS IN 15,000 SECONDARY SCHOOLS AND 500 COLLEGES**

**TO ADDRESS THE CHALLENGES FOR GIRL STUDENTS IN HIGHER EDUCATION STEM INSTITUTIONS, ONE GIRLS HOSTEL WILL BE ESTABLISHED IN EVERY DISTRICT**

**GOVERNMENT ANNOUNCES A SCHEME FOR UPSKILLING 10,000 GUIDES IN 20 TOURIST SITES THROUGH A STANDARDIZED, HIGH-QUALITY 12-WEEK TRAINING COURSE IN HYBRID MODE, IN COLLABORATION WITH AN IIM**

**KHELO INDIA MISSION TO TRANSFORM THE SPORTS SECTOR OVER THE NEXT DECADE**

**BHARAT-VISTAAR, A MULTILINGUAL AI TOOL TO INTEGRATE THE AGRISTACK PORTALS AND THE ICAR PACKAGE ON AGRICULTURAL PRACTICES WITH AI SYSTEMS**

**OVERSEAS TOUR PROGRAM PACKAGE REDUCED FROM THE CURRENT 5 PERCENT AND 20 PERCENT TO 2 PERCENT**

**CUSTOMS WAREHOUSING FRAMEWORK TO BE TRANSFORMED INTO A WAREHOUSE OPERATOR-CENTRIC SYSTEM WITH SELF-DECLARATIONS, ELECTRONIC TRACKING AND RISK-BASED AUDIT**

**CARGO CLEARANCE APPROVALS FROM VARIOUS GOVERNMENT AGENCIES TO BE SEAMLESSLY PROCESSED THROUGH A SINGLE AND INTERCONNECTED DIGITAL WINDOW BY END OF THE FINANCIAL YEAR**

**New Delhi, 1<sup>st</sup> February, 2026**

Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2026-2027 in Parliament today.

#### **PART-A**

On the sacred occasion of Magha Purnima and the birth anniversary of Guru Ravidas, the Finance Minister said, as this is the first Budget prepared in Kartavya Bhawan, it is inspired by 3 kartavya:

1. First kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics.
2. Second kartavya is to fulfil aspirations of people and build their capacity, making them strong partners in India's path to prosperity
3. Third kartavya, aligned with vision of Sabka Sath, Sabka Vikas, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

Presenting the Yuva Shakti-driven Budget which emphasizes on Government's 'Sankalp' to focus on poor, underprivileged and the disadvantaged, the Finance Minister said, India will continue to take confident steps towards Viksit Bharat, balancing ambition with inclusion. As a growing economy with expanding trade and capital needs, India must also remain deeply integrated with global markets, exporting more and attracting stable long-term investment.

She also mentioned that the country is facing an external environment in which trade and multilateralism are imperilled and access to resources and supply chains are disrupted. New

technologies are transforming production systems while sharply increasing demands on water, energy and critical minerals.

The Finance Minister said that after the Prime Minister's announcement on Independence Day in 2025, over 350 reforms have been rolled out. These include GST simplification, notification of Labour Codes, and rationalisation of mandatory Quality Control Orders. High Level Committees have been formed and in parallel, the Central Government is working with the State Governments on deregulation and reducing compliance requirements.

Under the **first kartavya** to accelerate and sustain economic growth, interventions were proposed in six areas:

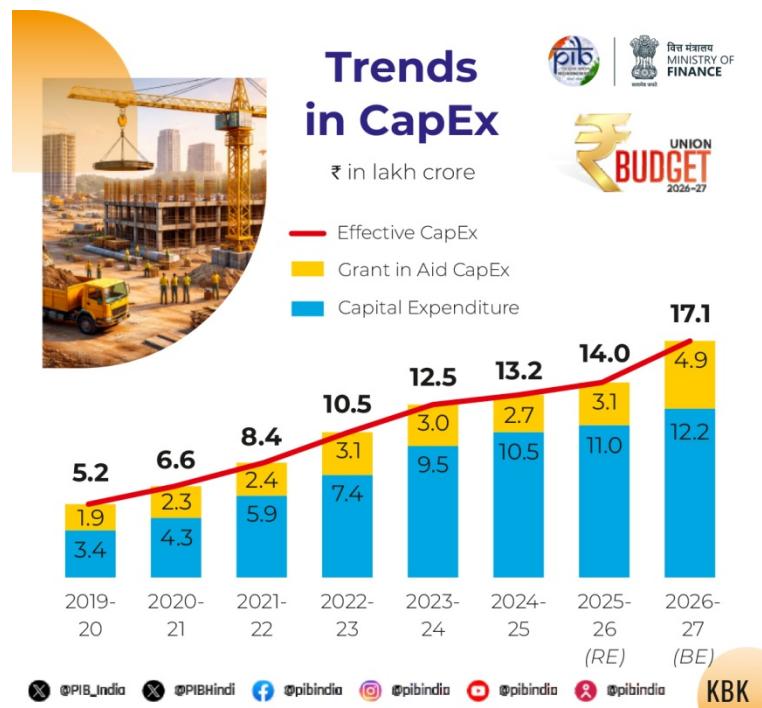
- i) Scaling up manufacturing in 7 strategic and frontier sectors;
- ii) Rejuvenating legacy industrial sectors;
- iii) Creating "Champion MSMEs";
- iv) Delivering a powerful push to Infrastructure;
- v) Ensuring long-term energy security and stability; and
- vi) Developing City Economic Regions

To develop India as a global Biopharma manufacturing hub, the Biopharma SHAKTI with an outlay of ₹ 10,000 crores to build the ecosystem for domestic production of biologics and biosimilars will be set up over the next 5 years. The Strategy will include a Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones. It will also create a network of over 1000 accredited India Clinical Trials sites. The Central Drugs Standard Control Organisation will be strengthened to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.

For the labour-intensive Textile Sector, an Integrated Programme with 5 sub-parts was proposed: The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres; Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres; A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans; Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels; Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

Recognising MSMEs as a vital engine of growth, a dedicated ₹10,000 crore SME Growth Fund was proposed to create future Champions, incentivizing enterprises based on select criteria.

The Finance Minister said, Public capex has increased manifold from ₹2 lakh crore in FY2014-15 to an allocation of ₹11.2 lakh crore in BE 2025-26. In FY2026-27, she proposed to increase it to ₹12.2 lakh crore to continue the momentum.



To promote environmentally sustainable movement of cargo, the Finance Minister proposed new Dedicated Freight Corridors connecting Dankuni in the East, to Surat in the West; b) operationalise 20 new National Waterways (NW) 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. Training Institutes will be set up as Regional Centres of Excellence for development of the required manpower.

The Budget aims to further amplify the potential of cities to deliver the economic power of agglomerations by mapping city economic regions (CER), based on their specific growth drivers. An allocation of ₹ 5000 crore per CER over 5 years is proposed for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism.

To promote environmentally sustainable passenger systems, seven High-Speed Rail corridors between cities will be developed as ‘growth connectors’, namely i) Mumbai-Pune, ii) Pune-Hyderabad, iii) Hyderabad-Bengaluru, iv) Hyderabad-Chennai, v) Chennai-Bengaluru, vi) Delhi-Varanasi, vii) Varanasi-Siliguri.

The Finance Minister said that **second kartavya** is to fulfil aspirations and build capacity. Close to 25 crore individuals have come out of multidimensional poverty through a decade of Government’s sustained and reform-oriented efforts.

To promote India as a hub for medical tourism services, the Finance Minister proposed a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.

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

India's Animation, Visual Effects, Gaming and Comics (AVGC) sector is a growing industry, projected to require 2 million professionals by 2030. The Finance Minister proposed to support the Indian Institute of Creative Technologies, Mumbai in setting up AVGC Content Creator Labs in 15,000 secondary schools and 500 colleges.

In Higher Education STEM institutions, prolonged hours of study and laboratory work pose some challenges for girl students. Through VGF/capital support, 1 girls hostel will be established in every district.

The Finance Minister proposed to set up a National Institute of Hospitality by upgrading the existing National Council for Hotel Management and Catering Technology. It will function as a bridge between academia, industry and the Government. She further proposed a pilot scheme for upskilling 10,000 guides in 20 tourist sites through a standardized, high-quality 12-week training course in hybrid mode, in collaboration with an Indian Institute of Management.

Taking forward the systematic nurturing of sports talent which is set in motion through the Khelo India programme, the Finance Minister proposed to launch a Khelo India Mission to transform the Sports sector over the next decade. The Mission will facilitate: a) An integrated talent development pathway, supported by training centres b) systematic development of coaches and support staff; c) integration of sports science and technology; d) competitions and leagues to promote sports culture and provide platforms; and, e) development of sports infrastructure for training and competition.

The Finance Minister said that the Budget's **third kartavya** aligns with the vision of Sabka Sath, Sabka Vikas towards a Viksit Bharat. This requires targeted efforts for increasing farmer incomes, empowering Divyangjan, empowering the vulnerable to access mental health and trauma care, focus on the Purvodaya States and the North-East Region to accelerate development and employment opportunities.

The Finance Minister proposed Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources), a multilingual AI tool that shall integrate the AgriStack portals and the

ICAR package on agricultural practices with AI systems. This will enhance farm productivity, enable better decisions for farmers and reduce risk by providing customised advisory support.

Building on the success of the Lakhpatti Didi Programme, Self-Help Entrepreneur (SHE) Marts will be set up as community-owned retail outlets within the cluster level federations through enhanced and innovative financing instruments.

Reaffirming the commitment to Mental Health and Trauma Care, the Finance Minister announced to setup a NIMHANS-2 and also upgrade National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions.

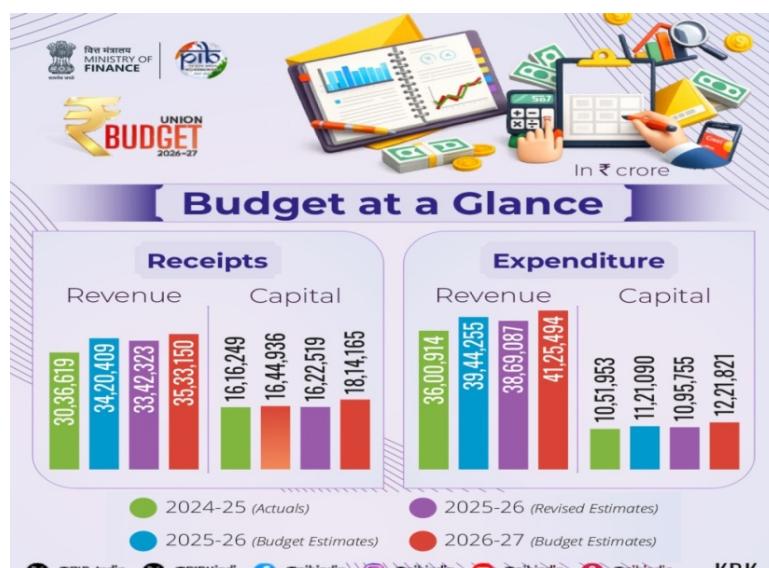
She further proposed the development of an integrated East Coast Industrial Corridor with a well-connected node at Durgapur, creation of 5 tourism destinations in the 5 Purvodaya States, and the provision of 4,000 e-buses. She also proposed to launch a Scheme for Development of Buddhist Circuits in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura. The Scheme will cover preservation of temples and monasteries, pilgrimage interpretation centers, connectivity and pilgrim amenities.

### Fiscal Consolidation

The debt-to-GDP ratio is estimated to be 55.6 percent of GDP in BE 2026-27, compared to 56.1 percent of GDP in RE 2025-26. A declining debt-to-GDP ratio will gradually free up resources for priority sector expenditure by reducing the outgo on interest payments. In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4 percent of GDP. In line with the new fiscal prudence path of debt consolidation, the fiscal deficit in BE 2026-27 is estimated to be 4.3 percent of GDP.

### Revised Estimates 2025-26

The Revised Estimates of the non-debt receipts are ₹34 lakh crore of which the Centre's net tax receipts are ₹26.7 lakh crore. The Revised Estimate of the total expenditure is ₹49.6 lakh crore, of which the capital expenditure is about ₹11 lakh crore.



## Budget Estimates 2026-27

Coming to 2026-27, the non-debt receipts and the expenditure are estimated as ₹36.5 lakh crore and ₹53.5 lakh crore respectively. The Centre's net tax receipts are estimated at ₹28.7 lakh crore.

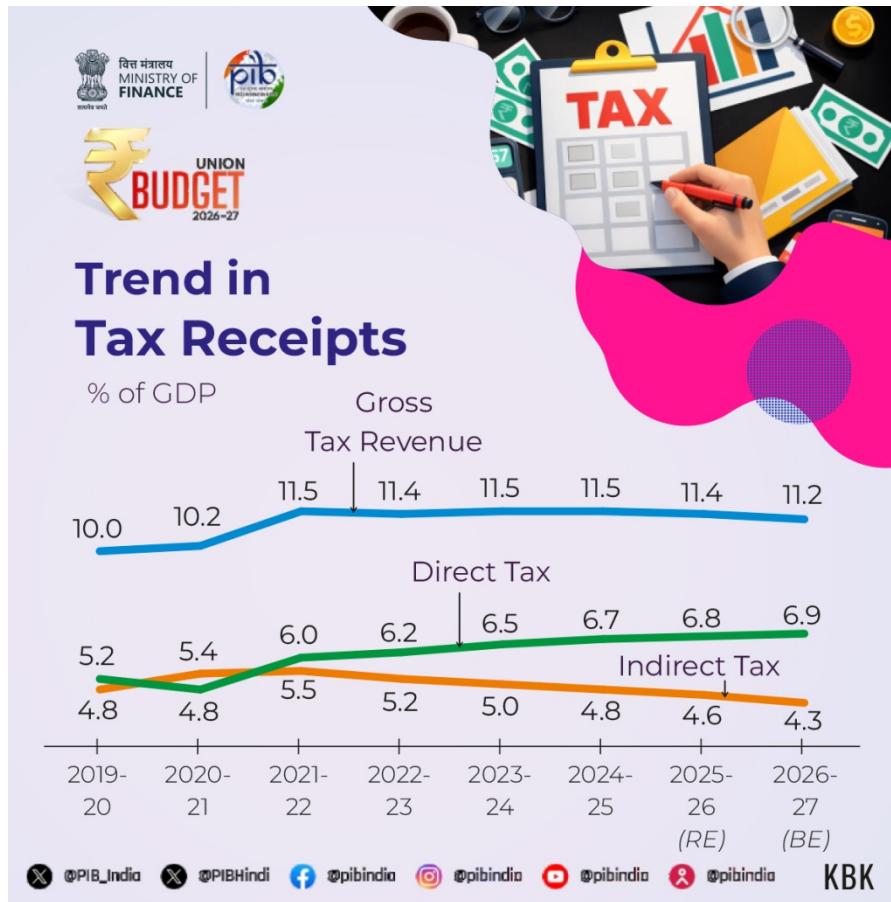


The image shows a table titled 'Key Numbers' for the Union Budget 2026-27. The table compares financial figures for the years 2024-25 (Actuals), 2025-26 (Budget Estimates), 2025-26 (Revised Estimates), and 2026-27 (Budget Estimates). The data is presented in rupees crore. The table includes columns for Revenue Receipts, Capital Receipts, Total Receipts, Total Expenditure, Effective Capital Expenditure, Revenue Deficit, Effective Revenue Deficit, Fiscal Deficit, and Primary Deficit. The table is set against a background of the Indian flag and the text 'रिपोर्ट मंत्रालय MINISTRY OF FINANCE' and 'PIB'.

	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	21,8,613	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

To finance the fiscal deficit, the net market borrowings from dated securities are estimated at ₹11.7 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at ₹17.2 lakh crore.

## PART-B



### Direct Taxes:

In Direct Taxes, many new reforms are proposed in the Union Budget 2026-27. The New Income tax Act, 2025 will come into effect from April 2026. Also the simplified Income Tax Rules and Forms will be notified shortly. The forms for the purpose are redesigned for easy compliance of ordinary citizens.

There is also a proposed reduction in the TCS rates. The Overseas tour program package is reduced from the current 5 percent and 20 percent to 2 percent without any stipulation of amount. Further, TCS for pursuing education and for medical purposes under the Liberalized Remittance Scheme (LRS) reduced from 5 percent to 2 percent.

It is also proposed that the supply of manpower services to be brought within the ambit of payment to contractors for the purpose of TDS. TDS on these services will be at the rate of either 1 percent or 2 percent only. For small taxpayers, a rule-based automated process will enable obtaining a lower or nil deduction certificate instead of filing an application with the assessing officer. Also, the time available for revising returns is proposed to be extended from 31st

December to up to 31st March with the payment of a nominal fee. Further, the timeline for filing of tax returns is to be staggered.

To address practical issues of small taxpayers, a One-time 6-month foreign asset disclosure scheme for students, young professionals, tech employees, relocated NRIs, and such others to be introduced to disclose income or assets below a certain size.

### **Rationalising Penalty and Prosecution**

With a view to rationalizing penalty and prosecution, the Union Budget 2026-27 proposes to reduce the multiplicity of proceedings. Assessment & penalty proceedings will be integrated by way of a common order for both. Further, the quantum of pre-payment will be reduced from 20 percent to 10 percent, calculated only on core tax demand. In order to reduce litigations, taxpayers will be allowed to update their returns even after reassessment proceedings have been initiated, at an additional 10 percent tax rate over and above the rate applicable for the relevant year.

The Budget proposes to extend the provisions for immunity from penalty and prosecution in the cases of under reporting, to misreporting as well. Taxpayer will need to pay 100 percent of the tax amount as an additional income tax over and above the tax and interest due. In addition, prosecution framework under the Income Tax Act will be rationalized. Non-production of books of account and documents, and requirement of TDS payment, where payment is made in kind, will be decriminalised. Non-disclosure of non-immovable foreign assets with aggregate value less than 20 lakh rupees will be provided with immunity from prosecution with retrospective effect from 1.10.2024.

### **Cooperatives**

In her Budget speech in the Parliament today, Smt. Nirmala Sitharaman stated that the deduction already available to a primary cooperative society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members, will be extended to also include supply of cattle feed and cotton seed produced by its members. Inter-cooperative society dividend income will be allowed as deduction under the new tax regime to the extent it is further distributed to its members. In addition, an exemption of three years is to be allowed to dividend income received by a notified national cooperative federation, on their investments made in companies up to 31.1.2026, for dividends further distributed to its member co-operatives.

### **Supporting IT sector as India's growth engine**

Underscoring the significance of the IT sector for India's growth trajectory, the Budget proposes to club software development services, IT enabled services, knowledge process outsourcing services and contract R&D services relating to software development under a single category of Information Technology Services with a common safe harbour margin of 15.5 percent. Further,

the threshold for availing safe harbour for IT services will be enhanced from 300 crore rupees to 2,000 crore rupees. Safe harbour for IT services shall be approved by an automated rule-driven process, and once applied by an IT Services company, the same safe harbour can be continued for a period of 5 years at a stretch.

Unilateral Advanced Pricing Agreement (APA) process for IT services is proposed to be fast-tracked with an endeavour to conclude it within two years, which can be extended by 6 months on taxpayer's request. Further, the facility of modified returns available to the entity entering APA is to be extended to its associated entities.

### **Attracting global business and investment**

While presenting the Union Budget 2026-27 in the Parliament today, the Union Finance and Corporate Affairs Minister said that any foreign company that provides cloud services to customers globally by using data centre services from India will be provided tax holiday till 2047. She added that a safe harbour of 15 percent on cost is to be provided if the company providing data centre services from India is a related entity. Moreover, a safe harbour will be provided to non-residents for component warehousing in a bonded warehouse at a profit margin of 2 percent of the invoice value. The resultant tax of about 0.7 percent will be much lower than in competing jurisdictions, the Union Minister said.

The Budget proposes to provide exemption from income tax for 5 years to any non-resident who provides capital goods, equipment or tooling, to any toll manufacturer in a bonded zone. To encourage vast pool of global talent to work in India for a longer period of time, exemption will be provided to global (non-India sourced) income of a non-resident expert, for a stay period of 5 years under notified schemes. Further, all non-residents who pay tax on presumptive basis, will be exempted from Minimum Alternate Tax (MAT).

### **Tax Administration**

In a significant step towards strengthening tax administration, the Budget proposes the constitution of a Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS) itself. Separate accounting requirement based on ICDS will be done away with from the tax year 2027-28. The definition of accountant for the purposes of Safe Harbour Rules will also be rationalized.

### **Other Tax Proposals**

In the interest of minority shareholders, the Union Budget 2026-27 proposes that buyback for all types of shareholders will be taxed as Capital Gains. It requires promoters to pay an additional buyback tax, making effective tax 22 percent for corporate promoters and 30 percent for non-corporate promoters.

Smt. Nirmala Sitharaman said that TCS rate for sellers of specific goods namely alcoholic liquor, scrap and minerals will be rationalized to 2 percent and that on tendu leaves will be reduced from 5 percent to 2 percent. Another notable tax proposal is the move to raise STT on Futures to 0.05 percent from present 0.02 percent. STT on options premium and exercise of options will also be raised to 0.15 percent from the present rate of 0.1 percent and 0.125 percent, respectively.

To encourage companies to shift to the new regime, the Budget proposes that the set-off of brought forward MAT credit is to be allowed to companies only in the new regime. Set-off using available MAT credit will be allowed to an extent of 1/4th of the tax liability in the new regime. Proposing to make MAT the final tax, Smt. Sitharaman said that there will be no further credit accumulation from 1st April 2026. The rate of final tax will be reduced to 14 percent from the current MAT rate of 15 percent. Further, the brought forward MAT credit of taxpayers accumulated till 31st March 2026, will continue to be available to them for set-off as above.

#### **Indirect Taxes:**

The Finance Minister stated that the proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty.

#### **Rationalisation of Custom Duties:**

In Marine, Leather, and Textile products, the limit for duty-free imports of specified inputs used for processing seafood products for export, is to be increased from the current 1 per cent to 3 per cent of the FOB value. The duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear will be allowed.

In Energy sector, the basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries will be extended and the basic customs duty on import of sodium antimonate for use in manufacture of solar glass will be exempted.

The Finance Minister added that the existing basic customs duty exemption on imports of goods required for Nuclear Power Projects will be extended till the year 2035 and the basic customs duty on specified parts used in the manufacture of microwave ovens will be exempted.

The basic customs duty to the import of capital goods required for processing of critical minerals will be exempted and the entire value of biogas while calculating the Central Excise duty payable on biogas blended CNG will be excluded.

In the Civil and Defence Aviation sector, the basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts will be exempted and the basic custom duty on raw materials imported for manufacture of parts of aircraft to be used in maintenance, repair, or overhaul requirements by Units in the Defence sector will be exempted.

Further, a special one-time measure, to facilitate sales by eligible manufacturing units in Special Economic Zone to the Domestic Tariff Area (DTA) at concessional rates of duty is proposed.

To enhance the Ease of Living, the Finance Minister stated that the tariff rate on all dutiable goods imported for personal use will be reduced from 20 per cent to 10 per cent. The basic customs duty on 17 drugs or medicines will be exempted. 7 more rare diseases will be added for the purposes of exempting import duties on personal imports of drugs, medicines and Food for Special Medical Purposes (FSMP) used in their treatment.

### **Custom Processes:**

The Custom processes to have minimal intervention for smoother and faster movement of goods. Further, Duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators, known as AEOs, is to be enhanced from 15 days to 30 days. Same is extended to the eligible manufacturer-importers. The Validity period of advance ruling, binding on Customs, is proposed to be extended from the present 3 years to 5 years. The government agencies will be encouraged to leverage AEO accreditation for preferential treatment in clearing their cargo.

The Budget also proposes that the Customs warehousing framework is to be transformed into a warehouse operator-centric system with self-declarations, electronic tracking and risk-based audit.

### **Ease of Doing Business:**

Multiple initiatives have been taken in the Ease of Doing Business sector. For instance, Cargo clearance approvals from various Government agencies to be seamlessly processed through a single and interconnected digital window by the end of the financial year. For goods not having any compliance requirement, clearance is to be done by Customs immediately after online registration is completed by the importer. The Customs Integrated System (CIS) is to be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes. Also, the Utilization of non-intrusive scanning with advanced imaging and AI technology for risk assessment is to be expanded in a phased manner with the objective to scan every container across all the major ports.

The Union Budget 2026-27 makes the Fish catch by an Indian fishing vessel in Exclusive Economic Zone (EEZ) or on the High Seas free of duty. Landing of such fish on foreign port will be treated as export of goods. The budget also proposes complete removal of the current value cap of ₹10 lakh per consignment on courier exports-supports aspirations of India's small businesses, artisans and start-ups to access global markets through e-commerce

The Provisions governing baggage clearance are also to be revised during international travel. Revised rules to enhance duty-free allowances in line with the present day travel realities. Further, Honest taxpayers, willing to settle disputes will be able close cases by paying an additional amount in lieu of penalty.

\*\*\*

**NB/SR/SNC/RC/AD/KM/RK**

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

\*\*\*\*\*

### **HIGHLIGHTS OF UNION BUDGET 2026-27**

**New Delhi, 1<sup>st</sup> February 2026**

#### **PART-A**

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman tabled the Union Budget 2026-27 in the parliament today. The highlights of the budget are as follows:

The first Budget prepared in Kartavya Bhawan, is inspired by 3 kartavyas:

4. First kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics.
5. Second kartavya is to fulfil aspirations of people and build their capacity, making them strong partners in India's path to prosperity
6. Third kartavya, aligned with vision of Sabka Sath, Sabka Vikas, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

#### **Budget Estimates**

- The non-debt receipts and the total expenditure are estimated as ₹36.5 lakh crore and ₹53.5 lakh crore respectively. The Centre's net tax receipts are estimated at ₹28.7 lakh crore.

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



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

### **1. Scaling up manufacturing in 7 strategic and frontier sectors**

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

- a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres.
- b) Textile Expansion and Employment Scheme to modernize traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.

- **Mega Textile Parks** to be setup in challenge mode with focus on bringing value addition to technical textiles.
- **Mahatma Gandhi Gram Swaraj** initiative announced, to strengthen khadi, handloom and handicrafts.
- a) Initiative to help in global market linkage, branding and will streamline and support training, skilling, quality of process and production.

## **2. Rejuvenating legacy industrial sectors**

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

## **3. Creating “Champion SMEs” and supporting micro enterprises**

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

## **4. Delivering a powerful push to Infrastructure**

- **Public capital expenditure** to be increased to ₹12.2 lakh crore in FY 2026-27.
- Government to set up an **Infrastructure Risk Guarantee Fund** to strengthen the confidence of private developers regarding risks during infrastructure development and construction phase.

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

## 5. Ensuring long term energy security and stability

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

## 6. Developing City Economic Regions

- An allocation of ₹5000 crore over 5 years, per city economic regions (CER) announced, for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism.
- Government to develop **Seven High-Speed Rail corridors between cities as ‘growth connectors’** to promote environmentally sustainable passenger systems. These include:
  - i) Mumbai-Pune
  - ii) Pune-Hyderabad,
  - iii) Hyderabad-Bengaluru,
  - iv) Hyderabad-Chennai
  - v) Chennai-Bengaluru,

- vi) Delhi-Varanasi,
- vii) Varanasi-Siliguri.

- Government to setup a “**High Level Committee on Banking for Viksit Bharat**”, to comprehensively review the sector and align it with India’s next phase of growth, while safeguarding financial stability, inclusion and consumer protection.
- **Government to restructure the Power Finance Corporation and Rural Electrification Corporation** to achieve scale and improve efficiency in the Public Sector NBFCs.
- A comprehensive review of the **Foreign Exchange Management (Non-debt Instruments) Rules** is proposed, to create a more contemporary, user-friendly framework for foreign investments, consistent with India’s evolving economic priorities.

### **Municipal Bonds**

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

### **Second Kartavya is to fulfil aspirations and build capacity of people**

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

### **Creation of Professionals for Viksit Bharat**

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

### **AYUSH**

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

### **Animal Husbandry**

- Government to scale up availability of veterinary professionals by more than 20,000

- a) A loan-linked capital subsidy support scheme to be launched for establishment of veterinary and para vet colleges, veterinary hospitals, diagnostic laboratories and breeding facilities in the private sector.

## Orange Economy

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

## Education

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

## Tourism

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

## Heritage and Culture Tourism

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

## Sports

- **Khelo India Mission** to be launched to transform the Sports sector over the next decade.

## Third Kartavya is aligned with vision of Sabka Sath, Sabka Vikas and requires targeted efforts in the following four areas:

### 1. Increasing Farmer Incomes

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

### **High Value Agriculture:**

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

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

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

## **2. Empowering Divyangjan**

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

## **3. Commitment to Mental Health and Trauma Care**

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

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

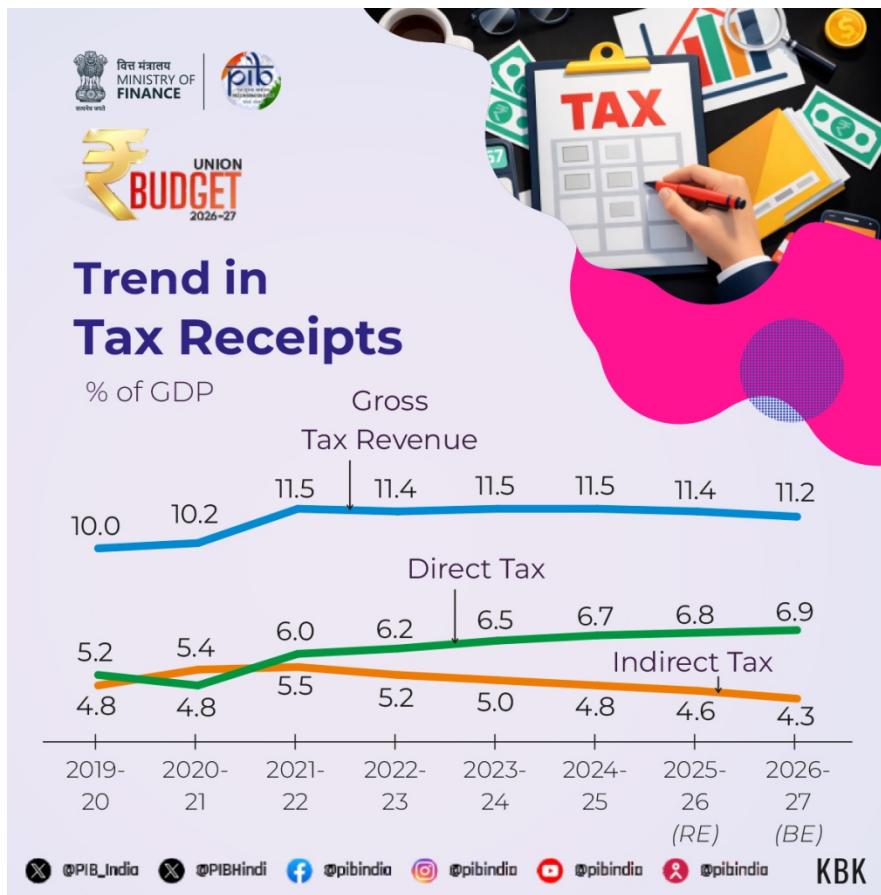
- Government to develop an integrated East Coast Industrial Corridor with a well-connected node at Durgapur, creation of 5 tourism destinations in the 5 Purvodaya States, and the provision of 4,000 e-buses.
- a) A scheme to be launched for the development of Buddhist Circuits in Arunachal Pradesh, Sikkim,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

## **16th Finance Commission**

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

## **PART –B**

### **Direct Taxes**



## New Income Tax Act

- New Income tax Act ,2025 to come into effect from April 2026
- The simplified Income Tax Rules and Forms will be notified shortly. The forms redesigned for easy compliance of ordinary citizens.

## Ease of Living

- Interest awarded by the Motor Accident Claims Tribunal to a natural person will be exempt from Income Tax, and any TDS on this account will be done away with.
- TCS Rationalization
  - ✓ Reduce TCS rate on sale of overseas tour program package to 2 % (from current 2-20%).
  - ✓ Reduce the TCS rate to 2% (from current 5%) for LRS remittances for education and medical.
- Simplified TDS provisions for manpower supply will benefit labour intensive business.
- Scheme for small taxpayers wherein a rule based automated process for obtaining Lower or nil deduction certificate instead of filing application with the assessor.

- Single window filing with depositories for Form 15G or 15 H for TDS on dividends, interests etc
- Extend time available for revising returns from 31<sup>st</sup> December to upto 31<sup>st</sup> March with payment of nominal fees
- The timeline for filing of tax returns to be staggered .
- TAN for property transactions involving NRIs will be replaced with resident buyers PAN based challan.
- A one time 6 month foreign asset disclosure scheme for small taxpayers to disclose their overseas income or asset.

#### **Rationalizing Penalty and Prosecution**

- IT assessment & penalty proceedings are proposed to be integrated by way of common order for both.
- Taxpayers allowed to update their returns even after reassessment proceedings have been initiated to reduce litigations, at an additional 10 percent tax rate over and above the rate applicable for the relevant year.
- Penalty for misreporting of income also eligible for immunity with payment of additional income tax.
- Prosecution framework under the Income Tax Act to be rationalized.
- Non-production of books of account and documents, and requirement of TDS payment, where payment is made in kind, to be decriminalised.
- Non-disclosure of non-immovable foreign assets with aggregate value less than 20 lakh rupees to be provided with immunity from prosecution with retrospective effect from 1.10.2024.

#### **Cooperatives**

- Extend deduction already allowed to a primary cooperative society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members to those supplying cattle feed and cotton seed also.
- Allow the inter-cooperative society dividend income as deduction under the new tax regime to the extent it is further distributed to its members.
- Exemption for a period of 3 years allowed to dividend income received by a notified national cooperative federation, on their investments made in companies up to 31.1.2026, for dividends further distributed to its member co-operatives.

#### **Supporting IT sector as India's growth engine**

- Software development services, IT enabled services, knowledge process outsourcing services and contract R&D services relating to software development to be clubbed under a single category of Information Technology Services with a common safe harbour margin of 15.5 percent.

- The threshold for availing safe harbour for IT services to be enhanced from 300 crore rupees to 2,000 crore rupees.
- Safe harbour for IT services shall be approved by an automated rule-driven process, can be continued for a period of 5 years at a stretch.
- Unilateral Advanced Pricing Agreement (APA) process for IT services to be fast-tracked with the endeavour to conclude it within a period of 2 years, which can be extended by 6 months on taxpayer's request.
- The facility of modified returns available to the entity entering APA to be extended to its associated entities.

### **Attracting global business and investment**

- Any foreign company that provides cloud services to customers globally by using data centre services from India to be provided Tax holiday till 2047
- A safe harbour of 15 percent on cost to be provided if the company providing data centre services from India is a related entity.
- A safe harbour to non-residents for component warehousing in a bonded warehouse at a profit margin of 2 percent of the invoice value. The resultant tax of about 0.7 percent will be much lower than in competing jurisdictions.
- Exemption from income tax for 5 years to be provided to any non-resident who provides capital goods, equipment or tooling, to any toll manufacturer in a bonded zone.
- Exemption to global (non-India sourced) income of a non-resident expert, for a stay period of 5 years under notified schemes
- Exemption from Minimum Alternate Tax (MAT) to all non-residents who pay tax on presumptive basis.

### **Tax administration**

- A Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes to be constituted for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS) itself. Separate accounting requirement based on ICDS will be done away with from the tax year 2027-28.
- Definition of accountant for the purposes of Safe Harbour Rules to be rationalized.

### **Other Tax proposals**

- In the interest of minority shareholders, buyback for all types of shareholders to be taxed as Capital Gains. Promoters to pay an additional buyback tax, making effective tax 22 percent for corporate promoters and 30 percent for non-corporate promoters.
- TCS rate for sellers of specific goods namely alcoholic liquor, scrap and minerals will be rationalized to 2 percent and that on tendu leaves will be reduced from 5 percent to 2 percent.

- STT on Futures to be raised to 0.05 percent from present 0.02 percent. STT on options premium and exercise of options to be raised to 0.15 percent from the present rate of 0.1 percent and 0.125 percent respectively.
- To encourage companies to shift to the new regime, set-off of brought forward MAT credit to be allowed to companies only in the new regime. Set-off using available MAT credit to be allowed to an extent of 1/4th of the tax liability in the new regime.
- MAT is proposed to be made final tax. There will be no further credit accumulation from 1st April 2026. The rate of final tax to be reduced to 14 percent from the current MAT rate of 15 percent. The brought forward MAT credit of taxpayers accumulated till 31st March 2026, will continue to be available to them for set-off as above.

#### **Indirect taxes:**

#### **Tariff Simplification**

##### **Marine, leather, and textile products:**

- The limit for duty-free imports of specified inputs used for processing seafood products for export, to increase from the current 1 per cent to 3 per cent of the FOB value.
- The duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear to be allowed.

##### **Energy transition and security:**

- The basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries to be extended.
- The basic customs duty on import of sodium antimonate for use in manufacture of solar glass to be exempted.

##### **Nuclear Power:**

- The existing basic customs duty exemption on imports of goods required for Nuclear Power Projects to be extended till the year 2035.

##### **Critical Minerals:**

- The basic customs duty to the import of capital goods required for processing of critical minerals to be exempted.

##### **Biogas blended CNG:**

- The entire value of biogas while calculating the Central Excise duty payable on biogas blended CNG to be excluded.

##### **Civil and Defence Aviation:**

- The basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts to be exempted.

- The basic custom duty on raw materials imported for manufacture of parts of aircraft to be used in maintenance, repair, or overhaul requirements by Units in the Defence sector to be exempted.

#### **Electronics:**

- The basic customs duty on specified parts used in the manufacture of microwave ovens to be exempted.

#### **Special Economic Zone:**

- A special one-time measure, to facilitate sales by eligible manufacturing units in SEZs to the Domestic Tariff Area (DTA) at concessional rates of duty is proposed. The quantity of such sales will be limited to a prescribed proportion of their exports.

#### **Ease of Living:**

- The tariff rate on all dutiable goods imported for personal use to be reduced from 20 per cent to 10 per cent.
- The basic customs duty on 17 drugs/ medicines is to be exempted.
- Duty free personal import of drugs/ medicines and food for 7 more rare diseases.

#### **Customs Process simplification**

- Custom processes to have minimal intervention for smoother and faster movement of goods.

#### **Trust-based systems**

- Duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators, known as AEOs, to be enhanced from 15 days to 30 days. Same is extended to the eligible manufacturer-importers
- Validity period of advance ruling, binding on Customs, to be extended from the present 3 years to 5 years.
- Government agencies will be encouraged to leverage AEO accreditation for preferential treatment in clearing their cargo.
- Filing of bill of entry by a trusted importer, and arrival of goods will automatically notify Customs for completing their clearance formalities (for import of goods not needing any compliance).
- The Customs warehousing framework to be transformed into a warehouse operator-centric system with self-declarations, electronic tracking and risk-based audit.

#### **Ease of Doing Business**

- Cargo clearance approvals from various Government agencies to be seamlessly processed through a single and interconnected digital window by the end of the financial year.

- Processes involved in clearance of food, drugs, plant, animal & wild life products, accounting for around 70 percent of interdicted cargo, to be operationalised on this system by April 2026 itself.
- For goods not having any compliance requirement, clearance to be done by Customs immediately after online registration is completed by the importer.
- Customs Integrated System (CIS) to be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes.
- Utilization of non-intrusive scanning with advanced imaging and AI technology for risk assessment to be expanded in a phased manner with the objective to scan every container across all the major ports.

#### **New export opportunities**

- Fish catch by an Indian fishing vessel in Exclusive Economic Zone (EEZ) or on the High Seas to be made free of duty, Landing of such fish on foreign port will be treated as export of goods.
- Complete removal of the current value cap of ₹10 lakh per consignment on courier exports-supports aspirations of India's small businesses, artisans and start-ups to access global markets through e-commerce

#### **Ease of Living**

- Provisions governing baggage clearance to be revised during international travel. Revised rules to enhance duty-free allowances in line with the present day travel realities.
- Honest taxpayers, willing to settle disputes will be able close cases by paying an additional amount in lieu of penalty.

\*\*\*

**NB/SR/SNC/RC/AD/CNAN/RK/AK**

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

\*\*\*\*\*

**UNION BUDGET 2026-27 FOCUSES ON 3 KARTAVYAS OF  
SUSTAINABLE ECONOMIC GROWTH, CAPACITY BUILDING AND  
SABKA SATH, SABKA VIKAS**

## **BUDGET 2026-27 IS A UNIQUE YUVA SHAKTI-DRIVEN BUDGET: FINANCE MINISTER**

**New Delhi, 1<sup>st</sup> February, 2026**

Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman while presenting the Union Budget 2026-2027 in Parliament today, proposed 3 kartavyas to speed-up the reform momentum towards Viksit Bharat. The Finance Minister said that the first Kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics; second Kartavya is to fulfill aspirations of people and build their capacity, making them strong partners in India's path to prosperity and third Kartavya, aligned with vision of Sabka Sath, Sabka Vikas, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

The Finance Minister said that the threefold approach requires a supportive ecosystem. The first requirement is to sustain the momentum of structural reforms— continuous, adaptive, and forward-looking. Second, a robust and resilient financial sector is central to mobilising savings, allocating capital efficiently and managing risks. Third, cutting-edge technologies, including AI applications, can serve as force multipliers for better governance.

Smt. Nirmala Sitharaman said that the first Budget prepared in Kartavya Bhawan is a unique Yuva Shakti-driven Budget inspired from several innovative ideas which were shared with Hon'ble Prime Minister in the Viksit Bharat Young Leaders Dialogue 2026.

The Finance Minister said that India's economic trajectory has been marked by stability, fiscal discipline, sustained growth and moderate inflation in last 12 years. The Government has continuously pursued far reaching structural reforms, fiscal prudence and monetary stability whilst maintaining a strong thrust on public investment. She said that keeping 'self-reliance (Atamnirbharta) at core, Government has built domestic manufacturing capacity, energy security and reduced critical import dependencies along with ensuring citizens centric development and undertaking reforms to support employment generation, agricultural productivity, household purchasing power and universal services to

people. These measures have delivered a high growth rate of around 7% and helped us make substantial strides in poverty reduction and improvement in the lives of people, she said.

Smt. Nirmala Sitharaman said that in an external environment in which trade and multilateralism are imperiled and access to resources and supply chains are disrupted, new technologies are transforming production systems while sharply increasing demands on water, energy and critical minerals; India will continue to take confident steps towards Viksit Bharat by balancing ambition with inclusion and must remain deeply integrated with global markets, exporting more and attracting stable long-term investment. The Finance Minister expressed the gratitude to the people for standing firmly with Government and forging the way together towards becoming one of the largest economies of the world.

Highlighting Government's aim to transform aspiration into achievement and potential into performance, the Finance Minister said that Government is ensuring that dividends of growth reach every farmer, the scheduled caste, the scheduled tribes, the nomads, the youth, the poor and the women.

The Finance Minister said that the Government has undertaken comprehensive economic reforms towards creating employment, boosting productivity and accelerating growth. She said that after the Prime Minister's announcement on Independence Day in 2025, over 350 reforms have been rolled out. These include GST simplification, notification of Labour Codes, and rationalisation of mandatory Quality Control Orders. High Level Committees have been formed and in parallel, the Central Government is working with the State Governments on deregulation and reducing compliance requirements. She said that this Reform Express is well on its way and will maintain its momentum to fulfil the Kartavya.

Smt. Nirmala Sitharaman proposed interventions in six areas under the first Kartavya to accelerate and sustain economic growth i) Scaling up manufacturing in 7 strategic and frontier sectors; ii) Rejuvenating legacy industrial sectors; iii) Creating "Champion MSMEs"; iv) Delivering a powerful push to Infrastructure; v) Ensuring long-term energy security and stability; and vi) Developing City Economic Regions.

The Finance Minister said that second Kartavya is to fulfil aspirations and build capacity. She said that close to 25 crore individuals have come out of multidimensional poverty through a decade of our Government's sustained and reform-oriented efforts. She highlighted that Government has decided to place a renewed emphasis on the Services Sector to provide a pathway to fulfilling aspirations of a youthful India, with measures like setting up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat. The Committee will prioritise areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies, including AI, on jobs and skill requirements and propose measures thereof. This will make India a global leader in services, with a 10% global share by 2047, she said.

Smt. Nirmala Sitharaman proposed that the third Kartavya which aligns with vision of Sabka Sath, Sabka Vikas requires targeted efforts for a) Increasing farmer incomes through productivity enhancement and entrepreneurship, with special attention to small and marginal farmers; b) Empowering Divyangjan through access to livelihood opportunities, training and high-quality assistive devices; c) Empowering the vulnerable to access mental health and trauma care; d) Focus on the Purvodaya States and the North-East Region to accelerate development and employment opportunities.

\*\*\*\*

NB/AK

PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA

\*\*\*\*

**Union Budget 2026-27 lays emphasis on Scaling up manufacturing in 7 strategic and frontier sectors**

**To develop India as a global Biopharma manufacturing hub, the Budget proposes Biopharma SHAKTI with an outlay of ₹ 10,000 crores over next 5 years**

**India Semiconductor Mission 2.0 announced to produce equipment and materials, design full-stack Indian IP, and fortify supply chains**

**For Electronics Components Manufacturing Scheme, the Union Budget proposes to increase the outlay to ₹40,000 crore**

**To support mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu, dedicated Rare Earth Corridors to be established to promote mining, processing, research and manufacturing**

**A Scheme proposed to support States in establishing 3 dedicated Chemical Parks, through challenge route, on a cluster-based plug-and-play model**

**Budget proposes a Scheme for Container Manufacturing to create a globally competitive container manufacturing ecosystem with a budgetary allocation of ₹10,000 crore over a 5 year period**

**An Integrated Programme with 5 components for development of textile sector announced**

**Mega Textile Parks to be set up in challenge mode**

**“Mahatma Gandhi Gram Swaraj” initiative to strengthen khadi, handloom and handicrafts and to help in global market linkage and branding**

**A dedicated initiative for sports goods to promote manufacturing, research and innovation in equipment design as well as material sciences**

**1<sup>ST</sup> February, 2026**

The Union Budget 2026-27 lays emphasis on Scaling up manufacturing in 7 strategic and frontier sectors. While presenting the Union Budget 2026-27 in Parliament today, Union Minister of Finance & Corporate Affairs Smt Nirmala Sitharaman said that the proposed interventions forms part of six areas under ‘First Kartavya’ in the Budget.

To develop India as a global Biopharma manufacturing hub, the Budget proposes Biopharma SHAKTI with an outlay of ₹ 10,000 crores over the next 5 years. This will build the ecosystem for domestic production of biologics and biosimilars. The Strategy as envisaged in the Budget will include a Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones. It will also create a network of over 1000 accredited India Clinical Trials sites. The Union Budget proposes to strengthen the

Central Drugs Standard Control Organisation to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.



## 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**
- 

For expanding India's semiconductor sector capabilities and building on India Semiconductor Mission (ISM) 1.0, the Union Budget proposes to launch ISM 2.0 to produce equipment and materials, design fullstack Indian IP, and fortify supply chains. Smt Sitharaman said that the focus will be on industry-led research and training centres to develop technology and skilled workforce.

The Electronics Components Manufacturing Scheme, launched in April 2025 has an outlay of ₹22,919 crore. The Union Budget 2026-27 proposes to increase the outlay to ₹40,000 crore to capitalise on the momentum.

## Scaling up manufacturing in strategic and frontier sectors

- › **Biopharma SHAKTI** Scheme to develop India as global Biopharma manufacturing hub
- › **India Semiconductor Mission (ISM) 2.0** to be launched
- › Electronics Components Manufacturing Scheme outlay to be increased to **₹40,000 crore**
- › Dedicated **Rare Earth Corridors** in Odisha, Kerala, Andhra



On a Scheme for Rare Earth Permanent Magnets, the Union Budget proposes to support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu for establishing dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

To enhance domestic chemical production and reduce import-dependency, the Union Minister proposed to launch a Scheme to support States in establishing 3 dedicated Chemical Parks, through challenge route, on a cluster-based plug-and-play model.

In her Budget speech, Smt. Nirmala Sitharaman stated that Strong capital goods capability is a determinant of productivity and quality across different sectors. Towards building this capacity, the Union Budget proposes Hi-Tech Tool Rooms to be established by CPSEs at 2 locations as digitally enabled automated service bureaus that locally design, test, and manufacture high-precision components at scale and at lower cost. A Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) will be introduced to strengthen domestic manufacturing of high-value and technologically-advanced CIE. This can range from lifts in a multi-story apartment, fire-fighting equipment, large and small, to tunnel-boring equipment for building metros and high-altitude roads. The Budget also proposes a Scheme for Container Manufacturing to create a

globally competitive container manufacturing ecosystem, with a budgetary allocation of ₹10,000 crore over a 5 year period.

For the labour-intensive Textile Sector, it proposes that an Integrated Programme with 5 sub-parts; *firstly*, the National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres; *secondly*, Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres; *thirdly*, a National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans; *fourthly*, Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels; *fifthly*, Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

With a focus on bringing value addition to technical textiles, the Union Budget proposes to set up Mega Textile Parks in challenge mode.

Further the Union Budget proposes to launch the Mahatma Gandhi Gram Swaraj initiative to strengthen khadi, handloom and handicrafts. This will help in global market linkage and branding. The budget specifies that it will streamline and support training, skilling, quality of process and production. This will benefit our weavers, village industries, One - District – One - Product initiative and rural youth, the Budget added.

During the presentation of the budget, Smt Sitharaman said that India has the potential to emerge as a global hub for high quality, affordable sports goods. In this endeavour, the Budget proposes a dedicated initiative for sports goods that will promote manufacturing, research and innovation in equipment design as well as material sciences.

\*\*\*

NB/SB/P

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

\*\*\*\*\*

**BUDGET PROPOSALS FOR CUSTOMS AND CENTRAL EXCISE AIM TO  
FURTHER SIMPLIFY TARIFF STRUCTURE, SUPPORT DOMESTIC  
MANUFACTURING: UNION FINANCE MINISTER**

**UNION BUDGET 2026-27 PROPOSES SEVERAL BASIC CUSTOMS DUTY  
EXEMPTIONS TO ENSURE ENERGY TRANSITION AND SECURITY**

**BCD EXEMPTIONS PROPOSED FOR MANUFACTURE AND MRO  
REQUIREMENTS IN CIVIL AND DEFENCE AVIATION**

**BUDGET PROPOSES FACILITATING SALES BY ELIGIBLE MANUFACTURING  
UNITS IN SEZs TO DOMESTIC TARIFF AREA AT CONCESSIONAL RATES**

**New Delhi, 1<sup>st</sup> February, 2026**

The Budget proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty, said Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman while presenting the Union Budget 2026-27, in Parliament today.

Taking forward the weeding out of long continuing customs duty exemptions, the Budget proposes to remove certain exemptions on items which are being manufactured in India or where the imports are negligible. Similarly, to further simplify the process of ascertaining the rate of duty applicable on a particular item, the Budget proposes to incorporate certain effective rates in various customs notifications to the tariff schedule itself.

With an aim to promote exports, the Finance Minister Smt Nirmala Sitharaman recommended to increase the limit for duty-free imports of specified inputs used for processing seafood products for export, from the current 1 per cent to 3 per cent of the FOB value of the previous year's export turnover. The Budget also proposes to allow duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear, to exports of Shoe Uppers as well. Finance Minister also proposed to extend the time period for export of final product from the existing 6 months to 1 year, for exporters of leather or textile garments, leather or synthetic footwear and other leather products.

The Budget carries several proposals to ensure energy transition and security. Firstly, the Budget proposes to extend the basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries, to those used for manufacturing Lithium-Ion Cells for battery energy storage systems too. With respect to solar energy, Finance Minister

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

\*\*\*\*\*

**BUDGET PROPOSALS FOR CUSTOMS AND CENTRAL EXCISE AIM TO FURTHER SIMPLIFY TARIFF STRUCTURE, SUPPORT DOMESTIC MANUFACTURING:  
UNION FINANCE MINISTER**

**UNION BUDGET 2026-27 PROPOSES SEVERAL BASIC CUSTOMS DUTY EXEMPTIONS TO ENSURE ENERGY TRANSITION AND SECURITY**

**BCD EXEMPTIONS PROPOSED FOR MANUFACTURE AND MRO REQUIREMENTS IN CIVIL AND DEFENCE AVIATION**

**BUDGET PROPOSES FACILITATING SALES BY ELIGIBLE MANUFACTURING UNITS IN SEZs TO DOMESTIC TARIFF AREA AT CONCESSIONAL RATES**

**New Delhi, 1<sup>st</sup> February, 2026**

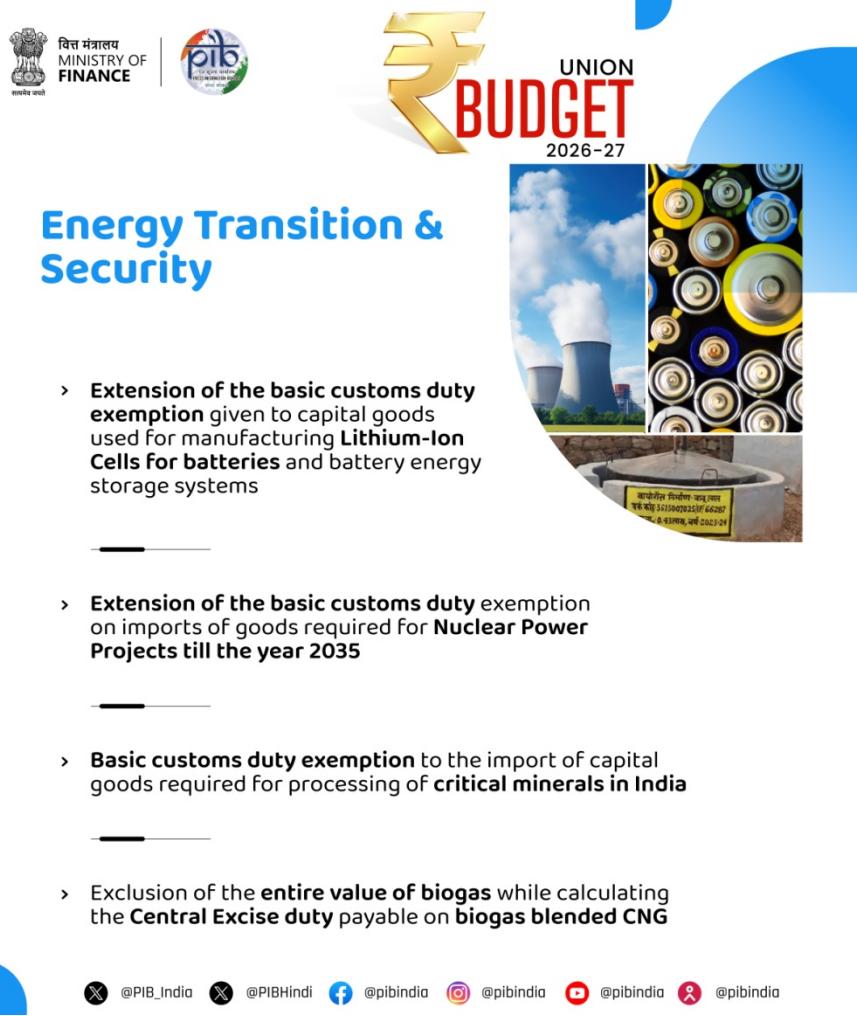
The Budget proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty, said Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman while presenting the Union Budget 2026-27, in Parliament today.

Taking forward the weeding out of long continuing customs duty exemptions, the Budget proposes to remove certain exemptions on items which are being manufactured in India or where the imports are negligible. Similarly, to further simplify the process of ascertaining the rate of duty applicable on a particular item, the Budget proposes to incorporate certain effective rates in various customs notifications to the tariff schedule itself.

With an aim to promote exports, the Finance Minister Smt Nirmala Sitharaman recommended to increase the limit for duty-free imports of specified inputs used for processing seafood products for export, from the current 1 per cent to 3 per cent of the FOB value of the previous year's export turnover. The Budget also proposes to allow duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear, to exports of Shoe Uppers as well. Finance Minister also proposed to extend the time period for export of final product from the existing 6 months to 1 year, for exporters of leather or textile garments, leather or synthetic footwear and other leather products.

The Budget carries several proposals to ensure energy transition and security. Firstly, the Budget proposes to extend the basic customs duty exemption given to capital goods used for

manufacturing Lithium-Ion Cells for batteries, to those used for manufacturing Lithium-Ion Cells for battery energy storage systems too. With respect to solar energy, Finance Minister proposed to exempt basic customs duty on import of sodium antimonate for use in manufacture of solar glass.



रित्त मंत्रालय  
MINISTRY OF  
FINANCE

PIB  
प्रधानमंत्री आधिकारिक प्रसारण

₹ 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**

Follow us on:

-  @PIB\_India
-  @PIBHindi
-  @pibindia
-  @pibindia
-  @pibindia
-  @pibindia

Giving a push to the Nuclear Energy sector, Smt Nirmala Sitharaman recommended extension of the existing basic customs duty exemption on imports of goods required for Nuclear Power Projects till the year 2035 and expand it for all nuclear plants irrespective of their capacity. The Budget also proposes to provide basic customs duty exemption to the import of capital goods required for processing of critical minerals in India. To promote biogas blending in CNG, the Budget proposes to exclude the entire value of biogas while calculating the Central Excise duty payable on biogas blended CNG.

Finance Minister also proposed exemption of basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts. The Budget also proposes to

exempt basic customs duty on raw materials imported for manufacture of parts of aircraft to be used in maintenance, repair, or overhaul requirements by Units in the Defence sector.

To deepen value addition in the consumer electronics sector, the Budget proposes to exempt basic customs duty on specified parts used in the manufacture of microwave ovens.

The Budget addresses the concerns arising about utilization of capacities by manufacturing units in the Special Economic Zones due to global trade disruptions. For this, the Finance Minister proposed to facilitate sales by eligible manufacturing units in SEZs to the Domestic Tariff Area (DTA) at concessional rates of duty as a special one-time measure. The quantity of such sales will be limited to a prescribed proportion of their exports. Smt Nirmala Sitharaman said that necessary regulatory changes will be undertaken to operationalise these measures while ensuring level-playing field for the units working in the DTA.

\*\*\*\*\*

**NB/AK/VM/ST**

**BIOPHARMA SHAKTI (STRATEGY FOR HEALTHCARE ADVANCEMENT  
THROUGH KNOWLEDGE, TECHNOLOGY AND INNOVATION) PROPOSED IN  
THE UNION BBUDGET 2026-27**

**EXISTING ALLIED HEALTH PROFESSIONALS (AHPs) INSTITUTIONS TO BE  
UPGRADED AND 100,000 NEW AHPs TO BE ADDED OVER THE NEXT 5 YEARS**

**CARE ECOSYSTEM FOR GERIATRIC AND ALLIED CARE SERVICES TO BE  
BUILT, 1.5 LAKH CAREGIVERS TO BE TRAINED IN COMING YEARS**

**SCHEME TO SUPPORT STATES IN ESTABLISHING FIVE REGIONAL MEDICAL  
HUBS IN PARTNERSHIP WITH THE PRIVATE SECTOR PROPOSED**

**3 NEW ALL INDIA INSTITUTES OF AYURVEDA TO BE SET UP**

**AYUSH PHARMACIES AND DRUG TESTING LABS TO BE UPGRADED**

**THE WHO GLOBAL TRADITIONAL MEDICINE CENTRE IN JAMNAGAR TO BE  
UPGRADED**

**NATIONAL MENTAL HEALTH INSTITUTES IN RANCHI AND TEZPUR TO BE  
UPGRADED AS REGIONAL APEX INSTITUTIONS**

**EMERGENCY AND TRAUMA CARE CENTRES TO BE ESTABLISHED TO  
INCREASE THE EMERGENCY CAPACITY OF DISTRICT HOSPITALS BY 50%**

**New Delhi, 1<sup>st</sup> February, 2026**

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Union Budget 2026-27 in Parliament today. In her speech, the Finance Minister said that the government is inspired by 3 Kartavyas: (1) to accelerate and sustain economic growth; (2) to fulfill aspirations and build the capacity of the population; (3) to ensure that every family, community, region and sector has access to resources. Health emerges as an important component of all the three Kartavyas in the Union Budget.

To develop India as a global Biopharma manufacturing hub, the Union Budget proposes the Biopharma SHAKTI (Strategy For Healthcare Advancement Through Knowledge, Technology And Innovation) with an outlay of ₹ 10,000 crores over the next 5 years. This will build the ecosystem for domestic production of biologics and biosimilars.



**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**

 @PIB\_India @PIBHindi @pibindia @pibindia @pibindia @pibindia

For the creation of a new range of skilled career pathways for the youth, the Finance Minister proposed interventions in multiple sectors including the Health sector. These are as follows:

(1) Existing institutions for Allied Health Professionals (AHPs) will be upgraded and new AHP Institutions established in private and Government sectors. This will cover 10 selected disciplines, including optometry, radiology, anesthesia, OT Technology, Applied Psychology and Behavioural Health and the addition of 100,000 AHPs over the next 5 years.

(2) The Finance Minister in her speech stated that a strong Care Ecosystem, covering geriatric and allied care services will be built. A variety of NSQF-aligned programmes will be developed to train multi-skilled caregivers combining core care and allied skills, such as, wellness, yoga and operation of medical and assistive devices. Further, in the coming year, 1.5 lakh caregivers will be trained.

(3) To promote India as a hub for medical tourism services, the Union Budget proposes to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.



## 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**

The Finance Minister, in her speech noted that the Ancient Indian yoga, already respected in several parts of the world, was given mass global recognition when Hon'ble PM took it to the UN. Further, post-COVID, Ayurveda gained a similar global acceptance and recognition. To meet this growing global demand, a few more steps were announced.

The Finance Minister proposed to: (i) set up 3 new All India Institutes of Ayurveda; (ii) upgrade AYUSH pharmacies and Drug Testing Labs for higher standards of certification ecosystem, and make available more skilled personnel; (iii) upgrade the WHO Global Traditional Medicine Centre in Jamnagar to bolster evidence-based research, training and awareness for traditional medicine.

The Finance Minister also noted the lack of national institutes for mental healthcare in north India. Therefore, the Union Budget announced the setting up of a NIMHANS-2 and the upgrading of National Mental Health Institutes in Ranchi and Tezpur as Regional Apex Institutions. Further, the emergency capacities of District Hospitals will be strengthened and increased by 50% by establishing Emergency and Trauma Care Centres.

NB/VM/BJK

**PRESS INFORMATION BUREAU**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

**TARIFF RATE ON ALL DUTIABLE GOODS IMPORTED FOR PERSONAL USE TO BE REDUCED FROM 20% TO 10%**

**BASIC CUSTOMS DUTY TO BE EXEMPTED ON 17 DRUGS OR MEDICINES FOR PATIENTS, PARTICULARLY CANCER-PATIENTS**

**SEVEN MORE RARE DISEASES TO BE ADDED FOR THE PURPOSES OF EXEMPTING IMPORT DUTIES ON PERSONAL IMPORTS OF DRUGS AND FSMP**

**DUTY DEFERRAL PERIOD FOR TIER 2 & TIER 3 AUTHORISED ECONOMIC OPERATORS (AEOS) TO BE ENHANCED FROM 15 DAYS TO 30 DAYS**

**EXPORT CARGO USING ELECTRONIC SEALING TO BE PROVIDED THROUGH CLEARANCE FROM THE FACTORY PREMISES TO THE SHIP**

New Delhi, 1<sup>st</sup> February, 2026

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting the Union Budget 2026-27 today in the Parliament, announced that the proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty.

**Ease of Living**

The Union Budget proposes to reduce the tariff rate on all dutiable goods imported for personal use from 20 per cent to 10 per cent to rationalize the customs duty structure. To provide relief to patients, particularly those suffering from cancer, the Budget proposes to exempt basic customs duty on 17 drugs or medicines. The Budget also proposes to add 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.

**GOVERNMENT OF INDIA**

**TARIFF RATE ON ALL DUTIABLE GOODS IMPORTED FOR PERSONAL USE TO BE REDUCED FROM 20% TO 10%**

**BASIC CUSTOMS DUTY TO BE EXEMPTED ON 17 DRUGS OR MEDICINES FOR  
PATIENTS, PARTICULARLY CANCER-PATIENTS**

**SEVEN MORE RARE DISEASES TO BE ADDED FOR THE PURPOSES OF EXEMPTING IMPORT DUTIES ON PERSONAL IMPORTS OF DRUGS AND FSMP**

**DUTY DEFERRAL PERIOD FOR TIER 2 & TIER 3 AUTHORISED ECONOMIC OPERATORS (AEOS) TO BE ENHANCED FROM 15 DAYS TO 30 DAYS**

**EXPORT CARGO USING ELECTRONIC SEALING TO  
BE PROVIDED THROUGH CLEARANCE FROM THE FACTORY PREMISES TO THE  
SHIP**

New Delhi, 1<sup>st</sup> February, 2026

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting the Union Budget 2026-27 today in the Parliament, announced that the proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty.

**Ease of Living**

The Union Budget proposes to reduce the tariff rate on all dutiable goods imported for personal use from 20 per cent to 10 per cent to rationalize the customs duty structure. To provide relief to patients, particularly those suffering from cancer, the Budget proposes to exempt basic customs duty on 17 drugs or medicines. The Budget also proposes to add 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.



## 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

 @PIB\_India  @PIBHindi  @pibindia  @pibindia  @pibindia  @pibindia

The Union Budget further proposes to revise provisions governing baggage clearance during international travel to address genuine concerns of passengers. The revised rules will enhance duty-free allowances and provide clarity in temporary carriage of goods brought in or taken out. Furthermore, the honest taxpayers will now be able to settle their dues and close cases by paying an additional amount in lieu of penalty, the Budget added.

### Customs Process

The Budget proposes many measures for custom processes to have minimal intervention for smoother and faster movement of goods and greater certainty to the trade.

### Trust-based systems

The Budget proposes to enhance duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators, known as AEOs, from 15 days to 30 days. The Budget further proposes to provide eligible manufacturer-importers the same duty deferral facility, thereby encouraging them to get themselves accredited as a full-fledged Tier 3- AEO in due course.

The Union Budget also proposes to extend validity period of advance ruling, binding on Customs, from the present 3 years to 5 years. Government agencies will be encouraged to leverage AEO accreditation for preferential treatment in clearing their cargo, the Budget stated. Regular importers with trusted longstanding supply chains will be recognized in the risk system, so that the need for verification of their cargo every time can be minimized. Export cargo using electronic sealing will be provided through clearance from the factory premises to the ship, the Budget stated. For import of goods not needing any compliance, filing of bill of entry by a trusted importer, and arrival of goods will automatically notify Customs for completing their clearance formalities.

Smt. Nirmala Sitharaman further announced that the Customs warehousing framework will be transformed into a warehouse operator-centric system with self-declarations, electronic tracking and risk-based audit. These reforms will move away from the current system of officer-dependent approvals, and reduce transaction delays and compliance costs, she added.

**NB/VM/SK**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

**FINANCE MINISTER NIRMALA SITHARAMAN INTRODUCES A DEDICATED  
₹10,000 CRORE SME GROWTH FUND, TO CREATE FUTURE CHAMPIONS,  
INCENTIVIZING ENTERPRISES BASED ON SELECT CRITERIA**

**UNION BUDGET PROPOSES 4 MEASURES TO LEVERAGE FULL POTENTIAL OF  
TReDS FOR LIQUIDITY SUPPORT TO MSMEs**

**New Delhi, 1<sup>st</sup> February, 2026**

Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman said that the Government led by Prime Minister Narendra Modi, has decisively and consistently chosen action over ambivalence, reform over rhetoric and people over populism.

While presenting the Union Budget 2026-27 in Parliament today, she said that the Government is inspired by 3 kartavya, out of which the first kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics.

Recognising MSMEs as a vital engine of growth, the Finance Minister proposed a three-pronged approach to help them grow as Champions under the first Kartavya.

First is the **Equity support** in which, she introduced a dedicated ₹10,000 crore SME Growth Fund, to create future Champions, incentivizing enterprises based on select criteria. She also proposed to top up the Self-Reliant India Fund set up in 2021, with ₹2,000 crore to continue support to micro enterprises and maintain their access to risk capital.

On the second approach of **Liquidity support**, the Finance Minister said that with TReDS, more than ₹7 lakh crore has been made available to MSMEs. To leverage its full potential, she proposed 4 measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions.

On the **final approach of Professional support**, Smt.Nirmala Sitharaman pointed out that the Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns. These accredited para-professionals will help MSMEs meet compliance requirements at affordable costs.

\*\*\*\*

NB/GDH

**'Bharat-VISTAAR'-a multilingual AI tool to enhance farm productivity, improve farmer decision making and reduce risk through customized advisory support, proposed in the Union Budget 2026-27**

**15,000 secondary schools and 500 colleges to have Animation, Visual Effects, Gaming and Comics (AVGC) Content Creator Labs to boost India's Orange Economy**

**Union Budget proposes a High-Powered 'Education to Employment and Enterprise' Standing Committee to assess impact of AI and emerging technologies on jobs and skill requirement**

**A new National Institute of Design to boost design education and development in Eastern India**

The Union Finance and Corporate Affairs Minister, Smt Nirmala Sitharaman presented the Union Budget 2026-27 in the Parliament today. The Budget cites Emerging technologies and AI as important components in realizing the second kartavya of fulfilling aspirations of common citizens and build their capacity to make them strong partners in India's path to prosperity.

Acknowledging that the adoption of technology is for the benefit of all, i.e. the farmers, women in STEM, youth keen to upskill and Divyangjan to access newer opportunities, the Union Budget 2026-27 highlights key government initiatives to support new technologies through AI Mission, National Quantum Mission, Anusandhan National Research Fund, and Research, Development and Innovation Fund.

With the emerging technologies playing a pivotal role in India's Orange Economy, the Budget underscores India's Animation, Visual Effects, Gaming and Comics (AVGC) sector as a growing industry projected to require 2 million professionals by 2030. The Union 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 in furtherance of India's Orange economy.



## Orange Economy: Boosting India's AVGC Sector



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

---

- › 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



Further, the Budget proposes a new National Institute of Design to boost design education and development in the eastern region of India, acknowledging the rapidly expanding Design Industry of India.

The Union budget proposes ‘Bharat-VISTAAR’(Virtually Integrated System to Access Agricultural Resources)—a multilingual AI tool that shall integrate the AgriStack portals and the ICAR package on agricultural practices with AI systems. This will enhance farm productivity, will lead to better farmer decision making and reduce risk through customized advisory support for the farmer



- **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

 @PIB\_India @PIBHindi @pibindia @pibindia @pibindia @pibindia

Furthermore, taking note of the impact of AI and emerging technologies on jobs and skill requirements, the Budget proposes a High-Powered ‘Education to Employment and Enterprise’ Standing Committee for assessment and propose measures thereof.

\*\*\*\*\*

**NB/SB/PK**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

**THE THRESHOLD FOR AVALING SAFE HARBOUR FOR IT SERVICES  
ENHANCED FROM RS 300 CRORE TO Rs 2000 CRORE**

**SAFE HARBOUR FOR IT SERVICES SHALL BE APPROVED BY AN  
AUTOMATED RULE-DRIVEN PROCESS**

New Delhi, 1st February, 2026

The Union Minister of Finance and Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2026-2027 in the Parliament today.

Presenting the Budget, the Finance Minister said that 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. These business segments are quite inter-connected with each other. All these services are proposed to be clubbed under a single category Information Technology Services with a common safe harbour margin of 15.5 percent applicable to all. The threshold for availing safe harbour for IT services has been enhanced substantially from 300 crore rupees to 2,000 crore rupees in the Union Budget 2026-27.



वित्त मंत्रालय  
MINISTRY OF  
FINANCE



## 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**



@PIB\_India



@PIBHindi



@pibindia



@pibindia



@pibindia



@pibindia

The Finance Minister further said that Safe harbour for IT services shall be approved by an automated rule-driven process without any need for tax officer to examine and accept the application. Once applied by an IT Services company, the same safe harbour can be continued for a period of 5 years at a stretch at its choice.

For IT services companies who want to conclude Advance Pricing Agreement (APA), the Finance Minister announced fast track Unilateral APA process for IT services and endeavour to conclude it within a period of 2 years. The period of 2 years can be

extended by a further period of 6 months on taxpayer's request. The facility of modified returns available to the entity entering APA to its associated entities is also extended.

NB/ Pankaj Srivastav

PRESS INFORMATINO BUREAU  
GOVERNMENT OF INDIA

\*\*\*\*\*

## **₹12.2 LAKH CRORE PUBLIC CAPEX PROPOSED IN FY2026-27**

**7 HIGH-SPEED RAIL CORRIDORS, A DEDICATED FREIGHT CORRIDOR AND 20  
NEW NATIONAL WATERWAYS PROPOSED**

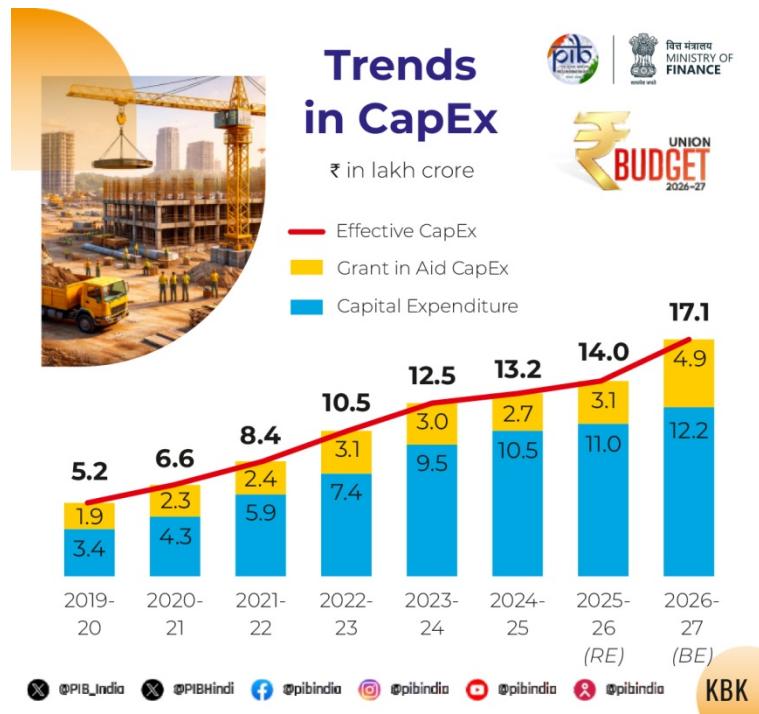
**INFRASTRUCTURE RISK GUARANTEE FUND TO BOOST THE CONFIDENCE OF  
PRIVATE DEVELOPERS**

**SEAPLANE VGF SCHEME TO BE INTRODUCED TO INCENTIVIZE INDIGENOUS  
MANUFACTURING OF SEAPLANE**

New Delhi, 1<sup>st</sup> February, 2026

While presenting the Union Budget 2026-27 in Parliament today, Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman said; "Our first kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics".

The Finance Minister in her budget speech today said that the Public capex has increased manifold from ₹2 lakh crore in FY2014-15 to an allocation of ₹11.2 lakh crore in BE 2025-26, and in FY2026-27, the Minister proposed to increase it to ₹12.2 lakh crore to continue the momentum. She further told the Parliament that during this past decade, the Government has undertaken several initiatives for large-scale enhancement of public infrastructure including through new financing instruments such as Infrastructure Investment Trusts (InVITs) and Real Estate Investment Trusts (REITs) and institutions like NIIF and NABFID. Over the years, REITs have emerged as a successful instrument for asset monetisation. The Budget 2026-27 proposes to accelerate recycling of significant real estate assets of CPSEs through the setting up of dedicated REITs.



## Infrastructure Risk Guarantee Fund

To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, the Finance Minister proposed to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders.

## Environmentally Sustainable Movement of Cargo

To promote this objective, the Budget proposes to establish new **Dedicated Freight Corridors** connecting Dankuni in the East, to Surat in the West and it also proposes to operationalise **20 new National Waterways (NW)** over next 5 years. This is envisaged to start 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. To increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047, the Finance Minister proposed to launch a **Coastal Cargo Promotion Scheme** for incentivizing a modal shift from rail and road.

Smt. Nirmala Sitharaman said that **Training Institutes** will also be set up as Regional Centres of Excellence for development of the required manpower, which will benefit youth in the entire stretch of the waterways to train and acquire skills. Further, a **ship repair ecosystem** catering to inland waterways is also proposed to be set up at Varanasi and Patna.

## 7 High-Speed Rail corridors

In order to promote environmentally sustainable passenger systems, in her Budget speech, the Finance Minister proposed to develop seven High-Speed Rail corridors between cities as

‘growth connectors’, namely i) Mumbai-Pune, ii) Pune-Hyderabad, iii) Hyderabad-Bengaluru, iv) Hyderabad-Chennai, v) Chennai-Bengaluru, vi) Delhi-Varanasi, vii) Varanasi-Siliguri.

### **Seaplane VGF Scheme**

To enhance last-mile and remote connectivity, and promote tourism, Smt. Nirmala Sitharaman proposed to give incentives to indigenize manufacturing of seaplanes and said that a Seaplane VGF Scheme will be introduced to provide support for operations.

### **Carbon Capture Utilization and Storage (CCUS)**

Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals, said the Finance Minister. The Budget proposes an outlay of ₹20,000 crore over the next 5 years for the same.

### **City Economic Regions**

The Finance Minister said that the cities are India’s engines of growth, innovation and opportunities. It proposes to now focus on Tier II and Tier III cities, and even temple-towns, which need modern infrastructure and basic amenities. In order to deliver the economic power of agglomerations, city economic regions (CER) will be mapped based on their specific growth drivers. The Finance Minister proposed **an allocation of ₹ 5000 crore per CER** over 5 years for implementing.

---

NB/AK/PSF

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*

**CUSTOMS INTEGRATED SYSTEM WILL BE ROLLED OUT IN 2 YEARS AS A  
SINGLE, INTEGRATED AND SCALABLE PLATFORM**

**FISH CATCH BY AN INDIAN FISHING VESSEL IN EXCLUSIVE ECONOMIC ZONE  
OR ON THE HIGH SEAS WILL BE MADE FREE OF DUTY**

New Delhi, 1<sup>st</sup> February, 2026

The Government will roll out Customs Integrated System (CIS) in 2 years as a single, integrated and scalable platform for all the customs processes.

Announcing this while presenting the Union Budget 2026-27 in Parliament today, Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman said that utilization of non-intrusive scanning with advanced imaging and AI technology for risk assessment will be

expanded in a phased manner with the objective to scan every container across all the major ports.

The Union Minister further said that approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of the financial year. She said that processes involved in clearance of food, drugs, plant, animal & wild life products, accounting for around 70 percent of interdicted cargo, will be operationalised on this system by April 2026 itself.

The Union Minister further said that for goods not having any compliance requirement, clearance will be done by Customs immediately after online registration is completed by the importer, subject to the payment of duty.

**New export opportunities:** The Finance Minister also said that the following measures will be taken to support Indian fishermen to fully harness the economic value of marine resources beyond our territorial waters:

- a. Fish catch by an Indian fishing vessel in Exclusive Economic Zone (EEZ) or on the High Seas will be made free of duty.
- b. Landing of such fish on foreign port will be treated as export of goods.

She also said that safeguards will be put in place to prevent misuse during fish catch, transit and transshipment.

The Finance Minister further announced a complete removal of the current value cap of ₹10 lakh per consignment on courier exports to support aspirations of India's small businesses, artisans and start-ups to access global markets through e-commerce. In addition, handling of rejected and returned consignments will be improved with effective use of technology for identifying such consignments, she added.

The Finance Minister further said that there are honest taxpayers who are willing to settle disputes by paying all their dues, but they get deterred due to negative connotation associated with penalty. They will now be able close cases by paying an additional amount in lieu of penalty, she added.

\*\*\*

NB /ISA

**PRESS INFORMATION BUREAU**

**GOVERNMENT OF INDIA**

\*\*\*\*\*

**UNION BUDGET 2026-27 ANNOUNCES DIRECT TAX PROPOSALS FOR  
RATIONALIZING PENALTY AND PROSECUTION**

**ASSESSMENT AND PENALTY PROCEEDINGS TO BE INTEGRATED TO AVOID  
MULTIPLICITY OF PROCEEDINGS AND FACILITATING EASE OF DOING  
BUSINESS**

**IMMUNITY FROM PROSECUTION FOR NON-DISCLOSURE OF NON IMMOVABLE  
FOREIGN ASSETS WITH AGGREGATE VALUE LESS THAN Rs 20 LAKH WITH  
RETROSPECTIVE EFFECT FROM 01.10.2024**

New Delhi, 1<sup>st</sup> February, 2026

The Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2026-27 in the Parliament today. The Budget proposes set of Direct Tax proposals aiming at rationalizing penalty and prosecution.

The Finance Minister proposed to integrate assessment and penalty proceedings by way of a common order for both to avoid multiplicity of proceedings. There will be no interest liability on the taxpayer on the penalty amount for the period of appeal before the first appellate authority irrespective of the outcome of appeal process. Further, quantum of pre-payment is being reduced from 20 percent to 10 percent and will continue to be calculated only on core tax demand.

As an additional measure for reducing litigation, the Finance Minister proposed to allow taxpayers to update their returns even after reassessment proceedings have been initiated, at an additional 10 percent tax rate over and above the rate applicable for the relevant year. The assessing officer will then use only this updated return in his proceedings.

There is already a framework for immunity from penalty and prosecution in the cases of underreporting. The Finance Minister proposed to apply this framework of immunity to misreporting too. However, in such a case the taxpayer will need to pay 100 percent of the tax amount as an additional income tax over and above the tax and interest due.

Penalties for certain technical defaults such as failure to get accounts audited, non-furnishing of transfer pricing audit report and default in furnishing statement for financial transactions, are proposed to be converted into fee.

The Finance Minister proposed to rationalise prosecution framework under the Income Tax Act while maintaining a careful balance for deterrence in some serious offences.

Non-production of books of account and documents, and requirement of TDS payment, where payment is made in kind, are being decriminalised. Further, minor offences will attract fine only. The remaining prosecutions will be graded commensurate with the quantum of offence. They

will entail only simple imprisonment, with maximum imprisonment reduced to two years, and power to courts to convert even those into fine.

There is no penalty presently for non-disclosure of non immovable foreign assets with aggregate value less than 20 lakh rupees. The Finance Minister proposed to also provide them with immunity from prosecution with retrospective effect from 1.10.2024.

NB/VM/KM

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

**UNION BUDGET 2026-27 ANNOUNCES DIRECT TAX PROPOSALS FOR  
RATIONALIZING PENALTY AND PROSECUTION**

**ASSESSMENT AND PENALTY PROCEEDINGS TO BE INTEGRATED TO AVOID  
MULTIPLICITY OF PROCEEDINGS AND FACILITATING EASE OF DOING  
BUSINESS**

**IMMUNITY FROM PROSECUTION FOR NON-DISCLOSURE OF NON IMMOVABLE  
FOREIGN ASSETS WITH AGGREGATE VALUE LESS THAN Rs 20 LAKH WITH  
RETROSPECTIVE EFFECT FROM 01.10.2024**

New Delhi, 1<sup>st</sup> February, 2026

The Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman presented the Union Budget 2026-27 in the Parliament today. The Budget proposes set of Direct Tax proposals aiming at rationalizing penalty and prosecution.

The Finance Minister proposed to integrate assessment and penalty proceedings by way of a common order for both to avoid multiplicity of proceedings. There will be no interest liability on the taxpayer on the penalty amount for the period of appeal before the first appellate authority irrespective of the outcome of appeal process. Further, quantum of pre-payment is being reduced from 20 percent to 10 percent and will continue to be calculated only on core tax demand.

As an additional measure for reducing litigation, the Finance Minister proposed to allow taxpayers to update their returns even after reassessment proceedings have been initiated, at an additional 10 percent tax rate over and above the rate applicable for the relevant year. The assessing officer will then use only this updated return in his proceedings.

There is already a framework for immunity from penalty and prosecution in the cases of underreporting. The Finance Minister proposed to apply this framework of immunity to misreporting too. However, in such a case the taxpayer will need to pay 100 percent of the tax amount as an additional income tax over and above the tax and interest due.

Penalties for certain technical defaults such as failure to get accounts audited, non-furnishing of transfer pricing audit report and default in furnishing statement for financial transactions, are proposed to be converted into fee.

The Finance Minister proposed to rationalise prosecution framework under the Income Tax Act while maintaining a careful balance for deterrence in some serious offences.

Non-production of books of account and documents, and requirement of TDS payment, where payment is made in kind, are being decriminalised. Further, minor offences will attract fine only. The remaining prosecutions will be graded commensurate with the quantum of offence. They will entail only simple imprisonment, with maximum imprisonment reduced to two years, and power to courts to convert even those into fine.

There is no penalty presently for non-disclosure of non immovable foreign assets with aggregate value less than 20 lakh rupees. The Finance Minister proposed to also provide them with immunity from prosecution with retrospective effect from 1.10.2024.

NB/VM/KM

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

\*\*\*\*\*

**EASE OF LIVING BY DIRECT TAX REFORMS : UNION BUDGET 2026-2027**

**ANY INTEREST AWARDED BY THE MOTOR ACCIDENT CLAIMS TRIBUNAL TO  
A NATURAL PERSON TO BE EXEMPT FROM INCOME TAX**

SCHE  
PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

\*\*\*\*\*

**EASE OF LIVING BY DIRECT TAX REFORMS : UNION BUDGET 2026-2027**

**ANY INTEREST AWARDED BY THE MOTOR ACCIDENT CLAIMS TRIBUNAL TO  
A NATURAL PERSON TO BE EXEMPT FROM INCOME TAX**

**SCHEME FOR SMALL TAXPAYERS TO ENABLE OBTAINING A LOWER OR NIL  
DEDUCTION CERTIFICATE BY A RULE-BASED AUTOMATED PROCESS**

**TIME AVAILABLE FOR REVISING RETURNS EXTENDED FROM 31<sup>st</sup> DECEMBER  
TO 31<sup>st</sup> MARCH, FOR A NOMINAL FEE**

**ONE-TIME 6-MONTH FOREIGN ASSET DISCLOSURE SCHEME FOR SMALL  
TAXPAYERS TO DISCLOSE INCOME OR ASSETS**

**New Delhi, 1 February, 2026**

A range of proposals on Direct Taxes to ensure ‘Ease of living’ for taxpayers have been announced by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman during the Union Budget 2026-27 speech in Parliament today.

**Ease of Living**

The Budget proposes that any interest awarded by the Motor Accident Claims Tribunal to a natural person will be exempt from Income Tax, and any TDS on this account will be done away with. It proposes to reduce TCS rate on the sale of overseas tour program package from the current 5 percent and 20 percent to 2 percent without any stipulation of amount.

It aims to reduce TCS rate for pursuing education and for medical purposes under the Liberalized Remittance Scheme (LRS) from 5 percent to 2 percent. Supply of manpower services is proposed to be specifically brought within the ambit of payment to contractors for the purpose of TDS to avoid ambiguity. Thus, TDS on these services will be at the rate of either 1 percent or 2 percent only.

**SCHEME FOR SMALL TAXPAYERS TO ENABLE OBTAINING A LOWER OR NIL  
DEDUCTION CERTIFICATE BY A RULE-BASED AUTOMATED PROCESS**

**TIME AVAILABLE FOR REVISING RETURNS EXTENDED FROM 31<sup>st</sup> DECEMBER  
TO 31<sup>st</sup> MARCH, FOR A NOMINAL FEE**

# ONE-TIME 6-MONTH FOREIGN ASSET DISCLOSURE SCHEME FOR SMALL TAXPAYERS TO DISCLOSE INCOME OR ASSETS

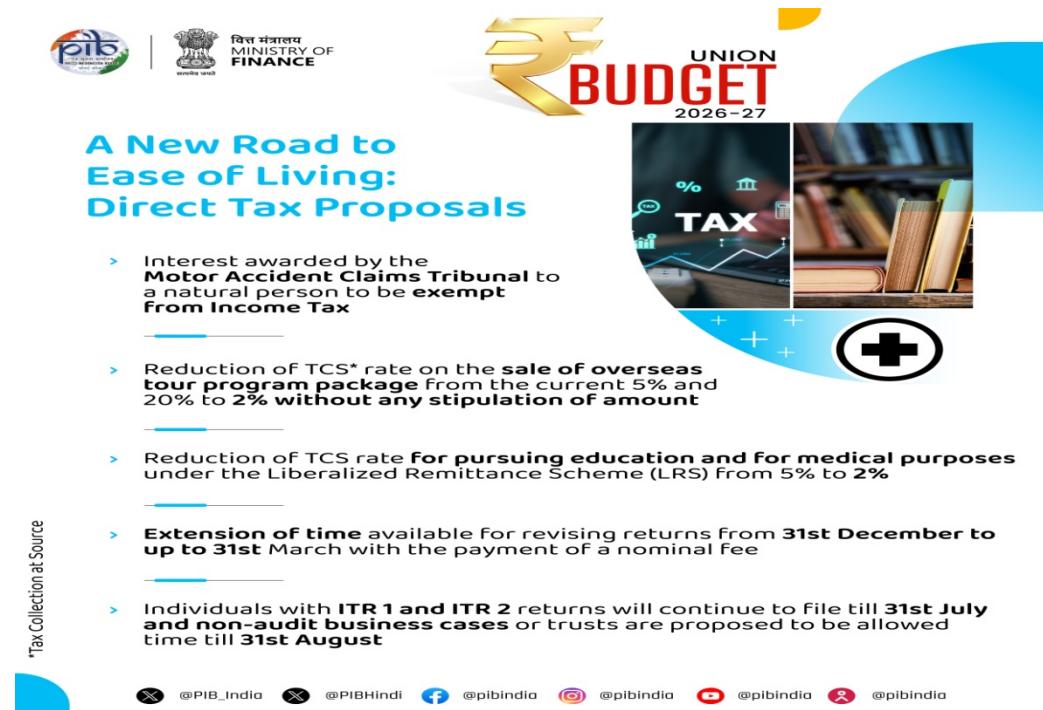
New Delhi, 1 February, 2026

A range of proposals on Direct Taxes to ensure 'Ease of living' for taxpayers have been announced by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman during the Union Budget 2026-27 speech in Parliament today.

## Ease of Living

The Budget proposes that any interest awarded by the Motor Accident Claims Tribunal to a natural person will be exempt from Income Tax, and any TDS on this account will be done away with. It proposes to reduce TCS rate on the sale of overseas tour program package from the current 5 percent and 20 percent to 2 percent without any stipulation of amount.

It aims to reduce TCS rate for pursuing education and for medical purposes under the Liberalized Remittance Scheme (LRS) from 5 percent to 2 percent. Supply of manpower services is proposed to be specifically brought within the ambit of payment to contractors for the purpose of TDS to avoid ambiguity. Thus, TDS on these services will be at the rate of either 1 percent or 2 percent only.



**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

 @PIB\_India  @PIBHindi  @pibindia  @pibindia  @pibindia  @pibindia

Ease for Taxpayers

A scheme for small taxpayers is proposed wherein a rule-based automated process will enable obtaining a lower or nil deduction certificate instead of filing an application with the assessing officer. For the ease of taxpayers holding securities in multiple companies, the budget proposes to enable depositories to accept Form 15G or Form 15H from the investor and provide it directly to various relevant companies. It extends time available for revising returns from 31st December to up to 31st March with the payment of a nominal fee.

### **Relaxed Tax return Timeline**

The Budget proposes to stagger the timeline for filing of tax returns. 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. TDS on the sale of immovable property by a non-resident is proposed to be deducted and deposited through resident buyer's PAN based challan instead of requiring TAN.

### **Focus on Small Taxpayers**

To address practical issues of small taxpayers like students, young professionals, tech employees, relocated NRIs, and such others, it aims to introduce a one-time 6-month foreign asset disclosure scheme for these taxpayers to disclose income or assets below a certain size. This scheme would be applicable for two categories of taxpayers namely, (A) who did not disclose their overseas income or asset and (B) who disclosed their overseas income and/or paid due tax, but could not declare the asset acquired.

For category (A), the limit of undisclosed income/asset is proposed to be up to 1 crore rupees. They need to pay 30 percent of Fair Market Value of asset or 30 percent of undisclosed income as tax and 30 percent as additional income tax in lieu of penalty and would thereby get immunity from prosecution. For category (B), asset value is proposed to be up to 5 crore rupees. Here, immunity from both penalty and prosecution will be available with the payment of fee of 1 lakh rupees.

NB/VM/DAM

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

**EXEMPTION FROM MINIMUM ALTERNATE TAX (MAT) TO ALL NON-RESIDENTS WHO PAY TAX ON PRESUMPTIVE BASIS**

**TAX HOLIDAY TILL 2047 TO ANY FOREIGN COMPANY THAT PROVIDES CLOUD SERVICES TO CUSTOMERS GLOBALLY BY USING DATA CENTRE SERVICES FROM INDIA**

**SAFE HARBOUR OF 15 PERCENT ON COST IN CASE THE COMPANY PROVIDING DATA CENTRE SERVICES FROM INDIA IS A RELATED ENTITY**

New Delhi, 1<sup>st</sup> February 2026

Recognising the need to enable critical infrastructure and boost investment in data centres, the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting the Union Budget 2026-27 in Parliament today, proposed to provide tax holiday till 2047 to any foreign company that provides cloud services to customers globally by using data centre services from India. It will, however, need to provide services to Indian customers through an Indian reseller entity.

The Union Budget also proposes to provide a safe harbour of 15 percent on cost in case the company providing data centre services from India is a related entity.

To harness the efficiency of just-in-time logistics for electronic manufacturing, the Union Finance Minister proposed in the budget to provide safe harbour to non-residents for component warehousing in a bonded warehouse at a profit margin of 2 percent of the invoice value. The resultant tax of about 0.7 percent will be much lower than in competing jurisdictions.

The Union Finance Minister in order to provide fillip to toll manufacturing in India, has proposed in the Union budget 2026-27, to provide exemption from income tax for 5 years, to any non-resident who provides capital goods, equipment or tooling, to any toll manufacturer in a bonded zone.

The Budget proposals also provide exemption to global (non-India sourced) income of a non-resident expert, for a stay period of 5 years under notified schemes. This is intended to encourage vast pool of global talent to work in India for a longer period of time.

The Union budget also proposes to provide exemption from Minimum Alternate Tax (MAT) to all non-residents who pay tax on presumptive basis.

NB/PS

**74-83**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

**UNION BUDGET 2026-27 OUTLINES THE KARTAVYA OF SAB KA SATH,  
SAB KA VIKAS TOWARDS A VIKSIT BHARAT**

**TARGETED EFFORTS FOR INCREASING FARMERS' INCOME,  
EMPOWERING DIVYANGJAN, EMPOWERING THE VULNERABLE ,  
FOCUS ON THE PURVODAYA STATES AND THE NORTH-EAST REGION**

**COCONUT PROMOTION SCHEME, DEDICATED PROGRAMME FOR  
INDIAN CASHEW & COCOA, PROMOTING CULTIVATION OF  
SANDALWOOD AND DEDICATED PROGRAMME FOR WALNUTS,  
ALMONDS AND PINE NUTS ANNOUNCED**

**New Delhi 1<sup>st</sup> February, 2026**

Presenting the Union Budget 2026-27 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman stated that the third Kartavya, aligns with the Government's vision of Sabka Sath, Sabka Vikas, to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation.

The Finance Minister laid down a broad roadmap for achieving the third Kartavya. Smt. Nirmala Sitharaman said, "This requires targeted efforts for a) Increasing farmer incomes through productivity enhancement and entrepreneurship, with special access attention to small and marginal farmers; b) Empowering Divyangjan through to livelihood opportunities, training and high-quality assistive devices; c) Empowering the vulnerable to access mental health and trauma care; d) Focus on the Purvodaya States and the North-East Region to accelerate development and employment opportunities."

## **Increasing Farmer's Income**

Under the broad objective of Increasing Farmer Incomes, the Budget includes provisions for integrated development of 500 reservoirs and Amrit Sarovars, strengthening the fisheries value chain in coastal areas and enabling market linkages involving start-ups and women-led groups together with Fish Farmers Producer Organisations.

Smt. Nirmala Sitharaman stated that Animal Husbandry will be one of the key areas for increasing farmers' income. To provide quality employment opportunities in rural and peri-urban areas, Government will support the Animal Husbandry Sector in entrepreneurship development through: (a) a Credit-Linked Subsidy Programme (b) scaling-up and modernisation of livestock enterprises (c) enhance creation of livestock, dairy and poultry-focused integrated-value chains and (d) encourage creation of Livestock Farmer Producers Organisations.

The Union Finance Minister laid stress on high Value Agriculture by supporting high value crops such as coconut, sandalwood, cocoa and cashew in the coastal areas. Agar trees in North East and nuts such as, almonds, walnuts and pine nuts in our hilly regions will also be supported.

Smt. Sitharaman said, "India is the world's largest producer of coconuts. About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood. To further enhance competitiveness in coconut production, I propose a Coconut Promotion Scheme to increase production and enhance productivity through various interventions 16 including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States."

As another step towards the objective of increasing farmers' income, the Union Budget 2026-27 has also proposed a dedicated programme for Indian cashew and cocoa to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

Union Government will also partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem.

To rejuvenate old, low-yielding orchards and expand high-density cultivation of walnuts, almonds and pine nuts, the Budget proposes to support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.

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

Union Minister for Finance and Corporate affairs, Smt. Nirmala Sitharaman announced the proposal to launch Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources).VISTAAR is envisaged as a multilingual AI tool that shall integrate the AgriStack portals and the ICAR package on agricultural practices with AI systems. This will enhance farm productivity, enable better decisions for farmers and reduce risk by providing customized advisory support.

\*\*\*\*\*

**RC/VA**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

#### **UNION BUDGET 2026-27 PROPOSES SEVERAL INCENTIVES FOR COOPERATIVES**

**SUPPLY OF CATTLE FEED AND COTTON SEED PRODUCED BY A PRIMARY  
COOPERATIVE SOCIETY ALLOWED FOR DEDUCTION**

**INTER-COOPERATIVE SOCIETY DIVIDEND INCOME ALLOWED AS DEDUCTION  
UNDER THE NEW TAXATION REGIME**

**New Delhi 1<sup>st</sup> February, 2026**

Union Budget 2026-27 has proposed several incentives for primary cooperative societies. Presenting the Budget in Parliament today, Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman proposed to extend the deduction allowed to a primary cooperative society for supply of cattle feed and cotton seed produced by its members. Presently, deduction is allowed to a primary cooperative society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members.

The Finance Minister also proposed to allow inter-cooperative society dividend income as deduction under the new tax regime to the extent it is further distributed to its members.

As an additional measure to support National Cooperative Federations, Smt. Nirmala Sitharaman further proposed to allow exemption for a period of 3 years, to dividend income received by a notified national co operative federation, on their investments made in companies up to 31.1.2026. This exemption would be allowed only for dividends further distributed to its member co-operatives.

\*\*\*\*\*

**NB/RC/VA**

**THE UNION BUDGET 2026-27 PROPOSES HIGH-POWERED 'EDUCATION TO EMPLOYMENT AND ENTERPRISE' STANDING COMMITTEE TO RECOMMEND MEASURES ON THE SERVICES SECTOR**

**NEW NATIONAL INSTITUTE OF DESIGN TO BE ESTABLISHED IN THE EASTERN REGION OF INDIA THROUGH CHALLENGE ROUTE**

**CREATION OF 5 UNIVERSITY TOWNSHIPS IN THE VICINITY OF MAJOR INDUSTRIAL AND LOGISTIC CORRIDORS**

**1 GIRLS' HOSTEL WILL BE ESTABLISHED IN EVERY DISTRICT THROUGH VGF/CAPITAL SUPPORT**

## 4 TELESCOPE INFRASTRUCTURE FACILITIES TO BE SET UP OR UPGRADED TO PROMOTE ASTROPHYSICS AND ASTRONOMY

New Delhi, 1<sup>st</sup> February, 2026

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Union Budget 2026-27 in Parliament today. The Union Budget proposes to set up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat. This will make India a global leader in services, with a 10% global share by 2047. The Committee will prioritise areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies, including AI, on jobs and skill requirements and propose measures thereof.



**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

Follow us: [@PIB\\_India](#) [@PIBHindi](#) [@pibindia](#) [@pibindia](#) [@pibindia](#) [@pibindia](#)

The Indian design industry is expanding rapidly and yet there is a shortage of Indian designers. The Union Budget proposes to establish, through challenge route, a new National Institute of Design to boost design education and development in the eastern region of India.

The Government will support States, through challenge route, in creating 5 University Townships in the vicinity of major industrial and logistic corridors. These planned academic zones will host multiple universities, colleges, research institutions, skill centres and residential complexes.

## 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

𝕏 @PIB\_India ພ @PIBHindi ພ @pibindia ພ @pibindia ພ @pibindia ພ @pibindia

In the Higher Education STEM institutions, prolonged hours of study and laboratory work pose some challenges for girl students. The Union Budget proposes to establish 1 girls' hostel in every district through VGF/capital support.

To promote Astrophysics and Astronomy via immersive experiences, 4 Telescope Infrastructure facilities will be set up or upgraded - the National Large Solar Telescope, the National Large Optical infrared Telescope, the Himalayan Chandra Telescope and the COSMOS 2 Planetarium.

NB/BJK

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*

**UNION BUDGET 2026-27 PROPOSES A SCHEME TO SUPPORT STATES IN  
ESTABLISHING FIVE REGIONAL MEDICAL HUBS TO PROMOTE MEDICAL  
TOURISM**

**NATIONAL INSTITUTE OF HOSPITALITY PROPOSED TO BE SET UP BY  
UPGRADING THE EXISTING NATIONAL COUNCIL FOR HOTEL MANAGEMENT  
AND CATERING TECHNOLOGY**

**PILOT SCHEME PROPOSED FOR UPSKILLING 10,000 GUIDES IN 20 ICONIC  
TOURIST SITES THROUGH A STANDARDIZED, HIGH-QUALITY 12-WEEK  
TRAINING COURSE**

**15 ARCHAEOLOGICAL SITES PROPOSED TO BE DEVELOPED; EXCAVATED  
LANDSCAPES WILL BE OPENED TO THE PUBLIC THROUGH CURATED  
WALKWAYS**

**SCHEME FOR DEVELOPMENT OF BUDDHIST CIRCUITS IN ARUNACHAL  
PRADESH, SIKKIM, ASSAM, MANIPUR, MIZORAM AND TRIPURA PROPOSED IN  
THE BUDGET**

**New Delhi, 01 February 2026**

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman while presenting the Union Budget 2026-27 in Parliament said, “To promote India as a hub for medical tourism services, I propose to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector.”

Smt. Nirmala Sitharaman stated that these Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. She also added “They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.”

### **Tourism**

The Finance Minister said, “The Tourism sector has the potential to play a large role in employment generation, forex earnings and expanding the local economy.”



वित्त मंत्रालय  
MINISTRY OF  
FINANCE



## Expanding Economy through Strengthening Tourism

- To launch a **Scheme to support States** in establishing **Five Regional Medical Hubs**, in partnership with the private sector
- These Medical Hubs to have **AYUSH Centres, Medical Value Tourism Facilitation Centres** and infrastructure for **diagnostics, post-care and rehabilitation**
- To set up a **National Institute of Hospitality** by upgrading the existing National Council for Hotel Management and Catering Technology
- Pilot scheme for upskilling **10,000 guides in 20 iconic tourist sites** through a standardized, high-quality **12-week training course** in hybrid mode, in collaboration with an **IIM**

1/2

@PIB\_India

@PIBHindi

@pibindia

@pibindia

@pibindia

@pibindia

She said, “I propose to set up a National Institute of Hospitality by upgrading the existing National Council for Hotel Management and Catering Technology. It will function as a bridge between academia, industry and the Government.”

Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman proposed a pilot scheme for upskilling 10,000 guides in 20 iconic tourist sites through a standardized, high-quality 12-week training course in hybrid mode, in collaboration with an Indian Institute of Management.”

She also stated, “A National Destination Digital Knowledge Grid will be established to digitally document all places of significance—cultural, spiritual and heritage. This initiative will create a new ecosystem of jobs for local researchers, historians, content creators and technology partners.”

The Finance Minister said, “India has the potential and opportunity to offer world-class trekking and hiking experience. We will develop ecologically sustainable (i) Mountain trails in Himachal Pradesh, Uttarakhand and Jammu and Kashmir; Araku Valley in the Eastern Ghats and Podhigai Malai in the Western Ghats. (ii) Turtle Trails along key nesting sites in the coastal areas 14 of

Odisha, Karnataka and Kerala; and (iii) Bird watching trails along the Pulikat lake in Andhra Pradesh and Tamil Nadu.”

She further said, “Under the visionary leadership of Honorable Prime Minister, we established the International Big Cat Alliance in 2024. This year, India is hosting the first ever Global Big Cat Summit, where heads of governments and ministers from 95 range countries will deliberate on collective strategies for conservation.”

### **Heritage and Culture Tourism**

Speaking on the theme of Heritage and Culture Tourism, Smt. Nirmala Sitharaman proposed to develop 15 archaeological sites including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace into vibrant, experiential cultural destinations”.

She further said “Excavated landscapes will be opened to the public through curated walkways. Immersive storytelling skills and technologies will be introduced to help conservation labs, interpretation centres, and guides.”



### **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

## **Focus on the Purvodaya States and the North-Eastern Region**

Speaking on Purvodaya Smt. Nirmala Sitharaman stated, “I propose the 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.”

Speaking about Buddhist Sites in North-Eastern Region, she said that the North-Eastern Region is a civilizational confluence of Theravada and 18 Mahayana/Vajrayana traditions.

The Finance Minister further proposed to launch a Scheme for Development of Buddhist Circuits in Arunachal Pradesh, Sikkim, Assam, Manipur, Mizoram and Tripura. The Scheme will cover preservation of temples and monasteries, pilgrimage interpretation centers, connectivity and pilgrim amenities.”

**NB/VM/RC/SK**

### **PRESS INFORMATION BUREAU GOVERNMENT OF INDIA**

\*\*\*\*\*

**‘HIGH LEVEL COMMITTEE ON BANKING FOR VIKSIT BHARAT’ TO ALIGN FINANCIAL SECTOR WITH INDIA’S NEXT PHASE OF GROWTH: UNION BUDGET 2026-27**

**GOVERNMENT TO RESTRUCTURE THE POWER FINANCE CORPORATION AND RURAL ELECTRIFICATION CORPORATION TO ACHIEVE SCALE AND IMPROVE EFFICIENCY**

**UNION BUDGET PROPOSES A MARKET MAKING FRAMEWORK WITH SUITABLE ACCESS TO FUNDS AND DERIVATIVES ON CORPORATE BOND INDICES**

**TO ENCOURAGE THE ISSUANCE OF MUNICIPAL BONDS OF HIGHER VALUE, INCENTIVE OF ₹100 CRORE FOR A SINGLE BOND ISSUANCE OF MORE THAN ₹1000 CRORE**

**INDIVIDUAL PERSONS RESIDENT OUTSIDE INDIA TO BE PERMITTED TO INVEST IN EQUITY INSTRUMENTS OF LISTED INDIAN COMPANIES THROUGH THE PORTFOLIO INVESTMENT SCHEME**

**New Delhi, 1<sup>st</sup> February, 2026**

The Union Budget 2026-27 proposes to set up a ‘High Level Committee on Banking for Viksit Bharat’. Presenting the Union Budget in Parliament today, the Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman said that it will comprehensively review the financial sector and align it with India’s next phase of growth, while safeguarding financial stability, inclusion and consumer protection. Indian banking sector today is characterised by strong balance sheets, historic highs in profitability, improved asset quality and coverage exceeding 98% of villages in the country, the Union Budget noted.

The Union Budget proposes to restructure the Power Finance Corporation and Rural Electrification Corporation to achieve scale and improve efficiency in the Public Sector NBFCs. The vision for NBFCs for Viksit Bharat has been outlined with clear targets for credit disbursement and technology adoption.

Smt. Nirmala Sitharaman proposes a comprehensive review of the Foreign Exchange Management (Non-debt Instruments) Rules in the Union Budget to create a more contemporary, user-friendly framework for foreign investments consistent with India’s evolving economic priorities.



वित्त मंत्रालय  
MINISTRY OF  
FINANCE



## Reforms across Financial Markets

- › 'High Level Committee on Banking for Viksit Bharat' to be set up for a comprehensive review of the banking sector
- › Restructuring of Power Finance Corporation and Rural Electrification Corporation to achieve scale and improve efficiency in the Public Sector NBFCs
- › An incentive of ₹100 crore for a single bond issuance of more than ₹1000 crore to encourage the issuance of municipal bonds of higher value by large cities
- › Investment limit for an individual PROI under Portfolio Investment Scheme to increase from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%

\*PROI: Persons Resident Outside India



@PIB\_India



@PIBHindi



@pibindia



@pibindia



@pibindia



@pibindia

The Union Budget 2026-27 also proposes for a market making framework with suitable access to funds and derivatives on corporate bond indices along with a proposal for total return swaps on corporate bonds.

To encourage the issuance of municipal bonds of higher value by large cities, the Union Budget proposes an incentive of ₹100 crore for a single bond issuance of more than ₹1000 crore. The current scheme under AMRUT which incentivises issuances up to ₹200 crore, will also continue to support smaller and medium towns.

To enhance ease of doing business, Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. The Union Budget also proposes to increase the investment limit for an

individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

\*\*\*\*\*

**NB/SB/NS**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

**UNION BUDGET 2026-27 PROPOSES DEDICATED INITIATIVE FOR SPORTS  
GOODS TO PROMOTE MANUFACTURING, RESEARCH AND INNOVATION**

**INITIATIVE BUILDS ON INDIA'S POTENTIAL TO EMERGE AS A GLOBAL HUB  
FOR HIGH QUALITY, AFFORDABLE SPORTS GOODS**

**KHELO INDIA MISSION ANNOUNCED TO TRANSFORM THE SPORTS SECTOR  
OVER NEXT DECADE**

**KHELO INDIA MISSION TO TAKE FORWARD THE SYSTEMATIC NURTURING  
OF SPORTS TALENT SET IN MOTION THROUGH KHELO INDIA PROGRAMME**

**New Delhi, 1<sup>st</sup> February, 2026**

Leveraging India's potential to emerge as a global hub for high quality, affordable sports goods, a dedicated initiative for sports goods is set to be launched in the country. This was stated by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting the Union Budget 2026-27 in Parliament today.

The announcement on sports goods is centred on the first of the three kartavyas that form the pillars of this year's Budget, namely, 'to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics'. The aim of the sports goods initiative is to promote manufacturing, research and innovation, in both equipment design as well as material sciences.

The Union Budget puts forth another key proposal that seeks to strengthen India's sporting ecosystem. In her Budget Speech, Smt. Sitharaman said, "The Sports Sector provides multiple means of employment, skilling and job opportunities. Taking forward the systematic nurturing of sports talent which is set in motion through the Khelo India programme, I propose to launch a Khelo India Mission to transform the Sports sector over the next decade." This step aligns with the second kartavya outlined by the Budget, namely 'to fulfil aspirations of our people and build their capacity, making them strong partners in India's path to prosperity'.

As stated by the Finance Minister, the Khelo India Mission will facilitate the following:

- An integrated talent development pathway, supported by training centres at the foundational, intermediate and elite levels,
- Systematic development of coaches and support staff,
- Integration of sports science and technology,
- Competitions and leagues to promote sports culture and provide platforms; and,
- Development of sports infrastructure for training and competition.



**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

  @PIB\_India  @PIBHindi  @pibindia  @pibindia  @pibindia  @pibindia

\*\*\*

NB/SR/RC

PRESS INFORMATION BUREAU

GOVERNMENT OF INDIA

**INDIA ON TRACK TO REACH DEBT-TO-GDP RATIO OF 50±1 PERCENT BY 2030-31**

**FISCAL DEFICIT TO REMAIN AT 4.4 PERCENT OF GDP AS PER RE 2025-26**

**FISCAL DEFICIT ESTIMATED TO BE 4.3 PERCENT OF GDP IN BE 2026-27**

**CAPITAL EXPENDITURE STANDS AT 11 LAKH CRORE OF TOTAL EXPENDITURE OF  
49.6 LAKH CRORE AS PER RE 2025-26**

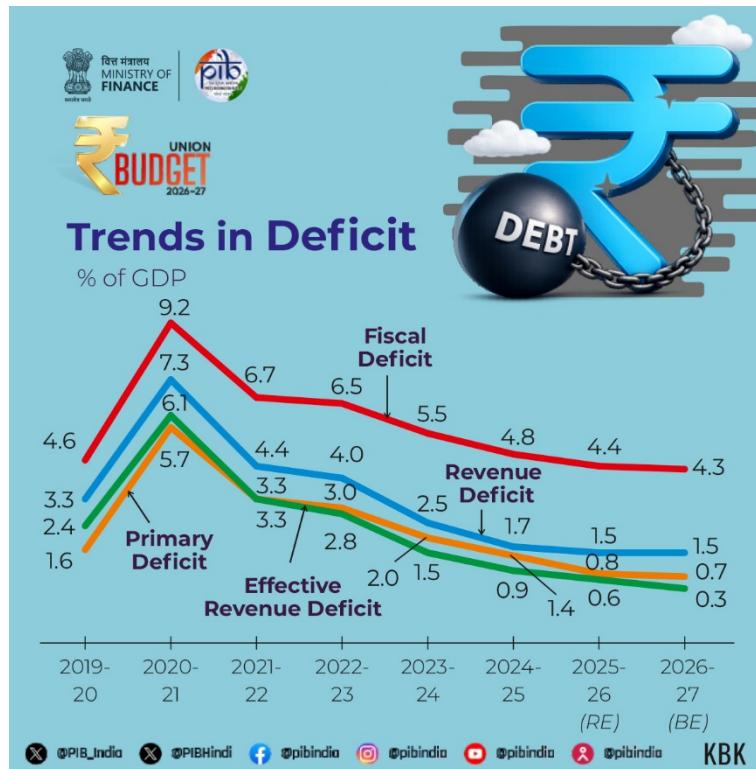
**CENTRE'S NET TAX RECEIPTS TO TOUCH 26.7 LAKH CRORE**

New Delhi, 1<sup>st</sup> February, 2026

While presenting the Union Budget 2026-27 in Parliament today, Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman stated, “Government has been delivering on fiscal commitments consistently without compromising on social needs.” In line with this, the debt-to-GDP ratio is estimated to be 55.6 percent of GDP in BE 2026-27, compared to 56.1 percent of GDP in RE 2025-26. A declining debt-to-GDP ratio will gradually free up resources for priority sector expenditure by reducing the outgo on interest payments.

**Fiscal Deficit**

While speaking about Fiscal deficit, one of the main operational instruments for debt targeting, Smt. Sitharaman informed the parliament that the commitment made in FY 2021-22 to reduce fiscal deficit below 4.5 percent of GDP by 2025-26 has been fulfilled. In RE 2025-26, the fiscal deficit has been estimated at par with BE of 2025-26 at 4.4 percent of GDP. In line with the new fiscal prudence path of debt consolidation, the fiscal deficit in BE 2026-27 is estimated to be 4.3 percent of GDP.”



### Revised Estimates (RE) 2025-26.

The Finance Minister informed that, “The RE of the non-debt receipts are ₹34 lakh crore of which the Centre’s net tax receipts are ₹26.7 lakh crore. The Revised Estimate of the total expenditure is ₹49.6 lakh crore, of which the capital expenditure is about ₹11 lakh crore.”

### Budget Estimates (BE) 2026-27

The Union Finance Minister stated that, “The non-debt receipts and the total expenditure are estimated as ₹36.5 lakh crore and ₹53.5 lakh crore respectively. The Centre’s net tax receipts are estimated at ₹28.7 lakh crore.”

### Gross Market Borrowings

The Union Finance Minister said that “To finance the fiscal deficit, the net market borrowings from dated securities are estimated at ₹11.7 lakh crore. The balance financing is expected to come from small savings and other sources. The gross market borrowings are estimated at ₹17.2 lakh crore.”

NB/PS

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

**DIVYANG KAUSHAL YOJANA TO PROVIDE CUSTOMIZED TRAINING TO  
DIVYANGJAN IN IT, AVGC AND HOSPITALITY SECTORS**

**DIVYANG SAHARA YOJANA TO SET UP ASSISTIVE TECHNOLOGY MART AS  
MODERN RETAIL-STYLE CENTRES FOR DIVYANGJANS**

**New Delhi, 1st February, 2026**

The Union Minister of Finance and Corporate Affairs Smt Nirmala Sitharaman, while presenting the Union Budget 2026-2027 in the Parliament today said that 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. To achieve this goal, the Finance Minister announced the following for divyangjan:

Divyangjan Kaushal Yojana: IT, AVGC sectors, Hospitality and Food and Beverages sectors offer task-oriented and process-driven roles, which are suitable for Divyangjans. This will ensure dignified livelihood opportunities through industry-relevant and customized training specific to each divyang group.

Divyang Sahara Yojana: Timely access to high-quality assistive devices for all eligible Divyangjans is a fundamental need. The budget proposes to (i) support the Artificial Limbs Manufacturing Corporation of India (ALIMCO) to scale up production of assistive devices, invest in R&D and AI integration, (ii) strengthen PM Divyasha Kendras and support setting up of Assistive Technology Marts as modern retail-style centres where Divyangjans and senior citizens can see, try and purchase assistive products.

NB/ Pankaj Srivastav

Finance Minister announced the following for divyangjan:

Divyangjan Kaushal Yojana: IT, AVGC sectors, Hospitality and Food and Beverages sectors offer task-oriented and process-driven roles, which are suitable for Divyangjans. This will ensure dignified livelihood opportunities through industry-relevant and customized training specific to each divyang group.

Divyang Sahara Yojana: Timely access to high-quality assistive devices for all eligible Divyangjans is a fundamental need. The budget proposes to (i) support the Artificial Limbs Manufacturing Corporation of India (ALIMCO) to scale up production of assistive devices, invest in R&D and AI integration, (ii) strengthen PM Divyasha Kendras and support setting up of Assistive Technology Marts as modern retail-style centres where Divyangjans and senior citizens can see, try and purchase assistive products.

NB/ Pankaj Srivastav

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*

**GOVERNMENT ACCEPTS 16<sup>TH</sup> FINANCE COMMISSION'S RECOMMENDATION  
TO RETAIN VERTICAL SHARE OF DEVOLUTION AT 41 PERCENT**

**₹1.4 LAKH CR. TO BE GIVEN TO STATES AS FINANCE COMMISSION GRANTS  
FOR FY 2026-27**

New Delhi, 1<sup>st</sup> February, 2026

The Government has accepted the recommendation of the 16<sup>th</sup> Finance Commission to retain the vertical share of devolution at 41 percent.

Presenting the Union Budget 2026-27 in Parliament today, Union Minister of Finance & Corporate Affairs, Smt. Nirmala Sitharaman said, “The Government has accepted the recommendation of the Commission to retain the vertical share of devolution at 41 percent. As recommended by the Commission, I have provided ₹1.4 lakh crore to the States for the FY 2026-27 as Finance Commission Grants. These include Rural and Urban Local Body and Disaster Management Grants.”

She further said that the Commission submitted its report to the President on 17<sup>th</sup> November 2025 and the Government is to lay the report along with the explanatory memorandum on the action taken report on the recommendations of the Commission in Parliament as mandated under Article 281 of the Constitution.

\*\*\*

NB /ISA

**PRESS INFORMATION BUREAU**

# GOVERNMENT OF INDIA

New Delhi, 1<sup>st</sup> February 2026

INDIA'S REAL GDP ESTIMATED TO GROW BY 7.4% IN FY 2025–26, WITH NOMINAL GDP GROWTH AT 8%

IN THE BUDGET FOR FY 2026-27, NOMINAL GDP IS PROJECTED TO GROW BY 10.0% OVER THE FIRST ADVANCE ESTIMATES OF FY 2025-26

SERVICE SECTOR REMAINS PRIMARY DRIVER OF GROWTH, EXPANDING BY 9.1%

TOTAL RESOURCES SHARED WITH STATES THROUGH THE FINANCE COMMISSION ROUTE ESTIMATED AT ₹16.56 LAKH CRORE IN BE 2026-27; INCLUDING TAX DEVOLUTION(₹15.26 LAKH CRORE) AND FC GRANTS(₹1.4 LAKH CRORE),

THE EFFECTIVE CAPITAL EXPENDITURE OF UNION GOVERNMENT IN FY 2026-27 ESTIMATED AT ₹17.15 LAKH CRORE, THAT IS 4.4% OF GDP

EFFECTIVE CAPITAL EXPENDITURE OF THE UNION GOVERNMENT INCLUDES GOI'S CAPITAL EXPENDITURE (₹12.22 LAKH CRORE) AND GRANTS-IN-AID TO STATES (₹4.93 LAKH CRORE) FOR CREATION OF CAPITAL ASSETS

CENTRAL GOVERNMENT DEBT TO GDP IS ESTIMATED AT 55.6% IN BE 2026-27, AS AGAINST 56.1% IN FY2025-26

PRIVATE FINAL CONSUMPTION EXPENDITURE (PFCE) IS PROJECTED TO GROW BY 7%, ACCOUNTING FOR 61.5% OF GDP - THE HIGHEST LEVEL SINCE FY12

GROSS FIXED CAPITAL FORMATION (GFCF) RISES BY 7.8% IN FY26

FISCAL DEFICIT FOR BE 2026-27 IS ESTIMATED AT 4.3%, WHILE FISCAL DEFICIT FOR RE 2025-26 IS 4.4%

REVENUE DEFICIT FOR BE 2026-27 IS ESTIMATED AT 1.5%; EFFECTIVE REVENUE DEFICIT FOR BE 2026-27 ESTIMATED AT 0.3%

GROSS TAX REVENUE IS ESTIMATED AT 11.2% OF GDP FOR BE 2026-27

THE CURRENT ACCOUNT DEFICIT DECLINED TO 0.8 PER CENT OF GDP IN H1 FY26 FROM 1.3 PER CENT IN H1 FY25.

INDIA'S TOTAL EXPORTS REACHED USD 825.3 BILLION IN FY25; DESPITE UNCERTAIN GLOBAL TARIFF SCENARIO

## GROSS FOREIGN DIRECT INVESTMENT (FDI) INFLOWS WERE RECORDED AT USD 81.0 BILLION IN FY25

India's growth outlook remains positive, supported by strong domestic demand, structural reforms, and a stable macroeconomic environment. The country received three sovereign rating upgrades during the year. Inflation outlook remains benign, as per Macroeconomic Framework Statement and Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement laid by Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman on the table of the Parliament along with Budget for FY 2026-27. The document further adds that public investment, deregulation, labor market reforms, human capital investments, tax reforms, digital transformation, and the formalization of the economy are expected to drive the economy into a higher growth trajectory. Strong balance sheets in the corporate and financial sectors are also expected to drive a virtuous cycle of growth, fuelled by increased private-sector investment.

## **MACRO-ECONOMIC FRAMEWORK STATEMENT**

### **Economic growth**

As per the first advance estimates published by the National Statistics Office, India's real GDP is estimated to grow by 7.4 per cent in FY 2025–26, with nominal GDP growth at 8 per cent. The services sector remains the primary growth driver, expanding by 9.1 per cent. Manufacturing and construction have grown by 7 per cent. Agriculture is estimated to grow at 3.1 per cent. In the Budget for FY 2026-27, nominal GDP is projected to grow by 10.0 per cent over the First Advance Estimates of FY 2025-26.

### **Consumption and Investment**

Domestic demand continues to anchor growth. Private final consumption expenditure (PFCE) is projected to grow by 7 per cent, accounting for 61.5 per cent of GDP - the highest level since FY12. Government final consumption expenditure is also estimated to strongly rebound with a YoY growth of 5.2 per cent in FY26 as against 2.3 per cent in FY25. High-frequency indicators, such as UPI transactions, air and rail traffic, e-way bills, etc., reflect sustained momentum in both urban and rural consumption. Investment activity remains strong, with gross fixed capital formation (GFCF) rising by 7.8 per cent in FY26, higher than the previous year. Further, the share of GFCF has remained stable at around 30 per cent of GDP for the past three years.

### **External sector**

India's total exports (merchandise and services) reached USD 825.3 billion in FY25, with continued momentum in FY26. Despite tariffs imposed by the United States, merchandise exports grew by 2.4 per cent (April–December 2025), while services exports increased by 6.5 per cent. Merchandise imports for April–December 2025 increased by 5.9 per cent. Gross Foreign Direct Investment (FDI) inflows were recorded at USD 81.0 billion in FY25, and the momentum strengthened in FY26 with the highest inflow recorded in the first seven months of any financial year. The current account deficit declined to 0.8 per cent of GDP in H1 FY26 from 1.3 per cent in H1 FY25.

## **MEDIUM TERM FISCAL POLICY CUM STRATEGY STATEMENT**

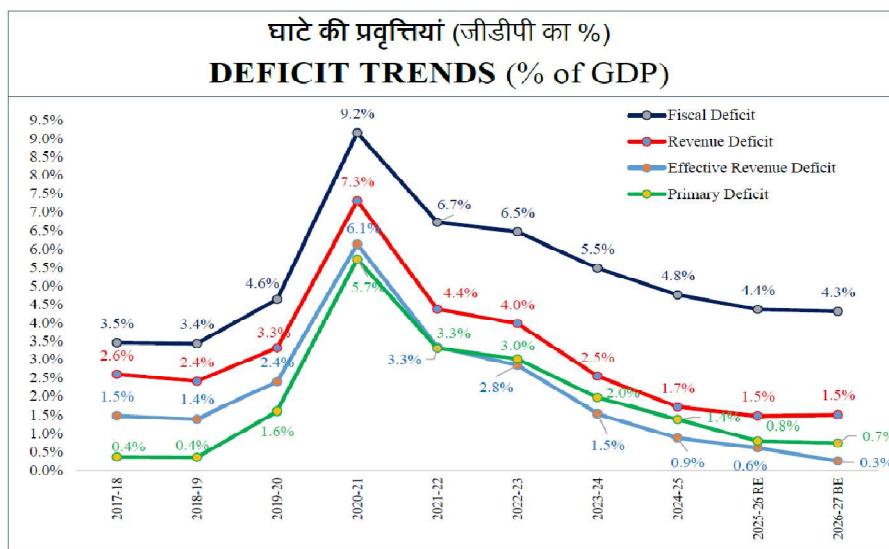
### **Fiscal Indicators**

Union Budget 2026-27 has as its fiscal anchor the debt glide path indicated in Budget 2025-26 and Budget 2024-25 (regular) and is being presented against the backdrop of ongoing fiscal consolidation announced in FY 2021-22, which has provided a good foundation for making available the resources

required to balance the development priorities without compromising on fiscal prudence. As announced in Budget 2021-22, the Government made true its intention of reaching a fiscal deficit below 4.5 per cent of GDP in FY 2025-26. Going ahead, it would be the Endeavour of the Government to adopt a fiscal stance that would put the Central Government debt on a declining path. Major fiscal indicators of the Union Government in the Revised Estimates (RE) of FY 2025-26 and the Budget Estimates (BE) of FY 2026-27 as a per cent of GDP, are summarized in the table below.

#### Fiscal Indicators - Rolling Targets as a Percentage of GDP

	Revised Estimates	Budget Estimates
	2025-26	2026-27
1. Fiscal Deficit	4.4	4.3
2. Revenue Deficit	1.5	1.5
3. Primary Deficit	0.8	0.7
4. Tax Revenue (Gross)	11.4	11.2
5. Non-tax Revenue	1.9	1.7
6. Central Government Debt	56.1	55.6



#### Receipts

In BE 2026-27, Gross Tax Revenue (GTR) is estimated at ₹44.04 lakh crore. It represents a growth of 8.0 per cent over RE 2025-26. Direct Taxes at ₹26.97 lakh crore are the major contributor to GTR (61.2 per cent of the GTR). Indirect taxes are estimated at ₹17.07 lakh crore. In BE 2026-27, the GTR to GDP ratio is estimated at 11.2 per cent. The Budget 2026-27 is also the first year of the award period of Sixteenth Finance Commission (SFC). SFC has recommended for retaining the share of devolution to the States at 41 per cent of divisible pool. The Tax Revenues (Net to Centre) are projected to be ₹28.67 lakh crore. In BE 2026-27, NTR of the Central Government is projected at ₹6.66 lakh crore. Revenue Receipts of the Union Government [comprising Tax Revenues (Net to Centre) and Non- Tax Revenues (NTR)], are estimated at ₹35.33 lakh crore. Revenue Receipt estimates assume a growth of 5.7 per cent over RE 2025-26.

## Expenditure

The total expenditure of the Central Government in BE 2026-27 is projected to be ₹53.47 lakh crore (13.6 per cent of GDP) showing a growth of 7.7 per cent over RE 2025-26 of ₹49.65 lakh crore. The Budget for FY 2026-27 projects ₹12.22 lakh crore (3.1 per cent of GDP) towards capital expenditure. This includes capital support to States through SASCI (Special Assistance as Loan to States for Capital Expenditure) with an outlay of ₹2.0 lakh crore. Effective Capital Expenditure of the Union Government includes GoI's capital expenditure and Grants-in-aid for creation of capital assets. Together, they constitute investments that enhance and upgrade productive capacity of the economy. In BE 2026-27, the allocation under Grants in- aid for creation of capital assets is projected at ₹4.93 lakh crore (or 1.3 per cent of GDP). Thus, The effective capital expenditure in FY 2026-27 is estimated at ₹17.15 lakh crore (or 4.4 per cent of GDP).

## Tax devolution and Finance Commission grants to the states

Based on recommendations of the Finance Commission (FC), the Union Government devolves taxes to States during the FC cycle. As mentioned previously, SFC recommended retaining States' share at 41 per cent in the divisible pool, and this recommendation is accepted by the Government. In BE 2026-27, tax devolution to the States is estimated at ₹15.26 lakh crore compared to ₹13.93 lakh crore in RE 2025-26 which includes an additional amount of ₹9,084.02 crore on account of dues receivable by the Union Government from States under devolution from the previous years. Tax devolution to the States in BE 2026-27 is 3.9 per cent of GDP and ₹1.33 lakh crore more than tax devolution of RE 2025-26 (including past arrears). In BE 2026-27, the Finance Commission grants are estimated at ₹1.4 lakh crore. Thus, total resources shared, tax devolution and FC Grants, with States through the Finance Commission route are estimated at ₹16.56 lakh crore in BE 2026-27.



मिनिस्टरी  
MINISTRY OF  
FINANCE



### 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 policy strategy for 2026-27**

The fiscal policy strategy for FY 2026-27 will continue to be guided by the debt glide path indicated in the Budget 2025-26. The medium-term aim to reach a debt to GDP ratio of  $50\pm1$  per cent by FY 2030-31, with the fiscal deficit acting as the operational target. In line with the above targets, it is estimated that Central Government debt to GDP ratio will be 55.6 per cent of GDP in BE 2026-27 with Fiscal Deficit target of 4.3 per cent of GDP. Other aspects of the fiscal strategy include support to economic growth through continued focus on capital expenditure, leaving adequate fiscal room to respond to global economic events and to ensure continued prosperity of the country in its journey towards Viksit Bharat. Other aspects include reforms in tax policy, expenditure policy, government borrowings, Lending and Investments.

\*\*\*

**Nanu Bhasin/Virat M/Mahesh Z/Prakash Patil**