

UNION BUDGET 2026

ANALYSIS REPORT

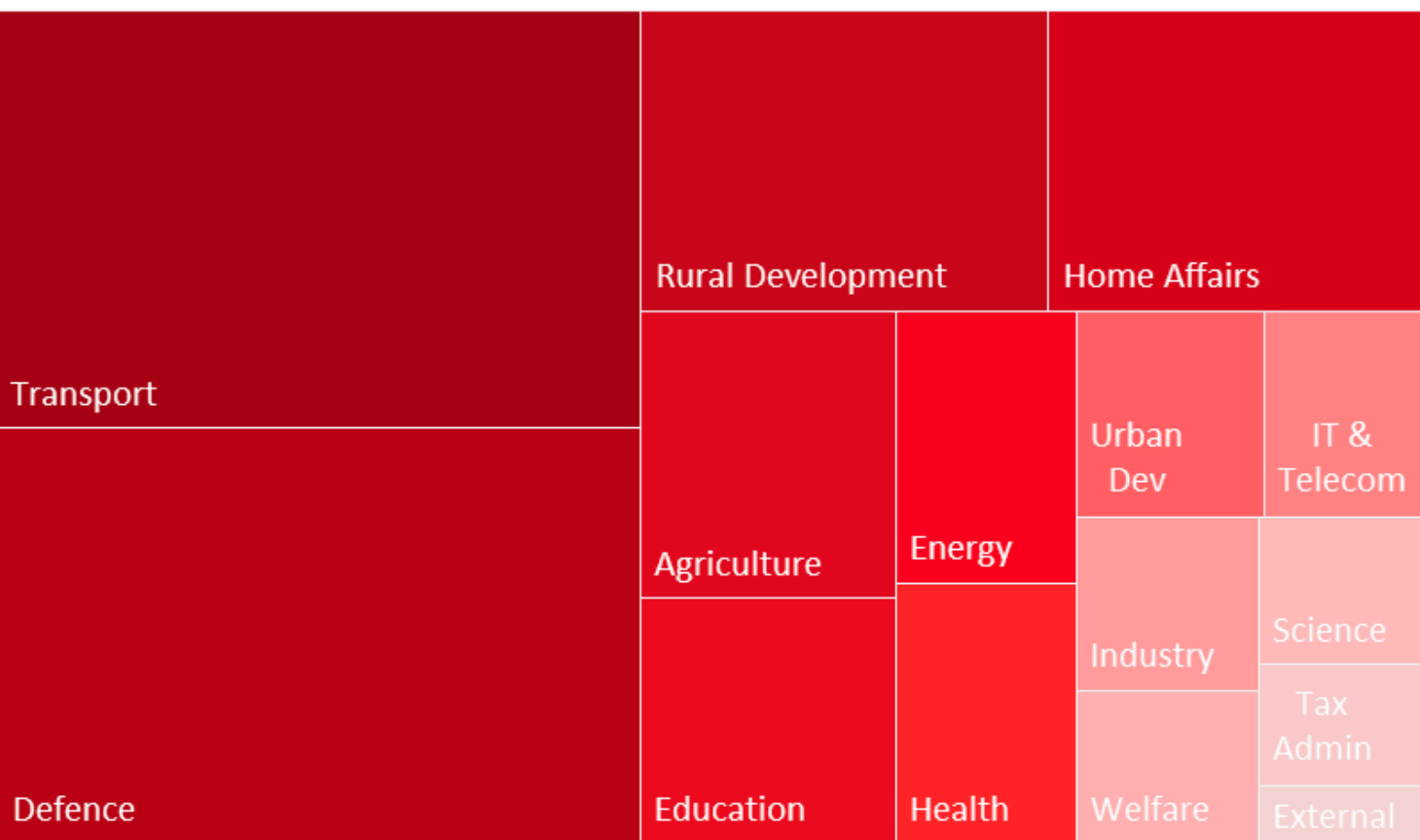
THE STARTUP EDGE
E-Cell Ramjas

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BUDGET ALLOCATION

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Defence – ₹5,94,585 cr



One of the **highest allocations**, showing **strong focus on national security** and indigenous defence manufacturing.

Rural Dev – ₹2,73,108 cr



Focus on **rural employment** and **village infrastructure** to strengthen the **agricultural economy**

Agriculture – ₹1,62,671 cr



Support for **farmers and allied activities**, aiming to improve **productivity and rural income**.

Transport – ₹5,98,520 cr

Major infrastructure push to improve roads, logistics, and connectivity, supporting **long-term economic growth**.



Home Affairs – ₹2,55,234 cr

Significant allocation for **internal security** and paramilitary forces like **CRPF and BSF**.



Education – ₹1,39,289 cr

Investment in **skill development** and digital learning to **strengthen human capital**.



PRIMARY SECTOR



Supports farmer income, rural infrastructure, livestock and fisheries. Strengthens rural economy and food security but not the main growth driver.



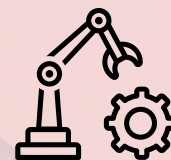
Agriculture – ₹1,62,671 cr
Rural Development – ₹2,73,108 cr

- **Higher productivity focus**
- **Crop & income diversification**
- **Digital agriculture push**

SECONDARY SECTOR



Major priority sector. Boosts infrastructure, industrial growth, domestic production, and job creation. Reduces import dependence.



Semiconductor push – ₹40,000 cr
SME Growth Fund – ₹10,000 cr

- **Manufacturing boost**
- **Infrastructure expansion**
- **MSME support**

TERTIARY SECTOR



Strengthens digital economy, human capital, healthcare, and service growth. Supports long-term competitiveness.



Health – ₹1,04,599 cr
IT & Telecom – ₹74,560 cr

- **Digital economy growth**
- **Skill development**
- **Service expansion**

KEY HIGHLIGHTS AND CURRENT STATUS OF UNION BUDGET 2025

Income Tax Reforms

- New tax slabs (no tax up to ₹12 lakh) and rationalised TDS/TCS are in force
- Income-tax Act passed in 2025, effective April 2026.

Makhana Board

- National Makhana Board established
- Central Sector Scheme outlay: ₹476 cr (2025-31) for research, processing, and marketing

Medical Education Expansion:

- Phase-III approved: ~5,023 MBBS + 5,000 PG seats
- Part of 5-year plan to boost medical education capacity

Kisan Credit Card (KCC)

- Loan limit increased from ₹3L to ₹5L.
- Collateral-free limit remains ₹2L; higher limit under subsidy scheme.

UDAN Scheme:

- 649 routes, 93 airports connected
- 1.56 cr passengers carried
- Expansion to 120 new destinations (~4 cr passengers)

Nuclear Energy Mission

- ₹20,000 cr allocated for SMR R&D
- 5 indigenous SMRs planned by 2033.

Scheme for First-time Entrepreneurs

- Provides term loans up to ₹2 crore and capacity-building support to 5 lakh first-time women and SC/ST entrepreneurs.

Investment & Trade Reforms

- FDI in insurance raised from 74% to 100, alongside a new Export Promotion Mission and Bharat TradeNet

KEY POLICIES AND REFORMS

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Biopharma Shakti: ₹10,000 crore over 5 years to make India a global biopharma hub with upgraded NIPERs and 1,000 clinical trial sites.



Tourism Development: Boost Northeast Tourism with the East Coast Industrial Corridor, 5 Purvodaya destinations, and Buddhist Circuit, while developing 15 archaeological sites into vibrant cultural hubs.



SHE Marts: Women SHG-run retail outlets providing market access, branding, and income opportunities.



Dedicated **Rare Earth Corridors** will be set up in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu to boost mining, processing, research, and manufacturing, while ₹20,000 crore will be invested over 5 years in **Carbon Capture Utilization & Storage (CCUs)** technologies.



City Economic Regions: ₹5,000 crore allocation per region over 5 years to develop Tier II/III cities and temple towns

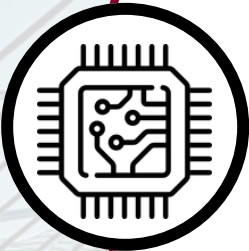
KEY POLICIES AND REFORMS

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National Fibre Scheme and **Mahatma Gandhi Gram Swaraj** Initiative to strengthen khadi, handloom, handicrafts, and technical textiles.

7 new High Speed Rail Corridors to deliver fast, green connectivity between economic, cultural, and industrial hubs.



India Semiconductor Mission to develop equipment, materials, IP, and skilled workforce for semiconductor industry.

NIMHANS II: New and upgraded institutes for regional mental health care and training in North India, Ranchi, and Tezpur.



Inland Waterways: 20 new national waterways, freight corridors, ship repair hubs, and training institutes to boost sustainable transport over 5 years.

Corporate Mitra: ICAI/ICSI/ICMAI-trained professionals providing affordable compliance support to MSMEs, with government backed short courses to build this cadre.



Support **AVGC content creator labs** in schools and colleges, and **tax holiday** till 2047 for foreign cloud firms using Indian data centres.

Bharat VISTAAR, a multilingual AI tool for agriculture, will be launched, while **high-value agriculture** would be promoted through dedicated schemes.



TCS REDUCTION

Tax Collected at Source (TCS) for overseas tour packages, foreign education, and medical treatment has been slashed to a flat 2% (down from 5%/20%).

SHARE BUY BACK TAX

Buyback proceeds are now taxed as Capital Gains in the hands of shareholders, removing the tax burden from companies.

REVISED ITR WINDOW

The deadline to file a revised income tax return has been extended from December 31 to March 31 (with a nominal fee).

STT HIKE

Securities Transaction Tax on derivatives has increased: 0.05% for Futures and 0.15% for Options to curb speculative trading.

CORPORATE MAT CUT

The Minimum Alternate Tax (MAT) rate has been reduced from 15% to 14% and is now treated as a "final tax."

COMPLIANCE REFORMS

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INCOME TAX ACT

Replaces the 1961 Act starting April 1, 2026, with 50% fewer sections and redesigned, user-friendly forms.

Correction Window: The deadline to file a Revised Return has been extended by three months, from December 31 to March 31.

STAGGERED FILING

New deadlines for non-audit business cases and trusts have been moved to August 31 (previously July 31) to reduce last-minute errors.

DECRIMINALIZATION

Minor technical and procedural lapses have been removed from criminal prosecution, now attracting only civil fines.

TDS RELIEF

A fully automated, rule-based system now issues "Nil or Lower TDS" certificates, eliminating the need to visit a tax officer.

NRI PROPERTY EASE

Homebuyers no longer need a TAN to buy property from NRIs; they can now use a simple PAN-based payment system.

TAX REFORM

FAMILY SAVINGS

Lower TCS (flat 2%) prevents large sums of money from being blocked with the government for foreign travel/education.



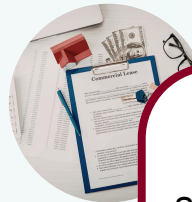
INVESTOR WEALTH

Taxing buybacks as Capital Gains (12.5% for long-term) puts more money in the hands of small investors compared to old slab rates



CORPORATE LEASE

A lower 14% MAT and the removal of "credit tracking" simplify business balance sheets and tax planning.



COMPLIANCE REFORM

END OF TAX TERROR

Decriminalizing minor errors replaces the threat of jail with simple civil fines, building a trust-based system.



ERROR CORRECTION

The March 31 revision deadline allows taxpayers to fix honest mistakes without immediate legal disputes



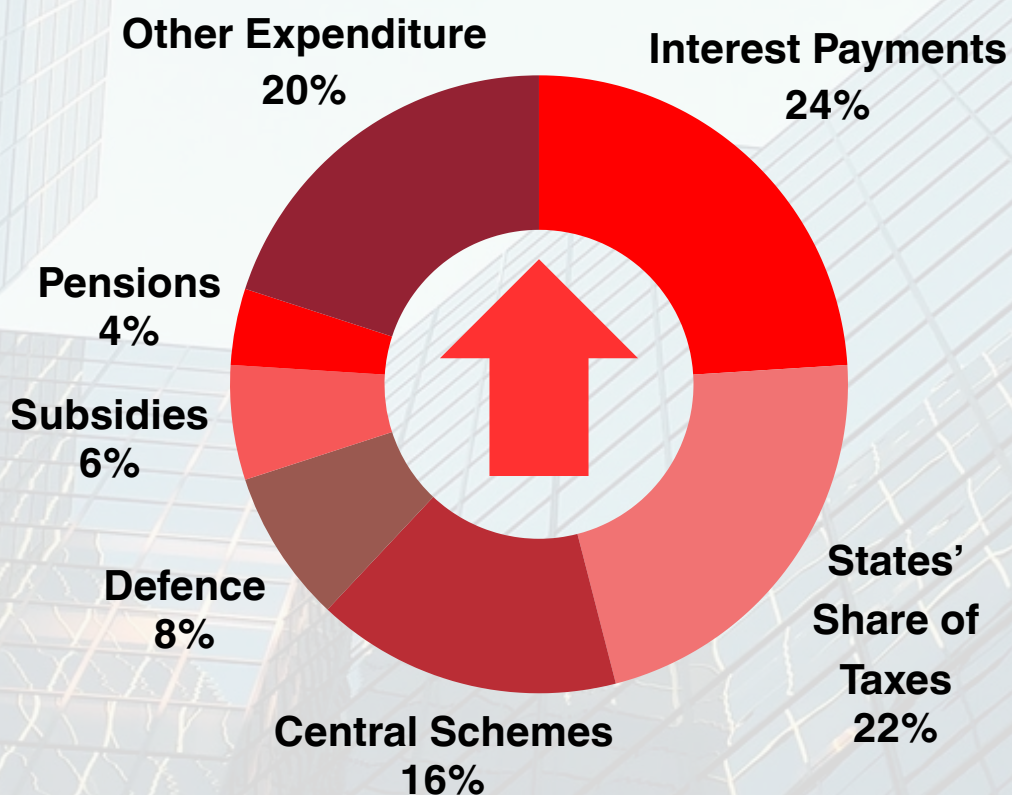
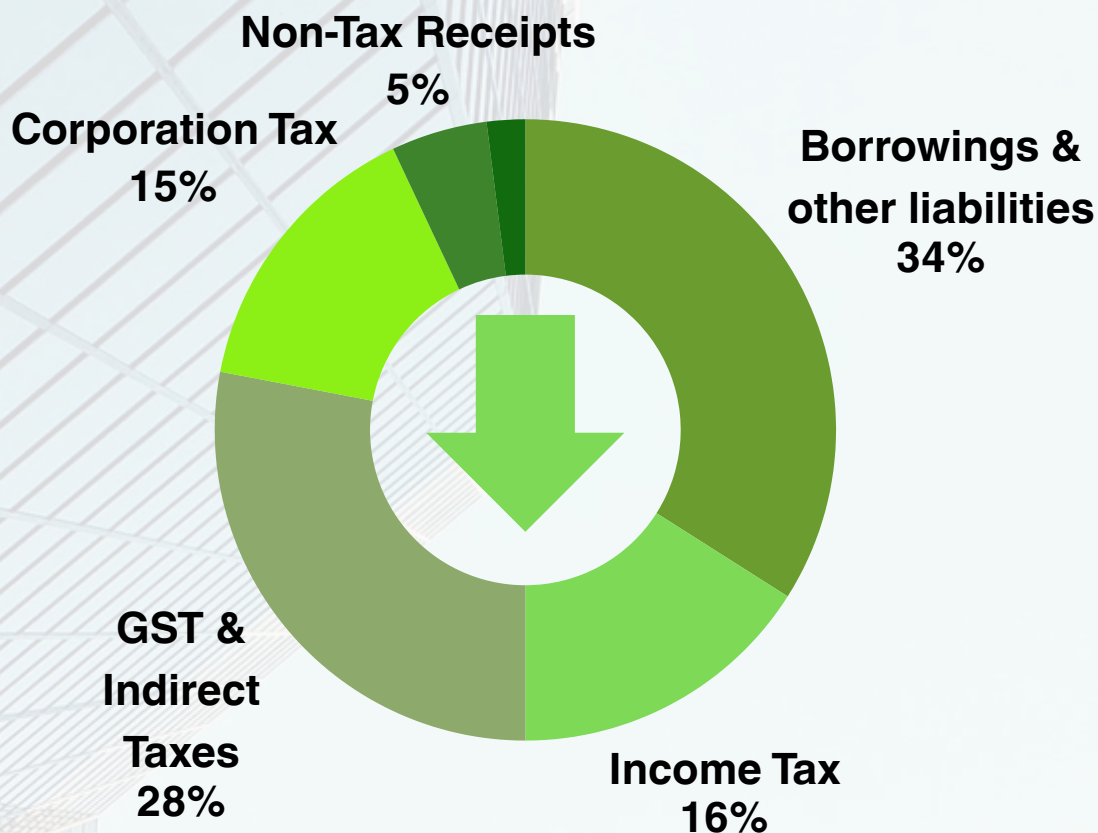
ZERO-TOUCH SERVICE

Automated TDS approvals and PAN-based property payments eliminate manual officer intervention and delays.



INs & OUTs OF MONEY

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WINNERS VS PRESSURED

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WINNERS



INFRASTRUCTURE & CAPITAL GOODS

- High government capex push
- Roads, railways, ports, logistics benefit
- Long-term growth focus



MANUFACTURING & MSMEs

- Policy continuity for Make in India
- Credit support + ease of doing business
- PLI-style ecosystem indirectly supported



YOUTH & SKILL DEVELOPMENT

- Internships, skilling programs
- Employment-linked initiatives
- Focus on future workforce



URBAN INFRASTRUCTURE & HOUSING

- Urban development focus
- Affordable housing continuity



MIDDLE CLASS TAXPAYERS

- No major income tax relief
- Inflation + cost of living pressure remains



CONSUMPTION LED SECTORS

- FMCG, discretionary spending
- No strong demand-boosting measures
- Rural consumption still cautious



SUBSIDY DEPENDENT SEGMENTS

- Fertiliser & food subsidies rationalised
- Tighter fiscal discipline



FREEBIE-DRIVEN FACTORS

- No populist giveaways
- Welfare is targeted, not universal

LOSERS



KEY CONTRIBUTORS

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