

Budget 2026 – 2027

- Budget 2026 – 27 is the first budget to be prepared in Kartavya Bhavan. The budget is inspired by 3 kartavyas:
- 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 fulfil aspirations of people and build their capacity, making them strong partners in India's path to prosperity.
- 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

First Kartavya is to accelerate and sustain economic growth and proposes 6 interventions. They are:

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

Scaling up manufacturing in 7 sectors. They are:

- Biopharma Shakti Scheme.
- Indian Semi –Conductor Mission.
- The Electronics Components Manufacturing Scheme.
- Establishment of dedicated Earth Corridors.
- Establishment of dedicated Chemical Parks.
- Strengthening of Capital Goods Capability.
- Integrated development of Textile Sector.

Biopharma Shakti (Strategy for Healthcare Advancement through Knowledge, Technology & Intervention) Scheme

- Biopharma Shakti Scheme is announced on the Budget 2026 – 27 session of Parliament with an objective of developing India into a global biopharmaceutical manufacturing hub by building the ecosystem for domestic production of biologics and biosimilars.
- Biologics are class of medicines which are made from natural and living sources like animal and plant cells, and microorganisms. These include

vaccines, blood and blood components, somatic cells, gene therapy, proteins etc.

- Biosimilars are copies of biologics that are highly similar to biologics and have no clinically meaningful differences from the reference product.
- **Funding:** Outlay of ₹ 10,000 crores over the next 5 years.

Strategy

- Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones.
- Creating a network of over 1000 accredited India Clinical Trials sites.
- Strengthening the Central Drugs Standard Control Organisation (CDSCO) to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.

Potential Outcomes

- Catalysing investments in advanced biomanufacturing infrastructure promote innovation and enhance India's capabilities in high-value, next-generation therapies.
- Enhancing the quality and credibility of clinical research in India, and accelerating drug development timelines.

- Developing a highly skilled workforce, promoting industry–academia collaboration, and supporting the growth of a globally competitive biopharmaceutical sector.

India's Bioeconomy

- Bioeconomy uses renewable resources like plants, animals, and microorganisms to produce food, energy, and industrial goods.
- India's bioeconomy grew from USD 10 bn (2014) to USD 165.7 bn (2024), targeting USD 300 bn by 2030.
- It contributes 4.25% to the national GDP.
- India's bioeconomy is powered by four key subsectors: Bio Industrial (47%), Bio Pharma (35%), Bio Agri (8%), and Bio Research (9%).

Indian Semi–Conductor Mission 2.0

- Indian Semi–Conductor Mission 2.0 is a specialized and independent institution under the Ministry of Electronics and Information Technology (MeitY), Government of India.
- It is an independent Business Division within the Digital India Corporation.
- It aims to build a vibrant semiconductor and display ecosystem to enable India's emergence as a global hub for electronics manufacturing and design.

- ISM has all the administrative and financial powers and is tasked with the responsibility of catalysing the India Semiconductor ecosystem in manufacturing, packaging, and design.
- ISM has an advisory board consisting of some of the leading global experts in the field of semiconductors.
- ISM is serving as the nodal agency for efficient, coherent, and smooth implementation of the programme for development of semiconductor and manufacturing ecosystem in India.
- ISM has been working as a nodal agency for the schemes approved under the Semicon India Programme.

Electronics Component Manufacturing Scheme (ECMS)

- Electronics Component Manufacturing Scheme (ECMS), launched in April 2025 as a complement to the India Semiconductor Mission, seeks to strengthen India's electronics value chain beyond finished goods and chip fabrication by boosting Domestic Value Addition (DVA) and linking Indian firms with Global Value Chains (GVCs).

- ECMS supports horizontal linkages with automobile, power, and industrial sectors.
- **Scheme Tenure:** 6 years (1 year of gestation period) i.e. from FY2025-26 to FY2031-32.
- **Incentive Structure:** The ECMS provides turnover-linked, capex-linked, or hybrid fiscal incentives, with a portion of both turnover and capex incentives linked to employment generation.
- Incentives will be given on a first-come, first-served basis to firms ready for early production.
- **Significance:** Electronics is India's third-largest export, with the country being the 2nd-largest mobile manufacturer globally. The ECMS, along with Production Linked Incentive (PLI) and semiconductor initiatives, is crucial for establishing a USD 500 billion electronics manufacturing ecosystem by 2030-31.

Rare Earth Corridors (REC)

- Budget India 2026 establishes Corridors to be developed in Odisha, Kerala, Andhra Pradesh and Tamil Nadu for mining, processing, research and manufacturing of Rare Earth Permanent Magnets (REPM).

Rare Earth Permanent Magnets (REPMs)

- Rare Earth Permanent Magnets (REPMs) are amongst the strongest types of permanent magnets with high magnetic strength and stability.
- **Applications:** Advanced engineering applications such as electric vehicle motors, wind turbine generators etc.
- **Significance:** REPM demand is expected to double by 2030.
- **Strategic Self –Reliance:** Ensures access to critical materials reducing India's heavy dependence on imports, particularly from China.
- India imported 60-80% (value-wise) and 85-90% (quantity-wise) REPMs from China (2022-25).
- **Climate Goals:** REPMs support India's clean-energy transition and Net Zero 2070 vision.
- **National Security:** Ensures reliable domestic supply for defence equipment and precision sensors, reducing vulnerability to global supply chain disruptions.

Key government Initiatives

- **REPM Manufacturing Scheme:** 7,280 crore Scheme to establish an integrated domestic REPM manufacturing ecosystem with 6,000 MTPA capacity, covering the full value chain from rare-earth oxides to finished magnets.

- **National Critical Minerals Mission (NCMM):** Creation of a long-term, end-to-end supply chain for critical minerals including rare earths.
- **MMDR Amendment Act, 2023:** Amendments to the Mines and Minerals (Development and Regulation) Act, 1957, providing dedicated list of critical and strategic minerals, Auction of mineral concessions etc.

Dedicated Chemical Parks Scheme

- Government of India, in Budget 2026 – 27 have decided to create 3 dedicated Chemical Parks with a budgetary allocation of 600 crore.
- These parks are envisaged as cluster-based, plug-and-play manufacturing ecosystems, supported by common infrastructure and shared facilities.
- This initiative represents the first instance of dedicated budgetary support for chemical park infrastructure.
- It is intended to strengthen domestic manufacturing capabilities, enhance supply-chain integration, and reduce import dependence in the chemicals sector.
- The Chemical Parks is conceived as a comprehensive, infrastructure-led supply-side initiative to strengthen the foundations of the chemical sector.

Significance

- India's chemical industry is a cornerstone of the manufacturing ecosystem, supplying critical inputs to key sectors such as agriculture, pharmaceuticals, textiles, automobiles, and construction, while contributing about 7 percent to national GDP.
- As the sixth-largest chemical producer globally and third in Asia, India manufactures over 80,000 products spanning bulk and specialty chemicals, agrochemicals, petrochemicals, polymers, and fertilisers.
- Within this broad spectrum, specialty chemicals have emerged as a segment of sustained strength, underpinned by India's process capabilities, cost competitiveness, and growing innovation capacity.
- Reflecting its structural importance, the Economic Survey 2025–26 notes that the chemical sector accounted for 8.1 percent of manufacturing Gross Value Added in FY24, alongside a steady rise in output over the past decade. Production of major chemicals and petrochemicals increased from 45,638 thousand metric tonnes in FY16 to 58,617 thousand metric tonnes in FY25, translating into a CAGR of 2.8 percent.

Second Kartavya

- Second Kartavya is to fulfil aspirations and build capacity of people.
- Creation of Professionals for Viksit Bharat.
- Setting up of 3 new All India Institutes of Ayurveda under AYUSH Ministry.
- Boost to Orange Economy.
- Development of 5 University townships and ensuring at least one Girls hostel is working in each district.
- Development of tourism and Heritage tourism through various schemes.
- Launching of Khelo India Mission to promote and transform the Sports sector.

Third Kartavya

- Third Kartavya is aligned with vision of Sabka Sath, Sabka Vikas and requires targeted efforts in the following four areas.
- Increasing Farmer Incomes.
- Empowering Divyangjan.
- Commitment to Mental Health and Trauma Care.
- Focus on the Purvodaya States and the North–Eastern Region.