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What's inside
Union Budget
2026
for you?



The Big Picture

Infrastructure and Fiscal Discipline

- Fiscal deficit target: 4.3% of GDP (down from 4.4% in FY26)
- Public capital expenditure: ₹12.2 lakh crore
- Debt-to-GDP ratio declining to 55.6% from 56.1%

Impact: Government continues infrastructure-led growth while reducing fiscal deficit. Record capex allocation signals continued focus on building physical assets—highways, railways, ports.



TOP 8 ANNOUNCEMENTS

Major Budget Decisions at a Glance

- ₹10,000 crore SME Growth Fund for champion MSMEs
- FDI in insurance raised from 74% to 100%
- STT increased: Futures 0.02%→0.05%, Options 0.1%→0.15%
- New Income Tax Act 2025 effective April 1, 2026
- ₹40,000 crore for India Semiconductor Mission 2.0
- ₹10,000 crore Biopharma Shakti program over 5 years
- 7 high-speed rail corridors announced
- Defence allocation: ₹7.85 lakh crore

Impact: Structural reforms targeting manufacturing, financial deepening, and tax simplification. STT hike aims to curb speculative F&O trading.



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INCOME TAX CHANGES

No Slab Changes, But Compliance Made Easier

- Income tax slabs remain UNCHANGED
- ITR filing deadline extended: Non-audit cases to Aug 31 (from Jul 31)
- Revised return deadline: March 31 subject to nominal fees (from Dec 31)
- TCS on education/medical under LRS reduced: 5%→2%
- New Income Tax Act 2025 replaces 1961 Act from April 1, 2026

Impact: Focus on reducing compliance burden rather than rate cuts. Extended deadlines provide better cash flow. Lower TCS improves liquidity for students studying abroad and medical treatment seekers.



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MSME BOOST

₹10,000 Cr SME Growth Fund Launched

- Dedicated SME Growth Fund: ₹10,000 crore for equity support
- Self-Reliant India Fund topped up: Additional ₹2,000 crore
- Focus on creating "champion MSMEs" with scaling parameters

Impact: First-time dedicated equity fund addresses growth capital gap preventing MSMEs from scaling. Unlike credit, this provides risk capital for expansion and modernization.



MANUFACTURING & TECH PUSH

Semiconductor, Biopharma, Electronics Focus

- India Semiconductor Mission 2.0: ₹40,000 crore for equipment, materials, R&D
- Biopharma Shakti: ₹10,000 crore over 5 years
- Electronics manufacturing scheme outlay increased to ₹40,000 crore
- Tax holiday extended for foreign cloud service providers (premiums invested in India) until 2047
- MAT reduced to 14% (from 15%) as final levy for new regime companies

Impact: Long-term tax certainty for tech infrastructure. Semiconductor ecosystem development creates opportunities across the value chain—equipment, materials, design, training.



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INFRASTRUCTURE SPENDING

₹12.2 Lakh Crore Capex Drive

- Public capex: ₹12.2 lakh crore (+9% increase)
- Infrastructure Risk Development Fund announced
- 7 high-speed rail corridors: Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, Varanasi-Siliguri
- 20 national waterways to be operationalized

Impact: Massive multiplier effect on construction, cement, steel sectors. Infrastructure Risk Fund aims to de-risk private participation in large projects.



SECTOR ALLOCATIONS

Where the Money Goes

- Defence: ₹7.85 lakh crore total; Capital outlay ₹2.31 lakh crore (+21.84%)
- Railways: ₹2,77,830 crore (+10.25% from FY26)
- Health: ₹1,06,530 crore (+10%)
- Rare earth corridors: Odisha, Kerala, Andhra Pradesh, Tamil Nadu
- States' Finance Commission grants: ₹1.4 lakh crore
- Textile mega parks announced

Impact: Defence modernization accelerates. Railway infrastructure expansion continues. Rare earth corridors position India in critical minerals supply chain.



CAPITAL MARKETS IMPACT

Higher F&O Costs, Buyback Tax Relief

- STT on Futures: 0.02%→0.05% (2.5x increase)
- STT on Options: 0.1%→0.15% (1.5x increase)
- Buyback proceeds now taxed as capital gains for all shareholders
- Promoters face additional buyback tax: 22% (corporate), 30% (non-corporate)
- Effective from April 1, 2026

Impact: F&O transaction costs increase significantly—aimed at reducing excessive retail speculation. Buyback taxation shift benefits retail investors but adds levy on promoters to prevent abuse.



FDI & INSURANCE OPENING

Insurance Sector Gets 100% FDI

- FDI limit in insurance increased from 74% to 100%
- Condition: Entire premium must be invested in India
- Current guardrails and conditionalities to be reviewed and simplified
- Foreign individual investor limit raised: 5%→10%
- Aggregate FPI limit raised: 10%→24%

Impact: Foreign insurers can now fully own Indian entities. Opens door to larger capital inflows, potential for better products, technology transfer. FPI limit increase broadens shareholder base for listed companies.



WHAT GETS CHEAPER/COSTLIER

Price Impact on Common Items

CHEAPER:

- Overseas education (TCS reduced to 2%)
- Medical treatment abroad (TCS reduced to 2%)
- Imported goods for personal use (tariff 20%→10%)
- Tour packages abroad (TCS reduced to 2%)

COSTLIER:

- F&O trading (STT increased)
- Cigarettes and tobacco products (40% tax increase, effective Feb 1)

NO CHANGE:

- Income tax slabs
- Capital gains tax rates
- Equity delivery STT (remains 0.15%)



FINAL TAKEAWAY

Continuity Over Disruption

- Manufacturing and infrastructure remain core priorities
- Fiscal discipline maintained (4.3% deficit path)
- Tax simplification chosen over populist rate cuts
- Strategic sectors (semiconductors, biopharma, defence) receive focused support
- F&O speculation discouraged, not banned

Bottom Line: This is a "stability budget" prioritizing long-term capacity building over short-term stimulus. Government bets on investment-led growth through capex, not consumption stimulus.



Thank You!



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