

UNION BUDGET SECTORAL IMPACT

2026-27



Agriculture

Budget Proposals

- The government to support high value crops such as: a) coconut, sandalwood, cocoa and cashew in coastal areas and b) Coconut Promotion Scheme to be launched to increase production and enhance productivity.
- Agar trees in North East and nuts such as, almonds, walnuts and pine nuts in our hilly regions will also be supported.

Impact

- The budget's support for high-value plantation crops and the Coconut Promotion Scheme will boost coastal farmers' incomes, improve productivity, and create long-term opportunities for agri-processing and export-oriented industries.
- Budget support for agarwood in the North-East and nuts like almonds, walnuts and pine nuts in hilly regions will enhance farmer incomes, promote agri-forestry and high-value horticulture, and strengthen export-oriented growth in these regions.

Aquaculture

Budget Proposals

- The government has announced to include provisions for integrated development of 500 reservoirs and Amrit Sarovars.

Impact

- The integrated development of 500 reservoirs and Amrit Sarovars will strengthen the fisheries value chain in coastal areas and enabling market linkages involving start-ups and women-led groups together with Fish Farmers Producer Organisations.

Aviation

Budget Proposals

- 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.

Impact

- Exempting basic customs duty on aircraft components will lower manufacturing costs, boost domestic aerospace production, and support growth of India's civil aviation and MRO ecosystem.
- Exempting basic customs duty on imported raw materials for defence aircraft MRO will reduce costs, strengthen domestic defence maintenance capabilities, and support self-reliance in the aerospace sector.

Batteries

Budget Proposals

- The basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries to be extended.

Impact

- Extending the basic customs duty exemption on capital goods for lithium-ion cell manufacturing will lower setup costs, accelerate domestic battery production, and support India's EV and energy-storage ecosystem.

Education

Budget Proposals

- The government has announced to create 5 University Townships in the vicinity of major industrial and logistic corridors through challenge route.
- The Union Budget proposes to establish 1 girls' hostel in every district through VGF/capital support.

Impact

- Creating university townships near industrial and logistics corridors will strengthen industry-academia linkage, improve skilled manpower availability, and support long-term industrial and economic growth.
- Setting up of 1 girls' hostel in every district through VGF will solve the problem of prolonged hours of study and laboratory work in Higher Education STEM institutions.

Electronic Components

Budget Proposals

- The government has proposed to increase the outlay to Rs 40,000 crore for Electronics Components Manufacturing Scheme.

Impact

- Increasing the outlay to Rs 40,000 crore for the Electronics Components Manufacturing Scheme will boost domestic electronics production, reduce import dependence, and strengthen India's manufacturing and export ecosystem.

Infrastructure

Budget Proposals

- Government to set up an Infrastructure Risk Guarantee Fund.
- Government to accelerate recycling of significant real estate assets of CPSEs through the setting up of dedicated REITs.
- New Dedicated Freight Corridors to be established connecting Dankuni in the East, to Surat in the West.
- 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.
- 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.

Impact

- The Infrastructure Risk Guarantee Fund and CPSE-backed REITs will lower project risk, unlock capital from public assets, and accelerate private investment in infrastructure development.
- The new Dankuni–Surat Dedicated Freight Corridor will reduce logistics costs, improve freight efficiency, and boost industrial and trade activity across eastern and western India.
- Operationalising 20 new National Waterways, starting with NW-5, will enhance inland transport, reduce logistics costs, and improve connectivity between mineral-rich and industrial regions to ports, boosting trade and regional development.
- The Coastal Cargo Promotion Scheme will encourage shift to waterways, reduce logistics costs, decongest roads and rail, and promote sustainable trade and transport by 2047.

Leather and footwear

Budget Proposals

- The duty-free imports of specified inputs, which is currently available for exports of leather or synthetic footwear to be allowed.
- Government 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.

Impact

- Allowing duty-free imports of specified inputs for leather and synthetic footwear exports will lower production costs, enhance export competitiveness, and support job creation in the labour-intensive footwear sector.
- Extending the export time limit to one year will ease working-capital pressure, improve operational flexibility, and support export growth in leather, footwear, and textile sectors.

Pharmaceutical

Budget Proposals

- The Biopharma SHAKTI with an outlay of Rs 10,000 crores to build the ecosystem for domestic production of biologics and biosimilars will be set up over the next 5 years.
- A Biopharma-focused network to be created with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones.

Impact

- The Rs 10,000 crore Biopharma SHAKTI initiative will strengthen domestic biologics and biosimilars manufacturing, reduce import dependence, and position India as a global biopharma hub over the next five years.
- Creating a biopharma-focused network with new and upgraded NIPERs will enhance R&D, build skilled talent, and support innovation-driven growth in India's pharmaceutical and biotechnology sectors.

Shipping

Budget Proposals

- The government has proposed to launch a Coastal Cargo Promotion Scheme for incentivizing a modal shift from rail and road.

Impact

- The launch of Coastal Cargo Promotion Scheme for incentivising a modal shift from rail and road will increase the share of inland waterways and coastal shipping from 6% to 12% by 2047.

Textiles

Budget Proposals

- Mega Textile Parks to be setup in challenge mode with focus on bringing value addition to technical textile.
- 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, manmade fibres, and new-age fibres.
- A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans.
- Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

Impact

- Mega Textile Parks and the National Fibre Scheme will boost value addition in technical textiles, strengthen fibre self-reliance, and enhance competitiveness and employment across the textile value chain.
- The National Handloom and Handicraft programme and Samarth 2.0 will strengthen artisan livelihoods, modernise textile skills, and improve productivity and market access in the handloom and textile sector.

Tourism

Budget Proposals

- 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.
- A National Destination Digital Knowledge Grid to be established to digitally document all places of significance-cultural, spiritual and heritage.
- 15 archeological sites including Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace to be developed into vibrant, experiential cultural destinations.

Impact

- Upskilling 10,000 tourist guides through an IIM-led training programme will improve service quality, enhance tourist experience, and support growth of the tourism and hospitality sector.
- The National Destination Digital Knowledge Grid will preserve and digitally showcase cultural and heritage sites, improve tourism planning, and enhance India's cultural visibility and visitor engagement.
- Developing 15 archaeological sites into experiential cultural destinations will boost heritage tourism, create local employment, and enhance preservation and global visibility of India's ancient heritage.

Critical Minerals

Budget Proposals

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

Impact

- Exempting basic customs duty on capital goods for processing critical minerals will lower project costs, accelerate domestic mineral value addition, and strengthen supply security for strategic industries.

Banking

Budget Proposals

- The Union Budget 2026-27 proposes to set up a 'High Level Committee on Banking for Viksit Bharat'.

Impact

- High Level Committee on Banking for Viksit Bharat will comprehensively review the sector and align it with India's next phase of growth, while safeguarding financial stability, inclusion and consumer protection.

Information Technology

Budget Proposals

- The threshold for availing safe harbour for IT services will be enhanced from 300 crore rupees to 2,000 crore rupees.

Impact

- Raising the safe harbour threshold for IT services to Rs 2,000 crore will reduce transfer-pricing disputes, improve compliance certainty, and support growth of large IT service exporters.

Railways

Budget Proposals

- In a major push towards environmentally sustainable and faster passenger transport, Union Finance Minister Nirmala Sitharaman announced plans to develop seven high-speed rail corridors linking cities that act as key growth connectors.

Impact

- The corridors are aimed at reducing travel time, cutting carbon emissions and supporting balanced regional development.