

Union Budget 2026: Highlights

Union Budget 2026 highlights: Finance Minister Nirmala Sitharaman presented the Union budget for 2026-27 in the parliament on 1st Feb 2026. Read the complete details and highlight of Union budget 2026. Union Budget 2026 aims to initiate transformative reforms across six domains. During the next five years, **these will augment our growth potential and global competitiveness. Read the Union Budget 2026 Highlights from the below article.**

Key Highlights of Union Budget 2026–27

On 1 February 2026, the Union Finance Minister Smt. Nirmala Sitharaman presented the Union Budget 2026–27 in Parliament. This was her ninth consecutive Union Budget. The Budget focuses on accelerating economic growth, simplifying taxation, strengthening infrastructure, and ensuring inclusive development, aligned with the vision of “Sabka Saath, Sabka Vikas”.

Vision and Economic Framework

The Union Budget 2026–27 is structured around three core duties:

1. Sustaining high economic growth
2. Fulfilling the aspirations of citizens through capacity building
3. Ensuring inclusive access to opportunities across regions and sectors

The Budget continues the government’s long-term strategy of public investment-led growth, private sector participation, and structural reforms.

Taxation Reforms and Compliance Simplification

New Income Tax Act, 2025

A new Income Tax Act will be implemented from April 2026. The objective is to simplify tax provisions, reduce litigation, and improve ease of compliance for taxpayers.

Key Direct Tax Measures

- Securities Transaction Tax (STT) on futures trading increased from 0.02 percent to 0.05 percent
- Tax holiday extended to foreign cloud service providers until 2047 to promote India as a global data and technology hub
- Minimum Alternate Tax exemption provided to certain non-resident entities

- Safe harbour threshold for IT services increased from ₹300 crore to ₹2,000 crore to reduce transfer pricing disputes

Customs and Indirect Tax Changes

- Exemption of Basic Customs Duty on capital goods used in lithium-ion battery manufacturing
- Duty exemptions on critical minerals required for clean energy and electric vehicle production
- Customs duty on personal-use imported goods reduced from 20 percent to 10 percent
- Import duty exemption on 17 essential medicines to make healthcare more affordable

Infrastructure and Capital Expenditure

Public capital expenditure has been increased to ₹12.2 lakh crore for FY 2026–27, up from ₹11.2 lakh crore in the previous year. This allocation reinforces the government's commitment to infrastructure-led economic growth.

Major Infrastructure Announcements

- Development of seven high-speed rail corridors connecting major economic centers
- Strengthening logistics and cargo clearance systems through a unified digital customs platform
- Continued investment in roads, ports, and multimodal connectivity projects

Manufacturing and Industrial Development

Biopharma Shakti Initiative

A ₹10,000 crore Biopharma Shakti program has been announced to promote domestic production of biologics and biosimilars. The initiative focuses on research infrastructure, clinical trials, and pharmaceutical education.

MSME and SME Support

- Creation of a ₹10,000 crore SME Growth Fund
- Focus on developing globally competitive “Champion MSMEs”
- Improved access to finance, technology, and export markets

Education, Skill Development, and Innovation

Creative and Digital Skills

The Indian Institute of Creative Technologies, Mumbai, will set up AVGC (Animation, Visual Effects, Gaming, and Comics) labs in 15,000 schools and 500 colleges to develop future-ready digital skills.

Women and Education

- One girls' hostel to be established in every district to improve access to higher education for women, particularly in STEM disciplines

Tourism Skill Development

- Training and certification of 10,000 tourist guides
- Development of 20 major tourist destinations with skilled manpower support

Agriculture and Rural Development

The Budget introduces Bharat-Vistaar, an AI-based multilingual advisory system integrating AgriStack and ICAR platforms. This initiative aims to provide timely information and decision-support tools to farmers across the country.

Tourism and Services Sector

- Reduction of Tax Collected at Source (TCS) on overseas tour remittances under the Liberalised Remittance Scheme to 2 percent
- Measures to promote inbound and outbound tourism and improve service quality

Sports and Cultural Development

The government announced a long-term roadmap under the Khelo India Mission to strengthen sports infrastructure, talent identification, and athlete development over the next decade.

Summary of Major Budget Announcements

Area	Key Highlights
Taxation	New Income Tax Act, STT revision, compliance relief
Capital Expenditure	₹12.2 lakh crore allocation
Railways	Seven high-speed rail corridors
MSMEs	₹10,000 crore SME Growth Fund

Area	Key Highlights
Pharmaceuticals	₹10,000 crore Biopharma Shakti
Education	AVGC labs, district-level girls' hostels
Tourism	Skill development, reduced TCS
Agriculture	AI-based Bharat-Vistaar platform

Conclusion

The Union Budget 2026–27 balances fiscal discipline with growth-oriented reforms. With strong emphasis on infrastructure, manufacturing, innovation, and simplified taxation, the Budget lays a foundation for sustained economic growth and global competitiveness. It reflects a clear roadmap toward inclusive development and long-term national capacity building.

