



# Union Budget 2026-2027: The Strategy for a New Era

Presented by Nirmala Sitharaman, Minister of Finance Date: February 1, 2026



# Stability, Discipline, and a Pivot to IP-Led Growth

## The Core Framework: 3 Kartavya (Duties)



Accelerate  
Economic Growth



Fulfil  
Aspirations



Sabka Sath,  
Sabka Vikas

## Macro Snapshot

### Fiscal Deficit

Target 4.5% Achieved

**4.3%** (Est. 2026-27)

### Inflation

Moderate &  
Stable

### Strategic Pivot

~~Assembly~~  
→ Designed &  
Made in India

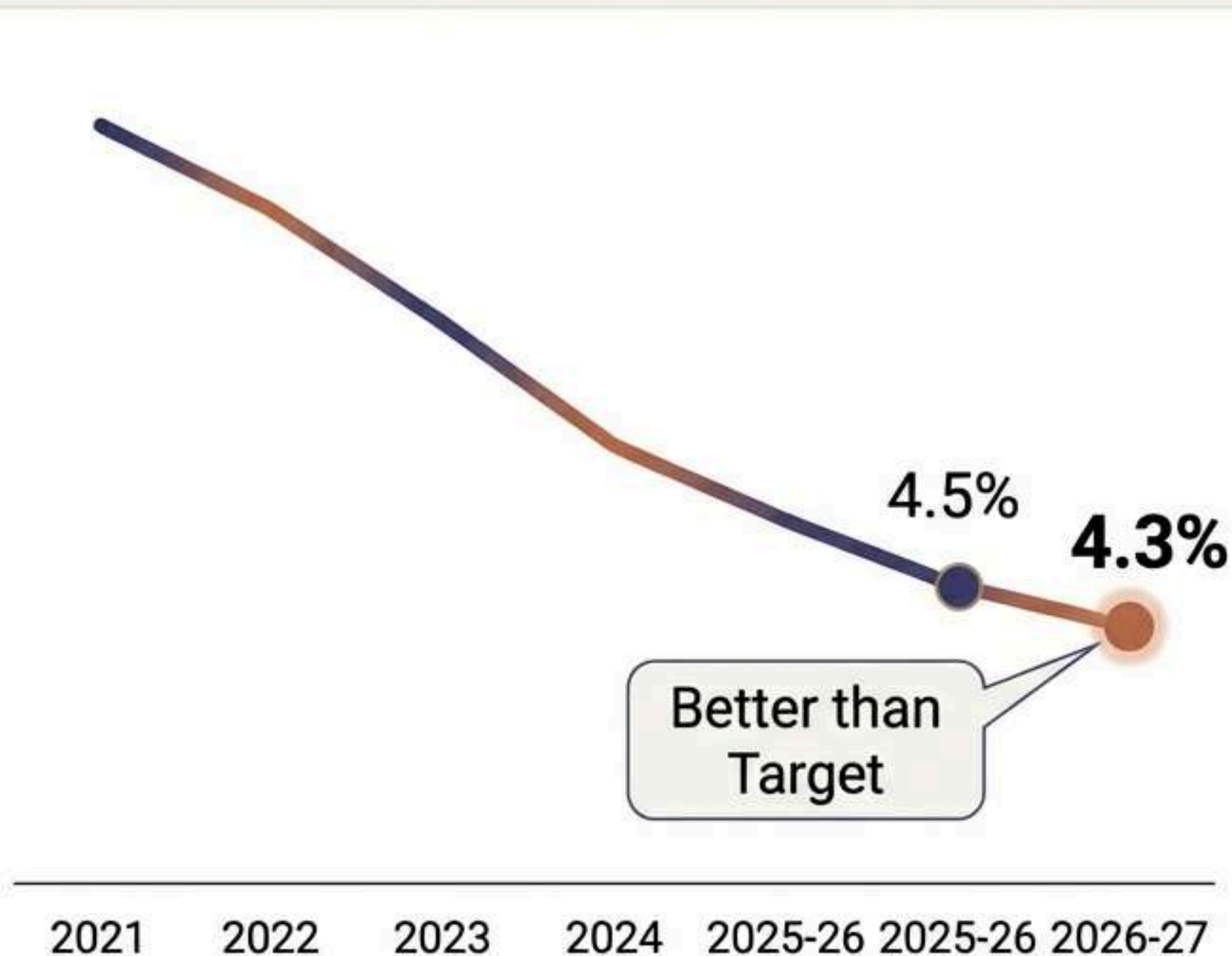
### Major Reform

New Income Tax  
Act 2025



# Macroeconomic Overview & Fiscal Management

## Fiscal Deficit Trajectory (% of GDP)



Debt-to-GDP

**55.6%** (Est.)

Public Capex

**₹12.2 Lakh Crore**

Devolution to States

**Retained at 41%**

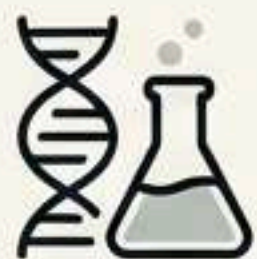
## Reform Express

- 350+ Reforms since Aug 2025
- GST Simplification
- Labour Codes Notified



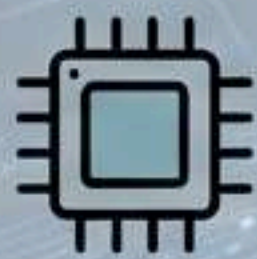
# Kartavya 1: Scaling Strategic Manufacturing & IP

## Main Allocations



### Biopharma SHAKTI

₹10,000 cr outlay (5 years). 3 new NIPERs, 7 upgrades.



### Semiconductors (ISM 2.0)

Shift to equipment, materials, and design-led ecosystem.



### Electronics

₹40,000 cr for Components Manufacturing Scheme.

## Strategic Lens: The IP Perspective

### Biologics Focus

Push for biologics/biosimilars will drive patenting and clinical trial data exclusivity.

### Design Sovereignty

Explicit objective: Design Full-Stack Indian IP to reduce foreign reliance.



# Industrial Independence: Supply Chains & Champion MSMEs

## Critical Materials & Sovereignty



- Chemical Parks: 3 New Dedicated Parks

**Heavy Industry:**  
Container Manufacturing  
(₹10k cr) & Capital Goods



## The MSME Growth Engine

### Creating Champion MSMEs

**SME Growth Fund:** ₹10,000 cr

**Self-Reliant India Fund:** ₹2,000 cr Top-up

**TReDS Expansion:** Mandatory for CPSEs;  
Receivables as asset-backed securities

**Compliance:** Introduction of Corporate  
Mitras



# Infrastructure: The Physical & Digital Backbone





# Kartavya 2: Human Capital & The Creative Economy

## Education & Enterprise

- **Committee:** High-Powered 'Education to Employment' body.
- **Infrastructure:** 5 University Townships near industrial corridors.
- **Services:** Tax holiday to 2047 for Cloud Services (attracting Hyperscalers).

## Creative Economy (AVGC)

- **Creator Labs:** In 15,000 schools & 500 colleges.
- **IP Insight:** Deepening copyright & design rights in gaming/animation.





# Healthcare Capacity & The Care Economy



## Health Workforce

- **100,000** Allied Health Professionals (AHPs) added over 5 years.
- **3** New All India Institutes of Ayurveda.
- **NIMHANS-2** for Mental Health.



## The Care Economy

- Training **1.5 Lakh Caregivers** in the coming year.
- **Formalising** the care workforce.



## Tourism & Culture

- **5 Regional Medical Tourism Hubs.**
- **Digital Knowledge Grid:** Documenting cultural significance.
- **Upskilling 10,000 guides** at iconic sites.



# Kartavya 3: Inclusive Growth through Technology

## High Value Agriculture

- Coconut
- Sandalwood
- Cocoa
- Cashew

**Fisheries:** 500

Reservoirs 100 Reservoirs  
Integrated Development

## Tech-Enabled Inclusion



### Agri-Tech: Bharat-VISTAAR

- Multilingual AI tool using AgriStack data.
- IP Note: Raises DPDP compliance & data privacy issues.

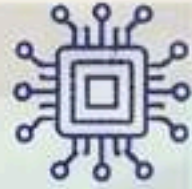
### Social Inclusion (Divyangjan)

- Assistive Tech: ALIMCO scaling R&D.
- Strategic Angle: Driving patents for medical devices & embedded software.



# Cross-Cutting Theme: AI & Emerging Tech Integration

## Missions



Embedded in IndiaAI,  
National Quantum Mission,  
Anusandhan NRF.

## AI Governance

High-Powered Standing  
Committee on AI Impact



## Education

AI embedded in  
curricula nationwide.



## Applications

Customs Scanning,  
Bharat-VISTAAR,  
Assistive Tech.



# Direct Taxes: The New Income Tax Act 2025

Effective Date: April 1, 2026

## Simplification & Ease

- Redesigned, simpler forms.
- Common Order for assessments & penalties.
- Staggered Filing: Non-audit business deadline moved to Aug 31.
- Decriminalization: TDS defaults & book production failures.

## Foreign Asset Disclosure Scheme

- One-time 6-month window.
- Category A (Undisclosed <₹1cr): 30% Tax + 30% Penalty.
- Category B (Disclosed income, undeclared asset <₹5cr): Fixed fee ₹1 Lakh.



# Tax Incentives for Innovation & Global Business



## IT/ITES Safe Harbour

- Margin 15.5%
- Threshold raised to ₹2,000 crore.
- Automated approvals.



## Global Talent Exemption

- 5-year income tax exemption for non-resident experts.
- Target: AI and IP leadership.



## Toll Manufacturing

- 5-year tax exemption for non-residents supplying capital goods.
- Favours IP-heavy contract structures.



## Corporate & Markets

- MAT reduced to 14% (Final Tax).
- Fast-track Unilateral APAs (2 years).



# Indirect Taxes: Customs Rationalization & GST

## Customs Strategy



### Reductions

Critical Minerals,  
Capital goods for Li-  
Ion, Cancer drugs  
(17 exempted),  
Civil Aviation parts.



### Increases

Umbrellas (20%),  
Potassium  
hydroxide.

**Personal Imports:** Duty reduced to 10%.

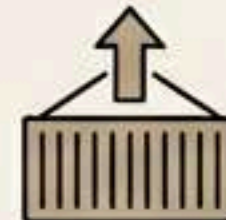
## Trade Facilitation



**AEO Benefits:** Extended to Tier 2/3.



**Advance Ruling:** Validity increased  
to 5 years.



**Export Boost:** Courier value cap  
removed; Marine input duty-free  
limit raised.



# Strategic Takeaways: The IP Perspective



## IP is Central

- Fundamental to implementation.
- Examples: Biopharma SHAKTI, Semicon 2.0.



## Incentivized Innovation

- Friction-free environment for GCCs.
- Tools: Safe Harbour (15.5%), Fast-Track APAs, Tax Holidays.



## Sectoral Complexity

- Semicon/Electronics: High patent & layout-design activity.
- Clean Energy (CCUS): Heavy licensing & JV-IP clauses.

**Budget 2026-27**



# Conclusion: From 'Made in India' to 'Designed & Made in India'

**A structural bet on Technology, IP, and Human Capital.**

- Fiscal Discipline (4.3% Deficit).
- Simplified Tax Code (New Act).
- Global Hub for Innovation.



**The New Era of  
Indian Innovation**



# CONTACT US



**Jidesh Kumar**

Managing Partner  
jidesh@ksandk.com



**Himanshu Deora**

Partner  
himanshu.deora@ksandk.com

---

**NEW DELHI**

RNM Tower, 5th Floor, Metro pillar no 331, i4,  
B 1, NH-19, Mohan Cooperative Industrial  
Estate, New Delhi, 110044  
Tel: +911141318190/41032969  
Email: delhi@ksandk.com

**BANGALORE**

1A & 1B, 2B & 3B Lavelle Mansion, 1/2,  
Lavelle Road, Bangalore, 560 001  
Tel: +91 80 41179111/41179222,  
Email: bangalore@ksandk.com

**CHENNAI**

211, Alpha Wing, Second Floor,  
Raheja Towers, #177, Anna Salai,  
Chennai, 600 002  
Tel: +91 44 28605955/28606955  
Email: chennai@ksandk.com

**MUMBAI (I)**

61, Atlanta Building, Jamnalal Bajaj  
Road, Nariman Point, Mumbai, 400 021  
Tel: +91 22 62372076/22020080  
Email: mumbai@ksandk.com

**MUMBAI (II)**

301 A, 3rd Floor, Piramal Tower,  
Peninsula Corporate Park, Lower Parel,  
Mumbai - 400 013  
Tel: +91 22 62372076/22020080  
Email: mumbai@ksandk.com

**MUMBAI (III)**

802, 8th Floor, REMI COMMERCIO, Shah  
Industrial Estate, Veera Desai Road,  
Andheri Link Road, Behind Yash Raj Studio,  
Andheri (West), Mumbai - 400 053  
Tel: +91 22 35253198  
Email: mumbai@ksandk.com

**KOCHI**

1st Floor, Manavalan Building,  
Banerji Road, Ernakulam,  
Kochi, 682 018  
Tel: +91 484-3592950  
Email: kochi@ksandk.com

**PUNE**

Bootstart Cowork, 1st Floor,  
Arcadian Building Plot No 12, Lane  
5A, Koregaon Park, Pune, 411 001  
Tel: +91 9833555232  
Email: pune@ksandk.com

**HYDERABAD**

609, Shangrila Plaza, Road no. 2,  
Banjara Hills, Hyderabad, Telangana,  
500 034  
Tel: +91 40 48516011/+91 40 48506011  
Email: hyderabad@ksandk.com

**MANGALORE**

Office No. 406, 4th Floor, Ajanta Business  
Center, Kapikad, Bejai, Mangalore-  
575 004  
Tel: +91 8244634375  
Email: mangalore@ksandk.com