



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

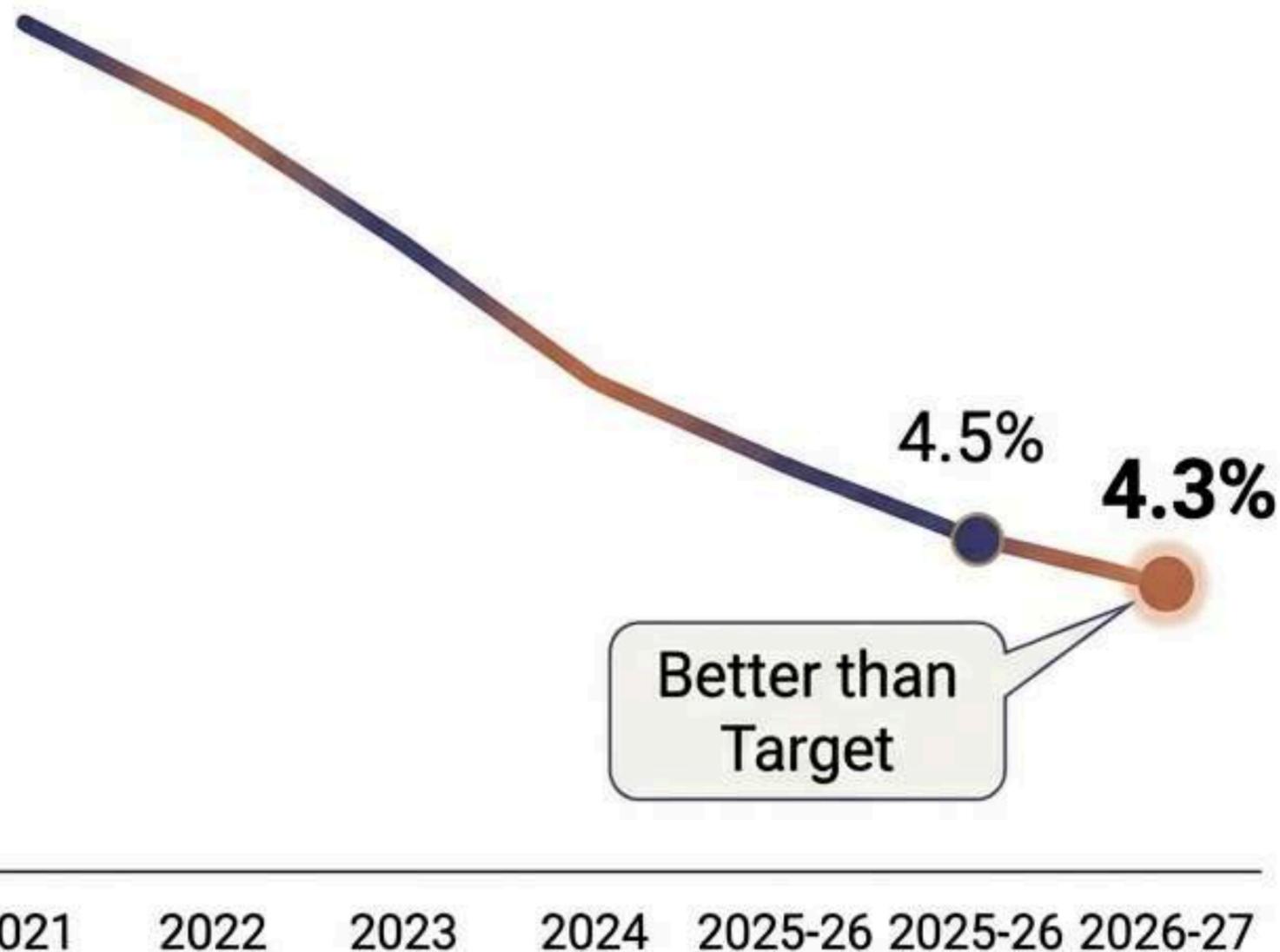
~~Assembly~~
→ Designed &
Made in India

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

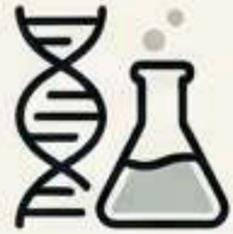
Retained at 41%

Reform Express

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

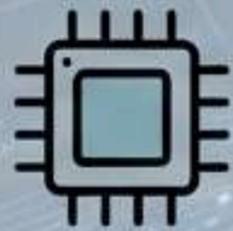
Kartavya 1: Scaling Strategic Manufacturing & IP

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

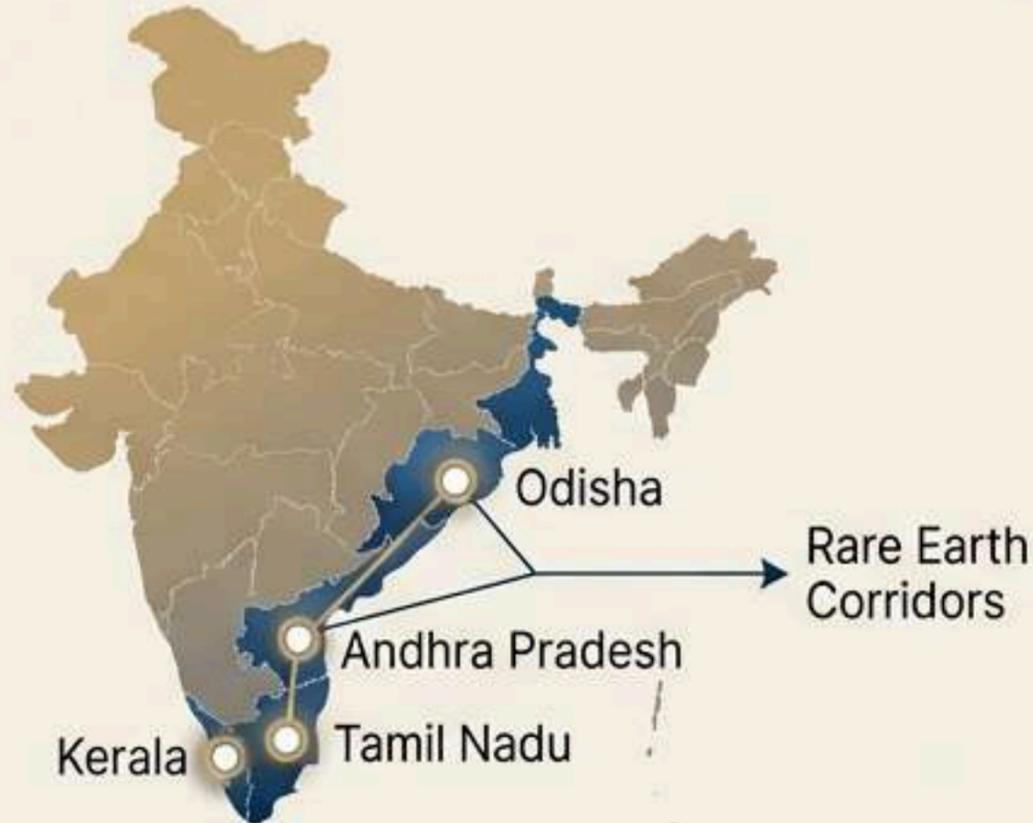
Push for biologics/biosimilars will drive patenting and clinical trial data exclusivity.

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

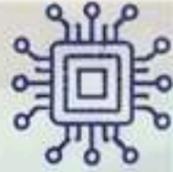
- Multilingual AI tool using AgriStack data.
- IP Note: Raises DPDP compliance & data privacy issues.

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

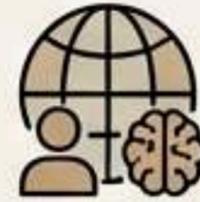
- One-time 6-month window.
- Category A (Undisclosed <₹1cr): 30% Tax + 30% Penalty.
- Category B (Disclosed income, undeclared asset <₹5cr): Fixed fee ₹1 Lakh.

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%.

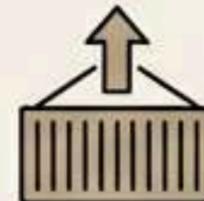
Trade Facilitation



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



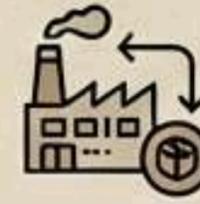
IP is Central

- 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**

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