

THE C-SUITE INTELLIGENCE

INDIA UNION BUDGET 2026 DETAILED ANALYSIS

Comprehensive Analysis of India's Union Budget
2026: Key Announcements and Sectoral Allocations

Budget 2026 Breakdown: Sectoral
Allocations, Economic Roadmap, and
Market Insights





INDIA UNION BUDGET 2026 DETAILED ANALYSIS

Navigating the Future - From '**Viksit Bharat: Action & Acceleration**' in Budget 2026

February 01, 2026

By Ravi Shekhar, Sanjay Kumar, Nitika Sharma & Shreyanshi Pandey

UNION BUDGET 2026

India's Union Budget 2026 marks a decisive transition from articulation to execution. Titled "Viksit Bharat: Action & Acceleration," this budget is a strategic blueprint to inject velocity into our national ambitions. It is designed to consolidate gains, deepen structural reforms and propel India towards becoming a global economic powerhouse by 2047, with a core focus on Technology, Talent and Sustainability.

KEY ANNOUNCEMENTS – FOR INDIAN ENERGY & INFRASTRUCTURE SECTOR

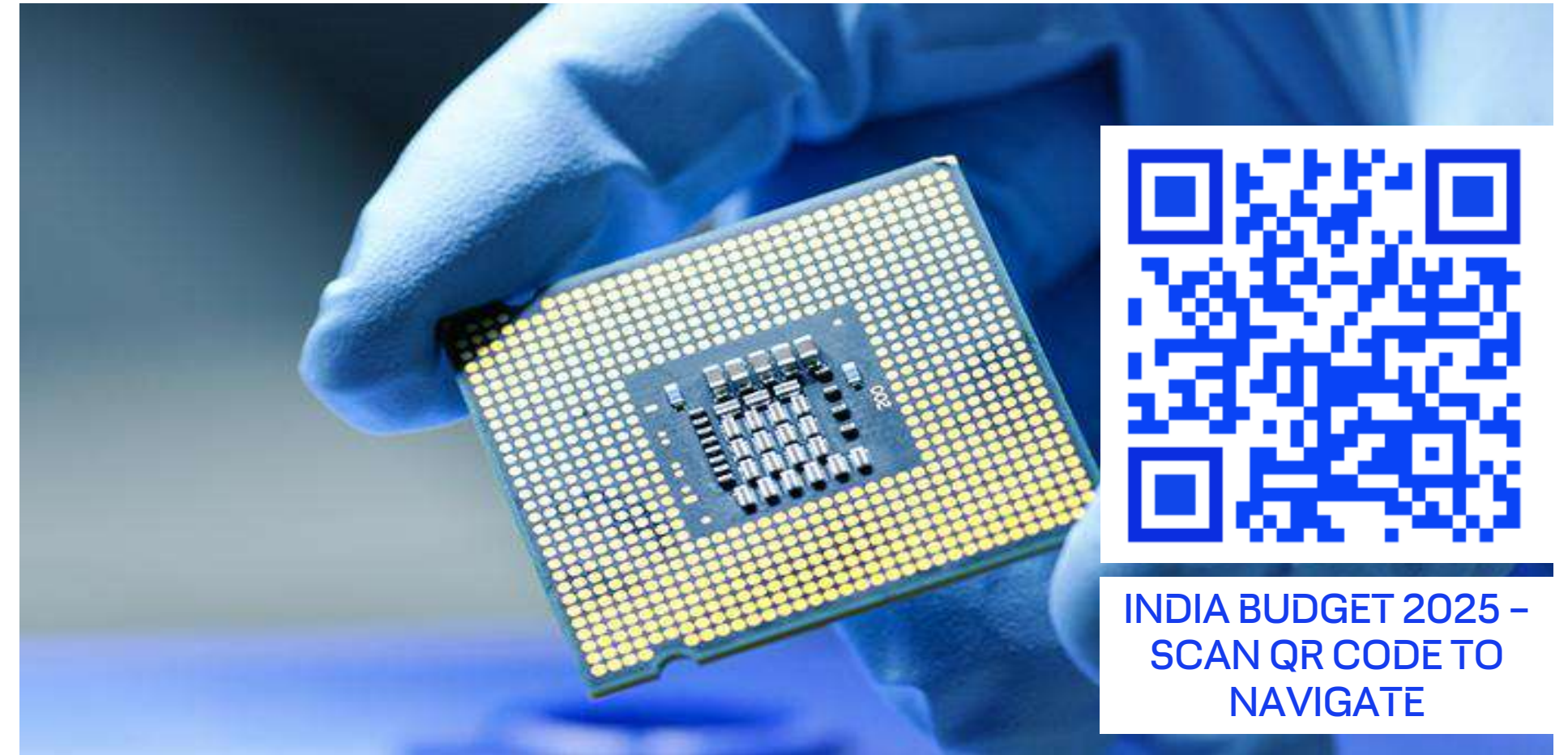
- **Clean Energy:** The Budget indigenous manufacturing of solar and battery storage components to accelerate the country's clean energy transition. The vision aligns with India's climate goals for a cleaner, greener future.
- **Critical Minerals:** With a focus on domestic exploration, processing, and value-addition of rare earths and critical minerals, Budget 2026 aims to secure essential raw materials for clean energy and manufacturing sector.
- **Semiconductors:** The launch of the India Semiconductor Mission 2.0 (ISM 2.0) and expanded support for electronics and component manufacturing will accelerate domestic chip production.
- **Infrastructure Sector:** The Budget proposes the development of City Economic Regions (CERs), multimodal logistics hubs, highways and urban infrastructure, alongside sustained public capital expenditure, to create integrated economic clusters.
- **Tourism:** Focus on heritage tourism, skill development for tourist guides and upgrades to key archaeological sites will strengthen India's tourism ecosystem, aiming to position the country as a global destination.

INDIA BUDGET 2026: A DECISIVE SHIFT TOWARDS BUILDING DEEP, END-TO-END INDUSTRIAL AND TECHNOLOGY CAPABILITIES ACROSS SEMICONDUCTORS, ELECTRONICS, AI INFRASTRUCTURE, AND CLEAN ENERGY

The Union Budget signals a decisive shift towards building deep, end-to-end industrial and technology capabilities across semiconductors, electronics, AI infrastructure, and clean energy. The expansion of the **India Semiconductor Mission (ISM 2.0)** marks a strategic evolution from fabrication incentives to a full-stack ecosystem—covering equipment, materials, indigenous IP design, resilient supply chains, and industry-led R&D and skilling. This positions India to move up the semiconductor value chain while reducing import dependence and strengthening long-term technological sovereignty

The government's decision to scale up the Electronics Components Manufacturing Scheme outlay to ₹40,000 crore reflects strong investor confidence and aims to anchor India as a global electronics manufacturing hub. Complementing this, the creation of Rare Earth Corridors in mineral-rich states is a critical supply-side intervention to secure strategic materials essential for electronics, EVs, renewables, and defence, while catalyzing regional industrial development.

On the digital front, the expansion of National AI and advanced technology infrastructure—through AI data centers, HPC capacity, and cloud infrastructure—lays the foundation for AI-led productivity growth across sectors, supporting both enterprise adoption and public digital platforms.



From an energy transition perspective, targeted customs duty exemptions for solar, storage, and nuclear projects are aimed at lowering capital and manufacturing costs, scaling domestic clean-energy supply chains, and accelerating low-carbon capacity addition.

Extending nuclear duty exemptions till 2035 provides long-term policy certainty, critical for large-ticket investments. Overall, the budget reflects a coherent strategy: combine demand creation, supply-chain security, fiscal incentives, and skill development to position India as a globally competitive hub in advanced manufacturing, AI infrastructure, and clean energy technologies.

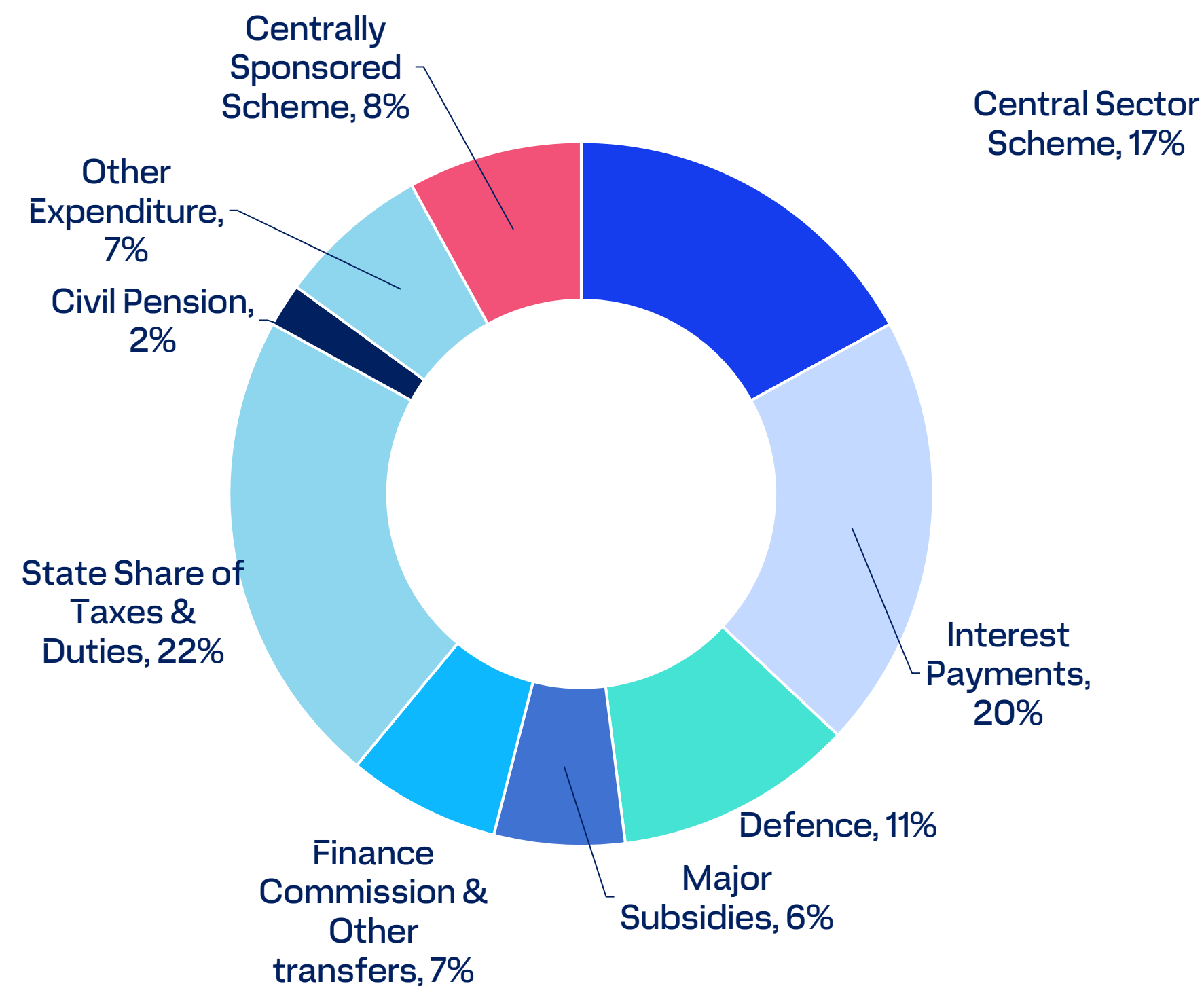
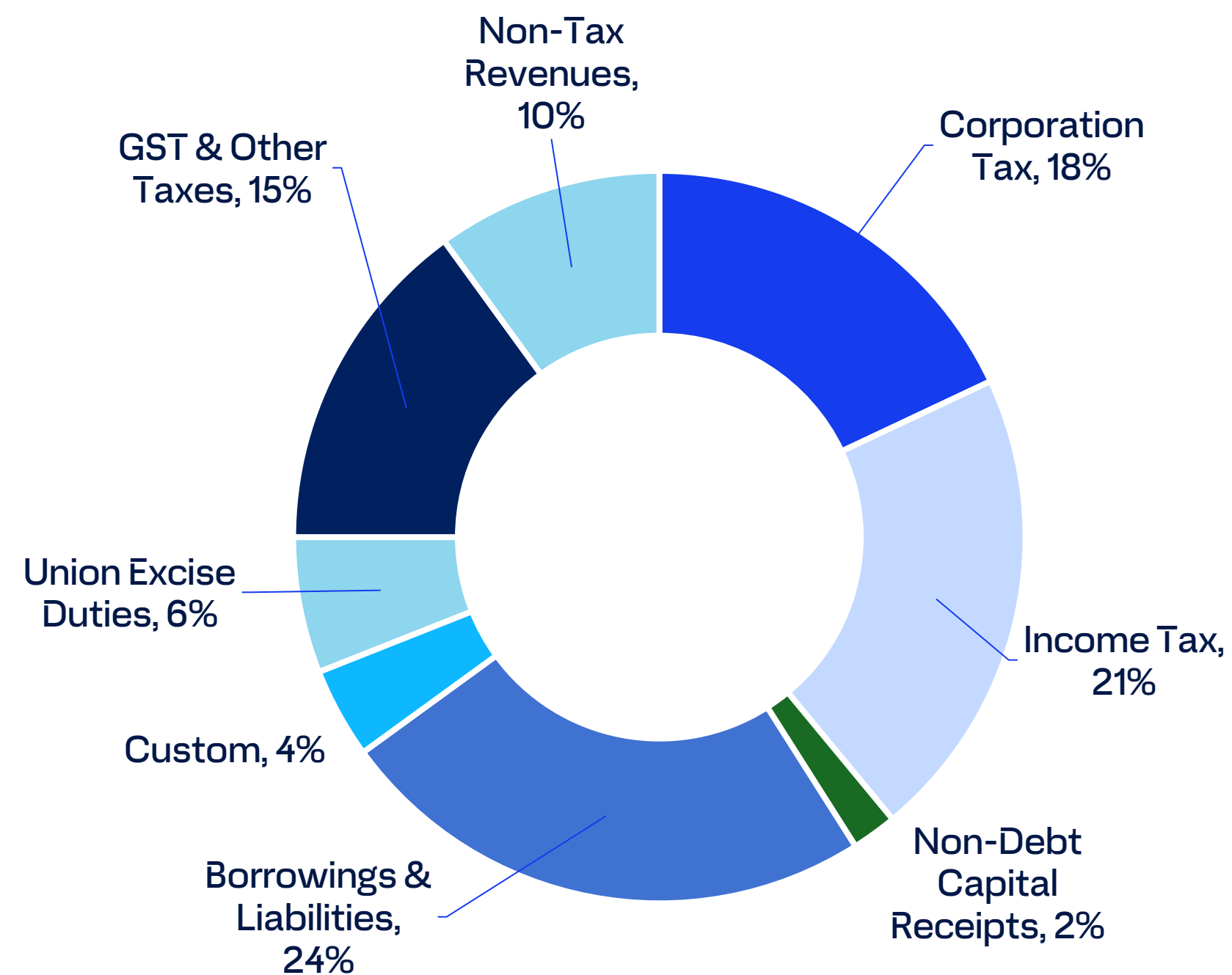
INDIA UNION BUDGET 2026-27

FINANCIAL SNAPSHOTS

| | 2024-2025 Actuals (In ₹ Crores) | 2025-2026 Budget Estimates (In ₹ Crores) | 2025-2026 Revised Estimates (In ₹ Crores) | 2026-2027 Budget Estimates (In ₹ Crores) |
|-------------------------------|---------------------------------------|--|---|--|
| Revenue Receipts | 3,03,6619 | 34,20,409 | 33,42,323 | 35,33,150 |
| Capital Receipts | 16,16,249 | 16,44,936 | 16,22,519 | 18,14,165 |
| Total Receipts | 46,52,867 | 50,65,345 | 49,64,842 | 53,47,315 |
| Total Expenditure | 46,52,867 | 50,65,346 | 49,64,842 | 53,47,315 |
| Effective Capital Expenditure | 13,24,609 | 15,48,282 | 14,03,906 | 17,14,523 |
| Revenue Deficit | 5,64,296 | 5,23,846 | 5,26,764 | 5,92,344 |
| Effective Revenue Deficit | 2,91,640 | 96,654 | 2,18,613 | 99,642 |
| Fiscal Deficit | 15,74,431 | 15,68,936 | 15,58,492 | 16,95,768 |
| Primary Deficit | 4,58,856 | 2,92,598 | 2,84,154 | 2,91,796 |

INDIA UNION BUDGET 2026-27

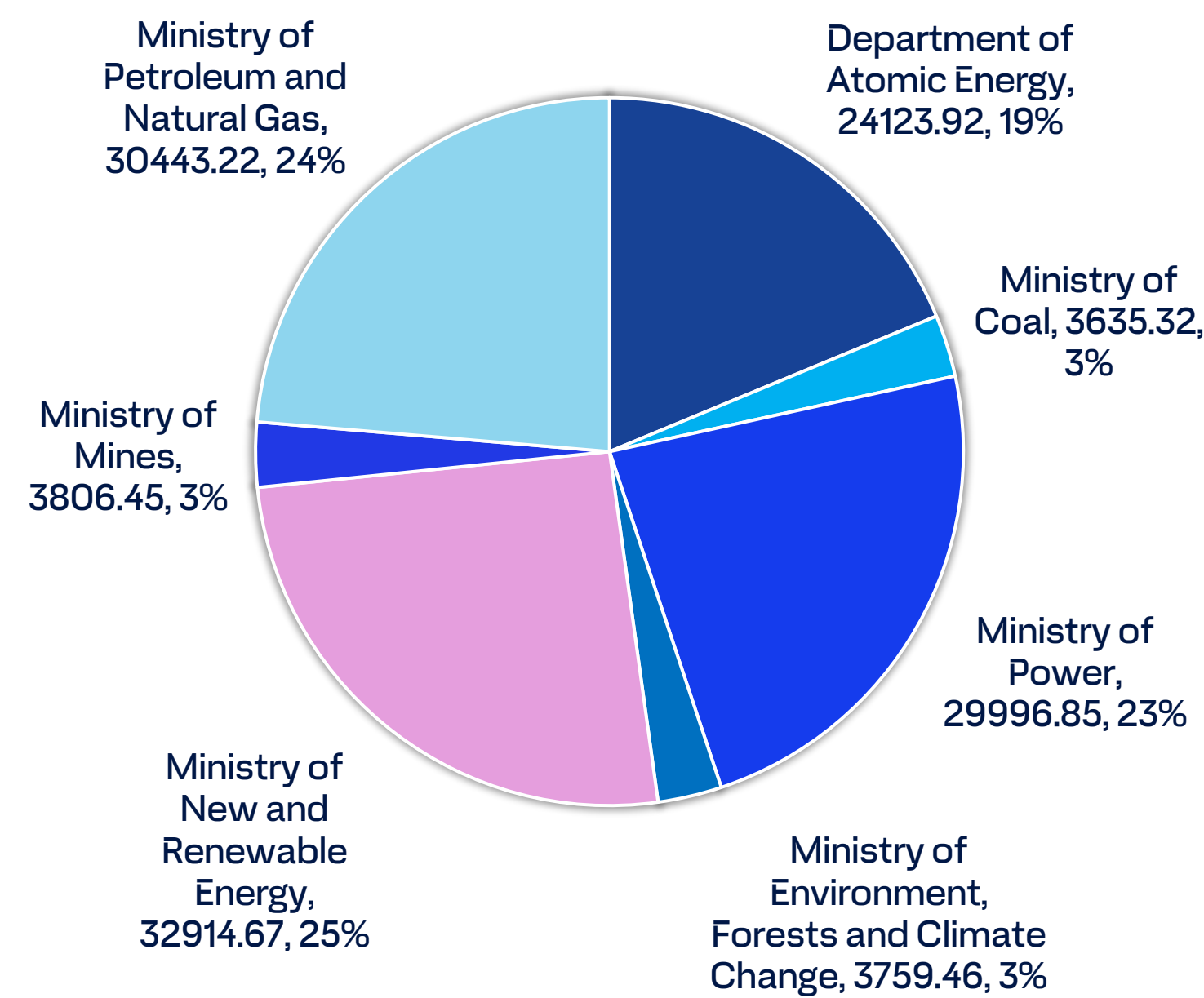
SUMMARY OF INCOME & EXPENDITURE 2026-27



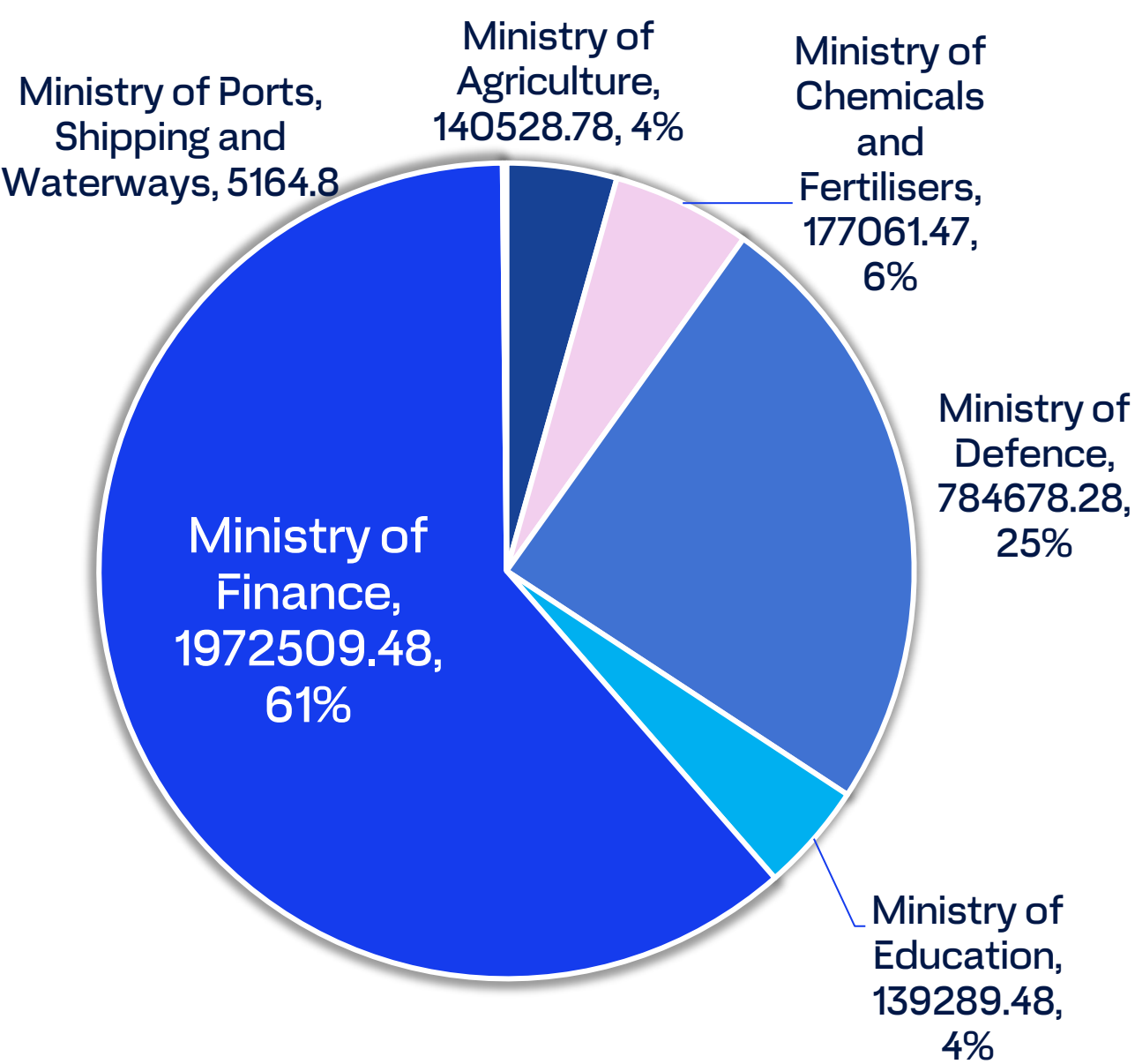
INDIA UNION BUDGET 2026 -27

KEY NUMBERS

Budget Estimates for 2026-2027 for
Key Energy and Infrastructure Ministries



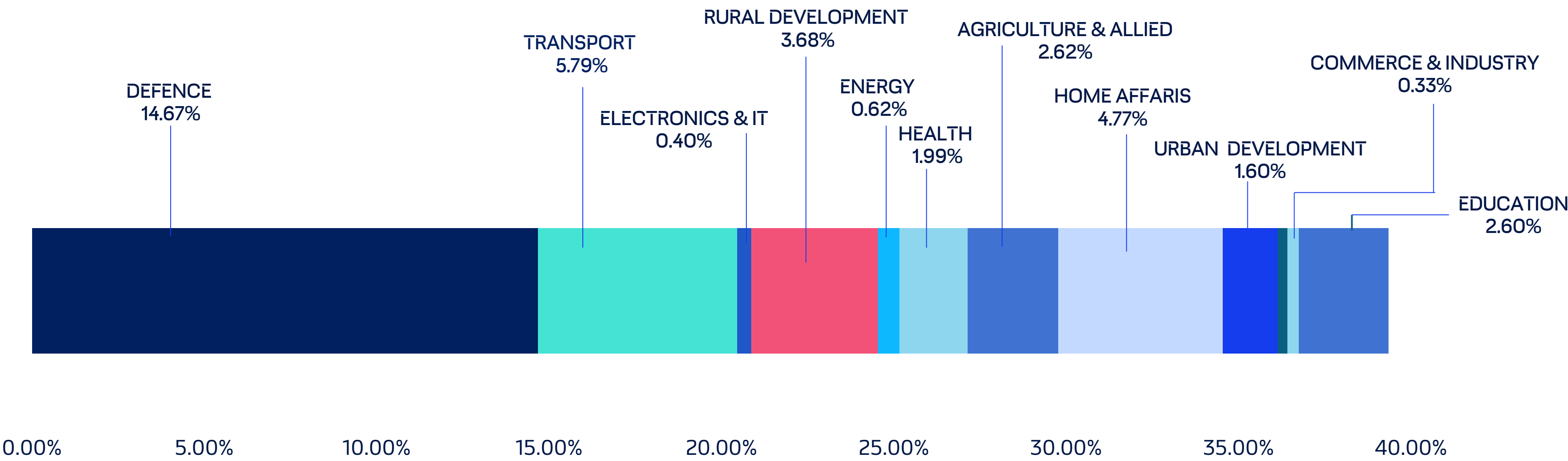
Budget Estimates for 2026-2027 for
Key Other Ministries



INDIA UNION BUDGET 2026-27

KEY NUMBERS

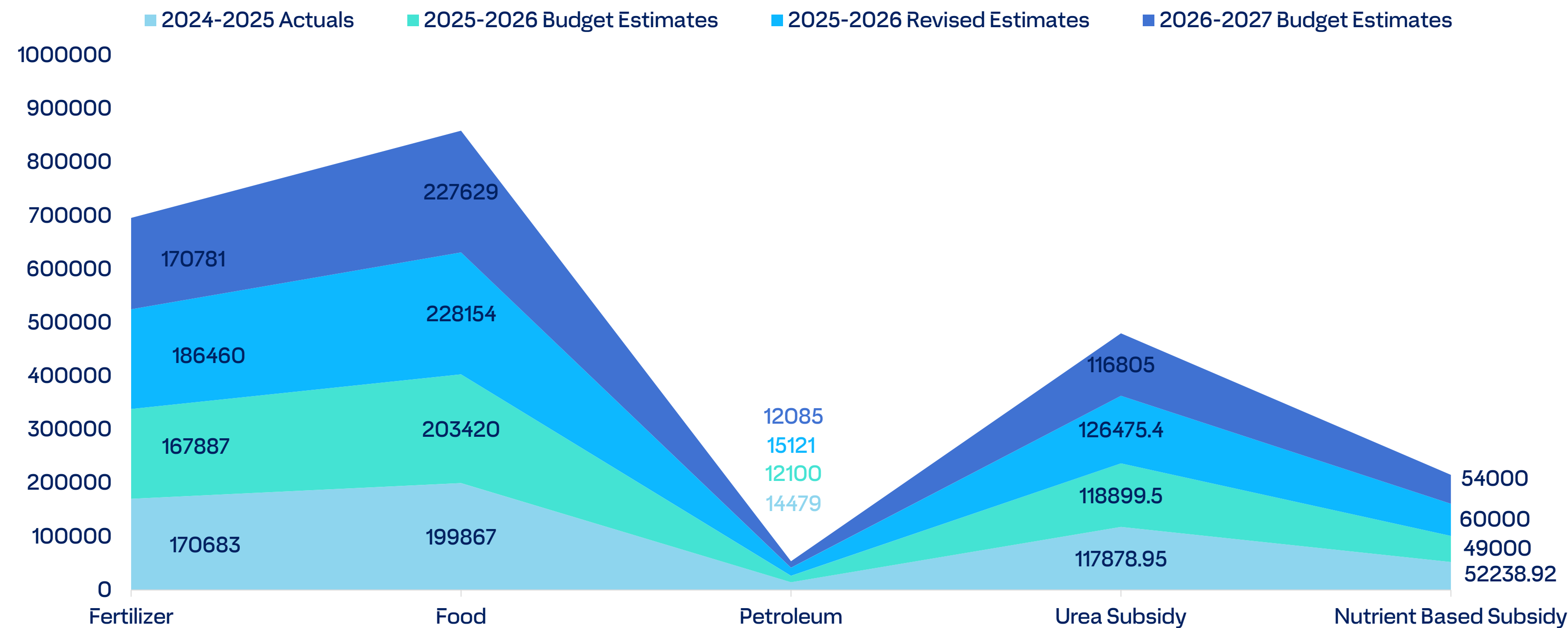
Percentage Share of Key Ministries in the Budget Expenditure for 2026-27



INDIA UNION BUDGET 2026-27

KEY NUMBERS

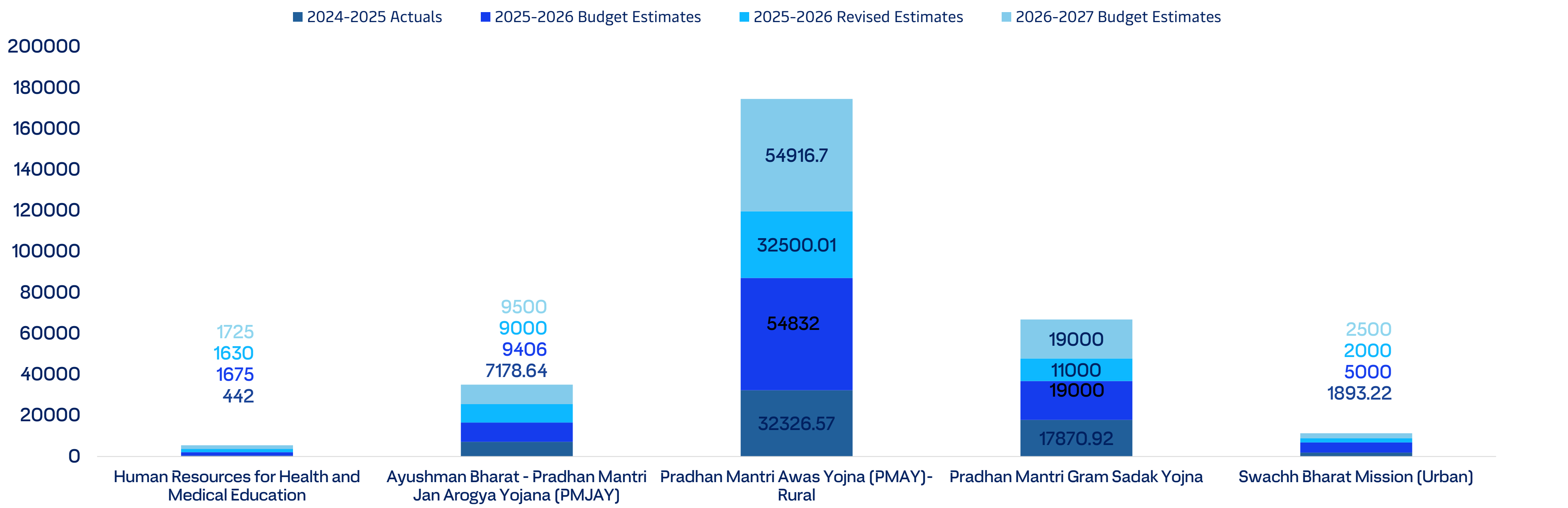
Subsidy (In INR Crores) offered by the Gol to key sectors



INDIA UNION BUDGET 2026-27

KEY NUMBERS

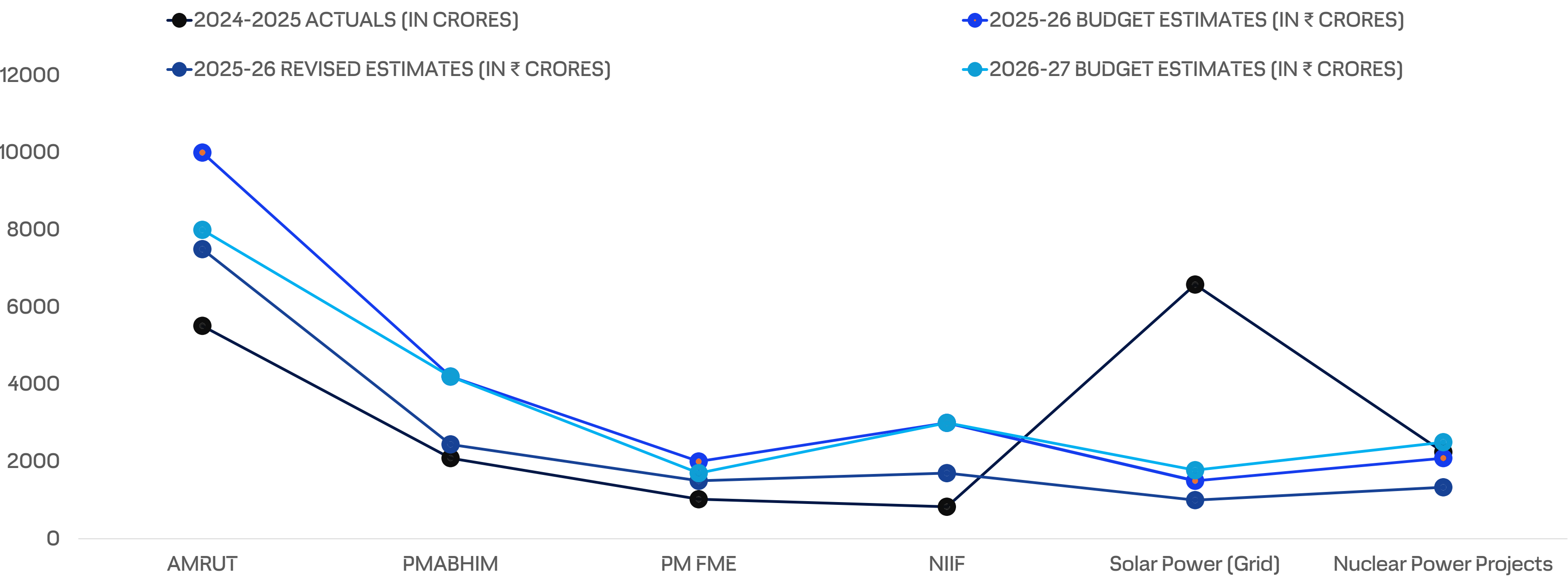
Outlay (In INR Crores) on Major Schemes on Social Sector Development



INDIA UNION BUDGET 2026-27

KEY NUMBERS

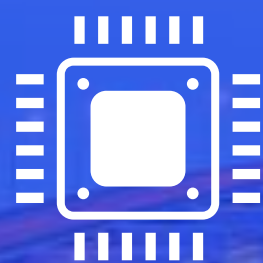
Outlay (In INR Crores) on Major Schemes on Industry and Infrastructure Development



INDIA UNION

BUDGET 2026-27

KEY IMPLICATIONS



SEMICONDUCTOR
INDUSTRY
Impact – Positive +



NUCLEAR SECTOR
Impact - Positive



RENEWABLE ENERGY
Impact – Marginally
Positive



CRITICAL MINERALS
Impact – Positive



DATA CENTER
INDUSTRY
Impact – Positive +



AI & TECH SECTOR
Impact – Positive



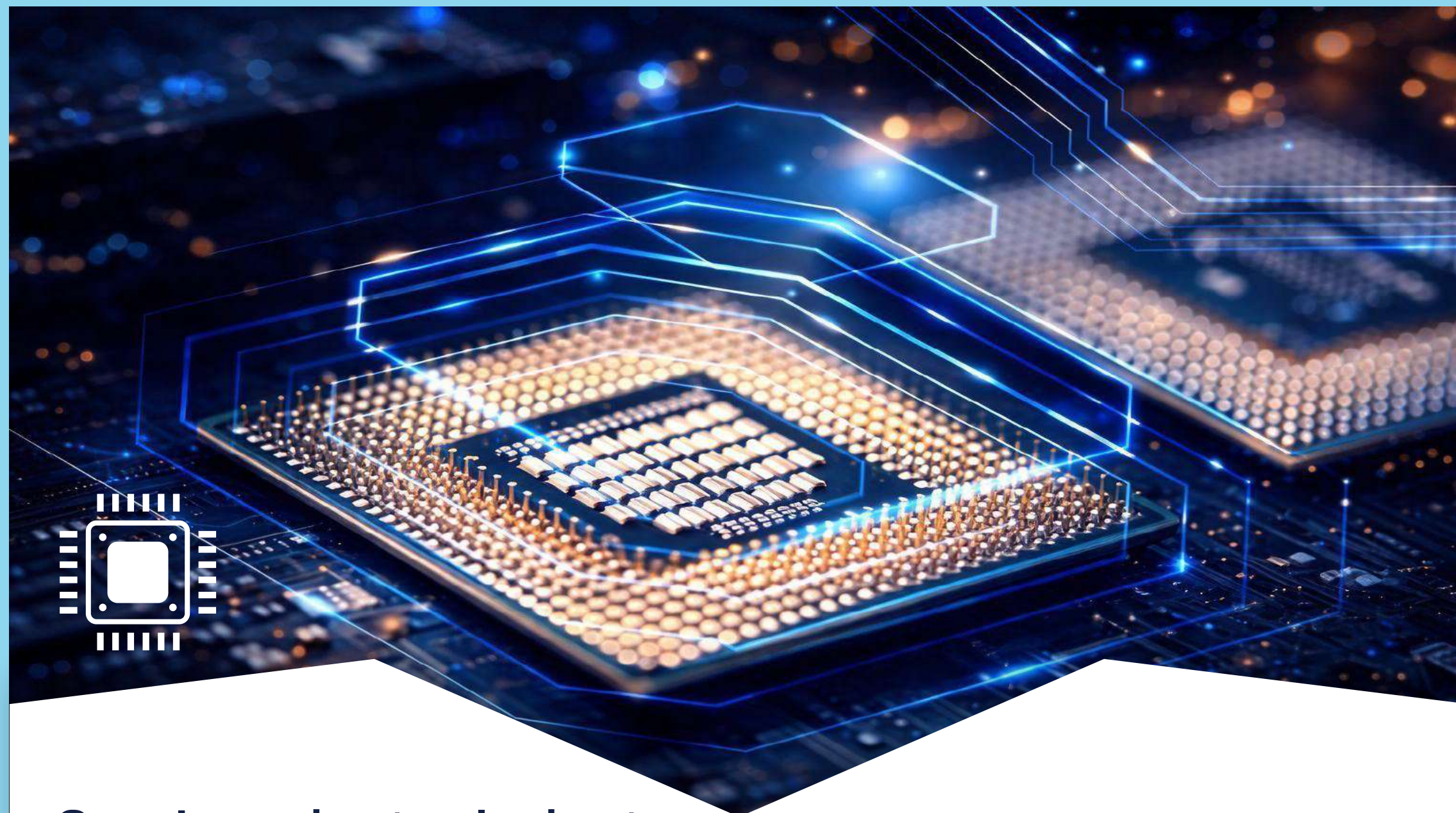
INFRASTRUCTURE
SECTOR
Impact – Positive



TOURISM SECTOR
Impact – Positive

RATINGS - LEGEND

| RATINGS | DEFINITION |
|---------------------|---|
| Positive Plus | Predominantly Positive Proposals |
| Positive | Positive Proposals |
| Marginally Positive | Positive Proposals but lacks industry expectations at large |



Semiconductor Industry

Budget 2026 launches ISM 2.0, increase funding for ECMS and focuses on supply chain strengthening

Positive +

Positive +

Launch of India Semiconductor Mission 2.0 (ISM 2.0): Marking a strategic upgrade, the budget launched ISM 2.0 to propel India's semiconductor ambitions. The mission now focuses on building high-value domestic capabilities in design, advanced manufacturing and a resilient supply chain, moving decisively up the technology ladder.

Positive

Increased Funding for Electronics Component Manufacturing: In a major push for supply chain resilience, ECMS funding was raised to ₹40,000 crore. This significant outlay reinforces the commitment to localize semiconductor-critical components and attract allied industrial investment alongside ISM 2.0.

Marginally Positive

Focus on Supply Chain Strengthening: The mission's core strategy is to indigenize critical semiconductor technologies—from IP and materials to equipment—while strengthening supply chain security.



Nuclear Sector

Budget 2026 extends custom duty exemption for nuclear power projects and supports rare earth supply chain

Positive

Positive +

Extended Customs Duty Exemption for Nuclear Power Projects: To lower capital costs and accelerate low-carbon energy expansion, the budget will extend the customs duty exemption for nuclear project imports until 2035, broadening it to cover all plants irrespective of capacity.

Positive

Strong Long-Term Policy Support for Nuclear Capacity Growth: To reinforce sustained policy support for achieving 100 GW of nuclear capacity by 2047, the Budget aligns its extended duty benefits with this strategic goal. It further provides significant capital expenditure support through enhanced allocations to the Department of Atomic Energy.

Marginally Positive

Supply chain support through rare earth: To fortify domestic supply chains for strategic inputs like rare earths, the Budget supports critical mineral value chains, a measure that directly bolsters nuclear plant construction and operations alongside other clean-energy sectors.



Renewable Energy

Budget 2026 boosts indigenous solar and battery equipment manufacturing and decarbonisation methods

Marginally Positive

Positive +

Duty Exemptions to Boost Solar & Storage Manufacturing: The budget introduces zero customs duty on sodium antimonate for solar glass and BESS manufacturing equipment to help lower production costs, scale domestic solar and storage output and boost global competitiveness.

Positive

Increased Budgetary Allocation & Policy Support: The MNRE budget was boosted by nearly 24%, with sharp increases for flagship solar, grid, and bioenergy schemes, signaling a strong push to accelerate deployment and empower distributed clean power adoption across India.

Marginally Positive

Clean-Energy Ecosystem & Decarbonisation Measures: The budget's ₹20,000 crore CCUS programme supports renewables by securing supply chains and enabling industrial decarbonization. Clearer green hydrogen and storage financing would further boost the sector's competitiveness.



Critical Minerals

Budget 2026 announces rare earth corridors and enhances critical mineral supply chains

Positive

Positive +

Rare Earth & Critical Mineral Corridors: Budget announces Rare Earth & Critical Mineral Corridors in key states like Odisha and Tamil Nadu. This initiative aims to build a domestic exploration-to-value-addition chain for strategic minerals, powering sectors like clean energy and semiconductors while cutting import reliance.

Positive

Domestic Processing & Value-Addition: The budget provides policy and duty support to encourage the domestic processing and refining of critical minerals. This move aims to build an integrated ecosystem, bolster supply-chain resilience, and align with clean energy and advanced manufacturing goals.

Marginally Positive

Private Sector Participation: Greater clarity on auction mechanisms, environmental approvals and public-private partnership models will be key to translating these announcements into on-ground capacity creation



Data Center Sector

Budget 2026 enhances data center investment by foreign cloud and data service companies.

Positive +

Positive +

Long-Term Tax Holiday for Global Data Centre Operations:

To establish India as a global hub for AI and hyperscale data centers, the budget provides a long-term tax holiday extending to 2047, for foreign cloud and data service companies operating from within the country.

Positive

Safe Harbour Framework for Data Centre-Related Entities:

To simplify compliance and reduce litigation, the budget introduces a safe harbour regime of ~15% profit margin for related entities in data centre and cloud operation boosting the ease of doing business and encouraging multinationals to expand their India footprint.

Marginally Positive

Indirect Infrastructure & Energy Ecosystem Support:

The sector is expected to benefit indirectly from broader energy, nuclear, and clean power initiatives.



AI & Tech Sector

Budget 2026 enhances AI & Advanced Technology investment and commitment to deep-tech innovation

Positive

Positive +

Expansion of National AI & Advanced Technology Infrastructure:

The budget announces a strong push towards AI-led digital infrastructure, including support for AI data centres, high-performance computing (HPC) capacity, and cloud infrastructure as part of India's next phase of digital growth.

Positive

Enhanced Support for Research, Development and Innovation Ecosystem:

The budget reinforces commitment to R&D and deep-tech innovation through increased allocations for technology-driven research, industry-academia collaboration, and mission-based innovation programs.

Marginally Positive

Private R&D Incentives: While the budget signals strong intent to boost AI and technology-led growth, specific fiscal incentives such as enhanced tax deductions for private R&D expenditure or targeted grants for startups were not explicitly detailed.



Infrastructure Sector

Budget 2026 accelerates infrastructure development through city economic regions

Positive

Positive +

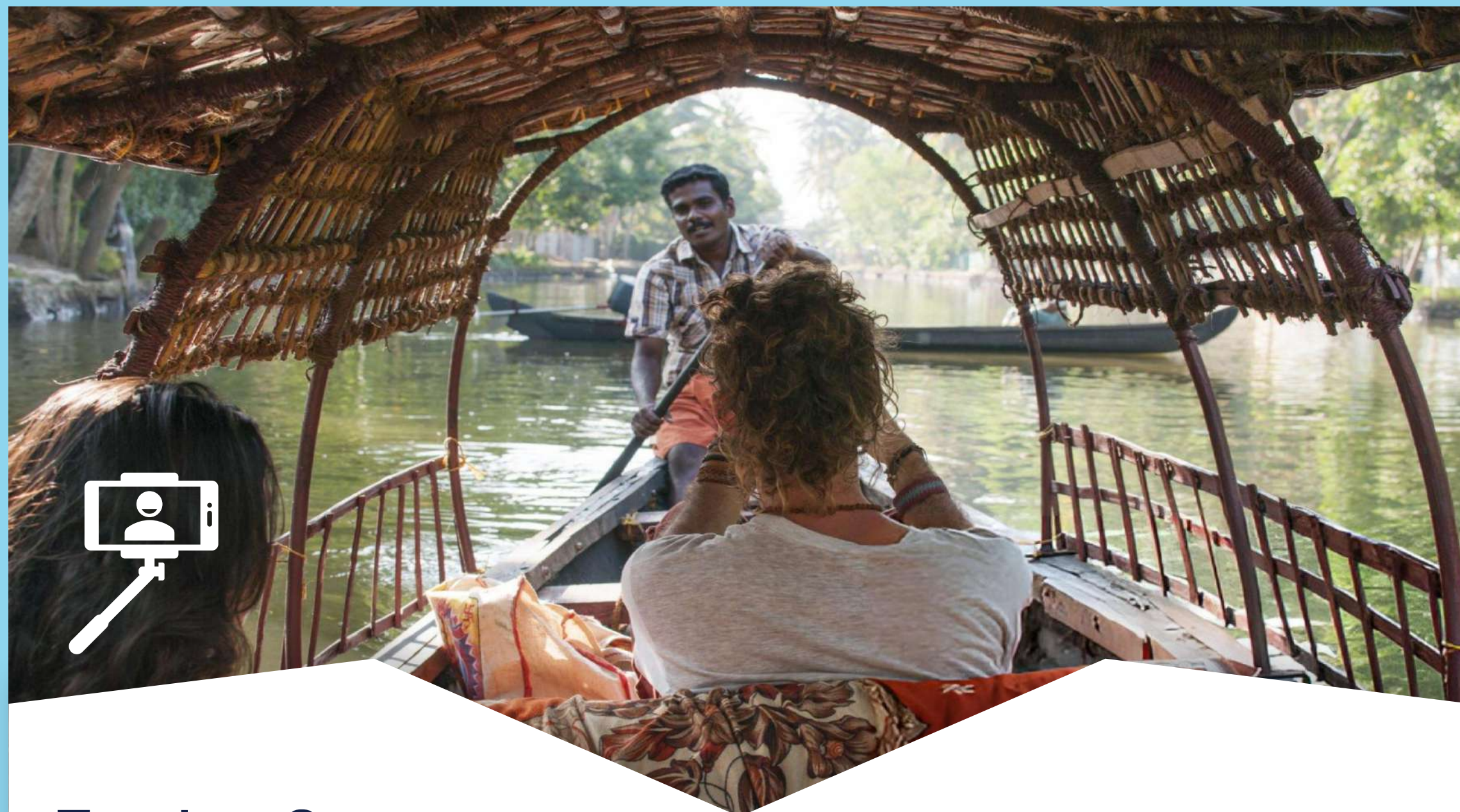
City Economic Regions (CERs) and Integrated Infrastructure Development: The budget announces the development of City Economic Regions (CERs) anchored around major cities, aimed at creating integrated clusters of urban infrastructure, industrial zones, logistics hubs and transport connectivity.

Positive

Multimodal Connectivity and Logistics Infrastructure: To support CERs, the budget emphasizes investments in multimodal transport networks, including expansion of high-speed rail corridors, dedicated freight corridors, national highways, and inland waterways. These measures are expected to lower logistics costs, improve last-mile connectivity, and enhance supply-chain efficiency across regions.

Marginally Positive

Implementation Framework and State Coordination: Effective execution will depend on inter-agency coordination, land availability, and the ability to attract private investment into CER-linked projects.



Tourism Sector

Budget 2026 enhances tourism infrastructure, promotes sustainable development, and strengthens sectoral growth

Positive

Positive +

Tourism Infrastructure and Experiential Destinations: The budget proposes a comprehensive tourism infrastructure development plan, including the creation of ecologically sustainable trekking and nature trails, experiential wildlife trails (such as turtle and bird-watching routes), and the development of 15 archaeological and heritage sites into vibrant cultural destinations.

Positive

National Institute of Hospitality and Guide Upskilling: The government has announced the setting up of a National Institute of Hospitality by upgrading the existing National Council for Hotel Management and Catering Technology. A pilot scheme to upskill 10,000 tourist guides across 20 iconic destinations will also be launched.

Marginally Positive

Connectivity and Promotional Support: The budget includes notable tourism-related infrastructure planning and connectivity enhancements such as better rail links and heritage site development.

About Eninrac

Eninrac Consulting is a global market research and advisory firm that specializes in providing comprehensive insights and strategic solutions across various industries. Our services are designed to help businesses navigate market complexities, identify growth opportunities, and achieve sustainable success.

Eninrac's USP lies in its ability to deliver pragmatic, data-driven solutions tailored to the unique needs of each client. By maintaining close collaboration and adopting a hands-on approach, they ensure that their insights are actionable and aligned with clients' strategic objectives. This personalized guidance through diverse markets and cultures sets them apart in the consulting landscape. By leveraging the services offered, Eninrac Consulting empowers businesses to improve processes, understand customers, and solve problems effectively, thereby driving growth and maintaining a competitive edge in their respective industries.

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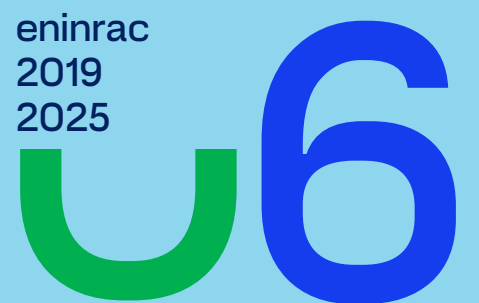
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