

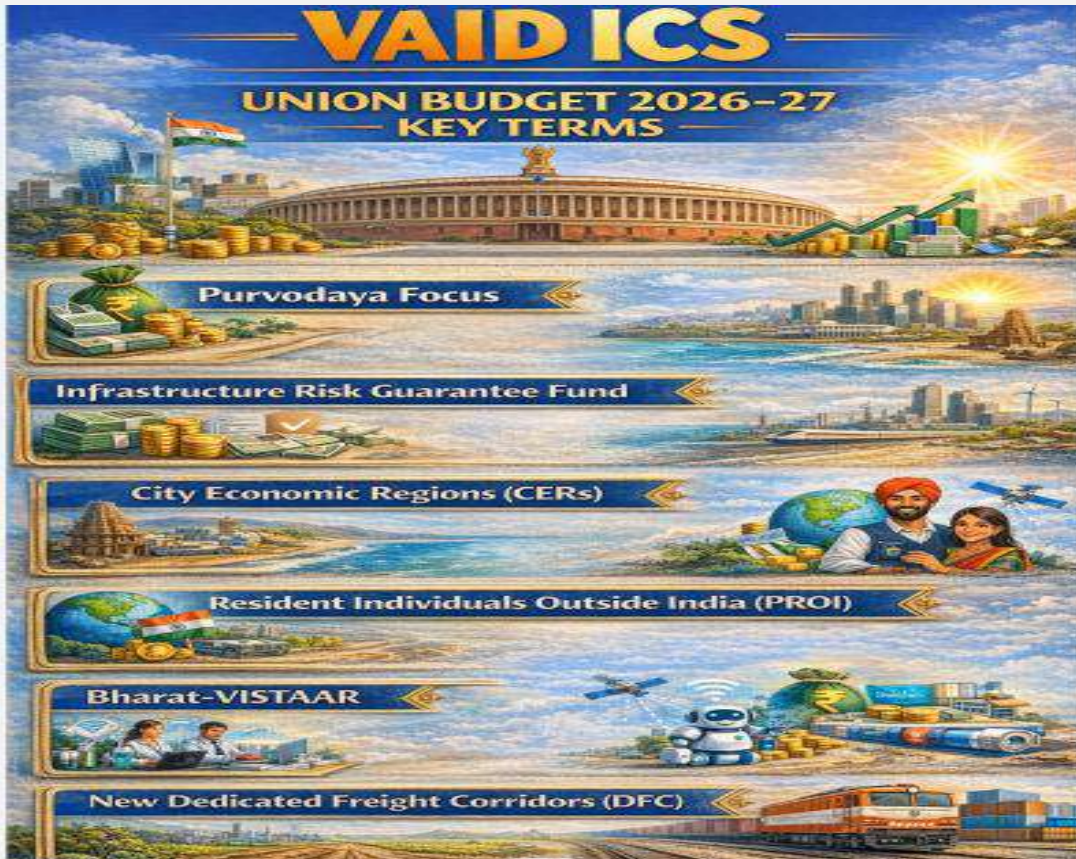


UNION

OVERALL BUDGET PHILOSOPHY (MAINS READY INTRO)

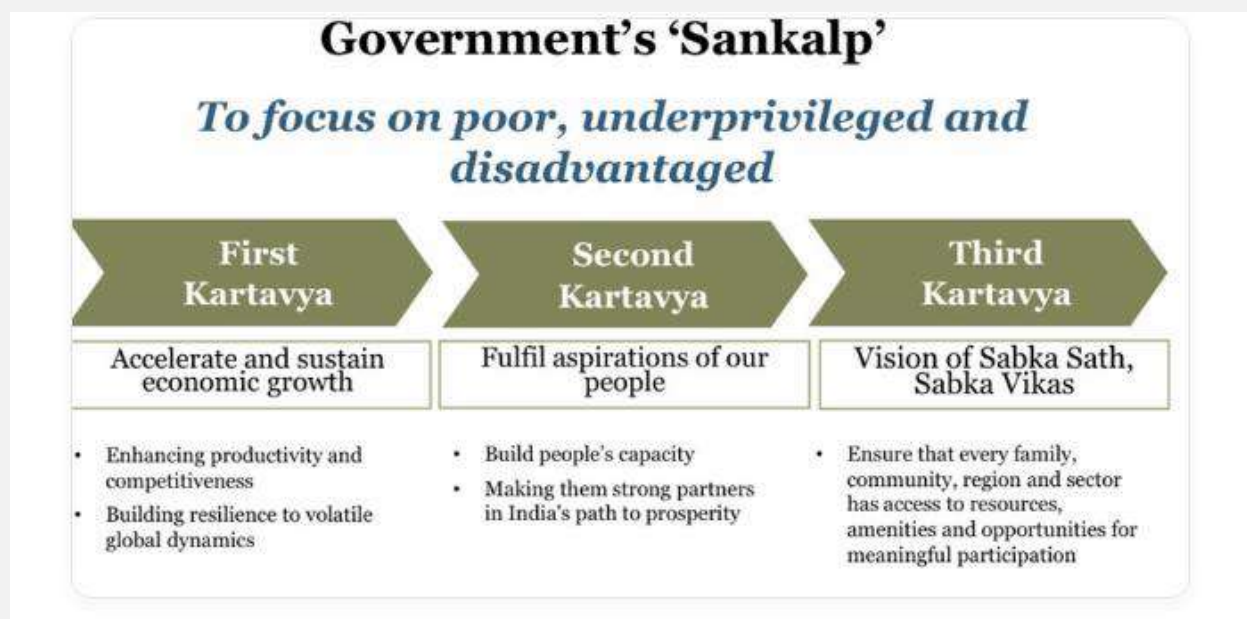
Theme:

- Fiscal discipline + High public investment + Structural reforms
- Continuity with reform momentum + focus on Viksit Bharat @2047



Key Macro Signals:

- Growth rate ~ 7% (India fastest-growing major economy).
- Fiscal deficit on glide path.
- Emphasis on “crowding-in” private investment.
- Shift from welfare-only to productive capital expenditure.



TAX REFORMS & EASE OF DOING BUSINESS (GS III + ESSAY):

Income Tax Act, 2025:

- Replaces Income Tax Act, 1961 from 1 April 2026.
- Sections reduced: ~800 → ~500.
- **Objective:** Certainty, simplicity, litigation reduction.
- **Why it matters (Mains value):**
 - Reduces "tax terrorism."
 - Improves Ease of Doing Business.
 - Enhances voluntary compliance.

Individual Taxpayer Relief (Pre + Mains):

- **MACT compensation interest** → Fully tax exempt.
- **LRS TCS reduced to 2%** for education, medical, tours.
- **Automated lower/nil TDS** for small taxpayers.
- **Revised return filing** extended till 31 March.

FISCAL CONSOLIDATION & DEBT PATH (VERY IMPORTANT)

Deficit & Debt Targets::

Indicator	Value
Fiscal Deficit (BE 2026-27)	4.3% of GDP
Debt-GDP	55.6%

Indicator	Value
Target Debt-GDP	50±1% by 2030-31

UPSC Angle:

- Counter-cyclical fiscal policy.
- Long-term macroeconomic stability.
- Lower interest burden → more social & infra spending.

PUBLIC CAPEX & INFRASTRUCTURE PUSH (GS III CORE)

Capital Expenditure:

- Rs 12.2 lakh crore public capex (FY 2026-27).
- Focus: Roads, railways, ports, logistics, cities.

New Instruments:

- Infrastructure Risk Guarantee Fund → de-risking private investment.
- City Economic Regions (CERs) for Tier II/III cities.

Logistics Expansion:

- New Freight Corridors.
- 20 new National Waterways.
- Coastal cargo share target: 12% by 2047.
- Inland waterways + ship repair hubs.

MANUFACTURING & INDUSTRIAL POLICY (Make in India 2.0):

7+ Strategic Manufacturing Sectors:

1. Semiconductors (ISM 2.0): Equipment + Indian IP.
2. Biopharma SHAKTI: Biologics, biosimilars.
3. Electronics components: Rs 40,000 cr.
4. Rare Earth Corridors: Strategic minerals.
5. Chemical Parks: Cluster-based.
6. Capital Goods: Container manufacturing, CIE scheme.
7. Textiles: National Fibre Scheme, Mega Textile Parks.
8. Khadi & Sports Goods: Gram Swaraj + global branding.

Mains Linkages:

- Import substitution.
- Export competitiveness.
- Employment-intensive manufacturing.

MSMEs & LEGACY CLUSTERS (PRE + MAINS)

- **Revival of 200 legacy clusters.**
- **SME Growth Fund:** Rs 10,000 cr.
- **TReDS mandatory** for CPSE-MSME payments.
- **Corporate Mitras:** Compliance handholding.

Impact:

- Formalisation.
- Credit access.
- Productivity enhancement.

GREEN TRANSITION & ENERGY SECURITY :

Panchamrit in Action:

- **Green Hydrogen Mission.**
- **Small Modular Reactors (SMRs)** funding.
- **CCUS (Carbon Capture, Utilization, and Storage):** Rs 20,000 cr for steel, cement, power.

Why UPSC loves this:

- Net Zero 2070.
- Climate finance + energy transition.
- Balancing growth & sustainability.

FINANCIAL SECTOR & CAPITAL MARKETS

- **Banking reforms committee** for Viksit Bharat.
- **Corporate bond market** market-making framework.
- **Municipal bonds incentive.**
- **MAT reduced to 14%**, becomes final tax.
- **Buyback tax rationalised.**
- **Prelims keywords:** MAT, STT, Safe Harbour, Municipal Bonds.

SOCIAL SECTOR: EDUCATION, HEALTH & TOURISM

Education & Skills:

- Education → Employment linkage.
- **AVGC labs** in schools & colleges.
- **Girls' STEM hostels** (1 per district).

Health:

- **Allied Health Professionals** (100,000).
- **Geriatric caregivers.**

- Medical tourism hubs.
- NIMHANS-2 (mental health).

Tourism:

- National Digital Knowledge Grid.
- Adventure + heritage tourism circuits.
- Experiential archaeology.

AGRICULTURE & INCLUSION (GS III)

- **High-value crops focus.**
- **Fisheries & reservoirs.**
- **AI-based Bharat-VISTAAR advisory.**
- **Women: SHE-Marts.**
- **Divyangjan: Skill & assistive devices.**
- **Purvodaya focus: East India development.**

PRELIMS-ORIENTED ONE-LINERS

- **Fiscal deficit BE 2026-27: 4.3%.**
- **Public capex: Rs12.2 lakh crore.**
- **Income Tax Act, 2025 effective: 1 April 2026.**
- **CCUS outlay: Rs 20,000 crore.**
- **Debt-GDP target: 50±1% by 2030-31.**
- **Courier export value cap: Removed.**
- **MAT reduced to: 14%.**

MAINS ANSWER VALUE ADD (USE THESE PHRASES)

- “Crowding-in effect of public capex”
- “Transition from consumption-led to investment-led growth”
- “Fiscal prudence with developmental orientation”
- “Structural transformation of Indian economy”
- “Green growth pathway aligned with Panchamrit”

UPSC/PCS –PRE & MAINS

IMPORTANT TERMS :

Resident Individuals Outside India (PROI) – Investment Reform:

Context: Liberalization of the **Portfolio Investment Scheme (PIS)** to deepen capital markets.

- **Definition:** PROI includes Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs).
- **The Reform:** * **Individual Limit:** Increased from 5% to 10% of the paid-up equity capital of a listed Indian company.

Aggregate Limit: The total investment by all PROIs in a single company increased from 10% to 24%.

- **Significance:** Encourages stable, long-term capital inflows from the Indian diaspora and improves price discovery in the stock market.

Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources):

Context: A flagship AI-driven digital public infrastructure for "Precision Farming."

Mechanism: A multilingual AI tool that integrates **AgriStack** (digital farmer records) with **ICAR's** (Indian Council of Agricultural Research) scientific "package of practices."

Key Features:

Customized Advisory: Soil health-based crop selection, real-time weather alerts, and pest management.



Last-Mile Connectivity: Available in Hindi, English, and regional languages to bridge the information gap.

Risk Reduction: Helps farmers mitigate climate-related risks through predictive analytics.

Liberalized Remittance Scheme (LRS) & TCS

Rationalization:

Context: Easing the liquidity burden on middle-class families for global mobility.

- **LRS Overview:** Allows residents to remit up to **USD 250,000** per year for travel, education, medical, or investment.
- **Budget 2026 Change: * Overseas Tours:** TCS slashed from a complex 5%/20% structure to a **flat 2%** (with no threshold).
 - **Education & Medical:** TCS reduced from **5% to 2%** for remittances exceeding Rs 10 lakh.
- **Mains Value:** This moves away from using high TCS as a "tax tracking" tool toward "Ease of Living," preventing the locking up of family capital for months.

Biopharma SHAKTI:

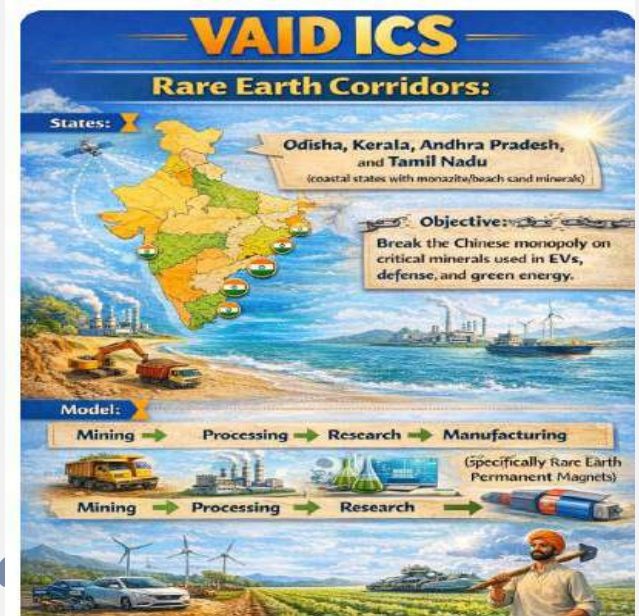
Context: Strategy to transform India from a "Generics Hub" to a "Global Biopharma Manufacturing Hub."

- **Outlay:** Rs 10,000 crore over 5 years.
- **Components:**
 - **NIPER Expansion:** 3 new National Institutes of Pharmaceutical Education and Research and 7 upgrades.
 - **Clinical Trials:** A network of **1,000+ accredited sites** to facilitate domestic biologics and biosimilars.
 - **Regulator Strengthening:** Specialized scientific review cadre for CDSCO to meet global approval timelines.

Industrial & Chemical Clusters (Strategic Geography):

A. Rare Earth Corridors:

- **States:** Odisha, Kerala, Andhra Pradesh, and Tamil Nadu (coastal states with monazite/beach sand minerals).
- **Objective:** Break the Chinese monopoly on critical minerals used in EVs, defense, and green energy.
- **Model:** Integrated hubs for **Mining** → **Processing** → **Research** → **Manufacturing** (specifically Rare Earth Permanent Magnets).



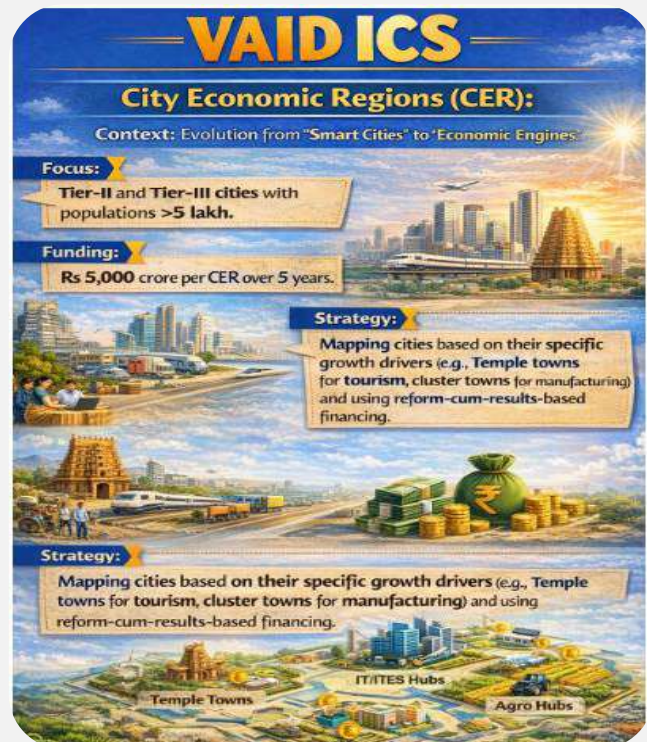
B. Chemical Parks:

- **Mechanism:** Established via the "Challenge Route" (States compete based on ease of doing business).
- **Plug-and-Play Model:** Ready-to-use infrastructure (effluent plants, logistics) to reduce "Time to Market" and import dependency.

City Economic Regions (CER):

Context: Evolution from "Smart Cities" to "Economic Engines."

- **Focus:** Tier-II and Tier-III cities with populations >5 lakh.
- **Funding:** Rs 5,000 crore per CER over 5 years.
- **Strategy:** Mapping cities based on their specific growth drivers (e.g., Temple towns for tourism, cluster towns for manufacturing, IT/ITES Hubs, and Agro Hubs).



towns for manufacturing) and using
reform-cum-results-based financing.

Tourism: Trails & Digital Infrastructure:

A. National Destination Digital Knowledge Grid:

- A unified digital repository to document **cultural, spiritual, and historic** significance.
- **Utility:** Improves discoverability for tourists and provides data for evidence-based planning for local bodies.

B. Specialized Trails (Experiential Tourism):

- **Mountain Trails:** In HP, Uttarakhand, and J&K.
- **Turtle Trails:** Coastal Odisha, Karnataka, and Kerala (focusing on nesting sites like Gahirmatha).
- **Bird-Watching Trails:** Pulicat Lake (Andhra/Tamil Nadu) and other wetlands.

Infrastructure & Logistics:

A. Infrastructure Risk Guarantee Fund:

- **Objective:** To provide **partial credit guarantees** to lenders.
- **Impact:** De-risks the "construction phase" for private developers, encouraging private banks to lend more freely to long-gestation infra projects.

B. New Dedicated Freight Corridors (DFC)

- **Route:** Dankuni (West Bengal) to Surat (Gujarat).
- **Connectivity:** Connects 6 states; links the Eastern DFC to the Western DFC.
- **Significance:** Enables high-speed, high-axle-load cargo movement from eastern mineral belts to western ports.

बजट का समग्र दर्शन :

विषय (Theme):

- राजकोषीय अनुशासन + उच्च सार्वजनिक निवेश + संरचनात्मक सुधार
- सुधारों की निरंतरता + 'विकसित भारत @2047' पर केंद्रित

प्रमुख समष्टि आर्थिक संकेत (Key Macro Signals):

- विकास दर ~ 7% (भारत सबसे तेजी से बढ़ती प्रमुख अर्थव्यवस्था)।
- राजकोषीय घाटा (Fiscal Deficit) निरंतर कम करने का मार्ग (Glide Path)।
- निजी निवेश के "क्राउडिंग-इन" (Crowding-in) पर जोर।
- केवल कल्याणकारी व्यय से उत्पादक 'पूंजीगत व्यय' (Capital Expenditure) की ओर झुकाव।

कर सुधार और व्यापार सुगमता (Ease of Doing Business)

आयकर अधिनियम, 2025:

- 1 अप्रैल 2026 से आयकर अधिनियम, 1961 का स्थान लेगा।
- धाराओं में कटौती: ~800 से घटाकर ~500।
- उद्देश्य: निश्चितता, सरलता और मुकदमों (Litigation) में कमी।
- महत्व: "कर आतंकवाद" (Tax Terrorism) को कम करना और स्वैच्छिक अनुपालन को बढ़ावा देना।

राजकोषीय सुदृढीकरण और ऋण पथ (Fiscal Consolidation)

संकेतक (Indicator)	मूल्य (Value)
राजकोषीय घाटा (BE 2026-27)	GDP का 4.3%
ऋण-जीडीपी अनुपात (Debt-GDP Ratio)	55.6%
लक्ष्य (2030-31 तक)	50±1%

सार्वजनिक पूंजीगत व्यय और बुनियादी ढांचा (Infrastructure):

- पूंजीगत व्यय (Public Capex): ₹12.2 लाख करोड़ (FY 2026-27)।
- इनफ्रास्ट्रक्चर रिस्क गारंटी फंड: निजी निवेश के जोखिम को कम करने हेतु।
- शहरी आर्थिक क्षेत्र (CER): टियर II/III शहरों के लिए ₹5,000 करोड़ प्रति CER।
- लॉजिस्टिक्स: नए फ्रेट कॉरिडोर (Freight Corridors) और 20 नए राष्ट्रीय जलमार्ग।

विनिर्माण और औद्योगिक नीति (Manufacturing):

- बायोफार्मा शक्ति (Biopharma SHAKTI): बायोफार्मा और बायोसिमिलर के लिए ₹10,000 करोड़।
- दुर्लभ मृदा कॉरिडोर (Rare Earth Corridors): ओडिशा, केरल, आंध्र और तमिलनाडु में रणनीतिक खनिज केंद्र।

- **केमिकल पार्क:** 'चैलेंज रूट' के माध्यम से 3 समर्पित क्लस्टर।

महत्वपूर्ण पारिभाषिक शब्दावली (UPSC Key Terms):

भारत-विस्तार (Bharat-VISTAAR)

यह 'प्रिसिजन फार्मिंग' के लिए एक **AI-आधारित डिजिटल सार्वजनिक बुनियादी ढांचा** है। यह मृदा स्वास्थ्य और वास्तविक समय के मौसम के आधार पर किसानों को अनुकूलित परामर्श (Customized Advisory) प्रदान करता है।

उदारीकृत प्रेषण योजना (LRS) और TCS युक्तिकरण:

- **विदेशी दौड़ों (Overseas Tours)** पर TCS को 5%/20% से घटाकर **सपाट 2%** कर दिया गया है।
- **शिक्षा और चिकित्सा** के लिए ₹10 लाख से अधिक के प्रेषण पर TCS अब केवल **2%** होगा।

रेजिडेंट इंडिविजुअल्स आउटसाइड इंडिया (PROI):

अनिवासी भारतीयों (NRIs) और भारतीय मूल के व्यक्तियों (OCIs) के लिए सूचीबद्ध कंपनियों में निवेश की सीमा **5% से बढ़ाकर 10%** कर दी गई है।

हरित संक्रमण (Green Transition):

- **पंचामृत लक्ष्य:** 2070 तक नेट जीरो।
- **CCUS (कार्बन कैप्चर, उपयोग और भंडारण):** स्टील और सीमेंट जैसे क्षेत्रों के लिए ₹20,000 करोड़ का आवंटन।
- **SMRs (स्मॉल मॉड्यूल रिएक्टर्स):** परमाणु ऊर्जा के लिए नई पीढ़ी के छोटे रिएक्टरों को वित्त पोषण।

मुख्य परीक्षा हेतु मूल्य संवर्धन वाक्यांश (Value Add Phrases)

- "सार्वजनिक पूंजीगत व्यय का **क्राउडिंग-इन प्रभाव**"
- "उपभोग-आधारित से **निवेश-आधारित विकास** की ओर संक्रमण"
- "विकासात्मक झुकाव के साथ **राजकोषीय विवेक** (Fiscal Prudence)"
- "पंचामृत के अनुरूप **हरित विकास पथ**"