
ICICI Direct
UNION
BUDGET
2026-27

The Union Budget 2026-27 focused on sustaining growth through capex expenditure while marginally easing on fiscal prudence path. The government has pegged the capex at Rs 12.2 lakh crore (FY27BE), implying a 11.5% YoY growth with capex to GDP ratio maintained at a healthy 3.1%. Defence allocation is up 17.6%, while allocation to roads and railways segment has grown by 8.1% and 10.3% YoY. While maintaining commitment towards fiscal prudence, the Fiscal deficit was pegged at 4.3% in FY27BE vs. 4.4% in FY26RE, albeit slightly lower than market expectations of 4.2%. To encapsulate, given the sustained capex, overall capex-oriented sectors will continue to do well while broad market outlook will continue to track factors like global developments and corporate earnings.

Key highlights of Budget:

- **Capex allocation growth** has been maintained despite capex spending growing at a CAGR of 19.4% over FY22-FY27BE. The Government has budgeted growth at 11.5% YoY in FY27BE to ₹ 12.21 lakh crore. The capex to GDP is healthy at 3.1% (same as FY26RE)

- Government seems to taking a divergent path on direct and indirect tax (particularly GST) with **the task of revenue heavy lifting being assigned to direct taxes with 11.4% growth** while GST revenue is expected to de-grow by (-)2.6% (recent GST rate cut to support growth). The fiscal glide path has moderated in FY27E with fiscal deficit to GDP ratio expected to decline to 4.3% as against market expectation of around 4.2%. and 4.4% in FY26.

- **Non-tax revenue which now accounts for 20% of the total revenue** and is likely to witness flat growth in FY27 (19% of the total revenue). Non-tax revenue has contributed significantly in last few years backed by higher RBI dividend (18% in FY25, 15% in FY25, 12% in FY23). Government's focus now has shifted to Debt to GDP ratio which accounts for 56.1% in FY26 and is expected to glide down to 55.6% in FY27. Medium term target stands at 50%(+/-1%) for FY31
- **Focus on healthcare value chain:** Proposed outlay of ₹ 10,000 crores over the next 5 years to build the ecosystem for domestic production of biologics and biosimilars, To promote Medical Value Tourism in India the government has also announced Establishment of 5 Regional Medical Hubs in partnership with the private sector, It plans to add 1,00,000 AHP's over the next 5 years which will be trained in 10 disciplines, including optometry, radiology, anesthesia, OT technology, applied psychology and behavioral health

- The government also focused on **driving FDI by proposing a tax holiday until 2047 for** foreign cloud companies that deliver services to global customers using data centre infrastructure located in India. The proposal is designed to **accelerate data localisation and incentivise global cloud players to build domestic capacity as well as boost domestic resellers business.**

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Government's fiscal position (₹ Lakh crore)

	FY24	FY25	YoY (%)	FY26RE	YoY (%)	FY27 BE	YoY (%)
Direct tax revenues	19.6	22.4	14.4	24.2	8.2	27.0	11.4
Indirect tax revenues	15.1	16.2	7.1	16.6	2.5	17.1	3.0
Gross Tax revenues	34.7	38.5	11.2	40.8	5.8	44.0	8.0
Net Tax revenues [A]	23.3	25.6	9.9	26.7	4.6	28.7	7.2
Non-tax revenues [B]	4.0	5.3	32.2	6.7	25.7	6.7	-0.2
Disinvestmt & Others [C]	0.6	0.6	-1.3	0.6	8.5	1.2	84.9
Total Revenue [A+B+C]	28	31	12.8	34	8.2	37	7
Capital Exp [D]	9.5	10.2	7.4	11.0	7.6	12.2	11.5
Revenu Exp [E]	34.9	37.0	5.8	38.7	4.6	41.3	6.6
Total Expenditure [D+E]	44.4	47.2	6.1	49.6	5.3	53.5	7.7
Fiscal Deficit	**-16.5**	**-15.7**	-5.1	**-15.6**	-0.7	**-17.0**	8.8
Nominal GDP	295.4	324.1	9.7	357.0	10.1	393.0	10.1
Fiscal deficit as (%) of GDI	**5.6**	**4.8**	-	**4.4**	-	**4.3**	-

Source: Indiabudget.nic.in, ICICI Direct Research.

Government's fiscal position (as % of GDP)

	FY24	FY25	FY26RE	FY27 BE
Direct tax revenues	6.6	6.9	6.8	6.9
Indirect tax revenues	5.1	5.0	4.6	4.3
Gross Tax revenues	**11.7**	**11.9**	**11.4**	**11.2**
Net Tax revenues [A]	7.9	7.9	7.5	7.3
Non-tax revenues [B]	1.4	1.6	1.9	1.7
Disinvestmt & Others [C]	0.2	0.2	0.2	0.3
Total Revenue [A+B+C]	**9.4**	**9.7**	**9.5**	**9.3**
Capital Exp [D]	3.2	3.1	3.1	3.1
Revenu Exp [E]	11.8	11.4	10.8	10.5
Total Expenditure [D+E]	**15.0**	**14.6**	**13.9**	**13.6**
Fiscal Deficit	5.6	4.8	4.4	4.3

Key takeaways:

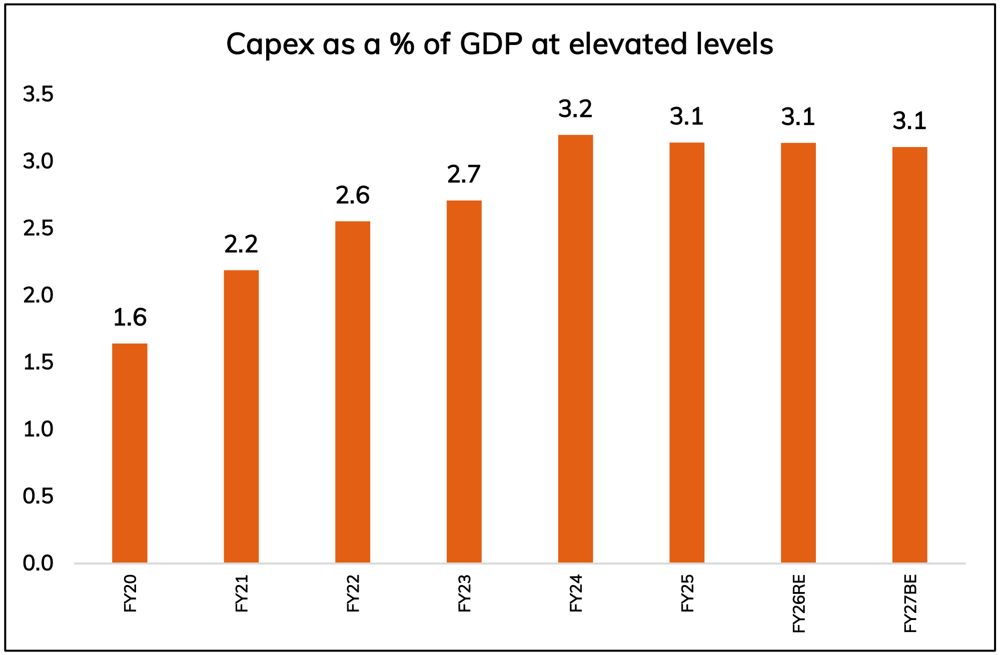
- **Nominal GDP for FY27 has been estimated to grow by 10.1% at ₹ 393 lakh crore as compared to 8.0% in FY26.**
- Gross Market borrowing is pegged at ₹17.2 lakh crores as compared to market expectation of ~₹16.5 lakh crores.
- Non-tax revenue which now accounts for 20% of the total revenue and is likely to witness flat growth in FY27 (19% of the total revenue). Non-tax revenue has contributed significantly in last few years backed by higher RBI dividend (18% in FY25, 15% in FY25, 12% in FY23)
- Government's focus now has shifted to Debt to GDP ratio which accounts for 56.1% in FY26 and is expected to glide down to 55.6% in FY27. Medium term target stands at 50%(+/-1%) for FY31.

Capex: Growth pegged at 11.5 % YoY

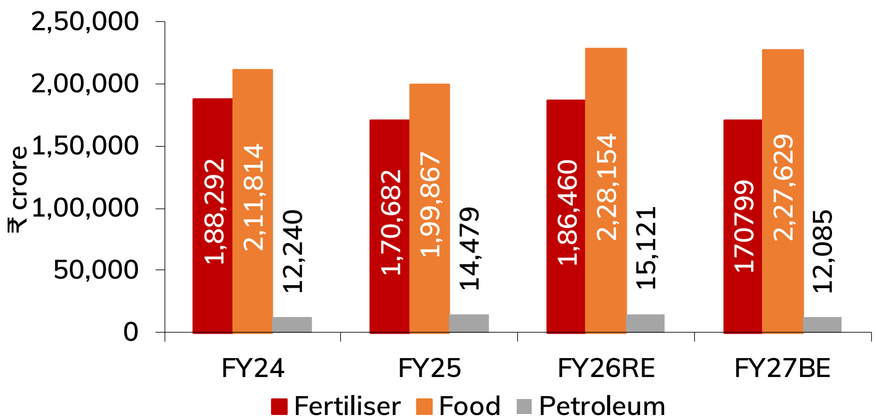
Budgetary allocation to all major segments for capex (₹ crore)

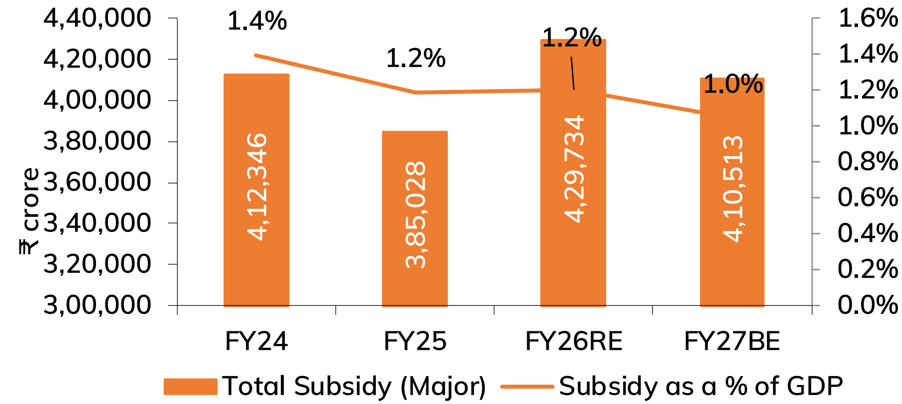
Capital Expenditure (₹ Crore)	FY22	FY23	FY24	FY25	FY26BE	FY26RE	FY27BE	YoY	5-year CAGR (FY22-FY27E)
MoRTH	121251	206303	263912	272481	272241	272047	294163	8.1%	19.4%
Railway	117100	159100	242579	252000	252000	252000	277830	10.3%	18.9%
Defence	138351	150000	154256	159500	180000	186454	219306	17.6%	9.7%
Housing & Urban Affairs	25957	23680	26444	31662	37623	32860	34721	5.7%	6.0%
Other	146597	189190	262004	302786	379226	352394	395801	12.3%	22.0%
Total	550740	728273	949195	1018429	1121090	1095755	1221821	11.5%	17.3%

- Capex allocation growth has been maintained despite capex spending growing at a CAGR of 19.4% over FY22-FY27BE. The Government has budgeted growth at 11.5% YoY in FY27BE to ₹ 12.21 lakh crore. The capex to GDP is pegged flat at 3.1% in FY27BE which is same as FY26RE.
- Defence sector saw the highest allocation with a growth of 17.6% despite the fact that capex for FY26RE was overachieved. Sectors like Railways and Roads also saw reasonable growth in allocation (on a high base) at 10.3% and 8.1% YoY, respectively.
- Specific segments worth mentioning is the High-speed rail wherein 7 routes are identified over the long term and the same can create an ordering opportunity of ~₹ 7 lakh crore over the long term.

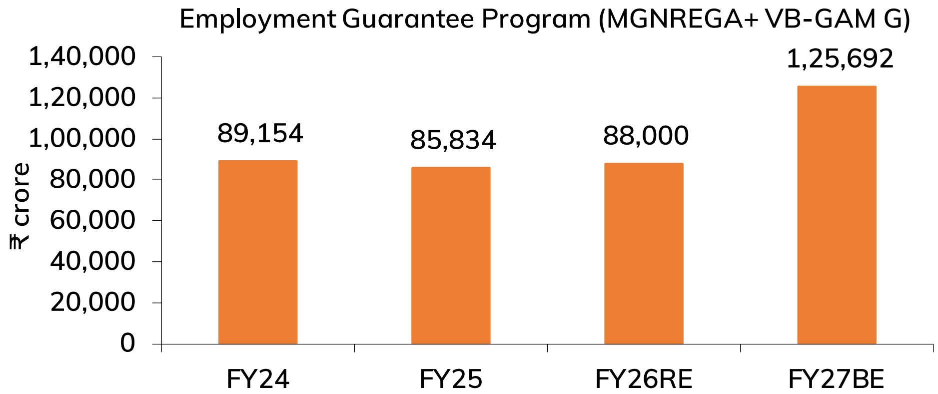


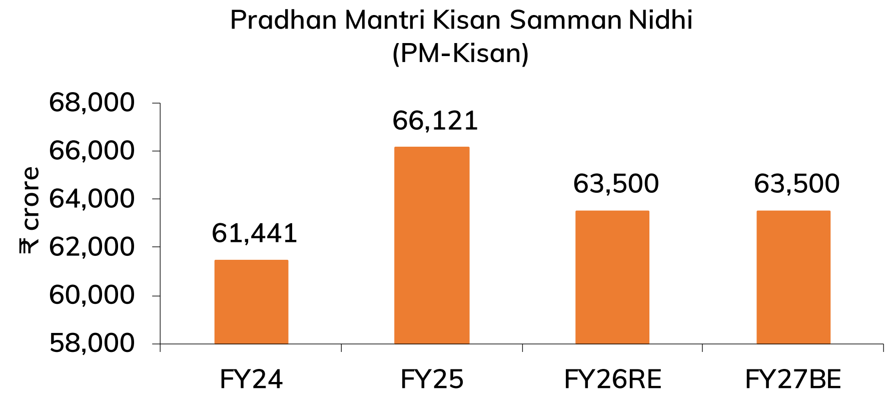
Total Subsidy allocation across major heads such as Fertilizer, Food and petroleum was contained at 1% of GDP (₹ 4.1 lakh crore) for FY27BE vs. 1.2% of GDP (₹ 4.3 lakh crore) in FY26RE





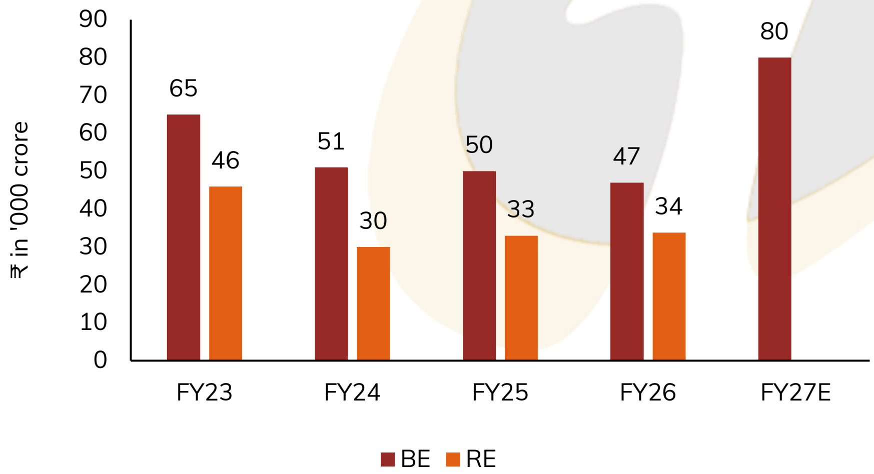
In terms of large DBT schemes, allocation towards employment guarantee program stands increased to ₹ 1.25 lakh crore for FY27E which is including both erstwhile MGNREGA and the newly announced scheme i.e. Viksit Bharat – Guarantee for Rozgar and Ajeevika Mission (Gramin). Allocation to PM Kisan Scheme has been maintained at ~₹ 63,500 crore for FY27E



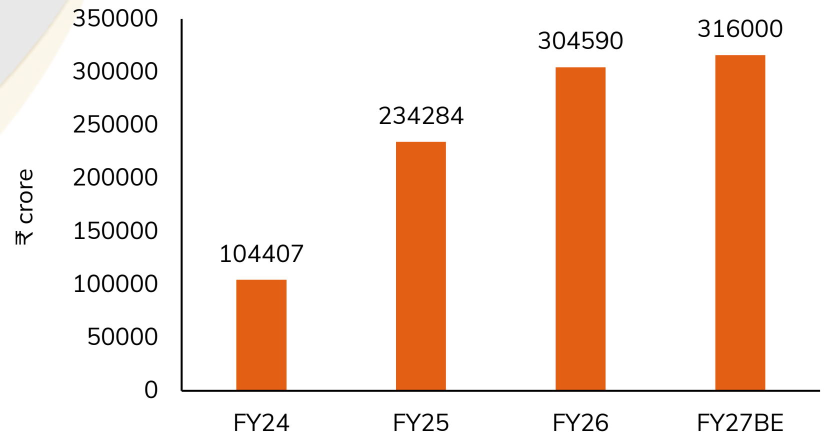


- FY27BE disinvestment target raised at ₹ 80,000 crore, emphasizing several disinvestment lined up .
- Dividend from RBI & financial institutions for FY26 at ₹3,04,590 crore, aiding non-tax revenues. Earmarked contribution of ₹3,16,000 crore, attributable to anticipation of continued higher payout from RBI, amid aggressive intervention in currency markets and continued dividend from financial institutions

Emphasis on disinvestment increased for FY27E



Momentum of higher payout continues from RBI



Source: Government websites, media sources, DIPAM, ICICI Direct Research

Biopharma Shakti

- Proposed outlay of ₹ 10,000 crore over the next 5 years to build the ecosystem for domestic production of biologics and biosimilars.
- The proposal includes Biopharma-focused network with 3 new NIPER and upgrading 7 existing ones.
- Under the Scheme the Government will create a network of over 1000 accredited India Clinical Trials sites and strengthen the CDSCO to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.
- **Out of more then US$250 billion drugs going off patent in next 10 years significant portion of it consists of Biologics. We believe the scheme will further boost the India's competitiveness in High Value Biologics Market.**
- **Besides the establishment of Clinical trial sites can lower development timelines and costs for domestic players and increase participation from global innovators.**
- **We believe companies such as Biocon, Sun Pharma, DRL, Lupin, Cipla, Zydus and Aurobindo to be likely beneficiaries for ₹ 10000 crore outlay, besides CDMO players like Syngene, Divi's Labs and Laurus Labs could be likely beneficiaries for the clinical trials network.**

Medical Value tourism

- To promote Medical Value Tourism in India the government has also announced Establishment of 5 Regional Medical Hubs in partnership with the private sector.
- These Medical Hubs will function as integrated healthcare complexes combining medical, educational and research facilities.
- **This should benefit hospitals like Narayana Hrudayalaya, Apollo Hospitals, etc. having significant portion of the revenues from the international patients.**

Allied Health Professionals

- To improve the primary support of the healthcare infrastructure, the government has alluded to establish New Allied Health Professionals (AHP) training institutions in both government and private sectors and also to upgrade existing institutions.
- It plans to add 1,00,000 AHP's over the next 5 years which will be trained in 10 disciplines, including optometry, radiology, anesthesia, OT technology, applied psychology and behavioral health.
- **This move is expected to be beneficial for the hospitals such as Apollo, KIMS, etc. which are under-going major capacity expansion over the coming years.**

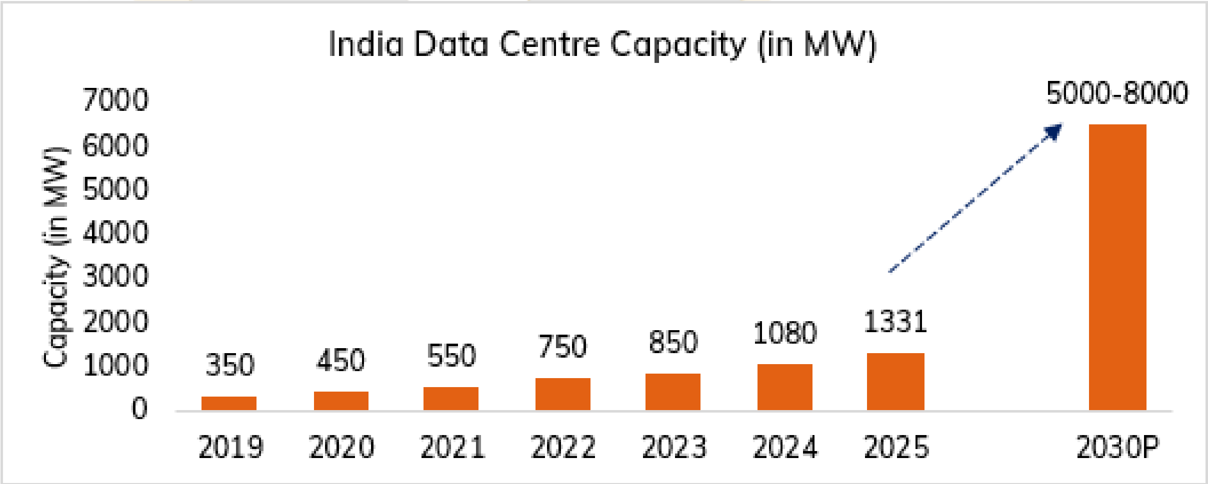
Chemicals

- Proposal to set up three new dedicated chemical parks under a Plug and Play model to facilitate faster implementation and to strengthen the supply chain likely to be beneficial for Chemical companies looking for a new capex

Source: Govt. websites, media sources, DIPAM, ICICI Direct Research

- The Budget 2026-27 has proposed a tax holiday until 2047 for foreign cloud companies that deliver services to global customers using data centre infrastructure located in India, provided services for Indian customers are routed through an Indian reseller. **The proposal is designed to accelerate data localisation, attracting long term FDI by incentivising global cloud players to build domestic digital infrastructure capacity and enhancing India's competitiveness in the digital economy.** It also structurally strengthens the role of Indian channel partners, making the move incrementally positive for IT players as well as other domestic cloud resellers / intermediaries

- It **underlines the government's push to strengthen India's digital backbone, enhance data sovereignty, and reduce reliance on offshore storage**. Moreover, by nudging hyperscalers to anchor capacity locally, the policy supports large-scale data centre capacity creation and the development of a broader digital value-chain ecosystem spanning infrastructure, network services, and managed solutions. **Thus, data centre operators will benefit directly from incentive support, while allied sectors such as industrial real estate, power equipment, cooling systems and network infrastructure are expected to see higher demand.**



Source: Economic Survey, India Rating and Research, ICICI Direct Research

Other key highlights

Auto Sector

- Finance minister proposes to extend exemption of import duty on Capital Equipment's used for manufacturing Lithium-Ion Batteries used in Electric Vehicles to those used for manufacturing Lithium-Ion Cells for battery energy storage systems too. This is positive for Exide Industries and Amara Raja Energy and Mobility which are executing sizeable capex in this field.
- On the demand incentives front, promoting Electric Mobility, the government has reduced the allocation for schemes such as FAME & PM E-Drive, to ₹1,562 crore in FY27E, down from ₹2,991 crore in FY26. However, it has increased the allocation for the Production-Linked Incentive (PLI) scheme for the automobile sector to ₹5,940 crore for FY27E, up from ₹ 2091 crore for FY26RE. This is beneficial for OEM's investing in this domain namely Bajaj Auto, Tata Motors-PV, M&M, TVS Motors among others.
- Finance minister announces RARE EARTH MINERAL CORRIDOR across mineral rich states of Tamil Nadu, Odisha, Andhra Pradesh, and Kerala. This shall improve the mining and availability of rare earth minerals domestically and is long term structurally positive for domestic auto industry especially Electric Vehicle Ecosystem.

Metals and Mining

- To achieve 100% drinkable, tap water coverage, allocation for the Jal Jeevan Mission has been increased from ₹17,000 crore in FY26E to ₹67,670 crore in FY27E, which is expected to benefit pipe and water infrastructure manufacturers.
- Government has increased the allocation for the Coal/Lignite Gasification Scheme from ~₹285 crore FY26E to ~₹3,525 crore in FY27E.
- Finance minister announced Carbon Capture Utilization & Storage Scheme with an outlay of ₹ 20,000 crore over 5-year period to counter carbon tax imposition globally. Government has allocated ₹ 500 crore for this scheme for FY27E with potential beneficiaries being Steel space (operating with high carbon footprint) including players such as JSW steel among others.
- Finance minister announced 7 new high-speed corridors across major hubs such as Mumbai, Pune, Hyderabad, Chennai, Bangalore among others. This is positive for Stainless steel industry with Jindal Stainless as the key beneficiary.
- Finance minster has also announced basic customs duty exemption for the import of capital goods required for processing of critical minerals in India. This is positive for players executing capex in this domain.

Banking & Financial Services

- Setting up **High Level Committee on Banking** for Viksit Bharat to review sector reforms with focus on stability, inclusion and growth alignment.
- Outline clear target for credit disbursement for NBFCs. To improve scale and efficiency, **Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) to be restructured**.
- **STT on derivatives increased**, with STT on futures raised to 0.05% from 0.02% and STT on options premium and exercise increased to 0.15% from 0.10% and 0.125%, respectively.
- **Infrastructure Risk Guarantee Fund proposed to provide partial credit guarantees** to lenders during construction phase, improving bankability of infrastructure projects and supporting long-term credit growth.
- **Enhancement of MSME liquidity and risk capital support** to improve credit access:

  a) ₹10,000 crore SME Growth Fund proposed to nurture champion MSMEs. Self-Reliant India Fund to be topped up by ₹2,000 crore to support micro enterprises.

  b) Mandate TReDS as the settlement platform for CPSE purchases from MSMEs.

  c) Credit guarantee support through CGTMSE for invoice discounting on TReDS.

  d) GeM to be linked with TReDS to enable information sharing thereby encouraging cheaper and faster financing.

  e) TReDS receivables to be securitised as asset-backed securities to develop secondary market

Capital Goods / Power

- Customs duty exemptions for nuclear power projects extended till 2030–35 and for critical mineral processing, alongside excise duty relief for biogas-blended CNG, improving project economics and accelerating clean energy adoption..
- Basic customs duty exemption on capital goods extended to Battery Energy Storage Systems (BESS) and solar glass inputs, lowering manufacturing costs and supporting domestic clean energy and storage ecosystem.
- Construction & Infrastructure Equipment (CIE) Scheme: The proposed CIE scheme aims to strengthen domestic manufacturing of high-value, technologically advanced construction equipment including lifts, fire-fighting systems, tunnel-boring machines and metro/high-altitude road equipment supporting import substitution, technology upgradation and long-term capacity building in India's infrastructure ecosystem.
- The Budget proposes seven high-speed rail corridors—Mumbai–Pune, Pune–Hyderabad, Hyderabad–Bengaluru, Hyderabad–Chennai, Chennai–Bengaluru, Delhi–Varanasi and Varanasi–Siliguri—to promote sustainable passenger mobility. The programme enhances long-term order opportunities for rail EPC, electrification, signaling and civil construction players, supporting multi-year execution visibility.

Information Technology

- The government also announced the consolidation of software development, IT-enabled services, knowledge outsourcing, and contract R&D into a single "information technology services" category, with a uniform safe harbour margin of 15.5% across segments. Additionally, the turnover threshold to avail safe harbour provisions is proposed to be increased significantly to ₹2,000 crore from ₹300 crore earlier. This move simplifies transfer pricing compliance, provides greater regulatory certainty, and enhances operational flexibility for IT services firms. By standardizing margins and expanding eligibility, the revision reduces litigation risk and reinforces policy support for the technology services ecosystem.

Electronics manufacturing service (EMS)

- For electronics space, Government's strong backing continues with i) launch of India semiconductor mission (ISM 2.0), ii) enhance budget outlay of ECMS from ₹ 22,919 cr to ₹ 40,000 cr. Several listed EMS players, including Kaynes Technology, Amber Enterprises, Syrma SGS Technology and Dixon Technologies, have applied under the ECMS and received approvals.

- PLI scheme for mobile phones is scheduled to expire in FY25–26. With no further extension announced, it marks a gradual transition from finished-goods assembly–led incentives to deeper component ecosystem development.

- The government has revised the Budget allocation for the PLI scheme for air-conditioners and white goods upward from ₹304 crore in FY26 to ₹1,004 crore for FY27E, broadly as expected but reinforcing its continued support for domestic manufacturing.

- The Government has provided tax clarity by reducing the effective tax burden on component stocking by non-residents at bonded warehouse to mere ~0.7%. This addresses Permanent Establishment (PE) concerns that earlier discouraged global suppliers from holding inventory in India. This move is expected to support the development of a domestic component ecosystem at scale, improve procurement lead times, and enhance working-capital efficiency of EMS companies.

Infrastructure

- Jal Jeevan Mission has been allocated ₹ 67,000 crore, marking a significant increase from the revised estimates of ₹ 17000 crore in 2025-26. We note that FY26BE was ₹ 67,000 crore, and lower revised estimates indicate the spend were not done in FY26 and merely being forwarded to next year. This is largely neutral as companies would focus on getting their dues from the government

- The ministry of road transport and highways (MoRTH) saw its allocations of ₹ 2.94 lakh crore for 2025-26, which is up 8% from the previous year. The higher allocation is positive for the road companies with ordering momentum being key monitorable

Defence & Ship-building

Total Defence Budget	FY24	FY25	YoY (%)	FY26BE	FY26RE	YoY (%)	FY27BE	YoY (%)
Revenue Exp	2,90,443	2,90,965	0.2%	3,11,732	3,49,770	20.2%	3,65,479	4.5%
Pensions	1,42,093	1,57,654	11.0%	1,60,795	1,69,187	7.3%	1,71,338	1.3%
Capital Outlay	1,54,256	1,59,768	3.6%	1,80,000	1,86,454	**16.7%**	2,19,306	**17.6%**
Civil exp	22,712	27,616	21.6%	28,683	27,101	-1.9%	28,555	5.4%
Total	6,09,504	6,36,003	4.3%	6,81,210	7,32,512	15.2%	7,84,678	7.1%

Capital Outlay	FY24	FY25	YoY (%)	FY26BE	FY26RE	YoY (%)	FY27BE	YoY (%)
Aircrafts & Aero-Engines	24,981	44,365	77.6%	48,614	72,780	**64.0%**	63,734	-12.4%
Naval Fleet	24,647	25,567	3.7%	24,391	21,397	-16.3%	25,024	**17.0%**
Heavy & medium vehicles	1,755	3,569	103.3%	3,651	3,696	3.6%	4,580	**23.9%**
Naval Dockyards	5,222	5,619	7.6%	4,500	4,500	-19.9%	4,334	-3.7%
Other Equipments	71,907	52,205	-27.4%	63,099	50,760	-2.8%	82,218	**62.0%**
R&D	12,724	14,097	10.8%	14,924	15,344	**8.8%**	17,250	**12.4%**
Others	25,744	28,444	10.5%	35,745	33,321	17.1%	39,417	18.3%
Total Capital Outlay	1,54,256	1,59,768	3.6%	1,80,000	1,86,454	16.7%	2,19,306	17.6%

- Defence capital outlay is revised upwards to ₹ 1.86 lakh crore for FY26E (+16.7% YoY) and further to ₹ 2.19 lakh crore for FY27E (+17.6% YoY), of which ₹ 1.39 lakh crore has been earmarked for domestic procurement in FY27E, an increase of 24% over ₹ 1.12 lakh crore earmarked for FY26E.

- For Aircrafts & Aero-engines, capital outlay is revised upwards to ₹ 72,780 crore for FY26E (vs Rs 48614 crore earlier). However, the outlay for the segment is down by 12.4% YoY for FY27E

- For Naval fleets & Naval dockyards, capital outlay has been revised downwards for FY26E while increased upwards for FY27E

- For R&D (Research & Development) in defence sector, capital outlay allocated is at ₹ 17,250 crore for FY27E, ~12% YoY increase over FY26RE

- Over the next five years, 20 new national waterways will be operationalised, supported by a ship-repair ecosystem at Varanasi and Patna, with ₹1765 crore allocated in FY27E for shipping and shipbuilding initiatives

- Custom duty has been exempted for raw materials used in Maintenance, Repair and Overhaul (MRO), Civilian and Defence aircrafts

Real Estate

- Tax holiday till 2047 to any foreign company that provides cloud services to customers globally by using data centre services from India. It will, however, need to provide services to Indian customers through an Indian reseller entity.
- Focus continuing on development of infrastructure in cities over 5 lakh population (Tier II and III).
- To accelerate recycling of significant real estate assets of CPSEs through the setting up of dedicated REITs.
- A Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) will be introduced to strengthen domestic manufacturing of high-value and technologically-advanced CIE. This can range from lifts in a multi-story apartment, fire-fighting equipment, large and small, to tunnel-boring equipment for building metros and high-altitude roads.
- To provide exemption to an individual or a Hindu undivided family on any income in respect of any award or agreement made on account of compulsory acquisition of any land under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (other than the award or agreement made under section 46 of said Act).
- An allocation of ₹ 5000 crore per City Economic Regions (CER) over 5 years is proposed for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism.
- Develop seven High-Speed Rail corridors between cities as ‘growth connectors’, namely i) Mumbai-Pune, ii) Pune-Hyderabad, iii)Hyderabad-Bengaluru, iv) Hyderabad-Chennai, v) Chennai-Bengaluru, vi) Delhi-Varanasi, vii) Varanasi-Siliguri.

Logistics

- Establish new Dedicated Freight Corridors connecting Dankuni in the East, to Surat in the West;
- Operationalise 20 new National Waterways (NW) over next 5 years, starting with NW-5 in Odisha to connect mineral rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra
- Launch a Coastal Cargo Promotion Scheme for incentivising a modal shift from rail and road, to increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047
- Scheme for Container Manufacturing to create a globally competitive container manufacturing ecosystem, with a budgetary allocation of ₹10,000 crore over a 5-year period.
- Approvals required for cargo clearance from various Government agencies will be seamlessly processed through a single and interconnected digital window by the end of the financial year.
- Customs Integrated System (CIS) will be rolled out in 2 years as a single, integrated and scalable platform for all the customs processes.
- **Beneficiaries:** Adani Ports and SEZ, JSW Infrastructure

Textiles

- To enhance competitiveness, self-reliance and employment, the Government has proposed an Integrated Programme for the Textile Sector with an allocation of Rs1,500cr focusing on five sub-components a) National fibre scheme, b) Textile expansion and Employment scheme c) National Handloom and Handicraft programme d) Tex-Eco Initiatives and e) Samarth 2.0.

- The Government has also announced the setting up of Mega Textile Parks in challenge mode, with a focus on integrated infrastructure, scale efficiencies and value addition. These parks will also support growth in technical textiles, especially in critical segments such as industrial, medical, defence and infrastructure applications.

- Extension of time for the export of final product from existing 6 months to 1 year, for exporters of leather or textile garments, leather and synthetic footwear. This measure will provide greater operational flexibility, ease of compliance and improved working capital management for exporters.

- Basic Custom Duty on knitted fabrics covered by nine tariff lines increased from 10% or 20% to 20% or ₹115/kg whichever is higher, with an aim to improve competitiveness of Indian knitted fabric manufacturers and curb cheap imports.

- India has entered into trade deal with various international regions/countries such as EU, UK, Oman and New Zealand etc, which will help Indian textile sector to increase its shares in global textile sector. Various proposed initiatives along with focus on enhancing the capacity will help Indian textile sector to become competitive in the global market. This is Positive for textile companies such as KPR Mills, Gokaldas Exports and Indo Count Industries.

Various initiatives	Objective
National fibre scheme	This initiative will strengthen domestic fibre availability, reduce import dependence and support innovation in advanced textile materials
Textile Expansion and Employment Scheme	The scheme is expected to enhance productivity, quality compliance and large-scale employment generation
National Handloom and Handicraft Programme	A unified national programme to ensure targeted and effective support to weavers and artisans, improve incomes and preserve India’s rich textile heritage
Tex-Eco Initiative	The initiative aims to promote globally competitive, environmentally sustainable textiles and apparel manufacturing
Samarth 2.0	Modernize the textile skilling ecosystem through industry collaboration

Tourism & Hospitality

- Setting up of eco-tourism with ecologically sustainable Mountain trails, Turtle Trails, Bird Watching trails. Key areas under focus will be HP, Uttarakhand, J&K and Araku Valley and Pothigai Malai for mountain trails. Odisha, Karnataka and Kerala for turtle trails and Bird watching trails across Pulicat Lake in Andhra Pradesh.

- Development of 15 archaeological sites such as Lothal, Dholavira, Rakhigarhi, Adichanallur, Sarnath, Hastinapur, and Leh Palace.

- Development of 5 tourism destinations across 5 North-east states. Development of Buddhist sites and Buddhist circuits across Arunachal Pradesh, Sikkim, Assam, Tripura, Manipur and Mizoram.

- Promotion of medical tourism services through states establishing five regional medical hubs in partnership with private sector.

- Upgradation of Tier II, Tier III and Temple towns with modern infrastructure and basic amenities. Amplifying the potential of cities by mapping city economic regions (CER) based on specific growth drivers and allocation of Rs.500cr per CER over the next 5 years.

- Integrated development of tourist circuits around specific theme (Swadesh Darshan) outlay stood at Rs1905cr while for Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD) outlay stood at Rs245cr.

- Overall, we believe hotel sector will continue to benefit from sustained momentum in the domestic tourism and government focus on improving infrastructure and development of tourist places to drive tourism in India. It will positive for hotel companies such as Indian Hotels Company, Lemon Tree Hotels and Chalet Hotels.

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