CONSTRUCTION FEDERATION OF INDIA

BUDGET SPECIAL NEWSLETTER

CONSTRUCTION INFRASTRUCTURE UPDATES

UNION BUDGET 26 – 27

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Budget 2025 vs 2026: How far has India come since the last money manual

The Economic Times,
February 2, 2026

Synopsis
Budget 2026 sets a transformative blueprint, prioritizing robust public investment and forward-thinking reforms. This marks a clear departure from merely stabilizing the economy to fostering sustainable growth. Key areas of focus include enhancing infrastructure, supporting manufacturing industries, and elevating service exports. Agriculture undergoes subtle refinements, keeping productivity at the forefront.

If Budget 2025 was about steadying the ship, Budget 2026 is about deciding where to sail next. Last year's budget was framed against global uncertainty, sticky inflation fears and the after-effects of aggressive tightening. This year, the government is speaking from a position of relative macro comfort. Growth has held up, inflation is moderate, and the fiscal maths looks less fragile.

The result is a budget that doubles down on public investment, pushes long-term structural reforms and resists the temptation of headline-grabbing populism.

The big macro shift
The most important contrast between the two budgets lies in fiscal posture.

In Budget 2025, the government pegged the fiscal deficit at 4.4% of GDP, choosing consolidation over stimulus while keeping capital expenditure elevated. That discipline carries forward into Budget 2026, with the deficit estimated at 4.3% of GDP, signalling continuity rather than caution.

What changes is the confidence around debt.

The Centre has now explicitly committed to a debt-to-GDP ratio of 50% (±1%) by 2030, with the ratio projected to ease from 56.1% in RE 2025-26 to 55.6% in BE 2026-27.

That forward guidance was missing last year, when the emphasis was more on near-term stability than long-term credibility.

In simple terms, Budget 2025 reassured markets that the government would not lose control of the purse strings. Budget 2026 tells them it has a map.

Capital expenditure
Public capex remains the government's favourite lever -- and the numbers show it.

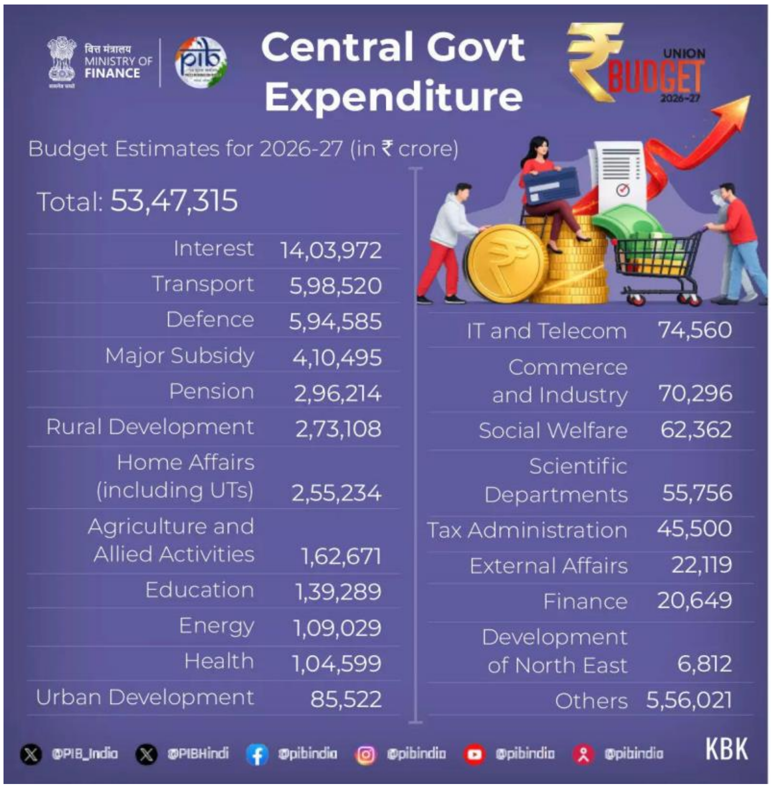
Budget 2025 had already locked in a sharp rise in infrastructure spending, building on the post-pandemic investment cycle. Budget 2026 pushes this further, taking public capex to ₹12.2 lakh crore by FY27, up from ₹2 lakh crore in FY15, reinforcing a decade-long shift towards state-led asset creation.

This is an increase from the ₹11.2 lakh crore earmarked for the current fiscal, underscoring the continued focus on infrastructure-led growth.

What's different this year is the architecture around capex. Beyond roads and railways, Budget 2026 introduces:

- An Infrastructure Risk Guarantee Fund to de-risk private lending
- Recycling of CPSE real estate assets through REITs
- New Dedicated Freight Corridors and 20 National Waterways
- A clear push to double the share of coastal and inland shipping to 12% by 2047

Budget 2025 spent money. Budget 2026 tries to make that money work harder.



Manufacturing and MSMEs: From intent to plumbing
Manufacturing support existed in Budget 2025, but much of it was incentive-led and sector-specific. Budget 2026 goes deeper into the ecosystem.

The headline move is a cluster of schemes targeting electronics, semiconductors, rare earth magnets, container manufacturing and defence-linked aviation, alongside India Semiconductor Mission 2.0.

This is backed by customs duty rationalisation and tax exemptions aimed at lowering friction rather than offering blunt subsidies.

MSMEs see a more thoughtful intervention this year:

- A ₹10,000 crore SME Growth Fund
- Mandatory use of TReDS by CPSEs
- Credit guarantees for invoice discounting
- Securitisation of MSME receivables to improve liquidity

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In contrast, Budget 2025 focused more on credit flow and compliance relief. Budget 2026 accepts a harder truth: access to capital is as much about systems as it is about money.

Services, tech and the quiet bet on exports
One of the sharper departures from Budget 2025 is the treatment of services.

Budget 2026 makes an explicit play for IT, cloud services, AVGC, medical tourism and education-linked services, including:

- Tax holidays till 2047 for foreign cloud service providers operating data centres in India
- Safe harbour thresholds for IT services raised from ₹300 crore to ₹2,000 crore
- A single IT services category with a fixed 15.5% margin

This export-facing clarity was missing last year, when services were acknowledged but not structurally enabled. The message this time is clear: India wants to be a services hub, not just a software vendor.

Defence budget sees sharp rise
Budget 2026 delivered a clear signal of India's defence ambitions, with the Ministry of Defence receiving an outlay of Rs 7.84 lakh crore for FY27, up from Rs 6.81 lakh crore last year -- a 15.3% rise.

Breaking down the allocation, Rs 3.65 lakh crore is earmarked for defence services revenue, while capital expenditure receives Rs 2.19 lakh crore, a sharp 21.8% increase over last year's revised estimate of Rs 1.86 lakh crore. Defence pensions account for Rs 1.71 lakh crore, and civil defence spending stands at Rs 28,554.61 crore.

On the agriculture front, Budget 2026, like its predecessor, talks up farmers without fundamentally altering the landscape. It expands programmes in fisheries, horticulture, animal husbandry, and high-value crops, integrates AgriStack with AI systems, and promises investment in reservoir development and fisheries value chains.

Yet, it stops short of income-linked guarantees or major market reforms. For rural India, the focus remains on boosting productivity rather than offering direct protection -- fiscally prudent, but unlikely to convince farmer groups that this budget marks a turning point.

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Budget 2026: 10 key announcements for India Inc

The Economic Times,
February 2, 2026

Synopsis
Budget 2026 Key Announcements: The Union Budget 2026-27 reshapes Corporate India with ten key moves. Infrastructure spending rises significantly. Manufacturing receives ecosystem capital, not just incentives. MSMEs get a substantial push for scale. Corporate tax architecture is rewritten with MAT becoming final. IT and digital services gain predictable taxation. Customs rationalisation lowers input costs. Trade logistics see faster clearances. Capital markets deepen.

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Union Budget 2026–27 was presented in the language of "kartavya" and long-term nation-building. But beneath the philosophical framing, the Finance Minister laid out a set of highly specific interventions that directly recalibrate how companies manufacture, finance, comply, export and invest.

"Our first kartavya is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics," Nirmala Sitharaman said in Parliament.

For India Inc, that translated into ten concrete structural shifts.

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10 Big Moves in Budget 2026 That Reshape Corporate India

1. Rs 12.2 Lakh Crore Infrastructure Engine
Public capital expenditure will rise to Rs 12.2 lakh crore as proposed in the Budget, up from a revised Rs 10.96 lakh crore in 2025–26 and nearly six times the Rs 2 lakh crore spent in FY2014–15.

Beyond the headline allocation, the Budget sharpens the infrastructure map:

- A new dedicated Freight Corridor linking Dankuni (East) to Surat (West)
- 20 new National Waterways over five years
- A Coastal Cargo Promotion Scheme aimed at doubling inland and coastal shipping share from 6% to 12% by 2047
- Seven new High-Speed Rail corridors connecting growth clusters
- An Infrastructure Risk Guarantee Fund to provide calibrated partial credit guarantees

For sectors such as cement, steel, EPC, logistics and real estate, the commitment signals order-book visibility and lower execution risk.

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2. Manufacturing Gets Ecosystem Capital, Not Just Incentives
The Budget scales up seven strategic and frontier sectors with defined allocations:

- Biopharma SHAKTI: Rs 10,000 crore over five years to build biologics and biosimilars capacity, including three new National Institute of Pharmaceutical Education and Research and over 1,000 accredited clinical trial sites
- Electronics Components Manufacturing Scheme: Outlay enhanced from Rs 22,919 crore to Rs 40,000 crore
- Container Manufacturing Scheme: Rs 10,000 crore over five years
- Carbon Capture, Utilisation and Storage (CCUS): Rs 20,000 crore over five years
- Revival of 200 legacy industrial clusters
- Three dedicated Chemical Parks via challenge mode
- ISM 2.0 under the India Semiconductor Mission to expand into equipment, materials and full-stack design IP

This is less about assembly scale and more about upstream depth.

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3. A Rs 12,000 Crore Push for MSME Scale
Recognising MSMEs as "a vital engine of growth," the Budget introduces:

- A Rs 10,000 crore SME Growth Fund to create “future Champions”
- A Rs 2,000 crore top-up to the Self-Reliant India Fund
- Liquidity reforms include:
- Mandatory TReDS usage for CPSE purchases from MSMEs
- Credit guarantee support for invoice discounting
- Linking GeM with TReDS
- Introduction of TReDS receivables as asset-backed securities

Additionally, professional institutions will create a cadre of accredited “Corporate Mitras” to help MSMEs manage compliance at affordable cost, particularly in Tier-II and Tier-III towns.

The emphasis shifts from survival credit to structured growth capital.

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4. Corporate Tax Architecture Rewritten: MAT Becomes Final
From 1 April 2026:

- Minimum Alternate Tax (MAT) becomes a final tax
- MAT rate reduced from 15% to 14%
- No fresh MAT credit accumulation
- Brought-forward MAT credit can be set off (up to one-fourth of tax liability) under the new regime

The move simplifies future tax computation and nudges companies toward the new regime.

Buybacks will now be taxed as capital gains for all shareholders. Promoters will pay an additional buyback tax, resulting in an effective tax of 22% for corporate promoters and 30% for non-corporate promoters.

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5. IT & Digital Services Get Predictable Taxation
India’s largest services export sector receives a structural boost:

- All IT services clubbed under one category
- Safe harbour margin fixed at 15.5%
- Threshold raised from Rs 300 crore to Rs 2,000 crore
- Automated approval process
- Safe harbour continuity for five years
- Unilateral APA timeline capped at two years (extendable by six months)

Further, foreign companies providing global cloud services using Indian data centres will receive a tax holiday till 2047, provided Indian customers are serviced via a domestic reseller.

This aligns tax certainty with India’s data centre expansion ambitions.

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6. Customs Rationalisation Lowers Input Costs
Customs reforms directly impact cost structures:

- Tariff on all dutiable goods imported for personal use reduced from 20% to 10%
- Basic customs duty exemptions extended for lithium-ion cell manufacturing (including energy storage systems)

- Exemption on sodium antimonate for solar glass
- Exemption on capital goods for processing critical minerals
- Nuclear power project import exemption extended till 2035
- Exemption on aircraft components and defence MRO inputs

These changes target energy, aviaviation, electronics and advanced manufacturing supply chains.

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7. Trade Logistics: Faster, Predictable Clearances
The Budget pushes trade facilitation reforms:

- Duty deferral for Tier 2 and Tier 3 Authorised Economic Operator(s) extended from 15 to 30 days
- Advance ruling validity extended from three years to five
- Removal of Rs 10 lakh cap on courier exports
- AI-driven non-intrusive scanning expansion across major ports
- Rollout of a Customs Integrated System within two years

Reduced friction at ports translates directly into lower working capital blockage.
blockage.

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8. Capital Market Deepening and Funding Channels
Fiscal consolidation continues:

- Fiscal deficit pegged at 4.3% of GDP in Budget 2026–27
- Debt-to-GDP estimated at 55.6%, on a downward glide path To deepen capital markets:
- Market-making framework for corporate bonds
- Introduction of total return swaps on corporate bonds
- Rs 100 crore incentive for municipal bond issuances above Rs 1,000 crore
- Individual Person Resident Outside India (PROI) investment limit increased from 5% to 10% (overall cap 24%)

The message: broaden funding channels beyond bank credit.

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9. Energy Transition Backed by ₹20,000 Crore
The Rs 20,000 crore Carbon Capture Utilization and Storage allocation over five years marks one of India's largest industrial decarbonisation commitments.

Combined with customs exemptions for renewable manufacturing inputs and excise rationalisation for biogas-blended CNG, the Budget lowers the economic barrier to green transition rather than imposing new costs.

For heavy industry, compliance could become economically aligned rather than regulatory.

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10. Litigation and Compliance Relief: Structural De-risking
Tax administration sees some of the most consequential changes:

- Assessment and penalty integrated into a common order
- Pre-deposit for appeals reduced from 20% to 10%
- No interest on penalty during first appeal stage

- Decriminalisation of several technical offences
- Maximum imprisonment reduced to two years (except repeat offences)
- Revised return deadline extended till 31 March
- Income Tax Act, 2025 effective from 1 April 2026

For corporate balance sheets, litigation exposure and compliance unpredictability have long been hidden risks. This recalibration addresses them directly.

The Larger Corporate Implication
Budget 2026 does not hinge on dramatic tax cuts or consumption stimulus. Instead, it adjusts structural levers:

- Capital expenditure sustained at scale
- Manufacturing deepened with defined outlays
- MSMEs capitalised
- Tax regime simplified
- Digital services incentivised
- Trade friction reduced
- Capital markets widened
- Energy transition funded
- Compliance risk lowered

The interventions are technical. Their cumulative effect, however, may be structural.

India Inc may not have explicitly demanded each of these changes. But across supply chains, tax planning, export operations, infrastructure contracts and digital services, the operating environment has been recalibrated.

Budget 2026, in that sense, is less about a headline announcement and more about ten interconnected shifts that quietly reshape how business gets done in India.

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Industry welcomes Budget 2026's infrastructure focus

Construction Week,
February 2, 2026

The representatives of real estate and infrastructure industries express optimism over Budget 2026-27's focus on infrastructure, sustainable growth, and real estate development.

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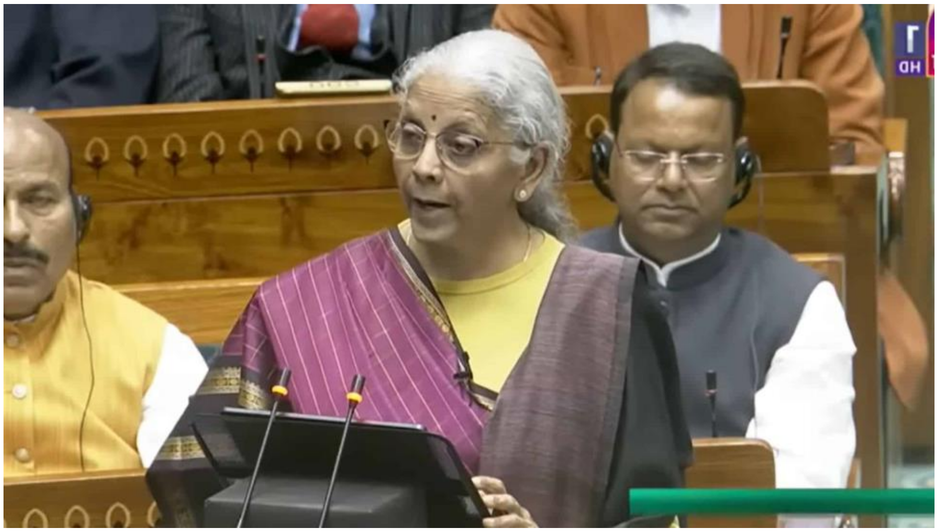
Finance Minister Nirmala Sitharaman presenting the Budget 2026-27 in the Parliament

The Union Budget 2026 presented by the Finance Minister Nirmala Sitharaman has met with widespread optimism from industry leaders in real estate and allied sectors. Many representatives have hailed the significant increase in public capital expenditure, noting its potential to fuel infrastructure growth and improve urban connectivity. This shift towards long-term infrastructure investment, particularly through the development of City Economic Regions and the expansion into tier-2 and tier-3 cities, is seen as a pivotal step in alleviating the pressure on metro areas while unlocking new growth opportunities.

A key highlight drawing praise is the proposal to unlock underutilised Central Public Sector Enterprises (CPSE) real estate assets via REITs, which is expected to enhance liquidity and drive development across residential and commercial spaces. Additionally, the introduction of the Infrastructure Risk Guarantee Fund is viewed as a vital measure to reduce risks and attract private investment in long-term projects.

Sustainability also remains a top priority, with many industry voices applauding the Budget's emphasis on green urbanization and climate-resilient infrastructure. In summary, real estate and allied sector leaders are optimistic that these measures will create a more stable and sustainable growth trajectory, benefiting both established urban centers and emerging markets.

Ankita Luharuka, CEO, Alliance City Developers:
"The real estate and urban development industry is feeling more hopeful about the future thanks to Budget 2026. The government is focusing on expanding infrastructure, speeding up approvals, and giving more assistance to sustainable urban planning. This makes it much easier for developers to come up with new ideas and build areas that are ready for the future.

As India grows, making it easier for people to connect, get to homes, and speed up development at the city level will be very important for moulding modern urban living. This year's budget makes that objective even clearer and more committed.

These changes give developers like us at Alliance City Developers both the direction and the confidence to move on with big projects that improve quality of life and make a real difference in India's fast changing cityscapes."

Parthiv Neotia, Senior VP – ICC, and Executive Director, Ambuja Neotia Holdings:
This year's Budget is 'very inclusive' and one of the most interesting in recent years. The government's focus on emerging and high-growth sectors such as fisheries, semiconductors, artificial intelligence, the creative economy, hospitality and tourism, calling them key pillars of India's new economic landscape.

We welcome the strong push in bio-pharma, innovation and manufacturing, especially in light of India's growing burden of non-communicable diseases (NCDs). It is encouraging to see substantial investment and focus in healthcare including the development of five regional medical tourism hubs as a major step in positioning India as a critical healthcare destination, not only for Indians but also for neighbouring countries seeking affordable, quality treatment.

The government's sustained efforts to reduce India's high logistics costs through infrastructure development, including new highways and the announcement of 20 waterways, which will help make products more affordable domestically and more competitive globally. There is a role played by the tax regime, tax incentives, tax holidays and policy measures in reviving foreign investment. The Budget must be viewed alongside recent reforms such as GST 2.0, the India–EU trade agreement, FTAs and ongoing trade negotiations with the US."

Rakesh Reddy, Director, Aparna Constructions:
The Union Budget for FY27 reinforces continuity and confidence in India's infrastructure and construction story. By maintaining a strong thrust on capital expenditure, urban economic development, and logistics connectivity, the government has provided long-term visibility that is critical for construction companies planning capacity, investments, and execution pipelines. This consistency in infrastructure spending strengthens the foundation for both public projects and private sector development, creating a more predictable operating environment for the industry.

The focus on economic corridors, urban clusters, and connectivity-led growth is particularly encouraging, as it aligns infrastructure creation with broader economic activity. For construction players, this translates into improved project viability, better integration between infrastructure and real estate development, and stronger demand across residential, commercial, and industrial segments over the medium term. Proposals such as recycling CPSE real estate assets through dedicated REIT structures are a positive step towards unlocking dormant capital and improving land-use efficiency in urban centres, while creating additional headroom for infrastructure investment.

However, while the Budget clearly addresses the demand and investment side of the sector, the industry was also looking for more direct interventions around construction input costs, faster approval mechanisms, and policy clarity to stimulate urban housing demand. These remain critical challenges affecting project timelines and affordability, especially in high-growth urban markets.

As the government moves into the execution phase of its infrastructure agenda, complementary reforms focused on cost efficiency, approvals, and urban development policies could significantly accelerate delivery on the ground. Overall, the FY27 Budget reinforces a long-term growth narrative for the construction sector, with execution and policy fine-tuning now holding the key to unlocking its full potential.

Aman Sharma, Founder and Managing Director, Aarize Group:

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"The Union Budget 2026 sends a strong, reassuring signal to the real estate and infrastructure ecosystem. The focused allocation for Tier-2 markets recognises where India's next major real estate opportunity will take shape. These cities offer something compelling: land availability, room to scale, and strong growth potential. The introduction of the Infrastructure Risk Guarantee Fund is a timely intervention that will help unlock long-term capital and reduce execution risks, especially for large-scale projects. Combined with the continued infrastructure push, this budget strengthens economic momentum, improves connectivity, and creates a virtuous cycle for housing, industry, and employment. For developers, it restores confidence to plan, invest, and build for sustainable growth."

Prakash Patel, MD, Bhumi World:
"Budget 2026 lays down a forward-thinking yet pragmatic framework that reinforces India's structural growth trajectory. By catalysing capital market participation through dedicated Real Estate Investment Trusts (REITs) to accelerate recycling and monetisation of under-utilised CPSE real estate assets, the government has unlocked a powerful mechanism to deepen liquidity and support scalable development across residential and commercial value chains.

The continued emphasis on robust infrastructure investment, backed by a significantly elevated public capital expenditure outlay which strengthens connectivity, urbanisation momentum and demand fundamentals across both established metros and emerging growth corridors. Complemented by policy measures that enhance ease of doing business, logistics efficiency and household consumption capacity, the budget creates a supportive environment for sustained demand across commercial, retail and mixed-use real estate formats.

Collectively, these measures reflect a balanced, long-term commitment to expanding investor access, improving capital efficiency and fostering responsible growth across India's integrated real estate ecosystem."

Avneesh Sood, Director, Eros Group:
"Union Budget 2026 makes it clear that real estate growth in India will be shaped by infrastructure, fiscal discipline, and predictable taxation and not short-term incentives. The decision to sustain public capital expenditure at ₹12.2 lakh crore in FY27, even while keeping the fiscal deficit at 4.4% of GDP, sends a strong signal on continuity. For real estate, this matters because infrastructure, not subsidies, ultimately determines where housing and commercial demand emerges. The Budget's emphasis on transport corridors, city economic regions, and industrial expansion will accelerate demand beyond the top metros. Tier-I markets will continue to anchor office and premium residential demand, but the sharper upside over the next cycle will come from Tier-II cities, where infrastructure spending, job creation, and lower entry prices are converging. This is where mid-income housing and rental demand will deepen.

Equally important is tax stability. With no changes to income-tax slabs, home-loan deductions, or capital-gains structures, the Budget avoids policy volatility. For homebuyers planning 15-20-year EMIs and for developers managing leverage, predictability is a positive outcome in itself. Simplification of tax compliance, especially around property transactions and NRI sales will improve deal closure timelines and reduce friction. Overall, Budget 2026 underlines a shift toward a more mature, infrastructure-led real estate market driven by jobs, mobility, and long-term capital rather than fiscal incentives."

Aayush Madhusudan Agrawal, Founder & Director, Inspira Realty:

"We welcome the Union Budget 2026–27 as a balanced and reform-driven Budget that reinforces the Viksit Bharat vision through inclusive urbanisation and sustainable development. The government has significantly increased capital expenditure on infrastructure to ₹12.2 lakh crore, with a meaningful portion directed towards urban and regional development. The expansion of City Economic Regions in tier-two and tier-three cities, supported by investments in urban infrastructure, logistics corridors and regional connectivity, will improve access to employment centres and enhance liveability in emerging towns, expanding the homebuyer base beyond metros. The Infrastructure Risk Guarantee Fund is a timely measure to improve access to construction finance and reduce execution risks, particularly for affordable and mid-segment housing projects where timely completion and cash flow certainty are critical. Major tax incentive changes for homebuyers would have been a welcome move for the industry, but that was a miss. As growth in healthcare, pharma, education, and services across cities strengthens employment opportunities, more families will gain the financial confidence to invest in homeownership. Collectively, these measures support housing affordability and the long-term expansion of the residential real estate market."

Anil Godara, Founder and MD, J Estates:
"The Union budget 2026 meaningfully reshapes the growth conversation around India's Tier 2 and Tier 3 cities. The ₹5,000 crore yearly allocation for urban infrastructure reflects a clear intent to build these cities as self-sustaining growth centres rather than spill-overs of metros. These markets are seeing rising housing demand driven by improving connectivity, employment migration, and lifestyle aspirations. While Tier 1 cities are nearing peak maturity, emerging cities offer long-term scalability. The proposed Infrastructure Risk Guarantee Fund is a pragmatic move that strengthens lender confidence during the construction phase, enabling smoother execution and responsible private investment."

Mohit Jandu, MD, J Infratech:
"The Union Budget's ₹12.2 lakh crore allocation for FY27 reinforces a strategic commitment to infrastructure-led growth. This massive capital outlay provides long-term fiscal clarity, aimed at slashing logistics costs and boosting productivity.

Strategic initiatives, such as the seven high-speed rail corridors and the North-East Buddha Circuit, exemplify a shift toward inclusive, multimodal connectivity. Furthermore, the Infrastructure Risk Guarantee Fund is a pivotal reform; by mitigating construction-phase risks, it bolsters lender confidence and ensures the timely execution of mega-projects. Together, these measures create a robust foundation for regional integration, tourism, and sustained economic expansion."

Rinkesh Roy, Jt MD and CEO, JSW Infrastructure:
"We congratulate the Honourable Finance Minister and the Government of India on a decisive and forward-looking Budget that firmly positions infrastructure as the foundation of India's growth. The thought through push towards port modernisation, inland waterways, coastal shipping, and logistics corridors will make India competitive and marks a structural change.

The additional focus on expanding national waterways, strengthening east coast connectivity, container manufacturing, and digitalisation of ports aligns closely with our vision of building integrated, port-led logistics ecosystems. Creating seamless linkages between ports, evacuation infrastructure, and industrial clusters is a must to achieve the uninterrupted growth.

Equally encouraging is the emphasis on green ports, sustainability-linked financing, ship repair, and smart-port technologies, which will enhance India's maritime competitiveness while supporting long-term, sustainable growth. Overall, Budget 2026–27 reinforces India's ambition to emerge as a global maritime and logistics hub and provides strong momentum to port-led industrial development."

Vikram Goel, Chief Business Officer – Industrial, Mahindra Lifespaces:
"The Union Budget reinforces the long-term fundamentals of India's industrial and urban growth agenda through a strong infrastructure push, improved execution certainty and sustained public capital expenditure. In an increasingly uncertain global trade environment, the flexibility extended to SEZ manufacturing units to access domestic markets is a timely and pragmatic measure that helps stabilise operations, optimise capacity utilisation and support more predictable investment planning.

The continued focus on freight corridors, high-speed connectivity and the development of city economic regions will strengthen industrial competitiveness, logistics efficiency and regional growth. For integrated developments like Mahindra World City in both Jaipur and Chennai, which bring together SEZ and DTA ecosystems within a master-planned urban framework, this direction strongly aligns with our vision of building resilient industrial clusters where manufacturing growth is seamlessly integrated with jobs, housing and urban infrastructure, enabling long-term, sustainable growth."

Ms Amrita Gupta, Director, Manglam Group:
"Budget 2026 reinforces confidence in India's real estate growth story. With a sustained focus on infrastructure creation, urban development and housing-led demand, it lays a strong foundation for long-term, planned growth across Tier II and Tier III cities. The emphasis on higher public capital expenditure and strengthening emerging urban centres will significantly improve livability, connectivity and the quality of urban ecosystems. This, in turn, is expected to enhance end-user confidence, support stable housing demand and align well with the evolving aspirations of India's homebuyers. For developers such as Manglam Group, the Budget provides a positive and enabling outlook for residential growth in emerging cities."

Deep Vadodaria, MD, Nila Spaces:
The latest budget once again reflects India's evolution into a matured economy, where the focus is on consistency and long-term structural growth rather than disruptive announcements. While large projects like the CWG or Ahmedabad-specific developments may not have been explicitly mentioned, the sustained infrastructure push in Ahmedabad and the GIFT City region clearly signals the government's intent to strengthen these micro-markets over the next five years.

The extension of tax deductions for IFSC units and the rationalisation of post-deduction tax rates further enhance GIFT City's global competitiveness, making it a strong magnet for institutional capital and business activity. This combination of infrastructure-led growth and policy support across Tier-2 and Tier-3 cities is set to create a strong ripple effect on real estate, driving demand across commercial, residential, and mixed-use developments.

Mohit Goel, Managing Director, Omaxe:
"The Union Budget 2026 reinforces India's growth momentum through a strong and sustained commitment to infrastructure and urban development, with public capital expenditure rising to Rs. 12.2 lakh crore in FY27.

What stands out equally is the Budget's sharp focus on tier-2 and tier-3 cities like Chandigarh, Indore, Ludhiana etc. Including culturally significant temple towns such as Ayodhya and

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Vrindavan. These locations are rapidly evolving from being only pilgrimage destinations into vibrant urban and economic centres, supported by infrastructure upgrades, tourism-led activity, and renewed civic investment. This shift is already translating into growing demand for organised real estate development. These markets are attracting not only local homebuyers but also growing interest from investors across India and abroad who are increasingly looking beyond metros for long-term value.

In addition, the proposed national mission to strengthen India's sports ecosystem is a welcome step that highlights the role of integrated urban developments in supporting modern training and competition infrastructure, talent development, and community participation. Large-scale mixed-use and destination developments such as Omaxe State in Dwarka, being developed in partnership with the Delhi Development Authority, can play a meaningful role in advancing the government's Khelo India mission by enabling sports infrastructure and city-level sporting ecosystems at scale."

Ashish Raheja, MD and CEO, Raheja Universal:
"The Union Budget 2026 continues the government's push towards infrastructure-led growth, with a strong capital expenditure commitment of ₹12.2 lakh crore. What stands out for us is the focus on building well-planned cities beyond the metros. The creation of city economic regions, with ₹50,000 crore allocated per region over five years, will significantly improve connectivity and urban infrastructure in tier-2 and tier-3 markets, opening up new opportunities across residential, commercial and mixed-use developments.

The proposed Infrastructure Risk Guarantee Fund is a practical step that can ease construction-phase risks and encourage greater private investment in large, long-gestation projects. We also see this as a positive signal for the commercial real estate market. The proposed tax holiday for Global Capability Centres (GCCs) is expected to generate demand for large-scale data centres and facilitate local employment.

Overall, these measures support the broader vision of Viksit Bharat by helping create more sustainable, liveable and future-ready cities for both developers and homebuyers."

Monty Joshi, Co-Founder, Sarvam Properties
"The Union Budget 2026-27 marks a turning point for India's real estate sector, setting the groundwork for sustained growth rather than short-term corrections. The strong thrust on infrastructure, city economic regions and decentralised industrial development is expanding housing demand beyond metro cores into emerging Tier-2 and Tier-3 markets. For developers, capital access via REITs/municipal bonds, Infrastructure Risk Guarantee Fund, GST simplification and faster approvals cut execution risks and costs. The growing emphasis on sustainable, green urbanisation closely aligns with our focus on affordable future-ready homes. As housing demand becomes more end-user driven and geographically diverse, we believe this cycle offers durable value creation for our shareholders."

Manish Agarwal, Managing Director, Satya Group and President, CREDAI Haryana:
"In the lead-up to Union Budget 2026, the real estate sector was looking for a combination of demand-side support, tax incentives, and reforms to ease project delivery and financing. While a few of these did not receive immediate focus, the Budget's clear commitment to reform anchored in an infrastructure-led growth strategy, emphasis on Tier-1 and Tier-2 markets, and a reforms-over-rhetoric approach—offers a strong foundation for sustainable sector growth.

At the same time, the industry continues to look forward to sharper policy support for affordable housing, particularly through rationalised transaction costs, improved access to finance, and measures that enhance viability for developers while preserving affordability for end users. Strengthening affordable housing remains critical for maintaining broad-based demand and urban inclusivity.

The proposal to monetise and recycle CPSE-owned real estate reflects a pragmatic reform mind set by addressing the long-standing scarcity of well-located urban land. When aligned with investments in future-ready infrastructure and connectivity, these measures can ease supply constraints, encourage planned densification, and attract institutional capital. Over time, this can enable more balanced, efficient, and economically productive urban development across India, while positioning emerging cities as sustainable engines of real estate demand."

Ram Raheja, Managing Director, S Raheja:
"The Union Budget 2026 clearly reinforces the government's belief that infrastructure is the real growth engine of the economy. The increased capital expenditure of ₹12.2 lakh crore, along with the proposed Infrastructure Risk Guarantee Fund, will go a long way in improving project confidence and attracting long-term private and institutional capital.

At its core, the Budget reflects a strong focus on Ease of Living and Ease of Doing Business, with a clear intent to build a future-ready Bharat through sustained infrastructure investment. For real estate, this is a meaningful signal. As connectivity improves across metropolitan regions, demand is expected to deepen not only in established city centres but also across emerging residential and mixed-use corridors, leading to more balanced and resilient urban expansion. The move to enable REITs for recycling CPSE assets also reflects a maturing approach towards capital efficiency and market stability.

The industry had hoped to see greater policy recognition of premium housing as a meaningful economic contributor – particularly through rationalisation of high transaction costs such as stamp duties or greater clarity on taxation structures impacting high-value transactions. While this was not addressed in the current Budget, we remain optimistic that future policy discussions will acknowledge the role the luxury segment plays in attracting global capital, generating employment, and elevating India's urban design and living standards. Overall, the Budget reinforces stability, infrastructure momentum and a long-term urban vision – all of which are positive signals for real estate development in India."

Anil Mittal, CFO, Smartworld Developers:
"Budget 2026 lays out a pragmatic roadmap for India's urban future, anchored in a sustained infrastructure push and clear policy direction that channels long-term investment into major metropolitan markets. In tier-1 cities, where connectivity, mass mobility and civic infrastructure are key demand drivers, the focus on capex-led growth and regulatory certainty strengthens market confidence and supports sustainable real estate development. As the sector builds enduring urban communities, consistent policy signals and robust infrastructure will remain the foundation for quality housing and long-term value creation."

Kirthi Chilukuri, Founder and MD, Stonecraft Group:
"Budget 2026–27 lays strong emphasis on urban development, infrastructure creation and sustainable growth, which aligns well with the evolving priorities of the real estate and built-environment sector. The continued focus on smart cities, urban infrastructure, housing and climate-resilient development encourages the adoption of innovative, sustainable and human-

centric design approaches. The Budget's direction towards green infrastructure, energy efficiency and long-term asset value creation provides an enabling framework for developers focused on biophilic design, integrated communities and future-ready living spaces. It reinforces the importance of building responsibly—where sustainability, well-being and economic value go hand in hand."

Abhishek Tharwani and Dhiren Tharwani, Directors, Tharwani Realty
"The proposal in the Union Budget 2026 to unlock and recycle the underutilized CPSE real estate assets is a welcome move in the right direction to accelerate the pace of urban development. The government's initiative to bring idle land and properties into the mainstream economy through a structured monetization process will not only create value but also help alleviate land bottlenecks in major urban hubs. This move has the potential to create a major multiplier effect in the real estate and construction sector and will help accelerate housing and infrastructure development, among others. If implemented efficiently, the CPSE asset recycling initiative has the potential to transform city skylines and help achieve affordable housing goals.

The emphasis on CPSE real estate asset recycling in the Union Budget 2026 is a progressive change in the perception of public land resources as growth facilitators, rather than dormant assets. The need to redevelop these assets can help close the demand-supply gap between the increasing demand for land in urban areas and the scarcity of land, particularly in metro and tier-1 cities. This is an opportunity for the real estate sector to develop land in a planned and mixed-use manner, which meets the needs of the modern city. The success of this project will depend on its transparency and a collaborative approach between the government and private developers."

Parvinder Singh, CEO, Trident Realty:
"The Budget's focus on strengthening tier-2 and tier-3 cities is a timely and practical step for the real estate sector. A dedicated ₹5,000 crore allocation for urban infrastructure sends a clear signal that these cities are being positioned as credible growth hubs, not secondary markets. With improving civic amenities and transport networks, demand from homebuyers and professionals is naturally accelerating. For developers, these locations offer far greater flexibility than mature tier-1 cities. The Infrastructure Risk Guarantee Fund further strengthens the ecosystem by offering calibrated credit support, reducing execution risk and enabling more responsible private participation."

Darshan Govindaraju, Executive Director, Vaishnavi Group:
The Union Budget 2026 reaffirms real estate as a key driver of India's growth, supported by a balanced thrust on infrastructure expansion, employment creation through technology and medical-tourism hubs, and asset monetisation via REITs. These measures open up meaningful opportunities across both commercial and residential development, while accelerating enterprise–developer partnerships for built-to-suit medical infrastructure. The emphasis on technology-led development and financing is particularly encouraging and will drive greater efficiency, scale and institutional participation in the sector.

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Budget 2026: Govt likely to ramp up infra spending—5 stocks that could benefit most

Mint,

CONSTRUCTION FEDERATION OF INDIA

February 2, 2026

As anticipation grows for the 2026 Union Budget, Vinit Bolinjkar, Head of Research at Ventura, predicts a significant boost in infrastructure spending, with five key stocks poised to benefit. Discover which companies are set to thrive in this new economic landscape.

Budget 2026: All eyes will be on Finance Minister (FM) Nirmala Sitharaman on Sunday, February 1, as she presents the Union Budget for the financial year 2026–27, with expectations of higher infrastructure spending to spur economic growth, generate jobs, and cushion the economy against challenges posed by US tariffs and global uncertainties.

In Budget 2025, the FM allotted a record ₹11.21 lakh crore for India's infrastructure needs, up from the previous year's ₹11.11 lakh crore.

For the coming financial year, experts expect a 10-15% increase in government capex to ₹12-12.5 lakh crore.

"Infrastructure will be the key theme in the Union Budget 2026. Every ₹1 spent on infrastructure yields a GDP impact of ₹3, making it crucial for long-term resilience. A 10-15% increase in government capex to ₹12-12.5 lakh crore is projected. This includes a potential ₹25,000 crore fund to revive stalled infrastructure projects, benefiting sectors like highways and urban development," said Vinit Bolinjkar, Head of Research at Ventura.

Budget 2026: Key expectations for the infrastructure sector
Bolinjkar expects a sustained growth in capital expenditure (capex). Besides, he also anticipated the National Infrastructure Pipeline (NIP) 2.0.

"The launch of an updated infrastructure pipeline covering 2026-2032 (successor of NIP 2020-25), potentially scaling up from the original ₹111 lakh crore plan to address emerging needs like high-speed rail and logistics corridors, is expected," said Bolinjkar.

The government is also expected to offer clarity on the plan to monetise ₹10 lakh crore in sick PSU land banks through FY30. According to Bolinjkar, this could significantly improve the construction activity on such land banks and enhance ordering activities.

Financing innovations, such as green bonds, credit enhancement for bond markets, and land-value capture as formal tools could improve credit access and fund flow, said Bolinjkar.

5 infra stocks to buy for the long term

As expectations of a stronger focus on the infrastructure sector rise, Bolinjkar recommends five infrastructure stocks for the long term, betting that they may be among the biggest beneficiaries of the government's infra push.

Larsen & Toubro (L&T) | Target price: ₹4,849
According to Bolinjkar, L&T is entering a high-growth phase supported by a record-breaking order book, improving operational efficiencies, and strategic exits from non-core, debt-heavy assets.

The consolidated order book stands at a record ₹7,332 billion (30% YoY growth), which is approximately 2.9 times its annual project and manufacturing revenue.

The company maintains a robust near-term prospects pipeline of ₹5.92 trillion, driven by surges in CarbonLite Solutions and Precision Engineering.

The net working capital (NWC) to revenue ratio improved significantly to 8.2% from 12.7% the previous year, reflecting intense customer collection efforts.

Management expressed high confidence in current momentum, stating that full-year order inflows will exceed the initial 10% guidance. They reaffirmed the 15% revenue growth target and the 8.5% P&M margin goal for the full year.

NBCC | Target price: ₹167
Bolinjkar highlighted that NBCC has a unique asset-light business model, a massive order book, and a quasi-monopoly in government redevelopment projects.

As of September 2025, the consolidated order book reached ₹1.28 lakh crore. Management is targeting an order book of ₹2 lakh crore. With conservative estimates, we are projecting a backlog of ₹1.45 lakh crore by FY28E.

Bolinjkar highlighted that NBCC is the only meaningful player in India's General Pool Residential Accommodation (GPRA) redevelopment ecosystem, where it handles 76% of the GPRA seven-colony package in Delhi, worth approximately ₹24,682 crore.

"The company maintains a zero-debt balance sheet and funds its growth entirely through internal accruals and customer advances. Because it operates on a consultancy fee model (PMC) where projects are customer-funded, it enjoys negative working capital," said Bolinjkar.

Additionally, NBCC is the primary beneficiary of the government's plan to monetise ₹10 lakh crore in sick PSU land banks through FY30, Bolinjkar said.

IRB Infrastructure | Target price: ₹87
Bolinjkar said with 44% market share in the awarded toll-operate-transfer (TOT) space and 10% contribution to India's National toll revenue, IRB is one of India's leading and largest integrated private road developers.

It manages an asset base of approximately ₹94,000 crore spread across 13 Indian states, covering roughly 17,500 operational lane kilometres.

On the balance sheet front, IRB uses a unique model involving two listed Infrastructure Investment Trusts (InvITs) to optimise its balance sheet.

This structure allows IRB to transfer matured assets to the InvITs, freeing up capital for new projects while retaining management fees and dividend income.

In addition, the group is supported by global investors, including GIC Singapore and the Ferrovial Group (Cintra), which bolsters its growth potential.

Interarch Building Solutions | Target price: ₹2,633
Bolinjkar highlighted that Interarch is the second-largest player in India's PEB sector and is perfectly positioned to capitalise on a market that is expected to triple in value to ₹47,000 crore by 2033.

PEB structures are built 40–50% faster than traditional methods, making them the preferred choice for industrial and infrastructure construction.

The company's current backlog is ₹1634 crore (as of September 2025) and the management aims to scale it to over ₹2000 crore in the near future.

The company has a high repeat order ratio of nearly 81%, serving marquee clients like Asian Paints, Unilever, and Grasim.

"To meet surging demand, Interarch is significantly increasing its manufacturing footprint. The company plans to increase installed capacity from 161,000 MTPA to 200,000 MTPA by FY28," said Bolinjkar.

"Two new plants in Andhra Pradesh and Chennai are expected to be operational by 2026, supporting higher execution volumes. Despite capacity expansion and significant growth, the company remains 100% debt-free," Bolinjkar said.

HCC | Target price: ₹64
Bolinjkar believes HCC has entered a renewal phase characterised by a massive project pipeline, successful debt resolution, and a projected turnaround in profitability.

The company has a dominant legacy in complex engineering, having built 60% of India's installed nuclear power capacity and 26% of its hydro power capacity.

As of September 2025, the order book stood at ₹13,152 crore, well-diversified across transportation (63%), hydro (22%), and water (12%).

Additionally, the company currently holds L1 (lowest bidder) positions worth nearly ₹6,000 crore and has a massive bid pipeline of nearly ₹57,000 crore under evaluation for FY26.

The order book is projected to surge to nearly ₹31,000 crore by FY28E, providing multi-year revenue visibility.

On the balance sheet front, a landmark resolution plan moved significant liabilities to a separate entity (PRPL), cutting consolidated debt and improving gearing.

Management plans to reduce debt by another nearly ₹900 crore in FY26 through internal accruals and a rights issue.

Disclaimer: *This story is for educational purposes only. The views, stock recommendations, and investment rationale expressed are those of the expert, not Mint. We advise investors to consult with certified experts before making any investment decisions, as market conditions can change rapidly and circumstances may vary.*

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Infra gets a leg up in Budget 2026-27

The Economic Times,

CONSTRUCTION FEDERATION OF INDIA

February 2, 2026

Synopsis

The government is launching an Infrastructure Risk Guarantee Fund to support lenders and boost private developer confidence. Capital expenditure for infrastructure creation will see an 11% increase. Focus will be on developing infrastructure in Tier II and Tier III cities. A new scheme will also promote domestic manufacturing of construction and infrastructure equipment.

The government will set up an Infrastructure Risk Guarantee Fund to calibrate partial credit guarantees to lenders, a move aimed at strengthening the confidence of private developers during infrastructure development and construction phase. Besides, it has enhanced the budgetary capex allocation by 11% to keep up the momentum of infrastructure creation in the country.

“To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, I propose to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders,” finance minister Nirmala Sitharaman said in her Budget speech on Sunday.

“The proposed Infrastructure Risk Guarantee Fund, alongside asset monetization tools like REITs and InvITs, directly addresses construction-phase risks and will unlock large-scale private investment into roads, urban infrastructure, and real estate-linked assets,” infrastructure expert Dikshu C Kukreja said.

Further, a 11.2% increase in capital expenditure to Rs 12.2 lakh crore in Further, a 11.2% increase in capital expenditure to Rs 12.2 lakh crore in 2026-27 compared to Rs 11.2 lakh crore in 2025-26 has been announced with focus on infrastructure development in Tier II and Tier III cities with population of over 5 lakh.

“We shall continue to focus on developing infrastructure in cities with over 5 lakh population (Tier II and Tier III), which have expanded to become growth centres,” she said.

Kuljit Singh, partner and infrastructure leader, EY India said since the highway sector typically accounts for around 25% of the overall infra capex, the highway sector would also see a significant increase in capex during FY 2027.

“This is extremely welcome, as that would spur the flow of new highway projects in the sector and help bolster the revenues and order books of Indian construction companies,” he said.

This scale of investment will significantly reduce logistics costs, bring in private capital, and accelerate the economic development of urban precincts across India, Kukreja added.

The Budget this year will also give a boost to domestic manufacturing of infrastructure Equipment through a dedicated scheme. “A scheme for enhancement of construction and infrastructure equipment (CIE) will be introduced to strengthen domestic manufacturing of high-value and technologically-advanced CIE,” she said.

“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,” she added.

"Further, there are a slew of measures announced for encouraging manufacturing of construction and infra equipment, which should reduce dependence on foreign equipment, improve indigenisation and result in lower costs for the infra sector," Singh added.

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Union Budget's ₹12.2 Lakh Crore Bet on Manufacturing and Infrastructure: High-Speed Rail, Semiconductor Plants, MSME Support, And More

Swarajya,
February 2, 2026

- *If 2025 was about tax relief, Budget 2026 is about the government doubling down on its manufacturing and infrastructure plans.*
- *From biopharma and semiconductors to textiles and waterways, the Union Budget charts a comprehensive path to make India a global manufacturing hub while building the infrastructure to support it.*

The Union Budget 2026-27, presented by Finance Minister Nirmala Sitharaman on 1 February 2026, lays special emphasis on strengthening India's manufacturing capabilities and infrastructure development.

To this end, the government has identified three core responsibilities (kartavya) to guide its economic vision. The first kartavya focuses on accelerating and sustaining economic growth by enhancing productivity, competitiveness, and resilience. This is where manufacturing and infrastructure take centre stage.

Here is a summary of the budget's comprehensive approach to manufacturing across seven strategic sectors, the rejuvenation of traditional industrial areas, support for small and medium enterprises, massive infrastructure investments, energy security initiatives, and the development of city economic regions.

Strategic Manufacturing Initiatives Across Seven Sectors

The budget identifies seven frontier sectors where India can establish global leadership through focused manufacturing efforts. Each sector has received dedicated funding and policy support.

Biopharma SHAKTI: Building India's Medicine Manufacturing Hub

India is witnessing a shift in disease patterns, with conditions like diabetes, cancer, and autoimmune disorders becoming more prevalent. The treatment for these diseases often requires specialised biological medicines, which are expensive when imported but essential for improving quality of life.

To address this challenge, the government has launched Biopharma SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation) with a substantial allocation of ₹10,000 crore over the next five years. The goal is to transform India into a global hub for manufacturing biological medicines and their affordable alternatives, called biosimilars.

This initiative will establish three new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrade seven existing ones, creating a specialised network for biopharma education and research. Additionally, the programme will create over 1,000 accredited clinical trial sites across India, enabling companies to test new medicines more efficiently within the country.

The Central Drugs Standard Control Organisation, which regulates drug approvals, will be strengthened with dedicated scientific reviewers and specialists to match global standards and speed up approval processes.

Semiconductors: From Assembly to Complete Manufacturing

Semiconductors, the tiny chips that power everything from smartphones to cars, are crucial for modern manufacturing. India's first semiconductor initiative, ISM 1.0, focused on expanding basic capabilities. The new ISM 2.0 takes a more ambitious approach by targeting the production of semiconductor-making equipment and materials, designing complete Indian intellectual property, and strengthening supply chains.

The programme will establish industry-led research and training centres to develop both the technology and skilled workforce needed for this sophisticated sector. This represents the government's ambition to move India beyond simply assembling semiconductors to actually manufacturing them from scratch.

Electronics Components: Doubling Down on Success

The Electronics Components Manufacturing Scheme, launched in April 2025 with ₹22,919 crore, has exceeded expectations. Investment commitments have already reached double the original target. Recognising this success, the government is increasing the budget allocation to ₹40,000 crore to capitalise on this momentum and attract even more manufacturers.

Rare Earth Permanent Magnets: Harnessing India's Natural Resources

Rare earth elements are critical materials used in everything from electric vehicles to defence equipment. A scheme for rare earth permanent magnets was launched in November 2025. The budget now proposes dedicated Rare Earth Corridors in the mineral-rich states of Odisha, Kerala, Andhra Pradesh, and Tamil Nadu.

These corridors will integrate the entire value chain from mining these materials to processing them and manufacturing finished products. Research facilities will be established to develop new applications and improve extraction techniques.

Chemical Parks: Reducing Import Dependency

To boost domestic chemical production and reduce reliance on imports, the government will support states in establishing three dedicated Chemical Parks through a competitive selection process. These parks will follow a cluster-based, plug-and-play model, meaning companies can easily set up operations with ready infrastructure.

Capital Goods: Building India's Manufacturing Muscle

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Capital goods are the machines and equipment used to manufacture other products. Strong capital goods manufacturing capability is essential for productivity and quality across all industries. The budget proposes three major initiatives in this area.

First, Hi-Tech Tool Rooms will be established by Central Public Sector Enterprises at two locations. These will function as digitally enabled, automated facilities that can design, test, and manufacture high-precision components at scale and lower cost than imported alternatives.

Second, a new scheme for Construction and Infrastructure Equipment will strengthen domestic manufacturing of technologically advanced equipment. This ranges from elevators for apartment buildings and fire-fighting equipment to massive tunnel-boring machines needed for metro construction and high-altitude road building.

Third, a Container Manufacturing scheme with ₹10,000 crore allocated over five years will create a globally competitive ecosystem for producing shipping containers, essential for international trade.

Textile Sector: Comprehensive Revival and Modernisation

The textile sector employs millions of people, particularly in rural and semi-urban areas. The budget proposes an Integrated Programme with five interconnected components designed to revitalise this labour-intensive industry.

The National Fibre Scheme will focus on achieving self-reliance in natural fibres like silk, wool, and jute, man-made fibres, and new-age fibres that are increasingly used in modern textiles.

The Textile Expansion and Employment Scheme will modernise traditional clusters by providing capital support for new machinery, technology upgrades, and common testing and certification centres. This will help small manufacturers meet international quality standards.

A National Handloom and Handicraft Programme will integrate and strengthen existing schemes, ensuring targeted support reaches weavers and artisans who preserve India's traditional textile heritage.

The Tex-Eco Initiative will promote globally competitive and sustainable textiles and apparel, helping Indian manufacturers meet the growing international demand for environmentally responsible products.

Samarth 2.0 will modernise textile skill development through collaboration between industry and academic institutions, ensuring workers have the capabilities needed for modern textile manufacturing.

Additionally, Mega Textile Parks will be established through a competitive process. These parks can focus on technical textiles, which are specialised fabrics used in industries like automotive, healthcare, and construction.

The Mahatma Gandhi Gram Swaraj initiative will strengthen khadi, handloom, and handicrafts by streamlining global market linkages and branding. It will support training, quality improvement, and benefit weavers, village industries, the One District One Product initiative, and rural youth.

Sports Goods Manufacturing: A Global Opportunity

Recognising India's potential to become a global hub for high-quality, affordable sports equipment, the budget proposes a dedicated initiative that will promote manufacturing, research, and innovation in equipment design and material sciences. This sector can create numerous jobs while reducing India's dependence on imported sporting goods.

Reviving Legacy Industrial Clusters

India has numerous industrial clusters that were once thriving but have lost competitiveness over time due to outdated infrastructure and technology. The budget proposes reviving 200 such legacy industrial clusters through infrastructure and technology upgrades. This will improve their cost competitiveness and efficiency, helping them reclaim their position in domestic and global markets.

Creating Champion Small and Medium Enterprises

Micro, Small, and Medium Enterprises (MSMEs) are vital engines of growth, employment, and innovation. The budget proposes a comprehensive three-pronged approach to help them grow into Champions capable of competing globally.

Equity Support: Building Future Champions

A dedicated ₹10,000 crore SME Growth Fund will provide equity support to create future Champion enterprises. Companies will be selected based on specific criteria designed to identify those with the highest growth potential.

Additionally, the Self-Reliant India Fund established in 2021 will receive a top-up of ₹2,000 crore to continue supporting micro enterprises and maintain their access to risk capital, which is often difficult for very small businesses to obtain from traditional sources.

Liquidity Support: Faster Payments Through TReDS

TReDS (Trade Receivables Discounting System) is a platform that helps MSMEs get paid faster when they sell to large companies. Through TReDS, more than ₹7 lakh crore has already been made available to MSMEs. To unlock its full potential, the budget proposes four important measures.

First, TReDS will become mandatory for all purchases from MSMEs by Central Public Sector Enterprises, setting a benchmark for other large corporations to follow.

Second, a credit guarantee mechanism will be introduced through CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) for invoice discounting on the TReDS platform, making it easier for MSMEs to get financing against their invoices.

Third, GeM (Government e-Marketplace) will be linked with TReDS to share information about government purchases from MSMEs with financiers, encouraging cheaper and quicker financing.

Fourth, TReDS receivables will be introduced as asset-backed securities, helping develop a secondary market that enhances liquidity and speeds up transaction settlements.

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Professional Support: Corporate Mitras

Compliance requirements can be overwhelming for small businesses that cannot afford expensive professional help. The government will facilitate professional institutions like ICAI (Chartered Accountants), ICSI (Company Secretaries), and ICMAI (Cost Accountants) to design short-term, modular courses and practical tools.

These programmes will create a cadre of accredited para-professionals called 'Corporate Mitras', especially in Tier-II and Tier-III towns. These Corporate Mitras will help MSMEs meet compliance requirements at affordable costs, removing a major barrier to growth.

Massive Infrastructure Push

Infrastructure development has been a cornerstone of government policy over the past decade. Public capital expenditure has increased dramatically from ₹2 lakh crore in 2014-15 to ₹11.2 lakh crore in the current year's budget. For 2026-27, this will increase further to ₹12.2 lakh crore, maintaining the strong momentum of infrastructure development.

Innovative Financing Mechanisms

The government has introduced several innovative financing instruments over the past decade, including Infrastructure Investment Trusts (InVITs), Real Estate Investment Trusts (REITs), and specialised institutions like NIIF (National Investment and Infrastructure Fund) and NABFID (National Bank for Financing Infrastructure and Development).

The focus is now shifting to developing infrastructure in Tier II and Tier III cities with populations over 5 lakh, which have expanded to become important growth centres.

To address risks faced by private developers during infrastructure construction, an Infrastructure Risk Guarantee Fund will be established. This fund will provide carefully calibrated partial credit guarantees to lenders, making it easier to finance large infrastructure projects.

REITs have proven successful for monetising real estate assets. The budget proposes accelerating the recycling of significant real estate holdings of Central Public Sector Enterprises through dedicated REITs, freeing up capital for new investments.

Environmentally Sustainable Freight Movement

Moving goods efficiently while protecting the environment is a key priority. The budget proposes several initiatives for sustainable cargo movement.

New Dedicated Freight Corridors will be established connecting Dankuni in the East to Surat in the West, allowing trains to move goods more efficiently with less environmental impact than road transport.

Twenty new National Waterways will be operationalised over the next five years, starting with NW-5 in Odisha. This waterway will connect the mineral-rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra. Water transport is much more fuel-efficient than road or rail for heavy cargo.

Training Institutes will be set up as Regional Centres of Excellence along these waterways to develop the required workforce, benefiting youth throughout the region with new skills and employment opportunities.

A ship repair ecosystem specifically for inland waterways will be established at Varanasi and Patna, creating jobs and ensuring vessels can be maintained efficiently.

A Coastal Cargo Promotion Scheme will provide incentives for shifting cargo from rail and road to inland waterways and coastal shipping, with an ambitious target of increasing their share from 6 per cent to 12 per cent by 2047.

Seaplanes: Enhancing Connectivity

To improve last-mile and remote connectivity while promoting tourism, the government will provide incentives to indigenise seaplane manufacturing. A Seaplane VGF (Viability Gap Funding) Scheme will support operations, making seaplane services economically viable in areas where they can provide unique connectivity advantages.

Energy Security and Stability

Carbon Capture, Utilisation and Storage (CCUS)

As India grows its manufacturing sector, managing carbon emissions becomes crucial. Following the roadmap launched in December 2025, the government is allocating ₹20,000 crore over five years for CCUS technologies.

These technologies will be scaled up across five industrial sectors: power generation, steel manufacturing, cement production, refineries, and chemicals. CCUS involves capturing carbon dioxide emissions from industrial processes and either using them in other processes or storing them safely underground, preventing them from contributing to climate change.

City Economic Regions: Powering Growth Through Urban Development

Cities are engines of growth, innovation, and opportunity. While major metros have received significant attention, Tier II and Tier III cities and temple towns now need modern infrastructure and basic amenities to realise their potential.

The budget proposes mapping City Economic Regions (CER) based on their specific growth drivers. Each selected CER will receive an allocation of ₹5,000 crore over five years for implementing their development plans. The selection will be done through a competitive process, and funding will be linked to reforms and results achieved.

To promote environmentally sustainable passenger transport, seven High-Speed Rail corridors will be developed between major cities as 'growth connectors'. These corridors are: Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri. These high-speed connections will reduce travel time, improve business connectivity, and spur economic development along their routes.

Agriculture-Linked Manufacturing and Value Addition

While not strictly industrial manufacturing, the budget includes several initiatives that create manufacturing opportunities linked to agriculture, benefiting farmers while building processing capacity.

High-Value Crop Processing

India is the world's largest producer of coconuts, with about 30 million people dependent on this crop for their livelihood. The Coconut Promotion Scheme will increase production and enhance productivity by replacing old, unproductive trees with new varieties in major coconut-growing states.

A dedicated programme for Indian cashew and cocoa aims to make India self-reliant in producing and processing these crops, enhance export competitiveness, and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

Sandalwood cultivation and post-harvest processing will be promoted in partnership with state governments to restore the glory of the Indian Sandalwood ecosystem, which is closely linked to India's social and cultural heritage.

Programmes will support rejuvenating old orchards and expanding high-density cultivation of walnuts, almonds, and pine nuts, particularly in hilly regions, enhancing farmer incomes and creating value-addition opportunities for youth.

SHE-Marts: Manufacturing-Style Enterprises for Women

Building on the successful Lakhpati Didi Programme (which has helped millions of women increase their incomes), the budget proposes Self-Help Entrepreneur (SHE) Marts. These will be community-owned retail outlets within cluster-level federations, helping women transition from credit-led livelihoods to becoming business owners through enhanced and innovative financing instruments.

Regional Development: Purvodaya States and Infrastructure

The eastern states (Purvodaya) have immense potential that needs focused infrastructure development. The budget proposes developing an integrated East Coast Industrial Corridor with a well-connected node at Durgapur. Additionally, 4,000 e-buses will be provided to improve public transportation in these states, and five tourism destinations will be created across the five Purvodaya states.

Supporting Ecosystem: Financial Sector and Technology

Banking Sector Reforms

A strong financial sector is essential for manufacturing growth. The budget proposes establishing a High Level Committee on Banking for Viksit Bharat to comprehensively review the banking sector and align it with India's next phase of growth while safeguarding financial stability, inclusion, and consumer protection.

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To improve efficiency in Public Sector NBFCs (Non-Banking Financial Companies), the Power Finance Corporation and Rural Electrification Corporation will be restructured as a first step.

Corporate Bond and Municipal Bond Markets

To help companies raise money for expansion more easily, the budget proposes introducing a market-making framework for corporate bonds with suitable access to funds and derivatives. Total return swaps on corporate bonds will also be introduced, making these markets more liquid and efficient.

For cities to finance their infrastructure, municipal bond issuance will be encouraged with a ₹100 crore incentive for any single bond issuance of more than ₹1,000 crore. Smaller cities will continue to be supported under the existing AMRUT scheme.

AI and Emerging Technologies

The budget recognises that 21st-century manufacturing requires cutting-edge technology. Previous initiatives like the AI Mission, National Quantum Mission, Anusandhan National Research Fund, and Research, Development and Innovation Fund will be continued and strengthened. These technologies serve as force multipliers for better governance and manufacturing efficiency.

Customs Duty Changes to Support Manufacturing

The budget includes several customs duty changes specifically designed to boost domestic manufacturing.

Zero Duty on Critical Inputs

Critical minerals like monazite and sodium antimonate (used in solar glass) will have zero customs duty, reducing costs for renewable energy manufacturing.

Capital goods for manufacturing lithium-ion cells for battery energy storage systems will be exempt from customs duty, promoting domestic battery manufacturing.

All goods required for nuclear power generation will be duty-free, supporting clean energy infrastructure.

Electronics Manufacturing Support

Specified parts used in manufacturing microwave ovens will be exempt from customs duty, deepening value addition in the consumer electronics sector.

Aviation and Defence

Components and parts for manufacturing civilian, training, and other aircraft will be exempt from customs duty. Similarly, raw materials for manufacturing aircraft parts for maintenance, repair, or overhaul by Defence sector units will be duty-free.

Special Economic Zones (SEZ) Flexibility

To address concerns about capacity utilisation in SEZ manufacturing units due to global trade disruptions, a special one-time measure will allow eligible manufacturing units in SEZs to sell to the Domestic Tariff Area at concessional duty rates. The quantity will be limited to a prescribed proportion of their exports, ensuring a level playing field.

Reform Express: Continuous Improvement

Following the Prime Minister's Independence Day announcement in 2025, over 350 reforms have been rolled out. These include GST simplification, notification of Labour Codes, and rationalisation of mandatory Quality Control Orders.

High-Level Committees have been formed, and the Central Government is working with State Governments on deregulation and reducing compliance requirements. This Reform Express, as the Finance Minister calls it, maintains momentum to support manufacturing and infrastructure development.

A Manufacturing and Infrastructure-Led Growth Vision

Budget 2026-27 presents a comprehensive vision for transforming India into a global manufacturing powerhouse while building world-class infrastructure. The approach is multi-dimensional, addressing everything from cutting-edge semiconductors to traditional textiles, from high-speed rail to inland waterways, from mega chemical parks to individual MSMEs.

The total capital expenditure of ₹12.2 lakh crore represents a sustained commitment to building the physical infrastructure that manufacturing requires. Sector-specific schemes ensure that each industry receives targeted support based on its unique needs and challenges.

The emphasis on sustainability through initiatives like CCUS, coastal shipping, and waterways shows that growth will be environmentally responsible. The focus on Tier II and Tier III cities through City Economic Regions ensures that development benefits are distributed across the country, not concentrated only in major metros.

Support for MSMEs through equity, liquidity, and professional assistance recognises that these enterprises are crucial for employment generation and innovation. The revival of 200 legacy industrial clusters ensures that existing industrial capacity is modernised rather than abandoned.

Financial sector reforms, from banking committees to bond market development, create the ecosystem that manufacturing needs for long-term capital. Customs duty rationalisation reduces input costs while protecting domestic industry appropriately.

Most importantly, the budget maintains fiscal discipline while making these investments. The fiscal deficit is targeted at 4.3 per cent of GDP, down from 4.4 per cent in the current year, showing that growth and fiscal prudence can go hand in hand.

Through these manufacturing and infrastructure initiatives, the budget aims to accelerate India's journey toward becoming one of the world's largest economies while ensuring that the benefits of growth reach every segment of society. The comprehensive nature of these proposals, backed by substantial financial allocations and institutional support, demonstrates the government's seriousness about building India's manufacturing and infrastructure capabilities for the long term.

CONSTRUCTION FEDERATION OF INDIA

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Budget 2026: Sitharaman backs private developers with new Infrastructure Risk Guarantee Fund
The Economic Times,
February 2, 2026

Synopsis
Union Budget of India 2026: Finance Minister Nirmala Sitharaman has introduced a groundbreaking Infrastructure Risk Guarantee Fund designed to empower lenders through partial credit guarantees. Recognising the potential of Tier-II and Tier-III cities, the government is committed to fostering infrastructure development in these areas.

Finance Minister Nirmala Sitharaman on Sunday proposed the creation of an Infrastructure Risk Guarantee Fund aimed at providing partial credit guarantees to lenders, a move designed to strengthen risk management for private infrastructure developers.

Speaking in her Budget speech, Sitharaman highlighted the government's efforts over the past decade to enhance public infrastructure through innovative financing channels. "To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, I propose to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders," she said.

The Finance Minister pointed out that cities are pivotal to India's growth, serving as hubs of innovation and opportunity. She added that the government will now extend its focus to Tier-II and Tier-III cities, as well as temple towns, which require modern infrastructure and basic amenities.

Sitharaman further detailed plans to unlock the economic potential of urban regions by mapping city economic regions (CERs) tailored to their unique growth drivers. "An allocation of Rs 5,000 crore per CER over five years is proposed for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism," she said.

The fund and city-focused initiatives signal the government's push to encourage private participation in infrastructure while fostering balanced urban growth beyond major metropolitan centers.

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