Union Budget 2026-27: Analysis & Key Takeaways

Feb 2026

Public

Union Budget: Key Takeaways – A Mixed Bag

- **Long-term orientation and policy continuity maintained**, which we believe is necessary for robust enduring growth as it enhances business confidence on the policy and regulatory framework of the country.

- **Overall numbers reasonable and achievable:** Nominal GDP growth targeted at 10% YoY in FY27 vs 8% in FY26 and Net tax revenues are projected to grow at 7.2% YoY.

- **Fiscal Discipline Maintained:** Gross Fiscal Deficit (GFD) for FY27 is budgeted at 4.3% of GDP vs 4.4% of GDP in FY26RE. Positive for long-term macro-economic fundamentals as it keeps inflation structurally under check.

- **Higher Gross borrowings will spike bond yields:** Gross Borrowings at ₹17.2 trillion is higher than market expectation of ₹16.5 trillion. Also, T-Bill issuance of ₹1.3 trillion is budgeted for FY27 which was not there last year. This is likely to result in higher yields both at the short and long ends in the near term; though sticking to Debt to GDP ratio is positive for bond markets in the long run. Considering the tight liquidity situation and keeping in mind the higher borrowing that will put pressure on bond yields, RBI will have to do Open Market Operations (OMOs) during the year. Steps to deepen the bond market is a long-term positive development.

- **Divestment target increased substantially:** It is budgeted at ₹800 billion in FY27 versus ₹340 billion last year. While government targeting higher divestment is good, it has in the past fallen short of its targets, implying potential pressure on government discretionary spends if it were to repeat.

Source: Budget Documents

Union Budget: Key Takeaways – A Mixed Bag

- **Capex push:** Capex expected to grow at 11.5% to ₹12.2 trillion in FY27 from FY26RE is an acceleration from 4% growth in FY26. This is likely to support better and long-term economic growth through multiplier effects.

- **Incentives for Manufacturing:** Includes key measures like introducing Biopharma SHAKTI program for building ecosystem of production for biologics/biosimilars, increasing outlay on component scheme, launching of Indian Sem-conductor Mission 2.0 focusing on supply chain, strengthening of manufacturing of construction equipment, amongst others.

- **Reforms for boosting Services exports:** Various measures including schemes for supporting tourism and medical tourism, tax holidays for data centers and tax reforms for Global Capability Centers (GCCs) in India.

- **Focus on Infrastructure capacity creation:** Multiplier projects to be undertaken including new Dedicated Freight Corridor, new National Waterways, seven high-speed rail corridors, setting up of Infrastructure Risk Guarantee Fund and higher long-term loans support to States for spending on infrastructure.

- **Ease of Doing Business:** A number of simplification measures on procedures, processes and systems have been announced to enhance the ease of living and ease of doing business.

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Union Budget at a Glance

₹ trillion Particulars	Actual FY25A	Revised FY26RE	Budget FY27BE	% YoY	Remarks
Gross Tax Revenues	**38.0**	**40.8**	**44.0**	**8.0%**	Factors GST cuts, tax buoyancy, better compliance and stable corporate profitability.
Corporation Tax	9.9	11.1	12.3	11.0%	No major rate changes.
Income Tax	12.4	13.1	14.7	11.7%	Direct tax growth is assumed higher than GDP growth.
GST	10.3	10.5	10.2	-2.6%	Impact of GST rate cut implemented from September 2025.
GST, Custom, Excise, Service Tax	15.6	16.4	16.8	2.3%	
Net Tax Revenue (Centre)	25.0	26.7	28.7	7.2%	
Non-Tax Revenue	5.4	6.7	6.7	-0.2%	
Dividends & Profits	3.1	3.8	3.9	4.1%	Assumed higher dividends from PSUs and RBI.
Revenue Receipts	**30.4**	**33.4**	**35.3**	**5.7%**	
Capital Receipts	**16.2**	**15.8**	**17.8**	**13.1%**	
Net Borrowings	10.7	10.4	11.7	12.8%	Borrowings higher than market expectation.
Small Savings	4.3	3.7	3.9	3.9%	
Cash drawdown	0.0	0.0	0.0		
TOTAL RECEIPTS	**46.5**	**49.2**	**53.2**	**8.1%**	
Major Expenditure Lines					
Interest Payments	11.2	12.7	14.0	10.2%	Higher debt stock leads to naturally rising interest burden.
Defence Expenditure	4.5	5.7	5.9	4.7%	Growth in capital outlay at 17%+.
Subsidies (Food+Fuel+Fertilizer)	3.9	4.3	4.1	-4.5%	Food and fertilizer subsidies continue gradual normalisation post-pandemic.
Pensions	2.7	2.9	3.0	3.3%	
Rural Development	2.1	2.1	2.7	28.4%	The growth is largely attributable to PMAY and Vikshit Bharat
Transport	5.6	5.5	6.0	9.3%	
Others	16.6	16.5	17.7	7.6%	
TOTAL EXPENDITURE	**46.5**	**49.6**	**53.5**	**7.7%**	
Revenue Account	36.0	38.7	41.3	6.6%	
Capital Account	10.5	11.0	12.2	11.5%	
Fiscal Deficit	**15.7**	**15.6**	**17.0**	**9%**	
as % of Nominal GDP	*4.8%*	*4.4%*	*4.3%*		Continuing on the consolidation roadmap, now through the debt to GDP ratio ~50%, +/- 1% by FY31.
Revenue Deficit	**5.6**	**5.3**	**5.9**	**12%**	
as % of Nominal GDP	*1.7%*	*1.5%*	*1.5%*		

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Source: Budget Documents,
A: Actuals, RE: Revised Estimates, BE: Budget Estimates

Capital Expenditure

- **Govt. Capital expenditure**:
  - Capital expenditure for FY27BE is budgeted at **₹12.22 trillion (+11.5% vs FY26RE; +9% vs FY26BE)**
  - This compares with likely 4% growth in FY26RE (vs FY25A; +10% vs budgeted)
- **PSU Capital expenditure:**
  - Capital expenditure for FY27 BE is budgeted at **₹4.84 trillion (+11% vs FY26RE; +12% vs FY26BE)**
- **Total Capital expenditure (Government + PSU)**
  - Capital expenditure for FY27 BE is budgeted at **₹17.06 trillion (+12% vs FY26RE; +10% vs FY26BE)**
  - This compares with likely 1% decline in FY26RE (vs FY25A; +17% vs budgeted)
    - **High growth**: Defence (+17%), Ministry of Communication (+95%), Steel (+23%), MNRE (+19%), Power (+18%)
    - **Low growth**: Road (+8%), Railways (+11%), Ministry of Petroleum and Natural Gas (+2%), Housing & Urban Affairs (+7%)

Capex growth budgeted at higher than nominal GDP growth makes us positive

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates, A: Actuals

Capital Expenditure

- **India Semi-Conductor Mission (ISM):** Launch of ISM 2.0 to further increase focus on India's semiconductor sector capabilities (ISM 1.0 launched in 2021 with ₹760 billion outlay).
- **Electronics Components Manufacturing Scheme (ECMS):** Increased outlay to ₹400 billion (vs ₹229 billion earlier)
- **Railway**: 7 High-Speed Rail corridors between cities & 1 new Dedicated Freight Corridors
- **Data center:** Tax holiday till 2047 to any foreign company that provides cloud services to customers globally
- **Rare Earth Corridors:** Support the mineral-rich States to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.
- **Chemical Parks:** Establishing 3 dedicated Chemical Parks, through challenge route, on a cluster-based plug-and-play model.
- **Hi-Tech Tool Rooms** to be established by Central Public Sector Enterprises (CPSEs)
- Scheme for Enhancement of **Construction and Infrastructure Equipment (CIE)** will be introduced to strengthen domestic manufacturing of high-value and technologically-advanced CIE

Capex growth budgeted at higher than nominal GDP growth makes us positive

Source: Budget Documents

Capital Expenditure

- Scheme for Container Manufacturing to create a globally competitive **container manufacturing ecosystem,** with a budgetary allocation of **₹100 billion over a 5 years period**
- **Rejuvenation of Legacy Industrial Clusters:** Scheme to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation
- **Asset monetization:** Propose to accelerate recycling of significant real estate assets of CPSEs through the setting up of dedicated Real Estate Investment Trusts (REITs)
- **National Waterways (NW):** a) Operationalize **20 new National Waterways (NW) over next 5 years**, b) a ship repair ecosystem catering to inland waterways will also be set up at Varanasi and Patna, c) launch a Coastal Cargo Promotion Scheme for incentivising a modal shift from rail and road
- Creating **"Champion Small and Medium Enterprises (SMEs)"** and supporting micro enterprises a dedicated **₹100 billion SME Growth Fund**
- **Carbon Capture Utilization and Storage (CCUS):** An outlay of ₹200 billion is proposed over the next 5 years

Capex growth budgeted at higher than nominal GDP growth makes us positive

Source: Budget Documents

Capital Expenditure Summary

(₹ trillion)	FY25 A	FY26 BE	FY26 RE	FY27 BE	FY26 Success (FY26RE/ FY26 BE)	FY26RE vs. FY25A	FY27BE vs. FY26 RE	FY27BE vs. FY26 BE
Total: Capital Expenditure	**15.41**	**15.53**	**15.30**	**17.06**	**99%**	**-1%**	**12%**	**10%**
Capital Expenditure: Govt.	10.52	11.21	10.96	12.22	98%	4%	12%	9%
Capital Expenditure: PSU	4.89	4.32	4.34	4.84	101%	-11%	11%	12%
Key ministries: Total	**13.71**	**14.05**	**14.08**	**15.48**	**100%**	**3%**	**10%**	**10%**
Ministry of Roads, Transport	2.85	2.72	2.72	2.94	100%	-5%	8%	8%
Ministry of Railways	2.69	2.65	2.65	2.93	100%	-1%	11%	11%
Ministry of Defence	1.75	1.96	2.01	2.35	102%	15%	17%	20%
Ministry of Finance- Transfers to States	1.66	1.71	1.75	2.26	103%	6%	29%	33%
Ministry of Petroleum and Natural Gas	1.69	1.39	1.31	1.34	95%	-22%	2%	-4%
Ministry of Housing and Urban Affairs	0.70	1.00	1.00	1.07	101%	43%	7%	8%
Ministry of Power	0.78	0.87	0.86	1.02	100%	11%	18%	18%
Ministry of Communication	0.75	0.53	0.25	0.48	47%	-67%	95%	-8%
Ministry of New and Renewable Energy	0.31	0.35	0.36	0.43	102%	14%	19%	21%
Ministry of Steel	0.19	0.15	0.20	0.25	137%	7%	23%	68%
Dept of Atomic Energy	0.23	0.25	0.25	0.23	98%	5%	-6%	-8%
Ministry of Finance- Department of Economic Affairs	0.10	0.47	0.71	0.16	152%	604%	-77%	-65%

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Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates, A: Actuals

Financial Sector

- **Higher than expected Government's gross market borrowings** (₹17.2 trillion vs market expectation of ~ ₹16.5 trillion) to put pressure on bond yields, in turn would hurt lending entities borrowing costs
- Setting up of **High-Level Committee on Banking for Viksit Bharat** to comprehensively review the sector and align it with India's next phase of growth
- The Government has taken **announced broad based initiatives for MSME:** a) Equity support – ₹100 billion b) Professional support through corporate mitras as well as c) liquidity enhancement measures through Trades Receivables Discounting System (TREDS) to support credit flow at the system level
- **Setting up of Infrastructure Risk Guarantee Fund** to ease financing bottlenecks and revive stalled projects. Moreover, govt plans to restructure PFC and REC as part of efforts to strengthen public sector financial institutions
- **Continued support for UPI incentives:** Allocation of ₹20 billion for FY27 budget vs revised budget of ₹22 billion in FY26

Negative for bond yields in the near-term, but multiple structural positive measures for the long-term. Attractive valuations keeps our view positive

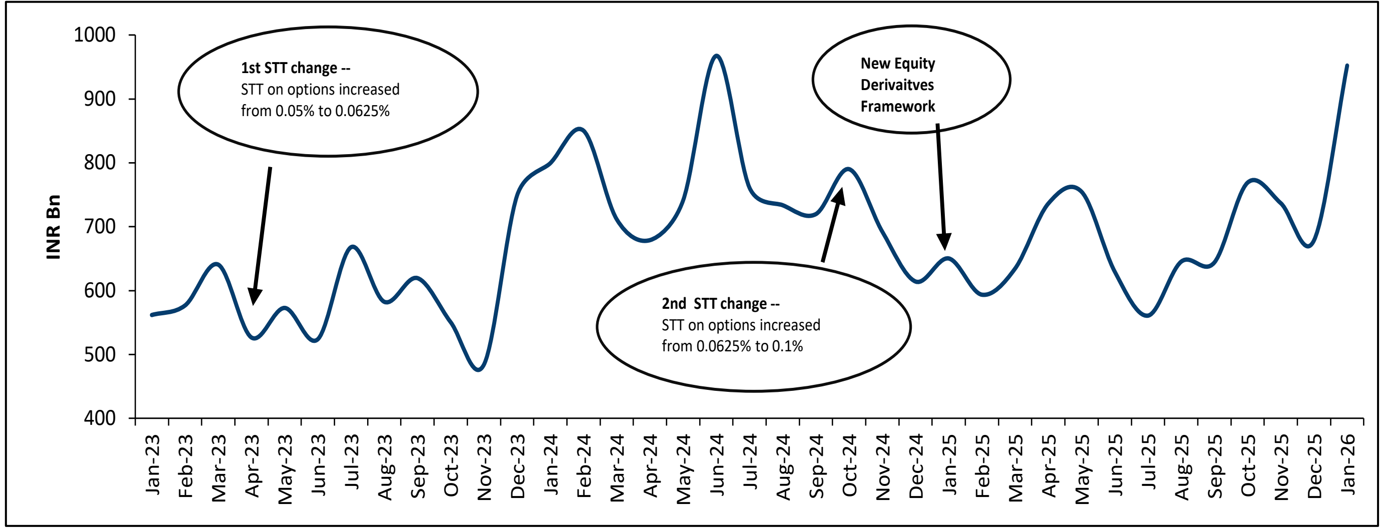
Source: Budget Documents

Capital Markets

- Proposed to raise the Securities Transaction Tax (STT) on Futures to 0.05% from earlier 0.02% and on options premium to 0.015% from earlier 0.01%. Negative for exchanges for short term and brokers as the derivative volumes are likely to see some impact
- High Frequency Trading (HFT) platforms working on thin margins and leverage may feel higher impact rather than retail traders
- Exchanges generated 50-60% of their revenues from equity derivatives in 1HFY26 whereas large digital brokers derived 60-75% of their broking revenues from Futures & Options (F&O) in 9MFY26.
- Persons Residing Outside India (PROI) can now invest in listed Indian companies via the Portfolio Investment Scheme, with individual limits raised to 10% and aggregate limits to 24%, plus direct access to Portfolio Management Services (PMS) without GIFT City routing.

Date	Change in options	Change in futures
1^{st} Apr'23	STT on options increased from 0.05% to 0.0625%	STT on futures increased from 0.01% to 0.0125%
1^{st} Oct'24	STT on options increased from 0.0625% to 0.1%	STT on futures increased from 0.0125% to 0.02%
1^{st} Feb'26	STT on options increased from 0.1% to 0.15%	STT on futures increased from 0.02% to 0.05%

Option premium Average Daily Turnover & Impact of STT surge



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Positive for Asset Managers, slight Negative for other Capital Market plays

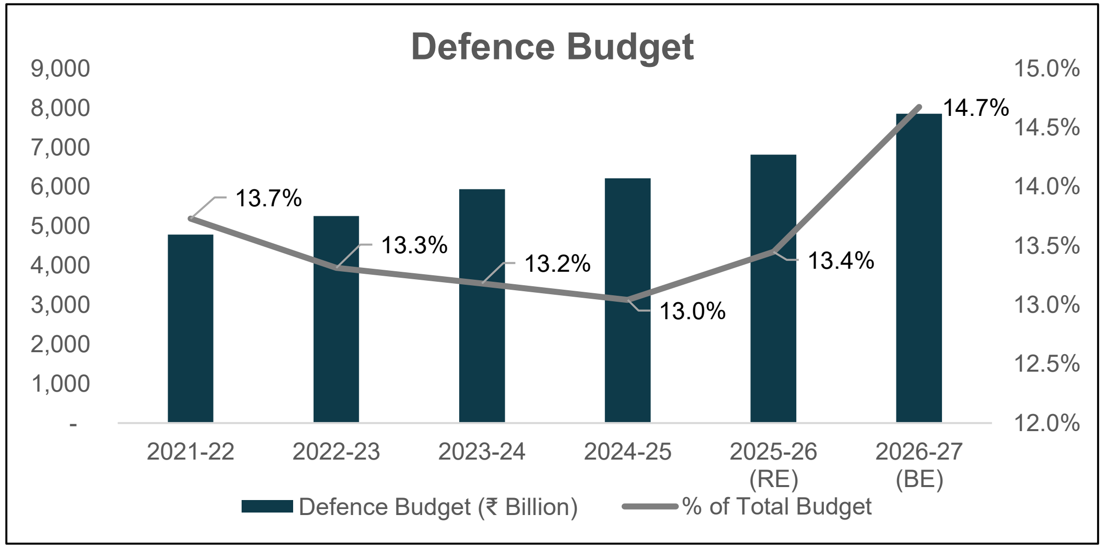
Source: Budget Documents

Aerospace & Defence

- **Defence capex has increased 17% over FY26RE**, reinforcing the government's focus on long-term capability building.
- **Total defence budget** BE for FY27 stands at ₹7,847 billion, **7% over FY26 RE** (₹7,325 billion)
- **BCD exemption** is proposed on **raw materials imported** for the production of **aircraft components** used in maintenance, repair, and overhaul (**MRO**) by the defence sector units
- Allocation for 'aeroengines & aircrafts' is down 12.4% (₹637.3 billion FY27BE vs ₹727.8 billion FY26RE), while the allocation for 'other equipment' is up 62.0% (₹822.2 billion FY27BE vs ₹507.6 billion FY26RE)

Particulars	**2022-23**	**2023-24**	**2024-25**	**2025-26 BE**	**2025-26 RE**	**2026-27 BE**
% share of Defence budget	*13.3%*	*13.2%*	*13.0%*	*13.4%*	*14.8%*	*14.7%*

Particulars	**2022-23**	**2023-24**	**2024-25**	**2025-26 BE**	**2025-26 RE**	**2026-27 BE**
Civil	20,100	22,613	25,563	28,683	27,101	28,555
Revenue	2,33,001	2,70,120	2,82,773	3,11,732	3,49,770	3,65,479
growth %		*15.9%*	*4.7%*	*10.2%*	*12.2%*	*4.5%*
Capital Outlay	1,52,370	1,62,600	1,72,000	1,80,000	1,86,454	2,19,306
growth %		*6.7%*	*5.8%*	*4.7%*	*3.6%*	*17.6%*
Pensions	1,19,696	1,38,205	1,41,205	1,60,795	1,69,187	1,71,338
Total	**5,25,166**	**5,93,538**	**6,21,541**	**6,81,210**	**7,32,512**	**7,84,679**
growth %		*13.0%*	*4.7%*	*9.6%*	*7.5%*	*7.1%*



Continued focus on Defence capex keeps us positive

Source: Budget Documents,
RE: Revised Estimates, BE: Budget Estimates

Oil & Gas

- FY27 **excise duty up ₹524 billion YoY**, but ~₹350 - 400 billion is likely to be from **higher tobacco excise**; the balance reflects normal fuel volume growth, **implying no hike in petrol/diesel excise**. Impact is neutral for Oil Marketing Companies (OMCs)

- Liquified Petroleum Gas (LPG) subsidy provision increased (₹151 billion in FY26RE; ₹121 billion in FY27BE)

- Additionally, the Budget provides for a **₹300 billion relief package for OMCs** to compensate for LPG under-recoveries incurred in FY25 and partly FY26, reiterating continued government support and remaining neutral for OMC financials

Expenditure (INR Crores)	2024-25	2025-26 BE	2025-26 RE	2026-27 BE
Direct Benefit Transfer - LPG	375	1,500	1,000	1,500
LPG Connection to Poor Households	12,700	9,100	12,736	9,200

Expenditure (INR Crores)	2024-25	2025-26 BE	2025-26 RE	2026-27 BE
Petroleum	14,479	12,100	15,121	12,085

Neutral on Oil & Gas as no adverse changes in taxation

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Consumption

FMCG

- **Increase allocation towards Rural:** Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) allocation cut to ₹300 billion (FY27F) from ₹880 billion (FY26 RE), However, the Viksit Bharat Guarantee for Rozgar & Ajeevika (Gramin) allocation of ₹956 billion lifts combined rural employment support to ₹1,256 billion. (+42% vs. prior MNREGA alone)

Cigarettes/Tobacco

- **Tax backdrop unchanged on National Calamity Contingent Duty (NCCD):** excise pressure persists → we expect ~30% weighted-average price hikes, heavier at KSFT vs DFST; ~10% volume de-growth factored for FY27

Hospitality

- **National Institute of Hospitality** (upgrading NCHMCT), **pilot to upskill 10,000 guides** at 20 iconic sites, **15 archaeological sites** to be developed as cultural destinations
- **Eco-tourism & trail programs** across Himalayas, J&K, Eastern/Western Ghats; medical tourism hubs proposal
- Tax Collected at Source (TCS) cut to 2% on overseas tours may formalize travel purchases: supportive for travel agents/OTAs

Neutral as no incremental specific announcements post the GST cuts last year

Source: Budget Documents

Cement Sector

- No major incremental positive for the Cement sector. **Nominal GDP growth of 10%** means overall **demand growth of 6-8% for the sector in FY27** should be achievable
    - **FY27 Capital Expenditure at ₹12.2 trillion** is ~11% higher vs FY26BE. However, FY26RE number of ₹10.96 trillion is ~2% lower than FY26BE (*numbers excluding Grant in Aid for creation of Capital Assets*)
- No major boost in housing expenditure or road expenditure in budgeted estimates but as seen below there is significant underspending in the current year
    - **FY27 total outlay for Housing (both urban and rural) of ~₹765 billion** is 2% lower vs FY26BE of ₹403 billion (~48% lower than FY26BE)
    - **Road allocation (Gram Sadak Yojana) of ₹19 billion** is essentially flat vs FY26BE. Here again FY26RE is 42% lower than the FY26BE

Positive view supported by higher capex and infrastructure push

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Healthcare

- **Biopharma Shakti**: ₹100 billion program over five years to strengthen domestic biologics and biosimilars production, develop a Biopharma-focused network, set up 3 new National Institute of Pharmaceutical Education and Research (NIPERs), upgrade 7 existing NIPERs, establish 1,000 accredited clinical trial sites, and enhance CDSCO to global standards.

- **Allied Health Professionals (AHPs)**: Upgradation and expansion of AHP institutions across public and private sectors. Training across 10 key disciplines including optometry, radiology, anesthesia, OT technology, and applied psychology with a target of adding **1 lakh AHPs** over five years.

- **Caregiver Ecosystem**: Emphasizing geriatric and allied care services, New NSQF-aligned courses for multiskilled caregivers covering wellness, yoga, and medical/assistive device handling to be developed. Target to train **1.5 lakh caregivers** in one year.

- **Regional Medical Hubs**: Support to states for developing **five integrated medical hubs** with private participation—combining medical, educational, research, AYUSH, diagnostics, and rehabilitation services to boost medical tourism and create diverse healthcare jobs.

- **AYUSH Expansion**: Establishment of **three new All India Institutes of Ayurveda**, upgrade of AYUSH pharmacies and drug-testing labs, and strengthening of the WHO Global Centre for Traditional Medicine in Jamnagar.

Positive view driven by incentive schemes for bio-pharma and medical tourism

Source: Budget Documents

Healthcare

- **Custom Duty Rationalization**: Duties on **17 drugs (notably oncology)** reduced to Nil; **7 rare diseases** added to the National Policy for Rare Diseases for customs exemptions on drugs and special-purpose foods

- **Mental Health & Trauma Care**: A new National Institute of Mental Health and Neuro Sciences (**NIMHANS-2)** to be set up in North India; Ranchi and Tezpur institutes upgraded to Regional Apex Centres. District Hospitals to get Emergency & Trauma Centres, expanding emergency care capacity by **50%**

₹ Billion

	FY25 Actual	FY26 BE	FY26 RE	FY27 BE
Healthcare	884	983	946	1,046
Total Expenditure	46,529	50,653	49,648	53,473
% Allocation	**1.90%**	**1.94%**	**1.91%**	**1.96%**

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Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

IT / Data Centre / Telecom

IT Sector

- Government has clubbed all the IT enabled company services, knowledge process outsourcing services & contract R&D services under a single category of IT Services with a common harbour margins of 15.5% applicable. The threshold for availing the safe harbour for IT services is enhanced from ₹3 billion to ₹20 billion. These changes create a favourable environment for the Global Capability Centres (GCCs) being setup in India

Data Centre Sector

- The government has proposed to provide a tax holiday up to 2047 to any foreign company providing services to any part of the world outside India by procuring data centre services in India. This should be a big positive for the data centre infrastructure providers in India

Telecom Sector

- Telecom net revenue budgeted at ~₹1,171 billion for FY27 (vs FY26RE of ₹1,408 billion, and FY25 actual revenue of ~₹848 billion)
- GoI's support to BSNL budgeted at ~₹285 billion for FY27 (vs FY26RE of ₹69 billion and FY25 actual support of ~₹719 billion). We believe a part of investment planned to be made in BSNL in FY26 seems to have differed to FY27
- Investment is Bharat Net likely to be at ₹200 billion in FY27BE (vs. ₹55 billion in FY26RE and ₹40 billion in FY25)

Tax incentives for GCCs and Data Centers drives our positive view

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Agriculture & Fertilizers

- **Fertilizer subsidy** for FY27 has been marginally reduced by ~8% to ₹1.7 trillion from FY26RE of ₹1.8 trillion
- **Urea subsidy** also reduced by 8% to ₹1.2 trillion v/s FY26RE at ₹1.3 trillion
- **P&K subsidy** is down 10% v/s FY26RE to ₹600 billion Within P&K, **indigenous P&K subsidy** is down 3% to ₹340 billion from ₹350 billion. **Imported P&K subsidy** has been down 20% v/s FY26RE to ₹200 billion from ₹250 billion
- **High-value crops** (coconut, cocoa, cashew, sandalwood, agarwood, almonds, walnuts, pine nuts) – diversifying farm outputs, increasing productivity and creating new employment opportunities
- **Cashew & cocoa** – 5-year mission to make India self-reliant in raw production and processing, enhance export competitiveness
- **Coconut promotion scheme** – to increase production and enhance productivity – to help 10 million farmers
- Tech-enabled farming – launching **Bharat-Vistaar** multilingual AI advisory platform integrating AgriStack and ICAR allocating Rs. 150Cr
- **BCD for Aquaculture:** 1) Fish caught in EEZ will be exempted 2) increase in imports limits of specified inputs used for processing seafood products for export from 1% to 3%

Neutral as no new major measures have been announced

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Auto and Auto Ancillary

- The Government has **proposed to support the mineral-rich States** of Odisha, Kerala, Andhra Pradesh, and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research, and manufacturing. We believe this would ease the availability of rare earth magnet and would result into localized sourcing over long term

- **Provision for 4,000 e-buses** would be positive for the CV industry

- The Government has proposed to **extend the basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries**, to those used for manufacturing Lithium-Ion Cells for battery energy storage systems too

- Higher allocation of Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components is positive. The **Budgeted incentive is likely to be at ₹59 billion for FY27BE vs. ₹21 billion of FY26RE and ₹3.2 billion in FY25A**

- **Allocation to PM Electric Drive Revolution** in Innovative Vehicle Enhancement (PM E-DRIVE) Scheme likely to be at ₹15 billion in FY27BE vs. ₹13 billion in FY26RE

GST cuts announced last year likely to sustain growth momentum, driving our positive stance

Source: Budget Documents
RE: Revised Estimates, BE: Budget Estimates

Chemicals

- Scheme to support states to build **3 chemical manufacturing parks** using a cluster-based plug-and-play model to boost domestic production and cut import dependence

- **Carbon Capture Utilization and Storage:** ₹200 billion outlay for next 5 years to reduce carbon intensity in 5 sector, chemicals being one of them

- **Basic customs Duty:** Increase for **Potassium Hydroxide** from 0% to 7.5%; **Sodium antimonate reduced** from 7.5% to 0%

Schemes for capacity creation is a long-term positive for the sector

Source: Budget Documents

Risk Factors and Disclaimer

Risk arising from the investment objective, investment approach and asset allocation:

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1. **Political, economic and / or related risks**
   The Asset Value of the portfolio and the liquidity of the shares may be affected by changes in government policy, taxation, interest rates, social and religious instability and political, economic or other developments in or affecting India.
2. **Industry risk**
   The value of shares of companies in a particular industry may be affected due to factors affecting the industry like changes in government policy on duties, FDI or a foreign country, which is a big market for the industry, may impose restrictions on import etc.
3. **The Indian Securities Market**
   The Indian stock markets in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in future. Actual market trend may be in variance with anticipated trends hence, the decisions of the Portfolio Manager may not be always profitable.
4. **Liquidity Risk**
   Some stocks that the investor might be invested in might not be highly liquid. Though it will be the PMS service providers endeavor to restrict investments in less liquid stocks to a lower limit, there is an exposure of liquidity risk to the investor.

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Thank You