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Daily News Analysis

The Hindu Important News Articles & Editorial For UPSC CSE

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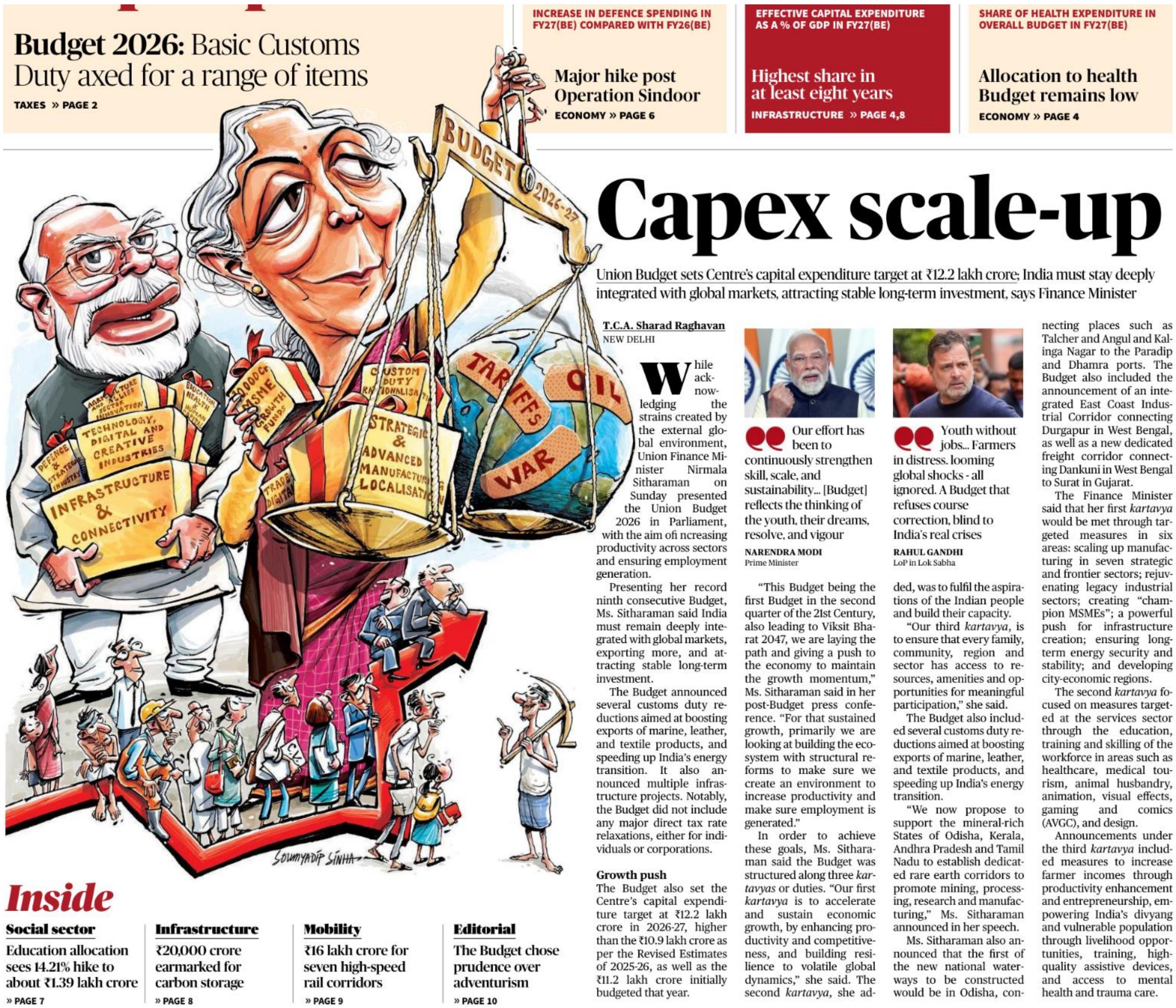
The Union Budget 2026–27, presented by Finance Minister **Nirmala Sitharaman**, marks a decisive attempt to sustain India's growth momentum amid global economic uncertainty. With a strong emphasis on capital expenditure (Capex), infrastructure creation, and integration with global markets, the Budget aligns itself with the long-term vision of Viksit Bharat 2047. It reflects a shift from short-term populism towards structural reforms, productivity enhancement, and inclusive growth.



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Capex scale-up

Union Budget sets Centre's capital expenditure target at ₹12.2 lakh crore; India must stay deeply integrated with global markets, attracting stable long-term investment, says Finance Minister

T.C.A. Sharad Raghavan
NEW DELHI

While acknowledging the strains created by the external global environment, Union Finance Minister Nirmala Sitharaman on Sunday presented the Union Budget 2026 in Parliament, with the aim ofi ncreasing productivity across sectors and ensuring employment generation.

Presenting her record ninth consecutive Budget, Ms. Sitharaman said India must remain deeply integrated with global markets, exporting more, and attracting stable long-term investment.

The Budget announced several customs duty reductions aimed at boosting exports of marine, leather, and textile products, and speeding up India's energy transition. It also announced multiple infrastructure projects. Notably, the Budget did not include any major direct tax rate relaxations, either for individuals or corporations.

Growth push

The Budget also set the Centre's capital expenditure target at ₹12.2 lakh crore in 2026-27, higher than the ₹10.9 lakh crore as per the Revised Estimates of 2025-26, as well as the ₹11.2 lakh crore initially budgeted that year.

Our effort has been to continuously strengthen skill, scale, and sustainability... [Budget] reflects the thinking of the youth, their dreams, resolve, and vigour
NARENDRA MODI
Prime Minister

Youth without jobs... Farmers in distress. looming global shocks - all ignored. A Budget that refuses course correction, blind to India's real crises
RAHUL GANDHI
LoP in Lok Sabha

"This Budget being the first Budget in the second quarter of the 21st Century, also leading to Viksit Bharat 2047, we are laying the path and giving a push to the economy to maintain the growth momentum," Ms. Sitharaman said in her post-Budget press conference. "For that sustained growth, primarily we are looking at building the ecosystem with structural reforms to make sure we create an environment to increase productivity and make sure employment is generated."

In order to achieve these goals, Ms. Sitharaman said the Budget was structured along three *kartavyas* or duties. "Our first *kartavya* is to accelerate and sustain economic growth, by enhancing productivity and competitiveness, and building resilience to volatile global dynamics," she said. The second *kartavya*, she added, was to fulfil the aspirations of the Indian people and build their capacity.

"Our third *kartavya*, is to ensure that every family, community, region and sector has access to resources, amenities and opportunities for meaningful participation," she said.

The Budget also included several customs duty reductions aimed at boosting exports of marine, leather, and textile products, and speeding up India's energy transition.

"We now propose 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," Ms. Sitharaman announced in her speech.

Ms. Sitharaman also announced that the first of the new national waterways to be constructed would be in Odisha, connecting places such as Talcher and Angul and Kalinga Nagar to the Paradip and Dhamra ports. The Budget also included the announcement of an integrated East Coast Industrial Corridor connecting Durgapur in West Bengal, as well as a new dedicated freight corridor connecting Dankuni in West Bengal to Surat in Gujarat.

The Finance Minister said that her first *kartavya* would be met through targeted measures in six areas: scaling up manufacturing in seven strategic and frontier sectors; rejuvenating legacy industrial sectors; creating "champion MSMEs"; a powerful push for infrastructure creation; ensuring long-term energy security and stability; and developing city-economic regions.

The second *kartavya* focused on measures targeted at the services sector through the education, training and skilling of the workforce in areas such as healthcare, medical tourism, animal husbandry, animation, visual effects, gaming and comics (AVGC), and design.

Announcements under the third *kartavya* included measures to increase farmer incomes through productivity enhancement and entrepreneurship, empowering India's divyang and vulnerable population through livelihood opportunities, training, high-quality assistive devices, and access to mental health and trauma care.

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Key Features and Analysis

1. Capex-Led Growth Strategy

- The Centre's capital expenditure target has been raised to **₹12.2 lakh crore** for 2026–27, significantly higher than the revised estimate of ₹10.9 lakh crore for 2025–26.

Higher public Capex is expected to crowd in private investment, generate employment, and strengthen demand in core sectors such as steel, cement, logistics, and construction.

This approach continues India's post-pandemic strategy of using infrastructure spending as a counter-cyclical growth tool.

2. Three Kartavyas: A Governance Framework

The Budget is structured around three "kartavyas" (duties):

Accelerating and sustaining growth through productivity, competitiveness, resilience, and infrastructure creation.

Capacity building of people, especially via education, skilling, and services-sector expansion.

Ensuring inclusive access to resources and opportunities across regions, communities, and sectors.

This framework integrates economic efficiency with social inclusion, reflecting a balanced development model.

3. Manufacturing, MSMEs, and Strategic Sectors

Focus on scaling manufacturing in **seven strategic and frontier sectors**, alongside rejuvenation of legacy industries.

Creation of "champion MSMEs" aims to strengthen supply chains, promote exports, and generate decentralized employment.

Absence of direct tax cuts indicates reliance on investment-driven rather than consumption-led growth.

4. Infrastructure and Regional Connectivity

Announcement of **rare earth corridors** in mineral-rich States (Odisha, Kerala, Andhra Pradesh, Tamil Nadu) has strategic significance for energy transition, electronics, and national security.

Development of **national waterways**, **East Coast Industrial Corridor**, and a new **dedicated freight corridor** will reduce logistics costs and promote regional industrialization, particularly in eastern India.

5. External Sector and Global Integration

Customs duty reductions for marine, leather, and textile exports indicate export competitiveness as a policy priority.

Emphasis on attracting stable long-term foreign investment underscores India's intent to remain deeply integrated with global value chains despite volatile global conditions.

6. Social Sector and Human Capital

Skilling initiatives in healthcare, medical tourism, AVGC, design, and animal husbandry reflect recognition of services as a major growth engine.

Measures for farmers, divyang persons, and vulnerable groups—through productivity enhancement, entrepreneurship, assistive devices, and mental health support—reinforce the inclusive dimension of growth.

Challenges and Concerns

Sustained high Capex requires continued fiscal discipline and efficient implementation.

Absence of direct tax relief may limit immediate consumption demand.

Success depends on States' capacity to absorb funds and execute large infrastructure projects effectively.

Conclusion

The Union Budget 2026–27 represents a **long-term, investment-driven growth strategy** rooted in infrastructure expansion, human capital development, and global integration. By prioritizing Capex, manufacturing competitiveness, and inclusive participation, the Budget seeks to balance growth with equity and resilience. While execution risks and fiscal pressures remain, the Budget provides a coherent roadmap towards sustained economic transformation and the goal of Viksit Bharat 2047.

UPSC Mains Exam Practice Question

Ques : The Union Budget 2026–27 emphasizes deep integration with global markets through exports and long-term investment. Discuss the opportunities and risks of such integration in a volatile global economic environment. **(150 Words)**

Page 03 : GS III : Indian Economy

In the backdrop of prolonged geopolitical tensions, supply-chain disruptions, and subdued global demand, the Union Budget 2026–27 has provided targeted relief to **labour-intensive textiles** and **MSMEs**, two sectors critical for employment generation and inclusive growth. Presented by **Nirmala Sitharaman**, the Budget recognises that these sectors have borne a disproportionate impact of global headwinds over the last two years and therefore require focused policy and fiscal support.

Labour-intensive textile sector, MSMEs to get new schemes

M. Soundariya Preetha
COIMBATORE

Labour-intensive textile and apparel and Micro, Small and Medium-scale Enterprise (MSME) sector impacted by geopolitical developments in the last two years received a boost from the Budget with new schemes and higher allocations.

Jump in allocation

The textile sector will see almost a 25 % jump in budgetary allocation for 2026-2027 from the current financial year while the MSME sector will see doubling of allocation.

Union Finance Minister Nirmala Sitharaman said Central Public Sector Enterprises would establish high technology tool rooms in two locations as digitally enabled automated service bureaux that locally design, test and manufacture high-precision components at scale and at lower cost.

A Scheme for Enhancement of Construction and Infrastructure Equipment would be introduced to boost local manufacturing of high-value and technologically-advanced equipment.

A sum of ₹10,000 crore would be allocated during the next five years for a scheme for container manufacturing.

For the 'labour-intensive textile sector,' the government proposed comprehensive measures that would include a special programme to promote sports goods, a National Fibre Scheme for man-made fibre, silk, wool, etc., mega textile parks developed on challenge mode for value addition to technical textiles, a Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres. A National Handloom and Handicraft programme would ensure targeted support for weavers and artisans, Mahatma Gandhi Gram Swaraj initiative would boost khadi, handloom and handicraft, Tex-Eco Initiative would promote globally competitive and sustainable textiles and apparel and Samarth 2.0 would upgrade the textile skilling ecosystem.

Under rejuvenation of legacy industrial clusters, the budget proposed a scheme to revive 200 legacy industrial clusters, create dedicated ₹10,000 crore SME Growth Fund to create future champions and top up the Self-Reliant India Fund set up in 2021 with ₹2,000 crore to enable micro units access risk capital.

Settlement platform

The TReDS (Trade receivables discounting scheme) would be a mandatory transaction settlement platform for all purchases from MSMEs by CPSEs. A credit guarantee support mechanism would be introduced through CGTMSE for invoice discounting on TReDS platform; GeM would be linked with TReDS and TReDS receivables woulf be introduced as asset-backed securities, helping develop a secondary market.

Key Provisions and Analysis

1. Significant Increase in Budgetary Allocations

The **textile sector** receives nearly a **25% increase** in allocation for 2026–27.

The **MSME sector allocation is doubled**, signalling a clear shift towards employment-centric and decentralised growth.

This reflects a conscious strategy to revive demand, support exports, and absorb labour released from stressed sectors.

2. Revitalising Labour-Intensive Textiles

The Budget adopts a **value-chain approach** rather than isolated interventions:

National Fibre Scheme for man-made fibre, silk, wool etc., addressing raw-material competitiveness.

Mega Textile Parks (challenge mode) for value addition in technical textiles, aligning with global demand trends.

Textile Expansion and Employment Scheme to modernise traditional clusters through capital support, technology upgradation, and common testing/certification facilities.

National Handloom and Handicraft Programme and **Mahatma Gandhi Gram Swaraj Initiative** to strengthen khadi, artisans, and rural livelihoods.

Tex-Eco Initiative promotes sustainable and globally competitive textiles, in line with ESG and climate commitments.

Samarth 2.0 strengthens skilling, addressing the long-standing skill-productivity gap in textiles.

3. MSMEs: From Survival to Scale

Proposal to revive **200 legacy industrial clusters** tackles regional industrial stagnation.

Creation of a **₹10,000 crore SME Growth Fund** aims to nurture "future champions," addressing the missing-middle problem.

Top-up of ₹2,000 crore to the Self-Reliant India Fund improves access to risk capital for micro enterprises.

Establishment of **high-technology tool rooms** by CPSEs enables MSMEs to access precision manufacturing at lower costs, enhancing technological depth.

4. Strengthening MSME Credit and Cash Flow

TReDS made mandatory for all CPSE purchases from MSMEs improves payment discipline.

Credit guarantee support via CGTMSE for invoice discounting reduces risk for lenders.

Linking **GeM with TReDS** and introducing **TReDS receivables as asset-backed securities** helps create a secondary market, deepening financial inclusion.

These reforms address a core MSME constraint: **delayed payments and working capital stress**.

5. Manufacturing Ecosystem Push

Scheme for Enhancement of Construction and Infrastructure Equipment boosts domestic manufacturing of high-value equipment.

₹10,000 crore for container manufacturing over five years supports logistics self-reliance and export infrastructure, reducing dependence on imports.

Challenges and Concerns

Effective implementation across States and clusters remains critical.

MSMEs may face compliance and digital-capacity challenges in mandatory TReDS usage.

Global demand uncertainty could still limit export-led revival despite domestic support.

Conclusion

The Union Budget 2026–27 marks a **strategic recalibration towards labour-intensive and MSME-driven growth**, recognising their centrality to employment, exports, and social stability. By combining higher allocations with structural reforms in credit, technology access, skilling, and sustainability, the Budget seeks to move these sectors from mere survival to global competitiveness. If implemented effectively, these measures can significantly contribute to inclusive growth and strengthen India's economic resilience in a volatile global environment.

UPSC Mians Exam Practice Question

Ques: Evaluate the significance of TReDS becoming a mandatory settlement platform for CPSE–MSME transactions. How will it improve MSME liquidity and credit flow? **(150 Words)**

Page 04 : GS II : Social Justice

The Union Budget 2026–27 has announced a major strategic push to India's healthcare and pharmaceutical ecosystem through the Biopharma SHAKTI initiative, with an outlay of ₹10,000 crore over five years. Announced by Finance Minister Nirmala Sitharaman, the programme aims to position India as a global biopharmaceutical manufacturing hub, particularly for biologics and biosimilars. This move comes at a time when India's disease burden is increasingly shifting towards non-communicable diseases (NCDs) such as cancer, diabetes, and autoimmune disorders, requiring advanced and affordable therapies.

₹10,000-crore dosage for biopharma

Biopharma SHAKTI aims at facilitating domestic production of biologics and biosimilars; three new National Institutes of Pharmaceutical Education and Research to be set up; Central Drugs Standard Control Organisation to be strengthened according to global standards

N. Ravi Kumar
HYDERABAD

The Union Budget has proposed a biopharma strategy for healthcare advancement through knowledge, technology, and innovation with an outlay of ₹10,000 crore over the next five years to develop India as a global biopharma manufacturing hub.

"Biopharma SHAKTI will build the ecosystem for domestic production of biologics and biosimilars," Finance Minister Nirmala Sitharaman said in the Budget speech on Sunday. Biopharma is part of the seven strategic and frontier sectors identified for scaling up by the government.

Biopharmaceuticals are complex medicines manufactured from living systems rather than chemical synthesis. GETTY IMAGES

The decision to facilitate innovation and ramp up production of biopharmaceuticals comes against the backdrop of India's disease burden shifting towards non-communicable diseases such as diabetes, cancer and autoimmune disorders. "Biologic medicines are key to longevity and quality of life at affordable costs," the Finance Minister said.

Setting up three new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading existing seven facilities along with creation of a network of over 1,000 accredited India clinical trials sites forms part of the strategy on biopharma. "We propose to strengthen the Central Drugs Standard Control Organisation (CDSCO) to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists," Ms. Sitharaman said.

Biopharmaceuticals are complex molecules and unlike other medicines they are not manufactured through chemical synthesis. According to U.S. Food and Drug Administration, biological products are generally large, complex molecules produced through biotechnology in a living system such as a microorganism, plant cell or animal cell and often more difficult to characterise than small molecule drugs.

Industry reaction

Pharma industry leaders hailed the Budget announcement. Dr. Reddy's Laboratories chairman Satish Reddy said the ₹10,000-crore programme will be a key enabler for India's journey from volume to value leadership. "Alongside the expansion of the national clinical trials network and strengthening of the CDSCO..., these initiatives will enhance India's capacity to develop complex, high-value therapies," he said.

"The Budget's focus on health and biopharma is a welcome step... we also appreciate the government's emphasis on strengthening CDSCO and advancing a more predictable, science-led regulatory framework. Aligning regulatory processes with global standards, while expanding India's clinical research capabilities, will help bring medical innovation to India faster," president and general manager of Eli Lilly and Company (India) Winselow Tucker said.

Anuj Sethi, senior director at Crisil Ratings, said India's pharmaceutical sector has been a leader in low-cost, small-molecule generics. The Biopharma SHAKTI will enable domestic companies to expand into more complex products such as biosimilars.

Key Features and Analysis

1. Strategic Importance of Biopharma SHAKTI

Biopharma has been identified as one of the **seven strategic and frontier sectors**, highlighting its long-term economic and health significance.

The focus on **biologics and biosimilars** marks a shift from India's traditional strength in low-cost, small-molecule generics towards **high-value, innovation-driven pharmaceuticals**.

This transition supports India's aspiration to move from "pharmacy of the world by volume" to "pharmacy of the world by value".

2. Healthcare and Demographic Rationale

Rising NCD prevalence demands long-term, targeted therapies, where biologics play a crucial role.

Domestic production of biologics can **reduce import dependence**, lower treatment costs, and improve access to life-saving medicines.

The initiative aligns healthcare policy with demographic and epidemiological transitions in India.

3. Strengthening Institutions and Human Capital

Proposal to establish **three new National Institutes of Pharmaceutical Education and Research (NIPERs)** and upgrade **seven existing ones** will enhance research, skilled manpower, and industry-academia collaboration.

Creation of a network of **1,000+ accredited clinical trial sites** will strengthen India's clinical research ecosystem and global credibility.

4. Regulatory Reforms and Global Alignment

Strengthening the **Central Drugs Standard Control Organisation** through a dedicated scientific review cadre aims to:

Reduce approval timelines

Improve regulatory predictability

Align Indian standards with global best practices

A science-led and globally aligned regulator is critical for attracting foreign investment and integrating Indian biopharma firms into global value chains.

5. Economic and Industrial Impact

The initiative is expected to encourage **innovation, R&D investment, and technology transfer**.

Expansion into biosimilars enhances export potential and improves India's competitiveness against established biopharma hubs.

Industry responses indicate strong private-sector alignment with the policy direction, improving prospects of successful implementation.

Challenges and Concerns

Biopharmaceuticals involve complex manufacturing and quality control, requiring sustained regulatory capacity and skilled workforce.

High R&D costs and long gestation periods may pose challenges for smaller firms.

Ensuring ethical, transparent, and efficient clinical trials remains essential for global trust.

Conclusion

The **Biopharma SHAKTI** initiative represents a **strategic leap in India's healthcare and industrial policy**, combining public health objectives with economic transformation. By focusing on advanced therapies, institutional capacity building, and globally aligned regulation, the Budget lays the foundation for India's transition into a high-value biopharma leader. If effectively implemented, this initiative can enhance health security, boost innovation-led growth, and strengthen India's position in global pharmaceutical value chains.

UPSC Mains Exam Practice Question

Ques: Evaluate the role of biologics and biosimilars in making advanced healthcare affordable in developing countries like India. What challenges does India face in scaling their production? **(150 Words)**

Page 05 : GS II : Governance and Social Justice

The Union Budget 2026–27 has announced a significant expansion in rural employment spending with the introduction of the **Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin) Act (VB–G RAM G)**, allocating over **₹95,000 crore**, alongside **₹30,000 crore** for the **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)**. The move is projected as a major step towards strengthening rural livelihoods and inclusive growth. However, experts and civil society groups have raised concerns about whether the allocation is sufficient to meet the government's own employment guarantees.

New rural jobs scheme gets over ₹95,000 crore

Experts say the allocation is insufficient to provide 125 workdays to all workers and government will need an outlay of ₹2.3 lakh crore; ₹30,000 crore has also been set aside for MGNREGS

Sobhana K. Nair
NEW DELHI

The budget for rural employment schemes saw a 43% hike, with allocation of ₹95,692.31 crore for the new scheme under the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G) Act, 2025 and ₹30,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Together, the allocation for both rural employment schemes stands at ₹1,25,692.31 crore, compared with the Revised Estimate of ₹88,000 crore for the MGNREGS in 2025-26. However according to activists, the allocation is not expected to meet the government's own target of providing 125 workdays to all workers enrolled under the MGNREGS.

Calculations show that to meet this commitment, the government would need to allocate ₹2.3 lakh crore.

Budget boost: There are about 8.65 crore active job card holders eligible to work under the VB-G RAM G scheme. G. MOORTHY

The VB-G RAM G Act replaces the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005.

There are approximately 8.65 crore active job card holders who can demand work under the scheme.

"If all active job card holders are provided 125 days of employment, and the average cost per person per day is ₹355, the total expenditure required would be ₹3,83,844 crore. At a 60:40 cost-sharing ratio, the Government of India's share would amount to approximately ₹2.3 lakh crore, with the remaining share to be borne by the states," Chakradhar Budhha, a senior researcher at LibTech India, a consortium of activists and academics, said.

The new law has not yet been notified; once it is, State governments will have six months to roll out their version of the scheme.

In the interim, the MGNREGS will continue. The budgetary allocation of ₹30,000 crore is intended to clear the last financial year's liabilities and cover ongoing expenditure.

Union Rural Development Minister Shivraj Singh Chouhan described the Budget as "historic," claiming a 21% hike in allocation for rural development, from ₹1,91,406 crore in 2025-26 to ₹2,31,423 crore in 2026-27.

The Minister highlighted that the total allocation for the MGNREGS in 2025-26 was ₹86,000 crore, while the Centre's share for the coming year has crossed ₹95,600 crore and will exceed ₹1,51,000 crore once States' contributions are included.

"This is unprecedented and historic in itself, as it will give new momentum to rural India," he said.

He added that, in line with the 16th Finance Commission's recommendations, panchayats will directly receive over ₹55,900 crore.

Key Provisions and Analysis

1. Scale and Structure of Allocation

Total allocation for rural employment schemes stands at **₹1.25 lakh crore**, marking a **43% hike** over previous levels.

VB–G RAM G replaces the MGNREGA framework, signalling a legislative and policy shift in rural employment governance.

The interim continuation of MGNREGS ensures operational continuity until States roll out the new scheme.

2. Employment Guarantee vs Fiscal Reality

The government's stated objective is to provide **125 days of employment** to all eligible workers.

With **8.65 crore active job card holders** and an average daily cost of **₹355**, experts estimate:

Total expenditure requirement: **₹3.83 lakh crore**

Centre's share (60:40 ratio): **~₹2.3 lakh crore**

The current allocation falls substantially short, raising questions about **credibility of the employment guarantee**.

3. Federal and Implementation Dimensions

States will have **six months** after notification of the Act to implement their versions, highlighting the importance of Centre–State coordination.

Panchayats are set to receive **₹55,900 crore** directly, in line with **16th Finance Commission** recommendations, strengthening grassroots governance.

However, capacity constraints at the local level may affect effective utilisation of funds.

4. Government's Perspective

Union Rural Development Minister **Shivraj Singh Chouhan** termed the Budget "historic," citing:

A **21% rise** in overall rural development allocation.

Combined Centre and State spending on rural employment exceeding **₹1.51 lakh crore**.

The government views the scheme as a catalyst for reviving rural demand and reducing distress migration.

5. Socio-Economic Implications

Rural employment schemes act as:

A **social safety net** during agrarian distress and economic slowdowns.

A tool for **demand generation** in rural markets.

Underfunding risks diluting these benefits, potentially leading to unmet work demand, payment delays, and erosion of trust in statutory guarantees.

Challenges and Concerns

Mismatch between **statutory guarantees and budgetary provisioning**.

Risk of increased State fiscal burden under the cost-sharing formula.

Need for transparency, timely wage payments, and robust grievance redressal under the new framework.

Conclusion

The enhanced allocation for rural employment under the VB–G RAM G framework reflects the government's recognition of rural livelihoods as a pillar of inclusive growth. However, the substantial gap between promised workdays and actual financial provisioning raises concerns about implementation and credibility. For UPSC analysis, this development highlights the tension between **welfare commitments and fiscal constraints**, the importance of cooperative federalism, and the continued relevance of public works programmes in addressing rural distress. The success of the new scheme will ultimately depend not just on legislative intent, but on adequate funding, effective decentralised implementation, and sustained political commitment.

UPSC Mains Exam Practice Question

Ques: Statutory guarantees without adequate fiscal backing weaken governance credibility. Discuss this statement in the context of budgetary allocations for rural employment schemes in India. **(150 Words)**

Page 09 : GS III : Indian Economy

The Union Budget 2026–27 has unveiled a transformative infrastructure initiative with the approval of **seven high-speed rail corridors**, described as "growth connectors" by Finance Minister **Nirmala Sitharaman**. With a planned network of about **4,000 km** and an estimated outlay of **₹16 lakh crore**, this announcement reflects the government's continued reliance on rail-led infrastructure expansion as a driver of economic growth, regional integration, and logistics efficiency under the vision of Viksit Bharat 2047.

Seven rail corridors get green signal

Calling them 'growth connectors', the Finance Minister says the 4,000-km high-speed network planned at an outlay of ₹16 lakh cr. will link Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri

Jagriti Chandra
NEW DELHI

Finance Minister Nirmala Sitharaman, in her Budget speech, announced seven high-speed rail corridors, which will connect five South Indian States and others, and will be developed at a total cost of ₹16 lakh crore.

Calling them "growth connectors", the Finance Minister said the corridors would link Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri.

The corridors will reduce travel time between Chennai and Bengaluru to an hour and a half, Bengaluru to Hyderabad to two hours, Hyderabad to Chennai to two hours and 55 minutes. The travel duration between Pune and Hyderabad will reduce to one hour and 55 minutes, and between Pune and Mumbai to 45 minutes.

Next stop: A total outlay of ₹2,78,030 crore has been set aside for the Ministry of Railways in the Union Budget, a hike of 10.8% from the current fiscal year's allocation. R.V. MOORTHY

At a press conference, Railway Minister Ashwini Vaishnaw explained that with five South Indian States interlinked, the announcement would serve as a growth multiplier for them.

The Delhi-Varanasi corridor will bring down travel time to three hours and 50 minutes. The route from Varanasi to Siliguri via Patna will be covered in two hours and 55 minutes.

These corridors will be 4,000 km in length, and developed at an outlay of ₹16 lakh crore. A total outlay of ₹2,78,030 crore has been set aside for the Ministry of Railways in the Union Budget 2026-27 as compared with ₹2,55,466 lakh in the Revised Estimate of the financial year 2025-26, indicating a hike of 10.8%. The total capital expenditure for Railways is at ₹2,93,030 crore.

Safety-related measures

The Railway Minister said a sum of ₹1,20,000 crore has been earmarked on safety-related measures such as track maintenance, locomotives, coaches with rapid installation of Kavach (indigenously developed Automatic Train Protection system), and overhead electricals.

The Ministry of Road Transport and Highways has been granted a total capital expenditure of ₹3.09 lakh crore for financial year 2026-27 as compared with ₹2.87 lakh in the revised estimate of the current fiscal, a hike of 10.7%. Allocation to state-owned National Highways Authority of India has been increased to ₹1.87 lakh crore from last year's ₹1.70 lakh crore.

Key Features and Analysis

1. Strategic Connectivity and Regional Integration

- The corridors will link **Mumbai–Pune, Pune–Hyderabad, Hyderabad–Bengaluru, Hyderabad–Chennai, Chennai–Bengaluru, Delhi–Varanasi, and Varanasi–Siliguri**.
- Five South Indian States will be interlinked, which, as highlighted by Railway Minister **Ashwini Vaishnaw**, can act as a **growth multiplier** by strengthening industrial, IT, and services clusters.
- The Delhi–Varanasi–Siliguri corridor enhances connectivity in the **Gangetic plain and eastern India**, addressing long-standing regional imbalance.

2. Time Compression and Economic Efficiency

- Significant reduction in travel time (e.g., Mumbai–Pune to 45 minutes, Chennai–Bengaluru to 1.5 hours) will:
  - Improve labour mobility

Enable same-day business travel

Boost tourism and urban agglomeration economies

Time-space compression is a key factor in enhancing productivity and competitiveness.

3. Railways Capex Push

Allocation for the Ministry of Railways stands at **₹2.78 lakh crore**, a **10.8% increase** over the previous year's revised estimate.

Total railway capital expenditure at **₹2.93 lakh crore** underscores the continued prioritisation of rail infrastructure as a backbone of India's logistics strategy.

4. Safety and Modernisation

₹1.2 lakh crore earmarked for safety-related measures including track renewal, modern rolling stock, overhead electrification, and rapid installation of **Kavach**.

This reflects a policy shift from expansion alone to **safe, technology-driven railway operations**, addressing public concerns over accidents.

5. Multimodal Infrastructure Synergy

Parallel increase in capital outlay for roads and highways (₹3.09 lakh crore) and enhanced allocation to **National Highways Authority of India** indicate an integrated transport approach.

Such multimodal synergy reduces logistics costs and strengthens India's supply-chain resilience.

Challenges and Concerns

High-speed rail projects are **capital-intensive** with long gestation periods and potential land acquisition and environmental clearance hurdles.

Financial sustainability and affordability of fares will be crucial to ensure broad-based usage.

Coordination between Centre, States, and implementing agencies will determine timely execution.

Conclusion

The approval of seven high-speed rail corridors marks a **structural leap in India's transport infrastructure**, aimed at redefining inter-city mobility, regional development, and economic integration. By combining speed, safety, and scale, the initiative aligns with long-term growth objectives and the broader Capex-led development strategy of the Union Budget 2026–27. While execution challenges remain, successful implementation can significantly enhance productivity, reduce regional disparities, and position railways as a modern growth engine.

UPSC Mains Exam Practice Question

Ques: Examine how the proposed 4,000-km high-speed rail network can contribute to regional integration, reduction of regional disparities, and balanced economic development in India. **(150 Words)**

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UPSC Mains Practice Question: "In times of global economic uncertainty, incremental and sector-specific reforms may be more effective than 'Big Bang' reforms." Discuss this statement in the context of Union Budget 2026. **(250 Words)**

Context :

The Union Budget 2026, presented by Finance Minister **Nirmala Sitharaman**, represents a conscious departure from headline-grabbing "Big Bang" reforms towards a **prudent, calibrated, and multipronged policy approach**. In contrast to Budget 2025, which was dominated by income-tax slab and rate relaxations, Budget 2026 prioritises stability, medium-term growth, and resilience in the face of persistent **geoeconomic and geopolitical uncertainties**. This makes the Budget less dramatic, but arguably more credible.

Core Approach: Prudence over Adventurism

The Budget avoids disruptive reforms at a time when global trade, investment flows, and supply chains remain volatile.

Instead of a single flagship reform, it adopts a **scattershot yet strategic approach**, where multiple sectoral interventions collectively aim to sustain growth.

This reflects policy maturity: recognising that **predictability and continuity** matter more than experimentation in uncertain times.

Manufacturing Push: Strategic, Not Populist

The Budget identifies **seven strategic manufacturing areas**: biopharma, semiconductors, electronics, rare earths, chemicals, capital goods, and textiles.

Follow-up initiatives such as **India Semiconductor Mission 2.0**, enhanced allocation under the Electronics Component Manufacturing Scheme, and **Biopharma SHAKTI (₹10,000 crore)** indicate policy consistency.

Importantly, pharmaceuticals—where India already has comparative advantage—are leveraged further, especially as they remain exempt from high U.S. tariffs.

Credible, creditable

The Budget chose prudence over adventurism, and multipronged measures over Big Bang reforms

Where Budget 2025 was largely dominated by the income-tax rate and slab relaxations, Budget 2026 has done away with Big Bang measures. Instead, its scattershot approach, through various sectoral and issue-based measures, when taken together, is aimed at propelling India's growth over the medium term. Given the level of geoeconomic and geopolitical uncertainties that the Indian economy faces, this diffused approach is likely a more effective policy than targeted Big Bang announcements would be. This is not the time for further disruption. Budget 2026 contains announcements for the manufacturing sector, various services sectors, as well as particular provisions to help labour-intensive sectors such as textiles and leather. In terms of manufacturing, the Budget includes measures covering seven well thought-out areas: biopharma, semiconductors, electronics, rare earths, chemicals, capital goods and textiles. Semiconductor and electronics manufacturing are the few sectors that have gained from the government's existing PLI schemes. The India Semiconductor Mission 2.0 and the increased allocation under the Electronics Component Manufacturing Scheme are appropriate follow-ups to this. These are sectors where India needs to become globally competitive. The Biopharma SHAKTI scheme is aimed at making India a global biopharma manufacturing hub with an allocation of ₹10,000 crore over the next five years. Pharmaceuticals, already a sector that India does well in, are exempt from the U.S.'s 50% tariffs. It is also important to support those sectors that are currently hit by those same tariffs. The National Export Promotion Mission announced in the last Budget was implemented only by December 2025, nine months into the financial year. The Centre should ensure that this Budget's integrated programme for the textiles sector does not face similar delays. Also, the various measures aimed at creating 'Champion MSMEs', providing them equity, liquidity, and professional support, must be implemented quickly. MSMEs account for 48.6% of India's exports, and the EU FTA, even if it is implemented soon, will not kick in quick enough to offset the ongoing pain caused by the U.S. tariffs. The services sector, too, stands to benefit from Budget 2026. The high-powered 'education to employment and enterprise' standing committee, announced by the Finance Minister, should get off the ground soon. The focus on health care and medical tourism, where India is already developing strengths, is a good start. In keeping with the Budget's multipronged approach, the Centre has sought to cater to the election-bound States this year through several smaller announcements – such as dedicated rare earth corridors to benefit Odisha, Kerala, Andhra Pradesh and Tamil Nadu, a Coconut Promotion Scheme for Kerala, an integrated East Coast Industrial Corridor for West Bengal, and the first of the new national waterways to begin in Odisha – rather than through the consolidated packages of the past.

As for the Centre's finances, Budget 2026 offers a mix of expenditure enthusiasm and revenue sobriety. The capital expenditure push, especially with regard to infrastructure creation, has continued, perhaps in reaction to the realisation that current conditions do not encourage private investment. Overall, capital expenditure is set to grow to ₹12.2 lakh crore in 2026-27, amounting to 4.4% of GDP, the highest in at least the last 10 years. This includes the announcement of dedicated freight corridors and training institutes for the manpower needed. These rail corridors are also to be supplemented by a Coastal Cargo Promotion Scheme to incentivise increasing the share of inland waterways and coastal shipping. It is noteworthy that the Centre has revised downwards its capital expenditure for 2025-26 to ₹10.9 lakh crore from the ₹11.2 lakh crore initially budgeted. It remains to be seen if this year's target will be met, but even coming close will provide a substantial fillip to the economy. On the revenue front, the Centre did not announce any major tax cuts for individuals or corporations. In 2019 and 2025, respectively, corporations and individuals received substantial tax relief. To announce more would have put undue stress on central finances at a time when its expenditure commitments – known and anticipated – are substantial. However, while direct taxes have largely received procedural improvements, the Budget has included a slew of indirect tax relaxations for the promotion of marine, leather and textile products exports, and speeding up India's energy transition. The tax revenue projections are largely sober. Corporate tax revenue is projected to grow nearly 14% over the Budget estimates of 2025-26. This is broadly in line with the revised estimates for 2025-26 coming in 12.4% higher than the actuals of the previous year. Income-tax revenue has been budgeted to grow 1.9% over the BE of 2025-26 – an expected outcome following last Budget's substantial rate relaxations. Gross GST revenue has been projected to contract 13.5% in 2026-27, a reflection of the September 2025 rate rationalisation and the end of the Compensation Cess. Taken together, the Centre's fiscal deficit has been projected at 4.3% of GDP in 2026-27, down from 4.4% estimated for 2025-26. While the Centre's fiscal consolidation path since the COVID-19 pandemic has been admirable, continued aggression in reducing the deficit deserves some questioning. Even the Economic Survey argued for some fiscal flexibility for the Centre given the geoeconomic and geopolitical conditions. Overall, Budget 2026 may disappoint those looking for massive tax relief or subsidies, but is nevertheless a credible and creditable effort.

Support to **labour-intensive sectors** like textiles and leather reflects an employment-conscious industrial strategy.

MSMEs and Exports: Addressing Immediate Pain Points

Measures to create **'Champion MSMEs'** through equity support, liquidity access, and professional management are critical, as MSMEs contribute **nearly half of India's exports**.

However, past experience (e.g., delays in the National Export Promotion Mission) highlights that **timely implementation** will be decisive.

Given that trade agreements like the EU FTA will not yield short-term relief, these domestic measures are essential buffers against tariff shocks, especially from the U.S.

Services Sector and Human Capital

The services sector gains through a focus on **healthcare, medical tourism, and skilling**.

The proposed high-powered **"education to employment and enterprise" standing committee** reflects an attempt to bridge India's chronic skill-employment mismatch.

This aligns with India's demographic realities and its services-led growth model.

Regional Balancing without Fiscal Profligacy

Instead of large election-year packages, the Budget opts for **targeted regional announcements**:

Rare earth corridors (Odisha, Kerala, Andhra Pradesh, Tamil Nadu)

Coconut Promotion Scheme (Kerala)

East Coast Industrial Corridor (West Bengal)

New national waterways (Odisha)

This decentralised approach reduces fiscal risk while addressing regional aspirations.

Fiscal Strategy: Capex Enthusiasm, Revenue Sobriety

Capital expenditure rises to **₹12.2 lakh crore (4.4% of GDP)**—the highest in a decade—underscoring the belief that public investment must compensate for weak private investment sentiment.

Focus on rail corridors, freight infrastructure, and coastal shipping strengthens logistics efficiency.

On the revenue side:

No major direct tax cuts, avoiding stress on finances after earlier reliefs (2019, 2025).

Indirect tax rationalisation supports exports and energy transition.

Revenue projections remain largely realistic, avoiding over-optimism.

Fiscal deficit is projected at **4.3% of GDP**, continuing consolidation, though the pace raises questions given calls for greater fiscal flexibility in uncertain times.

Conclusion

Budget 2026 may not excite those expecting sweeping tax cuts or dramatic reforms, but it stands out as a **credible and creditable policy document**. By choosing **stability over spectacle**, and **incremental reforms over disruption**, the Budget acknowledges contemporary global risks while laying foundations for medium-term growth. Its success, however, will hinge less on intent and more on **speedy and effective implementation**, especially for MSMEs, exports, and manufacturing.