



BUDGET

2026-27

Pro Growth and Ease of Doing Budget

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PHD CHAMBER OF COMMERCE AND INDUSTRY



Union Budget 2026-27

Pro Growth and Ease of Doing Budget

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Union Budget 2026-27 : Pro Growth and Ease of Doing Budget

Macroeconomic Impact

Budget 2026–27 is structured to bring high-multiplier (public and private investment) in play. The Budget is a capacity-expanding and medium-term growth supporter, rather than a short-term populism boost.

Ministry of Finance increased effective public capex (BE) from ₹15.48 lakh crore in BE 2025-26 to ₹17.14 lakh crore in BE 2026-27, implying a Y-o-Y growth of over increase of 10.7% (BE over BE). As a share of GDP, effective capex increases from 4.0% to 4.4%, indicating a structural deepening of public investment intensity that will impact GDP.

The increase is targeted towards transport, energy, urban infrastructure, industrial corridors, telecom, and defence capital assets. Capex in these sectors will directly expand production capacity, logistics throughput, and energy availability.

Union Budget 2026-27: Sustained Economic Growth

GDP Component	Key Budget Measures	Expected Impact	Time
Private Consumption (C)	Income-tax simplification; lower TCS on education, healthcare & tourism; rural livelihoods (fisheries, animal husbandry, high-value agriculture); services skilling (health, tourism, AVGC, sports)	Moderate positive – consumption rises via jobs & income rather than tax cuts	Medium term
Private Investment (I – Private)	Manufacturing push (semiconductors, electronics, biopharma, chemicals, textiles); MSME equity fund (₹10,000 crore); TReDS expansion; corporate bond & REIT reforms; tax certainty for data centres & toll manufacturing	Strong positive – major driver of GDP expansion	Medium term
Public Investment (I – Public)	Central capex raised to ₹12.2 lakh crore (BE 2026-27); transport corridors; waterways; urban infrastructure; energy & CCUS; City Economic Regions	Strong positive – high multiplier sectors	Short to medium term
Government Consumption (G)	Contained revenue expenditure; focus on expenditure quality; fiscal deficit at 4.3% of GDP	Neutral to mildly positive	Immediate



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Exports (X)	Export-oriented manufacturing; logistics upgrades; IT & services safe harbour; medical tourism; SEZ flexibility	Moderate positive	Medium to long term
Imports (M)	Import substitution in semiconductors, electronics, chemicals, capital goods, energy equipment; domestic container manufacturing	Negative for M (GDP-positive)	Medium to long term

Budget at a Glance (Rs Crore)

Rs. Crore	2024-25 BE	2024-25 RE	2025-26 BE	2025-26 RE	2026-27 BE	% of Budget Estimate s FY2027 over FY2026
Revenue Receipts	31,29,200	30,87,960	34,20,409	33,42,323	35,33,150	3.3%
Tax Revenue (Net to Centre)	25,83,499	25,56,960	28,37,409	26,74,661	28,66,922	1.0%
Non-Tax Revenue	5,45,701	5,31,000	5,83,000	6,67,662	6,66,228	14.3%
Capital Receipts	16,91,312	16,28,527	16,44,936	16,22,519	18,14,165	10.3%
Recovery of Loans	28,000	26,000	29,000	30,190	38,397	32.4%
Other Receipts	50,000	33,000	47,000	33,837	80,000	70.2%
Borrowings & Other Liabilities	16,13,312	15,69,527	15,68,936	15,58,492	16,95,768	8.1%
Total Receipts	48,20,512	47,16,487	50,65,345	49,64,842	53,47,315	5.6%
Total Expenditure	48,20,512	47,16,487	50,65,345	49,64,842	53,47,315	5.6%
Revenue Expenditure of which	37,09,401	36,98,058	39,44,255	38,69,087	41,25,494	4.6%
1. Interest Payments	11,62,940	11,37,940	12,76,338	12,74,338	14,03,972	10.0%
2. Grants in Aid for creation of Capital Assets	3,90,778	2,99,891	4,27,192	3,08,151	4,92,702	15.3%
On Capital Account(Expenditure)	11,11,111	10,18,429	11,21,090	10,95,755	12,21,821	9.0%
Effective Capital Expenditure	15,01,889	13,18,320	15,48,282	14,03,906	17,14,523	10.7%



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Rs. Crore	2024-25 BE	2024-25 RE	2025-26 BE	2025-26 RE	2026-27 BE	% of Budget Estimate s FY2027 over FY2026
Revenue Deficit	5,80,201	6,10,098	5,23,846	5,26,764	5,92,344	13.1%
Effective Revenue Deficit	1,89,423	3,10,207	96,654	2,18,613	99,642	3.1%
Fiscal Deficit	16,13,312	15,69,527	15,68,936	15,58,492	16,95,768	8.1%
Primary Deficit	4,50,372	4,31,587	2,92,598	2,84,154	2,91,796	-0.3%

Source: Union Budget, GOI 2025-26 and 2026-27, PHDCCI

Deficit as a percentage of GDP

Percentage of GDP	2024-25 BE	2024-25 RE	2025-26 BE	2025-26 RE	2026-27 BE
Revenue Deficit	1.8%	1.9%	2.1%	1.5%	1.5%
Effective Revenue Deficit	0.6%	1.0%	1.3%	0.6%	0.3%
Fiscal Deficit	5.0%	4.8%	4.6%	4.4%	4.3%
Primary Deficit	1.4%	1.3%	1.7%	0.8%	0.7%

Source: Union Budget, GOI 2025-26 and 2026-27, PHDCCI

Nominal GDP Estimates (Rs. Crore) used for calculating percentages

GDP estimates used in Budget	Amount (Rs. Crore)
GDP for FY 2024-25 (RE)	3,24,11,406
GDP for FY 2025-26 (Budget Assumption)	3,56,97,923
GDP for FY 2025-26 (FAE)	3,57,13,886
GDP for FY 2026-27 (Budget 2026-27 Assumption)	3,93,00,393

Source: Union Budget, GOI 2025-26 and 2026-27, PHDCCI

Sector Analysis



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Agriculture and Allied Sectors: Sabka Saath, Sabka Vikas

Under the third Kartavya, the government reinforces its commitment to the vision of **Sabka Saath, Sabka Vikas**, ensuring that every family, community, region, and sector has equitable access to resources, essential amenities, and opportunities for meaningful participation in the nation's growth and development.

The combined allocation to the Ministry of Agriculture and Farmers Welfare and allied departments increased from ₹3 lakh crore in 2025–26 (BE) to ₹3.2 lakh crore in 2026–27 (BE), marking an overall growth of 6.16%. The sector's share in total budget expenditure also edged up marginally from 5.96% to 5.99%, indicating continued support to farmers income, productivity and diversification.

Table 1: Ministry-wise allocation of Total expenditure in Agriculture and Allied Sectors (Rs Crore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry Of Agriculture And Farmers Welfare	137756.55	2.72%	140528.78	2.63%	2.01%
Ministry Of Fisheries, Animal Husbandry And Dairying	7544.07	0.15%	8915.26	0.17%	18.18%
Department of Fertilisers	156502.44	3.09%	170944.53	3.20%	9.23%
Total	301803.06	5.96%	320388.57	5.99%	6.16%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

Abbreviation: BE: Budget Estimate; RE: Revised Estimate;

Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore

Agriculture Infrastructure: Stable and Sustained Support

1. The **Ministry of Agriculture and Farmers Welfare** witnessed a modest increase of 2.01%, with allocations rising to ₹1.41 lakh crore. Although its share of total expenditure declined slightly from 2.72% to 2.63%, the steady funding suggests



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sustained support for core agricultural infrastructure such as irrigation efficiency, storage, warehousing, mechanisation, and digital agriculture initiatives.

2. Coconut Promotion Scheme, Dedicated programme for Indian cashew and cocoa and high-density Cultivation of walnuts, almonds and pine nuts.

Allied Sectors: Strong Thrust on Diversification

1. The **Ministry of Fisheries, Animal Husbandry and Dairying** recorded a significant increase of 18.18%, with its budget share rising from 0.15% to 0.17%. This sharp rise underscores the government's focus on strengthening allied-sector infrastructure, including cold chains, processing facilities, breed improvement, and value-chain development, aimed at income diversification and resilience for rural households.
2. Integrated development of **500 reservoirs and Amrit Sarovars** to strengthen the fisheries value chain in coastal areas and enable market linkages involving startups and women-led groups together with Fish Farmer Producer Organizations (Fish FPOs).
3. **Push for Exports:** The limit for duty-free import of specified inputs used for processing seafood products for export has been enhanced from the existing 1 per cent to 3 per cent. This measure is expected to reduce input costs for processing units, support compliance with stringent international quality and food safety standards and enhance the overall efficiency and competitiveness of India's seafood exports.

Fertiliser Support: Structural Rationalisation

1. The **Department of Fertilisers** saw an increase of 9.23% in allocations, with its share increasing from 3.09% to 3.20%. This reflects the Government's focus on safeguarding farmers against volatility in global fertilizer prices and supply disruptions.

Overall, the 2026–27 (BE) allocations indicates a **strategic reorientation of agriculture-related spending**—moving from high subsidy outlays towards investment in productivity-enhancing and value-adding infrastructure. While core agriculture allocations remain stable, the strong push towards fisheries, animal husbandry, and dairying highlights a policy intent to promote diversification, rural employment, and sustainable income growth.

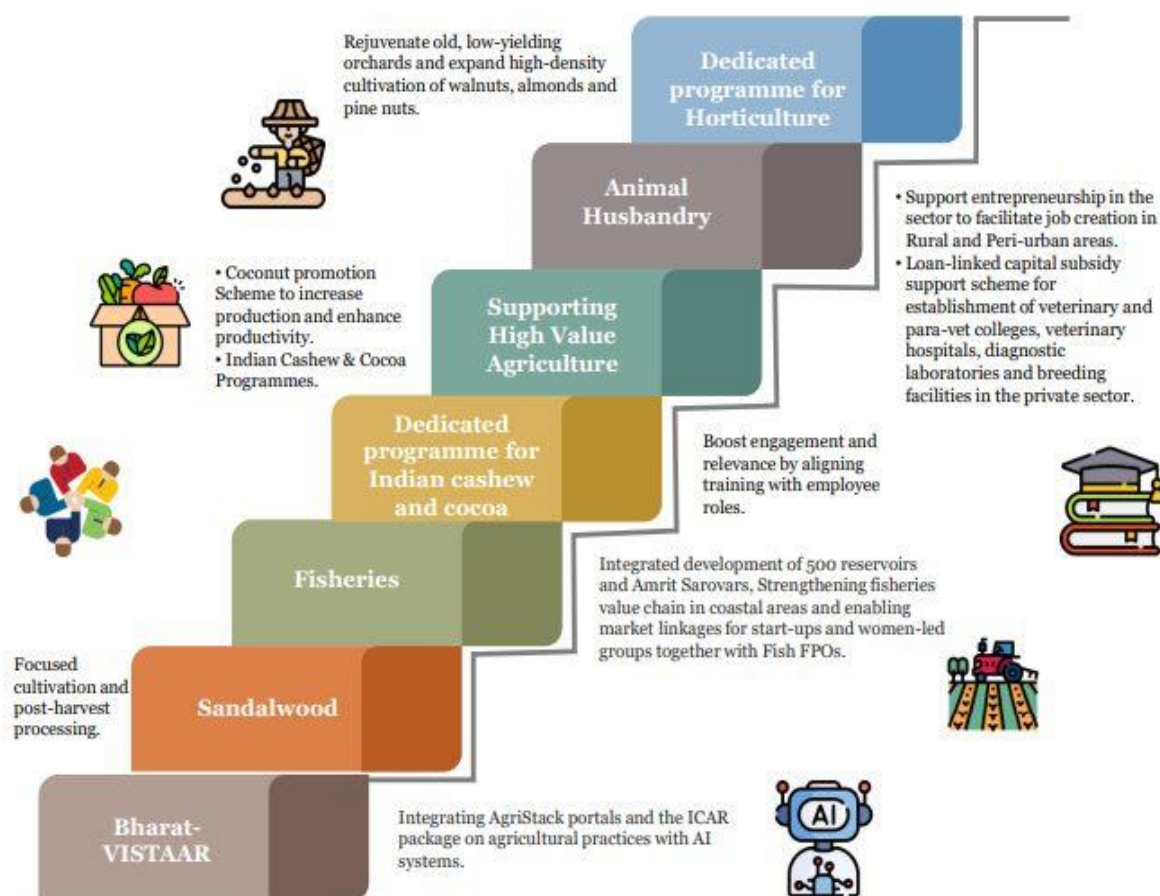


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Table 2: New Schemes in Budget 2026-27 for Agriculture and Allied Sectors

Scheme Description	2026-27 Budget Allocation (BE) (in crore)
Bharat-VISTAAR	150
Support for High Value Agriculture	350
Vibrant Villages Programme Phase-II (VVP Phase-II)	300

Source: Union Budget 2026-27, GOI, PHDCCI



Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI



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Infrastructure: Foundation of Growth

Capital expenditure at 12.2 lakh crore (BE) for FY 2026-2027, 9% higher than FY 2025-2026 (BE) having outlay of Rs. 11.2 lakh crore.

To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, a Infrastructure Risk Guarantee Fund will be set up to provide prudently calibrated partial credit guarantees to lenders.

Table 3: Ministry-wise allocation of Total expenditure in Infrastructure Sectors (RsCrore)

S No	Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
1	Ministry of Ports, Shipping and Waterways	3470.58	0.07%	5164.8	0.10%	48.82%
2	Ministry of Railways	255445.18	5.04%	281377.32	5.26%	10.15%
3	Ministry Of Road Transport and Highways	287333.16	5.67%	309875.3	5.79%	7.85%
4	Ministry Of Housing and Urban Affairs	96777	1.91%	85522.39	1.60%	-11.63%
5	Ministry Of Jal Shakti	99502.85	1.96%	94807.84	1.77%	-4.72%
6	Ministry Of New and Renewable Energy	26549.38	0.52%	32914.67	0.62%	23.98%
7	Ministry Of Rural Development	190405.53	3.76%	197023.14	3.68%	3.48%
8	Ministry Of Civil Aviation	2400.31	0.05%	2102.87	0.04%	-12.39%
9	Department Of Atomic Energy	24049.1	0.47%	24123.92	0.45%	0.31%
10	Ministry Of Power	21847	0.43%	29996.85	0.56%	37.30%
	Total	1007780.09	19.90%	1062909.1	19.88%	5.47%

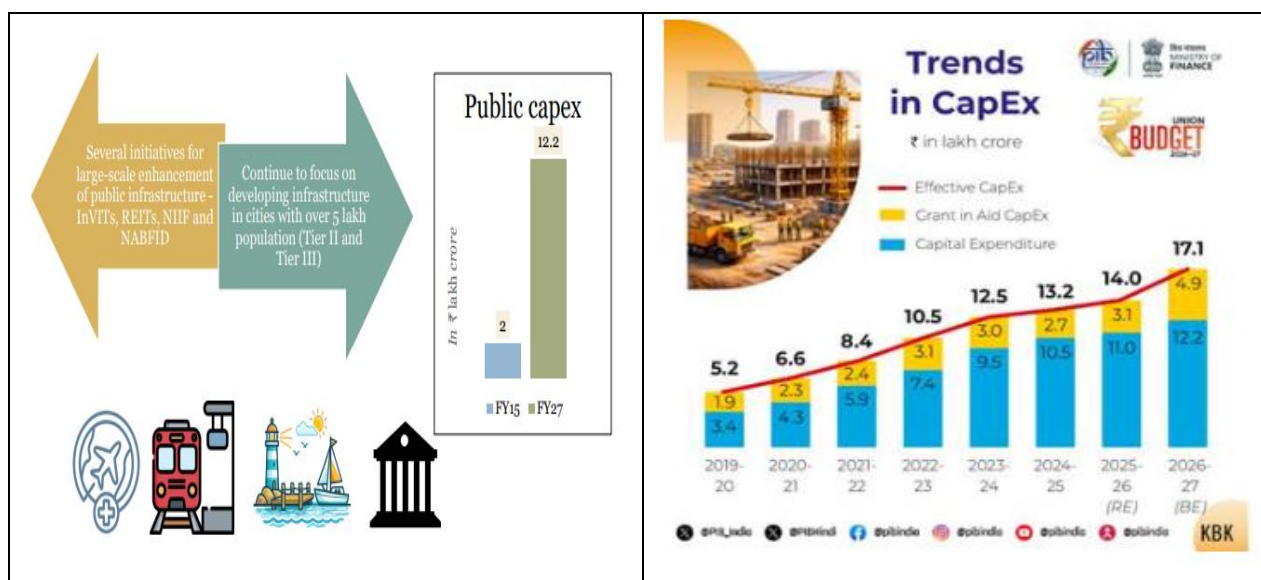
Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

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Transport remains the dominant focus within infrastructure spending.

1. **Ministry of Railways** witnessed an allocation increase of 10.15%, rising to ₹2.81 lakh crore, and its share in total budget expenditure improved from 5.04% to 5.26%. This reflects sustained investment in network expansion, modernization, safety, and capacity augmentation.

Seven High-Speed Rail Corridors : In order to promote environmentally sustainable passenger systems, the budget proposed to develop seven High-Speed Rail corridors between cities as 'growth connectors', namely i) Mumbai-Pune, ii) Pune-Hyderabad, iii) Hyderabad-Bengaluru, iv) Hyderabad-Chennai, v) Chennai-Bengaluru, vi) Delhi-Varanasi, vii) Varanasi-Siliguri. This will reduce the travel time and strengthen the connectivity.

Dedicated Freight Corridors: connecting Dankuni in the East, to Surat in the West to enable smooth movement of cargo.

2. **Ministry of Road Transport and Highways** continues to command the largest share among infrastructure ministries, with allocations increasing by 7.85% to ₹3.10 lakh crore. Its budget share rose marginally from 5.67% to 5.79%, indicating the government's continued thrust on highways, expressways, and logistics efficiency.
3. **Ministry of Ports, Shipping and Waterways** recorded the highest growth rate (48.82%). The rise in allocation and share (from 0.07% to 0.10%) highlights growing attention towards port-led development, coastal shipping, and inland waterways as cost-effective logistics alternatives.



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New National Waterways (NW): The budget proposes to operationalise 20 new National Waterways (NW) over next 5 years, in addition to existing 111 National Waterways (NW)¹.

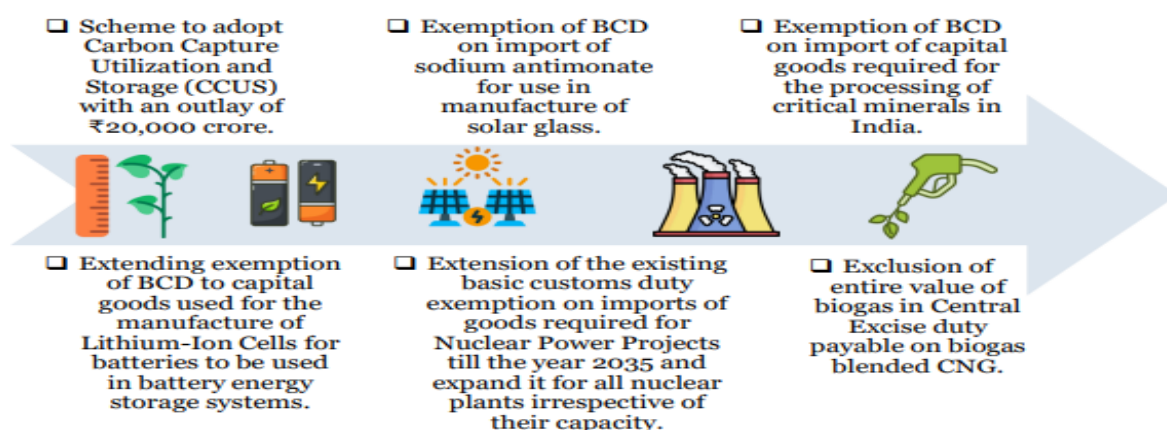
Coastal Cargo Promotion Scheme: With the objective to increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047, this scheme has been proposed. This will reduce the logistics cost.

Ship repair ecosystem: A ship repair ecosystem catering to inland waterways is also proposed to be set up at Varanasi and Patna.

Energy and Green Infrastructure: Accelerated Push

The Budget demonstrates a clear pivot towards energy security and sustainability.

- Ministry of New and Renewable Energy saw a robust increase of 23.98%, with its share rising from 0.52% to 0.62%, reinforcing India's clean energy transition and commitments to climate goals.
- Ministry of Power recorded a significant 37.30% increase, with its share moving up from 0.43% to 0.56%, reflecting increased focus on transmission, distribution reforms, and capacity expansion to support industrial and economic growth.
- Department of Atomic Energy allocations remained broadly stable, with a marginal increase of 0.31%, indicating continuity in long-term strategic investments.



Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI

¹ <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1557459®=3&lang=2>



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Urban and Social Infrastructure: City economic regions



- ❖ **Amplifying the potential of cities** to deliver the economic power of agglomerations.
- ❖ Focus on Tier II, Tier III cities, and temple-towns.
- ❖ **‘Growth Connectors’ - 7 High-Speed Rail corridors** between cities - Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, Varanasi-Siliguri - Environmentally sustainable passenger systems.

Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI

- Ministry of Housing and Urban Affairs experienced a decline of (- 11.63%) in its budgetary allocation, and its budget share fell from 1.91% to 1.60%, suggesting either completion of certain large projects or a strategic recalibration towards consolidation rather than expansion.
- Ministry of Jal Shakti saw a moderate contraction of 4.72%, with a reduced share (from 1.96% to 1.77%), indicating a possible shift from rapid scale-up to targeted implementation and efficiency improvements.
- Ministry of Rural Development, however, recorded a modest increase of 3.48%, maintaining a stable share around 3.7%, which reflects continued support for rural infrastructure and livelihood-linked assets.

Table 4: New Schemes in Budget 2026-27 to boost infrastructure

Scheme Description	2026-27 Budget Allocation (BE) (in crore)
Infrastructure Risk Guarantee Fund	1000
Scheme for Enhancement of Construction and Infrastructure Equipment (CIE)	200
Shipbuilding Financial Assistance Scheme (SBFAS) and National Shipbuilding Mission	515
Scheme for Capacity & Capability development and credit risk coverage for shipbuilding in India-Shipbuilding Development Scheme (SbDS)	250
Maritime Development Fund	1000
Vibrant Villages Programme Phase-II (VVP Phase-II)	300
Municipal Bonds	100

Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI



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Energy and Power: Fuelling Growth

1. Renewable Energy Push – Ministry of New & Renewable Energy (MNRE)

1. Allocation increased by **23.98%** (₹26,549 crore → ₹32,914 crore), with its share rising from **0.52% to 0.62%** of total expenditure, reflecting a strong push on clean energy deployment.
2. **Solar energy remains central**, with increased support for solar manufacturing and deployment, including expansion of rooftop solar programmes and rural solar initiatives.
3. **Basic customs duty exemptions** on capital goods for lithium-ion battery cells and solar glass manufacturing are extended to reduce input costs and boost domestic value chains, strengthening solar and storage industries.
4. Budget support for **energy storage systems** such as BESS with enhanced viability gap funding boosts grid stability and large-scale renewable integration.
5. Schemes like **Pradhan Mantri Surya Ghar Muft Bijli Yojana** and support for bioenergy, wind, and green hydrogen are key parts of the renewable ecosystem expansion.

Table 5: Ministry-wise allocation of Total expenditure in Renewable Energy (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry of New and Renewable Energy	26549.38	0.52%	32914.67	0.62%	23.98%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

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2. Conventional Energy Support – Coal, Petroleum & Atomic

- **Total conventional energy allocation grew by 32.65%**, from ₹43,877 crore to ₹58,202 crore, increasing its share in expenditure from **0.87% to 1.09%**.
- **Ministry of Petroleum and Natural Gas** saw a healthy **57.52% increase**, indicating support for fuel security, infrastructure, and mitigation of subsidy burdens.
- **Ministry of Coal** recorded a massive **625% growth**, underscoring renewed



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focus on coal logistics, gasification, and conversion technologies critical for transitional energy and industry needs.

- **Department of Atomic Energy** maintained stable funding, ensuring continuity of nuclear infrastructure projects that contribute firm baseload energy, diversifying the energy mix and supporting energy security goals.

Table 6: Ministry-wise allocation of Total expenditure in Conventional Energy (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Department of Atomic energy	24049.1	0.47%	24123.92	0.45%	0.31%
Ministry of Coal	501.2	0.01%	3635.32	0.07%	625.32%
Ministry of Petroleum and Natural Gas	19326.9	0.38%	30443.22	0.57%	57.52%
Total	43877.2	0.87%	58202.46	1.09%	32.65%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

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3. Power Sector Intensification – Ministry of Power

1. The allocation for power rose by **37.30%** (₹21,847 crore → ₹29,997 crore), with its expenditure share increasing from **0.43% to 0.56%**, underlining emphasis on grid and transmission infrastructure.
2. Enhanced investment in distribution reforms (Revamped Distribution Sector Scheme) **and** DISCOM reforms seeks to improve reliability, reduce losses, and strengthen financial sustainability.
3. Greater support for transmission and regional connectivity, especially in remote and Northeastern regions, reflects balanced infrastructure augmentation.

Public sector undertakings in power (e.g., NTPC, PGCIL, NHPC) plan Rs 1.01 lakh crore in FY27, signifying robust infrastructure execution at the central level.



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Table 7: Ministry-wise allocation of Total expenditure in Power (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry of Power	21847	0.43%	29996.85	0.56%	37.30%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

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Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore

4. Cross-cutting Structural Reforms & Energy Transition Support

1. The Budget emphasises **grid-scale energy storage**, enabling seamless integration of renewables and improving dispatchability for peak and off-peak demand.
2. Promotion of **Carbon Capture, Utilisation and Storage (CCUS)** with a significant multi-year outlay supports decarbonisation of hard-to-abate industries, including power, steel, and cement.
3. Policy steps to enhance domestic manufacturing and reduce dependence on imports in energy value chains (e.g., exemptions for lithium and solar inputs) strengthen *Atmanirbhar Bharat* objectives across energy infrastructure

Micro, Small and Medium Enterprises: Creating “Champion SMEs” and supporting micro enterprises

The budget 2026-27 has adopted a **three pronged approach to boost MSME’s**. This approach provides a comprehensive and enabling framework to strengthen MSMEs by addressing their core constraints of finance, competitiveness, and market access

Table 8: Ministry-wise allocation of Total expenditure to MSME’s (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry Of Micro, Small and Medium Enterprises	23168.15	0.46%	24566.27	0.46%	6.03%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

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Enhanced credit support and risk-sharing mechanisms will ease liquidity pressures and encourage formalisation and expansion, while targeted incentives for technology upgradation, skilling, and digital adoption will improve productivity and global competitiveness.

At the same time, measures aimed at infrastructure creation, cluster development, and integration with large value chains will expand market opportunities and improve ease of doing business. Together, this coordinated strategy will empower MSMEs to scale up operations, generate employment, and play a central role in driving inclusive and sustainable economic growth.



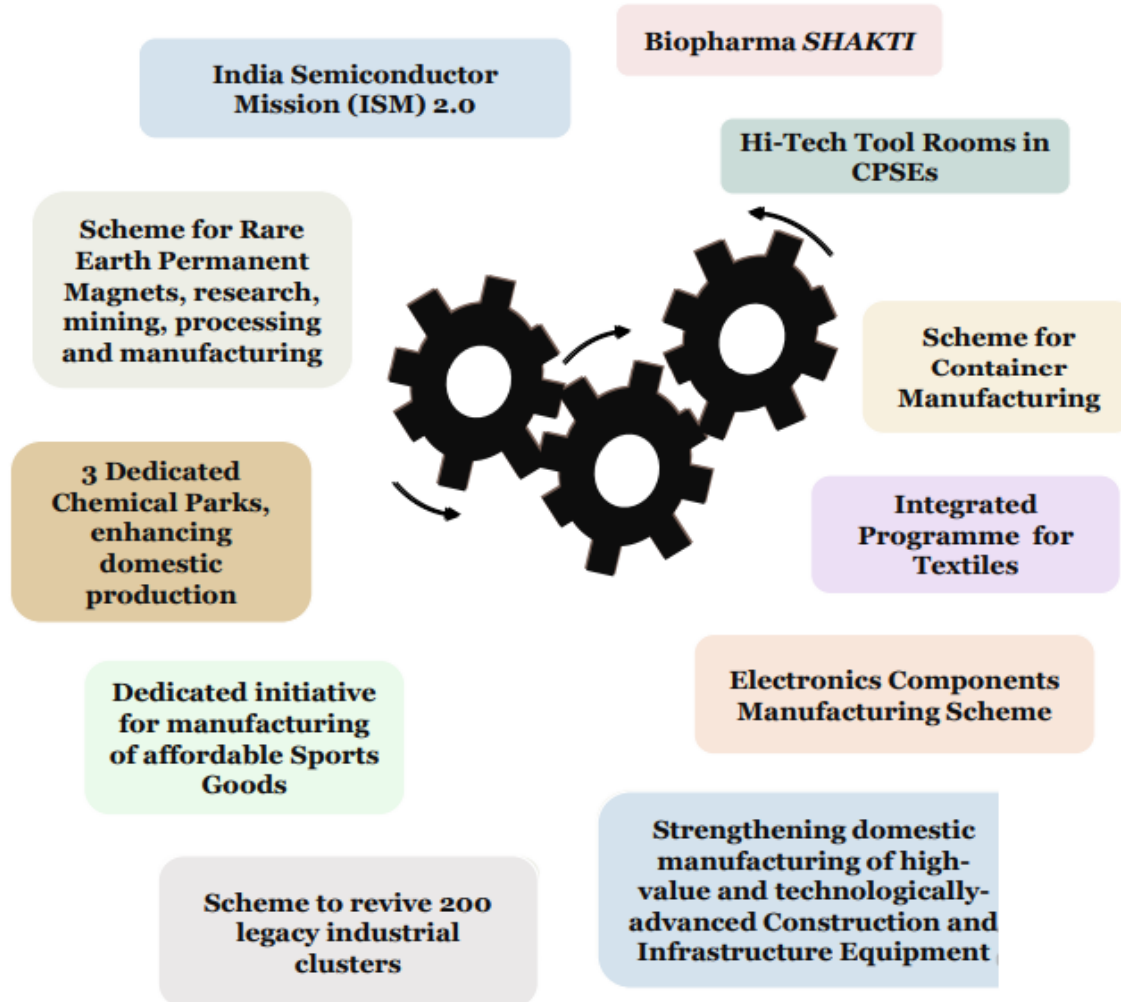
Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI

Manufacturing: 7 Strategic and Frontier Sectors

- Biopharma & Life Sciences:** Launch of **Biopharma SHAKTI** with an outlay of ₹10,000 crore over five years to position India as a global biopharma manufacturing hub, including new NIPER institutes, upgraded research infrastructure, expanded clinical trial networks, and faster regulatory approvals.
- Semiconductors & Advanced Electronics:** Announcement of **India Semiconductor Mission (ISM) 2.0** to strengthen domestic capabilities across equipment, materials, full-stack Indian IP design, and resilient supply chains, with a strong focus on industry-led R&D and skill development.
- Electronics Components Manufacturing:** Significant enhancement of the **Electronics Components Manufacturing Scheme** outlay to ₹40,000 crore to deepen domestic value addition, reduce import dependence, and leverage India's growing electronics manufacturing ecosystem.



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Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI



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4. **Critical Minerals & Rare Earths:** Establishment of **dedicated Rare Earth Corridors** in mineral-rich states such as Odisha, Kerala, Andhra Pradesh, and Tamil Nadu to promote integrated mining, processing, R&D, and manufacturing of rare earth materials.
5. **Chemicals & Process Industries:** Proposal to support states in setting up **three dedicated Chemical Parks** through a challenge-based, cluster-driven plug-and-play model, aimed at boosting domestic chemical production and lowering import dependency.
6. **Capital Goods, Containers & Infrastructure Equipment:** Introduction of schemes for **hi-tech tool rooms**, advanced construction and infrastructure equipment manufacturing, and a **Container Manufacturing Scheme** with ₹10,000 crore outlay over five years to build globally competitive, high-precision manufacturing capacity.
7. **Textiles, Handlooms & Sports Goods:** Launch of an **Integrated Textile Programme** covering fibres, modernisation, skilling, sustainability, and Mega Textile Parks, along with the **Mahatma Gandhi Gram Swaraj initiative** and a dedicated push for **sports goods manufacturing**, fostering labour-intensive growth, global branding, and rural employment.

These seven strategic interventions collectively aim to enhance India's manufacturing depth, technological capability, employment generation, and global competitiveness in line with the Budget's **First Kartavya** and the vision of a **Viksit Bharat**.

Table 9: New Schemes in Budget 2026-27 to boost infrastructure

Scheme Description	2026-27 Budget Allocation (BE) (in crore)
Bio-pharma SHAKTI	500
Chemical Parks	600
Promotion of Sports Goods Manufacturing	500
India Semiconductor Mission 2.0	1,000

Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI

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Figure: Tax reforms to boost Manufacturing Sector



Exemption from income tax for five years to non-residents providing capital goods, equipment or tooling, to any toll manufacturer in a bonded zone.

Provision of safe harbour to non-residents for component warehousing in a bonded warehouse.

Deferred duty payment window to trusted manufacturers.

Increase the limit for duty-free imports of specified inputs used for processing seafood products for export, from the current 1 per cent to 3 per cent of the FOB value of the previous year's export turnover.

Duty-free imports of specified inputs extended to export of shoe uppers in addition to leather or synthetic footwear.

Extension of time for the export of final product from the existing 6 months to 1 year, for exporters of leather or textile garments, leather and synthetic footwear.

Exemption from basic customs duty on specified parts used in the manufacture of microwave ovens.

Exemption from basic customs duty on components and parts used in aircraft manufacturing.

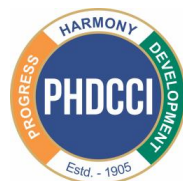
Exemption from basic customs duty on raw materials imported for manufacture of aircraft parts used in maintenance, repair, or overhaul requirements defence units.

Regular importers with trusted longstanding supply chains to be recognized in the risk system.

Export cargo using electronic sealing to be provided through clearance from the factory premises to the ship.

A special one-time measure to facilitate sale in domestic tariff area at concessional rate of duty by eligible manufacturing units of SEZs.

Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI



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Steps taken for Ease of Doing Business and Ease of Living

✓ Individual Persons Resident Outside India (PROIs) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme (PIS).
✓ Interest awarded by the motor accident claim tribunal to a natural person will be exempt from Income Tax, and any TDS on this account will be done away with.
✓ Reduce TCS rate on sale of overseas tour program package from 5% and 20% to 2% without any stipulation of amount.
✓ Reduce TCS for pursuing education and for medical purposes under the Liberalized Remittance Scheme (LRS) from 5% to 2%.
✓ TDS on Supply of manpower services to be at the rate of either 1% or 2%.
✓ Obtaining a lower or nil deduction certificate through rule-based automated process for small taxpayers.
✓ Enable depositories to accept Form 15G or Form 15H from taxpayers holding securities in multiple companies.
✓ Time available for revising returns extended from 31 st December to up to 31 st March with the payment of a nominal fee.
✓ Individuals with ITR 1 and ITR 2 returns will continue to file till 31 st July and non-audit business cases or trusts are proposed to be allowed time till 31 st August.
✓ TDS on the sale of immovable property by a non-resident to be deducted and deposited through resident buyer's PAN instead of TAN.
✓ Introducing a one-time 6-month foreign asset disclosure scheme below a certain size for small taxpayers.
✓ Allow taxpayers to update their returns even after reassessment proceedings have been initiated at an additional 10 percent tax rate over and above the rate applicable for the relevant year.
✓ Framework for immunity from penalty and prosecution in the cases of underreporting extended to misreporting.
✓ Non-production of books of account and documents and requirement of TDS payment is decriminalised.
✓ Immunity from prosecution with retrospective effect from 1.10.2024 for non-disclosure of non-immovable foreign assets with aggregate value less than ₹ 20 lakh.
✓ Exemption from Minimum Alternate Tax (MAT) to all non-residents who pay tax on presumptive basis.
✓ Constitute a Joint Committee of Ministry of Corporate Affairs and Central Board of Direct Taxes for incorporating the requirements of Income Computation and Disclosure Standards (ICDS) in the Indian Accounting Standards (IndAS).
✓ Tax buyback for all types of shareholders as Capital Gains. However, promoters will pay an additional buyback tax.
✓ Set-off using available MAT credit to be allowed to an extent of 1/4th of the tax liability in the new regime.
✓ MAT is proposed to be made final tax.
✓ Exempt BCD on 17 drugs or medicines for cancer patients.
✓ Single and interconnected digital window for cargo clearance approvals.
✓ Customs Integrated System (CIS) to be rolled out in 2 years.

Source: Union Budget 2026-27, GOI, Research Bureau, PHDCCI



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Labour and Skill Development

Table 10: Ministry-wise allocation of Total expenditure to Labour and Skill Development (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry Of Labour And Employment	32646.19	0.64%	32666.31	0.61%	0.06%
Ministry of Skill Development and Entrepreneurship	6100.1	0.12%	9885.8	0.18%	62.06%
Total	38746.29	0.76%	42552.11	0.80%	9.82%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

Abbreviation: BE: Budget Estimate; RE: Revised Estimate;

Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore

- Overall allocation increased by 9.82%**, rising from ₹38,746 crore in 2025–26 (BE) to ₹42,552 crore in 2026–27 (BE), indicating sustained focus on workforce development.
- Ministry of Labour and Employment** saw a **stable allocation** with a marginal increase of **0.06%**, ensuring continuity in labour welfare, employment facilitation, social security, and regulatory reforms.
- Ministry of Skill Development and Entrepreneurship (MSDE)** recorded a sharp 62.06% jump, reflecting a decisive policy push towards skilling, reskilling, and upskilling of the workforce.
- The budget share of skill development increased from 0.12% to 0.18%, underscoring the growing importance of employability and human capital formation.
- Enhanced allocations support modernisation of ITIs, expansion of apprenticeships, and industry-aligned training, particularly for manufacturing, electronics, and emerging technologies.



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6. The Budget embeds sector-specific skilling strategies, prioritises programmes such as PM SETU (Pradhan Mantri Skilling and Employability Transformation through Upgraded ITIs) within the MSDE's expanded fiscal envelope, and targets workforce development in high-growth areas like electronics and semiconductors
7. The combined sector's share in total expenditure rose from **0.76% to 0.80%**, reinforcing labour and skills as a critical enabler of economic growth.
8. These measures align with the **Viksit Bharat** vision by strengthening the labour ecosystem, improving productivity, and facilitating demographic dividend realisation.

Defence: Backbone of National Security and Self-Reliance

Table 11: Ministry-wise allocation of Total expenditure to Defence (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry of Defence	681210.27	13.45%	784678.28	14.67%	15.19%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

Abbreviation: BE: Budget Estimate; RE: Revised Estimate;

Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore

1. The Union Budget 2026–27 marks a decisive strengthening of India's defence and strategic infrastructure, with the **Ministry of Defence allocation rising sharply by 15.19%** from ₹6.81 lakh crore in 2025–26 (BE) to **₹7.85 lakh crore in 2026–27 (BE)**.
2. Defence now accounts for **14.67% of total budget expenditure**, up from 13.45%, making it the largest allocation among all ministries. This enhanced outlay reflects the government's dual focus on national security and long-term infrastructure creation, particularly in the context of heightened geopolitical challenges and the push for *Aatmanirbhar Bharat*.
3. A defining feature of the defence allocation is the **strong capital expenditure thrust**, with ₹2.19 lakh crore earmarked for capital outlay, representing a quantum jump of nearly 24% in capital acquisition over the previous year. This allocation supports large-scale modernisation of defence infrastructure, including procurement of next-



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generation fighter aircraft, ships and submarines, UAVs, drones, specialist vehicles, and advanced weapons systems.

4. The Budget also places a **major thrust on border and strategic infrastructure development**, with enhanced capital allocation to the Border Roads Organisation (BRO). The increased funding will support construction of strategically critical roads, tunnels, bridges, and airfields, improving last-mile connectivity in border areas while also catalysing regional development and tourism

Health: “Health for All”

The Union Budget 2026–27 reinforces the government’s commitment to “Health for All” and the “Viksit Bharat” vision through enhanced and targeted investments in health and allied infrastructure. The combined allocation to key health-related ministries and departments increased from ₹1.13 lakh crore in 2025–26 (BE) to ₹1.20 lakh crore in 2026–27 (BE), reflecting an overall growth of 6.88%. The sector’s share in total budget expenditure also rose from 2.22% to 2.25%, underlining the continued prioritisation of health as a critical pillar of inclusive and sustainable development.

Table 12: Ministry-wise allocation of Total expenditure to Health (RsCrore)

Ministry	2025-26 (BE)	% Share of Budget Expenditure (BE)	2026-27 (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry of Ayush	3992.9	0.08%	4408.93	0.08%	10.42%
Ministry of Health And Family Welfare	99858.56	1.97%	106530.42	1.99%	6.68%
Department of Pharmaceuticals	5268.72	0.10%	5931.22	0.11%	12.57%
Department of Biotechnology	3446.64	0.07%	3446.00	0.06%	12.57%
Total	112566.82	2.22%	120316.57	2.25%	6.88%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

Abbreviation: BE: Budget Estimate; RE: Revised Estimate;

Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore



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1. The **Ministry of Health and Family Welfare**, which accounts for the largest share within the sector, saw its allocation increase by **6.68%** to **₹1.07 lakh crore**. Its share of total expenditure rose marginally from **1.97% to 1.99%**, reflecting sustained investments in hospitals, medical colleges, disease surveillance, public health infrastructure, and digital health systems aimed at expanding access and improving quality of healthcare services nationwide.

Major Push to AYUSH Infrastructure and Global Outreach

1. The **Ministry of AYUSH** recorded a notable increase of 10.42%, maintaining its budget share at 0.08%. This enhanced allocation signals a strong policy thrust towards mainstreaming traditional systems of medicine as an integral part of India's healthcare architecture.
2. **Allied Health Professionals (AHPs)**: Existing institutions for Allied Health Professionals (AHPs) will be upgraded and new AHP Institutions established in private and Government sectors.
3. **Care Ecosystem**: A strong Care Ecosystem covering geriatric and allied care services will be built. A variety of NSQF-aligned programmes will be developed to train , 1.5 lakh caregivers will be trained.
4. The Budget announces a major push to AYUSH infrastructure and global outreach, including the setting up of **three new All India Institutes of Ayurveda**, which will combine education, research, and advanced clinical care.
5. Further, the upgradation of the **WHO Global Traditional Medicine Centre** at Jamnagar positions India as a global hub for traditional medicine, strengthening international collaboration, standard-setting, and evidence-based research in AYUSH systems.
6. **Medical Value Tourism**: To promote India as a preferred destination for medical tourism services, the Government has proposed to support States in establishing five Regional Medical Hubs. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs



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Innovation, Pharmaceuticals and Biotechnology

1. The **Department of Pharmaceuticals** saw a robust increase of **12.57%**, with its budget share rising from **0.10% to 0.11%**, highlighting a renewed focus on pharmaceutical manufacturing infrastructure, bulk drug parks, medical devices, and supply chain resilience.
2. The **Department of Biotechnology**, while showing stability in absolute terms, continues to support critical research and innovation infrastructure for vaccines, diagnostics, and advanced healthcare technologies, contributing to long-term health security.

Overall, the health sector allocations in BE 2026–27 reflect a **balanced and forward-looking infrastructure strategy**, combining expansion of conventional healthcare facilities with a strong institutional and global push for AYUSH. The emphasis on new Ayurveda institutes, upgrading global traditional medicine infrastructure, and strengthening pharmaceuticals and biotechnology aligns closely with the broader **Viksit Bharat** agenda—aimed at universal health coverage, innovation-driven growth, and positioning India as a global leader in both modern and traditional healthcare systems.

Education: Yuva Shakti Driven Budget

1. The Union Budget 2026–27 significantly strengthens **education infrastructure as a core pillar of human capital formation**, with the **Ministry of Education's allocation rising by 8.27%** from ₹1.29 lakh crore in 2025–26 (BE) to **₹1.39 lakh crore in 2026–27 (BE)**.
2. The Ministry's share in total budget expenditure has increased from **2.54% to 2.60%**, underscoring education's growing importance in achieving the vision of **Viksit Bharat**.
3. This enhanced allocation reflects a strong emphasis on **physical, digital, research, skilling, and residential education infrastructure**, aligned with employment creation, innovation, and youth empowerment.



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Table 13: Ministry-wise allocation of Total expenditure to Education (RsCrore)

Ministry	2025-26 (Ministry wise Total Expenditure) (BE)	% Share of Budget Expenditure (BE)	2026-27 (Ministry wise Total Expenditure) (BE)	% Share of Budget Expenditure (BE)	% Change (2025-26 BE to 2026-27 BE)
Ministry of Education	128650.05	2.54%	139289.48	2.60%	8.27%

Source: Union Budget, GOI 2025-26 and 2026-27, Research Bureau, PHDCCI

Abbreviation: BE: Budget Estimate; RE: Revised Estimate;

Note: The total Budget size (BE) of FY 2025-26 was Rs 50.65 Lakh crore, and the total Budget size (BE) of FY 2026-27 is Rs 53.47 Lakh crore

Major Infrastructure Initiatives

- Setting up of five University Townships near industrial and logistics corridors
- Establishment of one girls' hostel in every district through capital support and VGF
- Creation of AVGC Content Creator Labs in 15,000 schools and 500 colleges

Higher Education & Research

- Increased allocations to Central Universities, IITs, NITs, IIMs, UGC
- PM-One Nation One Subscription (PM-ONOS) – ₹2,200 crore
- PM Research Chair (PMRC) – new scheme
- Centres of Excellence in Artificial Intelligence (AI) for education
- Enhanced funding for World Class Institutions
- MERITE scheme for multidisciplinary technical education

Skilling & Employment Linkages

- High-powered "Education to Employment and Enterprise" Standing Committee
- Expansion of National Apprenticeship Training Scheme (NATS)
- Strengthening Samarth 2.0-linked skilling ecosystem

School Education Infrastructure

- Record allocation for Department of School Education & Literacy
- Higher funding for Samagra Shiksha, PM-SHRI Schools, PM-POSHAN
- Expansion of Atal Tinkering Labs (ATL)
- Enhanced support for Kendriya Vidyalayas (KVS) and Navodaya Vidyalayas (NVS)

Tax Analysis



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Table 14 : Impact of Indirect taxes on Industries

Industry / Sector	Overall Impact	Customs Duty Impact	Excise Duty Impact	Corporate Tax Impact	Key Tax Analysis & Rationale
Automobiles	Neutral to Positive	Limited rationalisation on EV-related inputs	NA	Neutral	Focus on EV supply-chain localisation and stable corporate tax regime supports medium-term growth; no adverse duty shocks.
Auto Components	Positive	Customs relief on select components/raw materials	NA	Neutral	Encouragement of domestic manufacturing and import substitution improves margins.
FMCG	Neutral	No material changes	NA	Neutral	Tax stability; consumption impact driven more by income measures than indirect taxes.
Consumer Durables	Neutral	Minor calibration on electronic inputs	NA	Neutral	Input-side relief partially offsets cost pressures; demand-side neutral.
Textiles & Apparel	Positive	Rationalisation on man-made fibres & inputs	NA	Neutral	Improves competitiveness and export orientation; aligns with PLI objectives.
Pharmaceuticals	Positive	Customs exemption/relief on APIs & critical inputs	NA	Neutral	Cost reduction and supply-chain resilience strengthened.
Healthcare	Positive	Relief on life-saving drugs & equipment	NA	Neutral	Improves affordability; aligns with public health policy.
Medical Devices	Positive	Reduced customs on key components	NA	Neutral	Supports domestic manufacturing and lowers capex costs.
Chemicals & Petrochemicals	Neutral	Limited rationalisation	NA	Neutral	No major structural tax shift; margins stable.
Steel & Metals	Neutral	Status quo	NA	Neutral	No additional protection or burden; market-driven dynamics prevail.
Infrastructure & Construction (Real Estate)	Positive	NA	NA	Neutral	Continued public capex and tax certainty support project viability.
Roads	Positive	NA	NA	Neutral	Strong budgetary allocation; no adverse tax incidence.
Ports	Positive	NA	NA	Neutral	Logistics efficiency focus; stable tax environment



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					aids expansion.
Railways	Positive	NA	NA	Neutral	Capex-heavy push with no incremental tax burden.
Power & Utilities	Neutral	NA	NA	Neutral	Tax neutrality maintained; policy support via capex.
Power – Nuclear	Positive	Customs relief on specialised equipment	NA	Neutral	Facilitates high-capex nuclear projects and technology imports.
Renewable Energy	Positive	Customs rationalisation on components	NA	Neutral	Reinforces energy transition and domestic manufacturing.
Oil & Gas	Neutral	No major duty changes	NA	Neutral	Fiscal stability; sector driven by global prices.
Aviation	Neutral to Positive	Relief on aircraft/maintenance inputs	NA	Neutral	Cost rationalisation improves airline economics.
Shipping & Logistics	Positive	NA	NA	Neutral	Indirect benefit from trade facilitation and infrastructure push.
Telecom	Neutral	NA	NA	Neutral	No additional tax burden; growth driven by spectrum & tech policy.
BFSI (Banking, NBFCs, Insurance)	Neutral	NA	NA	Neutral	Corporate tax stability; profitability driven by credit cycle.
Mining	Neutral	NA	NA	Neutral	No significant tax re-engineering.
MSMEs (Cross-sector)	Positive	NA	NA	Neutral	Compliance easing, credit support, and tax certainty improve viability.
Education & Skilling	Positive	Customs relief on educational aids	NA	Neutral	Supports human-capital investment.
Defence	Positive	Customs exemptions on defence inputs	NA	Neutral	Encourages indigenisation and strategic manufacturing.

Source: Source: Research Bureau, PHDCCI

Special Feature

***Pharmaceuticals and Shipping
Container Manufacturing***



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Industry Impact Analysis — Pharmaceuticals (Budget 2026–27)

Budget 2026–27 prioritises upstream biopharma capacity, clinical trial scale-up and regulatory strengthening — measures that together improve India’s competitiveness across APIs, biosimilars, CRO services and export value chains. Greater policy clarity and targeted capital support (particularly Biopharma SHAKTI), with medium-term effects that include accelerated product development cycles, higher local value-addition, and improved pricing/access for critical drugs.

Segment	Key Budget Triggers	Direct Impact	Medium-Term Impact (2–5 yrs)	Risks / Constraints
APIs (Active Pharmaceutical Ingredients)	1. Manufacturing push under Biopharma SHAKTI ecosystem 2. Chemical parks & cluster-based plug-and-play model 3. Import-dependence reduction focus	1. Incentive to invest in domestic API capacity 2. Improved viability of backward integration	1. Shift from bulk APIs to complex & high-value APIs 2. Higher domestic share vs imports (China+)	1. High capex for complex APIs 2. Environmental & compliance costs
Biosimilars / Biologics	1. Biopharma SHAKTI (₹10,000 crore / 5 yrs) 2. Expansion of NIPERs (biopharma focus) 3. CDSCO scientific review cadre	1. Lower entry barriers for biosimilar R&D 2. Faster regulatory review timelines	1. Scale-up of India-made biosimilars (oncology, autoimmune) 2. Export-ready biologics manufacturing	• Long gestation & high technical risk • Global regulatory acceptance hurdles
CROs / Clinical Research	1. 1,000+ accredited clinical trial sites 2. Regulatory process strengthening	1. Higher clinical trial volumes 2. Faster patient recruitment & approvals	1. India positioned as global clinical research hub 2. Consolidation & end-to-end CRO models	1. Quality standardisation risks 2. Skilled manpower shortages
Pharma Exporters (Formulations & Biopharma)	1. Faster CDSCO approvals 2. Customs process simplification 3. Duty exemptions on select critical drugs	1. Reduced approval & logistics lead time 2. Improved cost competitiveness	1. Export basket shifts to complex generics & biosimilars 2. Higher value realisation per unit	1. Global trade disruptions 2. Regulatory compliance costs

Source: Source: Research Bureau, PHDCCI



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Shipping Container Manufacturing Scheme

Union Budget for 2026-27 has proposed a Scheme for Container Manufacturing to create a globally competitive container manufacturing ecosystem with a budgetary allocation of **₹10,000 crore over a 5 year period**.

India's container ecosystem is expanding alongside port capacity, multimodal logistics, and export growth. India's container market was valued at USD 9.12 billion in 2024 and is expected to expand at a compound annual growth rate of 2.7% between 2025 and 2030.

Growth is supported by rising international trade flows, the rapid expansion of e-commerce, and government-led investments to strengthen port and logistics infrastructure. As India's integration into global supply chains deepens, higher export and import volumes are increasing demand for efficient, container-based shipping and logistics solutions.

Supply chain of Container Manufacturing

Container manufacturing is a capital intensive manufacturing activity reinforces global trade and logistics. The value chain spans upstream raw materials such as weathering steel, coatings, flooring materials, and hardware; midstream component fabrication and assembly; and downstream quality certification, logistics, and end use by shipping lines and leasing companies.

Costs are heavily influenced by steel prices, energy and labour inputs, environmental compliance, and trade policy.

Given its close linkage to global trade cycles, container manufacturing is highly cyclical but strategically important, as domestic capacity enhances supply resilience, reduces import dependence, and supports the efficiency and competitiveness of national logistics systems.



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1. Upstream inputs

- **Steel:** Primarily Corten (weathering) steel for panels, frames, and corner castings. Accounts for ~60–70% of container cost.
- **Chemicals & coatings:** Anti-corrosion primers, marine paints, sealants.
- **Wood & composites:** Plywood or bamboo flooring treated for moisture and pests.
- **Hardware:** Locks, hinges, gaskets, vents.

2. Component manufacturing

- **Structural parts:** Corner castings, top/bottom rails, cross-members (often standardized).
- **Panels:** Corrugated side walls, roof sheets, doors.
- **Flooring:** Cut, treated, and pre-fitted panels.

3. Fabrication & assembly

- **Frame welding → panel fitting → door assembly.**
- **Surface treatment:** Shot-blasting, priming, painting.
- **Drying/curing** and finishing.

4. Quality control & certification

- **Dimensional checks,** weld integrity, door operation.
- **Compliance:** ISO 668 dimensions; CSC safety approval.
- **Load testing** and weatherproofing.

5. Logistics & distribution

- **Positioning to depots/ports** near demand centers.
- **Sales channels:** Shipping lines, leasing firms, traders.
- **Lifecycle services:** Repair, refurbishment, resale.

6. End users

- **Shipping lines** (owned fleets).
- **Leasing companies** (major share of global stock).
- **Secondary uses:** Storage, modular construction.

Cost & lead-time drivers

- **Steel prices and availability.**
- **Energy and labor costs.**
- **Environmental rules** (coatings, waste).
- **Trade policy** (tariffs, anti-dumping).
- **Demand cycles** tied to global trade volumes.



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Investment Thesis

New container manufacturing faces strong price competition from East Asia, however, specialised manufacturing offer long-term returns. Given the budget announcement we analysed the business scope, likely capex, opex and returns for a 50,000–75,000 TEU per year capacity of Greenfield ISO Container Manufacturing Line in India.

The project analysis is based on assumptions for:

Discount Rate	12%
Tax Rate	25%
Repair CAPEX (₹ cr)	65
Greenfield CAPEX (₹ cr)	700
Repair Revenue (₹ cr / yr)	75
Greenfield Revenue (₹ cr / yr)	1400
Greenfield EBITDA Margin	10%
Greenfield Growth Rate	3%
Project Life (years)	25

Source: Research Bureau, PHDCCI

CAPEX (₹ crore)

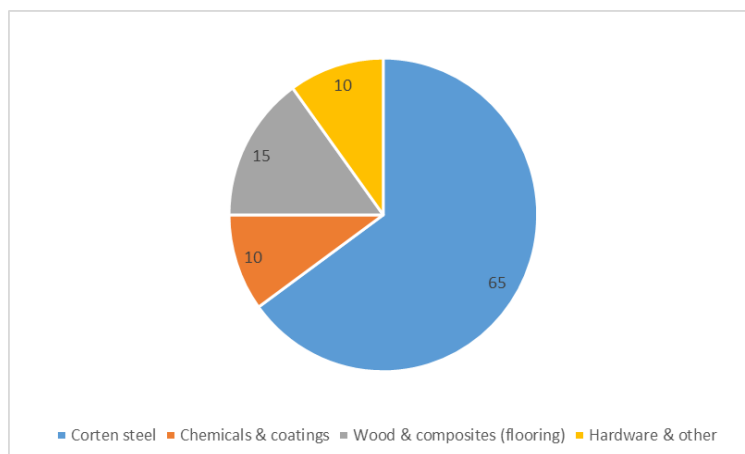
Component	Range
Land (25–40 acres) & site infra	40–70
Heavy fabrication sheds	80–120
Roll-forming & panel lines	120–180
Robotic welding lines	90–130
Shot blasting & paint line (environment-compliant)	120–160
Material handling & automation	40–60
Utilities, ETP, power infra	50–70
Testing, labs, certifications	10–15
Total CAPEX	550–805

Source: Research Bureau, PHDCCI



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Cost share of Capex (%)



Source: Research Bureau, PHDCCI

Annual Operating Expenditure (OPEX) (₹ crore)

Cost head	Annual
Steel (60–70% of cost)	900–1,200
Labour (350–500 employees)	40–60
Power, gas, consumables	45–65
Maintenance & spares	20–30
Admin, logistics, compliance	25–35
Total OPEX	1,030–1,390

Source: Research Bureau, PHDCCI

Revenue & margins (indicative)

- Average realisation per TEU: **₹2.2–2.6 lakh**
- Annual revenue (60,000 TEU): **₹1,320–1,560 crore**
- EBITDA margin: **8–12%** (highly steel-price sensitive)
- Payback: **7–10 years** (without incentives)

Viability improves sharply with:

- Long-term steel contracts
- Anchor offtake agreements
- Capital subsidies / PLI-type support
- Focus on higher-spec containers



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Summary

Metric	Greenfield Manufacturing
CAPEX	₹550–800 cr
Time to commission	18–24 months
EBITDA margin	8–12%
Payback	7–10 yrs
Cyclicality	High
Import competition	Intense

Source: Research Bureau, PHDCCI

Key risks & Mitigants

- **Steel price volatility:** Long-term contracts, index-linked pricing
- **Import price undercutting:** Specialised SKUs, faster delivery, local service bundling
- **Environmental compliance:** Upfront investment in compliant paint & effluent systems
- **Demand cyclicality:** Balanced mix of repair, conversion, and niche manufacturing

How government can support

1. Capital support (upfront viability)

Mechanism

- **Direct capital grant** covering **20–40% of project CAPEX**, released against milestones.
- Structured as VGF under PPP or as a **scheme-linked manufacturing grant**.

2. Interest subvention & credit enhancement

Mechanism

- **Interest subsidy (3–5%)** on long-term project loans.
- Government-backed **partial credit guarantee** to reduce lender risk.

3. Demand-side VGF (offtake assurance)

Mechanism

- **Minimum offtake guarantees** via public entities.
- Government pays the shortfall if volumes fall below a threshold.

Illustrative VGF stack (greenfield ISO plant)

Support type	Indicative quantum
Capital grant	25% of CAPEX
Interest subvention	3% for 7 years
Offtake guarantee	40–50% of base capacity
Infra support	Land + utilities
Tax measures	Accelerated depreciation

Source: Research Bureau, PHDCCI



Union Budget 2026-27 : Pro Growth and Ease of Doing Budget

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About PHDCCI

PHDCCI has been working as a catalyst for the promotion of Indian industry, trade and entrepreneurship for the past 121 years. It is a forward looking, proactive and dynamic PAN-India apex organization. As a partner in progress with industry and government, PHDCCI works at the grass roots level with strong national and international linkages for propelling progress, harmony and integrated development of the Indian economy.

PHDCCI, acting as the “Voice of Industry & Trade” reaching out to more than 1,50,000 large, medium and small industries, has forged ahead leveraging its legacy with the industry knowledge across multiple sectors to take Indian Economy to the next level.

At the global level, we have been working with the Embassies and High Commissions in India and overseas to bring in the International Best Practices and Business Opportunities.

PHD CHAMBER OF COMMERCE AND INDUSTRY

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