

## 📖 Union Budget 2026-27: Comprehensive Exam Notes (Thozhan Academy)

### Exam Context:

- **Presented by:** Finance Minister Nirmala Sitharaman.
- **Theme:** "Yuva Shakti-driven Budget" emphasizing the government's resolve to focus on the poor and underprivileged.
- **Unique Fact:** This is the first budget prepared in "Kartavya Bhawan".



## 1. The 3 Major Duties (Kartavyas)

The Finance Minister outlined three primary "Kartavyas" (Duties) guiding this budget:

1. **Economic Growth:** To accelerate and sustain economic growth by enhancing productivity and building resilience against global volatility.
2. **Aspirations & Capacity Building:** To fulfill the aspirations of the people and build their capacity to become partners in India's prosperity.
3. **Sabka Sath, Sabka Vikas:** Ensuring that every family, region, and sector has access to resources and opportunities.

## 2. TNPSC Special Focus (Tamil Nadu Relevance)

For students focusing on Tamil Nadu state exams, note these specific infrastructure projects:

- **High-Speed Rail Corridors:** Seven new corridors will be developed as 'growth connectors' to promote sustainable passenger systems.
- **Key Routes for TN:** Among the seven, two directly connect Chennai:
  - **Hyderabad – Chennai.**
  - **Chennai – Bengaluru.**

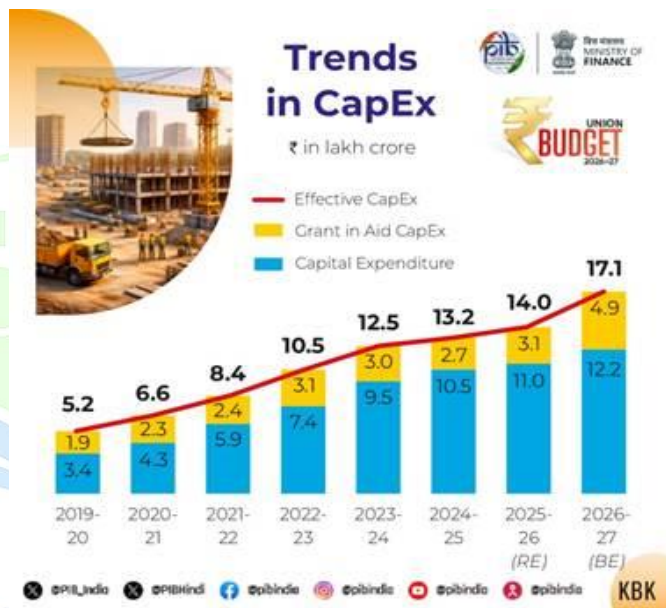
### 3. Key Economic Numbers (Data for Mains)

- **Fiscal Deficit:** Targeted at **4.3% of GDP** for the financial year 2026-27.
- **Capital Expenditure (Capex):** Public capex has been enhanced to **₹12.2 Lakh Crore** (up from ₹11.2 Lakh Crore in 2025-26) to sustain economic momentum.
- **Debt Management:** The debt-to-GDP ratio is estimated to decline to **55.6%** in 2026-27.

### 4. Major Schemes & Sector Allocations

#### A. Science, Technology & Education:

- **Biopharma SHAKTI:** An outlay of **₹10,000 Crores** to build an ecosystem for the domestic production of biologics and biosimilars over the next 5 years.
- **AVGC Labs:** To support the Animation, Visual Effects, Gaming, and Comics sector, "AVGC Content Creator Labs" will be set up in **15,000 secondary schools** and **500 colleges**.
- **Girls' Hostels:** To support girl students in STEM, one girls' hostel will be established in every district.



#### B. MSME & Industry:

- **SME Growth Fund:** A dedicated **₹10,000 Crore** fund is proposed to incentivize MSMEs and create "Future Champions".
- **Textiles:** A "National Fibre Scheme" for self-reliance in natural and man-made fibers and a "Tex-Eco Initiative" for sustainable textiles were announced.

#### C. Agriculture:

- **Bharat-VISTAAR:** Launch of a multilingual AI tool to integrate AgriStack portals with ICAR agricultural practices, enhancing farm productivity and decision-making.

#### D. Women & Social Welfare:

- **SHE Marts:** "Self-Help Entrepreneur (SHE) Marts" will be set up as community-owned retail outlets to support Self-Help Groups (SHGs).

#### **E. Sports:**

- **Khelo India Mission:** A new mission to transform the sports sector over the next decade through talent development and infrastructure.

### **5. Tax Reforms (New Rules)**

- **New Income Tax Act 2025:** A simplified Act will come into effect from **April 1, 2026**.
- **TCS Reduction:** Tax Collected at Source (TCS) on overseas tour packages is reduced from **5% (or 20%) to 2%**.
- **Securities Transaction Tax (STT):** STT on Futures trading is raised from **0.02% to 0.05%**.
- **Customs Duty Relief:** The tariff on dutiable goods imported for personal use is reduced from **20% to 10%**.
- **Tax Holiday:** Foreign companies providing cloud services from India will get a tax holiday until **2047**.
- **IT Sector:** Safe harbour margin for IT services is set at **15.5%**, and the threshold for availing it is increased to **₹2,000 Crores**.

### **6. Infrastructure & Logistics**

- **Dedicated Freight Corridors:** New corridors proposed connecting **Dankuni (East) to Surat (West)**.
- **National Waterways:** 20 new National Waterways to be operationalized, starting with **NW-5 in Odisha**.
- **Critical Minerals:** Basic customs duty on capital goods required for processing critical minerals is **exempted**.

Discover Yourself,  
Define Your Future

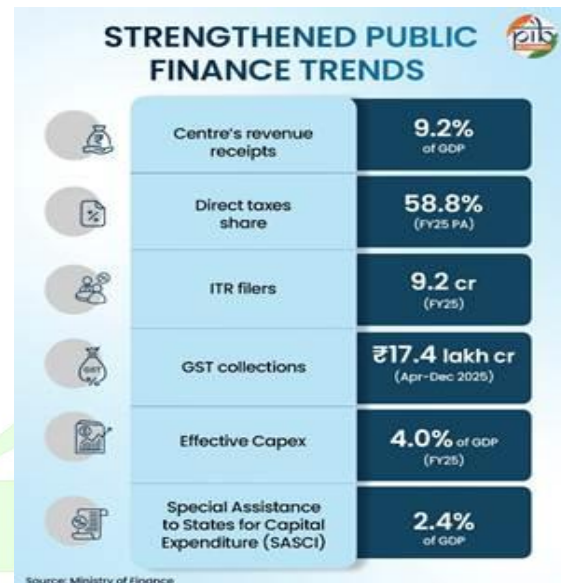
## Economic Survey 2025-26: Complete Exam Notes (Thozhan Academy)

### Context for Exams:

- **Theme:** "India transitions towards a high-growth and resilient economy".
- **Significance:** The Economic Survey analyzes the performance of the economy over the past year and provides the outlook for the upcoming year.

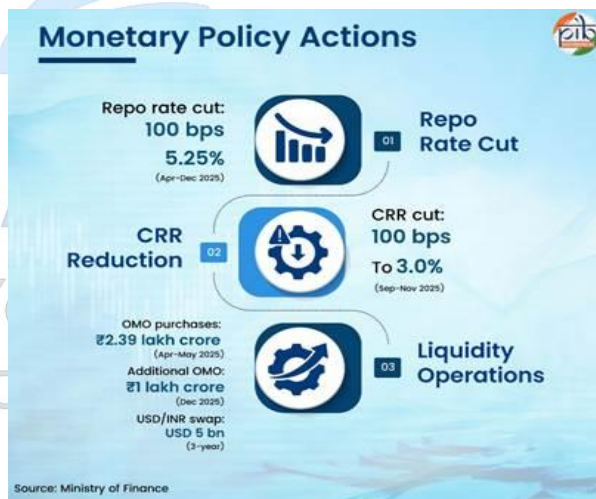
### 1. Key Economic Indicators (GDP & Growth)

- **GDP Growth Outlook:** India's Real GDP growth for **FY27** is projected in the range of **6.8% – 7.2%**.
- **Current Performance (FY26):**
  - Real GDP is projected to grow by **7.4%**.
  - Gross Value Added (GVA) is projected to grow by **7.3%**.
- **Potential Growth:** India's potential growth is estimated at around **7%**.



### 2. Inflation and Monetary Policy

- **Inflation Trends:** Headline inflation fell to historic lows, averaging **1.7%** during April-December 2025.
- **RBI Forecast:** The RBI lowered its inflation forecast for FY26 to **2.0%**.
- **Repo Rate:** As of December 2025, the Repo Rate stands at **5.25%**, following a cumulative reduction of 100 basis points to boost growth.
- **Liquidity:** The RBI reduced the **Cash Reserve Ratio (CRR)** to **3.0%** and injected liquidity through Open Market Operations (OMO).



### 4. Sectoral Performance (The 3 Pillars)

#### A. Agriculture (Stabilizing Rural Demand)

- **Growth:** The sector is estimated to grow by **3.1% in FY26**.



- **Drivers:** A favorable monsoon and improved crop performance led to a **3.6% growth** in Agricultural GVA in H1 FY26.
- **Allied Sectors:** Livestock and fisheries showed stable growth of around **5-6%**.

### ***B. Industry & Manufacturing (Momentum Builds)***

- **Industrial Growth:** Projected to grow by **6.2% in FY26**, up from 5.9% in FY25.
- **Manufacturing Surge:** Manufacturing GVA growth accelerated to **9.13% in Q2 FY26**.
- **PLI Scheme Impact:** Production Linked Incentive (PLI) schemes have generated over **₹18.7 lakh crore** in incremental production/sales and created over **12.6 lakh jobs**.
- **Innovation:** India's rank in the **Global Innovation Index** improved to **38th in 2025** (up from 66th in 2019).

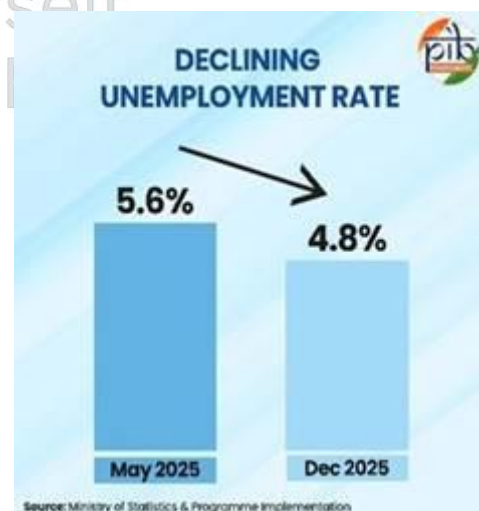


### ***C. Services (Dominant Growth Engine)***

- **Growth:** Estimated to grow by **9.1% in FY26**.
- **Contribution:** The services sector's share in GVA reached a historic high of **56.4%**.
- **Global Rank:** India is now the world's **7th largest exporter of services**, with its share in global services trade doubling to **4.3%**.

### **4. Employment & Social Infrastructure**

- **Unemployment Rate:** Declined to **4.8%** in December 2025.
- **Labour Force Participation Rate (LFPR):** Increased to **56.1%**.
- **Female LFPR:** Rose to **35.3%**, indicating better gender inclusion.
- **Organized Manufacturing Jobs:** The Annual Survey of Industries (FY24) showed employment rising by **6%**, adding over **10 lakh jobs**.
- **e-Shram Portal:** Over **31 crore** unorganized workers registered; **54% are women**.



## 5. External Sector (Trade & Forex)

- **Total Exports:** Reached a record **USD 825.3 billion in FY25**.
- **Forex Reserves:** Stood at **USD 701.4 billion** (as of Jan 16, 2026), sufficient to cover **11 months of imports**.
- **Remittances:** India remains the world's largest recipient, with inflows of **USD 135.4 billion in FY25**.
- **Trade Diversity:** India ranks **3rd** in the Global South for trade partnership diversity.



## 6. Fiscal Developments

- **Revenue Receipts:** Centre's revenue receipts improved to **9.2% of GDP** in FY25.
- **Direct Taxes:** The share of direct taxes in total taxes rose to **58.8%**.
- **ITR Filings:** Increased to **9.2 crore** in FY25.
- **GST Collections:** Gross collections (Apr-Dec 2025) were **₹17.4 lakh crore**, a 6.7% YoY growth.
- **General Government Debt:** Debt-to-GDP ratio has been lowered by **7.1 percentage points** since 2020.

## 7. Financial Inclusion & Banking

- **NPA Ratios:** Gross Non-Performing Assets (GNPA) declined to multi-decadal lows.
- **Credit Growth:** Scheduled Commercial Banks' credit growth stood at **14.5%** in December 2025.
- **MSME Credit:** Witnessed a robust growth of **21.8%**.
- **Financial Inclusion Index:** Improved from 64.2 to **67.0** in March 2025.
- **Household Savings:** Share of equity and mutual funds in household financial savings rose to **15.2%**.

