Scaling up manufacturing in 7 strategic and frontier sectors:

16. **Biopharma** ***SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation)*** **–** India's disease burden is observed to be shifting towards non-communicable diseases, like diabetes, cancer and autoimmune disorders. Biologic medicines are key to longevity and quality of life at affordable costs. To develop India as a global Biopharma manufacturing hub, I propose the **Biopharma SHAKTI** with an outlay of ₹ 10,000 crores over the next 5 years. This will build the ecosystem for domestic production of biologics and biosimilars. The Strategy will include a Biopharma-focused network with 3 new National Institutes of Pharmaceutical Education and Research (NIPER) and upgrading 7 existing ones. It will also create a network of over 1000 accredited India Clinical Trials sites. We propose to strengthen the Central Drugs Standard Control Organisation to meet global standards and approval timeframes through a dedicated scientific review cadre and specialists.

17. **India Semiconductor Mission (ISM) 1.0** expanded India's semiconductor sector capabilities. Building on this, we will **launch ISM 2.0** to produce equipment and materials, design full-stack Indian IP, and fortify supply chains. We will also focus on industry-led research and training centres to develop technology and skilled workforce.

18. **The Electronics Components Manufacturing Scheme,** launched in April 2025 with an outlay of ₹22,919 crore, already has investment commitments at double the target. We propose to increase the outlay to ₹40,000 crore to capitalise on the momentum.

19. A Scheme for Rare Earth Permanent Magnets was launched in November 2025. 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.

20. To enhance domestic chemical production and reduce import-dependency, we will launch a Scheme to support States in **establishing 3 dedicated Chemical Parks,** through challenge route, on a cluster-based plug-and-play model.

21. Strong **capital goods** capability is a determinant of productivity and quality across different sectors. Towards building this capacity, I propose the following:

- **(a)** **Hi-Tech Tool Rooms** will be established by CPSEs at 2 locations as digitally enabled automated service bureaus that locally design, test, and manufacture high-precision components at scale and at lower cost.
- **(b)** A **Scheme for Enhancement of Construction and Infrastructure Equipment (CIE)** will be introduced to strengthen domestic manufacturing of high-value and technologically-advanced CIE. This can range from lifts in a multi-story apartment, fire-fighting equipment, large and small, to tunnel-boring equipment for building metros and high-altitude roads.
- **(c)** I also propose 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.

22. **For the labour-intensive Textile Sector**, I propose an **Integrated Programme** with 5 sub-parts:

- (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres, and new-age fibres;
- (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres;
- (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans;
- (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels;

(e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

23. Further, I propose to set up Mega Textile Parks in challenge mode. They can also focus on bringing value addition to technical textiles.

24. I propose to launch the Mahatma Gandhi Gram Swaraj initiative to strengthen khadi, handloom and handicrafts. This will help in global market linkage and branding. It will streamline and support training, skilling, quality of process and production. This will benefit our weavers, village industries, One - District – One - Product initiative and rural youth.

25. India has the potential to emerge as a global hub for high quality, affordable **sports goods**. I propose a dedicated initiative for sports goods that will promote manufacturing, research and innovation in equipment design as well as material sciences.

Rejuvenation of Legacy Industrial Clusters

26. I propose to introduce a Scheme to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation.

Creating "Champion SMEs" and supporting micro enterprises:

27. Recognising MSMEs as a vital engine of growth, I propose a three-pronged approach to help them grow as 'Champions':

Equity Support

28. I propose to introduce a dedicated ₹10,000 crore **SME Growth Fund**, to create future Champions, incentivizing enterprises based on select criteria.

29. I also propose to top up the Self-Reliant India Fund set up in 2021, with ₹2,000 crore to continue support to micro enterprises and maintain their access to risk capital.

Liquidity Support

30. With TReDS, more than ₹7 lakh crore has been made available to MSMEs. To leverage its full potential, I propose 4 measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions.

Professional Support

31. Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns. These accredited para-professionals will help MSMEs meet compliance requirements at affordable costs.

Infrastructure

32. During this past decade our Government has undertaken several initiatives for large-scale enhancement of public infrastructure including through new financing instruments such as Infrastructure Investment Trusts (InVITs) and Real Estate Investment Trusts (REITs) and institutions like NIIF and NABFID. We shall continue to focus on developing infrastructure in cities with over 5 lakh population (Tier II and Tier III), which have expanded to become growth centres.

33. **Public capex** has increased manifold from ₹2 lakh crore in FY2014-15 to an allocation of ₹11.2 lakh crore in BE 2025-26. In FY2026-27, I propose to increase it to ₹12.2 lakh crore to continue the momentum.

34. To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, I propose to set up an **Infrastructure Risk Guarantee Fund** to provide prudently calibrated partial credit guarantees to lenders.

35. Over the years, REITs have emerged as a successful instrument for asset monetisation. I propose to accelerate recycling of significant **real estate assets of CPSEs through the setting up of dedicated REITs**.

36. To promote environmentally sustainable movement of cargo, I propose to: a) Establish new **Dedicated Freight Corridors** connecting Dankuni in the East, to Surat in the West; b) operationalise **20 new National Waterways** (NW) over next 5 years, starting with NW-5 in Odisha to connect mineral rich areas of Talcher and Angul and industrial centres like Kalinga Nagar to the Ports of Paradeep and Dhamra. **Training Institutes** will be set up as Regional Centres of Excellence for development of the required manpower. This will benefit youth in the entire stretch of the waterways to train and acquire skills. Further, a **ship repair ecosystem** catering to inland waterways will also be set up at Varanasi and Patna; c) launch a **Coastal Cargo Promotion Scheme** for incentivising a modal shift from rail and road, to increase the share of inland waterways and coastal shipping from 6 % to 12 % by 2047.

37. To enhance last-mile and remote connectivity, and promote tourism, I propose to give incentives to indigenize manufacturing of seaplanes. A **Seaplane VGF Scheme** will be also be introduced to provide support for operations.

Carbon Capture Utilization and Storage (CCUS)

38. Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of ₹20,000 crore is proposed over the next 5 years.

City Economic Regions

39. Cities are India's engines of growth, innovation, and opportunities. We shall now focus on Tier II and Tier III cities, and even temple-towns, which need modern infrastructure and basic amenities. This Budget aims to further amplify the potential of cities to deliver the economic power of agglomerations by mapping city economic regions (CER), based on their specific growth drivers. An allocation of ₹ 5000 crore per CER over 5 years is proposed for implementing their plans through a challenge mode with a reform-cum-results based financing mechanism.

40. In order to promote environmentally sustainable passenger systems, we will 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.

Financial Sector

41. The Indian banking sector today is characterised by strong balance sheets, historic highs in profitability, improved asset quality and coverage exceeding 98% of villages in the country. At this juncture, we are well-placed to futuristically evaluate the measures needed to continue on the path of reform-led growth of this sector.

42. I propose setting up a **"High Level Committee on Banking for Viksit Bharat"**, to comprehensively review the sector and align it with India's next phase of growth, while safeguarding financial stability, inclusion and consumer protection.

43. The vision for **NBFCs for Viksit Bharat** has been outlined with clear targets for credit disbursement and technology adoption. In order to achieve scale and improve efficiency in the Public Sector NBFCs, as a first step, it is proposed to **restructure the Power Finance Corporation and Rural Electrification Corporation.**

44. I propose a comprehensive review of the **Foreign Exchange Management (Non-debt Instruments) Rules** to create a more contemporary, user-friendly framework for foreign investments, consistent with India's evolving economic priorities.

Corporate Bond Market

45. I propose to introduce a market making framework with suitable access to funds and derivatives on corporate bond indices. I also propose to introduce total return swaps on corporate bonds.

Municipal Bonds

46. To encourage the issuance of municipal bonds of higher value by large cities, I propose an incentive of ₹100 crore for a single bond issuance of more than ₹1000 crore. The current scheme under AMRUT which incentivises issuances up to ₹200 crore, will also continue to support smaller and medium towns.

Ease of Doing Business

47. Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

Emerging technologies, including AI

48. 21st Century is technology driven. Adoption of technology is for the benefit of all people - farmers in the field, women in STEM, youth keen to upskill and Divyangjan to access newer opportunities. The Government has taken several steps to support new technologies through AI Mission, National Quantum Mission, Anusandhan National Research Fund, and Research, Development and Innovation Fund.

49. **Our second kartavya** is to fulfil aspirations and build capacity. Close to 25 crore individuals have come out of multidimensional poverty through a decade of our Government's sustained and reform-oriented efforts.

50. Our Government has therefore decided to place a renewed emphasis on the Services Sector to provide a pathway to fulfilling aspirations of a youthful India, with the following measures.

High-Powered 'Education to Employment and Enterprise' Standing Committee

51. I propose to set up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the Services Sector as a core driver of Viksit Bharat. This will make us a global leader in services, with a 10% global share by 2047. The Committee will prioritise areas to optimise the potential for growth, employment and exports. They will also assess the impact of emerging technologies, including AI, on jobs and skill requirements and propose measures thereof.