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UNIONBUDGET SESSION-2026 - DAY 5

Subject: Union Budget 2026-27: Parliamentary Session & Government Update

Date: 31 January 2026 **Place:** Vadodara

1. Introduction

Ingrooww Consultancy conducted a focused session on the Union Budget 2026-27, incorporating the latest government announcements, Economic Survey insights, and Parliament session developments. This report synthesises key expectations, sectoral priorities, and economic indicators shaping policy discourse ahead of the Budget presentation scheduled on 1 February 2026.

2. Latest Government & News Signals

2.1 Budget Presentation Timing & Process

- Finance Minister Nirmala Sitharaman is scheduled to present the Union Budget 2026-27 on 1 February 2026 at 11:00 AM in Parliament.
- Ahead of the presentation, the government has clarified that no “leaked” Budget document shared on social media is authentic, as confirmed by the Press Information Bureau. The official text will be released only at the time of presentation.

2.2 Official Expectations from Ministries

- Government communication emphasises continued focus on growth, stability, and welfare, in alignment with macroeconomic priorities laid out in the recent Economic Survey.
- Officials have underscored structural reforms, taxation simplification, and sectoral support as major policy directions.

3. Economic Context — Survey & Indicators

3.1 Economic Survey Snapshot

The Economic Survey 2025-26, tabled before the Budget session, provides key insights into economic performance, informing Budget priorities:

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- GDP Growth Outlook: Estimated in the range of 6.8 %–7.2 % for FY 2026-27, indicating continued expansion.
- Inflation: Stable inflation trajectory supporting fiscal policy flexibility.
- External Sector: Foreign exchange reserves remain robust, providing a buffer against global volatilities.
- Reform Momentum: Continued emphasis on GST improvement, taxation reforms, and labour and structural reforms.
- These signals are strongly influencing Budget expectations and economic policy design.

4. Major Themes & Expectations for Budget 2026-27

Based on the latest media reports, industry voices, and government signals, the following key themes are emerging as likely focal areas of the Union Budget 2026:

4.1 Income Tax & Personal Taxation

Expectation:

- Potential relief for middle-income and salaried taxpayers (e.g., higher standard deductions, revised slabs, enhanced exemptions).
- Media reports suggest taxpayers and experts anticipate a meaningful revision to provide relief in the cost-of-living-adjusted tax structure.

Rationale:

- Provides disposable income support to households.
- Drives consumption and demand stability.

4.2 Taxation on Precious Metals (Gold & Silver)

Emerging Discussion:

- Analysts expect the government may consider rationalising import duties on gold and silver — especially to support the gems & jewellery sector and to soften retail price pressure.
- Industry groups are advocating a two-tier tax structure and targeted reliefs for the affordable jewellery segments.
- No official position has been confirmed; these remain credible expectations.

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Policy Direction:

- Possible support for lower taxation on standard jewellery and higher taxes on premium luxury items to balance affordability and revenue.

4.3 Sectoral Support & Industry Boost

Manufacturing & MSMEs:

- Continued incentives for domestic manufacturing and global export competitiveness—especially in sectors like engineering goods, auto components, and gems & jewellery.

Housing & Urban Development:

- Reports indicate increased focus on Pradhan Mantri Awas Yojana (PMAY) and broader housing initiatives for urban and rural areas, reinforcing “Housing for All.”

Healthcare:

- Healthcare stakeholders have lobbied for higher budget allocations and policy support, especially for medical devices, diagnostics, and preventive care.

Technology & Startups:

- Tech and startup communities expect stronger support for innovation ecosystems, including AI, digital public infrastructure, and talent development.

4.4 Rural Economy & Livelihoods

Focus:

- Strong indications from reports point toward increased Budget attention on rural income generation, extending programs such as PM-Kisan and rural employment schemes.

Purpose:

- To deepen inclusive growth and strengthen rural consumption demand across states.

4.5 Exports & Global Trade Integration

India-EU FTA & Trade Alignment:

- Policymakers and business leaders view the India–EU Free Trade Agreement as a catalyst for enhanced export performance, market access for Indian goods, and manufacturing growth.

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Budget Implications:

- Expectation of supportive measures to leverage the FTA, including incentives for export competitiveness and related infrastructure support.

5. Fiscal Outlook & Public Finances

5.1 Fiscal Discipline

- Continual emphasis on maintaining fiscal prudence, potentially keeping the fiscal deficit around 4.4 % of GDP, while prioritising quality outlays.

5.2 Capital Expenditure

- Capital expenditure on infrastructure is expected to rise or remain robust, given the focus on long-term growth drivers.

5.3 Poverty Alleviation & Welfare Spending

- Provisions for welfare schemes and direct benefit transfers are likely to be protected, reflecting the social safety agenda.

6. Risks & Challenges

6.1 Inflation Sensitivity

- Global price volatility (e.g., in commodities) remains a risk, influencing central policy buffers.

6.2 External Sector Volatility

- Exchange rate pressures and global trade uncertainties could impact balance of payments dynamics.

6.3 Implementation Bottlenecks

- Tax and subsidy reforms require robust institutional clarity to avoid compliance complications.

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7. Strategic Implications

For Businesses & Investors:

- Expected clarity around tax policy, MSME incentives, and manufacturing stimulus may provide confidence for investment decisions.

For Consumers & Households:

- Potential income tax reliefs and targeted subsidies could influence consumption behaviour and savings decisions.

For Policy Stakeholders:

- The Budget will serve as a key indicator of India's commitment to inclusive, reform-oriented growth while preserving macroeconomic stability.

8. Conclusion

The Union Budget 2026-27 is shaping up as a balanced exercise combining fiscal discipline, sectoral support, and social welfare priorities. Government updates and credible expectations indicate that tax reforms, inclusive growth strategies, and global competitiveness will be central to the Budget narrative.

Ingrooww Consultancy continues to monitor developments and will provide timely updates and detailed analyses once the Budget is presented in Parliament.

For INGROOWW Consultancy Pvt. Ltd.

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