



Union Budget 2026

Overview :

- The Union Budget 2026–27 was presented on 1 February 2026.
- The Budget focuses on long-term growth, fiscal discipline, human capital development and strategic autonomy.
- It lays emphasis on productivity, inclusion, and resilience of the Indian economy.

Overall Vision and Theme

- A youth-centric Budget with special focus on the poor, underprivileged, and disadvantaged sections of society.
- First Union Budget prepared in Kartavya Bhawan.
- Guided by three core duties (Kartavya):
 - Accelerating and sustaining economic growth
 - Fulfilling aspirations and strengthening capacity
 - Achieving Sabka Saath, Sabka Vikas towards a developed India (Viksit Bharat)

THREE KARTAVYA FRAMEWORK

1. Accelerate and sustain economic growth.
2. Build capacity and fulfil aspirations of citizens.
3. Ensure inclusive development and equitable access.

Important Fiscal and Economic Announcements

- Public Capital Expenditure increased to ₹12.2 lakh crore for FY 2026–27.
- Fiscal deficit targeted at 4.3% of GDP.
- Debt-to-GDP ratio projected at 55.6%.
- Net market borrowing estimated at ₹11.7 lakh crore.

FISCAL FRAMEWORK (KEY NUMBERS)

- Total Expenditure: Around 53.5 lakh crore.
- Capital Expenditure: ₹12.2 lakh crore (strong infrastructure

push).

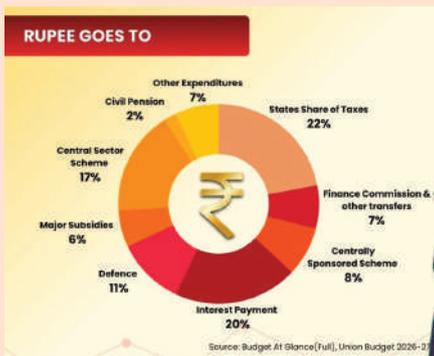
- Fiscal Deficit: 4.3% of GDP.
- Debt-to-GDP Ratio: 55.6%, with a consolidation path towards 50±1% by 2030–31.
- Net Tax Receipts: About ₹28.7 lakh crore.
- Devolution to States: 41% of divisible pool plus grants.

CAPITAL EXPENDITURE STRATEGY

- Infrastructure-led growth remains the core strategy.
- Focus on railways, logistics, urban infrastructure, and clean energy.
- Capex expected to crowd-in private investment and generate employment.

MANUFACTURING & STRATEGIC AUTONOMY

- Scaling manufacturing in seven strategic and frontier sectors.
 - Biopharma SHAKTI launched with ₹10,000 crore outlay.
 - Semiconductor Mission 2.0 focuses on full-stack manufacturing.
 - ₹40,000 crore support for electronics components ecosystem.
 - Rare Earth Corridors planned across selected states.
 - Chemical parks and capital goods schemes strengthened.
 - Textile sector reforms including Samarth 2.0.



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► From P1

INFRASTRUCTURE, LOGISTICS & ENERGY

- Seven high-speed rail corridors proposed.
- New Dedicated Freight Corridors including Dankuni–Surat.
- Operationalisation of 20 National Waterways.
- City Economic Regions supported with ₹5,000 crore.
- Clean energy focus through CCUS Mission, battery storage, and nuclear incentives.

MSME SECTOR :

- ₹10,000 crore SME Growth Fund announced.
- Reforms in TReDS platform for improved liquidity.
- Credit guarantee support expanded.
- Corporate Mitras introduced for compliance and advisory support.

SOCIAL SECTOR & HUMAN CAPITAL

- Healthcare expansion including trauma care and allied health professionals.
- Medical tourism hubs to be developed under PPP mode.
- One girls' hostel in every district for STEM institutions.
- AVGC labs in 15,000 schools and 500 colleges.
- Establishment of NIMHANS-2 and upgradation of mental health institutions.
- Expansion of Khelo India Mission.

AGRICULTURE & RURAL DEVELOPMENT

- Bharat VISTAAR – multilingual AI-based advisory for farmers.
- Promotion of high-value crops like coconut, cocoa, and sandalwood.
- Fisheries development in reservoirs and Amrit Sarovars.
- Women-led value chains, SHE-Marts, and livestock FPOs encouraged.

TOURISM & HERITAGE

- Development of experiential tourism at 15 archaeological sites.



- Buddhist circuit development in North-East India.
- Eco-tourism and cultural heritage promotion.
- Training and upskilling of tourist guides.

FINANCIAL SECTOR & TAX REFORMS

- New Income Tax Act effective from April 2026.
- Simplified compliance and reduced litigation.
- MAT rationalisation and TCS reduction.
- Indirect tax incentives for critical minerals, batteries, EVs, and lifesaving drugs.
- Strengthening corporate bond and municipal bond markets.
- FEMA modernisation and improved overseas investment access.

Union Budget: Constitutional Provisions

- The Union Budget is prepared and implemented as per the Indian Constitution to ensure financial accountability and parliamentary control.
- The word "Budget" is not mentioned in the Constitution; instead, it is referred to as the Annual Financial Statement.

Constitutional Articles

- Article 112: Provides for the Annual Financial Statement,

showing estimated receipts and expenditures of the Government of India.

- Article 113: Lok Sabha votes on Demands for Grants of ministries; Rajya Sabha has no voting power.
- Article 114: Appropriation Bill authorises withdrawal of money from the Consolidated Fund of India.
- Article 110: Finance Bill is a Money Bill; introduced only in Lok Sabha; Rajya Sabha cannot reject it.
- Article 117: Deals with Financial Bills involving expenditure but not classified as Money Bills.
- Article 266: Establishes the Consolidated Fund of India; withdrawals require parliamentary approval.
- Article 267: Provides for the Contingency Fund of India to meet unforeseen expenditure.

Role of Parliament and President in the Budget

- Article 109: Rajya Sabha can discuss the Budget only and must return Money Bills within 14 days.
- Article 111: Budget becomes law only after President's assent to Finance and Appropriation Bills.
- Article 116: Vote on Account allows temporary government expenditure if the Budget is not passed in time

Q. Along with the Budget, the Finance Minister also places other documents before the Parliament which include 'The Macro Economic Framework Statement'. The aforesaid document is presented because this is mandated by (2020)

- (a) Long standing parliamentary convention
- (b) Article 112 and Article 110(1) of the Constitution of India
- (c) Article 113 of the Constitution of India
- (d) Provisions of the Fiscal Responsibility and Budget Management Act, 2003

• Ans: (d)



India-US Trade Deal 2026

Why in News?

- The United States reduced the effective tariff on Indian goods to 18% from nearly 50%.
- This includes removal of a 25% punitive duty imposed in August 2025.
- The deal reduces trade tensions and reinforces India as a key US strategic ally in the Indo-Pacific against China.

Highlights of the India-US Trade Deal : Tariff (18%)

Tariff Changes - Reciprocal tariff reduced from 25% to 18%.

- Additional 25% punitive tariff (linked to Russian oil purchases) withdrawn.
- Overall tariff burden reduced from ~50% to 18%.

India's Commitments

- Sharp reduction or discontinuation of Russian crude oil imports.
- Shift energy purchases towards the US and possibly Venezuela.

Market Access

- India to reduce tariffs and non-tariff barriers on US goods, in some cases to zero.
- US targets increased exports of tree nuts, cotton and soybean oil to India.

Background of Tariff Changes

- The US earlier labelled India a "Tariff King" due to high import duties.
- Mid-2025: US imposed a 25% reciprocal tariff mirroring Indian tariffs.
- August 2025: Additional 25% punitive duty imposed over India's Russian oil imports amid the Ukraine conflict.
- Tariffs were also used as diplomatic leverage following India's Operation

Sindoor (May 2025).

- India later eased duties in the Union Budget and enacted the SHANTI Act, 2025 to open the nuclear power sector.

India-US Trade Facts

- FY25 bilateral trade: USD 132 billion (FY24: USD 119.71 billion).
- India's trade surplus: USD 40.82 billion.

India's Imports from the US

- Mineral fuels and oils
- Gems and precious metals
- Nuclear reactors and machinery
- Electrical equipment

A Boost for Clean Energy :

Perhaps the most transformative impact will be felt in the green energy corridor. The U.S. remains India's most vital market for solar exports, and the reduction in tariffs from 25% to 18% (alongside the removal of punitive levies) is a "strategic turning point".

India's Exports to the US

- Electrical machinery
- Gems and precious metals
- Pharmaceuticals
- Machinery and appliances
- Iron and steel

Foreign Direct Investment (FDI)

- US is the 3rd largest FDI investor in India.

- Total FDI inflows (2000–2025): USD 70.65 billion.

Institutional Framework

- US-India COMPACT (2025): Enhances military, trade and technology cooperation.
- Mission 500: Target of USD 500 billion bilateral trade by 2030 through a Bilateral Trade Agreement (BTA).

Significance of the Deal - For India :

- Boosts exports in textiles, apparel and pharmaceuticals.
- Improves competitiveness against Vietnam, Bangladesh and China.
- Helps stabilise the rupee.
- Encourages FDI into manufacturing.

For the United States :

- Greater access to India's nuclear and defence sectors (via SHANTI Act and iCET).
- Tax incentives for US data centres benefit firms like Google, Microsoft and Amazon.
- India becomes a major buyer of US oil, LNG and coal.
- Supports US shale energy producers.
- India's oil import dependence stood at 88.2% in FY25.

Challenges :

1. Strategic Autonomy - Reduction in Russian oil imports may strain India-Russia relations, Tests India's policy of multi-alignment.
2. Transactional Diplomacy- US approach emphasises concessions in return for market access.
3. China Factor- Potential retaliation from China. - India remains dependent on China for rare earths and pharmaceutical APIs.
4. GSP Disadvantage- India lost GSP benefits in 2019, Bangladesh and Vietnam retain a ~5% tariff advantage.
5. Domestic Economic Concerns - Zero tariffs could harm Indian dairy and poultry farmers, higher oil import costs may widen the current account deficit, US SPS standards restrict Indian agricultural and

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SAKSHAM 2026

(Samrakshan Kshamatha Mahotsav)

Introduction

- SAKSHAM (Samrakshan Kshamatha Mahotsav) is an annual national awareness campaign focused on fuel conservation and sustainable energy practices.
- Initiated by the Ministry of Petroleum and Natural Gas, Government of India.
- Implemented by oil and gas Public Sector Enterprises in collaboration with local authorities, educational institutions, industries, and key stakeholders.
- Objective: Promote responsible energy use and support India's transition towards a greener and sustainable future.

Campaign Overview

- Recently inaugurated by the oil industry.
- Enhances public awareness about conservation of national fuel resources.
- Encourages adoption of energy-efficient and environment-friendly practices.

Duration and Timeline

- Nature: Fortnight-long national campaign.
- Duration: 2 February 2026 to 16 February 2026.



Theme of SAKSHAM 2026

- Theme: "Conserve Oil and Gas, Go Green".
- Hindi Slogan: "Tel aur Gas Bachao, Harshit Urja Apnao".
- Emphasizes conservation of oil and gas, transition to renewable energy, and energy efficiency.

Target Groups

- School children.
- Youth.
- LPG consumers.
- Fleet operators.
- Farmers.
- Industry professionals.

- Wall paintings and creative awareness drives.
- Cyclothons and walkathons.
- Workshops and seminars.
- Public awareness programs.

Significance

- Reduces fuel import dependence.
- Promotes sustainable energy behavior.
- Supports environmental protection and sustainable development goals.

Activities Under SAKSHAM 2026

- Debates and discussions.

► From P3

- pharmaceutical exports, Stronger IPR norms may increase medicine prices.
6. Digital Economy Issues - Conflict between India's data localisation norms (DPDP Act, 2023) and US preference for free data flows.
7. Leverage for Viksit Bharat - India must crisply balance strategic autonomy with clean energy goals by fast-tracking the National Green Hydrogen Mission and deploying Small Modular Reactors (SMRs) for robust energy security. It should diversify exports via FTAs with Gulf and East Asian nations, shield farmers/MSMEs with safeguards, and boost value-added agri-exports. through iCET, pursue AI/space/semiconductor ties; harmonize high-tech IPR while safeguarding pharma flexibilities; and draw China+1 chains to Make in India via friendshoring.



Conclusion :

The 18% tariff regime presents a strategic opportunity for India to boost exports and manufacturing. However, achieving long-term competitiveness requires strengthening the domestic base through Atmanirbhar Bharat initiatives amid shifting global geopolitics.

Prelims PYQ :

Q. With reference to the international trade of India at present, which of the

following statements is/are correct?

1. India's merchandise exports are less than its merchandise imports.
2. India's imports of iron and steel, chemicals, fertilizers and machinery have decreased in recent years.
3. India's exports of services are more than its imports of services.
4. India suffers from an overall trade/current account deficit.

Answer : (c) 1, 3 and 4 only.

Relics of Lord Buddha & Diplomacy

India will make a significant gesture of spiritual outreach and cultural diplomacy by exhibiting the sacred Devnimori Relics of Lord Buddha in Sri Lanka.

1. Devnimori Relics of Lord Buddha

■ **Location & Discovery** - Found at Devnimori archaeological site near Shamlaji, Aravalli district, Gujarat. First explored in 1957 by archaeologist Prof. S. N. Chowdhry.

■ **Archaeological Findings** - Buddhist monastic structures discovered, Central Devnimori Stupa about 24 feet high.

■ **Relic Casket** - Made of green schist stone, Inscription in Brahmi script and Sanskrit: "Dashabala Sharira Nilay" (abode of Buddha's bodily relics).



■ **Contents**- Copper box with lid, Silk cloth, beads, organic matter with holy ashes., Gold-coated silver-copper amphora-like bottle, Preserved at Maharaja Sayajirao University, Vadodara.

■ **Significance**- Evidence of spread of Buddhism in western India, Symbol of Buddha's teachings of peace and harmony.

2. Exposition of Devnimori Relics in Sri Lanka (2026)

■ Event Details :

- Display at Gangaramaya Temple, Colombo.
- Period: 4–10 February 2026.
- Returned to India on 11 February 2026.

■ Delegation :

- Led by Gujarat Governor Acharya Devvrat.
- Accompanied by Deputy CM Harsh Sanghavi.

■ Diplomatic Importance :

- Strengthens India–Sri Lanka cultural and spiritual relations.
- Enhances people-to-people ties.
- Projects India as the birthplace of Buddhism.

3. Buddhism as Soft Power in Indian Diplomacy

■ Historical Leverage :

- Shared Buddhist heritage with Sri Lanka and Southeast Asia.
- Strong Theravada tradition linkages.
- Helps counter competing cultural influences.

■ Diplomatic Initiatives :

- Overseas Buddhist relic exhibitions.
- Restoration of Buddhist monuments abroad.
- ASEAN–India Year of Tourism 2025 with USD 5 million support.

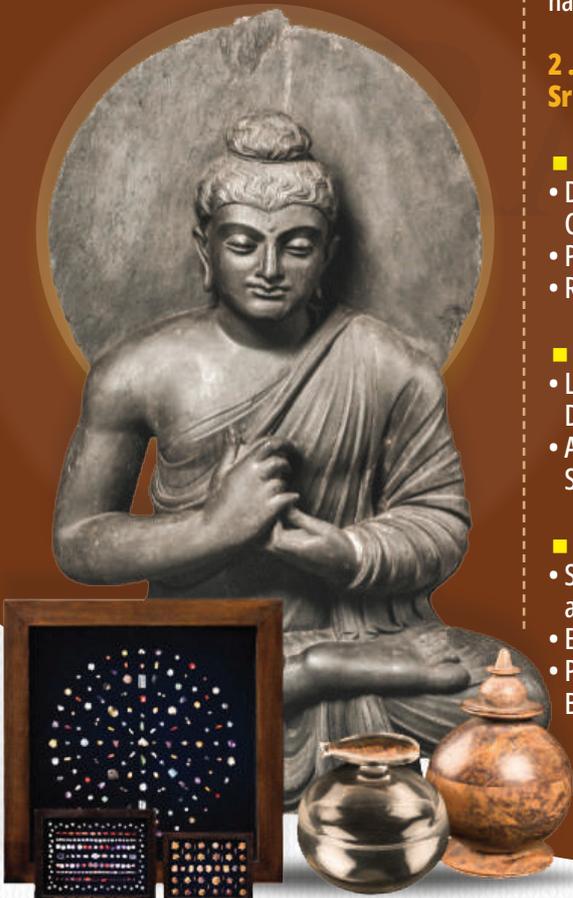
■ Strategic Gains :

- Enhances India's soft power.
- Promotes tourism and cultural exchanges.
- Strengthens Act East Policy.

■ PYQ (UPSC 2022) :

Q. Who were the patrons of the First and Second Buddhist Councils respectively?
(a) Bimbisara and Ashoka (b) Ashoka and Kanishka (c) Kanishka and Ashoka (d) Ajatashatru and Kanishka

Answer: (d) Ajatashatru and Kanishka



Nipah Virus Outbreak



What is Nipah Virus?

- Nipah Virus (NiV) is a zoonotic virus transmitted from animals to humans and also through human-to-human contact.
- It belongs to Paramyxoviridae family and Henipavirus genus.
- Natural reservoir: Fruit bats (Pteropus species).

Origin & Outbreak History

- First identified in 1998–99 in Malaysia and Singapore.
- Named after Sungai Nipah village in Malaysia.
- Major outbreaks in India:
 - 2001, 2007: West Bengal
 - 2018, 2021, 2023, 2024: Kerala

Transmission

- Animal-to-human via bats or intermediate hosts like pigs.
- Consumption of contaminated food (e.g., date palm sap).
- Human-to-human transmission through close contact.

Symptoms & Clinical Features

- Incubation period: 4–14 days.
- Initial symptoms: fever, headache, muscle pain, vomiting.
- Severe cases lead to encephalitis, seizures, coma.
- Case fatality rate: 40–75%.

Diagnosis and Treatment

- Diagnosis: RT-PCR, ELISA laboratory tests.
- No specific antiviral treatment or vaccine.
- Treatment is supportive and symptomatic.

Prevention & Control

- Avoid contact with bats and infected animals.
- Food safety and hygiene practices.
- Surveillance, isolation and contact tracing.

Public Health Significance

- Classified by WHO as a priority pathogen.
- High epidemic and pandemic potential.
- Requires strong public health surveillance.

Prelims PYQ

Q. Consider the following statements regarding Nipah Virus:

1. It is a zoonotic disease.
 2. It can spread from person to person.
 3. It originated in Africa.
- Which statements are correct?

Answer: 1 and 2 only.

DEUTERON

Why in News?

- The ALICE Collaboration at CERN's Large Hadron Collider (LHC) recently explained how deuterons survive ultra-high energy particle collisions.

Large Hadron Collider (LHC)

- World's largest and most powerful particle accelerator.
- 27 km circular tunnel located near Geneva on the France–Switzerland border.
- Operated by CERN.
- Collides protons and heavy ions at near-light speeds to study fundamental particles and forces.

Deuteron: Basic Facts

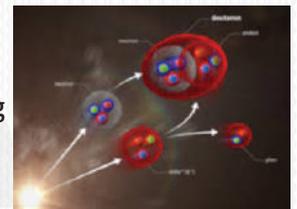
- Deuteron is the nucleus of deuterium (^2H or D), a stable isotope of hydrogen.
- Composition: One proton + one neutron.
- Simplest composite atomic nucleus.
- Found in trace amounts in natural water.
- Also present in the atmospheres of Jupiter and Saturn.

Survival Puzzle in LHC Experiments

- Ultra-high energy collisions generate extreme temperatures and energy densities.
- Deuterons have very low binding energy and were expected to disintegrate instantly.
- However, deuterons and anti-deuterons were consistently observed in LHC experiments.

Scientific Insight (ALICE Explanation)

- Deuterons form through a "coalescence mechanism".
- Protons and neutrons are produced first during collisions.
- They bind later using pions as carriers of binding energy.
- Formation occurs outside the core collision zone.
- This delayed formation enables deuteron survival despite extreme conditions.



Applications and Importance

- Used to produce heavy water (D_2O), which acts as a moderator in nuclear reactors.
- Plays a key role in nuclear fusion research.
- Used in tritium production.
- Important for experimental and theoretical nuclear physics studies.

PYQ 2011 :

- Q. The function of heavy water in a nuclear reactor is to?
- (a) Slow down the speed of neutrons
 - (b) Increase the speed of neutrons
 - (c) Cool down the reactor
 - (d) Stop the nuclear reaction.

Answer: (a)

NEW RAMSAR WETLANDS IN INDIA



Background

- Ahead of World Wetlands Day, India added new wetlands to its Ramsar network.
- Announcement made by the Union Minister for Environment, Forest and Climate Change.
- Ramsar Convention focuses on conservation and wise use of wetlands.



1. Patna Bird Sanctuary – Uttar Pradesh

- Located in Uttar Pradesh.
- Comprises freshwater marshes, woodlands, and grasslands.
- Surrounded by agricultural landscapes.
- Diverse landscapes create a wide range of habitats.
- Supports high biodiversity.
- Designated as an Important Bird and Biodiversity Area (IBA) by BirdLife International.
- Hosts 178 bird species.
- Supports 252 plant species.

2. Chhari-Dhand Wetland – Gujarat

- Located in Kutch district of Gujarat.
- Seasonal saline wetland.
- Situated between Banni grasslands and salt flats of Kutch.
- Important wintering site for waterfowl.
- Supports critically endangered Sociable Lapwing.
- Supports vulnerable Common Pochard.
- Hosts large numbers of Common Cranes (*Grus grus*) annually.



Prelims PYQs

Q2. Which of the following pairs of Ramsar Sites and States is/are correctly matched?

1. Keoladeo Ghana National Park – Rajasthan
2. Chilika Lake – Odisha
3. Loktak Lake – Manipur

Answer: 1, 2 & 3