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ARTHNITI

School of Economics and Commerce

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Feb'26 issue XXVI

Foreword...

Dear Readers,

It is with great pleasure and anticipation that we present the third edition of ArthNiti, our school's very own newsletter that transcends borders to explore the intersections of sustainability, public policy, economics, and commerce. The name ArthNiti is a fusion of two words: 'Arth, representing economy & commerce, and 'Niti,' derived from public policy. This unique combination reflects our commitment to exploring and understanding the intersections between these crucial areas. The ArthNiti newsletter aims to provide a platform for insightful articles, analyses, and discussions on recent issues related to sustainability, public policy, economics, and commerce. We believe that staying informed about these topics is not only essential for your academic growth but also for shaping informed and responsible citizens of the future.

Through ArthNiti, we hope to inspire a sense of curiosity and awareness, encouraging you to engage with these vital subjects and consider their real-world implications. Whether you are passionate about environmental sustainability, interested in the intricacies of public policy, or fascinated by the dynamics of economics and commerce, ArthNiti seeks to cater to your diverse interests.

We invite you to actively participate in the ArthNiti community by contributing your thoughts, insights, and perspectives. Your involvement will play a crucial role in making ArthNiti a vibrant platform for intellectual exchange and learning. Stay tuned for the third issue of ArthNiti, where we will delve into compelling topics and provide a space for meaningful dialogue. We look forward to embarking on this intellectual journey with you and exploring the multifaceted connections between sustainability, public policy, economics, and commerce.

Team, ArthNiti

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Editor's Note

Dear Esteemed Readers,

The ArthNiti Editorial Board is thrilled to unveil our July 2025 edition, focusing on the critical theme of the Indian Budget 2025. While we initially envisioned a broader exploration encompassing a variety of economic trends, the complexity and significance of this year's budget compelled us to dedicate this edition solely to its analysis.

This decision wasn't taken lightly. We believe, as you do, that a comprehensive understanding of fiscal and social policies is vital to grasp the full impact of the budget on our economy. However, the depth and breadth of insights on the Indian Budget 2025 presented a unique opportunity to dive deep into its multifaceted implications. Rest assured, the exploration of other economic trends remains central to our mission, and we will revisit them in future editions with renewed focus.

For this edition, our dedicated team meticulously curated a collection of articles that dissect the budget's social and fiscal policies and illuminate their impact across various economic sectors. Dive into our new edition to explore detailed analyses of how this budget will influence agriculture, manufacturing, technology, and services, as well as its broader implications for India's socioeconomic landscape.

Beyond that, delve into mental health economics, the history of nuclear submarines, a unique economic transformation, and the work of our student organizations!

A Special Thank You goes to our esteemed faculty members, including the Programme Director- Prof. Ashish Kathale Sir, Dean- Dr. Anjali Sane Ma'am, Newsletter Faculty Head- Sanika More Ma'am and Professors, for their invaluable guidance and support throughout the selection process.

We are confident that this edition will equip you with diverse perspectives and insights to become a powerful advocate for a more sustainable future.

With keen anticipation of your continued engagement,

Tean ArthNiti

Union Budget 2026–27: A Sector-Based Analysis of Fiscal Priorities

The Union Budget is one of the most significant annual policy documents of the Government of India. It is presented in Parliament by the Union Finance Minister, it outlines the government's estimated receipts and expenditures for the upcoming financial year. The Union Budget 2026–27 was introduced in the Lok Sabha in accordance with Article 112 of the Indian Constitution. Beyond being a financial statement, the Budget reflects the government's economic priorities, policy direction, and approach to national development. A sector-wise analysis of budgetary allocations provides deeper insight into how these priorities are translated into action. This article examines the key sectoral provisions of Union Budget 2026–27, focusing on education, health, agriculture, infrastructure, defence, and climate policy.

The Union Budget 2026-27 gives a lot of importance to education in areas like skill development, higher education and learning that is related to industries. The Budget shows that the government wants to move from traditional ways of spending on education to building a workforce that can meet the needs of a fast-changing economy. The government plans to set up university towns, expand education and create skill centres near industries to bridge the gap between what students learn and what they need to get a job.

The Budget also wants to promote training in areas like artificial intelligence and data analytics. It plans to expand classrooms and creative technology labs. The government wants to improve the quality of education and make sure that students get the skills that industries need. It also wants to increase research and innovation and get universities, industries and start-ups to work together. The government plans to give scholarships and support to students from marginalised backgrounds to make education more accessible and inclusive. However the Budget does not give attention to primary and secondary education, which is a concern.

Health sector allocations indicate a shift in focus from expanding physical infrastructure to improving healthcare capacity and quality. Although overall health spending remains modest compared to other sectors, the Budget recognises the importance of strengthening human resources and research within the healthcare system. The funds have been allocated for establishing new allied health professional institutions and expanding training in areas such as radiology, psychology, and other support services.

The Biopharma SHAKTI scheme, which has a budget of ₹10,000 crore over five years aims to promote research and manufacturing of biologics and biosimilars in India. This will help reduce India's dependence on imports. While the government's focus on healthcare professionals is important it does not give enough attention to primary healthcare infrastructure especially in rural areas. The primary health centres and district hospitals still face challenges in terms of accessibility and service quality.

Agriculture remains a priority sector for the government due to its significant role in livelihoods and rural stability. It reflected a shift away from dependence on subsidies towards improving productivity and diversification. Increased allocations for high-value crops, fisheries, livestock, irrigation, and agri-processing infrastructure aim to modernise agriculture and enhance farmers' incomes. Investments in rural infrastructure such as roads, electricity, and logistics are intended to improve market access and generate non-farm employment opportunities. However, while the Budget promotes market-oriented agriculture, it does not adequately address concerns related to price assurance, risk management, and farmer bargaining power. These unresolved issues continue to affect the long-term stability and sustainability of the sector.

Defence spending in the Union Budget 2026–27 places strong emphasis on indigenous manufacturing and technological modernisation. Investments in domestic defence production, advanced equipment, and electronics align with India's objective of achieving strategic autonomy. In addition to strengthening national security, defence allocations support industrial growth by encouraging innovation and greater private sector participation. The focus on building domestic capacity indicates a long-term strategic approach rather than a reactive response to global geopolitical uncertainties.

Infrastructure emerges as a central focus of the Union Budget 2026–27. The significant increase in capital expenditure reflects the government's belief in infrastructure-led growth as a driver of employment, investment, and productivity. Planned investments in transport corridors, logistics, railways, urban infrastructure, and public transport aim to reduce transaction costs and improve economic integration. However, effective implementation and coordination with state governments will be essential to ensure that these large allocations result in tangible economic outcomes.

Climate and environmental concerns are growing, though still limited. The allocations for clean energy initiatives, carbon capture technologies, and critical mineral development signal efforts to integrate sustainability with industrial policy. Nevertheless, climate-related spending remains fragmented, and adaptation measures for agriculture, coastal regions, and urban resilience receive relatively less emphasis.

Overall, the Union Budget 2026–27 reflects a commitment to growth through investment, productivity, and strategic capacity building. While infrastructure and industrial competitiveness dominate the fiscal approach, education, health, and agriculture are increasingly viewed through an efficiency-driven framework. Although the Budget demonstrates intent in social sector spending, concerns regarding equity, access, and regional balance persist. Ultimately, the effectiveness of the Budget will depend on governance quality, institutional capacity, and successful implementation.

Sindhupriya,
S.Y. BAGA

Union Budget 2026–27 and the Vision of Viksit Bharat

The Union Budget 2026–27, presented by Nirmala Sitharaman on 1st Feb 2026, known as a "Yuva Shakti-driven Budget" mainly focusing on the poor, underprivileged, and disadvantaged sections of society. This budget holds a special importance as it is the first Budget prepared in Kartavya Bhawan and is inspired by three "Kartavya" or duties. First, to accelerate and sustain growth, second , to fulfill aspirations of people and third to provide adequate resources to the country. The Budget proposed large-scale interventions in manufacturing, MSMEs, infrastructure, energy security, and city economic regions. Public capital expenditure has been increased to ₹12.2 lakh crore for FY 2026–27 from ₹11.2 lakh crore in the previous year. A ₹10,000 crore SME Growth Fund has been proposed to develop future champion MSMEs. To promote domestic pharmaceutical manufacturing, the Biopharma Shakti initiative with an outlay of ₹10,000 crore will support biologics and biosimilars production through new NIPER institutes and clinical trial networks. Seven high-speed rail corridors connecting major cities such as Mumbai–Pune and Delhi–Varanasi will be developed as growth connectors to promote sustainable passenger systems.

In the agriculture sector , Bharat-VISTAAR project was put forward , a multilingual AI-based platform integrating AgriStack and ICAR agricultural practices to enhance farm productivity and decision-making. The initiatives SHE Marks aims to strengthen self-help groups through and focus on veterinary infrastructure with loan-linked capital subsidies. The government focuses on prioritising mental health institutions, boosting tourism in the North-East and Purvodaya states, developing Buddhist circuits, and deploying 4,000 e-buses to enhance sustainable transport.

In the fields of education and skill development, the Budget supports the Indian Institute of Creative Technologies, Mumbai, to establish AVGC content creator labs in 15,000 schools and 500 colleges. A girls' hostel will be set up in every district to support STEM education. Negotiations were held with IIM along with khelo India to encourage sports in the country.

In terms of taxation, the New Income Tax Act, 2025 will come into effect from April 2026, accompanied by simplified tax rules and forms. Justifying penalties and reduction in litigation have been proposed. The TCS rates for overseas tour packages, education, and medical remittances have been lessened to 2 percent. For cooperatives, deductions have been extended to cattle feed and cotton seed supplies, and dividend exemptions have been expanded.

For increasing global investment, the foreign cloud service providers operating data centres in India will receive a tax holiday till 2047, and safe harbour margins for IT services have been fixed at 15.5 percent with a higher eligibility threshold of ₹2,000 crore. The customs duties have been rationalized with exemptions for lithium-ion battery manufacturing equipment, critical minerals processing capital goods, and 17 essential medicines. The government has also reduced the tariff rate on personal imports from 20 percent to 10 percent.

In terms of fiscal deficit the fiscal deficit is estimated at 4.3 percent of GDP for 2026–27, while the debt-to-GDP ratio is projected at 55.6 percent, reflecting continued fiscal consolidation. The total expenditure is estimated at ₹53.5 lakh crore, with net tax receipts of ₹28.7 lakh crore.

Thereby , the Union Budget 2025-26 is better than 2024-25 because it shifts from support-focused policies to stronger income generation and long-term growth. It offers major tax relief with no tax for those earning up to around ₹12-12.75 lakh under the new regime. This change directly increases disposable income and boosts demand. The budget raises allocations for agriculture, expands credit access for MSMEs and first-time entrepreneurs, and targets future-ready sectors like AI, innovation, and skill development. Infrastructure spending continues with improved fiscal discipline. New measures, such as social security for gig workers and higher foreign direct investment in insurance, enhance inclusivity and investment. Overall, the 2025-26 budget is more focused on growth, driven by investment and centered on people compared to the previous year

Ishmeet Kaur Mac,
FY BSC ECO

Union budget 2026: driving inclusive ,sustainable and infrastructure-led growth

The Union Budget 2026 of India emerges at a critical juncture marked by domestic transformation and global uncertainty. As the country advances toward its vision of becoming a developed economy by 2047, the Budget plays a central role in aligning fiscal priorities with long-term development goals, climate commitments, and evolving global economic conditions. The effectiveness of the Budget lies not only in revenue and expenditure allocations but also in how strategically it integrates sustainability, resilience, and inclusive growth into national policymaking.

1.Alignment with Long-Term Development Goals

India's long-term development strategy focuses on sustained economic growth, social inclusion, infrastructure modernization, digital transformation, and human capital enhancement. Union Budget 2026 reinforces these pillars through a multi-sectoral approach.

Infrastructure Development: Continued emphasis on capital expenditure strengthens transport corridors, logistics networks, railways, and urban infrastructure. Increased public investment has a multiplier effect, stimulating private sector participation and employment generation. By prioritizing greenfield infrastructure and last-mile connectivity, the Budget supports regional balance and inclusive growth.

Manufacturing and Industrial Growth: The expansion of production-linked incentives and support for MSMEs aligns with the goal of strengthening domestic manufacturing capacity. In an era of global supply chain realignment, India seeks to position itself as a reliable manufacturing hub. Budgetary incentives for innovation, startups, and technology-driven enterprises further support long-term productivity gains.

Human Capital and Social Development: Increased allocations toward education, skilling, healthcare, and social protection schemes contribute to demographic dividend optimization. Investments in digital education platforms, AI research, and healthcare infrastructure demonstrate a shift from welfare-centric to capability-driven development.

Digital and Financial Inclusion: Strengthening digital public infrastructure, expanding financial inclusion, and promoting fintech innovation reflect India's commitment to modernizing governance systems. These measures improve transparency, efficiency, and service delivery, thereby supporting sustainable economic growth.

Overall, the Budget aligns fiscal policy with India's aspiration of inclusive, innovation-driven, and infrastructure-led development.

2. Climate Commitments and Sustainable Transition

India has made significant climate commitments under the Paris Agreement, including achieving net-zero emissions by 2070 and expanding non-fossil fuel energy capacity. Union Budget 2026 integrates these objectives into fiscal planning.
Renewable Energy Expansion: Increased allocation for solar, wind, and green hydrogen projects signals continuity in clean energy transition. Financial incentives for battery storage, grid modernization, and electric mobility accelerate decarbonization across sectors.

Green Hydrogen Mission: Budgetary support for the National Green Hydrogen Mission strengthens India's ambition to become a global hub for green fuel production. This not only supports climate goals but also enhances energy security and export potential.

Sustainable Agriculture: Climate-resilient agricultural practices, micro-irrigation expansion, and natural farming initiatives address the dual challenge of food security and environmental sustainability. Such measures reduce carbon intensity while improving farmer incomes.
Green Finance and Taxation: The promotion of green bonds and climate-aligned investment frameworks mobilizes private capital for sustainable projects. Tax incentives for energy-efficient equipment and EV adoption further embed sustainability into economic behavior.

Urban Sustainability: Smart city initiatives, waste management reforms, and urban public transport electrification reflect the integration of environmental priorities into urban development.

By embedding climate considerations into fiscal allocations, Union Budget 2026 demonstrates that sustainability is no longer a peripheral concern but a core development strategy.
3. Response to Global Economic Conditions

The global economy in 2026 continues to experience volatility due to geopolitical tensions, supply chain disruptions, inflationary pressures, and monetary tightening across advanced economies. The Budget reflects a calibrated response to these conditions.

Fiscal Prudence with Growth Focus: While maintaining capital expenditure, the government adheres to fiscal consolidation targets to ensure macroeconomic stability. A balanced fiscal deficit trajectory reassures investors and rating agencies, preserving financial credibility.

Export Promotion and Trade Diversification: Incentives for export-oriented industries, support for trade agreements, and logistics improvements aim to diversify markets and reduce vulnerability to external shocks.

Resilient Supply Chains: Encouraging domestic production of critical minerals, semiconductors, and defense equipment reduces dependency on imports and strengthens strategic autonomy.

Inflation Management and Social Protection: Targeted subsidies and direct benefit transfers protect vulnerable populations from global price volatility, ensuring social stability amid external uncertainties.

Foreign Investment and Ease of Doing Business: Continued reforms in taxation, compliance simplification, and digital governance attract global capital seeking stable emerging markets. As advanced economies slow, India positions itself as a high-growth alternative.

The Budget thus reflects both defensive and proactive strategies to navigate an uncertain global landscape.

4.Balancing Growth, Equity, and Sustainability

A notable feature of Union Budget 2026 is its attempt to balance three critical objectives—economic growth, social equity, and environmental sustainability. Public investment drives economic expansion, social sector spending reduces inequality, and green allocations ensure long-term ecological balance. The integration of digital governance tools enhances efficiency, while fiscal discipline maintains macroeconomic credibility.

However, challenges remain. Effective implementation at the state level, private sector participation, and monitoring mechanisms will determine whether allocations translate into tangible outcomes. Additionally, achieving climate targets requires deeper structural reforms in energy pricing, transport systems, and industrial practices.

Conclusion

Union Budget 2026 reflects a strategic alignment with India's long-term development aspirations, climate commitments under the Paris framework, and prevailing global economic realities. By emphasizing infrastructure, manufacturing, digital innovation, renewable energy, and fiscal prudence, the Budget attempts to chart a path toward resilient and sustainable growth. Its success will ultimately depend on policy execution, cooperative federalism, and sustained reform momentum. If effectively implemented, the Budget can serve as a blueprint for harmonizing economic ambition with environmental responsibility in a rapidly changing world.

Deeptanshu Kamthe
SY BAGA

Union Budget 2026–27: A Critical Policy Analysis of Fiscal Priorities and Structural Transitions

Executive Summary

The Union Budget 2026–27 represents a pivotal moment in India's fiscal trajectory, characterized by a dual commitment to fiscal consolidation and a structural re-engineering of the real economy. With a total estimated expenditure of ₹53,47,315 crore—a 7.7% increase over the Revised Estimates (RE) of 2025–26—the budget attempts to balance aggressive capital expenditure with a reduction in the fiscal deficit to 4.3% of GDP. This analysis examines the budget's macroeconomic underpinnings, the strategic pivot in sectoral allocations, tax reforms, and the evolving nature of federal fiscal relations, concluding with a critical assessment of its impact on social equity and long-term sustainability.

Debt Sustainability and Interest Burden

A critical structural concern remains the debt-servicing burden. Interest payments now account for 26% of total expenditure and 40% of revenue receipts. While the government aims to reduce outstanding liabilities to 50% of GDP by March 2031 (from 55.6% in 2026–27), the high cost of debt restricts the fiscal space available for social spending.

Macroeconomic Indicator 2025–26 (RE) 2026–27 (BE)
Total Expenditure ₹49,64,842 cr ₹53,47,315 cr
Fiscal Deficit (% of GDP) 4.4% 4.3%
Revenue Deficit (% of GDP) 1.5% 1.5%
Outstanding Liabilities (% of GDP) 56%
Interest Payments (% of Revenue Receipts) 38% 40%

2. Sectoral Allocations and Structural Priorities

Infrastructure and Capital Expenditure

Public capital expenditure (capex) remains the primary engine of growth, increasing by 11.5% to ₹12.2 lakh crore. Key initiatives include:

* Infrastructure Risk Guarantee Fund: Established to bolster private sector confidence in large-scale projects.
* City Economic Regions (CERs): A new framework mapping urban areas by growth drivers, with a ₹5,000 crore allocation per CER.
* Connectivity: Seven high-speed rail corridors and a dedicated freight corridor between Surat and Dankuni.

The Agricultural Pivot: From Subsidies to Markets

The budget marks a "quiet structural transition" in agriculture, shifting focus from production subsidies to market enablement and high-value "money crops."
* Digital Integration: The launch of Bharat-VISTAAR, an AI-driven advisory platform, aims to bridge the "lab-to-land" gap using the AgriStack registry.
* Allied Sector Growth: Livestock and fisheries are now outperforming traditional crops, with livestock recording a 12.77% CAGR. The budget responds with the integration of 500 reservoirs into value chains.

* Structural Risks: Despite this modernization, agricultural R&D and irrigation investments remain muted. Real-term consolidation in the PM Fasal Bima YoFeba (PMFBY)—cut to ₹12,200 crore—leaves smallholders vulnerable to climate shocks, which damaged 17.4 million hectares in 2025.

3. Tax Policy Reforms

The budget introduces systemic changes via the New Income-tax Act, 2025, effective April 1, 2026, aimed at simplification and digital compliance.

Direct and Indirect Tax Changes* Minimum Alternate Tax (MAT): Reduced from 15% to 14%. However, MAT credit accumulation will be abolished starting April 2026, and credits can only be set off if transitioning to the new tax regime (restricted to 25% of tax liability).
* Capital Markets: Securities Transaction Tax (STT) increased significantly (e.g., options from 0.1% to 0.15%), and share buybacks will now be taxed as capital gains.
* MSME and Electronics: A five-year tax exemption for foreign companies supplying capital goods to electronic manufacturers and a ₹10,000 crore SME Growth Fund represent a shift toward incentivizing growth capital over survival finance.

Compliance and Digital Reforms

The Foreign Assets of Small Taxpayers – Disclosure Scheme, 2026 provides a time bound window for reporting, offering immunity from prosecution in exchange for a fixed fee or additional levy.

4. Federal Fiscal Relations

The 16th Finance Commission's recommendations for 2026–31 redefine the vertical and horizontal devolution of central taxes.

Devolution and Cooperative Federalism

* Vertical Share: Retained at 41% of the divisible pool, balancing state demands for resources with central responsibilities like national security.
* Horizontal Criteria: A new "Contribution to GDP" parameter (10% weightage) rewards economically efficient states, replacing the previous "tax and fiscal effort" criterion.
* Census Data: The commission shifted to the 2011 Census to reflect current demographic realities, while using "demographic performance" to reward states with successful population control.

Transfers and State Support

Total transfers to states are estimated to increase by 12.2% to ₹26.2 lakh crore. This includes ₹1.85 lakh crore in interest-free loans for capital expenditure, emphasizing the center's role in steering state-level infrastructure development.

5. Employment, Inequality, and Social Protection

The Employment Crisis

The Periodic Labour Force Survey (PLFS) 2025 highlights a concerning trend: 57.7% of the rural workforce remains in agriculture, suggesting "disguised unemployment." The budget responds with the PM Viksit Bharat Rozgar YoFeba (₹20,083 crore) to incentivize hiring, but structural labor stagnation remains a challenge.

Social Safety Nets and Spending Gaps

Critical analysis of the 2025–26 revised estimates reveals significant under-spending in welfare schemes, raising questions about the efficacy of current budgetary commitments:

* Jal Jeevan Mission: Promised ₹67,000 crore, but only ₹17,000 crore was spent in the revised estimates.
* Housing: PMAY-Urban and PMAY-Rural saw substantial budget-to-revised estimate cuts (totaling over ₹40,000 crore in unspent funds).
* MGNREGA Transformation: The replacement of MGNREGA with the VB-G RAM G Scheme (₹95,692 crore) has drawn criticism for moving away from a universal guarantee to a model where the Union government "notifies" areas, potentially impacting federal equity.

6. Comparative Perspective and Long-Term Sustainability

Compared to previous decades, Budget 2026–27 shows a clear preference for "investing in things over investing in people." While spending on roads and railways now accounts for nearly 11% of the budget (up from 4% in 2009), the share of education and health has remained largely stagnant or declined in relative terms.

Climate and Energy Transition

The budget allocates ₹20,000 crore over five years for carbon capture and raises the outlay for the Electronics Component Manufacturing Scheme to ₹40,000 crore. These measures aim at long-term productivity and "Blue Growth," yet the "Energy-Water nexus" (groundwater depletion driven by free power) remains a glaring ecological omission in the agriculture strategy.

7. Critical Evaluation and Recommendations

Evaluation

The Union Budget 2026 successfully achieves fiscal prudence and provides a clear roadmap for infrastructure-led growth. However, it fails to sufficiently address the "missing middle" of the economy—MSMEs and the social sector. The widening gap between Budget Estimates and Actual Expenditure in welfare schemes suggests a breakdown in the "last-mile" delivery of social protection. The budget prioritizes " "direction" over "acceleration," which may be insufficient to tackle the immediate pressures of inequality and unemployment.

Recommendations

1. Mandate Social Expenditure Floors: Establish a statutory requirement to prevent mid-year revisions (cuts) to essential social sectors like the Jal Jeevan Mission and PMAY to ensure intended outcomes.
2. Institutionalize "Risk-Guarantee" for MSMEs: Evolve the financial architecture from simple interest subvention to Credit-Risk Guarantee Funds to attract private venture capital into high-risk agri-tech and climate-tech sectors.
3. Climate-Smart Insurance Reform: Restore and expand the PMFBY budget to align with the increasing frequency of extreme weather events, moving from "adaptation" to comprehensive "compensation" for smallholders.
4. Rebalance Human vs. Physical Capital: Increase the relative share of the Ministry of Skill Development (currently at a mere 0.05%) and Education to prepare the workforce for the disruptions of Artificial Intelligence.
5. Address the Energy-Water Nexus: Implement specialized crop boards and Productivity-Linked Incentives (PLI) for pulses and oilseeds to decouple agriculture from water-intensive monocultures and reduce the ₹1.61 lakh crore edible oil import bill.

Rahul Kshirsagar
SY BAGA

Cooperative Federalism Under Strain? Centre–State Fiscal Dynamics in Union Budget 2026

The Union Budget of India 2026 provides more than a fiscal blueprint; it is a political economy document that shapes the contours of Indian federalism. An examination of Centre–State fiscal relations reveals both structural continuities and emerging tensions in cooperative federalism.

Vertical fiscal imbalance — the gap between revenue-raising powers and expenditure responsibilities — remains a defining feature of India's federal framework. While states shoulder substantial spending obligations in health, education, and agriculture, revenue mobilization remains concentrated at the Union level. Budget 2026 maintains constitutionally mandated devolution shares, yet the growing reliance on cesses and surcharges continues to constrain the divisible pool available to states.

This trend raises normative concerns. Though legally permissible, the expansion of non-shareable revenues effectively reduces the quantum of unconditional transfers. States, particularly those with weaker fiscal capacity, may find themselves increasingly dependent on conditional grants tied to centrally sponsored schemes. Such conditionalities can narrow policy autonomy and distort local priorities.

The Goods and Services Tax regime further complicates fiscal federalism. While GST has enhanced tax harmonization, states remain vulnerable to revenue volatility. Compensation mechanisms have evolved, but fiscal uncertainty persists, especially for consumption-dependent states. Budget 2026 does not radically alter GST architecture, suggesting a preference for stability over structural reform.

Capital transfers and infrastructure support to states have expanded in recent years, often through interest-free loans for capital projects. While these initiatives incentivize productive spending, they also subtly reinforce central oversight. The balance between incentivization and autonomy becomes a key point of debate.

Another dimension is fiscal responsibility. Several states face rising debt burdens, partly due to pandemic-era borrowing. The Union's commitment to its own consolidation path contrasts with varied fiscal performances across states. This asymmetry may reshape intergovernmental negotiations in coming years.

Importantly, cooperative federalism is not merely a fiscal mechanism but a governance philosophy. Budget 2026 gestures toward collaborative growth through sectoral missions and digital public infrastructure expansion. However, durable cooperation requires transparent revenue-sharing practices and predictable transfer frameworks.

A critical policy discourse must therefore move beyond aggregate numbers to institutional design. Does the current fiscal architecture empower states as equal partners in development, or does it centralize decision-making under the guise of coordination? Union Budget 2026 keeps this debate alive. Ultimately, strengthening India’s federal compact will require recalibrating revenue-sharing mechanisms, enhancing GST stability, and ensuring that fiscal consolidation at the Union level does not translate into constrained autonomy for states. Cooperative federalism must be measured not only in rhetoric but in resource distribution.

Esha Kulkarni,
SY Bsc Economics

Betting on Factories Again: What the Union Budget 2026 Really Says About India's Manufacturing Future.

For years, India has talked about becoming a global manufacturing hub. The Union Budget 2026 suggests the government is done talking and wants to place a serious bet. Manufacturing has been positioned not as a side policy, but as a central lever for long-term growth, employment, and economic resilience.

At its core, the budget's manufacturing push reflects a clear economic diagnosis: consumption alone cannot sustain high growth forever. Services have carried India far, but without a strong industrial base, productivity gains remain uneven and job creation stays weak. Manufacturing, especially in high-value segments, offers something services often can't—mass employment, scale, and export depth.

What stands out this year is the focus on strategic manufacturing rather than low-end assembly. The budget emphasizes sectors such as electronics, semiconductors, pharmaceuticals, and advanced materials—industries where value addition is high and global supply chains are being actively restructured. In a world where firms are diversifying away from over-dependence on a single country, India is trying to position itself as a credible alternative.From an economic perspective, this is a smart shift. Manufacturing has strong forward and backward linkages: it boosts demand for logistics, power, finance, and skilled labor. Each rupee invested here tends to generate larger multiplier effects than many service-sector expenditures. By encouraging domestic production of critical components, the budget also attempts to reduce import dependence and improve the current account balance over time.

However, optimism needs restraint. India's manufacturing problem has never been about intent; it has been about execution. High logistics costs, regulatory uncertainty, land acquisition delays, and skill mismatches continue to dilute competitiveness. Incentive schemes and capital support help, but they cannot substitute for structural reforms that lower transaction costs and improve ease of doing business at the factory floor level.

There is also a fiscal trade-off at play. Supporting manufacturing through incentives and infrastructure requires sustained public spending. If growth dividends do not materialize quickly, fiscal pressure could rise. The success of this strategy therefore depends heavily on private investment responding at scale—not just announcements, but actual factories, exports, and jobs.

In essence, the Union Budget 2026 treats manufacturing as a long-term economic project, not a short-term growth fix. If followed through with consistent policy, institutional reform, and infrastructure delivery, it could mark a genuine turning point. If not, it risks becoming another well-intentioned chapter in India's long history of unrealized industrial ambition.

This budget doesn't guarantee a manufacturing renaissance—but it finally accepts that without one, India's growth story remains incomplete.

Kalpakshi Kadam,
TY Bsc Eco

Allocating Ambition: A Sectoral Reading of Union Budget 2026-27

Union Budget 2026-27, presented by Finance Minister Nirmala Sitharaman on February 1, 2026, marks a decisive shift from short-term relief to a long-term, supply-side economic vision. Guided by three Kartavyas — accelerating growth, building human capacity, and ensuring inclusive development — the Budget's sectoral allocations reveal the government's structural priorities and the trade-offs it is willing to make. A sector-by-sector examination offers a nuanced picture of where India is investing, and where critical gaps remain.

Infrastructure: The Centrepiece

Infrastructure continues to anchor Budget 2026-27. Capital expenditure is projected at ₹12.2 lakh crore, underscoring the government's emphasis on long-term asset creation. Key announcements include new dedicated freight corridors, 20 national waterways linking mineral-rich regions to ports, and a Coastal Cargo Promotion Scheme to reduce logistics costs. Seven high-speed rail corridors are planned between cities as growth connectors to promote environmentally sustainable passenger transport.

An Infrastructure Risk Guarantee Fund has been introduced to attract private capital during high-risk construction phases. The government's sustained capex push is strategically sound, though timely project execution — a longstanding challenge — will determine whether these investments translate into real economic momentum.

Defence: Strategic Spending with Opportunity Costs

Defence commands the largest ministerial allocation in Budget 2026-27, reflecting post-Operation Sindoor modernisation priorities. Domestic procurement now accounts for 65% of defence purchases, a significant leap for the Atmanirbhar Bharat agenda, and defence exports have grown substantially in recent years. While the strategic rationale is clear in an increasingly volatile global environment, the sheer scale of defence spending inevitably raises questions about opportunity costs — resources that could have reinforced chronically underfunded social sectors like public health and primary education

Agriculture: Reform Over Relief

The Budget allocates ₹1.63 lakh crore to agriculture and rural development, shifting focus from subsidies toward productivity, value chains, and climate resilience — a sector that supports nearly 46% of India's workforce. Highlights include Bharat-VISTAAR, a multilingual AI-powered tool to deliver agricultural advisory services to farmers, and a Reservoir Development Scheme covering 500 water bodies for inland fish farming. The livestock and fisheries sub-sector received a 27% allocation hike, with credit subsidies for dairy and poultry units. While the reform orientation is welcome, the continued reliance on market-linked solutions without commensurate income support leaves deeper structural issues of farm distress and rural unemployment insufficiently addressed.

Health: Institutions Over Inclusion

The Health Ministry's allocation increased to ₹1.04 lakh crore for FY 2026-27, up from ₹98,311 crore in the previous year's Budget Estimates. Key initiatives include the Biopharma SHAKTI scheme with a ₹10,000 crore outlay over five years to develop India as a global biologics manufacturing hub, the establishment of NIMHANS-2 in north India, and upgraded regional mental health institutes. While the focus on institution-building and medical value tourism is forward-looking, critics point out that spending on public health measures — where government intervention is most needed — remains inadequate. Rural populations and lower-income groups may see limited benefit from premium healthcare infrastructure concentrated in urban centres.

Education: Skills First, Foundations Later

The Department of Higher Education's net budget for 2026-27 is projected at ₹55,727 crore, with a clear skills-first orientation. Five university townships along industrial corridors and STEM hostels for girls in every district signal meaningful intent toward gender equity in technical education. AVGC Content Creator Labs will be set up in 15,000 secondary schools and 500 colleges, preparing students for the digital and creative economy. However, the Budget's focus on new institutional creation overlooks persistent quality deficits in existing public schools and colleges, particularly at the primary and secondary levels where foundational learning gaps remain acute.

Conclusion

Union Budget 2026-27 is a supply-side budget — betting on infrastructure, defence modernisation, manufacturing, and human capital to drive India's growth engine. The sectoral allocations reflect coherent long-term logic, even as they leave immediate social demands — particularly in health and primary education — underserved. The true measure of this Budget will not lie in its announcements alone, but in whether capital expenditure translates into jobs, whether health investments reach the last mile, and whether India's demographic dividend is genuinely harnessed before the window of opportunity closes.

Milind Kavitake,
SY B.Com (IAF)

Beyond Subsidies: What the Union Budget 2026 Signals for Indian Agriculture.

Agriculture has always occupied a paradoxical position in India's economic policy—politically central, economically underperforming. The Union Budget 2026 does not attempt a dramatic overhaul, but it quietly signals a shift in how the state views farming: less as a welfare obligation and more as an economic system that needs productivity, resilience, and risk management.

For decades, India's agricultural strategy relied heavily on input subsidies—fertilizers, power, water, and price support. While these measures helped stabilize farm incomes in the short run, they also distorted incentives, encouraged inefficient resource use, and limited long-term productivity growth. The 2026 budget, in contrast, places greater emphasis on income stability, diversification, and climate resilience, rather than simply pushing output.

One of the more meaningful signals is the focus on allied activities—dairy, fisheries, and agri-processing. From an economic standpoint, this is crucial. Crop agriculture alone cannot absorb surplus rural labor nor protect incomes against climate shocks. Allied sectors offer higher value addition, smoother income flows, and stronger linkages with manufacturing and services. Encouraging farmers to move up the value chain—towards processing, storage, and branding—has far greater income potential than raising minimum support prices yet again.

Another important undercurrent of the budget is its response to climate risk. Agriculture remains India's most climate-exposed sector, yet insurance penetration, irrigation efficiency, and adaptive technology adoption remain limited. By prioritizing irrigation infrastructure, climate-resilient seeds, and digital monitoring, the budget acknowledges a hard truth: farm distress today is as much about volatility as it is about low productivity. Economically, reducing uncertainty is often more effective than raising prices.

That said, structural weaknesses remain. Land fragmentation continues to limit mechanization and economies of scale. Credit access for small and tenant farmers is still uneven, pushing many toward informal lenders. Most importantly, agricultural markets remain imperfect. Without genuine market integration—better storage, transparent pricing, and reduced intermediation—farmers will continue to receive a disproportionately small share of consumer prices.

There is also a political economy constraint the budget cannot escape. Any attempt to rationalize subsidies or reform procurement faces resistance, making incremental change the default option. As a result, agriculture policy remains cautious, balancing reform signals with political feasibility.

In economic terms, the Union Budget 2026 treats agriculture as risk-management and diversification problem, not merely a production challenge. This is a mature shift in thinking. However, unless supported by deeper market reforms and institutional capacity at the state level, these measures may soften rural distress without truly transforming farm incomes. The message is clear: Indian agriculture no longer needs bigger promises—it needs better systems.

Mobina abutalibi ,
TY Bsc Eco

SOEC Events

ANNUAL SOCIAL GATHERING REPORT
Date 14th feb
Venue vivekanda hall MIT WPU
School of Economics and Commerce

The Annual Social Gathering of the School of Economics and Commerce was organized with great enthusiasm and grandeur. The event was divided into two segments a the Formal Ceremony and the Cultural Program, both conducted in a systematic and dignified manner.

I. Formal Ceremony

The formal proceedings commenced on an auspicious note with the sacred Ganesh Vandana, invoking blessings for the success of the event.

This was followed by the ceremonial Candle Lighting, symbolizing knowledge, wisdom, and enlightenment. The dignitaries on stage participated in the lamp-lighting ceremony, marking the official inauguration of the gathering.

Dean Address

The Dean Maam Dr. Anjali Sane delivered an inspiring speech, congratulating all the prize winners and appreciating the dedication and hard work of the students and faculty members. She emphasized the importance of academic excellence and holistic development.

Vice Chancellor Speech

The Honorable Vice Chancellor addressed the gathering, motivating students to strive for excellence and uphold the values of discipline, integrity, and leadership.

Guest Facilitation

The distinguished guests were felicitated as a token of respect and gratitude for their gracious presence.

Felicitation of Faculty Members

Faculty members who successfully completed their Ph.D. were honored for their academic achievements and valuable contributions to the institution.

Associate Dean Address

Associate Dean, Bipin Palande Sir, delivered a thoughtful speech highlighting the progress and accomplishments of the department.

Prize Distribution Ceremony

The felicitation and prize distribution ceremony was conducted to honor students who excelled in academics and co-curricular activities.

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Adrika Club Coordinators Speech

The Adrika Club Coordinator addressed the audience, appreciating student participation and teamwork throughout the academic year.

Guest Speech CS Pavan Chandak Sir

CS Pavan Chandak Sir delivered an insightful speech, encouraging students to pursue professional excellence and continuous learning.

Rank Holders Felicitation

The academic rank holders were specially felicitated for their outstanding performance.

Club President Leadership Felicitation

Club Presidents were honored for their leadership qualities, commitment, and contribution to organizing various activities throughout the year.

CA Sachin Miniyar Sirs Address

CA Sachin Miniyar Sir addressed the audience, sharing valuable guidance and motivating students toward professional success.

Other Felicitations

Various other achievements and contributions were acknowledged and appreciated during the ceremony.

Vote of Thanks

The formal ceremony concluded with a heartfelt Vote of Thanks delivered by Gopal Wamane Sir, expressing gratitude to the dignitaries, faculty members, students, and organizing committee for making the event a grand success.

Cultural event

Following the formal ceremony, the much-awaited Cultural Program commenced, adding vibrancy and energy to the gathering.

The cultural segment showcased the creativity, talent, and enthusiasm of students through various performances including dance, music, and other entertaining acts.

The event was gracefully anchored by Anushri, who conducted the entire cultural program with confidence and enthusiasm. Her anchoring added charm and smooth coordination to the performances.

The program included:

Group dance performances, reflecting creativity, coordination, and cultural expression.

Solo performances, where individual participants displayed exceptional confidence and artistic flair.

Musical performances, which filled the auditorium with melodious rhythms and enthusiastic applause.

Thematic and contemporary acts, highlighting social messages, teamwork, and innovation.

The audience thoroughly enjoyed the lively performances, and the program reflected the spirit of unity, creativity, and celebration within the School of Economics and Commerce.


MIT-WPU
MIT WORLD PEACE UNIVERSITY
Utsav
School of Economics and Commerce
cordially requests your esteemed presence on the occasion of the
Annual Social Gathering
Date: 14th February 2026 | Time: 10:00 AM


School of Economics and Commerce
Annual Social Gathering
GPS Map Camera
Google
Pune, Maharashtra, India
Survey No, 124, Paud Rd, Rambaug Colony,
Kothrud, Pune, Maharashtra 411038, India
Lat 18.518877° Long 73.814777°
Saturday, 14/02/2026 11:40 AM GMT +05:30


School of Economics and Commerce
cordially requests your esteemed presence on the occasion of the
Annual Social Gathering
GPS Map Camera
Pune, Maharashtra, India
Survey No, 124, Paud Rd, Rambaug Colony,
Kothrud, Pune, Maharashtra 411038, India
Lat 18.518885° Long 73.814781°
Saturday, 14/02/2026 12:55 PM GMT +05:30
Google


School of Economics and Commerce
cordially requests your esteemed presence on the occasion of the
nnual Social Gatherin
10:00 AM
MIT-WPU, Pune

Bhartiya Chhatra Sansad (BCS)

The 15th BCS, organized by Bhartiya Chatra Shansad, was held from 21st to 23rd February 2026 and centered around the four pillars of DLGP—Democracy, Leadership, Governance, and Public Policy. The three-day programme featured insightful classroom sessions, interactive pandal discussions, and a dynamic pavilion exhibition where various university departments presented thematic models and ideas aligned with these pillars. The Department of Economics and Public Policy (DoEPP) proudly secured the shared 1st prize for the Best Pavilion, while the Department of Commerce and Accountancy (DoCA) achieved the 2nd prize for their outstanding presentation. Such initiatives are significant as they bridge theoretical learning with practical exposure, encourage active classroom interaction, and foster leadership, teamwork, and critical thinking among students. Through participation in exhibitions and discussions, students gain confidence, policy awareness, and a deeper understanding of democratic processes, making education more engaging and impactful.


GPS Map Camera
Pune, Maharashtra, India
Survey No, 124, Paud Rd, Rambaug Colony,
Kothrud, Pune, Maharashtra 411038, India
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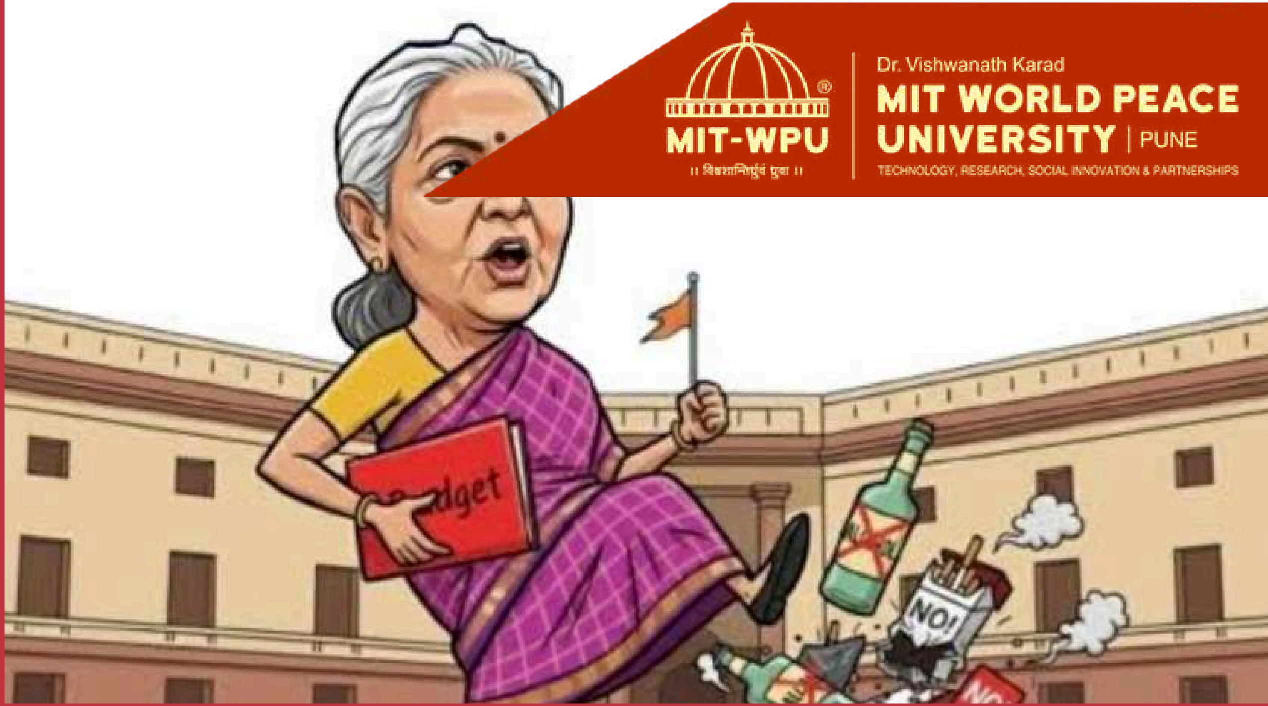
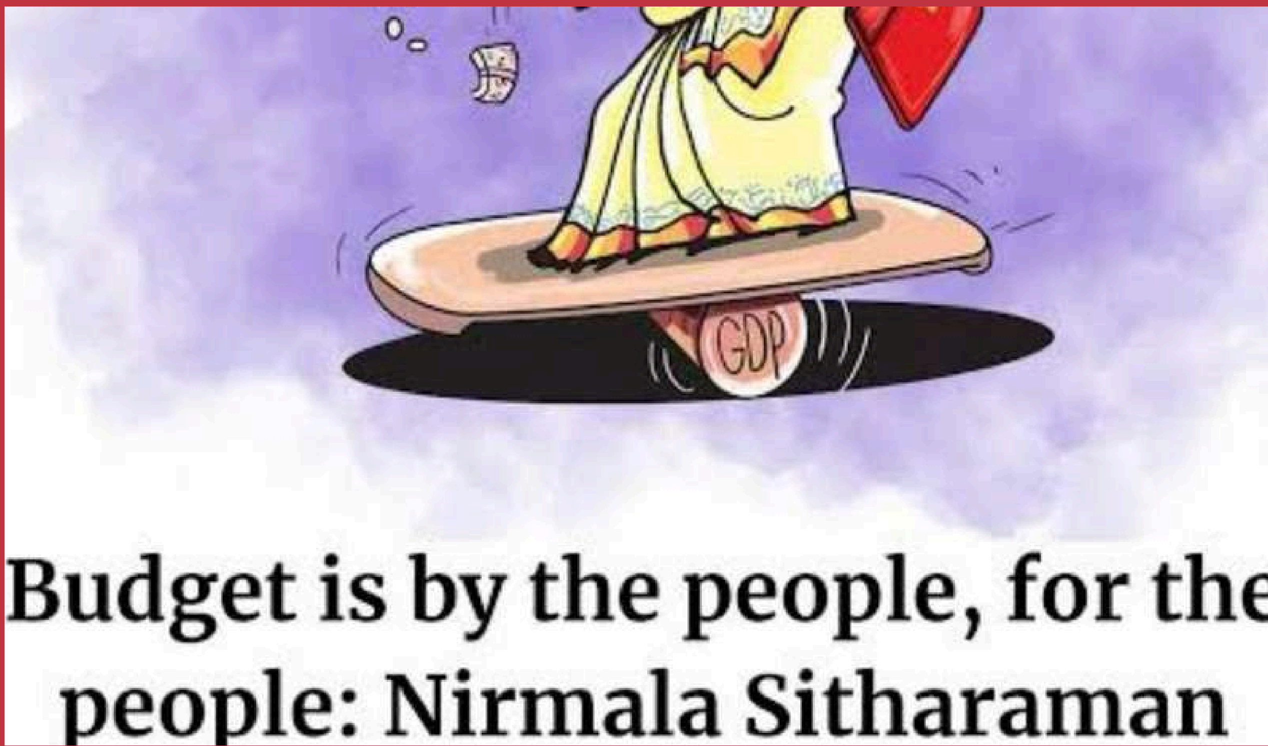
MIT School of Government
15th
छात्र संसद

ARTHNITI

School of Economics and Commerce

Dr. Vishwanath Karad
MIT WORLD PEACE UNIVERSITY | PUNE
MIT-WPU
TECHNOLOGY, RESEARCH, SOCIAL INNOVATION & PARTNERSHIPS





PC: Pexels

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