



Moving from tax terror to KISS

In engineering circles, efficient organisations live by KISS — *Keep It Simple, Stupid*. Ironically, simplicity is the hardest thing to achieve. In times past, budgets typically meant higher taxes or cumbersome compliance regimes that empowered tax authorities and unnerved citizens. For a generation raised on “tax terror”, Budget 2026 marks a decisive break from that legacy. It moves away from killing growth to KISSing it. With *Yuva Shakti* at its core, simplification is not optional — it is imperative.

STEADY PUSH ON INFRA & LOGISTICS

While the capital expenditure allocation has not increased sharply this year, it comes on the back of a multi-year expansion in public capex, which now stands at over ₹12.2 lakh crore for FY 2026–27. This sustained approach matters more than a one-off spike, as it reassures private developers and investors that the infrastructure pipeline is durable.

Equally important is the orientation of this spending. The emphasis on connectivity — linking manufacturing centres to ports, strengthening coastal infrastructure, and

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improving multimodal logistics — directly addresses India’s logistics cost disadvantage. The focus on river-linked and coastal transportation, along with support for indigenous capabilities in shipping and connectivity, should over time improve competitiveness and expand the effective market for Indian manufacturers. For industry, this is not

only about moving goods at lower cost, but about more reliable access to domestic and international markets.

The MSME focus in this Budget is both financial and structural. On the financial side, the announcement of an SME Growth Fund with an allocation of around ₹10,000 crore, along with a further top-up to self-reliant and sector-focused funds, signals support beyond traditional debt. If implemented effectively, such equity-oriented mechanisms can help MSMEs strengthen balance sheets and invest in technology, capacity and expansion.

On the structural side, the Budget identifies sectors where India has natural strengths and long-term relevance. Biopharma is one such area. The Biopharma SHAKTI initiative, with its multi-year outlay aimed at building an end-to-end ecosystem for biologics and biosimilars, including upgraded NIPERs and a nationwide clinical trial network, reflects a clear intent to scale capabilities in life sciences. Alongside this, India’s scale in food production and processing, supported by policy focus on value addition and exports, positions the country to meet domestic needs while also serving global markets. This combination has the potential to benefit rural India and MSMEs participating in these value chains. From a financial sector perspective, two aspects stand out. First, the explicit recognition of NBFCs as critical to last-mile credit delivery is timely.

Second, on the cost of capital, the sector continues to operate in an environment of gradual transmission. Savings growth has been modest, banks’ liability spreads are under pressure, and lending rates are unlikely to adjust sharply in the near term.