

# Union Budget 2026

Pre-budget expectations survey



# Industry expects policy stability from the Union Budget 2026

As India heads towards the Union Budget 2026, industry expectations suggest this is a year when policy direction matters as much as incremental change. The economy is expected to grow at around 6.5–7% in FY26, keeping India among the fastest-growing economies globally.

In recent years, growth has been supported by a strong public investment push, with central government capital expenditure now more than three times its FY20 level. As this cycle matures, attention is turning to how private investment can broaden the growth momentum.

The Budget comes at a time when businesses are facing global uncertainty and shifting trade relationships. With the fiscal deficit on a gradual path of consolidation toward about 4.4% of GDP, expectations for Budget 2026 are nuanced. Industry is looking for fiscal discipline, but not at the cost of slowing momentum in infrastructure, investment, or competitiveness.

Grant Thornton Bharat's pre-budget survey shows a clear preference for predictability and simplification. Companies are making long-term decisions on capacity, supply chains, and decarbonisation, and they are looking for policy stability that supports those choices.

Taken together, the findings suggest that industry attention has shifted away from headline announcements. The real focus is on execution, continuity, and confidence in the direction of policy. In an environment where capital is selective, Budget 2026 is being read as a signal of India's medium-term economic intent.

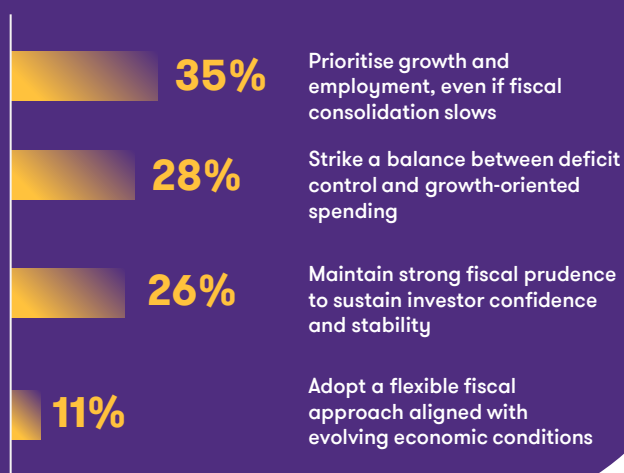
# Sustaining growth through fiscal discipline and innovation incentives



## Growth and fiscal strategy

Respondents support a calibrated fiscal approach, with continued backing for growth-oriented public spending even as fiscal consolidation continues. This reflects a shared view across the industry that sustained public investment plays an important role in maintaining economic momentum and encouraging private capital, especially given a slowing global economy.

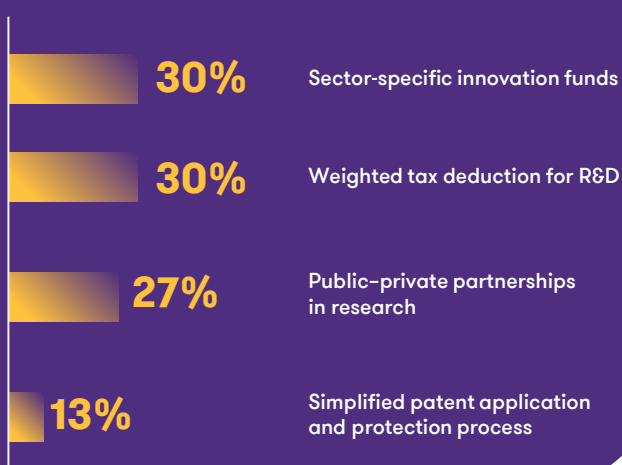
### How should Budget 2026 balance fiscal discipline with the need to drive growth and investment?



## Innovation and R&D

The survey points to a preference for practical, incentive-driven support for innovation. Sector-specific innovation funds and weighted tax deductions for R&D stand out as the most important measures, underlining the value industry places on support that directly reduces the cost and risk of research and product development. Public-private partnerships in research also receive strong backing, suggesting interest in collaboration once the core incentives are in place.

### What policy interventions do you believe will be most effective to boost innovation and R&D?





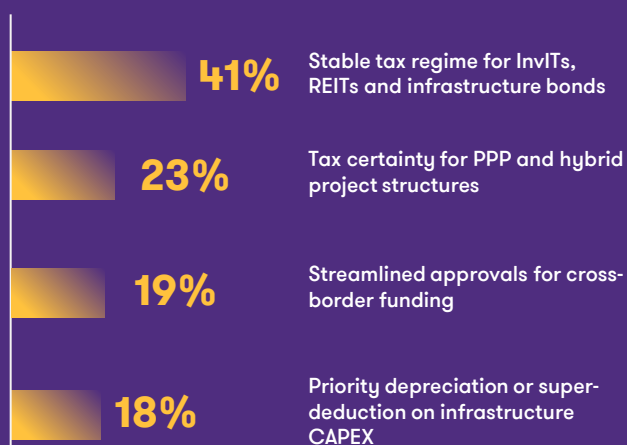
# Policy certainty as the key driver of long-term infrastructure investment



## Driving infrastructure investment

Survey findings indicate that long-term infrastructure investment is influenced more by policy certainty than by incremental incentives. A predictable tax framework for InvITs, REITs and infrastructure bonds is critical to attracting long-term capital into infrastructure. The survey also points to the importance of clarity around PPP and hybrid project structures, as well as more streamlined cross-border funding approvals.

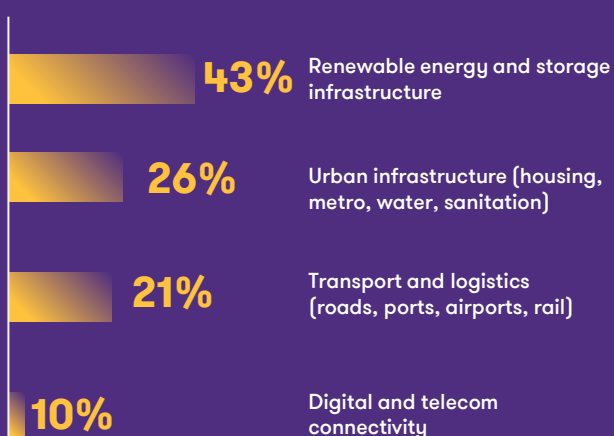
### Which policy moves would most accelerate infrastructure investment?



## Priority areas for infrastructure development

Renewable energy and storage top the list of priorities, reflecting India's ongoing transition toward cleaner and more resilient energy systems. Urban infrastructure and transport remain important areas of focus, driven by ongoing urbanisation and mobility requirements. Digital and telecom connectivity ranks lower relative to other sectors, suggesting that near-term infrastructure attention is more concentrated on energy and core physical assets.

### Which infrastructure area should receive the highest priority under Budget 2026?



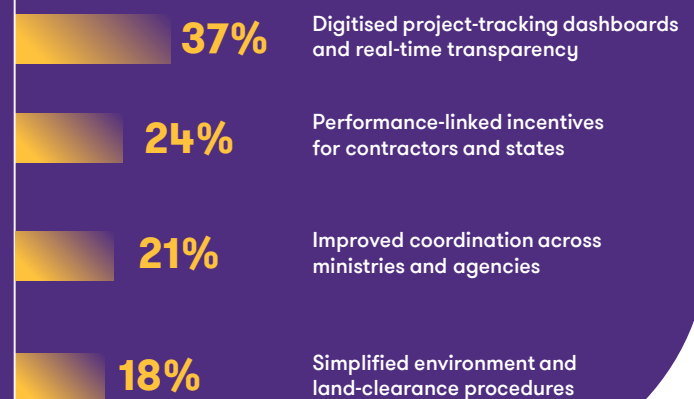
# Execution and ease of doing business take centre stage



## Strengthening project execution

Respondents highlight the need for digitised tracking systems and stronger coordination to improve implementation efficiency and reduce delays. Performance-linked incentives along with better coordination across ministries and agencies are also important areas the government should focus on.

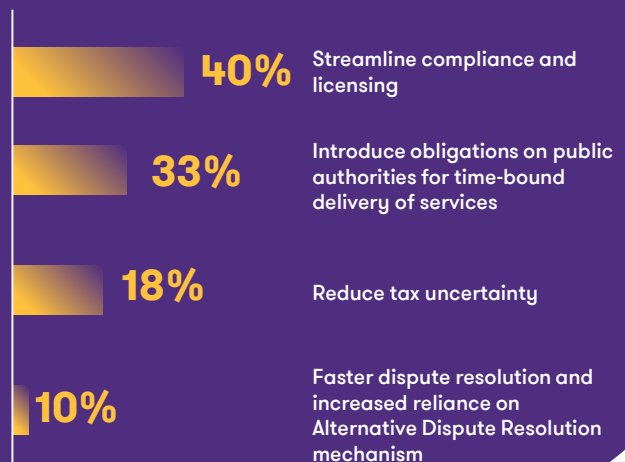
### What key areas should the government focus on to strengthen project execution and ensure timely completion?



## Ease of doing business

Recent Budgets have focused on improving the ease of doing business, with this year's expectations centred on simplified compliance, streamlined licensing, and time-bound service delivery to reduce red tape. While steps to lower tax uncertainty and expand dispute resolution are seen as useful, businesses see upfront regulatory clarity and process efficiency as more immediate priorities.

### What is the top area that the government should focus on to improve the ease of doing business?



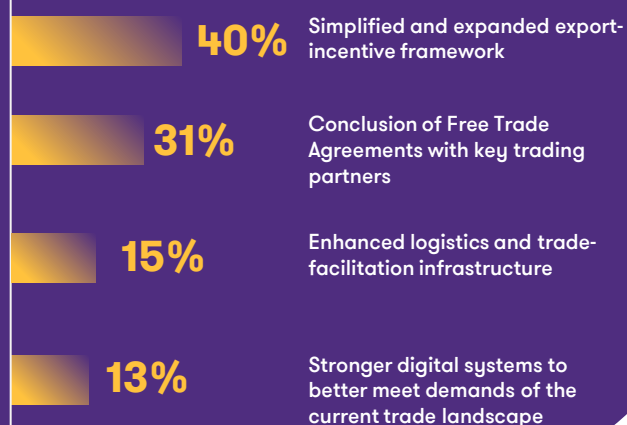
# Export frameworks and customs alignment to support manufacturing



## Trade policy priorities

A simpler and more predictable export-incentive framework is the top priority for exporters. Closing free trade agreements with key partners follows next, underlining the importance of easier access to overseas markets. Logistics, trade facilitation and digital systems matter, but are seen as secondary to clear incentives and trade agreements.

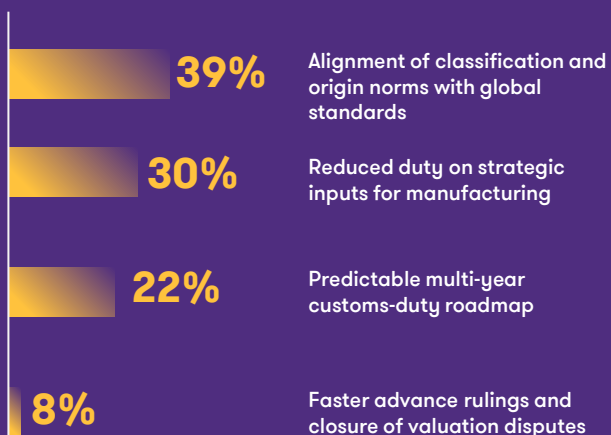
### Which trade policy actions should be prioritised in Budget 2026 to strengthen India's export competitiveness?



## Customs measures for competitiveness

Customs measures directly influence manufacturing competitiveness by determining the cost and predictability of cross-border trade. Alignment with global standards reduces friction and uncertainty at borders, while lower duties on manufacturing inputs support scale in globally integrated manufacturing.

### Which customs measures would most improve competitiveness?



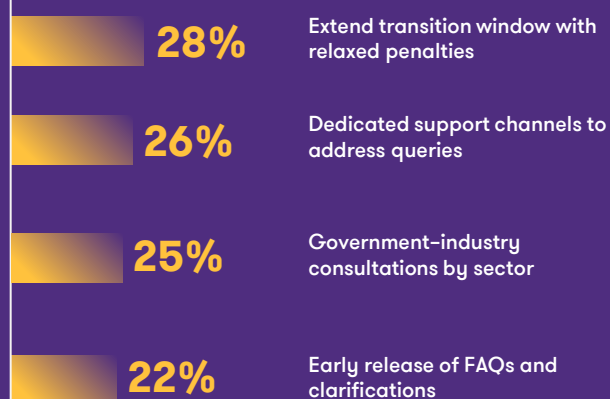
# Managing the transition to the New Income Tax regime



## Transition to the New Income Tax Act

The transition to the New Income Tax Act affects several business systems, including accounting and payroll, as well compliance workflows. Businesses are therefore focused on minimising disruption and compliance risk during the shift. Extended timelines, early guidance and structured support are seen as important to allow organisations to adapt processes in an orderly manner rather than through reactive compliance.

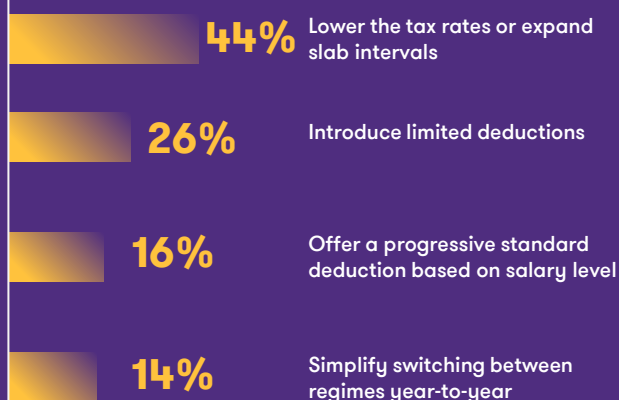
### What support would your organisation find most useful as the new Income Tax Act takes effect?



## Enhancing the New Tax regime

The attractiveness of the new tax regime hinges on its impact on take-home pay and ease of adoption. Lower rates or wider slabs are seen as the most direct way to improve outcomes for salaried taxpayers, while need of limited deductions and progressive standard. There is lower emphasis on need of simplification in process of regime switching.

### What changes should be made to the New Tax Regime to make it more attractive for salaried taxpayers?



# Momentum builds for API-driven customs systems

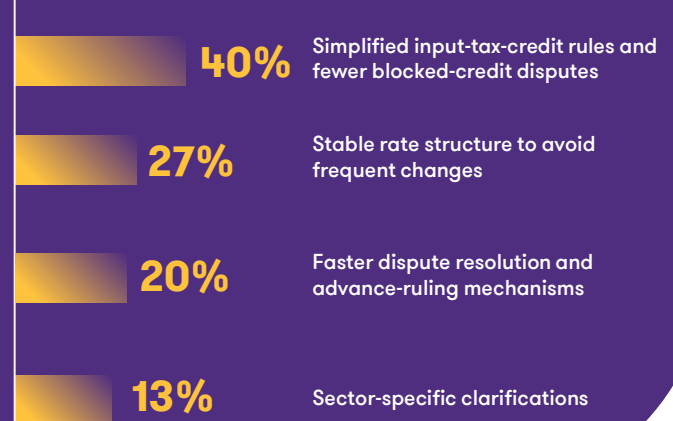


## GST reforms

Survey responses point to the input tax credit as the central focus of GST reforms. Simplification of credit rules and a more stable rate structure are the primary expectations, reflecting ongoing concerns about compliance complexity and uncertainty.

Faster dispute-resolution mechanisms and sector-specific clarifications are seen as important but secondary, indicating that stability and ease of credit utilisation remain the priorities under the GST framework.

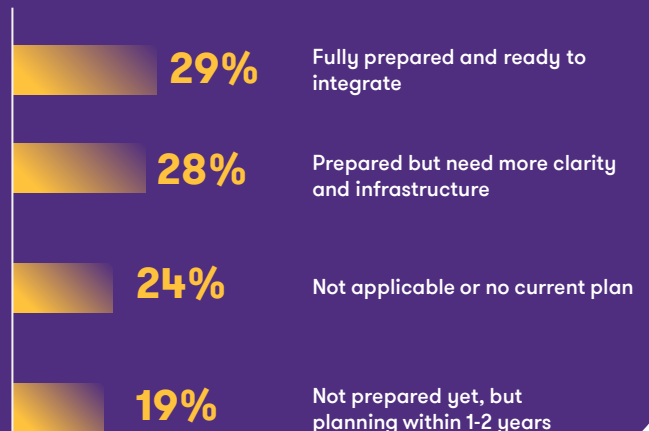
### What is your top expectations from Budget 2026 on GST reforms?



## Digital integration in customs

The survey suggests growing readiness among businesses to adopt API-based customs systems, with a significant share indicating preparedness or near-readiness. At the same time, the responses highlight a need for well-defined standards and stronger supporting infrastructure to enable effective integration.

### To what extent is your organisation prepared to adopt an API-based system that allows for the direct upload of customs/trade data?





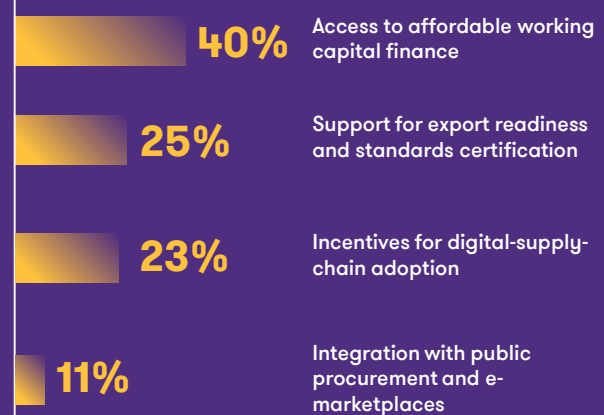
# Funding and incentives to support early-stage and MSME growth



## MSME competitiveness

Access to affordable working capital is the top priority, with MSMEs also seeking support to improve export readiness. Support for export readiness and incentives for supply-chain adoption will also help improve competitiveness.

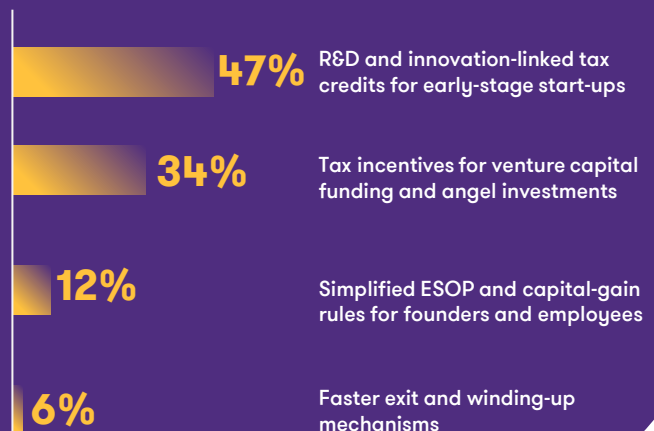
What should the government's top priority be to make MSMEs more resilient and globally competitive?



## Strengthening the start-up ecosystem

Innovation-linked tax credits and stronger investment incentives are seen as essential to accelerate early-stage growth. Tax incentives, ESOPs and faster exit mechanisms will also help improve the start-up ecosystem.

Which Budget 2026 measures would most strengthen India's start-up ecosystem?



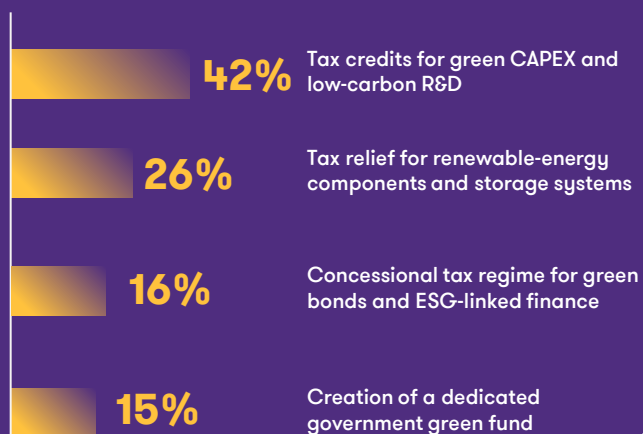
# Tax credits as catalysts for green investment and low-carbon R&D



## Clean-energy transition

India aims for 500 GW of non-fossil fuel capacity by 2030 and net-zero by 2070. Survey respondents view tax credits for green CAPEX and low-carbon R&D as key measures to accelerate India's shift to clean energy

## Which key fiscal measure should Budget 2026 prioritise to boost clean-energy transition?



“Across tax, trade and customs, the survey points to a consistent theme: businesses are seeking greater clarity and predictability. Whether it is the transition to a new Income-tax Act, GST administration or digital integration in customs, the emphasis is on stable frameworks, smoother implementation and reduced compliances. On the personal taxation front, despite the overhaul of slab rates under the new tax regime carried out last year, it seems that demand for further tweaks continues to top taxpayer's wishlist.”



**Richa Sawhney**  
Partner, Tax  
Grant Thornton Bharat



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