

"Union Budget 2026-27: Pioneering the Paradigm Shift towards Viksit Bharat@2047"

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ABSTRACT

The Union Budget 2026-27 is a crucial step towards realising the aim of making India a developed nation by 2047, i.e., Viksit Bharat@2047. By becoming a developed nation, India aims to achieve global presence, greater economic prosperity, and overall improvement in its citizens' well-being.

Objectives: The present study seeks to analyse the strategic provisions of the Union Budget 2026-27 that align with the objectives of Viksit Bharat@2047 and to provide suggestions to the Government of India for achieving the Viksit Bharat@2047 aim.

Methodology: The study uses a qualitative approach to analyse the strategic provisions of the Union Budget 2026-27 towards achieving the Viksit Bharat@2047 aim. The study utilises the Union Budget 2026-27 and various reports on the Union Budget 2026-27 and Viksit Bharat@2047 to obtain a clear view of the provisions of the Union Budget 2026-27 and the pillars or priority areas for achieving the Viksit Bharat@2047 aim.

Results: The study proposed a model for achieving the Viksit Bharat@2047 aim, which the researcher will authenticate in future by taking quantitative data on the key provisions made in the Union Budget 2026-27. According to the researchers, to materialise the goal of Viksit Bharat@2047, with the help of the budget 2026 to government should boost Production-linked localisation, allocate funds to boost basic education infrastructure, work on increasing the tax base, incentivise R&D, tech upgradation, and skill development, and most importantly, improve beneficiary identification to provide benefits to the people who are in need.

Limitations: The study is based on secondary data, does not include any quantitative data, and was conducted within a limited timeframe. Despite these limitations, the study provides valuable insights into the role of the Union Budget in aligning with the long-term vision of Viksit Bharat@2047.

Keywords: Union Budget 2026-27, Viksit Bharat@2047, India, Developed Nation, Government of India

JEL Classification Code: H61, O10, O53, H11

INTRODUCTION

Every year, on 1st February, the finance minister of India presents the annual financial statement of the Government of India, outlining estimated receipts and expenditures. According to Article 112 of the Constitution of India, the annual financial statement that details the Government of India's estimated inflows from tax and non-tax sources and the allocation to essential sectors such as education, infrastructure, healthcare, and defence is the Union Budget. Prof. Taylor stated that "A budget is the financial plan of the government that embodies estimates of revenue and expenditure for a definite period". For the nation's development and to shape the nation's economic landscape, the Government of India presents its financial plans and priorities through the Union Budget. Through the Union Budget, the Government of India promotes growth and development,

allocates resources effectively, tackles economic challenges and tries to meet the changing needs of the population.

On April 7, 1860, the budget was introduced for the first time in India by the Scottish economist and politician James Wilson. The first finance minister of Independent India, Sir R.K. Shanmugham Chetty, presented the first Union Budget of Independent India amidst the riots following the partition of India on 26th November, 1947, though this budget was effective for only seven and a half months, and the next budget was presented on April 1, 1948. John Mathai presented the Budget in 1949-50 for the United India, including all princely states. This year, the Finance Minister of India, Smt. Nirmala Sitaraman presented the Union Budget 2026-27 on 1st February, 2026, for the first time in the Kartavya Bhawan. As the Union Budget 2026-27 was presented in the Kartavya Bhawan, it is based on the three Kartavyas of the Government of India, which are to accelerate and sustain the economic growth of the nation, to fulfil the aspirations of the people of the nation and to provide equitable opportunities and access to resources across regions and communities by doing Sabka Saath, Sabka Vikas.

To make India a developed nation on its 100th anniversary of Independence, the Government of India took an ambitious vision of Viksit Bharat@2047. For this, the Government provide the slogan “Bold Vision, Brighter Future” that reflects the Government of India’s goal to coordinate efforts across social, economic, environmental, and governance sectors to achieve comprehensive and sustainable development.

A Yuva-Shakti Driven Budget, having the aim of Viksit Bharat, the Union Budget 2026-27 balances ambition with inclusion. That’s why this study aims to analyse the provisions of the Union Budget 2026-27, aligning with the aim of Viksit Bharat@2047 for inclusive development of the nation and also provides suggestions to the Government of India for achieving the Viksit Bharat@2047 aim. The study also includes a proposed model, according to the researchers, for achieving the Viksit Bharat aim, which the researchers will authenticate with figures in future.

Viksit Bharat@2047

In the developmental trajectory of the nation, becoming a developed nation is a milestone that every nation aspires to achieve. Several factors define a developed nation, that includes from improved overall quality of life and economic prosperity of the nation along with its citizens. Traditionally, a developed nation is defined only based on high per capita income and growth in the Gross Domestic Product of the nation while in modern times a developed nation as endorsed by the Global institutions such as the World Bank and the United Nations includes income levels and Human Development Indexes scores, that derived from the advancements in the health, education, standard of living along with the GDP of the nation. Still, no universally accepted classification or definition of the developed nation, making comprehending the Viksit Bharat vision of the Government of India crucial.

On the centenary of India’s independence, i.e., 2047, the Government of India aims to transform the nation into a developed nation through the Viksit Bharat initiative. Under the initiative, the Government seeks to coordinate efforts across the economic, social, environmental and governance domains for the comprehensive, inclusive and sustainable development of the nation. India aims to strengthen the economic profile of the nation, gain international recognition, and enhance the overall well-being of its citizens by transforming from being a developing nation to a developed nation.

To achieve the aforementioned goals, Viksit Bharat mentions several goals. In the context of economic development, the main Goal is of growing GDP of the nation with a target of USD 30-40 trillion by 2047, and a per capita income of USD 15000-18000 and in the context of social development, the main goal is to eradicate poverty, improve the lives of the poor through financial empowerment, and provide high quality health care and education to its citizens.

Yuva (Youth), Gareeb (Poor), Mahilayein (Women) and Annadata (Farmers) are the four main pillars of the Viksit Bharat aim, reflecting the crucial demographic and occupational groups in India’s journey towards development. Making these sectors a priority and providing structural support and resources to them will help

transform the vision of a developed nation into achievable actions. Along with these key pillars, the vision also includes some additional pillars that are making India a Global manufacturing hub, reviving the Glory of the Indian Knowledge System, ensuring global presence of Indian Products, powering green energy, expanding tourism and promoting inclusive global development, highlighting strategic priorities for making India a developed nation. For the nation's development, five broad themes are included in the vision that include empowered Indians, flourishing and sustainable economy, Innovation, science and technology, good governance and security, and India in the World.

Sectors like Agriculture, Micro, Small and Medium Enterprises (MSMEs), Investment, Exports, Manufacturing and Service sectors are the vision's priority because in future these sectors form the backbone of the economic transformation of the nation. Sunrise sectors like Renewable energy, Digital Public infrastructure, and technology advancement are also recognised for making India a developed nation in the future. Collectively, the various frameworks constituted of ten pillars (four key and six additional), and five themes created a comprehensive and multifaceted approach that requires effective coordination and consistency among these pillars for achieving the Viksit Bharat vision.

Research Questions

For achieving the Viksit Bharat@2047 vision Union Budget 2026-27 is a major and crucial step of the Government of India. To analyse this major step, the study aims to answer the following questions:

1. How do the strategic provisions of the Union Budget 2026-27 align with the objectives of the Viksit Bharat@2047?
2. What impact does the Budget 2026-27 have on the key pillars and priority areas of the Viksit Bharat@2047 aim?
3. What are the suggestions to the Government of India for achieving the Viksit Bharat@2047 aim?

RESEARCH METHODOLOGY

The study is qualitative in nature, uses a descriptive-analytical research design for analysing the strategic provisions of the Union Budget 2026-27 towards achieving the Viksit Bharat@2047 aim. The study is based on secondary data collected from various official documents including the Union Budget 2026-27, the Economic Survey, RBI reports, government policy papers and various reports on the Union Budget 2026-27 and Viksit Bharat@2047 to get a clear view of the provisions of the Union Budget 2026-27 and pillars or priority areas for achieving the Viksit Bharat@2047 aim. Relevant macroeconomic indicators such as fiscal deficit, public debt, capital expenditure trends, and employment data are used to support the discussion.

A thematic content analysis approach is employed to categorise implementation challenges under fiscal, institutional, employment, external, and environmental dimensions. The study is grounded in public finance and development economics perspectives to assess policy sustainability and structural constraints.

Union Budget 2026-27

The Union Budget 2026-27 is a Yuva-Shakti-driven Budget based on the 3 Kartavyas, namely accelerating and sustaining economic growth, building human capacity and advancing inclusive development (Sabka Saath, Sabka Vikas) by providing equitable access to resources and opportunities across regions and communities. The Union Budget Prioritises action over ambiguity, Reform over rhetoric and people over populism and aims to transform the aspiration of becoming a developed nation into achievement, i.e., become a Developed Nation by transforming the potential of our working population into performance that results in the economic growth of the nation and also helps in strengthening India's position in the global economy.

According to the Union Budget 2026-27, the nation's growth and development strategy rests on six pillars, namely sustaining Economic Growth, strengthening the foundations of growth, promoting People-Centric

Development, fostering Trust-based Governance, providing opportunities for Ease of Doing Business and Ease of Living and ensuring sound fiscal management of the nation. In line with these priorities, the government has undertaken wide-ranging economic reforms aimed at generating employment, improving productivity, and accelerating overall economic growth. To date, over 350 reforms have been implemented, including simplifying GST provisions, rationalising labour codes, and streamlining mandatory Quality Control Orders.

The budget highlighted that India maintains approximately 7% growth, moderate inflation and fiscal discipline with a debt-to-GDP ratio at 55.6%, total expenditure estimated at ₹53.5 lakh crore and a fiscal deficit target of 4.3% of GDP. The receipts for the year 2026-27 are expected to be ₹36.5 lakh crore, with non-debt receipts of ₹28.7 lakh crore and gross market borrowings of ₹17.2 lakh crore.

The Union Budget 2026-27 reflects the Government's ambition to make India developed or VIKSIT BHARAT@2047. From niche areas such as farmers and fishermen to the least developed regions, the budget focuses on cutting-edge technologies like AI, cloud computing, and the semiconductor revolution to make India self-reliant and developed. The budget 2026-27 reflects the government's prudent fiscal management, as capital expenditure in the country has seen a quantum jump over the past 12 years. Total spending and total revenue have also shown a major jump, given the size of the economy, as India is the fastest-growing economy in the world.

Union Budget 2026-27: Enabling the Vision of Viksit Bharat@2047

Union Budget 2026-27 operationalises Viksit Bharat@2047 aim of making India a \$30-40 trillion economy by 2047, balancing high-growth structural reforms with inclusive welfare through targeted fiscal allocations exceeding ₹5 lakh crore, across the four pillars (Youth, Poor, Women, Farmers) and strategic sectors including MSMEs, manufacturing, and green energy. The Union Budget serves as the most powerful tool of the government that helps in turning the strategic vision of Viksit Bharat into actionable policy measures by allocating resources efficiently, influencing the investment behaviour of the people, distributing income and making development across all the sectors crucial.

The Union Budget 2026-27 is not merely an annual financial statement, but it is a strategic enabler of the Viksit Bharat @2047 vision, reflecting continuity in reforms, prioritisation of capital expenditure, and emphasis on inclusive and sustainable growth. The Union Budget incorporates many provisions for the sustainable and inclusive development of the nation, aligning with four pillars, six pillars, and five themes of the Viksit Bharat aim, as shown in the Proposed model towards the vision of Viksit Bharat@2047 in fig.1. The complicated web-like structure in the model shows that the provisions made in the Union Budget 2026-27 integrate across socio-economic pillars, catalysing multi-sectoral impacts on employment, manufacturing, agriculture, services, sustainability and inclusivity. The proposed model highlights cross-sectoral ripple effects of all the specified provisions of the Budget 2026-27.

Skill India Mission targets to equip youth with skills in Artificial Intelligence, semiconductors, green technology, and AVGC (Animation, VFX, Gaming, Comics) skills that helps in bolstering semiconductors/biopharma PPPs and India Semiconductor Mission 2.0 by creating a skilled workforce for domestic production and integrates with services via the High-Powered Education-to-Employment Committee, producing professionals in health, tourism, Ayurveda, design, education, and sports.

NIMHANS 2.0, i.e., opening Mental Health Institute in North India along with upgrading the ones at Ranchi and Tezpur, serves as a Mental Health Catalyst for Inclusivity and Services by bridging youth upskilling in health professions, providing STEM access to women and fueling Biopharma SHAKTI biologics, medical tourism hubs and services exports by 10% global target.

Strengthening the Viksit Bharat-Guarantee for Rozgar and Ajeevika Mission (VB-G RAM G) Act, 2025 by allocating significant funds and reinforcing the e-Shram portal as a central, one-stop solution for the welfare of unorganised workers; issuing ID cards; registering on the portal; and extending healthcare coverage under Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).

Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources), a multilingual AI tool to integrate agristack portals and the ICAR package on agricultural practices with AI systems; it helps pivot agriculture from subsidies to high-value productivity, benefitting farmers while spilling over to youth upskilling in AI, women in STEM and divyangjans via quantum tech access. It promotes high-value crops like coconut, cashew, sandalwood, and cocoa in coastal areas; promotion of agar trees in the North-east; promotion of almonds, walnuts, and pinenuts in hilly regions for premium global brands; a coconut promotion scheme to increase production and enhance productivity, as India is the largest producer of coconut in the world; and funds for animal husbandries. This tech pivot enhances MSME supply chains, green energy resilience and global exports through premium branding.

Nari Shakti Package scales Lakhpati Didi Yojana for 2 crore self-help group members into enterprise owners via SHE-Marts (community retail), market/financing access, and sustainable income, intersecting with rural handloom/crafts sectors, UPI/RuPay incentives (₹2000 crore), and one girls' hostel per district. It drives women's economic independence, linking to MSME growth funds/Corporate Mitras, tourism via skill-trained guides, and services exports targeting 10% global share by 2047.

Seven Sunrise sectors (Biopharma, Semiconductors, Electronics components, Green Energy, Textiles, Rare Earth/chemicals, creative/AVGC) are emphasised to make India a Global Manufacturing Hub and self-reliant.

Five education townships, 15,000 content creator labs, and girls hostels per district converge youth skilling with women's empowerment, feeding into Tier II/III City Economic Regions (CERs), East Coast Corridor industrialization, and tourism (10,000 hybrid-trained guides, mountain/turtle/bird trails, 15 archaeological sites, Buddhist circuits, Global Big Cat Summit, seaplane VGF, medical value tourism hubs).

National Destination Digital Knowledge Grid for boosting tourism by documenting cultural/spiritual/heritage sites, and also creating jobs for researchers/content creators. The Budget 2026-27 also have provisions for the promotion of Indian knowledge, like setting up All India Institutes of Ayurveda, exporting quality ayurvedic products, upgrading AYUSH pharmacies and drug testing labs, upgrading the WHO Global Traditional Medicine Centre to strengthen evidence-based research, training and awareness of traditional medicine.

For the sustainable development of the nation powering green energy is essential and Budget 2026-27 creates provisions such as the Carbon Capture Utilization and Storage (CCUS) scheme; Developing environmentally sustainable passenger systems by developing seven High-Speed rail Corridors between cities as 'growth connectors', providing Basic Customs Duty exemptions on 17 cancer-related drugs and medicines, and removing the excise duty on biogas blended with compressed natural gas for powering green energy.

For the inclusive global development of India, the Budget 2026-27 contains provisions such as industrialization of the East Coast Corridor for the all-round development like human resource development, infrastructure enhancement and economic opportunities of the eastern region of India, delivering economic power of agglomerations to Tier II and tier III cities by potential of the cities and developing City Economic Regions (CER), adopting technologies like AI, Quantum technology to provide benefit farmers in the field, women in the STEM, youth keen to upskill and divyangjans get acces to newer opportunities; NIMHANS-2 for upgrading mental healths of the citizens; providing aids to the neighbouring nation. The Budget specifically mention the third Kartavya of the government of Sabka Saath, Sabka Vikas towards a Viksit Bharat by increasing farmers' income, empowering Divyangjans, empowering the vulnerable, focus on the Purvodaya states to accelerate the development of the nation.

For MSMEs, a vital engine for the growth of the Nation, the Union Budget 2026-27 aims to create Champion SMEs by creating a dedicated SME growth fund; mandating TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, providing a credit guarantee support mechanism through CGTMSE, Integrating GeM with TReDS, introducing TReDS receivables as asset-backed securities for enhancing liquidity and settlement of transactions and developing corporate mitras with the help of ICAI, ICSI, ICAI, especially in the tier-II and Tier-III towns

The Union Budget 2026-27 recognises exports as a crucial tool for India’s growth, emphasising macroeconomic stability and public investment to enhance global trading status. The Budget focuses on boosting domestic manufacturing in strategic sectors, enhancing export competitiveness, providing export support to labour-intensive industries, removing barriers for small exporters, investing in infrastructure and reducing import reliance through programs like Biopharma SHAKTI and the Semiconductor mission. The budget aims to capture 10% of global services exports by 2047 alongside tax reforms to attract foreign investment in digital services.

The manufacturing and services sector is the core sector in the Union Budget 2026-27 through targeted schemes, cluster-based development and capacity expansion for the long-term development of India. In the Manufacturing sectors focus is on sunrise sectors for developing India’s capacity in the Biopharma, textiles, electronics, containers, legacy clusters and making India self-reliant. The services sector has been emphasised in the Union Budget 2026-27 to fulfil the aspirations of the youthful India through measures like the High-Powered ‘Education to Employment and Enterprise’ Standing Committee, creating professionals for Viksit Bharat in health, tourism, ayurveda, design, education and sports.

Overall, the budget shifts paradigms from reliance on subsidy-based development to innovation-led growth and making India self-reliant through aligning fiscal policy with long-term development goals. The proposed model, as shown in fig.1 represents the budget vision of making India a developed nation by 2047. However, empirical evaluation post-implementation will assess efficacy in MSME financing and rural empowerment, crucial for India’s 2047 aspirations.

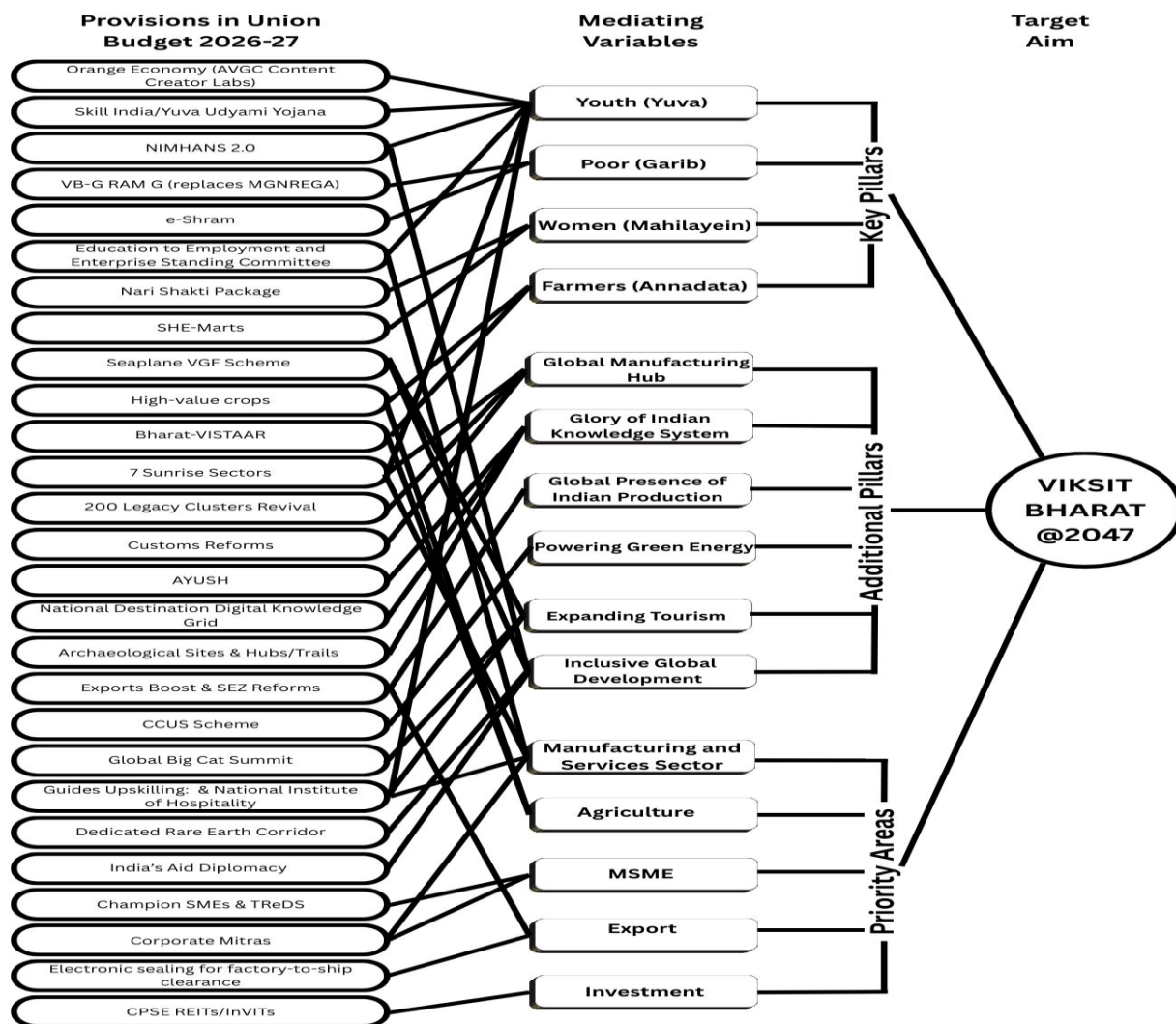


Fig. 1. A Proposed Matrix model as per the authors towards achieving the vision of Viksit Bharat@2047

Source: Created by the Authors

Critical Analysis of the Allocations made in Union Budget 2026-27:

- **Human Capacity Development:** In the Union Budget 2026-27, allocations for youth development, encompassing education and skill development under the Ministry of Skill Development and Entrepreneurship (MSDE), demonstrate an upward trajectory aligned with the National Education Policy (NEP) 2020 and the Viksit Bharat@2047 vision to harness the demographic dividend. These outlays escalated from ₹95,874 crore in the 2021-22 Budget Estimates to ₹1,49,175 crore in the 2026-27 Budget Estimates, yielding a compound annual growth rate (CAGR) of 9.15%, yet as a proportion of nominal GDP—from ₹235 lakh crore (2021-22 actuals) to an estimated ₹393 lakh crore (2026-27, assuming 10% growth)—they hovered at 0.36-0.41%, substantially below the OECD average of approximately 4.7% in 2025. This contrasts sharply with historical investments in developed economies during demographic transitions, such as Japan's and South Korea's ~4-6% of GDP on education and vocational training, the United States' ~6-7% during the 1950s-1970s baby boom amid skill-biased technological shifts, and Germany's Vocational Education and Training (VET) model alongside Singapore's early emphasis on human capital, all fostering productivity surges and low unemployment—necessitating amplified Indian commitments for parity by 2047.
- **Gender-Responsive Budgeting:** The Union Budget 2026-27 embodies a Nari-Shakti Package, directing ~9.37% of total expenditure (~1.52% of GDP) toward gender initiatives, yet this trails OECD benchmarks of 15-25% of budgets (2.5-4% of GDP), where over 60% of nations employ formal gender budgeting to elevate Female Labour Force Participation (FLFP) to 60-70%, against India's ~37%. Sweden and Norway allocate ~22% and 20%, respectively, correlating with FLFP rates of 80% and 75%, while Canada and Germany commit ~18% and ~17%; India's institutional and efficacy deficits underscore imperatives for OECD-calibrated reforms to attain 50% FLFP under Viksit Bharat@2047.
- **Agricultural Sector Investments:** India's 2026-27 Union Budget earmarks ₹1.63 lakh crore (~0.35-0.42% of GDP) for agriculture and allied sectors, manifesting chronic underinvestment vis-à-vis the sector's 15-18% GDP contribution and ~46% employment footprint. This lags efficiency-oriented strategies in developed economies' growth phases, exemplified by the USA (\$30-40 billion, 0.15-0.20% GDP), Japan (~\$14.5 billion, 0.25% GDP), Germany (€5-6 billion, 0.12% GDP), France (€10-12 billion, 0.35% GDP), and the Netherlands (€4-5 billion, 0.20% GDP), which yield productivity multipliers of 3.5x-7x via R&D and innovation, contra India's subsidy-centric model (2.5-3.5x multiplier). Attaining Viksit Bharat@2047 agricultural targets demands escalated capital outlays mirroring these paradigms.
- **Export Promotion Strategies:** India's 2026-27 export framework remains cautious, with incentives at 0.25-0.3% of GDP and an export-GDP ratio of ~22%, dwarfed by Germany and South Korea's 38-48% ratios bolstered by R&D tax credits and Export Credit Agencies rather than overt subsidies; India's per capita export spend (~\$60) pales against Germany's ~\$1,200, despite superior post-COVID growth (12-15% vs. 3-5%). Emulating South Korea's tactics, via scaled incentives, customs reforms, and diversification, is pivotal for a 25-30% export-GDP target by 2047.
- **Renewable Energy Commitments:** Renewable energy allocations in India's 2026-27 Budget constitute merely 0.09% of GDP, far beneath developed economies' 0.3-0.7%, with per capita spends at ~USD 18 versus Germany's USD 350 and the US's USD 450; India's 28% CAGR notwithstanding execution impediments, trails peers in leveraging concessional financing. Amid global 2024 investments of USD 728 billion (60% developed share), India requires 2-3x GDP-scaled escalation for Net Zero alignment.
- **MSME Support Mechanisms:** Developed economies proffer sophisticated MSME financing and innovation frameworks, allocating 1-3% of GDP via grants and guarantees, yielding elevated multipliers; Germany's Mittelstand disburses €30-40 billion annually (3.2x multiplier), the US \$50-60 billion (R&D-focused), with Japan, South Korea, and Canada sustaining SME vitality. India's comparatively modest provisions highlight needs for benchmark-aligned policies to bolster productivity amid structural constraints.

- **Public Capital Expenditure:** At 3.1% of GDP (₹12.22 lakh crore), India's 2026-27 public capex exceeds many developed peers' 2-3% averages (US 2.8%, Japan 2.5%, Germany 2.2%, France 2.7%), signaling post-COVID growth ambition akin to South Korea's 3% transitional peak, contingent on execution efficacy despite land acquisition bottlenecks. This positions India advantageously for Viksit Bharat@2047, provided multipliers materialise comparably to efficient models like Australia's.

Potential Implementation Challenges/Barriers:

- **Geopolitical Risks:** One of the most potential risks as per the **Dependency Theory**, in the realisation of the Viksit Bharat@2047 aim is the uncertainty arising in the field of geopolitics, such as US tariffs, the Russia-Ukraine war, and tensions in the Middle East conflicts mirror energy/commodity volatility spikes that amplify inflation and supply chain frictions, directly imperilling India's export-GDP targets (22%) and capex ambitions (3.1% GDP).
- **Political Instability:** Another major risk associated with the realisation of Viksit Bharat@2047 is the potential political instability in the country. As India is moving towards becoming a developed nation by 2047, political stability is a must for a stable growth trajectory. **Political Instability Theory**, particularly as developed in the works of Alesina et.al. (1989) and extended in cross-country econometric models, directly supports the notion that political instability undermines stable economic growth trajectories essential for ambitions like Viksit Bharat@2047. Empirical studies across 113 countries (1950-1982) confirm a robust negative correlation, where instability reduces growth by 1-2% annually via disrupted production, weakened institutions, and heightened risk premiums, mirroring India's need for stability to sustain 3.1% GDP capex and sectoral multipliers.
- **Gender and Social Barriers:** Nari-Shakti's 9.37% expenditure trails OECD norms due to entrenched gender stereotypes, safety concerns, and infrastructure deficits hindering FLFP elevation to 50%. Persistent rural-urban divides and income inequality amplify exclusion, mirroring broader HDI reductions by over 30% from disparities. The **Unified Growth Theory** (e.g., Galor) integrates gender roles into fertility-education-tradeoffs, where initial biases trap economies in Malthusian stagnation by prioritizing childrearing over human capital investment, delaying sustained growth. Similarly, endogenous growth frameworks (e.g., Agénor) highlight how gender gaps in bargaining power and labour markets reduce aggregate output, with a 10% FLFP rise boosting GDP growth by 0.3% via expanded labour supply.
- **Fiscal Barriers:** Fiscal availability is one of the important barriers in achieving the Viksit Bharat vision, as at present, the major portion of the government's revenue comes from borrowings, and a major portion of the government's expenditure goes to paying the interest payments of those borrowings. **Debt Overhang Theory**, introduced by Krugman (1988) and extended in Servén-Lopez (2001), debt overhang posits that high public debt discourages private investment due to anticipated future tax hikes or austerity, creating a vicious cycle where borrowings fund consumption rather than productive capex. In India, where interest payments consume ~37% of revenue receipts (FY 2025-26) and ~25% of the budget, this manifests as fiscal rigidity, limiting allocations to education (0.36-0.41% GDP), agriculture (0.35-0.40% GDP), and renewables (0.09% GDP) despite ambitions like 3.1% capex. Empirical extensions (e.g., Pattillo et al., 2002) confirm thresholds (~60-90% debt-GDP) beyond which growth falters, aligning with India's trajectory amid FRBM slippage risks.

Suggestions

The following suggestions are given from a researcher's perspective to materialise the goal of Viksit Bharat@2047, with the help of the budget 2026:

- **Boosting Production Linked Incentives Localisation:** PLI scheme that is acting as a game changer in making India a Global Manufacturing Hub, allocation to this game changer scheme is reduced in this

budget 2026-27 by a margin of 3%. To drive the production and exports of the country, the Government of India should prioritise the PLI scheme for greater localisation.

- **Funding for Basic Education Infrastructure:** Creating Content Creation Labs in Government Schools is a key initiative in this year's budget, but this will work only if the basic infrastructure and basic amenities are available in the schools. The need of the hour is to upgrade basic infrastructure and provide basic amenities in government schools to help the government empower the “Yuva-Shakti”.
- **Increasing Tax Base:** To increase the tax base, the Budget 2026-27 does not include any provisions, but the government should work on increasing the tax base to rationalise the tax burden on the public to bear a proportional burden for the development of the country. To stop the run of the millionaires and billionaires out of the country, rationalising the tax on the public is crucial.
- **Attract Foreign Investments:** Due to the geopolitical tensions and tariff wars around the world, investors are moving out of India at present. To tackle this kind of situation or stop investors moving out of India, the government should offer lower tax rates on investments, either long-term or short-term, to foreign investors, instead of increasing the STT.
- **Incentivising R&D, Tech Upgradation, and Skill Development:** The government should prioritise research and development, technology upgradation, and skill development to reduce import dependence in the context of defence, energy, rare earth minerals supplies, and fertilisers, etc.
- **Improved Beneficiary Identification:** The government is doing a commendable job for the upliftment of marginalised sections of society, but it is lacking in terms of identifying the real marginalised people. The government should allocate funds to improve beneficiary identification machinery to deliver the benefits to the needy people.

CONCLUSION

The Union Budget 2026-2027, outlays ₹53.47 lakh crore, which shows a 7.7% year on year growth, and intends to reduce the fiscal deficit to 4.3% amid 10% nominal GDP projections. The above steps in the 2026-2027 budget will act as a catalyst for Viksit Bharat@2047. The present budget prioritises the pillars, such as youth skilling, poverty alleviation, women's inclusion, and farmer resilience. The sectoral drivers towards the Viksit Bharat@2047 are Biopharma SHAKTI (budget outlay of ₹10,000 crore), Electronics PLI (budget outlay of ₹40,000 crore), Carbon Capture Utilisation Storage (budget outlay of ₹20,000 crore), and MSME Growth Fund (budget outlay of ₹10,000 crore with TReDS mandates).

The Union Budget 2026-27 strengthens youth by a budget outlay of ₹50,000 crore Skill India for 70M in AI/semiconductors/AVGC, to enhance the poor the budget outlays ₹95,692 crore VB-G RAM G with 50% women-led assets, to strengthen women ₹2 lakh crore Nari Shakti tripling Mudra loans, and to strengthen the farmers the budget outlays ₹1.2 lakh crore PM Dhan-Dhaanya Yojana via Bharat-VISTAAR AI. The Budget 2026-27 paves the way for becoming a developed nation by the year 2047 by strengthening the four core pillars of the Viksit Bharat@2047 vision of the Government of India. To illustrate how the 2026-27 budget paves the way for the government's Viksit Bharat@2047 vision, the study provides a proposed model that interlinks the provisions in the Union Budget 2026-27 with the four key pillars, six additional pillars and the priority sectors of the Viksit Bharat@2047 vision. Prime Minister of India hailed the Union Budget 2026-27 as “Highway of Immense Opportunities”, “historic” and a “strong reflection of India's Nari Shakti”, reflecting the relevance and futuristic vision of the Union Budget 2026-27.

Disclaimer:

The views expressed in this paper are purely based on the literature studied by the researchers and their observations. However, efforts have been made to be all-inclusive and not omit any part deliberately. This paper tries to express the facts as they were and is not aimed at hurting anyone's sentiments.

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