

Union Budget 2026 as a Catalyst for Viksit Bharat 2047: A Sectoral Based Evaluation

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The Union Budget is the most important fiscal policy tool used by the Indian government each year to convert its long-term economic goals into workable plans. Given its positioning as a link between the country's aspiration to achieve Viksit Bharat 2047 and current fiscal challenges, the Union Budget 2026 assumes particular significance. A thorough sectoral and outcome-based analysis of the Union Budget 2026 is conducted in this paper from the standpoint of financial and commercial policy. The study compares Budget 2026 with Budget 2024–2025 using secondary data from Union Budget documents, Economic Surveys, and official government publications to evaluate shifts in sectoral priorities, capital expenditure trends, and reform orientation. Important industries are thoroughly examined, including MSMEs, banking and financial services, education and skill development, healthcare, infrastructure, agriculture, and the digital economy. An outcome-mapping framework is applied to examine how budgetary allocations are expected to influence investment, productivity, employment, financial inclusion, and long-term economic resilience. The findings indicate that Budget 2026 emphasizes investment-led growth, financial sector strengthening, and digital transformation, thereby aligning closely with the objectives of Viksit Bharat 2047. However, the paper also highlights implementation challenges, fiscal constraints, and the need for stronger monitoring mechanisms. In addition to providing policy recommendations for improving budget effectiveness, the study adds to the body of knowledge in public finance and commerce by establishing a connection between annual budgeting and long-term developmental outcomes.

Keywords: union budget 2026, viksit bharat 2047, sectoral allocation, public finance, outcome-based budgeting

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1. Introduction

In modern economies, fiscal policy plays a decisive role in shaping macroeconomic stability, business confidence, and long-term development trajectories. In India, the Union Budget functions as a comprehensive policy document that not only outlines government revenues and expenditures but also signals reform priorities to businesses, financial markets, and investors. From a commerce and finance perspective, the Union Budget directly influences capital formation, taxation structures, financial sector stability, and the ease of doing business.

Given its presentation against the backdrop of India's long-term vision of Viksit Bharat 2047, the Union Budget 2026 is particularly noteworthy. The goal of this vision is to make India a developed, inclusive, and innovative economy by the country's centennial. Long-term investments in financial systems, technology, human capital, and infrastructure are necessary to achieve this goal; these sectors are firmly within the purview of budgetary policy.

The present study argues that Union Budget 2026 represents a strategic fiscal intervention aimed at accelerating India's transition towards a developed economy. Rather than focusing merely on short-term growth, the budget emphasizes capital expenditure, financial sector reforms, and productivity-enhancing investments. This paper evaluates whether Union Budget 2026 can genuinely function as a catalyst for Viksit Bharat 2047 by analyzing its sectoral allocations and expected economic outcomes from a commerce-oriented lens.

2. Conceptual Framework: Viksit Bharat 2047 and Fiscal Policy

Viksit Bharat 2047 is a concept that embodies India's ambitions for sustainable development, inclusive growth, high income status, and technological leadership. This vision is based on five interconnected economic pillars: a strong financial system, globally competitive industries, skilled human capital, robust infrastructure, and digital transformation. Those pillars are advanced primarily through fiscal policy, which is operationalized through annual Union Budgets.

From the stand point of commerce, the efficiency of fiscal policy is determined by how budgetary allotments result in better business conditions, higher levels of productivity, and more private investment. A crucial strategy for guaranteeing that public spending produces quantifiable economic and social results is outcome-based budgeting.

Union Budget 2026 explicitly emphasizes capital expenditure, financial inclusion, and digitalization, suggesting a strong alignment with the Viksit Bharat 2047 framework. This study adopts an outcome-based evaluation model that links budgetary inputs (allocations and policy measures) with outputs (sectoral improvements) and outcomes (long-term developmental goals).

3. Review of Literature

A substantial body of literature highlights the role of fiscal policy in promoting economic growth and development. Classical public finance theories emphasize the allocative, distributive, and stabilizing functions of government budgets. Contemporary studies focus on the importance of capital expenditure in crowding in private investment and enhancing long-term growth potential.

Indian studies on Union Budgets have examined sectoral priorities, taxation reforms, and their implications for economic growth. Research in commerce and management literature has explored the impact of MSME support, financial sector reforms, and digitalization on business performance and competitiveness. However, most studies analyze budgets in isolation without linking them to long-term national visions such as Viksit Bharat 2047.

Recent literature on outcome-based budgeting argues that increases in allocations alone are insufficient unless accompanied by effective implementation and monitoring. This study builds on existing research by integrating sectoral budget analysis with an outcome-mapping framework aligned to India's long-term developmental vision.

4. Objectives of the Study

The objectives of the present study are:

1. To examine the sectoral allocation pattern of Union Budget 2026 from a fiscal policy perspective.
2. To compare sector-wise allocations in Budget 2026 with those of Budget 2024–25.

- To evaluate the expected economic outcomes of Budget 2026 using an outcome-based framework.
- To evaluate how the Union Budget 2026 contributes to the attainment of Viksit Bharat 2047's goals.

5. Research Methodology

The present study is based on secondary data. Data sources include Union Budget documents for 2025 and 2026, Economic Survey reports, RBI publications, and relevant research articles. Sectoral allocation data are analyzed using comparative tables, while qualitative policy analysis is employed to evaluate expected outcomes.

6. Sectoral Analysis of Union Budget 2026

6.1 Infrastructure and Capital Investment

Infrastructure development forms the backbone of investment-led growth strategies. Union Budget 2026 significantly enhances capital expenditure to support roads, railways, logistics, and urban infrastructure. Increased infrastructure spending reduces transaction costs, improves supply chain efficiency, and enhances overall business competitiveness.

Table 1: Capital Expenditure Allocation (₹ lakh crore)

Sector	Budget 2024-25	Budget 2026
Infrastructure	11.1	13.0
Roads & Highways	2.8	3.2
Railways	2.4	2.8
Urban Infrastructure	0.9	1.2

The steady rise in capital expenditure reflects the government's commitment to long-term growth and aligns with the infrastructure-led development strategy envisioned under Viksit Bharat 2047.

6.2 MSMEs and Entrepreneurship

Micro, Small, and Medium Enterprises (MSMEs) are central to employment generation, export growth, and entrepreneurship. Budget 2026 enhances credit guarantee schemes and digital platforms for MSMEs, improving access to formal finance.

Table 2: MSME Support Allocation (₹ crore)

Component	Budget 2024-25	Budget 2026
Credit Guarantee Scheme	9,000	13,000
MSME Digital Platforms	1,200	2,000
Skill & Entrepreneurship Programs	3,500	4,800

These measures are expected to strengthen MSME resilience and integration into formal supply chains.

6.3 Banking and Financial Services

A robust financial system is essential for mobilizing savings and supporting investment. Budget 2026 emphasizes financial inclusion, fintech innovation, and capital market deepening.

Table 3: Financial Sector Allocations (₹ crore)

Area	Budget 2024-25	Budget 2026
Financial Inclusion Initiatives	6,500	8,200
Digital Banking Infrastructure	4,000	6,000
Capital Market Development	2,800	3,600

6.4 Education and Skill Development

Human capital development is a cornerstone of Viksit Bharat 2047. Budget 2026 prioritizes employability-oriented education and skill development.

Table 4: Education and Skill Development Allocation (₹ crore)

Component	Budget 2024-25	Budget 2026
Education (Total)	1,12,000	1,25,000
Skill Development Programs	8,500	11,000

6.5 Health and Social Welfare

Healthcare investments improve workforce productivity and economic resilience.

Table 5: Health Sector Allocation (₹ crore)

Component	Budget 2024-25	Budget 2026
Health (Total)	89,000	1,02,000
Public Health Infrastructure	32,000	41,000

6.6 Digital Economy and Innovation

Budget 2026 makes significant improvements to the AI infrastructure. The government reiterated its support for semiconductor, quantum, and data-center technologies as the cornerstones of an "AI-led" economy, in addition to the RDI Fund.

Table 6: Digital Economy and Innovation (₹ crore)

Component	Budget 2024-25	Budget 2026
Digital Public Infrastructure	9,000	14,000
Innovation & R&D	12,000	18,000

7. Comparative Analysis: Budget 2024–25 vs. Budget 2026

A comparative analysis reveals a clear shift towards higher capital expenditure and productivity-enhancing investments. Revenue expenditure growth remains moderate, indicating fiscal prudence. The rising share of capital outlay strengthens long-term growth prospects and supports private sector participation.

8. Outcome-Based Evaluation and Mapping

Budget Input	Sector	Expected Output	Long-Term Outcome (Viksit Bharat 2047)
Higher Capex	Infrastructure	Improved logistics	Higher productivity
MSME Credit	MSMEs	Increased formalization	Employment growth
Financial Inclusion	Banking	Wider access to finance	Inclusive growth
Skill Investment	Education	Skilled workforce	Global competitiveness
Digital Investment	Digital Economy	Innovation ecosystems	Technology leadership

9. Findings and Discussion

Budget 2026 lays out a clear path for Viksit Bharat. This is reform with scope, depth, and long-term goals, ranging from cooperative federalism and tax simplification to strategic manufacturing. Sincere congrats to Finance Minister Nirmala Sitharaman on delivering her historic 9th Union Budget under Prime Minister Narendra Modi's inspiring direction. The analysis indicates that Union Budget 2026 adopts a commerce-friendly approach by strengthening infrastructure, MSMEs, financial systems, and digital capabilities. The emphasis on capital expenditure and outcome orientation supports sustainable growth. However, effective implementation and monitoring remain critical challenges. The study suggests strengthening outcome monitoring mechanisms, enhancing public-private partnerships, and ensuring regional balance in implementation. Aligning state-level policies with central budget priorities can further enhance effectiveness.

10. Conclusion

Union Budget 2026 emerges as a strategically aligned fiscal instrument for India to achieve Viksit Bharat 2047, with an investment-led growth, strengthening of the financial sector, and digital transformation, from a commerce and financial policy point of view. While the budget provides the right foundation, sustained reforms and effective execution will be key to its long-term success. The analysis shows that Union Budget 2026 has a commerce-friendly orientation that prioritizes infrastructure, MSMEs, financial systems, and digital capabilities, and that the focus on capital expenditure and outcome orientation bodes well for sustainable growth, but implementation and monitoring will remain a challenge, and mechanisms for outcome monitoring, public-private partnerships, and ensuring regional balance in implementation should be strengthened, and state-level policies should be aligned with central budget priorities.

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