

The Union Budget of India 2026-27

The Union Budget of India is more than just a financial statement; it is a declaration of the nation's economic intent. As we approach the presentation of Budget 2026-27, the dialogue between the government, financial institutions like Crescent MFD, and the common citizen has reached a fever pitch.

Here is an analysis of the budget's evolution, its impact on the individual, and the current expectations shaping the capital markets.

1. The Historical Lens: From Crisis to Growth

The history of the Indian Budget is a mirror of the country's journey from a colonized economy to a global powerhouse.

- The Dawn (1947): The first budget of Independent India, presented by R.K. Shanmukham Chetty, was a survival plan focused on rehabilitation post-partition and managing food shortages.
- The Paradigm Shift (1991): Known as the "Epochal Budget," Dr. Manmohan Singh dismantled the "License Raj." It shifted India toward liberalization, privatization, and globalization (LPG), fundamentally changing the trajectory of the Indian middle class.
- Modern Transitions (2017-Present): Significant structural changes occurred when the Railway Budget was merged with the Union Budget, and the presentation date was moved to February 1st to ensure that policies take effect by the start of the new fiscal year in April.

2. Impact on the "Common Man": The Balancing Act

For the average citizen, the budget is essentially a "Cost of Living" report. Its impact is felt across three primary pillars:

- Disposable Income: Changes in Income Tax Slabs and Standard Deductions are the most direct impacts. An increase in the exemption limit means more cash in hand for the salaried class.
- Purchasing Power: Indirect taxes (GST) and customs duties determine the price of everything from iPhones to edible oil. When the government slashes duties on raw materials, electronics often become cheaper; conversely, a "Cess" can drive up fuel and vehicle costs.
- Social Infrastructure: While less immediate, the allocation toward Subsidies (Food/Fertilizer) and Schemes (PM Awas Yojana) determines the quality of life for the rural and lower-income population.

3. Current Budget Expectations by Crescent MFD

As a Mutual Fund Distributor (MFD) and financial consultancy, Crescent MFD and similar industry experts are focusing on stability and penetration. Their key expectations for Budget 2026 include:

| Focus Area | Key Expectation |
|-----------------------------|---|
| Tax Parity | Aligning the holding periods for different asset classes (Debt, Gold, Equity) to simplify the tax structure for retail investors. |
| Section 80C Revamp | A dedicated deduction for Mutual Fund SIPs or a separate limit for insurance and pension products to encourage long-term savings. |
| LTCG Rationalisation | Increasing the exemption limit for Long-Term Capital (LTCG) from the current Rs. 1.25L to Rs. 2lakh to reward long-term equity holders. |
| B-30 City Incentives | Policy support to increase financial literacy and investment penetration in “Beyond 30” cities |

4. Impact on Capital Markets

The stock and bond markets act as a real-time "scoreboard" for the budget.

- The Capex Multiplier: If the government increases its Capital Expenditure (CapEx)—expected to rise by 10-15% this year—sectors like Infrastructure, Cement, and Steel see an immediate rally.
- Fiscal Deficit & Bonds: The bond market watches the Fiscal Deficit target. If the government targets a lower deficit (e.g., 4.4% of GDP), it signals fiscal discipline, leading to lower bond yields and a stable environment for corporate borrowing.
- STT and Sentiment: Investors are closely watching for any reduction in the Securities Transaction Tax (STT). Even a minor tweak here can significantly boost trading volumes and FII (Foreign Institutional Investor) confidence.

Conclusion

The Union Budget 2026 stands at a crossroads of maintaining fiscal prudence while fuelling consumption. For the common man, it is a hope for lower taxes and controlled inflation; for the capital markets, it is a search for policy continuity. As articulated by firms like Crescent MFD, the goal of this budget should be to transform India from a nation of savers into a nation of investors, ensuring that the growth on Dalal Street translates into prosperity on Main Street.