TATA mutual fund

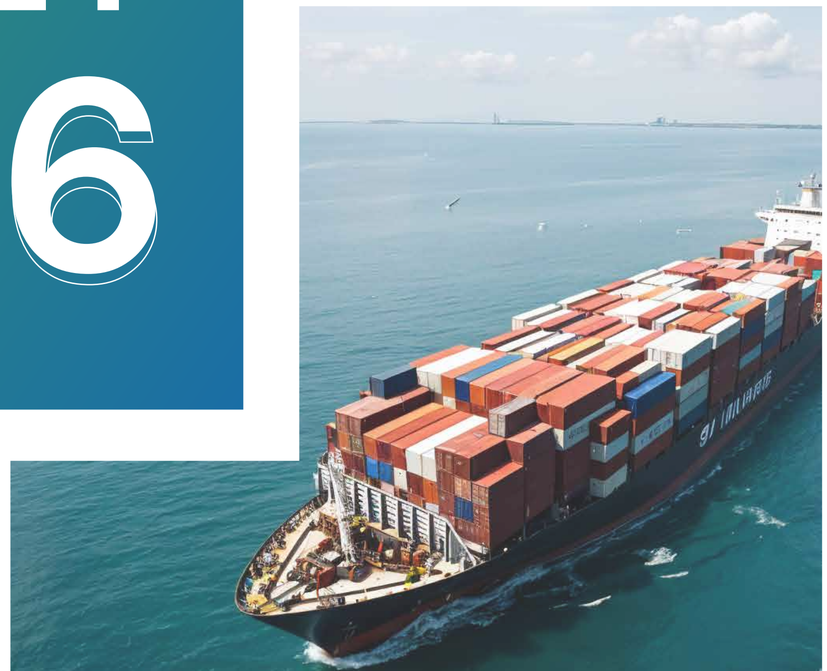
UNION BUDGET 2026











Key Highlights from Union Budget 2026

TATA mutual fund

Three Kartavya Framework: Focused on accelerating growth and resilience, fulfilling aspirations, and ensuring inclusive access under Sabka Saath, Sabka Vikas.

Biopharma SHAKTI: ₹10,000 crore outlay over five years to position India as a global biopharma manufacturing hub.

Champion MSMEs: ₹10,000 crore SME Growth Fund and an additional ₹2,000 crore top-up to the Self-Reliant India Fund.

City Economic Regions (CERs): Development of CERs with ₹5,000 crore allocation per region over five years.

Rare Earth Corridors: Dedicated corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu for mining, processing, and manufacturing.

Railways: High-Speed Corridors: Seven new high-speed rail corridors connecting Mumbai–Pune, Pune-Hyderabad, Hyderabad–Bengaluru, Hyderabad–Chennai, Chennai–Bengaluru, Delhi–Varanasi, and Varanasi–Siliguri.

Orange Economy Push: AVGC and content creator labs to be set up in 15,000 schools and 500 colleges.

Fiscal Consolidation: Fiscal deficit targeted at 4.4% in FY26 (RE) and 4.3% in FY27 (BE), meeting the sub-4.5% commitment.

Public Capital Expenditure: Increased to ₹12.2 lakh crore in FY27 from ₹11.2 lakh crore in FY26.

TCS Rationalisation: TCS reduced to 2% from 5%/20% on education and medical expenses abroad, and overseas tour packages.

Minimum Alternate Tax (MAT): Reduced from 15% to 14%; MAT credit to be discontinued from 1 April 2026.

Revised ITR Due Dates: Extended till 31 March with a nominal late fee.

Foreign Asset Disclosure Scheme: One-time six-month disclosure window to help small taxpayers declare foreign assets.

Motor Accident Claims Tribunal (MACT): Interest awarded by MACT to a natural person to be exempt from Income Tax.

Share Buybacks Taxation: Minority shareholders to be taxed under capital gains, corporate promoters taxed at 22%, and non-corporate promoters taxed at 30%.

Investments from PROI: Equity investment limit increased to 10% (from 5%); overall market exposure via PIS raised to 24% from 10%.

Infrastructure Risk Guarantee Fund: Introduction of a fund to provide prudently calibrated partial credit guarantees to lenders.

Manufacturing & Growth Enablement: Policy alignment across sectors to support long-term industrial growth and capital formation.



AVGC: Animation, Visual Effects, Gaming, and Comics | RE: Revised Estimate | BE: Budget Estimates | FY: Financial Year | SME: Small and Medium Enterprises | ITR: Income Tax Return | TCS: Tax Collected at Source | PROI: Person Resident Outside India | MSMEs: Micro, Small, and Medium Enterprises | Source: Union Budget 2026 Speech



Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Key Numbers from Union Budget 2026

TATA mutual fund

Total Expenditure:

₹53.47 lakh crore

- **₹36.34 lakh crore** Revenue Expenditure
- **₹12.21 lakh crore** Capital Expenditure
- **₹4.92 lakh crore** Grants-in-Aid for Capex

Gross Tax Revenue (BE):

₹44.04 lakh crore

Net Tax Revenue (BE):

₹28.67 lakh crore

SME Growth Fund:

₹10,000 crore announced

Fiscal Deficit for FY26:

4.4% of GDP

Fiscal Deficit Target for FY27 (Target):

4.3% of GDP

Gross Market Borrowing:

₹17.2 lakh crore

Net Market Borrowing:

₹11.73 lakh crore

STT Increase: Derivatives

Futures:
0.05% (from 0.02%)

Options premium:
0.15% (from 0.10%)

Exercise of options:
0.15% (from 0.125%)

UNION BUDGET 2026

BE: Budget Estimates | FY: Financial Year | SME: Small and Medium Enterprises | STT: Securities Transaction Tax | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Budget from Kartavya Bhavan

TATA mutual fund

Budget driven by Yuvashakti and guided by three Kartavyas

Kartavya 1



Accelerate growth and resilience

Kartavya 2



Empower people's aspirations

Kartavya 3



Enable inclusive access in the spirit of Sabka Saath, Sabka Vikas

Source: Union Budget 2026 Speech

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Six Strategic Steps to keep India ahead, aligned with Kartavya 1

TATA mutual fund

1. Scaling up manufacturing in several strategic and frontier sectors.

2. Rejuvenating legacy industrial sectors.

3. Creating champion MSMEs.

4. Delivering a powerful push for infrastructure.

5. Ensuring long-term security and stability.

6. Developing city economic regions.

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MSME: Micro, Small and Medium Enterprises | Source: Union Budget 2026 Speech

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India as a Global Biopharma Manufacturing Hub

TATA mutual fund

- Biopharma Shakti initiative with an outlay of ₹10,000 crore over 5 years to strengthen India's biopharma ecosystem.
- Focused push for domestic production of biologics and biosimilars through a dedicated biopharma network.
- Capacity building via education with three new NIPERs and upgradation of seven existing NIPERs.
- Expansion of clinical research infrastructure through a network of 1,000 accredited clinical trial sites across India.
- Regulatory strengthening by enhancing the CDSCO for global-standard reviews and faster approvals via specialised scientific teams.



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NIPER: National Institute of Pharmaceutical Education and Research | CDSCO: Central Drugs Standard Control Organisation | Source: Union Budget 2026 Speech

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Launch of India Semiconductor Mission 2.0

TATA mutual fund

- Enhanced outlay of ₹40,000 crore to capitalise on India's growing semiconductor momentum.
- Focus on domestic manufacturing of semiconductor equipment and materials to reduce import dependence.
- Supply chain fortification to improve resilience and global competitiveness.
- Development of full-stack Indian IP, strengthening design, fabrication, and supply-chain capabilities.
- Industry-led R&D and training centres to support technology development and build a skilled workforce.



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IP: Intellectual Property | R&D: Research and Development | Source: Union Budget 2026 Speech

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Scaling up Manufacturing in Strategic & Frontier Sectors

TATA mutual fund

Electronics Components Manufacturing Scheme

- Launched in April 2025 with an outlay of ₹22,919 crore; already has investment commitments at double the target.
- Outlay increased to ₹40,000 crore to capitalise on the momentum.

Rare Earth Corridors

- Rare Earth Permanent Magnet Scheme launched in November 2025.
- Support to mineral-rich states through dedicated corridors for mining, processing, research, and manufacturing.

Dedicated Chemical Parks

- Enhance domestic chemical production and reduce import dependency.
- Support to states for three chemical parks through a challenge-based, cluster-led, plug-and-play model.

Strong Capital Goods Capability

- Hi-Tech Tool Rooms: CPSE-led digital service bureaus at two locations.
- CIE Scheme: Strengthening domestic manufacturing of advanced construction and infrastructure equipment.
- Container Manufacturing: ₹10,000 crore outlay over five years to build a global ecosystem.



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CIE: Construction and Infrastructure Equipment | CPSEs: Central Public Sector Enterprises | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

5-Component Programme to Drive Growth, Jobs & Self-Reliance in Textiles

TATA mutual fund



1 National Fibre Scheme

Build self-reliance across natural, man-made, and new-age industrial fibres.

2 National Handloom & Handicraft Programme (NHHP)

Integrate existing schemes and deliver targeted support to weavers and artisans.

3 Targeted Rural Impact

Expand livelihoods and market access for weavers, village industries, ODOP clusters, and rural youth.

4 Textile Expansion & Employment Scheme

Modernise clusters through capital support, technology upgrades, and common testing facilities.

5 Mahatma Gandhi Gram Swaraj Initiative

Strengthen khadi, handloom, and handicrafts via branding, global market access, and streamlined skilling.

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ODOP: One District One Product | Source: Union Budget 2026 Speech

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Infrastructure Push

TATA mutual fund

Tier II and Tier III cities positioned as emerging growth centres through large-scale infrastructure financing.

Asset monetisation drive enabling faster recycling of CPSE real estate assets through dedicated REITs.

Public capital expenditure scaled up from ₹2 lakh crore (FY15) to ₹11.2 lakh crore (FY26 BE), with ₹12.2 lakh crore proposed for FY27 to sustain growth momentum.

Sustainable cargo movement through expansion of Dedicated Freight Corridors and 20 new National Waterways over the next five years.

Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders, enhancing confidence during construction and execution phases.

Clean industrial transition through deployment of Carbon Capture, Utilisation & Storage (CCUS) across power, steel, cement, refineries, and chemicals, with a ₹20,000 crore outlay over five years.



CPSE: Central Public Sector Enterprises | FY: Financial Year | Source: Union Budget 2026 Speech

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

High-Speed Rail Corridors: Connecting India's Emerging Growth Hubs

TATA mutual fund

- Seven high-speed rail corridors connecting major economic and growth cities.
- Reduced travel time to enhance productivity and mobility.
- Key routes: Mumbai–Pune; Pune–Hyderabad; Hyderabad–Bengaluru; Hyderabad–Chennai; Chennai–Bengaluru; Delhi–Varanasi; Varanasi–Siliguri.
- Environmentally sustainable passenger transport supporting low-carbon mobility goals.
- Positioned as growth connectors to strengthen regional economic integration.



Source: Union Budget 2026 Speech

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Financial Sector: Strong Today, Reforms for Tomorrow

TATA mutual fund



Current Position: Indian banks are in a strong position, with healthy balance sheets, high profits, and improved control over bad loans.

Asset Quality: Improvement across the system, with coverage crossing 98%.

Sector Readiness: A stable banking sector, ready for the next phase of growth.

Measures Announced:

High-Level Committee on Banking: To guide reform-led growth for Viksit Bharat.

System-Wide Review: Committee to review the entire banking system and suggest changes.

Focus Areas: Financial stability, inclusion, and consumer protection.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

NBFCs: Strengthening Credit & Scale

TATA mutual fund



- Clear vision for NBFCs with a focus on **expanding credit and leveraging technology.**
- Review of foreign exchange rules **governing non-debt foreign investments in NBFCs.**
- Public sector NBFC reforms through consolidation into **larger, stronger entities to improve efficiency.**
- Objective to **modernise and simplify regulations** to align with India's evolving economic priorities.
- Restructuring along successful models such as **Power Finance Corporation (PFC) and Rural Electrification Corporation (REC).**

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NBFC: Non-Banking Financial Company | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Corporate & Municipal Bonds Market

TATA mutual fund



- Introduction of a market-making framework for corporate bonds to improve liquidity and depth.
- Access to funds and derivatives on corporate bond indices to support market participation and foreign investment alignment.
- Launch of total return swaps on corporate bonds to enhance risk management and market efficiency.
- Incentives to deepen the municipal bond market, building on the existing AMRUT scheme.
- ₹100 crore incentive for large cities issuing a single municipal bond above ₹1,000 crore to encourage high-value issuances.

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AMRUT: Atal Mission for Rejuvenation and Urban Transformation | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Ease of Doing Business

TATA mutual fund



Greater access for Individual PROIs:
Individuals resident outside India permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme (PIS).

Higher investment limits:
Individual PROI limit increased from 5% to 10%.
Aggregate limit for all individual PROIs raised from 10% to 24%.

Technology-led growth focus:
Adoption of emerging technologies, including AI, to benefit farmers, women in STEM, youth upskilling, and Divyangjan.

Strategic push for frontier technologies:
Continued policy and funding support for advanced research and innovation through initiatives such as the AI Mission, National Quantum Mission, Anusandhan National Research Fund, and the Research, Development and Innovation Fund, strengthening India's long-term innovation ecosystem.

PROIs: Person Resident Outside India | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Kartavya 2: From Services-Led Growth to Empowering People's Aspirations

TATA mutual fund

Identification and prioritisation of high-potential areas for growth, employment generation, and exports.

Renewed focus on services as a core driver of Viksit Bharat, aligned with India's youthful workforce.

Assessment of emerging technologies, including AI, on jobs and future skill requirements.

High-powered Education-to-Employment & Enterprises (E2E) Standing Committee to strengthen the services sector.

Objective to position India as a global leader in services through targeted policy recommendations.



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AI: Artificial Intelligence | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Strengthening Creative, Design and Higher Education Ecosystems

TATA mutual fund

ABGC Talent Pipeline
The ABGC sector is expected to require 2 million professionals by 2030.

University Townships
Support to states for creating five university townships near major industrial and logistics corridors.

Design Education Expansion
Establishment of a new National Institute of Design in Eastern India through the challenge route.



Creative Technology Push
Support for the Indian Institute of Creative Technologies, Mumbai, to set up ABGC content creator labs in 15,000 secondary schools and 500 colleges.

Girls' Hostels
One girls' hostel in every district to support higher education, including STEM institutions.

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ABGC: Animation, Visual Effects, Gaming and Comics; STEM: Science, Technology, Engineering and Mathematics | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Tourism & Sports

TATA mutual fund



Tourism

National Institute of Hospitality to be set up by upgrading the National Council for Hotel Management & Catering Technology, linking academia, industry, and government.

Tourism positioned as a key driver of employment, forex earnings, and local economic growth.

10,000 tourist guides to be upskilled across 20 iconic sites through a 12-week hybrid programme with IIMs.

National Destination Digital Knowledge Grid to digitally document cultural, spiritual, and heritage sites, creating local employment.

Eco-tourism push through sustainable mountain, trekking, wildlife, and bird-watching trails across key regions.

Heritage tourism: Development of 15 archaeological sites as experiential destinations with curated walkways and immersive storytelling.

Global conservation leadership: India to host the first Global Big Cat Summit, building on the International Big Cat Alliance (2024).

Sports



Khelo India Mission to be launched to transform the sports sector over the next decade.

Mission focus areas include:

Integrated talent development pathways (foundational, intermediate, and elite levels).

Systematic development of coaches and support staff.

Integration of sports science and technology.

Competitions and leagues to promote sports culture.

Development of sports infrastructure for training and competition.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Kartavya 3: Sabka Saath, Sabka Vikas



Increasing Farmer Incomes

- Productivity enhancement, entrepreneurship, and support for fisheries, animal husbandry, and high-value agriculture, with focus on small and marginal farmers.
- Dedicated programmes for high-value and export-oriented crops (coconut, cashew, cocoa, sandalwood, etc.).
- Technology-led agriculture: Bharat-VISTAAR, a multilingual AI platform integrating AgriStack and ICAR for better productivity, decisions, and risk management.

SHE-Marts for Rural Women: Establishment of SHE-Marts to enable rural women to transition from credit-led livelihoods to enterprise ownership.

Empowering Divyangjan

- Divyangjan Kaushal Yojana for customised skill training.
- Divyang Sahara Yojana for access to high-quality assistive devices.

Commitment to Mental Health

- NIMHANS-2 to be set up in North India; upgradation of institutes in Ranchi and Tezpur as Regional Apex Institutions.
- 50% expansion of emergency and trauma care through Emergency & Trauma Care Centres in District Hospitals.

Focus on the Purvodaya States: Development of an integrated East Coast Industrial Corridor, alongside preservation of temples and monasteries and creation of pilgrimage interpretation centres.

NIMHANS: National Institute of Mental Health and Neuro Sciences | ICAR: Indian Council of Agricultural Research | SHE: Self-Help Entrepreneur | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Direct Taxation Reforms

TATA mutual fund

New Income Tax Act, 2025

- Effective 1st April 2026.
- Comprehensive review completed in record time.
- Simplified provisions and redesigned forms for easier compliance.

Penalty & Prosecution Rationalisation

- Assessment and penalty in a single integrated order.
- No interest on penalties during first appeal.
- Pre-deposit reduced to 10% of core tax demand.
- Decriminalisation of minor offences; graded, proportionate prosecutions.

Tax Administration Reforms

- Return revision allowed till 31st March with nominal fee.
- Staggered ITR filing deadlines for individuals and non-audit cases.
- Depositories enabled to accept Form 15G/15H for multiple income streams.



ITR: Income Tax Return | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

TDS Relief with Simplified Tax Compliance

TATA mutual fund

NRI Property Sales



- TDS on sale of immovable property by non-residents to be deducted and deposited by resident buyers using a PAN-based challan.
- TAN requirement eliminated, simplifying compliance.

Manpower Services

- Supply of manpower services to be treated as payments to contractors.
- TDS applicable at 1% or 2%, reducing ambiguity and compliance burden.

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TAN: Temporary Accounting Number | TDS: Tax Deducted at Source | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

TCS Slashed: Simplification for Individuals & NRIs

TATA mutual fund

Lower upfront tax on overseas travel, education, and medical remittances under the Liberalised Remittance Scheme (LRS).

What's Changed?









	Overseas Tour Packages	LRS: Education (Self-funded)	LRS: Medical Treatment	LRS: Other (Investments/Gifts)
Pre-Budget 2026	5% (up to ₹7L) / 20% (> ₹7L)	5% (above ₹7L)	5% (above ₹7L)	20% (above ₹10L)
Post-Budget 2026	**2% (Flat)**	**2% (above ₹7L)**	**2% (above ₹7L)**	**20% (Unchanged)**

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NRI: Non-Resident Indian | TCS: Tax Collected at Source | LRS: Liberalised Remittance Scheme | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

TATA mutual fund

STT Raised on Derivatives

STT on Futures

Increased to

0.05% (from 0.02%)

STT on Options

Options premium

Raised to

0.15% (from 0.10%)

Exercise of options

Raised to

0.15% (from 0.125%)

Key Implications

Higher transaction costs for

F&O Traders and Arbitrage Mutual Funds

Greater impact on

Active and High-frequency Trading

UNION BUDGET 2026

F&O: Futures and Options | STT: Securities Transaction Tax | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Indirect Tax Reforms

TATA mutual fund

Review of Exemptions & Tariff Simplification

- Long-standing customs duty exemptions withdrawn for items manufactured in India.
- Exemptions also removed for items with negligible imports.
- Effective duty rates to be built into the tariff schedule.

Export Promotion: Marine, Leather & Textiles

- Seafood exports: Duty-free import limit for inputs increased from 1% to 3% of FOB value of the previous year's exports.
- Leather & footwear: Duty-free import benefit extended to shoe uppers.
- Export timelines extended from 6 months to 1 year: Applicable to leather, footwear, textiles, and leather products.

Customs Duty Exemptions

- Exemption extended to capital goods for Lithium-ion cells used in battery energy storage systems.
- Sodium antimonate exempted for use in solar glass manufacturing.
- Nuclear power projects exempted till 2035, applicable to all plants irrespective of capacity.
- Capital goods for processing critical minerals in India exempted.
- Aircraft components and parts (civilian & training), including raw materials for Defence MRO, exempted.
- Specified parts for microwave ovens exempted.
- Entire value of biogas excluded while calculating Central Excise duty on biogas-blended CNG.

Special Economic Zones (SEZs)

- A one-time relief measure allowing SEZ manufacturing units to sell into the Domestic Tariff Area (DTA) at concessional duty.
- Sales permitted up to a prescribed proportion of exports.
- Regulatory changes proposed to ensure a level playing field with DTA units.

Ease of Living

- Customs duty on personal imports cut from 20% to 10%.
- Applies to all dutiable goods imported for personal use.
- Basic customs duty exempted on 17 drugs and medicines.
- Provides relief to patients, especially those undergoing cancer treatment.
- Seven additional rare diseases included for duty-free personal imports.
- Covers drugs, medicines, and Food for Special Medical Purposes (FSMP) used in treatment.

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MRO: Maintenance, Repair, and Overhaul | FOB: Free On Board | Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Fiscal Deficit Consolidation on Track

TATA mutual fund

FY2026	FY2027
4.4% (below 4.5% target)	4.3%

Commitment made in 2021–22 fulfilled; Govt to borrow ₹11.7 lakh crore in FY27 from dated securities to fund its fiscal deficit.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Capex Expansion to Drive Growth

TATA mutual fund



Capital expenditure raised to ₹12.2 lakh crore in FY27, reinforcing infrastructure-led growth.

Sustained push for public infrastructure through large-scale government initiatives over the past decade.

Use of new financing instruments such as InvITs and REITs to fund infrastructure.

Continued focus on Tier 2 and Tier 3 cities (population above 5 lakh) as emerging growth centres.

Public capital expenditure scaled sharply from ₹2 lakh crore in 2014–15 to ₹11.2 lakh crore in BE 2025–26.

InvITs: Infrastructure Investment Trusts | REITs: Real Estate Investment Trusts | BE: Budget Estimate | Source: Union Budget 2026 Speech

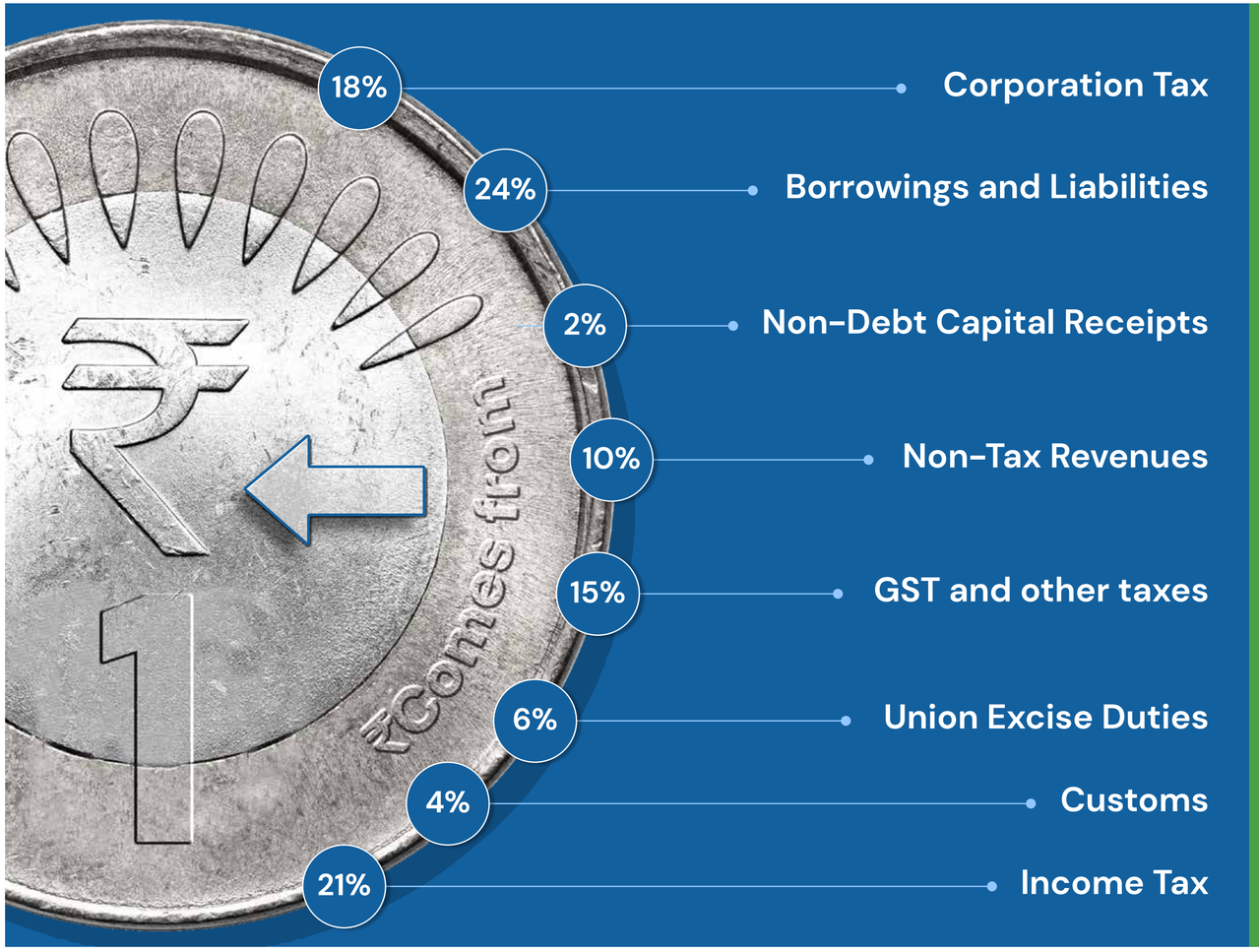
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Rupee Goes In; Rupee Goes Out

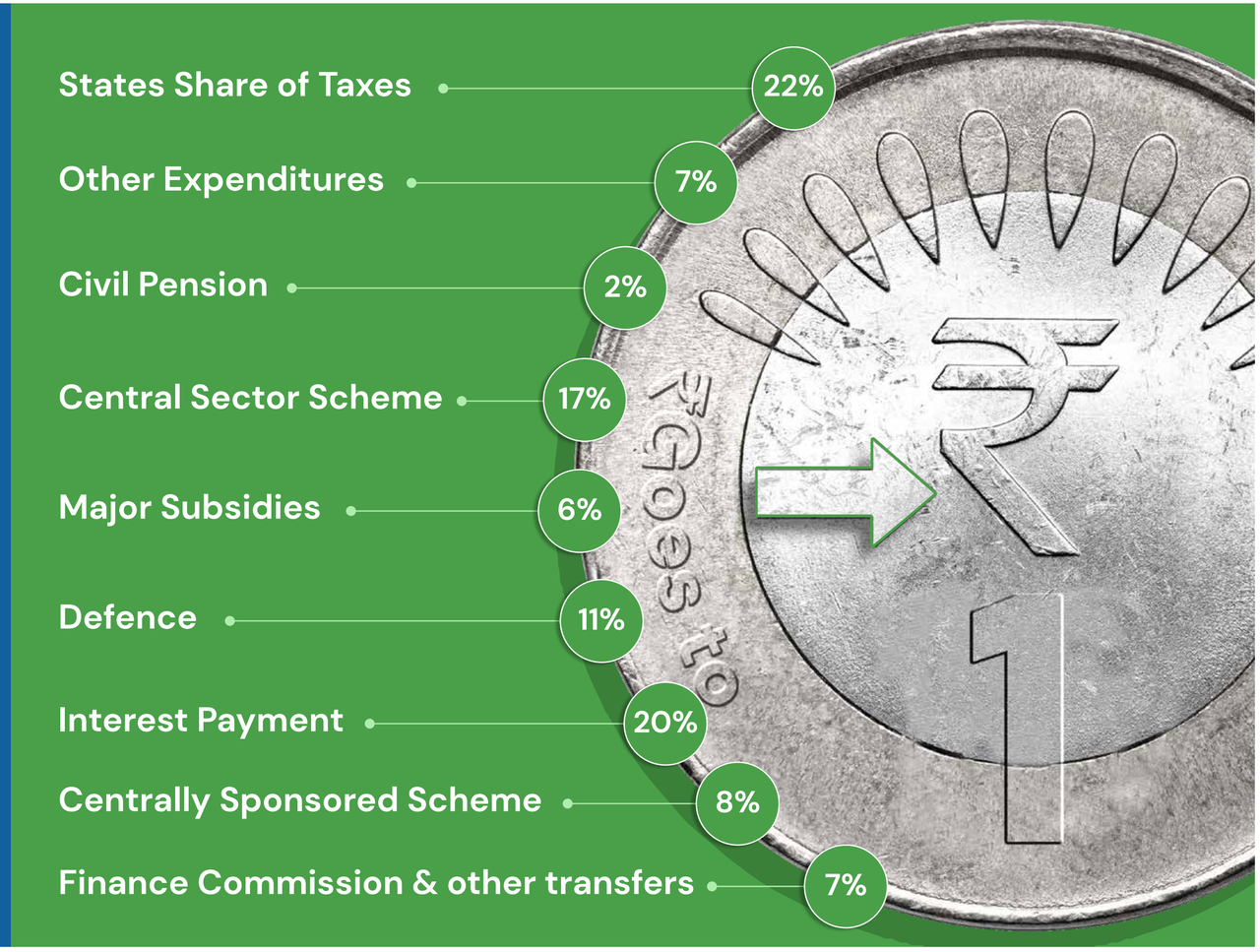
TATA mutual fund

Rupee Goes In



- 18% Corporation Tax
- 24% Borrowings and Liabilities
- 2% Non-Debt Capital Receipts
- 10% Non-Tax Revenues
- 15% GST and other taxes
- 6% Union Excise Duties
- 4% Customs
- 21% Income Tax

Rupee Goes Out



- States Share of Taxes 22%
- Other Expenditures 7%
- Civil Pension 2%
- Central Sector Scheme 17%
- Major Subsidies 6%
- Defence 11%
- Interest Payment 20%
- Centrally Sponsored Scheme 8%
- Finance Commission & other transfers 7%

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Budget Outlook

The Union Budget seeks to simultaneously address the medium- and long-term challenges and opportunities arising from the evolving global geopolitical and economic landscape.

The Budget focuses on all three pillars—manufacturing, services, and infrastructure.

On the manufacturing front, the government has doubled down on expanding its manufacturing focus, particularly in biopharma, heavy engineering, semiconductors, electronic components, rare earths, chemicals, and textiles. Steps taken to support the financing needs of MSMEs are also a welcome development and are expected to strengthen the segment's growth prospects.



The services side of the economy has also witnessed increased focus on healthcare and medical tourism, further development of domestic tourism hubs, and the provision of tax incentives for data centres, in an effort to capture a share of the ongoing AI-led global capex cycle.

On the infrastructure front, while the overall public investment outlay is slightly lower than expected, the focus is sharper on urban infrastructure and healthcare.

Meanwhile, the fiscal math is backed by reasonable GDP and revenue growth assumptions, even though the fiscal deficit and gross borrowing requirements appear marginally higher than consensus expectations.

MSMEs: Micro, Small, and Medium Enterprises | GDP: Gross Domestic Product | Source: Union Budget 2026 Speech

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Market Outlook: Equity

TATA mutual fund

Positive:
The focus on boosting long-term economic growth in the Budget is evident, with emphasis on manufacturing, services, and infrastructure.

Negative:
Higher STT on futures and options, along with the absence of any relief on capital gains, is negative in the short term.



Outlook

Corporate earnings growth in the coming quarters and FY 2026–27 will be critical for the equity market outlook over the next 12–18 months.

The ongoing results season provides some confidence regarding earnings stability and a potential recovery in the next financial year.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Market Outlook: Fixed Income

TATA mutual fund

The government has budgeted net borrowing of ₹11.70 lakh crore and gross borrowing of ₹17.2 lakh crore, targeting a fiscal deficit of 4.3% of GDP.

The focus has shifted from fiscal deficit reduction to Debt to GDP ratio. This approach reflects prudence as fiscal deficit reduction can lead to growth slowdown amid an unconducive global environment for growth.

The government continues to do the heavy lifting with capital expenditure rising from ₹11 lakh crore to ₹12.20 lakh crore.



The debt market had expected net borrowing of ₹11.5 lakh crore and gross borrowing of ₹17 lakh crore, assuming a fiscal deficit of 4.2% of GDP. As a result, debt markets may open slightly negative due to higher-than-expected borrowing programme.

Market focus will now be on RBI monetary policy on 6 February 2026.
The nominal GDP growth of 10% for the coming year implies that CPI inflation projection is likely to remain below 4%.

During the current year, the RBI has conducted ₹6.60 lakh crore of OMO purchases and is expected to reach ~₹8 lakh crore by year-end. With inflation remaining benign, the RBI is expected to maintain a dovish stance, supporting the bond market and enabling better transmission of rate cuts to spur growth.

Portfolio positioning: We have reduced portfolio maturity across our fixed income funds over the last one month.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Market Outlook: Commodity

TATA mutual fund

Budget outcome

Union Budget 2026 did not announce any major measures for commodities. Import duties on gold and silver remained unchanged, eliminating market speculation.

Recent correction:

Broad selling in the commodity space followed the announcement of a new US Fed Chair, leading to a stronger dollar and a subsequent chain reaction of profit booking.

Silver prices:

Silver recorded its sharpest fall since 1980, aligning prices closer to underlying market fundamentals and pointing toward a more data-dependent trend.



Outlook:

Commodity prices may track broader global geo-economic factors, with increased focus on the US FOMC stance, upcoming economic data, and shifts in geopolitical dynamics.

Market fundamentals remain supportive for gold, copper, and other metals.

Investors may reassess asset allocation and look for relative stability and consolidation in commodities after the recent volatility and sharp sell-off in gold, silver, and copper prices.

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Source: Union Budget 2026 Speech

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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