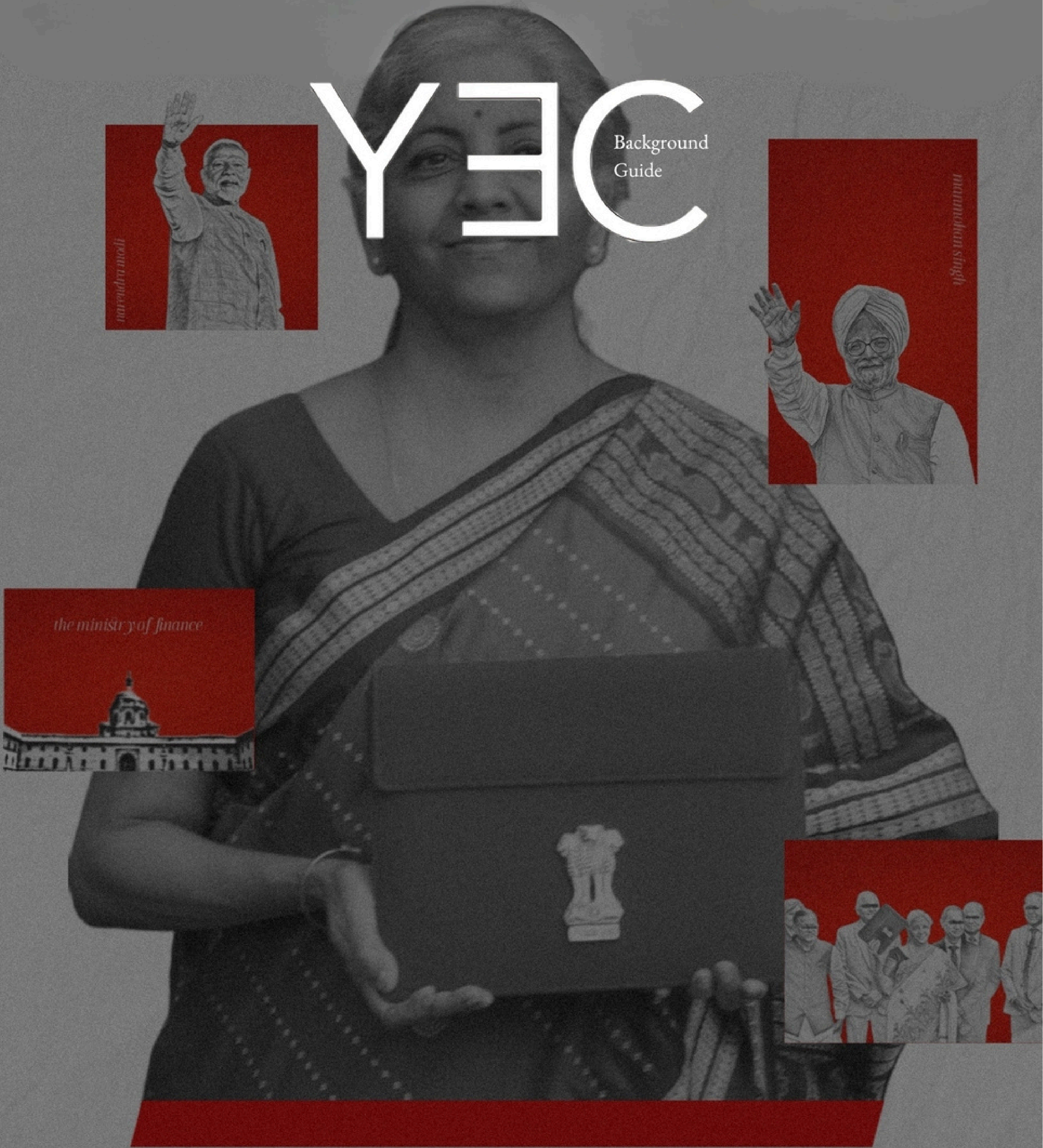

The 12th North Block

Chairperson: Krishiv Jaiswal
krishiv.470.2026@doonschool.com

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Drafting the 2026 Union Budget

Letter from the Executive Board

Dear Delegates,

We welcome you to the Young Entrepreneurs' Conference 2025 and are delighted to host you at Nirmala Sitharaman's Cabinet, a unique crisis committee designed to discuss the making of one of the most delicate and high-impact announcements — the Union Budget.

As India approaches a period of transition amidst domestic and global economic instability, this committee meets at a critically important juncture, charting the course of the country's financial future.

The agenda necessitates an in-depth examination of the current macroeconomic realities for India, striking a balance between fiscal discipline, election propaganda and growth needs. Here, you will tackle the challenges of inflation, employment, climate action, and inclusive development. Delegates will have to prioritise competing needs between key sectors such as defence, infrastructure, farming, education, healthcare, and technology, within the boundaries of the fiscal deficit and revenue goals provided.

Your work will entail policy deliberation, inter-ministerial negotiation, and appropriation of funds, leading towards the recommendation of a practical and effective budget. You will be required to speak on behalf of your allotted ministries with commitment, acumen, and a strong understanding of economic indicators and political authority.

This Background Guide has been created to provide you with a comprehensive insight into the Indian budget-making process and the country's current fiscal situation. However, we urge each of the delegates to conduct thorough independent research to add substance and focus to your positions. We believe that this simulation depends on meaningful discussion, independent thought, and outside- the-box ideas, something that we hope each of you will contribute towards.

We eagerly await seeing your vision, cooperation, and economic knowledge in action as you take on the mantle of one of the most influential cabinets of the country. We look forward to witnessing your prudent capabilities in action as the leaders of a vibrant and resilient India.

Best wishes,
The Executive Board
Nirmala Sitharaman's Cabinet

Significance of the Union Budget

Once a party wins the polls and forms the government in India, it has the crucial role of allocating the resources properly. The central government does this by presenting the Union Budget that keeps the account of the government's finances for the fiscal year that runs from April 1 to March 31. The Department of Economic Affairs in the Ministry of Finance prepares the Union Budget every year, which is then presented by the Finance Minister.

The Union Budget is not merely an accounting tool but a powerful instrument that determines the financial direction of the country. It plays a pivotal role in addressing economic challenges, shaping public policy, and achieving national objectives. Let’s explore the significance of the Union Budget.

Addressing Inequality

The Union Budget allows the government to address the issue of economic inequality and introduce various welfare policies and schemes for the underprivileged sections of society. By addressing these disparities, the government can create a more equitable and inclusive economy.

Strengthening the Financial System

The Union Budget addresses the country’s financial health, including fiscal deficits, borrowing needs, and debt management strategies. Providing a clear overview of government receipts and expenditures helps build confidence in the financial markets. Fiscal discipline is crucial in maintaining economic stability and avoiding excessive borrowing, which could lead to inflationary pressures. The Union Budget outlines how the government plans to manage debt and fiscal deficits, which is important for ensuring long-term financial sustainability.

Helping Public Sector Enterprises

Public sector industriesare crucial for generating employment and revenue. A well-planned budget enables the government to focus on these industries and introduce policies that facilitate their growth. This ensures the success of public sector enterprises and boosts the economy.

Overall, the Union Budget is very important because it defines how resources are to be allocated in our country. It shapes our daily livelihood, and hence it is of prime importance that it is discussed, debated and implemented.

Committee Overview

The 2025 Union Budget

Middle Class Empowerment Through Tax Relief

One of the key highlights of Budget 2025 is the wide-ranging tax relief for India's growing middle class. The new income tax regime has increased the exemption limit to ₹12 lakh from ₹7 lakh, and salaried individuals now get effective tax exemption up to ₹12.75 lakh after considering common deductions. The new tax slabs of 5% for incomes between ₹4–8 lakh and 30% for incomes over ₹24 lakh are likely to go a long way in increasing household consumption, savings, and investments. To relieve elderly taxpayers, the budget has raised the interest income exemption limit under TDS for senior citizens from ₹50,000 to ₹1 lakh. As part of efforts to curtail litigation and make the taxation process easier, the government has extended the 'Vivad Se Vishwas' scheme, giving taxpayers up to four years to file revised returns and settle disputes out of court.

Agriculture and Rural Prosperity

Seeing the distress in rural India and the necessity to check food inflation, the budget presents a comprehensive package of agricultural reforms. The introduction of the PM Dhan Dhaanya Krishi Yojana focuses on 1.7 crore farmers in 100 low-productivity districts to enhance agricultural output and sustainability. The Atmanirbharta in Pulses program seeks full procurement from registered farmers to ensure self-reliance in pulse production.

The Kisan Credit Card (KCC) scheme increases the credit limit from ₹3 lakh to ₹5 lakh, making credit more available. Further, a Makhana Board is to be set up in Bihar for improving training and market access to farmers involved in makhana cultivation. These measures are anticipated to enhance rural livelihoods and resolve the structural inefficiencies of the agriculture sector.

Enhancing MSMEs and Startup Ecosystems

The budget offers a significant impetus to the micro, Small and medium enterprises (MSMEs) and startups, who are the cornerstone of India's employment base. Classification thresholds have been increased twofold by 2.5 times (investment) and 2 times (turnover), thereby covering more enterprises eligible for government subsidy. Credit supply to MSEs has been doubled from ₹5 crore to ₹10 crore, and startups now get an increased guarantee cover of ₹20 crore.

One of the major announcements is setting up a ₹10,000 crore Deep Tech Fund of Funds to catalyse next-generation startups in areas such as AI, semiconductors, space technology, and quantum computing. These changes are geared towards entrepreneurship, job creation, and growth through innovation.

Infrastructure: A Pillar of Growth

Building on its infrastructure-led development agenda, the government has put in place a record ₹10 lakh crore of capital spending in FY 2025–26. The investment is expected to create 5 crore jobs and drive demand across the steel, cement, and transport sectors. To support state-level infrastructure, ₹1.5 lakh crore has been set aside as 50-year interest-free loans, encouraging states to undertake capital projects and implement reforms. A Maritime Development Fund of ₹25,000 crore will finance port infrastructure and logistics. The UDAN scheme is also being expanded to cover 120 new destinations, aiming to carry 4 crore passengers in the next decade and enhance regional air connectivity.

Investment in Human Capital: Education and Healthcare

Education and healthcare continue to be the government's vision for inclusive development's mainstay pillars. The Ministry of Education is allocated ₹1.29 lakh crore, a 6.22% increase from the previous year, to drive transformative changes. These involve setting up 50,000 Atal Tinkering Labs, increasing broadband connectivity to rural schools, and enhancing IIT infrastructure to provide space for 6,500 additional students. In the health sector, the budget proposes the setting up of 200 Day Care Cancer Centres in district hospitals by 2026. Additionally, gig and platform workers—almost 1 crore of whom will now be issued identity cards—are being integrated into the healthcare system through PM Jan Arogya Yojana. These steps aim to enhance access, equity, and outcomes in public health and education.

Driving Innovation and Technological Leadership

Innovation is a pillar of Budget 2025. The government will also spend ₹20,000 crore on research and development for cutting-edge technologies like AI, robotics, space, and biotech. A new PM Research Fellowship will provide 10,000 fellowships to young researchers from various streams. The establishment of a Centre of Excellence in Artificial Intelligence for Education with ₹500 crore support is an indication of increasing focus on the convergence of digital technology and conventional sectors. These programs are meant to position India as a player in the world's knowledge economy, emerging ahead.

Towards a Sustainable Energy Future

Transition in energy and sustainability also gets a huge boost. The government has allocated ₹20,000 crore under the Nuclear Energy Mission to implement 100 GW of nuclear power by 2047, paying special attention to Small Modular Reactors (SMRs). Full exemption of customs duties on key minerals and battery parts has been given to give a boost to indigenous manufacturing in the clean energy segment. These measures are in line with India's climate goals and seek to decrease reliance on fossil fuel imports, enhance green employment, and create a robust energy infrastructure.

Though the Union Budget 2025–26 is a visionary roadmap for triggering growth and inclusion, there are several key flaws in its effectiveness and sustainability in the long term.

1. Unrealistic Revenue Assumptions

One of the main problems with the budget is that it has overly optimistic revenue expectations. The budget relies significantly on higher tax collections and disinvestment targets to finance its record ₹10

lakh crore capital outlay. With the spotty history of disinvestment in recent years and shaky global economic outlook, meeting these estimates may be hard to achieve. A shortfall might either balloon the fiscal deficit or necessitate cutting spending during the year.

2. Failure to Implement Inflation Control Measures

Although the budget recognises the cost of inflation, particularly for poor families, it does not have a direct thrust to contain food prices or inefficiency in supply chains. Although initiatives such as the PM Dhan Dhaanya Yojana attempt to increase farm productivity, these are long-term in nature and do not relieve short-term pressures on prices. Lack of rationalisation of fuel subsidies also risks contributing to a higher spiral of inflation should global crude oil prices increase.

3. Lack of Urban Poor

The budget gives a significant amount of emphasis to rural growth and agriculture, but urban unemployment and poverty have gotten relatively less priority. The urban informal sector that was hit most by the pandemic's economic costs has not been given targeted schemes or relief packages. The absence of a nationwide urban employment guarantee scheme remains one of the major gaps in the social safety net of the government.

4. Limited Environmental Roadmap

Though the budget does refer to the energy transition, such as investment in nuclear and clean energy, it is short of a full climate strategy. There is minimal reference to investment in water conservation, air quality, or climate-resilient infrastructure. The lack of a clear carbon pricing mechanism or tax incentives for green enterprises negates India's expressed environmental objectives.

5. Underfunding of Social Sectors

Despite marginal increases in education and healthcare allocations, experts argue that funding levels remain inadequate. For example, the health sector still receives less than 2.5% of GDP, far below global recommendations. Investments in mental health, sanitation, and nutrition also appear neglected.

Stakeholder Positions

The following figures have been associated with pushing for massive capital expenditure on defence, infrastructure, logistics, and manufacturing. They advocate for expansionary fiscal policy and want India to build more and spend more to grow.

Prime Minister Shri Narendra Modi:
As the current Prime Minister of India, Narendra Modi holds a crucial stakeholder position in the Union Budget 2026 Committee. With the upcoming elections in sight, he is expected to prioritise budget allocations that boost public sentiment and align with his party's electoral agenda. His focus may include proposing income tax relief, increased welfare spending, and infrastructure development to enhance his public image and secure voter support. Modi's influence ensures that political considerations strongly shape the fiscal priorities, making him a key decision-maker in balancing economic prudence with populist appeal in the lead-up to the general elections.

Defence Minister Shri Rajnath Singh:
As the defence minister of India, his primary focus is expected to be on strengthening national security and modernising the armed forces. With geopolitical tensions and border concerns in mind, he may advocate for increased defence spending, enhanced support for veterans, and investments in indigenous defence production. While aligned with the government's broader electoral strategies, Rajnath Singh's role is more sector-specific, ensuring that defence preparedness and strategic autonomy remain a priority in the budget discussions. His influence shapes key allocations in India's defence landscape.

Minister of Road Transport Shri Nitin Gadkari:
As the Minister for Road Transport and Highways, Nitin Gadkari holds a vital and strategic role in shaping the Union Budget 2026. Known for his results-driven approach and emphasis on large-scale infrastructure, he is likely to press for enhanced funding for national highways, rural connectivity, and sustainable transport initiatives. Gadkari's priorities aim at boosting economic activity, creating employment, and improving logistical efficiency. While his contributions support the government's broader development agenda, his focus remains largely on long-term nation-building rather than short-term electoral gains, making him a key figure in ensuring infrastructure remains a cornerstone of the budget.

Railway Minister Shri Ashwini Vaishnaw:
As the Minister of Railways, Ashwini Vaishnaw holds a crucial position in terms of connectivity and public services. He is expected to push for greater allocation towards railway electrification, upgrading existing networks, and introducing new routes to enhance both freight and passenger movement. Emphasising innovati-

on and technology, he may also support digital initiatives and safety improvements. While contributing to the government's overall vision, Vaishnaw's focus remains on making the railways more efficient, accessible, and future-ready, positioning the sector as a key enabler of inclusive growth and regional development.

Commerce Minister Shri Piyush Goyal:
As the Minister of Commerce and Industry, Piyush Goyal is likely to advocate for policies that promote export growth, ease of doing business, and attract foreign investment. Goyal may push for tax incentives, export subsidies, and measures to boost the manufacturing sector under the "Make in India" initiative. His proposals will aim to strengthen India's position in global markets, improve trade infrastructure, and foster innovation, aligning with the government's broader economic development agenda while supporting long-term economic sustainability.

Minister of Home Affairs Shri Amit Shah:
As the Union Home Minister with a keen focus on national security and political stability and known for his strong approach to internal security and governance, Shah is expected to push for significant allocations towards strengthening law enforcement agencies, enhancing border security, and bolstering intelligence infrastructure. He may also advocate for measures that further the government's agenda on national unity and social cohesion, potentially securing funds for programs that address issues like regional insurgency and communal harmony. His proposals are likely to align closely with the government's political priorities, reinforcing his reputation as a key architect of India's internal security and political strategy.

Agriculture Minister Shri Shivraj Singh Chouhan:
As the Agriculture Minister, Shri Shivraj Singh Chouhan serves as the primary voice of India's farming sector in the Cabinet, which accounts for around 45% of India's working population. As a result, he wishes for greater spending towards different agricultural programs like irrigation and agri-tech innovation.

Health Minister Shri J.P. Nadda:
Healthcare is the cornerstone of the development of any country. India itself has struggled with a growing number of diabetes and cancer cases. Shri Nadda is responsible for pandemic readiness and universal healthcare coverage and wishes for the budget to be allocated towards the development of more healthcare facilities and research laboratories through schemes like Ayushman Bharat and Jan Aushadhi.

Education Minister Shri Dharmendra Pradhan: India is amidst an unemployment crisis, and better education is needed to spearhead economic development. Shri Pradhan pushes for higher pay for teachers, as there are over 1.2 million teacher vacancies in government schools. The literacy rate of India stands at 74%, presenting the need for more infrastructure for schooling and to fund schemes like the national ed-tech mission and the National Education Policy.

Minister of Minority Affairs Shri Kiren Rijiju:
Minorities make up 20% of India's population. Nonetheless, they are given fewer opportunities, as shown by 27.6% employability and literacy rates differing based on religion. To combat this, Shri Rijiju needs funding for many schemes like USTTAD and Nai Manzil.

Minister of Labour and Employment/Youth & Sports Dr. Mansukh Mandaviya: India has one of the largest and fastest-growing populations, leading to higher interest in sport. Being in an employment crisis, Dr Mandaviya's role as Minister of Labour and Employment also becomes increasingly important. He wishes for the budget to be allocated towards schemes like Khelo India and PM Kaushal Vikas Yojana.

Gautam Adani – Adani Group:
As the Chairman of the Adani Group, Gautam Adani holds a powerful and strategic position in the Union Budget 2026, particularly when it comes to infrastructure development and energy policy. Adani, with his vast interests in ports, airports, energy, and logistics, is likely to advocate for increased investment in these sectors, aligning with the government's focus on economic growth and modernisation. He may push for tax incentives, policy reforms, and funding to enhance green energy projects, including solar and wind power, which align with both his business interests and national sustainability goals. Adani's influence in the private sector, combined with his ties to the political establishment, gives him a significant stake in shaping policies that support large-scale infrastructure and industrial growth in India.

President of FICCI – Harshavardhan Agarwal
As the President of FICCI, Harshvardhan Agarwal advocates for business-friendly policies in the Union Budget 2026. He is likely to push for tax reforms, regulatory simplifications, and increased investments in infrastructure and technology. With strong ties to both the government and industry, Agarwal ensures the budget supports business growth, competitiveness, and job creation, driving India's economic progress.

Governor of RBI – Shri Shaktikanta Das:
As the Governor of the Reserve Bank of India, Shaktikanta Das advocates for policies that promote economic stability, control inflation, and ensure liquidity in the market. He is likely to push for measures that support credit growth, investment, and strengthen India's financial infrastructure. Das's influence ensures that financial policies align with the broader goals of maintaining macroeconomic stability and supporting sustainable economic growth.

President of CII – Shri Sanjiv Puri:
As the president of the Confederation of Indian Industry, Shri Sanjiv Puri advocates for policies which will lower taxes, make doing business in India easier and incentivise investments in the manufacturing se-

ctors. He emphasises the importance of public-private partnerships in committee and believes that the private sector could collaborate with different ministries to ensure that industry interests are aligned with those of the government.

CEO, Axis Bank – Amitabh Chaudhry:
As the Chief Executive Officer of the biggest private bank in the country, he advocates for policies that promote financial inclusion, strengthen credit availability, and support digital banking infrastructure.

Chairman, SBI – Challa Sreenivasulu Setty
Challa Sreenivasulu Setty, the Chairman of the State Bank of India, is an advocate for policies that increase financial inclusion, strengthen India's public sector banking framework, and guarantee credit flow to priority sectors. He is likely to highlight the importance of strong public bank recapitalisation, support for rural and agricultural lending, and investments in digital financial infrastructure. Setty is crucial in making sure that the objectives of financial outreach and social equity are met.

Finance Secretary – Shri Ajay Seth One of the main responsibilities of Shri Ajay Seth, India's Finance Secretary, is to supervise the creation, coordination, and implementation of the Union Budget. He is in charge of upholding budgetary restraint, controlling spending, and juggling the conflicting demands of different ministries while staying within the parameters of the government's revenue structure. Seth is probably going to support sensible budgeting, accurate revenue forecasts, and efficient resource distribution that is in line with macroeconomic stability. His role serves as the technical and administrative cornerstone of the budgeting process, guaranteeing that fiscal responsibility and policy ambition are balanced.

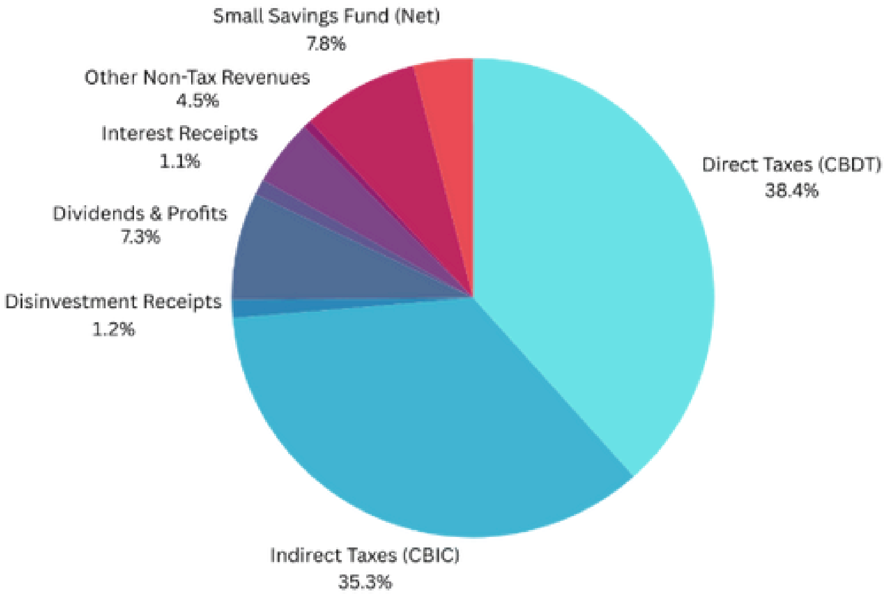
Chief Economic Advisor – Dr. V. Anantha Nageswaran Dr. V. Anantha Nageswaran is the Government of India's chief economic advisor and its primary economic analyst. He is in charge of offering macroeconomic projections, data-driven insights, and policy suggestions that serve as the cornerstone of the Union Budget. It is anticipated that Nageswaran will support balanced growth strategies that take into consideration both domestic pressures and international economic trends, sustainable fiscal planning, and evidence-based decision-making.

CEO, NITI Aayog – Shri B.V.R. Subrahmanyam

Shri B.V.R. Subrahmanyam is the chief executive officer of NITI Aayog and the government's chief policy strategist. He focuses on cooperative federalism, sustainable development, and long-term economic planning. He is probably going to support changes that increase the effectiveness of public spending, encourage creativity and match sectoral investments with the country's Viksit Bharat vision by 2047. Data-driven policymaking outcome-based budgeting, and determining structural priorities across ministries will be the main responsibilities of Subrahmanyam's position on the committee. Because of his influence, India's long-term developmental goals are reflected in the Union Budget in addition to its immediate needs.

The Economic Survey

Department / Head	Receipts (in crores)
Direct Taxes (CBDT)	10,75,000
Indirect Taxes (CBIC)	9,87,000
Disinvestment Receipts	34,300
Dividends & Profits	2,03,000
Interest Receipts	29,800
Other Non-Tax Revenues	1,25,000
External Loans	15,600
Small Savings Fund (Net)	2,18,700
Other Debt Receipts	1,11,600
Total	34,00,000



Global Pressure

1. Protectionism and Tariff Wars

One of the greatest global economic trends continuing into 2026 is the emergence of protectionism, led largely by the instigation of tariffs initiated by then-U.S. President Donald Trump. The tariffs, particularly those targeting steel, aluminium, and Chinese products, put global supply chains in disarray and triggered a chain reaction of retaliatory action across the world. While Biden and later administrations have relaxed some positions, there remains the protectionist undercurrent, with nations favouring home-based manufacturing and imposing new barriers to trade. For India, this has two major implications:

Exporters become subject to increased scrutiny and non-tariff barriers, particularly in the EU and North America. Budget 2026 will have to increase the competitiveness of indigenous industries through incentives, subsidies, and production-linked incentive (PLI) schemes.

Second,the EU's Carbon Border Adjustment Mechanism (CBAM), an environmental tariff, directly challenges Indian exports of steel, cement, andaluminiumm and necessitates green budget reforms proactively.

2. Global Inflation and Commodity Price Shocks

Spillover impacts of the Russia-Ukraine conflict, combined with OPEC's oil production management, continue to shape global energy and food prices. The U.S. and EU's high inflation rates have also constricted global liquidity, affecting India's import expenses and the cost of borrowing.

For Budget 2026, this translates to granting higher subsidies on food, fertilisers, and fuel. Shelving the economy by price stabilisation funds. Augmenting strategic oil reserves to shield against energy shocks.

Additionally, the increasing price of imported intermediate products (such as semiconductors and electronics parts) impacts India's central manufacturing and technology sectors. Budget allocations may have to focus on domestic supply chain diversification and import substitution strategies.

3. China's Economic Slowdown and Global Growth Uncertainty

China's post-pandemic recovery has been uneven, with deflationary trends, youth unemployment, and real estate crises. As the world's second-largest economy slows down, global demand for manufactured goods and commodities is declining.

India, while relatively insulated, needs to gear up for:

1. Declining global trade volumes affecting Indian exporters.
2. Supply chain realignments allowing India to substitute Chinese suppliers, but requiring state assistance.
3. A likely decline in foreign investments by multinational companies recalibrating Asia-oriented strategies.

The Union Budget 2026 will thus need to intensify investment in infrastructure, export logistics, and Make-in-India projects to seize this opportunity while hedging against regional turmoil.

4. Climate Mandates and Green Financing Pressure

India's global climate pledges, such as becoming net-zero by 2070 and expanding renewable energy capacity, are coming under growing international attention. Developed countries and multilateral agencies are insisting on tougher environmental disclosures, carbon pricing, and a coal phase-down. Simultaneously, access to green finance from international institutions is usually linked to visible budgetary action. This compels the Union Budget to: Provide more funding for solar, wind, and hydrogen infrastructure. Grant tax exemptions or incentives to green startups.

Establish a Carbon Market Development Authority or similar regulatory mechanisms.
Incorporate "green budgeting" principles across ministries and PSUS.

Overshooting these pressures threatens not only environmental degradation but also less foreign funding and trade losses.

5. Financial Market Volatility and Currency Risks

Interest rate increases by the U.S. Federal Reserve have caused capital flight from emerging economies and boosted the dollar. For India, this generates rupee depreciation pressure, increases the cost of borrowing abroad, and boosts debt-servicing liabilities.

6. Technological Decoupling and the Digital Race

The US-China technology competition has splintered the global digital infrastructure. There is increasing pressure on nations like India to decide between Western and Eastern technology ecosystems—whether in 5G networks, semiconductors, or AI platforms. Global institutions are also demanding higher levels of cybersecurity, data localisation, and digital taxation frameworks. Budget 2026 has to react to:

Funding semiconductor R&D, chip design, and AI laboratories.
Building stronger digital infrastructure through DPI (Digital Public Infrastructure).
Designing regulatory and financing support for privacy-first technology and data security for fintech, healthtech, and edtech industries.

India is also under pressure to become part of global coalitions in AI ethics, crypto regulation, and digital public goods, calls for prudent budgetary management.

7. Global Health Security and Pharma Leadership

India is considered the "pharmacy of the world," yet global health diplomacy after COVID calls upon India to increase production, innovation, and fair distribution of medicines and vaccines.
To cope with this pressure, Budget 2026 could:
Enhance support for R&D in vaccines and pharmaceuticals. I
Increase production facilities for API and bulk drug parks.
Upgrade healthcare export facilitation, particularly in Africa and Southeast Asia.
Establish policies that promote global health partnerships under India's G20 health.

Sectoral Priorities

With India inching towards the presentation of the Union Budget 2026, the government is currently guided by the Advisory Committee on Economic Planning, established to evaluate macroeconomic trends, locate sectoral bottlenecks, and suggest strategic investment preferences. In a world plagued by uncertainty at the global level, climate volatility, and changing technology, this committee has a critical role in shaping a future-ready and people -oriented budget.

Following deliberations by the committee, several priority sectors have been identified as top priorities for fiscal year 2026, each chosen to spur growth, promote inclusivity, and future-proof the economy of India.

1. Infrastructure and Logistics The committee has put a strong focus on infrastructure as a primary stimulant for economic development and employment generation. Sustained thrust for multi-modal transport networks, i.e., rail, road, air, and water, is at the heart of enhancing industrial competitiveness. Developing logistics centres, scaling up the Dedicated Freight Corridors, and Indian Railways modernisation are ranked as prime action areas.

In addition, the committee suggests investing in the National Infrastructure Pipeline (NIP) and inviting private participation by framing stronger Public-Private Partnership (PPP) models. By enhancing last-mile connectivity and lowering logistics cost, now among the highest in Asia, the industry can substantially increase India's export competitiveness.

2. Agriculture and Food Security Whereas agriculture is still the pillar of rural survival, the committee points to chronic challenges like low productivity, climatic vulnerability, and value-addition constraints. For Budget 2026, the panel suggests specific investment in agri-tech, micro-irrigation, and climate-resilient crops.

Particular focus is given to overhauling the Minimum Support Price (MSP) system so that it is in tune with market forces, without compromising on farmer incomes. Upscaling of digital interfaces to bridge the farmers with markets, and increasing crop insurance cover under PM Fasal Bima Yojana, are also priorities. Agri-export zones and food processing investment to minimise post-harvest wastage are also recommended to be driven. **3. Healthcare and Public Health** The pandemic laid bare the weaknesses in India's public health infrastructure. Although Budget 2025 took steps in this direction, the committee calls for a more serious commitment in 2026. It suggests raising spending on healthcare to 2.5% of GDP, with special focus on primary healthcare, rural healthcentress, and digital health infrastructure.

The report urges strengthening the National Health Mission, increasing gig worker coverage under PM-JAY, and investing in the health workforce, particularly in underserved areas. Additionally, integration of mental health services and funding for research in epidemiology and diagnostics are highlighted as imperative for a resilient healthcare system.

4. Education and Skill Development The Advisory Committee identifies human capital as a long-term growth enabler. Budget 2026, it suggests, must build on the National Education Policy (NEP) by expanding school infrastructure, promoting teacher training, and increasing digital inclusion in rural schools.

Capacity building continues to be a priority, especially to deal with the increasing misalignment between job needs and available skill sets. The committee recommends scaling up the Skill India Mission, industry vocational courses, and promotion of apprenticeships in new areas like green power, robotics, and AI.

In order to empower India's sizeable youth population, it also suggests scholarships for STEM education at higher levels and research fellowships funding across streams.

5. Production and MSMEs In its agenda to transform India into a world manufacturing centre, the committee emphasises the development ofMSMESs (Micro, Small, and Medium Enterprises), which account for almost 30% of the GDP. Whereas production-linked incentive (PLI) schemes have benefited large producers, Budget 2026 has to address small firms through simplified access to funds, compliance ease, and technology uptake.

Recommendations are to increase funding under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), digitalisation of supply chains, and integration support into global value chains. Female entrepreneurs are proposed to be given special attention, and cluster-based industrial development is to be promoted.

6. Renewable Energy and Climate Action Sustainability has been a prominent cross-cutting theme. The committee highlights India's net-zero goals and suggests that Budget 2026 increase financing for renewable energy infrastructure, such as solar parks, wind farms, and green hydrogen.

Policies have to encourage domestic production of solar cells, batteries, and EV parts by offering tax benefits and research grants. The committee further recommends building climate-resilient infrastructure, setting aside a special Climate Adaptation Fund, and enforcing green budgeting techniques in ministries.

7. Digital Economy and Innovation As the digital economy is likely to account for a large share of India's GDP by 2030, the committee recommends robust support for technology-intensive industries. Spending on AI research, cybersecurity infrastructure, semiconductor manufacturing, and quantum computing is all identified as essential priorities.

The committee suggests that the framework of Digital Public Infrastructure (DPI) be extended to cover sectors like agriculture, education, and healthcare. The committee also promotes the establishment of regulatory sandboxes to enable fintech and insure-tech innovation.

To enhance global competitiveness, financing of Deep Tech startups, and the establishment of tech parks and incubators in Tier-2 and Tier-3 cities are suggested.

8. Urban Development and Housing Noting India's fast-paced urbanisation, the panel urges greater allocation to smart urban infrastructure, especially under the AMRUT 2.0 and PM Awas Yojana (Urban). Urban mobility solutions like metro rail extensions, electric public transport, and smart traffic management require strong investment.

Affordable rental housing for migrant workers and slum redevelopment through private participation are also seen as critical policy gaps to fill in Budget 2026.

Rules of Procedure

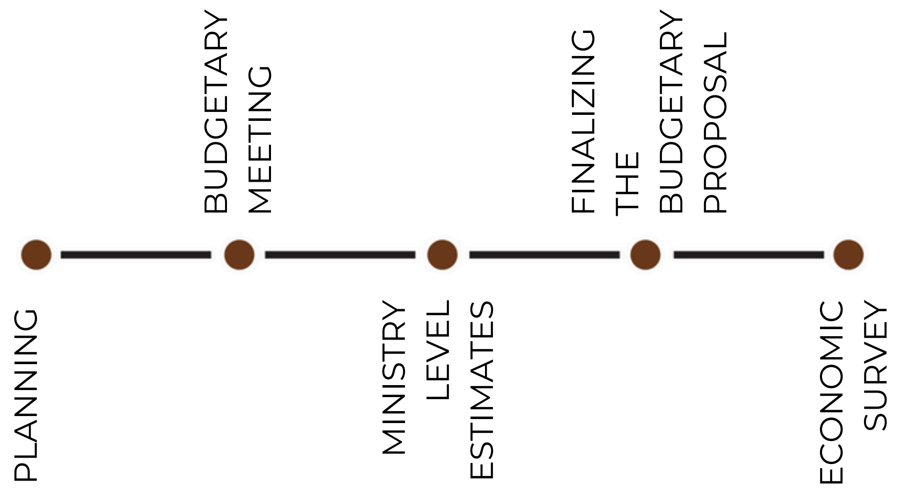
Opening Presentation: All delegates must state their demands from the 2026 Union Budget through a pre-planned presentation, spanning from the projects they intend to fund with the money as well as the return on investment they have yielded over the past years, which will be displayed to the Executive Board. Delegates must tread carefully to gain public approval, keeping in mind the interests of their respective portfolio. Questioning other delegates will be allowed in this speech and presentation format. Each speech must adhere to a strict time limit of 3 (three) minutes. This part of the committee shall be marked on the delegate's creativity and adherence to their ministry's policy. Additionally, the delegate should inform the committee on the scope of debate on their demands and highlight their further interests and intentions in the following committee sessions.

Objection round: Each presentation will be followed by an objection round where opposing delegates may ask POIS or give speeches up to 1 minute. It allows other delegates to respond with sharp criticism, counterpoints, or expose policy contradictions in the speaker's pitch. Delegates are expected to give sharp and witty responses to questions which are direct and framed properly.

Crisis Response: The Executive Board will be throwing various crises throughout the committee sessions. Delegates will be expected to tackle these crises through a crisis response speech, which must include how they believe the committee should proceed to tackle the crisis and further their ministry's interests in the solutions they suggest while not deviating from the original committee agenda.

Budget Presentation: The delegates will prepare a budget throughout the various committee sessions, which will be the final document presented to the Executive Board. The budget presented must include the entire expenditure of each ministry, such that all needs of the country are taken care of. The Executive Board will initiate a question-and- answer session on the resolution prepared and will evaluate delegates on the presentation of the document. A maximum of 4 sponsors will be allowed for each presentation, and ⅓ of the committee must be a signatory to discuss the budget.

Timeline



Step 1: Planning

April 1st: The Ministry of Finance, specifically the Department of Economic Affairs, takes charge of planning and coordinating the entire exercise.

This is known as the preparatory phase, and during this phase..

During this phase:

- The Finance Ministry consults with various ministries and departments to assess their budgetary requirements, targets, and goals for the upcoming year.
- The NITI Aayog, which replaced the Planning Commission, plays an advisory role in aligning the budget with the government's long-term economic goals.
- The Economic Survey, a document presenting the economic performance of the country in the previous year and forecasts for the coming year, is also prepared and forms the base for Budget planning.

Step-2 The Budgetary Meeting

Once the initial consultations are complete, the next step involves a series of meetings to finalise the fiscal policy and the allocation of funds. The Finance Minister convenes a meeting with various government departments to discuss the expected expenditures and receipts for the next financial year.

- Determining the sources of revenue, which include taxes (direct and indirect), government borrowing, and other earnings.
- Discussing the expenditure targets, focusing on areas like subsidies, infrastructure, defence, social welfare, and rural development.
- Ensuring that the budget aligns with the government's economic objectives, such as controlling inflation, managing debt, and fostering inclusive growth.

Step 3 - Ministry Level Estimates

- Each ministry submits its estimates as well as budgetary projections to the Finance Ministry.
- Ministries must justify their demands based on past year statistics, projects and schemes, as well as strategic goals.
- The Cabinet, as well as the Finance Ministry, ponders over the inflation targets, borrowing to estimate the funds necessary for each ministry.

Step 4: Finalising the Budget Proposal

After the deliberations in the budgetary meeting, the next step is to finalise the budget proposal. This involves a comprehensive review of all inputs, including:

- Finalising revenue estimates, which are crucial for determining how much the government expects to earn through taxes and other sources.
- Reviewing the expenditure estimates, ensuring they align with the government's priorities and don't exceed revenue expectations.
- Preparing detailed tax proposals, which may involve changes in tax rates, exemptions, and new tax policies.
- The cabinet passes budget resolutions.

Once all aspects of the budget are reviewed and adjusted, a draft budget proposal is created.

Step 5 - Economic Survey

- The Economic Survey is tabled by the Finance Ministry.
- The creation of the final budget is put into order, and final allotments to grants and ministries are made.
- Political priorities like deficit targets, inflation targets, borrowing plans and taxation proposals are set in place as the budget awaits its presentation.

The budget is presented on February 1st, the beginning of the new fiscal year. The President Signs Each Appropriations Bill and the Budget Becomes Law.

Questions to Consider

1. If the budget gets cut, which schemes would you prioritise — and which would you sacrifice?
2. Does your ministry's funding benefit a specific demographic or region? How can you justify its fairness or need?
3. Can you prove that your ministry's investment will boost economic multipliers — jobs, productivity, or exports?

Further Reading List

https://www.indiabudget.gov.in/
https://www.niti.gov.in/
https://www.bajajbroking.in/blog/who-prepares-budget-key-formulation-steps
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YEC

yec@doonschool.com

Mr. Samik Das
Master In Charge
yec@doonschool.com

Kanishk Bammi
President
+91 9930579461
presidentyec@doonschool.com