

Budget Highlights 2026 Healthcare



February 2026

Budget 2026-2027 – Healthcare at the forefront

The healthcare and pharmaceutical sector took centerstage on February 1, 2026, as Hon'ble Finance Minister, Ms. Nirmala Sitharaman announced the Union Budget for 2026-27 ("**Budget**"), allocating INR 1,06,530.42 crore (Indian Rupees one lakh six thousand five hundred and thirty point four two crore) to the Ministry of Health and Family Welfare. The emphasis on fostering greater innovation and increasing patient welfare in the budgetary announcements are a clear marker of the Government of India's ("**Government**") continued commitment to the '*Viksit Bharat*' vision.

Greater outlay, greater welfare

India's flagship public healthcare scheme, the *Ayushman Bharat Pradhan Mantri Jan Arogya Yojana* ("**AB PM-JAY**") has been allocated INR 9,500 crore (Indian Rupees nine thousand five hundred crore), up from INR 9,000 crore (Indian Rupees nine thousand crore) in financial year 2025-26. The enhanced allocation aims to expand beneficiary coverage, following a significant increase in the scheme's footprint, with over 15,00,00,000 (fifteen crore) unorganised gig workers benefiting from AB PM-JAY in December 2025. For further bridging the divide between the public health services in rural India and urban India, especially in maternal and child health services and bettering disease control intervention, a budget of INR 39,390 crore (Indian Rupees thirty-nine thousand three hundred and ninety crore) has been allocated to the National Health Mission.

Future-proofing India's biopharma manufacturing capabilities

At the core of the indigenous manufacturing initiatives of the Government was the announcement of '*Biopharma SHAKTI*'. With a planned outlay of INR 10,000 crore (Indian Rupees ten thousand crore) over the span of 5 (five) years, the initiative aims to make build a self-sufficient domestic supply chain and ecosystem of biologics and biosimilars, reducing import dependence and catapulting India as a biopharma manufacturing hub of the future.

Through '*Biopharma SHAKTI*', the Government will start by expanding the number of National Institutes for Pharmaceutical Education and Research ("**NIPER**") to 10 (ten), adding to and upgrading the current 7 (seven) NIPERs throughout the country and setting up 3 (three) new institutes. For ramping up clinical research innovation and output, a network of 1,000 (one thousand) accredited clinical trial sites is proposed to be set up. Inducting scientific and technical personnel specialising in biopharma in the Central Drugs Standard Control Organisation ("**CDSCO**") is also a key measure focusing on accelerating biopharma evaluations and approval timelines and platforming the CDSCO to match global regulatory standards.

Boost for health infrastructure

The most significant policy beneficiary of the Budget is by far the *Pradhan Mantri Ayushman Bharat Health Infrastructure Mission*. The INR 4,770 crore (Indian Rupees four thousand seven hundred and seventy crore) allocation, a 71.9% increase from financial year 2025-26, is intended to plug the current shortfall in the construction targets of *Ayushman Arogya Mandir*, block public health units, and growing the current district level integrated public health laboratories and critical care hospital blocks. Pertinently, the infrastructure upgradation requirement of central hospitals has also been addressed through a raised allocation of INR 4,599.06 crore (Indian Rupees four thousand five hundred ninety-nine point zero six crore).

Strengthening medical institutions

The *Pradhan Mantri Swasthya Suraksha Yojana*, the Government's long-standing schemes geared towards establishing more All India Institute for Medical Sciences ("AIIMS") and upscaling tertiary care facilities in Government medical colleges, saw an increased allocation of INR 11,307 crore (Indian Rupees eleven thousand three hundred and seven crore). Additionally, a non-scheme allocation of INR 5,500.92 crore (Indian Rupees five thousand five hundred point nine two crore) to AIIMS is a shot in the arm for developing the AIIMS' institutional capacity, research capabilities and advanced research infrastructure. In a similar vein, the postgraduate Institute of Medical Education and Research, Chandigarh has been allocated INR 2,504.65 (Indian Rupees two thousand five hundred and four point six five crore).

Crucially, the Indian Council for Medical Research has received a substantial bump in allocation, by 26.98% to INR 4,000 crore (Indian Rupees four thousand crore), which is expected to heavily support enhanced medical research.

Customs duty exemptions for life saving drugs

One of the most laudable and public spirited announcements in the Budget is the move to exempt 17 (seventeen) life saving drugs relating to cancer treatment, which also includes duty exemptions on personal imports of drugs, medicines and food for special medical purposes for 7 (seven) rare diseases, proving more accessible and affordable treatment to patients and their families.

Conclusion

Infrastructure development and accessible healthcare continue to be strong underpinnings in the Budget, alongside the maximisation of the efficacy of various government health schemes. The launch of 'Biopharma SHAKTI' is symbolic of the Government's forward-looking approach towards positioning India as a leader in global pharmaceutical manufacturing and presents an exciting opportunity for private health players and investors, with numerous avenues for strategic partnerships and investment in research and development, localised manufacturing and supply chain advancements.

Healthcare Practice

JSA provides a full range of transactional and advisory services in the healthcare sector. We represent clients across the entire spectrum of the healthcare system, including hospital networks and individual hospitals, managed care organisations, health insurers, pharmaceutical and biotechnology companies, medical device manufacturers, and major financial investors in the sector. These include domestic as well as multinational clients. Our clients range from start-ups to industry leaders. We also represent leading trade associations in these industries, namely the Centre for Scientific & Industrial Research, Centre for DNA Fingerprinting & Diagnostics, Institute of Microbial Technology, All India Institute of Medical Sciences, Department of Biotechnology, National Institute of Health & Family Welfare, etc.

JSA also has substantial experience in matters relating to the regulation of foods, drugs, medical devices, cosmetics, product packaging, and dangerous chemicals. Our attorneys advise manufacturers on Indian labelling requirements, national rules for testing and review of new products, reporting of safety information, and proceedings relating to product withdrawals. We regularly advise clients on regulatory standards governing advertising, the distinction between advertising and labelling and the differing regulatory standards that apply to each, and the roles of states and self-regulatory mechanisms. JSA has been actively involved in advising clients with respect to the regulation of nutrition and health claims in food advertising.

We also have extensive experience in litigating cases before courts and administrative agencies in the healthcare sector.

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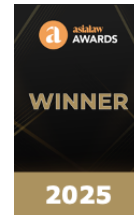
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