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Union Budget 2026-27: What it means for cars, EVs, tyres and manufacturing



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Article Content:

Finance Minister Nirmala Sitharaman today presented the Union Budget 2026–27 in Parliament. As part of this budget, the government has continued its push on capital expenditure, manufacturing competitiveness, infrastructure creation. Besides, it aims to straighten strategic sectors such as semiconductors, rare earths and clean mobility. Here's how some of the leading automotive brands have reacted to the budget 2026.

Hardeep Singh Brar, President and CEO, BMW Group India highlighted the balance struck between fiscal consolidation and growth. He said, "The Union Budget 2026–27 reflects a clear intent to balance fiscal consolidation with the need to sustain growth momentum. At the same time, increase in capital expenditure will accelerate infrastructure development, improve road quality and enhance mobility ecosystems. Also, the reforms in tax compliances like longer validity of Advance Rulings in customs duty (from 3 to 5 years) will give more certainty to business operations."

Balbir Singh Dhillon, Brand Director, Audi India said "The Union Budget's strong emphasis on infrastructure and capital expenditure is a positive enabler for India's mobility landscape.

Improved highways and intercity connectivity, especially across Tier-II and Tier-III markets, are strengthening the ownership and usage ecosystem for luxury automobiles."

From the perspective of the tyre and manufacturing ecosystem, Dr. Raghupati Singhania, Chairman & Managing Director, JK Tyre & Industries, pointed to the role of sustained infrastructure spending and skilling initiatives in driving demand and employment. He noted, "The Union Budget FY26-27 reinforces India's commitment to manufacturing-led growth. The continued drive on capital expenditure, with infrastructure allocation exceeding Rs 12 lakh crore, alongside fiscal consolidation at 4.3%, strikes a prudent balance between growth stimulus and macroeconomic stability. Enhanced support to the Self-Reliant India Fund will further strengthen the manufacturing and MSME ecosystem. For the automotive and tyre sectors, sustained investments in

infrastructure and logistics will improve cost efficiencies and support demand momentum. The emphasis on tourism and extensive program of skilling the workforce will go a long way in generating employments."

Gwanggu Lee, MD & CEO, Kia India Private Limited said "The emphasis on advanced manufacturing, electronics and battery production, rare earth corridors and MSME empowerment strengthens India's journey towards becoming a competitive global manufacturing hub under the vision of Atmanirbhar Bharat. Together, these measures reinforce consumer confidence and accelerate the transition towards technology-led a sustainable mobility."

Vinod Aggarwal, MD & CEO, VE Commercial Vehicles added "The Union Budget 2026 sets out a clear and purposeful roadmap to strengthen India's growth trajectory and advance the vision of Viksit Bharat. With a clear focus to build capability in crucial areas, the budget reinforces the foundations of the automotive and commercial vehicle industry. The continued focus on capital expenditure, with 12.2 lakh crore allocated for infrastructure, will play a critical role in sustaining demand for trucks, buses, and logistics assets that underpin economic activity nationwide."

Vikram Gulati, Country Head & Executive Vice President - Corporate Affairs and Governance - Toyota Kirloskar Motor said "The measures towards strengthening manufacturing value chain capabilities especially encouraging the investments towards upstream processing of critical raw materials such as rare earth metals for permanent magnets, announcement for 'India Semiconductor Mission 2.0' and the 'Electronic Component Manufacturing Scheme' will further support the growth of the supply ecosystem of various industries including automotive sector. The excise relief on biogas blended CNG and the allocation for Carbon Capture, Utilisation & Storage [CCUS] demonstrates India's strong commitment towards decarbonization. Collectively, these measures will also enable sustainable growth of the automotive sector while advancing India's transition to clean and inclusive mobility aligned with the vision of Viksit Bharat."

Tarun Garg, MD & CEO, Hyundai Motor India Limited, added "Further building on the mega GST 2.0 reforms, the Union Budget 2026-27 presents a long-term focused roadmap that accelerates India's rise as a global manufacturing hub and Atmanirbhar Bharat. Focus on the rare earth corridor, EV Battery and Electronics manufacturing, MSME empowerment, inclusivity and AI investments position India for global leadership. The strong push for tourism, rural growth and enhanced regional connectivity will further spur economic activity and open new avenues for advanced mobility, logistics and transportation solutions."

Harinder Singh, Managing Director & CEO, Yokohama India Pvt. Ltd. said, "For the tyre industry and the broader automotive sector, sustained capital expenditure of 12.2 lakh crore, expansion of highways, freight corridors, ports and multimodal logistics networks will significantly improve supply chain resilience, logistics efficiency and last-mile connectivity. Improved infrastructure access across Tier-II and Tier-III markets further enhances market reach and demand potential.."

Stephane Deblaise, CEO, Renault Group India said "The progression to India Semiconductor Mission 2.0, with its focus on equipment, materials, full-stack Indian IP and supply-chain strengthening, aligns closely with the evolving needs of the industry. The targeted push to reduce critical import dependencies, through initiatives on rare earth magnets and continued customs duty exemptions on capital goods for lithium-ion cells. creates confidence for deeper localisation and sustainable mobility. Supported by public capital expenditure of 12.2 lakh crore and enhanced logistics corridors, the Budget provides greater momentum to responsible growth of the Indian

economy"

Dr. Anish Shah, Group CEO & MD, Mahindra Group, welcomed the Budget's focus on competitiveness, strategic manufacturing and inclusive growth, while also underlining the importance of capital expenditure and SME support in driving job creation and regional development. He said, "This Budget focuses on enhancing India's competitiveness in the world, takes meaningful steps towards atmanirbharta and enables a wider participation in the benefits of economic growth..."

From an automotive manufacturing and export standpoint, Piyush Arora, Managing Director & CEO, Skoda Auto Volkswagen India Pvt Ltd, emphasised policy stability and trade facilitation as key enablers for long-term investments. According to him, "We welcome the Union Budget 2026-27 for the clear direction it sets on India's long-term economic priorities as the country progresses towards the Viksit Bharat 2047 vision. It sends a strong message of policy stability, which is essential for sustained manufacturing investments." He added that the focus on SMEs and industrial clusters aligns with the group's localisation and skilling roadmap in India

The Budget's focus on rare earths and semiconductors has also been welcomed by EV manufacturers. Madhumita Agrawal, Founder & CEO, Oben Electric, pointed to the significance of domestic supply chain development for electric mobility. She said, "The Union Budget's focus on expanding the Rare Earth Permanent Magnet Scheme and building dedicated rare earth corridors is a positive step towards reducing import dependence for critical materials used in EV manufacturing..." She further highlighted the relevance of semiconductor and electronics manufacturing initiatives for long-term for supply stability in the EV sector.

Anurag Singh, Advisor, Primus Partners "The infrastructure push will directly effect the construction equipment and heavy commercial vehicles. GST cuts and increased spending on infrastructure are both positive for the Commercial vehicle industry," added.

Addressing the impact on two-wheeler consumption and MSMEs, Sidhartha Bhushan Khurana, Managing Director, STUDDS Accessories Ltd., noted the importance of infrastructure development in Tier II and III cities and structural reforms aimed at easing liquidity challenges. As he said, "The Union Budget 2026 provides a steady and pragmatic framework for India's manufacturing transition" while also underscoring the role of skilling and road safety in building a resilient manufacturing ecosystem

Echoing the sentiment around rare earths and EV localisation, Vikas Singh, MD, Greaves Electric Mobility, highlighted the long-term strategic importance of the government's push towards domestic mining and research. He said, "The Union Budget's decision to promote the mining and research for Rare earth permanent magnets in India's mineral-rich states is a positive development towards deepening India's domestic capacity for rare earth sector..."

Similarly, Jalaj Gupta, Managing Director, Montra Electric, welcomed the Budget's clean mobility and advanced manufacturing measures, stating "This year's Union Budget lays a strong foundation for India's clean mobility and advanced manufacturing ambitions."

Nirmal Reddy, President, ETO Motors said "The ₹40,000 crore allocation under the India Semiconductor Mission 2.0 is a strategically significant step. By strengthening capabilities in chip design, R&D and talent development, the Budget enhances resilience across technology supply chains and accelerates progress in intelligent mobility, advanced computing and smart energy systems."