KPMG

India Union Budget 2026-27

Point of view

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Disaster Management

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Key announcements for the sector

- Disaster risk financing and inter-governmental support
  - Disaster management continues to be supported through Finance Commission grants to States, embedded within the overall allocation of INR 1.4 lakh crore for FY 2026-27. These grants cover rural and urban local bodies as well as disaster management-related requirements, reinforcing the role of States as primary implementation agencies.
- Disaster consequence management and health preparedness
  - Strengthening of district-level emergency and trauma care capacity by 50 per cent through the establishment of trauma care centers in district hospitals, enhancing preparedness for disaster-related health shocks.
- Industrial emissions and environmental compliance
  - The INR 20,000 crore CCUS program directly addresses emissions reduction in hard-to-abate sectors, positioning environmental performance as a core component of industrial competitiveness.
  - Low-emission transport and logistics
  - Expansion of Dedicated Freight Corridors, 20 new National Waterways, and promotion of coastal shipping collectively support modal shift, reduced freight emissions, and lower fuel intensity in logistics.
- Conservation-linked development
  - Development of ecologically sustainable tourism trails and the continued emphasis on wildlife conservation through global platforms (e.g. Big Cat Alliance) embed environmental considerations within tourism and regional development strategies.
- What the Budget signals for the sector
  - Climate and disaster priorities are being advanced through **mainstream economic and infrastructure policy,** rather than through standalone climate or disaster-specific missions.
  - Disaster risk management is being reinforced through **predictable fiscal devolution,** signaling continuity and stability rather than programmatic expansion at the central level.
  - Climate mitigation efforts focus on **industrial transformation and technology readiness,** particularly in sectors where emissions abatement is structurally challenging.

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— Preparedness is framed in terms of **system resilience,** with particular emphasis on health infrastructure as a core component of disaster response.

— Environmental objectives are being pursued through **mainstream economic, industrial, and infrastructure policy,** rather than through separate environmental programs.

— Climate mitigation and environmental performance are increasingly framed as **competitiveness and transition issues,** especially for energy and heavy industry.

— Environmental outcomes are linked to **systems efficiency** – cleaner logistics, energy storage, and resilient infrastructure – rather than regulatory expansion.

— Conservation is positioned through **economic and tourism pathways,** not through expanded environmental regulation.

Implications for the sector

- The Carbon Capture Utilisation and Storage (CCUS) program is likely to increase demand for **sector-specific feasibility studies, regulatory frameworks, and project preparation support,** particularly where public funding is expected to catalyse private investment.
- State governments will need to strengthen **planning, execution, and monitoring capacity** to effectively deploy disaster management grants in line with evolving risk profiles.
- Large-scale transport and logistics investments present opportunities to **embed climate and resilience co-benefits** into infrastructure planning and appraisal processes.
- The expansion of trauma care infrastructure underscores the need for **integrated coordination** between disaster management authorities, health departments, and urban/local governments.
- Growing demand for **integrated climate-environment project design,** combining emissions reduction, energy transition, and industrial competitiveness.
- Increased relevance of **environmental appraisal and co-benefit assessment** within large infrastructure and logistics investments.
- Need for stronger coordination between **environmental considerations and sectoral ministries** (energy, industry, transport, tourism).
- States will need enhanced capacity to align **environmental outcomes** with fiscal transfers and sectoral investments.

Strategic gaps

- The Budget does not articulate a **standalone environmental governance or prioritisation framework**, relying instead on embedded sectoral measures.
- While energy and industrial transition measures are present, **explicit targets or outcome metrics for environmental performance** are not stated.
- Conservation and adaptation are addressed indirectly, without a unified **environmental outcomes framework**.

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