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KCCI REACTIONS ON THE BUDGET SPEECH 2025

The Kanara Chamber of Commerce and Industry (KCCI), Mangaluru, acknowledges and appreciates the Union Budget 2025-26 presented by the Hon'ble Finance Minister, Smt. Nirmala Sitharaman. The budget reflects the government's commitment to fostering economic growth, supporting key sectors, and enhancing ease of doing business.

Key Highlights and Our Perspective:

1. Focus on Growth & Inclusivity

The budget emphasizes the four engines of economic growth—Agriculture, MSMEs, Investments, and Exports, alongside a strong commitment to reforms. The theme of 'Viksit Bharat' aligns with the aspirations of businesses and citizens, aiming for balanced and inclusive growth.

2. Direct and Indirect Taxation Changes

The amendments in the income tax structure, particularly the rationalization of exemptions, amendments and omissions in TCS & TDS provisions are expected to boost compliance and ease tax filing.

The continued thrust on GST simplification and measures to improve tax administration are welcomed.

Specific changes in customs and excise duty are likely to support the 'Make in India' initiative while ensuring fair competition for domestic industries.

The introduction of new incentives for startups and MSMEs will encourage entrepreneurship and job creation.

3. MSME & Startup Support

The revision in MSME classification criteria and enhancement in credit guarantee cover will help small businesses scale up operations without regulatory hurdles.

The customized credit card for micro-enterprises and the new fund of funds for startups will provide much-needed liquidity and funding support to new ventures.

The focus on labour-intensive sectors such as textiles, leather, and toy manufacturing is a positive step toward employment generation.

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4. Infrastructure & Investment Boost

The increased outlay for capital expenditure and infrastructure development, particularly in transport, energy, and digital infrastructure, will facilitate long-term economic growth.

The Urban Challenge Fund of ₹1 lakh crore and the focus on power sector reforms will strengthen urban development and energy security.

5. Agriculture & Rural Development

The Prime Minister Dhan-Dhaanya Krishi Yojana, focusing on agri-district development, is a progressive move that will enhance productivity and rural prosperity.

The Mission for Aatmanirbharta in Pulses and the support for FPOs and cooperatives are expected to benefit farmers and strengthen agricultural supply chains.

6. Financial Sector Reforms

The announcement of financial incentives for digital banking adoption, improvements in credit access, and regulatory streamlining will enhance financial inclusion.

The support to NCDC for cooperative lending will encourage a more cooperative-driven economy in rural areas.

7. Employment & Skilling Initiatives

The expansion of Atal Tinkering Labs, National Centres of Excellence for Skilling, and investment in higher education institutions, including IITs and medical colleges, will help bridge the skill gap and create a future-ready workforce.

8. Tourism sector Reforms

The Union Budget prioritizes tourism by developing 50 major destinations, supporting hospitality infrastructure, offering MUDRA loans for homestays, enhancing regional connectivity (UDAN scheme), and introducing e-visa facilities and visa fee waivers. Additionally, it promotes medical tourism ("Heal in India"), skills development for the sector, and performance-linked incentives for states to improve tourism management.

Our Recommendations & Expectations:

While the budget lays a strong foundation, we believe that additional measures in the following areas could further strengthen business confidence:

- 1) Further reduction in corporate tax rates for MSMEs to encourage expansion.
- 2) Greater clarity on implementation timelines for new tax provisions to ease compliance.
- 3) Incentives for digitization and automation in traditional industries to enhance competitiveness.

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- 4) Improved access to working capital and lower cost of borrowing for MSMEs and exporters.
- 5) Specific incentives for industries in Karnataka, particularly for sectors such as manufacturing, IT, and logistics, which were overlooked in this budget. The coastal and industrial regions of Karnataka require dedicated policy support to enhance industrial growth and global competitiveness.

The KCCI, Mangaluru, appreciates the government's vision for a self-reliant, globally competitive India and looks forward to constructive dialogue to ensure effective implementation of budgetary measures. We remain committed to advocating for policies that enhance the economic growth of the coastal Karnataka region and India as a whole.

Thanking you,

Yours Sincerely,

For **KANARA CHAMBER OF COMMERCE & INDUSTRY**

ANAND G. PAI
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Affiliated to:

Federation of Indian Chambers of Commerce & Industry, New Delhi. | Federation of Karnataka Chambers of Commerce & Industry, Bengaluru.

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