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Ref. No: 2025-26/0125

1st February, 2026

KCCI REACTIONS ON THE BUDGET SPEECH 2026

Kanara Chamber of Commerce and Industry (KCCI), Mangaluru, acknowledges and appreciates the Union Budget 2026-27 presented by the Hon'ble Finance Minister, Smt. Nirmala Sitharaman. KCCI Welcomes Growth-Oriented Union Budget 2026-27; Seeks Further Simplification and Targeted Relief for Businesses and Taxpayers.

KCCI, Mangaluru, has carefully examined the Union Budget 2026-27 and the proposals contained in the Finance Bill, 2026. The Chamber notes that the Budget continues the Government's emphasis on fiscal consolidation, infrastructure-led growth, manufacturing expansion, and strengthening of MSMEs, while maintaining focus on ease of doing business and a stable tax regime.

Positive Take Aways

KCCI welcomes the continued thrust on:

1) Public Capital Expenditure and Infrastructure Development

The increased allocation towards public capex and the proposed Infrastructure Risk Guarantee Fund are expected to crowd in private investment and generate multiplier effects across sectors such as construction, logistics, manufacturing, and services.

2) Support to MSMEs and Creation of "Champion SMEs"

The proposed SME Growth Fund, enhancement of the Self-Reliant India Fund, and strengthening of TReDS ecosystem are positive steps to improve access to both equity and debt capital for MSMEs.

3) Manufacturing and Strategic Sector Initiatives

Schemes for electronics components, semiconductors, chemicals, textiles, container manufacturing, and capital goods are expected to enhance domestic value addition, reduce import dependence, and improve India's global competitiveness.

4) Stable Direct Tax Framework

The absence of major adverse changes in corporate tax rates and continuation of concessional regimes provide certainty and predictability to businesses, which is essential for long-term investment planning.

5) Technology-Driven Governance and Compliance

Continued digitization and use of technology in tax administration are expected to improve efficiency, reduce interface, and enhance transparency.



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6) Job Creation and Employment Generation

The Union Budget 2026-27 strongly focuses on employment through manufacturing expansion, MSME growth, and higher public capital expenditure. Support for strategic sectors and “Champion SMEs” is expected to generate large-scale direct and indirect jobs. The emphasis on healthcare, caregiving, tourism skilling, and emerging services aligns workforce capabilities with industry needs. Overall, the Budget adopts a balanced, investment-led and skill-driven approach to sustainable job creation.

Coastal Karnataka’s Expectations.

While the Budget lays a strong national foundation, the absence of a dedicated Coastal Economic Corridor for the West Coast is a significant missed opportunity for Mangaluru and coastal Karnataka. Industry had expected targeted fiscal support for the proposed “Silicon Beach” initiative, deeper investment in underutilized deep-water ports, and a mission-mode push for the blue economy to integrate the region more effectively into global supply chains. Further, the exclusion of coastal Karnataka from the proposed high-speed rail growth corridors limits connectivity-led development. Without focused incentives for GCCs, technology clusters, and port-based industries in Tier-II coastal cities, the region’s strategic potential remains underleveraged, and we urge the Government to address this gap in subsequent policy actions.

Key Expectations and Suggestions

While appreciating the broad direction of the Budget, KCCI places on record the following expectations from the perspective of trade, industry, and professionals:

1) Further Simplification of Income-tax Law

With the transition towards the Income-tax Act, 2025, the Chamber urges the Government to ensure that subordinate legislation, rules, and forms are issued well in advance, and that ambiguity-prone provisions are clarified through timely circulars.

2) Data Centre

A tax holiday until 2047 is proposed for foreign firms delivering global cloud services from India-based data centres, exempting eligible profits from corporate tax. This strongly incentivizes hyperscale cloud and AI infrastructure investment in India. A Deloitte–KDEM study identifies Mangalore as a highly cost-efficient coastal location with lower land and power costs and reliable electricity. With stronger fibre and dedicated power, Mangalore can attract investment, jobs, and digital infrastructure growth.

3) Mangaluru Poised to Become a Global Medical & Spiritual Tourism Hub

The Union Budget 2026’s proposal to establish five Regional Medical Hubs via PPP mode presents a transformative opportunity for Mangaluru to solidify its status as a premier global healthcare destination. Leveraging its robust ecosystem of private hospitals, medical colleges, and AYUSH centers, the city is uniquely positioned to integrate world-class clinical care with the Budget’s focus on heritage and spiritual tourism.



Mangaluru sits in a “temple belt” (Dharmasthala, Kukke Subramanya, Udupi, Kateel, Kollur within reachable circuits). Better civic infrastructure and amenities in temple towns directly improves the pilgrim experience and increases repeat travel.

4) Missed Focus on Coastal Karnataka’s Agro Economy

The Union Budget 2026–27 proposes a Coconut Promotion Scheme to raise output by replacing old, low-yield trees with improved varieties. A dedicated programme for cashew and cocoa aims to strengthen domestic raw material supply and improve export competitiveness. For the Mangaluru region, these steps can lift plantation productivity, improve input availability for processors, and support rural incomes and agro-processing jobs along the coastal belt. However, unless the arecanut economy is also addressed, the overall impact may remain limited.

5) Absence of Maritime Higher Education focus in Mangaluru

Despite strong maritime development support in the Budget (such as the Maritime Development Fund and port projects), there was no announcement on establishing a Central Maritime University or dedicated maritime higher education institute in Mangalore, a long-standing local demand to leverage coastal skills and trade potential.

This omission was viewed negatively by stakeholders who had hoped budgetary backing would formalize maritime education, boost specialized training, and strengthen the city’s role in shipping, logistics and ocean economy sectors

6) Lack of clarity on identified clusters in Legacy Industrial Scheme

A scheme is proposed to revive 200 legacy industrial clusters via infrastructure and technology upgrades. The missing piece is, no list of clusters is provided in the speech, so inclusion of any local industrial pocket is not assured from the documents alone.

Conclusion

The Chamber believes that the Union Budget 2026-27 reflects a continued commitment to growth, stability, and structural reforms. With further fine-tuning and timely implementation, the proposals can significantly enhance India’s competitiveness and create a more conducive environment for business and investment.

KCCI looks forward to engaging with the Government and other stakeholders to provide constructive inputs during the legislative process.

Yours faithfully,
For **KANARA CHAMBER OF COMMERCE & INDUSTRY**

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