



KCCI
MANGALORE

empowering enterprise, facilitating growth...Since 1940

ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆ

ಚೇಂಬರ್ ಬಿಲ್ಡಿಂಗ್, ಬಂದರು, ಪಿ.ಬಿ. ನಂ. 116, ಮಂಗಳೂರು, ಭಾರತ - 575 001.

KANARA CHAMBER OF COMMERCE & INDUSTRY

Chamber Building, Bunder, P.B. No.: 116, Mangaluru, India - 575 001.

Telephone : (0824) 2420128, 24411859, 4260128 (O) & +91 94835 10669 (M)

Fax : (0824) 2420669, E-mail : office@kanarachamber.com

Website : www.kanarachamber.com

CIN : U91990KA1940PLC001135

Ref. No.: 2020-21/0248

5th January, 2021

Shri B. S. Yediyurappa
Hon'ble Chief Minister and
Additional charge of Power
Govt. of Karnataka
Vidhana Soudha
Bengaluru - 560 001

Respected Sir,

Sub: Request to withdraw the Proposed increase in
Electrical Tariff by MESCOM.

At the outset, we express our sincere gratitude and appreciation in bringing industry-friendly laws for Land and Labour, a watershed in facilitating new industries and growth of existing industries. The recent Affidavit Based Clearance System on compliance to boost ease of doing business will promote industrial development. We also welcome the recent decision to increase the LT Power limit to 150 KW, which will help unleash a lot of power availability to MSMEs.

However, we wish to bring it to your kind notice the startling decision of MESCOM to propose an increase in Power tariff by Re. 1/- per unit. But BESCOM has not increased tariff and even proposed a reduction for HT Industrial consumers. MESCOM's proposed increased Power tariff will fatally affect the consumers of Dakshina Kannada, Udupi & Shimoga Districts. In this connection, we submit the following:

Contd...2.

Affiliated to :

Federation of Indian Chambers of Commerce & Industry, New Delhi,
Federation of Karnataka Chambers of Commerce & Industry, Bangalore,
Confederation of Indian Industry, (Southern Region), Bangalore/Chennai,
Bangalore Chamber of Industry & Commerce, Bangalore &
Indian Merchants' Chamber, Mumbai.



ADVERSE IMPACT ON MSMEs

1. In India, the MSME sector is the second-largest employment generator after agriculture and acts as a breeding ground for entrepreneurs and innovators with considerable support in strengthening business ecosystems. The MSME sector has contributed 29% to overall GDP. In DK District over 1 lakh people are employed in this sector while the large industries employ less than 10,000 people.
2. With the Covid19 pandemic and Lockdowns impacting their cash cycles, MSMEs which are the backbone of India's inclusive growth story, have felt a significant blow and faced severe bottle-necks & retardations. As an essential part of the domestic and global value chains, the plight of MSMEs' is of deep concern.
3. The country-wide lockdown announcement dragged MSME owners, employees and external stakeholders to unexpected repulsions, where no one had the experience handling this kind of situation. Extended lockdown hurt the supply of finished goods, procurement of raw material, and employees' availability to work in production and supply processes. Post-Lockdown MSMEs face challenges related to debt repayments, wages/salaries, statutory dues, etc.

NEED FOR EFFICIENCY IN ESCOMs

1. Apart from this the recently enacted Electricity Consumer Protect Act has made a draconian change in capping net billing to 10 KW and thus furthering the inefficiency of ESCOMs. The ESCOMs buy power at around Rs.3.00 per unit from Solar installations and sell them around Rs.7.00 per unit i.e., over 130% mark upon the purchase price. Industries need to go in for more rooftop solar installations and benefit from unlimited net billing. This will not only help industries to be globally competitive but also pressurize ESCOMs to be more efficient. In this manner, we can reap the benefits to the environment and contribute to meeting the Paris Accord targets.



- 3 -

2. KERC Chairman and most of its members are retired officers of ESCOMs and KERC being the approving authority for increasing tariff, this set up amounts to "CONFLICT OF INTEREST". Industry bodies and Professional bodies should have a suitable representation in the KERC Board. This will allow KERC to advise ESCOMs to follow best practices of distribution and efficiency in power management rather than give in to their demand for an increase in tariff at the drop of a hat.

ADVERSE IMPACT ON COMMON MAN

1. It is not only the MSME units which faced challenges; even consumers have lower disposable income. Many enterprises laid-off their workers because of inability to pay salaries, vacated their offices due to incurring expenses and halted their production due to curtailed demand.
2. Instead of exerting pressure on ESCOMs to reduce their distribution losses and overheads and be more efficient, the present hike rewards inefficiency in the distribution of power and will allow such inefficiencies to continue.

We wish to inform you that the MSME sector will completely collapse if the power tariff is hiked. We request that the MESCOM reduce their distribution losses and overheads instead of putting an additional burden on the consumers. The hike's impact will be particularly disastrous for the MSMEs as they struggle to revive operations from the COVID pandemic and severe slowdown in the economy.

Therefore, we request you to nip the proposal in the bud and kindly instruct the MESCOM to withdraw the proposal with immediate effect.

Best regards,

Yours sincerely

For Kanara Chamber of Commerce and Industry,

**ISAAC VAS
PRESIDENT
DIN 00712781**