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**KANARA CHAMBER OF COMMERCE & INDUSTRY**

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CIN : U91990KA1940PLC001135

**Ref. No.: 2020-21/0306**

**26<sup>th</sup> February, 2021**

Shri C. P. Yogeshwara  
Honourable Minister of Forest  
Environment & Ecology Department,  
Karnataka Government  
Bangalore-560001

Dear Sir,

Sub: Revision of consent fee for establishment/consent to  
operate under KSPCB Rules.

Ref : Government of Karnataka, Notification No. FEE 251 EPC  
2016 (ii) dtd:29.10.2020.

The Government of Karnataka has revised the consent fee payable under the Karnataka Water (Prevention and Control of Pollution) Rules, 1976 and Karnataka Air (Prevention and Control of Pollution) Rules, 1983 with the above mentioned order.

Following major changes have been made to rules with respect to the consent fee payable.

1. The consent fee structure is linked to the capital investment of industries and various slabs of capital investment are defined. These lower and higher slabs have been revised and industries having capital investment of more than Rs.25 crore are to pay on the basis of percentage of their capital investment as against the earlier existing fixed amount.
2. The fee has to be paid at one time in advance for the whole consent period (ie.5, 10 and 15 Years wherever applicable), which results in

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sudden financial burden on industries, especially for Medium and Large industries, as they do not have option to pay the fee for lesser period.

3. The revised consent fee structure has resulted in some cases Medium and Large Industries having to pay more than 8 to 10 times (800 to 1000 % increase) of their existing consent fee.
4. When the proposal on increase in consent fee was taken, industry stake holders were assured that consent fee would not go beyond 30% to 40% over the existing consent fee. However the increase of 800 to 1000% to certain classifications is beyond sustainability and against assurances and all tenants of natural justice.

A number of industries have written to us on this sudden unjust rise in consent fees. Industries are facing tough situations due to surge in raw material prices and reduction in demand. Sustainability is a question in these difficult times. Such additional financial implication will cause further hardship to the industries. Many of the industry are yet to start full fledge operations.

Further the present system of calculations of consent fee is on the basis of gross capital investment. This is also linked to WPI and will increase depending on the inflation. However the basic flaw in this system is Medium and Large industries with an investment of over 25 crores are penalised for their capital cost. This is a disincentive for employing environment friendly technology which naturally is capital intensive.

**In view of the above, we request you to:**

1. The new system of paying consent fee on the basis of percentage of fee on capital investment need to be rationalised and revised.
2. When stakeholder's views/suggestions/objections were invited before the increase we were assured the increase in consent fee would be around 30% to 40% of the existing fee structure, however it is shocking



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to note that the increase in some cases is as much as 800 to 1000%. There should be a cap for the fees beyond certain amount. Capital investment is needed for growth as also to reduce pollution and sustain environment too.

3. Paying the increased upfront fees for 5 years at one time adds to this huge burden and affects the cash flow and working capital. Along with relook at the rates we request to allow annual instalment for these payments.
4. Request you to pass necessary orders to keep the present rate revision in abeyance till a relook at the structure is made and revised suitably.

Your immediate intervention in the above matter is solicited and industry needs support during the present difficult times.

Thanking you,

Yours faithfully

**For Kanara Chamber of Commerce and Industry**

**ISAAC VAS  
PRESIDENT  
DIN 00712781**

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