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MANGALORE

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ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆ

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**KANARA CHAMBER OF COMMERCE & INDUSTRY**

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CIN : U91990KA1940PLC001135

**Ref. No: 2023-24/0127**

**5<sup>th</sup> February, 2024**

Shri K. J. George  
Hon'ble Minister for Energy,  
Govt. of Karnataka,  
Vidhana Saudha,  
Bengaluru - 560 001

Sub: Development initiatives and Industry Concerns.

Respected Sir,

Greetings from Kanara Chamber of Commerce & Industry (KCCI), Mangaluru.

We hereby bring to your kind attention certain long pending issues related to Energy dept., that need to be addressed for the development of the industries in our region.

Kindly find enclosed various issues impacting infrastructure and policy related.

We request you to kindly look into the above issues and solve them on priority for the benefit of industry and commerce of our region.

Yours faithfully,

For **KANARA CHAMBER OF COMMERCE & INDUSTRY**

**ANANTHESH V. PRABHU**  
**DIRECTOR / PRESIDENT**  
**DIN 07327024**

**Affiliated to:**

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

Confederation of Indian Industry (Southern Region), Bengaluru/Chennai. | Bangalore Chamber of Industry & Commerce, Bengaluru. | Indian Merchants' Chamber, Mumbai.

**For Mediation, Arbitration, Conciliation contact:**



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**ANNEXURE**

<b>Sl. No.</b>	<b>Issues - Infrastructure Related</b>
1	<p><b>Underground laying of 33KV Powerline inside Baikampady Industrial Area.</b></p> <p>Considering our region is prone to heavy monsoon and storms caused by depression at the Arabian sea, electricity gets constantly disrupted. During heavy rains and storms, uprooting of trees or snapping of the branches are common and they cause frequent power outages. Moreover the 33 KV overhead electricity lines in many places are passing over the existing functional industries. Hence underground cabling of these lines is a good and permanent solution to this problem.</p>
2	<p><b>Setting up of a 24x7 centralized full-fledged MESCOM service station at the Baikampady industrial area.</b></p> <p>Many times line faults and defects at night times have taken a long time to get rectified and there are incidences when power supply was cut off for the entire night due to difficulty in locating the faults and non-availability of vehicles and staff to attend the faults.</p> <p>There is an urgent need to establish a full-fledged 24x7 service station which is properly staffed to ensure the faults are rectified quickly and industrial operations and production not disrupted for want of quality power.</p>
	<p style="text-align: center;"><b>Issues - Policy Related</b></p>
3.	<p><b>Reduction of LT 5 Tariff for Small Industries</b></p> <p>Mescom has demanded tariff revision at a time the total demand from Industrial sector is coming down. Industrial power consumption is showing a decreasing trend year after year which proves the Industrial Slowdown.</p> <p>It is unfortunate that MESCOM have proposed increase of 20 paise per unit but they have sought an increase of Rs. 5 per KW which will increase the charges to 39 paise. There will be no relief to MSMEs.</p> <p>Small Scale Industries have been undergoing severe hardship on account of global recession, Demonetization, reduced sales and the recessionary conditions prevailing in the domestic market for the last Two years. In their reply to our objections MESCOM has agreed and admitted that we are also part of same category.</p> <p>We have been requesting the honorable commission for last two years to reduce tariff for Micro, Small and Medium Enterprises (MSME) under LT 5 Category to enable them to survive otherwise it will lead to closure of many units and loss of jobs.</p> <p>We therefore request you to kindly reduce power tariff for MSME under LT5 category by Rs. 2 per unit.</p>
4	<p><b>Request to reduce electricity tax which is currently at 9% to 3%.</b></p> <p>As already requested to you, we again request you to reduce electricity tax from 9% to</p>



	<p>3% which will help reduce tariff to consumers.</p>
5	<p><b>LT extension to 176 KVA with no additional cost to industries.</b></p> <p>With the extension of LT from 66 to 176 KVA MESCOM has steeply increased the recovery of expenditure for Supply of electricity from Rs. 1950 per KW to Rs 8500 per KW.</p> <p>This move has nullified the good initiative of the extension of LT to 176KVA and is depriving this benefit to MSMEs.</p> <p>Therefore, kindly ensure that the rate be retained at Rs.1950 per KW only and not increase it so steeply.</p> <p>Further, all the investments for transformers, cables and poles are invested by the industry and this should be gradually deducted from the fixed charges levied to us as the idea of levying these charges is for recovering the cost of providing the connection to us.</p>
6	<p><b>Electrical Inspectorate charges for Solar and Captive Power Plants.</b></p> <p>Recently Govt. of Karnataka has come up with a notification, wherein any Micro, Small and Medium Industries that has a captive power generating capacity in excess of 500 KVA either through generator or through solar energy, then a charge of Rs 0.20 per unit shall be collected towards the electrical inspectorate charges.</p> <p>Since we are already paying annual charges for inspection by electrical inspectorate through challan to the department directly, we request your good office to kindly withdraw this notification of levying 20 paise per unit electrical inspectorate charges for the Micro, Small and Medium industries which is already reeling under high power tariff.</p>
7	<p><b>Cumbersome Procedure for Electrical Tax Exemption in case of adopting alternate form of energy:</b></p> <p>As per the industry policy 2020-25, the Govt. of Karnataka has incentivized industries to opt for renewable energies. one such benefit is wherever industries have adopted renewable energy source be it solar or any another alternate form of energy to meet its electricity requirements, then electricity tax for a period of 5 yrs is waived on this and an additional subsidy of Rs 0.50 per unit will be given by the Government. In the case of electricity tax exemption the process is very cumbersome wherein the Joint Director, DIC issues a certificate to the industry confirming the investment but the process of obtaining the exemption is a tedious one wherein- the MESCOM will process the application and forward it to the Chief of electrical inspectorate office in Bangalore who will look into the same and after his approval forward it again to MESCOM Commissionerate, who will further process and provide the final approval. This process is now taking around 6 months to 8 months denying the benefit to the unit.</p> <p>We request that this process be completed locally within the district itself and make it a time bound process of about 3 months only.</p>



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**Unnecessary rules for self-execution of Electrical connections.**

For self-execution of electricity connections all the formalities that are being followed by KPTCL are insisted upon thereby delaying the power connection. For eg., all the materials are procured from approved vendors but again inspections are insisted at manufacturers site. This causes inordinate delay and also cost overruns which adversely impacts the industrial atmosphere of the state.

We wish to bring to your kind notice that this is being insisted on in spite of a performance guarantee from the party who is executing the work for self.

Yours faithfully,

*For* **KANARA CHAMBER OF COMMERCE & INDUSTRY**

**ANANTHESH V. PRABHU**  
**DIRECTOR / PRESIDENT**  
**DIN 07327024**