



**BCIC Representation to Shri. Murugesh R. Nirani, Hon'ble Minister  
for Large and Medium Industries, Government of Karnataka  
at the Interactive Meeting on Tuesday, 5<sup>th</sup> January, 2010.**

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The Bangalore Chamber of Industry and Commerce (BCIC) in association with KPMG has recently brought out a Study on “ **Investing in Karnataka – Towards Faster and Inclusive Growth**” and a copy of which has already been forwarded to you for your kind consideration. We are extremely grateful to you for giving the Foreword to the above Publication.

As you are aware, the report has tried to picture on the present scenario in Karnataka through a dipstick study conducted with the leading industry executives on doing business in Karnataka. The Report highlights the emerging investment, business and service opportunities in various sectors in the State and further strengthen Karnataka's Investment sector. We are sure, Government will seriously consider the major recommendations of the Study and implement the same in achieving faster and inclusive industrial growth of the State.

Given below are some of the suggestions from the Chamber to improve the industrial investment climate for your kind consideration:

**1. Mid-Term Review**

At the recent Mid Term Review of the State Finances 2009-10 tabled by the Finance Department, Government of Karnataka, the Government has projected a revenue deficit of Rs.3,840 Crores. The BCIC would like to take this opportunity to request the State Government not to bridge this gap by levying additional Tax. Already, the State's Tax GDP ratio is very high as compared to other States in the country. Since the economy is on the path of revival, we would appreciate the Government will understand the piquant situation the industry is undergoing and will not burden with additional taxes.

**2. Stamp Duty**

We also would like to bring to your kind attention that Stamp Duty @ 5% is leviable on all Property (both movable and immovable) of the amalgamating company situated in the State of Karnataka. This makes the merger of a Karnataka registered company with any other company a very expensive proposition, as the entire assets held in the State (both movable and immovable) transferring under the amalgamation order will be subject to the stamp duty.

Hence, BCIC would urge the intervention of the State Government to have a re-look on the current procedures and make it industry friendly. We are of the firm opinion that if this anomaly is removed, this would go a long way in supporting reorganization of business in the State and thereby enhance competitiveness.

### 3. Energy Scenario

While we fully understand the current situation the State is facing with regard to energy, we would request you to consider supplying quality and interrupted power at specific notified hours so that Industry can plan its production process accordingly. Of late, power cuts are introduced without prior notice and this is causing the industry a heavy burden and also results in huge financial loss due to loss of production.

### 4. Other issues

As the Government is planning to hold the Global Investors Meet, the Chamber is of the firm opinion that the following measures should be undertaken immediately in order to give a clear signal to the Foreign investors.

- a) Creation of Land Banks with all the Infrastructure facilities
- b) Norm for a Single Window Agency is to be made really effective and all clearance like Licences, Investment, Pollution, Sanitary, Water etc. should be routed through One Agency who should take care of all the Investment proposals so that Investors need not run from pillar to post.
- c) There is an urgent need for industrial development of tier-2 cities for enhancing economic, social development so that industry thrives beyond the City of Bangalore.
- d) Besides IT and BT, the State is known for major industries namely, Auto, Oil and Gas, Steel, Electronics and we request the State Government to give thrust for development of the above Sectors as they have got huge potential and we can leverage to its strategic advantage. We need to create the necessary infrastructure such as, roads, ports, rail connectivity etc. to attract investments in these sectors.