

MSMEs demand open power access system

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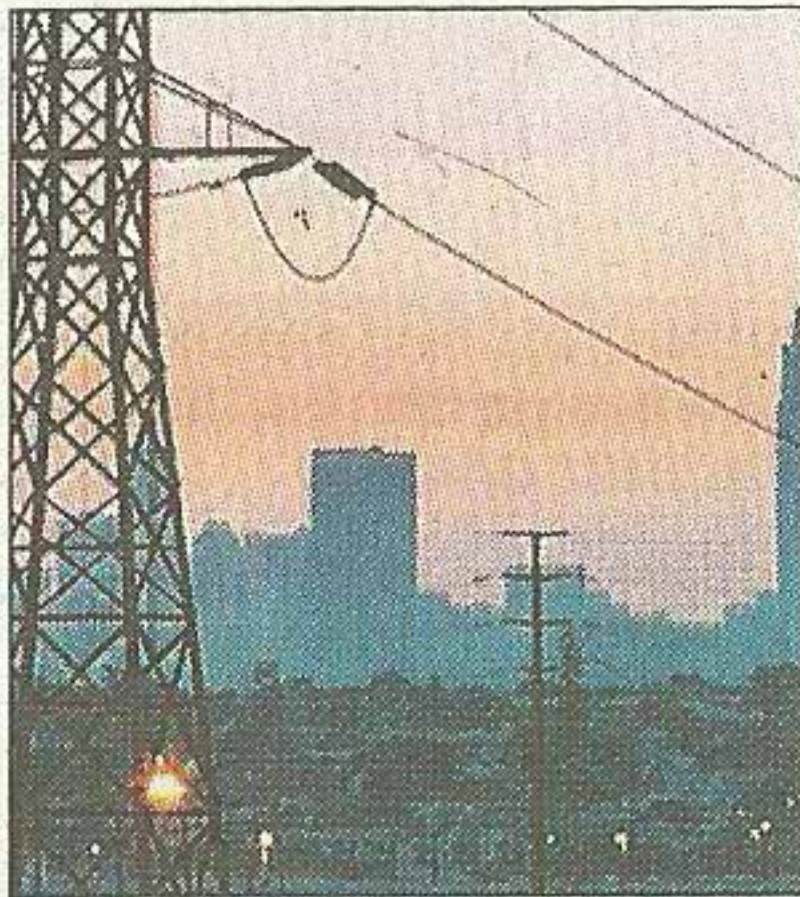
NEW DELHI: The micro, small and medium enterprises (MSMEs) have urged the government to strengthen power reforms and facilitate open access to power for industrial clusters.

The MSMEs face production losses and decline in profit margin due to severe power crisis.

Small entrepreneurs want an open access to power at a threshold of 1 MW and easing of licensing norms to facilitate electricity distribution in industrial clusters and MSME collectives such as cooperatives and associations.

"While the Electricity Act provided for substantive reforms in the sector and open access, many states and the state electricity regulatory commissions have shirked from the responsibility and are yet to take required steps to facilitate open access," said Anil Bhardwaj, secretary general, Federation of Indian Micro & Small and Medium Enterprises (FISME).

"Open access should be in place, since it's beneficial for MSMEs because an entrepreneur won't have to depend solely on a single supplier and can buy power from open market," said Anant Sardeshmukh, direc-



■ Industry needs power to grow

tor general, Maharashtra Chamber of Commerce, Industry & Agriculture, Pune.

FISME commissioned a study under UNCTAD suggesting multiple options based on state distribution pattern, third party power supply, franchisee model, cooperative system and captive arrangement on long-term and short-term basis.

"Large companies set up its own captive power plants and also buy electricity through the exchange, but it's not in the case of MSMEs," said Bhardwaj.

The MSMEs feel that access to competitively priced, adequate electricity is increasingly becoming untenable for them, sometimes due to high cross subsidy charges.

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"The Telecom Commission and the DoT are responsible for policy formulation, licensing, wireless spectrum management...."

"When I was a member, all important decisions were taken by the Commission. No one could even think of taking a decision without telecom commission's approval," said KH Khan, former member Commission. He was member during 2003-04.

Telecom Commission includes the secretaries of finance, planning commission, industrial policy and promotion and the department of information technology, with the DoT secretary as its chairman. It has four other members who are ex-officio secretaries of the government.

In May 2010, TRAI recommended that the government should charge for excess spectrum from telcos. Then in January, the Commission decided that the operators should pay for the excess spectrum retrospectively. However, instead of charging for excess spectrum, the DoT sent it for the Presidential reference.

"Bypassing Telecom Commission is subversion of the system and is against business rules," said BK Syngal, former CMD of VSNL. "There would not have been any controversy in the sector had telecom commission been kept in loop."