

To  
**Shri JAGDISH SHETTAR**  
**The Hon'ble Minister of Large and Medium Scale Industries**  
**Government of Karnataka**  
**Bengaluru**

03 July 2020

**Respected Sir,**

**Sub: Memorandum - REFRIGERATION AIR-CONDITIONING AND TRADES ASSOCIATION, BENGALURU**

We wish to bring the following points for your kind consideration and favourable action considering the situations for the Refrigeration and Air Conditioning Trades Association, Bengaluru.

The Refrigeration & Air-Conditioning Trades Association Ltd. (RATA) is one of the oldest associations working for the development of Air-Conditioning & Refrigeration industry in India. Established in the year 1949, the association brings together people from the entire industry and gives them a central forum to help them accomplish their common goal of making progress and achieving success.

We have listed some of the points currently being followed and we feel that if these can be kindly looked at from your end and a favourable decision taken that will help the industry a lot and give the necessary boost that it requires.

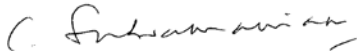
1. Karnataka has a potential market size of approximately Rs1200 Cr for airconditioners and refrigeration equipment's and appliances and we humbly request the Government to consider giving it a tag of **Priority Segment**.
2. **To reduce GST To 18 percent** on all domestic and industrial airconditioners as these are not considered as a luxury product and in today's world it has become very much an essential product considering their application in various buildings like hospitals, institutions, office space, restaurants, schools, auditorium, residences and many more.
3. **Separate HSN code to be given for spare parts in airconditioners** like PCBs, condensers, evaporators etc which comes under 8415 so that at least they can come under 18 percent since 8415 is under 28% category which is for airconditioners.
4. **Request to Exempt MSMEs from ESI registration** up to 25 employees and PF upto 50 employees; this will help a lot of small MSMEs to expand their business which they are discouraged to do for the above reason.
5. There are separate labour laws and minimum wages for central government PSUs though they are operating in the State of Karnataka; this creates lot of difficulty for service providers as it creates a rift among its employees as the gap between central minimum wages and state is very high and it becomes operationally very difficult . We hence request the Government of Karnataka to interfere with these organisations and ensure they follow law of the land i. e., of Karnataka State and this will help in undue harassment, which most of our business partners are facing now and are hampering the operations.
6. Airconditioning and Refrigeration caters mainly to Real estate, Healthcare and Hospitality segment for which **GST is @ 5 % without input tax credit**. Government can allow hotels and restaurant who are in 5% category to take input tax credit up to 20% of their Output tax, which will help in eradication of these transactions without billed material and help the organized and ethical traders to comply with norms without loss of business.
7. Requesting Government to allot plots for AC&R industries in a separate cluster on the lines of other sector like Apparels, Machine tool, Hardware, Aerospace on priority with necessary subsidies.

8. There is a total shortage of technical staff for field work in the area of AC & R which is a very serious problem and day by day the supply is shrinking, thereby making it very difficult for companies in service and projects to survive and expand to tackle this problem, Karnataka Government can start a minimum of **FOUR polytechnics** in different zones for only imparting AC& R course absolutely free to encourage students to take up this field as most of the student are entering different fields as other courses give them very comfortable jobs and the courses are also cheap. National Skill Development Program initiatives started by the Central Government should adopt and focus separately on AC&R which will help this sector get good quality man power.
9. Everybody is facing a very big problem from **Weights and Measurement department**. We request the Government to please strongly consider closing this department. They also should stop harassing traders and stop inspecting their premises. Since violations happen only at manufacturers and importers place, action can be taken up at that level itself and traders should be spared.
10. Government of Karnataka has included Airconditioning work in Buildings and maintenance as Building and construction work, which is resulting in builders and big companies deducting **Labour CESS**, which is an unnecessary cost for our industry, moreover it goes waste as none of our employees are construction workers. We request the Government to remove the above clause.
11. We request that necessary modifications may be done inlabour laws for inspection of any business premises so that ease of carrying out business as per local law of the land is complied with.

We request the Hon'ble Minister to kindly consider the above points and advise us with his favourable decisions.

Thanking you and kind regards

Yours truly,



**C Subramaniam**

**President**

**The Refrigeration & Air-Conditioning Trades Association Ltd. (RATA)**

Bengaluru

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