

National Manufacturing Policy: A Discussion Paper

Introduction

Over the years, the various policy initiatives and economic reforms in India have made India one of the fastest growing economies in the world today. However, at just over 15 percent of GDP, the manufacturing sector in India is not representative of its potential.

The situation of the manufacturing sector in India is a cause of concern especially when seen in the context of transformation registered in this sector by other Asian countries in similar stages of development. While the dramatic shifts in global manufacturing bases over the last four decades have brought these economies in focus, India has not been able to fully leverage the opportunities provided by the dynamics of the world economy.

This also has its socio economic manifestations in the form of over dependence of a large section of the population on agriculture for its livelihood, disguised unemployment and urban unemployment. For a country with the largest young population in the world, this creates a challenge of significant magnitude.

Over the next decade, India has to create gainful employment opportunities for a large section of its population, with varying degrees of skills and qualifications. The manufacturing sector would have to be the bulwark of this employment creation initiative.

Besides the employment imperative, the development of the manufacturing sector is critical from the point of view of ensuring that the growth model of India is sustainable.

With this learning and keeping the objective of developing the Indian manufacturing sector to reflect its true potential, the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, has embarked on creating a policy environment suitable for the manufacturing sector to flourish in India.

A major policy intervention by creating National Manufacturing & Investment Zone(s) will be taken up by DIPP to push the manufacturing share in GDP. The proposed National Manufacturing Policy for these NMIZs would act as the key enabler in driving the growth of the sector in India. Good physical infrastructure, a progressive exit policy, structures to support clean and green technologies, appropriate investment incentives, and business friendly approval mechanisms will be the cornerstones of this new initiative.

This discussion paper is the first step towards formulation of a National Manufacturing Policy with a focus on NMIZs. Suggestions are invited from stake holders. Suggestions can be sent/posted directly to Shri Navil Kapur, Section Officer, - email : navil.kapur@nic.in, Fax : 23063656 or can come through CII or FICCI.

The draft points are expected to cover the following areas. Any other areas that may be considered appropriate for inclusion can be suggested.

- 1. National Manufacturing & Investment Zones: Concept**
- 2. Exit Policy**
- 3. Green Technologies: New Avenue of Growth**
- 4. Incentives and Benefits for units in NMIZs**
- 5. Simplified Clearances & Approvals for Setting up units in NMIZs**
- 6. Skill development programme to cater to the needs of Manufacturing Sector.**

Annexure 1: Loss of Job Insurance- Policy Document

Annexure 2: Scope of Simplification of Licensing Procedures

National Manufacturing and Investment Zones - Concept

OBJECTIVES

- To promote investments in the manufacturing sector and make the country a hub for both domestic and international markets;
- To increase the sectoral share of manufacturing in GDP to 25% by 2022.
- To double the current employment level in the sector
- To enhance global competitiveness of the sector

The **National Manufacturing and Investment Zones (NMIZs)** would reap the benefits of co-sitting, networking and greater efficiency through the use of common infrastructure and support services. They would have high-class infrastructure, and provide a competitive environment conducive for setting up businesses. They would thus provide a boost to manufacturing, augmentation of exports and generation of employment.

CONCEPT OF NMIZ

An area would be specifically delineated for the establishment of manufacturing facilities for domestic and export led production, along with the associated services and infrastructure.

The NMIZs would be a combination of production units, public utilities, logistics, environmental protection mechanisms, residential areas and administrative services. It would have a processing area, where the manufacturing facilities, along with associated logistics and other services and required infrastructure will be located, and a non-processing area, to include residential, commercial and other social and institutional infrastructure. The processing area may include one or more Special Economic Zones, Industrial Parks & Warehousing Zones, Export Oriented Units, DTA units duly notified under the relevant Central or State legislation or policy. All the benefits available under the relevant legislation or policy will continue to remain available to the said Zones The

internal infrastructure of the NMIZ will be built and managed by a Developer, or a group of Co-developers. The external linkages will be provided by Government of India and the concerned State government. The users of external as well as internal infrastructure will pay for its use, except to the extent that the government supports the service through budgetary resource.

The NMIZ would have a governing body, which would be in the form of a Special Purpose Vehicle (SPV) formed with the constituents of that specific NMIZ. The SPV would have delegated authority from the State Government, Ministries in the Central Government and other Government Agencies for issuing necessary clearances, as may be necessary for the inception and continuation of business ventures inside the NMIZ.

The key feature of the NMIZs would be a more business friendly policy, procedures and approval ecosystem, combined with superior physical infrastructure.

ROLE OF THE CENTRAL GOVERNMENT

Government of India (GOI) will consider under this Policy all applications for establishment of NMIZs and approve expeditiously such proposals as are found feasible. It will constitute a High Powered Committee to ensure necessary coordination among central ministries and state government, and also monitor the progress of environmental and other clearances, as well as development of the NMIZs, at required intervals. Government of India will ensure the availability of external physical infrastructure linkages to the NMIZs including Rail, Road (National Highways), Ports, Airports, and Telecom, in a time bound manner. This infrastructure will be created/upgraded through Public Private Partnerships to the extent possible. Viability gap funding through existing schemes could be considered. Wherever necessary, requisite budgetary provisions for creation of these linkages through the public sector will also be made. Government of India will also support the state government concerned, and its agencies, in the dissemination of information, with a view to promoting domestic as well as global investment in the NMIZs.

ROLE OF THE STATE GOVERNMENT

The State Government would play the lead role in setting up of the NMIZs. In particular, the State Government will be responsible for providing/facilitating the following infrastructure:

1. Land
 - i) Funding for infrastructure which cannot be loaded onto the sale price of allotment.
 - ii) Initial funding of the land cost – possibilities of long duration low cost loans from international funding institutions or permission to raise long term tax free debentures against the security of land. Subscription to special equity funds for investment into NMIZ. SPV may be eligible for capital gain benefit.
2. Power connectivity and availability of reliable and good quality power. The units may also seek open access as per the regulations of the State Electricity Regulatory Commission. In the event that the State Government is unable to guarantee uninterrupted and high quality power supply, the State Government would facilitate the creation of captive power plants by Private Players (including the SPV of the NMIZ) with full authority for transmission, distribution and collection of power charges;
 - Provision of bulk requirements of water;
 - Road connectivity (State roads);
 - Sewerage and effluent treatment linkages, from edge of NMIZ, to the final disposal sites;
 - Appropriate infrastructure to address the health, safety and environmental concerns.

It would identify a suitable site, prepare the proposal and seek approval. It will notify the NMIZ area under the relevant Act, and acquire/ assist in acquiring the land necessary for setting up of the infrastructure, processing and non-processing areas. The acquisition of land, if any, must be done entirely by the State Government, and then handed over to the SPV. The State Government, applying for NMIZ, will ensure that after notifying the area, all physical infrastructure and utilities linkages under its jurisdiction are provided within a stipulated time frame. The State Government will notify a nodal Department,

which will provide a single window and coordinate with relevant authorities from the State Government.

The State Government may also notify an additional package of incentives for the development of the NMIZ, including moratorium of all municipal and other local taxes for 10 years, for the NMIZ developers as well as the units which are located in the Zone.

No local body shall levy any municipal taxes etc in NMIZ and the facilities and civic amenities in the NMIZ shall be maintained through appropriate user charges.

INSTITUTIONAL FRAMEWORK

1. The Department of Industry Policy and Promotion (DIPP) will be the nodal department of the Government of India for the NMIZs.
2. A High Powered Committee constituted by the Government of India will scrutinize applications for setting up the NMIZ, and subsequently monitor and expedite the progress of implementation.
3. The SPV would be constituted for each NMIZ, will be responsible for its development and management. It will also be empowered to issue/expedite approvals and pre approvals.

The SPV would be headed by a CEO with sufficient autonomy, with the participation of the Developer or Co-developers, industry association, as well as few major manufacturers. In addition the State Government should also constitute a body to:

- a) Monitor, review and appraise the functions and the performance of the NMIZ.
- b) Deal with functional issues concerning the stakeholders.
- c) Any other function as may be prescribed by the State Government.

Each NMIZ will be notified separately by DIPP

The SPV will, after notification of the NMIZ, prepare a detailed master plan consisting of a regional development plan specifying land use and zoning for processing and non-

processing areas. Based on an impact study, the types of industries in different zones will be specified.

In case an amendment is required to the concept and design of the project, as encapsulated in the preliminary project report submitted by the State Government, the same may be done in accordance with procedure provided in the State Law.

Proposals for setting up units in the NMIZ will be granted approval by the SPV, Such clearances and approvals will be granted within a stipulated period of time.

FUNCTIONS OF THE SPV

Each SPV will undertake such measures as it thinks fit for the development, growth, operation and management of the NMIZ. These measures will include:

- i) Preparation and enforcement of the detailed Master Plan.
- ii) Providing the necessary infrastructure within the NMIZ, either directly or through Developer(s).
- iii) Selection of Developer/Co-developers and entering into concession agreements with them for the development and maintenance of infrastructure internal to the NMIZ.
- iv) Promotion of investment, both foreign and domestic, into the NMIZ.
- v) Promotion of production within, and exports from, the NMIZ.
- vi) Granting approvals for, and facilitating clearances to units within the NMIZ.
- vii) Review of the functioning and performance of the NMIZ.
- viii) Regulation of levy of user or service charges or fees or rent for the use of infrastructure / properties in the NMIZ.
- ix) Exercise of authority to delegate, enter into or create SPVs for specialized services.
- x) Any other functions as may be prescribed by the State Government.

DEVELOPER

The Developer is a legal entity - Government, private or a Public Private Partnership- that develops, builds, designs, organizes, promotes, finances, operates, maintains or manages a part or whole of the infrastructure and other facilities in the NMIZ. The Developer would be selected by the SPV through a transparent mechanism.

The required land within the NMIZ will be made available to the Developer by the State Government, through the SPV.

UNITS IN THE NMIZ

Any manufacturing industry or service that will support the units within the NMIZ set up for the purpose of manufacturing, stocking, logistics and utilities with local linkages, and for which site is available as per the approved detailed Master Plan, will be eligible for being set up in the NMIZ, and may apply for approval to the SPV in prescribed manner.

The SPV will allot sites to units through a transparent process as specified.

A unit located in NMIZ, whether in SEZ or elsewhere, may produce / export goods and services except those prohibited either for manufacture or export under the EXIM Policy or any other Act in force. Rejects, waste, and scrap arising out of the production process could be exported or sold outside the SEZ.

LABOUR LAWS

Labour Law may be made more flexible.

Some of the issues which need to be reviewed:

- i) Employment of women in three shifts;
- ii) Temporary status of employees;
- iii) Flexibility to downsize;
- iv) Contract Labour Abolition Act will not be applicable to the units in the NMIZ.
- v) Number of hours per shift
- vi) Social security scheme for the work force – the SPV may work on a Social Security scheme for all the workers engaged in the NMIZ.
- vii) The right to join unions would be confined to workers drawing salary below a certain limit.

Wherever application of labour welfare legislation is suspended or diluted, an alternative safety net will be put in place to take care of the interest of labour by the SPV.

Exit Policy for units in NMIZs

It is proposed that the closure of a unit in NMIZ should be made easier by settling the dues of the labour in time. There should be a fast mechanism for settling the assets of a sick company so that they are redeployed for production.

For settling labour dues independent of other creditors claim a sinking fund should be created for each NMIZ to be maintained by the SPV which would be built through a contribution out of the profits of all the units in NMIZ. Alternatively the companies in NMIZ will be obliged to take a job loss policy from any insurance company.

Job Loss Policy

At the time of the closure of the company, there is mandatory requirement under the Industrial Disputes Act under section 25FFF to pay compensation which shall be equivalent to fifteen days' average pay 2*[for every completed year of continuous service] or any part thereof in excess of six months;

To ease the burden of payment to labour at the time of closure of unit, a job loss policy has been conceived for the proposed NMIZs. Under this the asset stripping of the entity will not have to wait until the payment has been made to the labour. This could help ease the pressure on the manufacturing entity considerably.

For this purpose the definition of closure of Unit would be same as the one followed by BIFR, which is as follows –

Sick industrial unit is defined as a unit or a company (having been in existence for not less than five years) which is found at the end of any financial year to have incurred accumulated losses equal to or exceeding its entire net worth. The net worth is calculated as sum total of paid up capital and free reserves of a company less the

provisions and expenses, as may be prescribed. An industrial unit is also regarded as potentially sick or weak unit if at the end of any financial year, it has accumulated losses equal to or exceeding 50 per cent of its average net worth in the immediately preceding four financial years and has failed to repay debts to its creditor(s) in three consecutive quarters on demand made in writing for such repayment. The two basic factors which may result in sickness of an industrial unit are:-

- Internal factors are those which arise within an organization. They include:-
 - Mismanagement in various functional areas of a company like finance, production, marketing and personnel;
 - Wrong location of a unit;
 - Overestimation of demand and wrong dividend policy;
 - Poor implementation of projects which may be due to improper planning or managerial inefficiency;
 - Poor inventory management in respect of finished goods as well as inputs;
 - Unwarranted expansion and diversion of resources such as personal extravagances, excessive overheads, acquisition of unproductive fixed assets, etc.;
 - Failure to modernize the productive apparatus, change the product mix and other elements of marketing mix to suit the changing environment;
 - Poor labour-management relationship and associated low workers' morale and low productivity, strikes, lockouts, etc.
- External factors are those which take place outside an organization. They include:-
 - Energy crisis arising out of power cuts or shortage of coal or oil;
 - Failure to achieve optimum capacity due to shortage of raw materials as a result of production set-backs in the supply industries, poor agricultural output because of natural reasons, changes in the import conditions, etc.
 - Infrastructural problems like transport bottlenecks;
 - Credit squeeze;
 - Situations like market recession, changes in technology, etc;
 - International pressures or circumstances, etc.

A draft policy document prepared by Bajaj Allianz is placed at annexure 1 for comments.

Other players may come out with their own offers which may be preferred by the Industry.

Green Technologies.

- Achieving the aspiration for Indian Manufacturing Sector has to take into account certain important forces that are shaping the Indian and Global manufacturing landscape. One such powerful force that can offer significant opportunities for Indian manufacturing is **emergence of “Green Technologies”**. This will be one of the strongest forces over the next two decades—offering both challenges and opportunities in green and new technologies for Indian manufacturing.
- Global warming has made sustainable development a key priority for governments and companies. This issue has the potential to change the economics of manufacturing and will significantly affect the future competitive positions of companies—changing the cost structure of industries and potentially restricting market access. At the same time, several new opportunities will emerge driven by the growing carbon trading market and demand for “green” products and technologies.
- While India’s carbon emissions per capita are lower than other countries, in absolute terms India is one of the largest carbon emitters in the world. As Indian economy develops, the absolute carbon emission will grow rapidly putting pressure on India to cap and/or lower its total emission.
- The emerging global carbon market and growing demand for “green” products and technologies will offer significant opportunities for growth in the years to come. On the other hand, escalating carbon costs could, over time, have significant implications on future global supply chains and influence market access for Indian companies. Indian manufacturing needs to focus on four areas:
 - Explore opportunities in the rapidly growing carbon trading market.
 - Drive “greening of operations” to reduce their carbon footprint.
 - Explore opportunities in “greening of products”.
 - Explore emerging “green technologies” with opportunities to build local and global leadership.

The Need for “Greening” of Operations

- Sustainability linked costs could shape future global supply chains. This global ‘green’ movement can pose severe challenges for companies and sectors that have a large carbon footprint. The cost structure of carbon emitting industries would change significantly making them less competitive with the inclusion of carbon costs. The potential impact of carbon cost, with increases being as high as ~5%+ in the cost structure for some industries.
- The cost impact could be direct due to emissions of the company against caps; or indirect due to usage of fuel/power with embedded carbon cost.
- This would impact on multiple fronts, with greater focus on bringing down carbon emission levels. Companies would have to rethink their manufacturing and supply chain footprint on the basis of total costs including the carbon costs.
- Sustainability issues could also impact market access. While countries may not tax or create barriers for companies or products which are not green; they may create incentive systems for products which are greener leading to skewed market economics.
- At the same time, increasing consumer preference for green products could further exacerbate this. This increasing awareness is spreading among Indian consumers, a recent example being the adoption of energy ratings. Adoption of such ratings for consumer durables in India saw revamping of many product development activities by many firms to ensure that products are more energy efficient as many consumers use energy efficiency as an important criterion for product purchase.

“Green Products” Emerging as an Important Opportunity

- The focus on sustainability has also meant the emergence of a growing market for “Green Products”. Globally, this market is estimated at ~US \$190 Bn and expected to grow at ~15% year-on-year across segments like alternative energy, construction of green buildings and green consumer products like organic food and cotton. Large sections of consumers across developed market, and increasingly so in fast developing economies, are beginning to prefer greener product.
- “Green” is clearly moving on from being a mere buzz word to a trend with significant business potential. Companies will need to take a closer look at their product portfolios and rethink their business models to benefit from this. The transformation will not be limited to targeting a newer product sub-segment, but rather will require re-creating a whole new business model around it.

New Green Technologies will Shape Future Markets

- Sustainability trends have given rise to new technologies that will significantly impact future businesses. Research in renewable technologies like wind, solar and water is already yielding environmental and business results. Development in other areas like nanotechnology, fuel cells, wireless communication is likely to create ecosystems for sustainable growth.
- India needs to scan the wide range of technologies, identify those with sustainable business prospects and strategically invest in areas where it can gain competitive advantage over other countries.
- Solar energy and new developments in nuclear power technologies are two such potential areas where India can take a leading position in the coming years.
- Solar energy market is expected to grow at almost 9 percent per annum till 2017¹ and India is already investing in solar research and is at par with global players.

¹ Clean edge; CII-BCG analysis.

The high solar irradiance across the country, of the order of ~220 KWh/M2 as compared to <200 KWh/M2 averages for most of the developed world², gives India a natural advantage in the solar market when compared to other countries like Germany, a solar market leader. India needs to leverage this advantage to become a frontrunner in solar technology.

- Nuclear power is also gaining prominence due to its improved relative economic competitiveness and carbon free electricity generation. According to International Atomic Energy Agency's 2008 projections nuclear power accounts for 14 percent of global electricity and is likely to grow at 3.2 percent per annum till 2030.

Special Incentives for Green Technologies and Manufacturing for units in NMIZs

- Low-interest loans for manufacturing to invest in new plans to produce clean /green technology or invest in new plants to produce green products;
- Creation of a central fund for supporting research in the area of green manufacturing;
- Mandatory to get a certain percentage of its electricity mix from renewables;
- Provides grants for workers training that will lead to an expanded energy efficiency and renewable energy industry workforce;
- Preference to green units/ green products during procurement by state/ central government; and
- 'Best Green Unit' awards to encourage, recognize and raise greater awareness.
- If the SPV in a particular NMIZ decides to have an IPP based on renewable green technology, an investment subsidy to cover the additional interest cost per mega watt may be considered.

² European Commission; PVGIS data.

Incentives and Benefits for units in NMIZs

The NMIZs would be a combination of production units, public utilities, logistics, environmental protection mechanisms, residential areas and administrative services. It would have a processing area, where the manufacturing facilities, along with associated logistics and other services and required infrastructure will be located, and a non-processing area, to include residential, commercial and other social and institutional infrastructure. The processing area may include one or more Special Economic Zones, Industrial Parks & Warehousing Zones, Export Oriented Units, DTA units duly notified under the relevant Central or State legislation or policy. All the benefits available under the relevant legislation or policy will continue to remain available to the said Zones.

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:-

- 0 Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units
- 0 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years
- 0 Exemption from Central Sales Tax.
- 0 Exemption from Service Tax.
- 0 Single window clearance for Central and State level approvals.
- 0 Exemption from State sales tax and other levies as extended by the respective State Governments.

The major incentives and facilities available to SEZ developers include:-

- 0 Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.
- 0 Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act.
- 0 Exemption from Central Sales Tax (CST).
- 0 Exemption from Service Tax (Section 7, 26 and Second Schedule of the SEZ Act).

Incentives given to EOUs:

Units undertaking to export their entire production of goods and services (except permissible sales in DTA), may be set up under the Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park (STP) Scheme or Bio-Technology Park (BTP) Scheme for manufacture of goods, including repair, re-making, reconditioning, reengineering and rendering of services. Trading units are not covered under these schemes. Import and export of capital goods, inputs exports and DTA sales would be governed by the EXIM policy in force.

Some general provisions applicable to these units would be as follows:

- o No import licences are required by the EOU units and import of all industrial inputs exempt from customs duty.
- o Supplies from the DTA to EOUs are regarded as deemed exports and are hence exempt from payment of excise duty which means that high quality inputs are available at lower costs.

Provisions for EOUs:

- o EOU can also import second hand capital goods without any age limit.
- o 50% of physical exports can be sold in domestic market on payment of concessional duty.
- o EOUs are allowed to utilize plant and machinery for job work DTA units provided the goods are exported directly from the EOU premises.
- o 100% FDI investment permitted through Automatic Route similar to SEZ units
- o EOUs have to achieve only positive Net Foreign Exchange (NFE) within 5 years i.e., $A - B > 0$ where (A) is the FOB value of Exports and (B) is CIF value of imports

Fiscal Incentives available to 100% EOUs:

- o Exemption from Customs and Central Excise duties on import/local procurement of Capital goods, raw materials, consumables, spares, packing material etc.
- o Reimbursement of Central Sales Tax (CST) on purchases made from Domestic Tariff Area (DTA)
- o Corporate Tax Holiday upto 2011
- o CENVAT credit on Service Tax paid

- o Re-imburement of duty paid on fuels procured from domestic oil companies as per the rate of Drawback notified by the DGFT from time to time.
- o The incentives available to SEZs and 100% EOUs would be applicable to SEZs/EOUs located in the NMIZs.

General Incentives for units in the NMIZs:

- o In order to encourage industrial units in taking on training/retraining of the workers, such expenditure be treated at par with R&D expenditure.
- o Tax exemption on expenditure incurred in taking national/international process/product certification/approvals like ISO 9000, BIS 14000, BEE, IS, CSA, UL, VDE, etc.
- o 50% of the expenditure incurred in filing international patents to be shared by the Government.
- o Subvention of interest on working capital by 4% to create parity with international counterparts.
- o In government purchases preference be given to units located in the NMIZs.
- o In order to encourage supply chain development, Income Tax exemption to suppliers in proportion to the supplies made within the NMIZ.
- o Special incentives for certain crucial industries where import dependence is very high.

State levies

The State Government may also notify a package of incentives for the development of the NMIZ, including moratorium on all municipal and other local taxes for 10 years, for the NMIZ developers as well as the units which are located in the Zone.

Simplified Clearances & Approvals for Setting up units in NMIZs

Below is the list of various clearances and approvals required for setting up any industrial unit. Also given are the various issues raised by industry and suggestions for streamline and speeding various procedures / clearances for industrial projects.

Wherever exemptions are possible under the Act, the same should be granted in NMIZ subject to SPV having a self regulated alternative mechanism to achieve the objective of the Act.

Where exemption is not possible, the authority under the Act should be vested in the SPV or in a single designated agency.

Clearances required for Industrial Projects

S No	Sub category of clearance	Clearances required
1	Commencement of business	<ol style="list-style-type: none"> 1. Industrial licenses under Industrial Policy 2. Technology Transfers 3. Clearance under Industrial Park Scheme 4. Business Constitution <ol style="list-style-type: none"> i. Registration with Registrar of Companies ii. CBDT: issue of PAN, tax deduction account no etc. iii. CBEC: service tax registration
2	Financial	<ol style="list-style-type: none"> 1. Raising finances abroad 2. FDI Clearances 3. Clearance of Forex transactions from RBI 4. Importer Exporter Code from DGFT 5. ESIC Filing 6. EPF Filing 7. Registration certificate under State Sales Tax laws and filing of returns
3	Sectoral	<ol style="list-style-type: none"> 1. Sectoral rules, e.g., Municipal Solid Waste (MSW) Rules, 2000 framed under the Environment (Protection) Act, 1986 2. Use of sea water for cooling purposes by thermal power plants etc 3. Ports: Clearance of design of LNG Berth 4. Power: <ul style="list-style-type: none"> • Coal Linkage, Fuel Supply Agreement (FSA) • Gas Sales Agreement • CERC/SERC permission for adoption of tariff • Mega Power Status from MoP 5. Clearance from Ministry of Railways for constructing Road over Bridges (RoBs) and Road under Bridges (RuBs) by NHAI 6. Clearances from DGCA, AAI, MoD, CBEC, MHA, BCAS etc for construction/expansion/modification of Greenfield/ Brownfield airports
4	Major Central	<ol style="list-style-type: none"> 1. Environment Clearance under Environment Impact Assessment (EIA)

	Government clearances	Notification of 2006 2. Diversion of Forest Land under Forest Conservation Act, 1980 3. Clearances under Electricity Act, 2003. 4. Stack height clearance from Ministry of Civil Aviation 5. Security clearance from Ministry of Defense and Ministry of Home Affairs 6. Clearance to use groundwater from Central Ground Water Board (CGWB) 7. Clearance to use Explosives
5	Major State Government clearances	1. Approval of building plans by municipal authorities 2. Licenses under Factories' Act, 1948 3. Sanction for water and power connections 4. Consent to operate and establish from Pollution Control Board

(i) Environment/PCB

(ii) Labour

(iii) Boiler

(iv) Explosive

(v) VAT registration

ISSUES

- ➔ Under Environment Conservation, the category of projects that have are in category "A" and "B", but so far no clarity is provided for the B1 & B2 category of projects.
- ➔ In case of change of technology or expansion, which is quite frequent, the current provision of mandatory public hearing (consultation) every time is, time consuming affair for getting the environment clearances.
- ➔ Procedure for grant of emission and discharge consents by the State Pollution Control Boards (SPCB's) remain pending for more then a year.
- ➔ Green belt in the form of percentage of area pose difficulties to the industry because by the time EC or NoC is obtained the arrangement of land and the engineering design of the industry is complete and subsequent adjustment in the area for required percentage of greenery means compromise over the productivity and safety through out the life of the plant.
- ➔ Today the total time taken for obtaining environment clearance before starting of operations for a mining project varies between 3 to 5 years. And given the speed of change of the economic scenarios, within 5 years the requirements as well as technologies change and such delays make significant impact on the viability of projects.
- ➔ In the mining projects the height and the slopes of the dump designs are governed by the approval of the mining plans by IBM. In general, a single stage dump has an overall slope of 37 degree i.e. the actual angle of repose of the overburden in the most of the soil conditions and for two stage dump the overall slope comes to 27 degree. However it is often seen that the Environment clearance letter mentions the overall slope of 27degree without mentioning the fact that at single stage, it will be 37 degrees. And during site inspections the inspecting officials insist for 27degree slope for single stage also which is neither practical nor feasible without artificially

flattening of slopes which means more and more area requirement for the overburden dumps.

- Land for waste disposal and reclamation/back filling is not enough.
- As per MoEF guideline 3.2 (i), Compensatory Afforestation shall be done over equivalent area of non forest land. It is essential that with the proposal a map showing the identified non forest land, certificate for its suitability as well as non-encumbrance certificate from concerned DFO/revenue officials should be submitted before Stage-I approval. After the Stage-I approval this NF land is transferred and mutated in favour of State Forest department. In some states like Jharkhand, in absence of non forest government land, user agency has to purchase the land and give above mentioned details to forest department for processing the DRP. User agency (project proponent) has to guard this non forest land till the approval of Stage-I.
- Allotment of non forest land for the compensatory afforestation is not uniform across the country. Eg. in Jharkhand state purchase of non forest land from private owners is almost mandatory. Although the current guidelines allow compensatory afforestation on degraded forest land, the same is yet to be implemented by the state governments.
- For forest clearance, NPV is chargeable for under ground mining even though the forest surface is neither disturbed nor lost due to under ground mining.
- Getting in principle approval and mega status for power projects is complicated and difficult to implement.
- Consent to operate and establish from State pollution control board does not happen in stipulated time.
- Validity period for consent to operate and establish by the state pollution control board is very short.
- Authenticated maps of the eco sensitive areas as per general conditions of EC notification are not available with regulatory authorities.
- No stipulated time line is given for the stack height and CGWA clearances.
- Duplication in clearances e.g. building plan clearance from town and country planning as well as factory inspectorate.

RECOMMENDATIONS

A. Environment and Forest Clearance

- A1. An empowered project clearance authority could be formed to liaise with different state and central departments to get clearances in a time bound manner.

- A2. In case where the prescribed time limit is not followed and there are delays in giving clearance, a mechanism should be developed to take the matter to the next higher level.
- A3. Standardized terms of reference for specified/ repetitive projects will help reduce the time taken for clearance.
- A4. Wide publicity and liberal use of the provision to have the public hearing conducted by other agencies if the State agency does not complete it within the prescribed time of 45 days.
- A5. Brownfield expansions shall be exempted from public hearing if there is no additional requirement of land/ land acquisition is involved.
- A6. Brownfield expansion to a certain extent (threshold extent), should be exempted from EIA notification.
- A7. The clearance under CRZ and EIA Notifications should be combined where both the clearances are required.
- A8. CGWA should be made part of EAC to make it a single window clearance.
- A9. Applications and submissions of documents/details should be done online for various clearances like CGWB, PESO, EC, etc.
- A10. The procedure for Importer Exporter Code can be outsourced as done for PAN cards to make the process faster and simpler.
- A11. EAC should have members from state pollution control board (PCB's) who should be authorized to give consent for state PCBs. They may add new conditions if required from the state's perspective.
- A12. In respect of wildlife and forest clearances, reasonable timelines should be prescribed in respect of State authorities as well, so that the processing at State level does not draw out over an unreasonable length of time.
- A13. A "deeming" provision may be introduced in respect of the second stage clearance in respect of forestry clearances, where the project proponent has complied with all conditionalities imposed while according first stage clearances.
- A14. Authenticated maps of eco sensitive areas as per the General conditions of EC notifications should be made available to regulatory authorities for CRZ/NBW clearances.
- A15. Grant of Environmental Clearance should not be mandatory for Prospecting License (PL).

- A16. Only people belonging to the area should be eligible to participate in public hearing required for environmental clearances.
- A17. In case of projects, where increase in production is on account of modernization or through technological improvement in productivity, environmental clearance should be exempted.
- A18. At the time of renewal of mining lease if no additional area is required then the forest clearance should be automatic rather than following the same process as a new area for diversion.
- A19. Categorization of the forest area into 3-4 categories based on sensitivity of the land and predetermining the conditions for diversion of forest land like NPV, Compensatory afforestation, technology for mining and processing etc based on the sensitivity, could be done.
- A20. Identification and handing over land required for compensatory afforestation should be the responsibility of the State Government and not the proponent.
- A21. In-principle approval for forest clearance should be granted for the entire lease area by MoEF. Depending on the need of lessee, approval in phases should be granted by the State Government based on predefined conditions.
- A22. No forest clearance should be required for prospecting license if there is no cutting of trees, and only clearing of bushes is required. The State Government may be empowered to grant forest clearance for prospecting.
- A23. Total time taken for forest clearance should not be more than one year. In case the process is not completed in time, it should be treated as deemed granted.
- A24. Necessary guidelines/ notifications for “B1” & “B2” category of the project are required to make this provision effective.
- A25. Public Hearing (Consultation) shall remain valid for the entire lease period. It shall not be mandatory for expansion or change of technology as these changes are quite frequent.
- A26. There should be a timeline (within three months) for the procedure for grant of Emission and Discharge consents by the State Pollution Control Boards else such applications remain pending for more than a year making it a post facto consent.
- A27. Necessary infrastructure within the state for disposal of hazardous waste is to be provided by SPCBs and such list of agencies shall be given along with the consents to facilitate the industry to comply effectively.
- A28. Green belt development norms stipulated by SPCB in their NoC and by MoEF in Forest and Environment clearance letters shall be more effective as well as industry friendly. Green belt in the form of percentage of area pose difficulties to

- the industry because by the time EC or NoC is obtained the arrangement of land and the engineering design of the industry is complete and subsequent adjustment in the area for required percentage of greenery means compromise over the productivity and safety through out the life of the plant. It is suggested that the area is linked with the density of trees preferably the canopy density so that thicker plantation of native species rather than quick rising exotic species are planted by the industries.
- A29. The general conditions specified in the EC for mining projects include "Trucks/tippers shall be covered with tarpauline sheets/leak proof materials". Large mines using HEMM (dumpers with capacity more than 20 T) can not implement such conditions hence should not be imposed.
- A30. The general conditions specified in the EC for mining projects for creation of overburdened dumps with required benching and specific height and slope to be more realistic.
- A31. For maintaining a balance between development of mines as well as surroundings, the concept of Regional Environment Management Plan is to be adopted on the lines of Regional Wildlife Management Plan. The common conditions laid down in such plan will be applicable to all the mines falling in the region. Only specific conditions will be laid down depending on the differentiation of mining being done by any lessee. This shall reduce the procedural aspect of environmental clearances and will bring uniformity in the process of environment management for a particular region.
- A32. For waste disposal, a co-operative concept will be needed in future therefore mined out areas of one mine is to be made available for reclamation/back filling to other operating mines in the vicinity. This is required in order to reduce the requirement of land and can make the concurrent back filling and restoration of the land a reality. The environment rules should provide scope for such proposals and encourage the same.
- A33. Implement the Supreme Court order dated 16 September 2005 that has mentioned the procedure for grant of clearances under the Forest Conservation Act.
- A34. Under the ownership of State Government, a land bank should be formed and project proponent be allowed to purchase non forest land on their own and keep it in the Land Bank. After the approval of Stage-I, user agency to be allowed to transfer and mutate the non forest land in favour of State Forest Department, equivalent to approved forest area.
- A35. Allotment of non forest land for the compensatory afforestation is not uniform across the country. Uniform guidelines in all states for allotment of non forest land for the compensatory afforestation should be made and regional office should ensure no deviation.

- A36. Quick implementation of the current guidelines to allow compensatory afforestation on degraded forest land at the state government level is required.
- A37. There should be only one Wildlife Management Plan containing all the requirements of Site-specific Wildlife Management (Conservation) instead of two.
- A38. All projects (renewal or expansion) which require environment clearance where public hearing (consultation) is pre requisite should be exempt from Aam Sabha resolution and it shall not be required for diversion proposals.
- A39. Prospecting/ exploration activity which does not require Environment clearance shall be exempted from the Aam Sabha resolution.
- A40. On renewal of the mining lease if the lease area and the forest area are already diverted and is not increasing there should not be a separate application for diversion in Form-II. On grant of renewal the forest area already diverted shall remain valid for another term of the lease with the prevailing terms and conditions.
- A41. In case of underground mining, it has been seen that even when subsidence takes place arising out of underground mining, forest cover gets disturbed only temporarily and there is no permanent damage. In view of this, forestry clearance for underground mining should be automatic with a provision that project should pay compensation.
- A42. Prorata cost of NPV i.e. 1/20th of the total cost may be taken into consideration while calculating the Cost benefit ratio and payment of NPV be spread over annually coterminous of the grant/renewal of the mining lease period or at an interval of 5 years as in case of periodical validity of the mining plans.

B. CENTRAL GROUND WATER AUTHORITY CLEARANCE

- B1. A simplified procedure should be prescribed for giving clearance for extraction of ground water which reduces the time involved in referring the matter between various agencies.
- B2. Time lines may be prescribed for according clearance for extraction of groundwater with or without condition, or refusing such clearance.
- B3. The timeline may have a 'deemed' provision, i.e., if the approval is not accorded within the prescribed time limit, it may be assumed by the project proponent subject to installation of standard rainwater harvesting/water recharge equipment for exploited and critical groundwater blocks.
- B4. CGWA shall be made part of Expert Appraisal Committee (EAC) of MoEF.

B5. In case of severely exploited groundwater blocks, it may be clarified upfront that permission to draw groundwater will not be granted.

C. OTHERS

C1. One application and registration to cover multiple registrations under labour laws like PF, ESI etc. is the desirable system.

C2. An exclusive cell for time bound approvals from state governments department (PWD, Electricity Boards, State Transport Department etc) should be formed to take care of timely completion of various projects that require above approvals.

D. STATE GOVERNMENT CLEARANCES

D1. The State Government should issue one consolidated consent for under water, air, hazardous municipal waste, bio medical waste, etc.

D2. Validity of consent from State pollution control board should be increased from 1 year to 5 years (Already in practice by Gujarat Pollution Control Board).

D3. Online application should be accepted by state pollution control boards.

D4. Common application and processing as suggested by MoEF 1999/CPCB 2001 may be implemented.

D5. Duplication of clearance for building plan from Town & Country planning as well as factory inspector. One clearance should suffice.

A detailed set of recommendations for Simplification of Licensing Procedures based on a study done by the World Bank Group in Rajasthan are placed at annexure 2.

Skill development programme to cater to the needs of Manufacturing Sector

India's comparative advantage lies in its large workforce. About 800 million persons will be in the productive working age group of 15-59 by 2015, with about 12 million persons expected to join the workforce every year. Over the last few years however industry has encountered shortage of personnel with shopfloor skills. Industry estimates have shown that only about 50 per cent of the students from various technical and vocational streams are actually employable. This is now emerging as a major constraint to industrial expansion and growth.

The Government of India, recognizing the need for urgent attention to this area, has initiated schemes for upgradation of ITIs through their adoption by industry; setting up of new ITIs and skill development centres in the Public-Private Partnership mode. The Government of India has also set up the National Skill Development Corporation as a Public-Private Partnership initiative to undertake projects in this area.

The SPV for the NMIZ will continuously review the requirement of skilled manpower and take necessary steps to meet the demand for skills at three broad levels — a very large pool of minimally educated human resource, a large pool of skilled persons, and a small yet significant pool of personnel with highly specialized skills. A training centre for the zone would be set up as a Public-Private Partnership initiative with courses being tailored to the demand of specific industries in the zone. Trained personnel would then be placed suitably in these units. Appropriate technical assistance tie-ups for the centre with agencies abroad would be facilitated for state of the art training infrastructure and curricula.

Skill-building initiatives should span the entire spectrum from minimal to highly skilled

Skill-building among the minimally educated workforce: Skill-building in this segment would include 'Farm to Work', and 'School to Work' programmes targeted at the minimally educated workforce entering the non-agricultural sector for the first time and/or seeking seasonal employment.

This group will be taught generic skills such as skills of basic operations on the factory shop-floor, basic machine operations, and compliance with safety and quality requirements. Skill-building will also cover behavioural aspects, such as those pertaining to work culture — timeliness, reporting, and ability to work in an 'organized set-up'.

Efforts towards enhancing employability of the 'skilled' workforce: This would cover aspects such as certification of prior learning, providing modular training for manufacturing and service sectors such as stitching skills for those involved in garmenting, CNC machine operations for operators employed/seeking employment in an engineering set-up, training shop-floor executives in retail and imparting selling skills for executives involved in sales of financial products.

It would include such initiatives as upgrading the technical and vocational curriculum, job-oriented training programmes, maintaining a skills registry to ensure market linkages, and building additional capacity. Skill-building initiatives should be performance-oriented and outcome-based.

Building specialized skills: Initiatives in this area would include setting up of institutes of specialized learning such as a specialized institute for the automobile sector, or an institute focused on high-tech manufacturing and semi-conductors for the electronics sector, or one that fosters innovation and product development in the IT/ITES sector. These institutes would be a crucible for specialized skills in the workforce at an entry level as well for upgrading skills in the existing workforce.

The Government will ensure that these endeavours by the SPV will contribute to national goals by ensuring that the building blocks of the solution rest on the following aspects:

1. Ensuring inclusivity: Skill-building initiatives should be inclusive and cover all sections of the human resource supply pool, that is, those from varied socio-economic backgrounds. Government, industry, and educational institutions would have to play an active part in these measures.
2. Driving alignment: The need is to align interventions of various stakeholders, namely Central and State Governments, industry, academia, and others spearheading skill development measures.

The alignment would stem from national and regional-level objectives and boil down to the specific requirements of the zone. Possible ways of integrating some of these measures with existing schemes, will be explored.

3. Focusing on standards: The curriculum would focus on developing a set of standards that are recognised by employers. Standardization in areas such accreditation, testing and certification to ensure skill-building activities will be supported by linkages with existing government and private agencies.
4. Linking incentives to outcomes: Outcome-based measurements should serve to evaluate the effectiveness of skill-building programmes and serve as an input to course correction. Outcomes will be measured to provide appropriate incentives for such skill-building programmes.

Annexure 1: LOSS OF JOB INSURANCE- POLICY DOCUMENT

Whereas the *Insured* designated in the *Schedule* hereto has by a proposal and declaration which shall be the basis of this *Policy* applied to ----- General Insurance Company Limited (hereinafter referred to as the *Company*) for the insurance hereinafter set forth in respect of *Insured Person(s)* named in the *Schedule* hereto and has paid the premium as consideration for such insurance, the *Company* agrees, subject to the following terms, exclusions, definitions, limitations, and conditions, to make payment as is provided herein.

Coverage

The *Company* will pay the *Insured Person(s)* a *Benefit Amount* as specified in the *Schedule* in the event of the *Insured Person(s)* becoming unemployed during the *Policy Period* by *Retrenchment* and/or *Closure of Factory/Establishment*.

Exclusions

The *Company* shall not be liable to make any payment under this *Policy* in respect of:

- 1) Unemployment of any *Insured Person* if it occurred before the commencement of *Policy Period*.
- 2) Unemployment of any *Insured Person* if the *Insured* knew it to be impending at commencement of the *Policy Period*.
- 3) An insurable event which commences within 90 days after the commencement of *Policy Period*.
- 4) Unemployment of any *Insured Person* if it follows a period of casual, temporary or occasional work.
- 5) Unemployment of any *Insured Person* if it occurs due to a normal or seasonal occurrence which is a regular feature of the employment.
- 6) Unemployment of any *Insured Person* if it arises as a result of termination of service of an *Insured Person* as a result of the non-renewal of the contract of employment between the *Insured* and the concerned *Insured Person* on its expiry or of such contract being terminated under a stipulation in that behalf contained therein.
- 7) Unemployment of any *Insured Person* if it arises as a result of termination of service of the *Insured Person* on the grounds of continued ill-health.
- 8) Unemployment of any *Insured Person* if it arises as a result voluntary retirement of the *Insured Person*.
- 9) Unemployment of any *Insured Person* if it arises as a result of the *Insured Person* reaching his retirement age, as per the provisions of the contract of employment between the *Insured* and the *Insured Person*, or the age of 60 years, whichever is earlier.
- 10) Unemployment of any *Insured Person* if it arises as a result of termination of service of the *Insured Person* because of:
 - a) Misconduct of the *Insured Person*
 - b) Criminal or fraudulent acts in which the *Insured Person* was involved
 - c) The *Insured Person* breaking a condition of the contract of employment
 - d) An industrial action in which the *Insured Person* is involved

- 11) Unemployment of any *Insured Person* if the *Insured Person* refuses any offer of reasonable alternative employment by the *Insured*.
- 12) Unemployment of any *Insured Person* if it arises as a result of the *Insured Person* being on family leave or sick leave due to childbirth or pregnancy.
- 13) Unemployment of any *Insured Person* if it arises as a result of intentional self-inflicted injuries by the *Insured Person*.
- 14) Unemployment of any *Insured Person* if it arises as a result of intake of alcohol or drugs by the *Insured Person*.
- 15) Unemployment of any *Insured Person* if it arises directly or indirectly from war, revolution, riot or any similar event.
- 16) Unemployment of any *Insured Person* if it arises directly or indirectly from radioactive contamination from ionising radiation or contamination from any nuclear fuel, or from any nuclear waste.
- 17) Unemployment of any *Insured Person* if it arises directly or indirectly from burning nuclear fuel, or the radioactive, toxic, explosive or other dangerous effect of any explosive nuclear equipment or part of that equipment.
- 18) Unemployment of any *Insured Person* if it arises as a result of temporary closure of the place of employment or part thereof due to layoff, lockout, strike or any other reason.
- 19) Unemployment of any *Insured Person* if it arises as a result of *Closure of Factory/Establishment* due to orders of the Government and/or orders of the Competent Court of Law.

Special Conditions

1. The insurance in respect of an *Insured Person* will end automatically as soon as one of the following occurs:
 - a. The date *Insured Person* reaches his retirement age, as per the provisions of the contract of employment between the *Insured* and the *Insured Person*, or the age of 60 years, whichever is earlier
 - b. Death of the *Insured Person*
 - c. The date on which circumstances in respect of the *Insured Person* change, if the change would make the insurance invalid
2. Subsequent to the *Closure of Factory/Establishment*, the same owners and/or management should not be involved in the reopening and continuation of business in the same place of employment.

Benefit Amount

In the event of an insurable event in respect of an *Insured Person* under the *Policy*, the *Company* will pay a *Benefit Amount* corresponding to 15 days of wages per year of service completed or 15 days of wages per year of service left, whichever is lower.

Definitions

Words or terms in italic have the meaning ascribed to them wherever they appear in this *Policy*, and references to the singular or to the masculine include references to the plural or to the female wherever the context permits:

- 1) *Benefit Amount* means the amount, as shown on the *Schedule* which the *Company* will pay to *Insured Person* in the event of a claim.
- 2) *Closure of Factory/Establishment* means the permanent closing down of a place of employment or part thereof by the *Insured* by duly following and complying with all applicable Laws.
- 3) *Free Reserves* means all reserves credited out of the profits and share premium account but does not include reserves credited out of re-evaluation of assets of industrial company, write back of depreciation provisions and amalgamation, as defined under the provisions of SICA or any amendments thereof or any other applicable new legislation.
- 4) *Insured* means the person or organization named in the *Schedule*.
- 5) *Insured Person(s)* means the workman of the *Insured* as defined under the provisions of “Industrial Disputes Act, 1947” or any amendments thereto or any other applicable new legislation.
- 6) *Illness* means sickness (a condition or an ailment affecting the general soundness and health of an *Insured Person’s* body) or disease (an affliction of the bodily organs having a defined and recognized pattern of symptoms), but does not include any mental disease, sickness or illness.
- 7) *Net Worth* means the sum total of the paid-up capital and *Free Reserves* as defined under the provisions of SICA or any amendments thereof or any other applicable new legislation.
- 8) *Policy* means the proposal, the *Schedule* (and any endorsements attaching to or forming part thereof) and the policy document.
- 9) *Policy Period* means the period between the commencement date and the expiry date specified in the *Schedule*.
- 10) *Potentially Sick Industrial Company* means an industrial company (being a company registered for not less than five years) whose accumulated losses at the end of the financial year have resulted in erosion of fifty percent or more of its peak *Net Worth* during the immediately preceding four financial years, as defined under the provisions of SICA or any amendments thereof or any other applicable new legislation.
- 11) *Retrenchment* means the termination of service, by the *Insured*, of more than 20% of total number of *Insured Persons*, as a result of the factory/establishment becoming *Sick Industrial Company* and/or *Potentially Sick Industrial Company* and which has duly made a reference to Board for Industrial and Financial Reconstruction [BIFR] or any other competent authority, as per section 15 of “The Sick Industrial Companies (Special Provisions) Act, 1985 [SICA]” or any amendments thereof or any other applicable new legislation, and an inquiry is conducted by BIFR or any other competent authority, and suitable orders have been passed and/or scheme has been prepared and sanctioned under SICA or any amendments thereof or any other applicable new legislation, by BIFR or any other competent authority.
- 12) *Schedule* means the schedule to the Policy and any annexure attached to it.
- 13) *Sick Industrial Company* means an industrial company (being a company registered for not less than five years) which has at the end of any financial year accumulated losses equal to or exceeding its entire *Net Worth*, as defined under

the provisions of SICA or any amendments thereof or any other applicable new legislation.

General Conditions

1) Conditions Precedent

Where this *Policy* requires the *Insured* and/or *Insured Person* to do or not to do something, then the complete satisfaction of that requirement is a precondition to any obligation the *Company* has under this *Policy*. If the *Insured* and/or *Insured Person* fail to completely satisfy that requirement, then the *Company* may refuse to consider the claim. The *Insured* and/or *Insured Person* will cooperate with the *Company* at all times.

2) Communications

Any communication meant for the *Company* must be in writing and be delivered to the address shown in the *Schedule*.

Any communication meant for the *Insured* will be sent by the *Company* to *Insured's* address shown in the *Schedule*.

3) Claims Procedure

Upon the happening of an event which may give rise to a claim under this *Policy*, then as a condition precedent to *Company's* liability, the following must be complied with:

- (i) The *Insured* must inform the *Company* in writing immediately and in any event within 7 days of the aforesaid event.
- (ii) The *Insured* must promptly and in any event within 30 days of occurrence of the aforesaid event, give *Company* the documentation and other information the *Company* asks for to investigate the claim or its obligation to make payment for it.

4) Fraud

If the *Insured* and/or *Insured Person* and/or any other person acting on their behalf makes or progresses any claim knowing it to be false or fraudulent in any way, then this *Policy* will be void and all claims or payments due under it shall be lost and the premium paid shall become forfeited.

5) Other Insurance

If at the time when any claim arises under this *Policy* there is any other insurance which covers (or would but for the existence of this *Policy* cover), the same claim (in whole or in part), then the *Company* shall not be liable to pay or contribute more than its rateable proportion of any claim.

6) Renewal and Cancellation

- (i) The *Company* is not bound to accept any renewal premium or give notice that renewal is due. Under normal circumstances renewal will not be refused. On refusal of any renewal, justification will be given for the same. The *Company* may invite renewals with loading of premium for adverse claim experience.
- (ii) The *Company* may cancel this insurance by giving the *Insured* at least 15 days written notice and the *Company* shall refund a pro-rata premium for the unexpired *Policy Period*.

(iii) The *Insured* may cancel this insurance by giving the *Company* at least 15 days written notice, and if no claim has been made then the *Company* shall refund premium on short term rates for the unexpired *Policy Period* as per the rates detailed below:

Period of Risk	Rate of Premium Refunded
Upto one month	75% of annual rate
Upto three months	50% of annual rate
Upto six months	25% of annual rate
Exceeding six months	Nil

7) Territorial Limits and Governing Law

- (i) This *Policy* is restricted to insured events occurring in India.
- (ii) The *Policy* constitutes the complete contract of insurance. No change or alteration shall be valid or effective unless approved in writing by the *Company*, whose approval shall be evidenced by an endorsement on the *Schedule*.
- (iii) The construction, interpretation and meaning of the provisions of this *Policy* shall be determined in accordance with Indian law. The section headings of this *Policy* are included for descriptive purposes only and do not form part of this *Policy* for the purpose of its construction or interpretation.

8) Arbitration and Reconciliation

- (i) If any dispute or difference shall arise as to the quantum to be paid under the policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to decision of a sole arbitrator in writing by the parties or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration, the same shall be referred to a panel of the arbitrators comprising of two arbitrators, one appointed by each of the parties to the dispute/difference and the third arbitrator to be appointed by such two arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The law of the arbitration will be Indian law, and the seat of the arbitration and venue for all hearings shall be within India.
- (ii) It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as herein before provided, if the *Company* has disputed or not accepted liability under or in respect of this *Policy*.
- (iii) It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this policy that award by such arbitrator/arbitrators of the amount of the loss or damage shall be first obtained.
- (iv) If these arbitration provisions are held to be invalid, then all such disputes or differences shall be referred to the exclusive jurisdiction of the Indian Courts.
- (v) It is also hereby further expressly agreed and declared that if the *Company* shall disclaim liability to the *Insured* and/or *Insured Person* for any claim hereunder and such claim shall not, within twelve calendar months from the date of such disclaimer have been made the subject matter of a suit in a court of law, then the

claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

9) Subrogation

The *Insured* and/or *Insured Person* and/or any claimant under this *Policy* shall do whatever is necessary to enable the *Company* to enforce any rights and remedies or obtain relief or indemnity from other parties to which the *Company* would become entitled or subrogated upon the *Company* paying for or making good any loss under this *Policy* whether such acts and things shall be or become necessary or required before or after *Insured Person's* indemnification by the *Company*.

10) Declaration

- (i) It is specifically and clearly understood by the *Insured* that if the *Insured* makes any declaration which is false in the proposal form for insurance, whether material to the claim or not, the *Company* will have absolutely no liability on any claim arising out of or from this *Policy*.
- (ii) It is further understood and accepted by the *Insured* that the *Insured* has gone through the *Policy* and/or prospectus and has understood the implications of all its contents prior to affixing his signature on the proposal form.
- (iii) The *Insured* further declares that *Insured's* signing the proposal form is binding on all others who have been included by the *Insured* in the *Policy* and indemnify the *Company* in case of any loss arises as a consequence of their non-adherence or challenging any of the terms of this *Policy*.

11) Resolving Issues

We do our best to ensure that our customers are delighted with the service they receive from concerned Insurance company. If you are dissatisfied we would like to inform you that we have a procedure for resolving issues. Please include your policy number in any communication. This will help us deal with the issue more efficiently. If you don't have it, please call your Branch office.

First Step

Initially, we suggest you contact the Branch Manager/Regional Manager of the local office which has issued the *Policy*. The address and telephone number will be available in the *Policy*.

Second Step

Naturally, we hope the issue can be resolved to your satisfaction at the earlier stage itself. But if you feel dissatisfied with the suggested resolution of the issue after contacting the local office, please e-mail or write to:

Customer Care Cell

Concerned Insurance Company

If you are still not satisfied, you can approach the Insurance Ombudsman in the respective area for resolving the issue.

The contact details of the Ombudsman offices are mentioned below:

Areas of Jurisdiction	Office of the Ombudsman
Gujarat, UT of Dadra & Nagar Haveli, Daman and Diu	2nd Flr., Ambica House, Nr. C.U. Shah College, 5, Navyug Colony, Ashram Road, AHMEDABAD - 380 014 (O) 079-27546150, 27546139, Fax:079-27546142
Madhya Pradesh & Chhattisgarh	1st Floor, 117, Zone-II, (Above D.M. Motors Pvt. Ltd.) Maharana Pratap Nagar, BHOPAL - 462 011 (O) 0755-2769200, 2769202, 2769201, Fax:0755-2769203
Orissa	62, Forest Park, BHUBANESWAR - 751 009 (O) 0674-2535220, 2533798, Fax:0674-2531607
Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, UT of Chandigarh	S.C.O. No. 101,102 & 103, 2nd Floor, Batra Building, Sector 17-D, CHANDIGARH - 160 017 (O) 0172-2706196, 2705861, EPBX: 0172-2706468, Fax: 0172-2708274
Tamil Nadu, UT-Pondicherry Town and Karaikal (which are part of UT of Pondicherry)	Fatima Akhtar Court, 4th Flr., 453(old 312), Anna Salai, Teynampet, CHENNAI -600 018 (O) 044-24333678, 24333668, Fax: 044-24333664
Delhi & Rajashtan	2/2 A, 1st Floor, Universal Insurance Bldg., Asaf Ali Road, NEW DELHI – 110 002 (O) 011-23239611,23237539, 23237532, Fax: 011-23230858
Assam, Meghalaya, Manipur, Mizoram, Arunachal Pradesh, Nagaland and Tripura	Aquarius, Bhaskar Nagar, R.G. Baruah Rd., GUWAHATI - 781 021 (O) 0361-2413525, EPBX: 0361-2415430, Fax: 0361-2414051
Andhra Pradesh, Karnataka and UT of Yanam – a part of the UT of Pondicherry	6-2-46, 1st Floor, Moin Court, Lane Opp.Saleem Function Palace, A. C. Guards, Lakdi-Ka-pool, HYDERABAD - 500 004. (O) 040-23325325, 23312122, 65504123, Fax:040-23376599
Kerala, UT of (a) Lakshadweep, (b) Mahe – a part of UT of Pondicherry	2nd Flr., CC 27/ 2603, Pulinat Building, Opp. Cochin Shipyard, M.G. Road, ERNAKULAM - 682 015 (O) 0484-2358734, 2359338, 2358759, Fax:0484-2359336
West Bengal, Bihar, Jharkhand and UT of Andaman & Nicobar Islands, Sikkim	North British Bldg. 29, N. S. Road, 3rd Flr., KOLKATA -700 001. (O) 033-22134869, 22134867, 22134866, Fax: 033-22134868
Uttar Pradesh and Uttaranchal	Jeevan Bhawan, Phase 2, 6th Floor, Nawal Kishore Rd., Hazartganj, LUCKNOW - 226 001 (O) 0522-2201188, 2231330, 2231331, Fax:0522-2231310

Maharashtra, Goa	3rd Flr., Jeevan Seva Annexe, S.V. Road, Santa Cruz (W), MUMBAI - 400 054
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Annexure 2: Scope of Simplification of Licensing Procedures

On an average a manufacturing unit in India has to comply with 70 odd legislations with each clearance requiring at least one license or registration certificate. These legislations and Acts, as identified, are given in the next Section. These compliances involve multiple inspections, in some cases monthly and in some yearly inspections. Also, the returns to be filed are on monthly, quarterly or yearly basis under these legislations, amounting to more than 100 returns to be filed in year. Naturally, this involves a lot of paper work, time and effort of the manufacturers which in case of SME has to be done by the proprietor himself most of the times. And majority of these compliances are required at State levels.

Keeping in view the importance of granting fast track approvals and minimizing the compliance burden on the manufacturers based in National Manufacturing Zone, the Government should designate Single Window Clearance Authority both at Central and State level. The manufacturing unit should be required to deal with only these two agencies and requisite powers should be vested with these authorities. The State Government should bring-out Manufacturing Zone Act and Rules to make it mandatory on the part of various departments and authorities to provide clearances to units based in these Zones. Our draft recommendations for simplification and rationalization of clearances for these Zones are in two parts namely (a) General principles to be followed for all clearances and (b) Specific Act wise recommendations (given in the following tabular section). The General principles for simplification of clearance process are:

- ✚ To the extent possible, emphasis should be on 'Self-certification' with the onus of proof of correctness of information on applicant. Various Acts/Rules under Labour, Safety and Environment can be covered under this self-certification scheme.
- ✚ The entire process of according clearances by all major Central and State authorities to be web-enabled and status to be available 'on line' at all times for monitoring.
- ✚ Timelines to be defined in respect of all major clearances. In case no extension of timeline is specified and clearance is not given within the specified timeline, the clearance to be 'deemed' to have been given on expiry of timeline.

Combined Application Form (CAF): The State Government needs to prescribe a Combined Application Form for the use of entrepreneurs whose projects are to be approved by the Designated Authority as an alternative to the existing forms prescribed under any applicable Acts / Rules / Orders / Instructions for obtaining the required clearances. And all State Departments and authorities concerned shall accept the combined application form for processing and issue of required clearances. Some of the clearances (not an exhaustive list) that can be effected through CAF are as follows:

- ✓ Provincial Registration Certificate for SSI unit
- ✓ Land / Shed Allotment / Allotment of Government Land / Conversion of Agricultural land / Change of land use
- ✓ Consent for Establishment (Water)
- ✓ Consent for Establishment (Air)
- ✓ Permission for site to situate Factory
- ✓ Permission to construct Factory Building
- ✓ Approval of Factory Building Plans
- ✓ Permission to construct Factory Building
- ✓ Permission to erect building - Town Planning / Approval of Building Plan -

- Fire Prevention
- ✓ Power Supply
- ✓ Water Supply
- ✓ Provincial Registration - Sales Tax
- ✓ Registration – CST
- ✓ Registration - Entry Tax
- ✓ Registration - Profession Tax
- ✓ Enrolment - Profession Tax
- ✓ Registration & grant of License – CIF&B
- ✓ Consent for Operation (Air)
- ✓ Consent for Operation (Water)
- ✓ Treatment of Hazardous Wastes
- ✓ Registration & use of Boilers
- ✓ Notice for Mining Operations
- ✓ Registration - Central Excise

- **Common Register:** For creating an investor friendly environment, the maintenance of multiple registers needs to be dispensed with by introducing combined registers. Details are given in the next section for various rules.
- **Common Returns:** Submission of multiple returns to different departments needs to be dispensed with and one single simplified annual return to be introduced. Similarly, one simplified Monthly / Quarterly return to be introduced. The above mentioned returns should replace majority of over 100 returns as is the practice currently. Some of the examples of returns that can be replaced by this Common Return are as follows:
 - ✓ Factories Rules
 - ✓ Contract Labour (Regulation & Abolition) Rules
 - ✓ Minimum Wages Rules
 - ✓ Payment of Wages Rules
 - ✓ Payment of Bonus Rules
 - ✓ Shops & Establishment Rules
 - ✓ Motor Transport Workers Rules
 - ✓ Maternity Benefit Rules
 - ✓ Sales Tax, VAT Rules
 - ✓ Central Sales Tax Rules
 - ✓ Entry Tax Rules
 - ✓ State Tax on Professions, Trades, Callings and Employments Rules

SPECIFIC ACT-WISE SUGGESTIONS

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/ State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
I.	LABOUR RELATED REGULATIONS				
	The Factories Act, 1948	Health, Safety & Welfare of Workmen	State	Annual/ Half yearly return Renewal of Licences, Approval of plans, Approval of competent persons General Inspection yearly once. As and when the Inspector desires	<ul style="list-style-type: none"> • Around 18 labour related regulations have to be complied with for a manufacturer both at State & Central level. • Exemption provisions are provided in some of these Regulations & Acts. Like in case of Employees' Provident Fund Act, the appropriate Government may grant exemption to business units, if the employees of business units are either members of any other Pension Scheme or propose to be members of a Pension scheme wherein the benefits are at par or more favourable than provided under this scheme. • NMZ units to be given public utility status on permanent basis. • Also, as is the case in some States, system of Self Certification should be introduced for NMZs for labour related compliances. • Simplification of Procedures Reporting System (Consolidated Annual Report) • Consolidation of various periodical returns (quarterly, half yearly etc.) prescribed under Factories Act., Wages Act, Maternity Benefit Act, Workmen Compensation Act. • Contract Labour Act, Minimum Wages Act, Bonus Act etc. Only One return to be filed (ALSO by e-mail) • Enterprises to maintain only two registers for labour. • Dispensation of Registers Factories Act : <ul style="list-style-type: none"> i) Humidity Register (Form No.6) ii) Record of lime washing and painting etc. iii) Register of workers
	The Employees Provident Fund & Misc Act 1952	Social security	State	Monthly return Yearly return Inspection as & when the Inspector desires	
	Employment Exchange CNV Act 1959	For recruitment of manpower	State	Quarterly- ER- IBi-annually-ER- II As and Inspection when Employment Officer desires	
	Payment of Bonus Act, 1965	For payment of bonus	State	Annual Return Inspection as and when the DLO desires	
	The Payment of Wages Act 1936	Timely payment and mode of payment to workmen	State	1. Annual Return 2. Inspection Yearly by DLO or Inspector	
	Minimum Wages Act 1948	Minimum wages to workmen	State	1. Annual Return 2. Inspection Yearly by DLO or Inspector	
	Apprentice Act 1961	Practical training to trade ITI holders	State	1. Half yearly performance of Apprentices 2. As and when by the Director of Techn Education	
	Contract	To	State	1. Annual	

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	Labour (R&A) Act, 1970 & Rule 71	regulate the employment of contract labour in certain establishments and to provide for its abolition in certain circumstances and for matters connected therewith.		Return Half yearly return Amendment of Certificate of Regn 2. As & when Inspection by the DLO or Registering Officer	<p>employed on or near the moving machinery.</p> <ul style="list-style-type: none"> Dispensation of certain returns Factories Act : <ul style="list-style-type: none"> i) Half-yearly return. ii) Quarterly return of handicapped persons. iii) Half-yearly return to be filed by contractor. Merging Registers Forms <ul style="list-style-type: none"> i) Audit workers Register. ii) OT Register. iii) Muster Roll. Simple Labour Authority <ul style="list-style-type: none"> i) Designated Authority of NMZ to be delegated with the powers of Labour Commissioner. ii) Posting of an officer of Labour Department in NMZ to deal with labour matters or nomination of an officer by Designated Authority labour officer. iii) Delegation of powers for providing Single Window Clearance to NMZ.
	The State National & Festival Holidays Act	Paid holidays	State	1. Yearly Inspection 2. As & when inspection by the DLO or Inspector	<ul style="list-style-type: none"> Industrial Dispute Act, 1947 - Granting of exemption regarding notice of change of condition of service Sec.9(a). NMZ units be exempted from the provision of this Act.
	The Maternity Benefit Act, 1961	To regulate the employment of women in certain establishments for certain periods before and after child birth and to provide for maternity benefits	State	1. Yearly Inspection 2. As & when inspection by the DLO or Inspector	<ul style="list-style-type: none"> Industrial Dispute Act, 1947 - Granting of permission by the appropriate Government for lay-off, retrenchment and closure. (Sections 25-M, 25-N, 25-O) Designated Authority be delegated with powers for granting permission under these Sections.
	The State Shops & Establishment Act. 1956	For ensuring safe working environment	State	1. As & when required 2. Yearly renewal	<ul style="list-style-type: none"> Industrial Dispute Act, 1947 - Conciliation proceedings, Appointing of conciliation officer by the appropriate Government. (Sec.4).
	Workmen's Compensation Act, 1923	To provide for the payment by certain classes of employers to their	State		<ul style="list-style-type: none"> Designated Authority be appointed as the conciliation officer in respect of NMZ. Factories Act, 1948 - Exemption from notice of period of work(Section 8(1) and 8(2))

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		workmen of compensation for injury by accident.			<ul style="list-style-type: none"> Exemption of NMZ units from under Sec.51(weekly hours) Sec.52. (Weekly holidays) Sec.54 (daily hours). Sec.56 (spread over)
	Industrial Dispute Act 1947	To make provision for the investigation and settlement of industrial disputes and for certain other purposes.	State		<ul style="list-style-type: none"> Employees State Insurance Act, 1948 - Granting of exemption to certain establishment by the appropriate Government. NMZ units be exempted from this provision, if the promoters of the NMZ agree to provide the workers of NMZ a comparable health cover facility. Otherwise exemption would have to be considered for individual employers on a case by case basis.
	Industrial Employment (Standing Orders) Act 1946	To require employers in industrial establishments formally to define conditions of employment under them.	State		<ul style="list-style-type: none"> Industrial Employment (Standing Orders) Act, 1946 - Exemption from publication of working time, wages and shift working schedule (Sec.6, Sec.7, Sec 14) NMZ units be exempted from these provisions.
	Gratuity Act, 1972	To provide for a scheme for the payment of Gratuity to employees engaged in factories, mines, etc. for matters connected therewith or incidental thereto.	State		<ul style="list-style-type: none"> The Trade Union Act, 1956 and any other law relating to trade unions shall be inapplicable to the zone subject to certain conditions. Payment of Gratuity Act, 1972 - Exemption to certain unit/establishment by the appropriate Government, (Sec.5) Extending the exemption to NMZ units, which could be replaced by suitable compensating mechanism by employer.
	Trade Union Act, 1956		State		
	Employee's State	Employee's State	State	Inspections under ESIC are	

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	Insurance Act, 1948	Insurance Registration		statutory and conducted once a year. As per the revised inspection policy introduced with effect from 1.4.2001, inspections in respect of ESIC Act are only in the cases of defaulters and when the compliance is irregular or on complaints. Regular inspections have been retained only in respect of an employer employing more than 250 workers.	
	Public Liability Insurance Act, 1991	To draw insurance policies for the liability to provide relief	Central		
II	ENVIRONMENT & FOREST RELATED REGULATIONS/ CLEARANCES				
	Air (Prevention & Control of Pollution) Act 1981 (Central Act 14 of 1981) As amended by Amendment Act 1987 (amended upto 1994)	Prevention & Control of Air Pollution	State	An act to provide for the prevention, control & abatement of air pollution by the industry with a view to carrying out the aforesaid purpose by the Pollution Board authorities, Section 21 of the Air Act. Monitoring of Air Polluting Parameters	<ul style="list-style-type: none"> Environmental clearance is issued under EIA notification issued environment Protection Act for certain activities above threshold. This will be issued by MoEF, Government of India. The activities below threshold will require EC from State Government. In addition Consent to establish & operate has to be obtained from respective state pollution control Boards under Water & Air acts. One also needs to take approval for disposal of hazardous waste, bio medical waste.

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				prescribed by the Pollution Control Board Monthly inspections	<ul style="list-style-type: none"> Forest Clearance is issued under Forest Conservation Act by MOEF to respective state government, who in turn issue orders for utilizing forest land.
	Water (Prevention & Control of Pollution) Act 1974 (Central Act 6 of 1974) amended upto 1988	Prevention & Control of Water Pollution	State	An act to provide for the prevention, control of water pollution or restoring of wholesomeness of water by the industry with a view to carrying out the afore said purpose by the Pollution Board authorities, Section 25/26 of Water Act. Monitoring of Water Polluting Parameters prescribed by the Pollution Control Board Monthly Inspections	<ul style="list-style-type: none"> In addition to this, clearance under wild life act is required if the area to be utilized is a part of wild life sanctuary or the area is falling within 10 Km from wildlife sanctuary or national park or tiger reserve etc Number of clearances: MOEF, Government of India – 2 (EC & FC) & 1 (wild life if needed) State Government – 2 (EC &FC) & 1 (wild life if needed) Respective state pollution control board—2 (consent to establish, consent to operate) As per the EIA notification if any industry is coming up in an industrial estate and if that industrial estate is cleared under EIA notification 2006 the individual units don't need public consultation.
	EP Act 1986 Amended upto 2009	Protection ,& improving the quality of environment, preventing & abating env. pollution as per the standard prescribed by the Board	Central & State	All provisions as per the rule for protection and improvement of environment and matters connected there with. Section: Nil Inspection with regard to water & air parameters as prescribed by the Polln Control Board, Polln Control equipments and plantation Monthly Inspections	<ul style="list-style-type: none"> Emphasis should be placed on 'self certification' to the extent possible. However, a caveat may be introduced that if at any stage any information furnished in the application is found to be wrong, Government can withdraw the clearance and the project will have to bear the consequences. The onus of proof that the information was correct should also fall on the applicant. The entire process of according clearances – by all major Central and State authorities – should be web enabled and made accessible to project proponents in an electronic format. The status of the application should be available 'on line' at all times for monitoring by the project authorities.
	Hazardous Waste (Management & Handling & transboundary)	To regulate the activities like Collection,	State	To exercise the powers conferred under Section 6, 8 & 25 of EP Act 1986 (29 of 1986)	<ul style="list-style-type: none"> In case no extension of timeline is specified and the clearance

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	Waste Management and Handling Rules, 2008 (amended upto 2009)	Reception, Treatment, Transport, Storage & Disposal of Hazardous Wastes		Collection, reception, storage & disposal of Hazardous Wastes.) Inspection of facilities Yearly Inspection	<p>is not given within the specified timeline, with reference to the date on which the application was received, complete in all respects, then it shall be 'deemed' to have been made available on expiry of the timeline.</p> <ul style="list-style-type: none"> In a number of cases, the responsibility of according clearances, even in respect of major matters, is delegated to lower levels in the hierarchy, where the importance of issuing them in a timely fashion is not appreciated. It should be scrupulously ensured that the delegation of powers for issuing approvals is confined to appropriate levels in the hierarchy where responsibility can be assigned in case of a major lapse in not issuing the clearance within the specific timeline. The environment clearance prescribed for industrial/infrastructure projects under the terms of the EIA Notification of 2006 should be made comprehensive enough to cover the requirements of multiple rules formulated under Sections 3,6 and 25 of the Environment (Protection) Act, 1986 as also the 'consent to establish' clearances required under the Air Act, 1981 and Water Act, 1974. The 'consent to operate' clearance under the Air and Water Acts can continue to be accorded by the State Pollution Control Boards after the requisite prescribed conditionalities under the EIA Notification have been given effect to by the project proponents. As per the current EIA notification, in case the State/UT Pollution Control Board does not undertake and complete the public hearing within the specified period, the regulatory authority (MoEF/SEIAA) shall engage another public agency or
	The Noise Pollution (Regulation & Control) Rules 2000 [Amended up to 2010]	To regulate and control noise with the objective of maintaining the ambient air quality standard with respect to noise.	State	To exercise the powers conferred by clause (ii) of sub section (2) of section 3, subsection (1) and clause (b) of sub section 6 and section 25 of the Environment (Protection) Act, 1986 (29 of 1986)	
	The Ozone Depleting Substances (Regulation & Control) Rules 2000	To regulate and control production and use of ozone depleting substance	Central	To exercise the powers conferred by sec 6.8 and 25 of Environment (protection) Act 1986.	
	Dumping and disposal of fly ash notification 1999 amended up to Nov'2009	To preserve top soil and use of fly ash for making brick block etc. Fly ash disposal without polluting the environment	Central	Issued under sub-section (1), clause (v) of subsection (2) of section 3 and section 5 of Environment (Protection) Act 1986.	
	Wildlife Protection Act 1972	Protection of wildlife	Central		
	Coastal		Central		

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	Regulation Zone (CRZ) Notification of 1991		& State		<p>authority which is not subordinate to the regulatory authority, to complete the process within a further period of forty five days. Despite the presence of such a provision, it has been observed that in some cases the public hearing by the SPCB took an unreasonably long length of time. It needs to be ensured that this provision is made effective operationally.</p> <ul style="list-style-type: none"> • MoEF/SEIAAs (wherever constituted) should give adequate publicity to the existence of the provision and all applications in this regard may be expeditiously dealt with. • No requirement of sampling in case of green categories of industries except for DG set above certain threshold. • The application form for NOC/consent under water/air pollution acts to be simplified to facilitate electronic filing and transmission through industrial portal. • SSI definition of Government of India would apply for grant of exemption from consent mechanism. • The type of industry which does not fall in any of the three identified categories of polluting industries would not be required to obtain NOC/consent under water Act in case the unit is set up in the industrial estates developed by State Industrial Development Corporation or Urban Development Authority. • In case of orange categories of industries provide for either certificate of self monitoring or test report from recognized laboratory of own choice. • If these National manufacturing zone exclude either A or B type projects listed in EIA notification, then these zones don't require environmental clearances under EIA notification. • In smaller projects, the State
	Recycled Plastics Manufacture and Usage Rules, 1999		State		
	Municipal Solid Waste (M&H) Rules, 2000		State		
	Forest Act 1980 & Rules 2003	Conservation of Forests	If forest area involved is > 40 ha from Center If forest area involved is < 40 ha from State		
	Forest clearance		Central and State		
	Forest Rights Act, 2006		State		

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					<p>Govt provides the clearance. There is a provision for giving clearance for cluster of industries like industrial estates. In case of any area being declared as national manufacturing zone, then the clearances for non polluting industries can be made automatic. In case of polluting industries a maximum limits can be specified for clearances.</p> <ul style="list-style-type: none"> Forestry Clearance is a very lengthy and tedious process taking on an average 3-5 years, as per CAG Report. Identification of land for Compensatory Afforestation is the main bottleneck. A prior notification as to the forest areas which cannot be delineated for industrial purpose will help. In addition, it will greatly help if the states prepare a list of compensatory forestation areas for the project proponent to develop.
IV	SAFETY RELATED REGULATIONS				
	Indian Boiler Regulation 1950 & Boiler Act 1923	Safety of equipment & personnel	State	1. Section 390 & 392 of Indian Boiler Regulation 2. Once every year	<ul style="list-style-type: none"> To the extent possible system of Self Certification to be used for NMZs for Safety related Regulations. Combined Application Form for various Safety Related clearances. The State Government to authorize selected engineers called Chartered Engineers possessing requisite qualifications to perform the duty of inspector under section 7 and 8 of the Indian Boilers Act, 1923 with regard to registration, annual inspection and renewal of certificates only in respect of boilers and economiser. Timeline needs to be introduced in the Explosives Rules, 1973 for the licensing authority to communicate its decision (on award of license) to the applicant in case the
	Batteries (Management & Handling) rules 2001 [Amended up to 2003]	To regulate the activities like Collection, Reception, Storage, Disposal & purchasing of lead acid batteries.	State	To exercise the powers conferred under Section 6.8 & 25 of EP Act 1986 (29 of 1986) Collection, reception, storage, disposal & purchasing of lead acid batteries). Inspection of facilities. Yearly Inspection	
	The Manufacture, Storage and Import of	To reduce chance of accidents by stipulating	Central / State	To exercise powers conferred by section 6, 8 and 25 of the	

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	Hazardous Chemicals Rules 1989 [Amended up to 2000]	conditions of storage and threshold quantity.		Environment (Protection) Act 1986 (29 of 1986)	<p>district authority has recommended issuance of NoC. In this case, since the NoC has been given by the district authority, the license should be deemed to have been granted in case no decision is communicated within the prescribed time period.</p> <ul style="list-style-type: none"> • Third Party audit should be encouraged for various safety related measurers.
	Indian Explosive Act-1884 (4 of 1884)	License for Liquid Oxygen Vessel with connection facilities.	Central	SMPV(U) Rule 1981 Rule 49 & 50 Rule-18 Rule -19 Once in 3 years.	
	Gas Cylinder Rules, 1981 and 2004	To regulate filling, possession, imports and transport of cylinders	Central		
	Bio-Medical Waste (Management & Handling) Rules, 1998	To ensure safety, health & welfare of industrial workers while at work	State		
	Radiation Protection Rules, 1971	To ensure safety, health & welfare of industrial workers while at work	Central		
	Clearance of Lifts (Relevant State Act)		State		
	Petroleum Act 1934 & Petroleum Rules 2002	License to store petroleum .	Central	1. Petroleum Rule -2002 Rule - 116 Rule – 141 Rule – 142 Rule -133 Rule-147 Rule - 148 2. Once in 3 years inspections.	
	The Static & Mobile Pressure Vessels		Central		

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	(Unfired) Rules, 1981				
V	QUALITY COMPLIANCES				
	Standards of Weights & Measure (ENF) Act & Rules	Certificate of verification. To ensure standards of weights and measurers	State	Schedule XI , Rule 16(3) Test weights, weighing machines, Road & In motion weigh bridges, measuring cone – Annually. Storage tanks- Five years	<ul style="list-style-type: none"> • System of self certification to be applied. • State Government to authorize selected engineers possessing requisite qualifications to perform the duty of inspector under Standards of Weights & measures (Enforcement) Act, 1985 with regard to verification and stamping of Weights & Measures. Procedure for their selection, qualification, terms of authorization, jurisdictions and service charges to be notified by State Government separately.
	Bureau of Indian Standards Act, 1986	ISI Certificate	Central		
VI	TAXATION RELATED REGULATIONS				
	Professional Tax Act 2000	Levy and collection of Tax on professional, traders	State	Quarterly Returns required	<ul style="list-style-type: none"> • Common Return Form for all State related taxes to be submitted to designated authority in NMZs. • Transactions within NMZs to be exempted from all State taxes (Sales tax, VAT, Motor Sprit Tax, Purchase tax etc.) • Inputs made to NMZs from outside NMZ to be exempt from Sales and other State taxes. • Exemption on Stamp Duty & Registration fees on Transfer of land meant for industrial use in NMZ area. • Exemption on payment of stamp duty and registration fee for loan agreements, credit deeds, mortgages etc. pertaining to NMZ units.
	The Central Excise Act, 1944.	Tax on the act of manufacture or production.	Central	Monthly and Annual Returns	
	Service Tax Act, 1994	Taxation on service provided.	Central	Half Yearly Returns	
	Income Tax Act 1961	Direct Tax on individuals and Companies.	Central	Quarterly Returns	
	State VAT Act	Imposition and collection Of tax on sale or purchase Of goods in the	State	Quarterly Returns	

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		State			
	CST Act	Collection of Tax on sale Of goods to outside the State	Central	Quarterly and Annual Returns	
	Entry Tax Act 1999	Levy of Tax on entry of Goods into a local area	State	Quarterly and Annual Returns	
VII	ELECTRICITY & WATER COMPLIANCES				
	Indian Electricity Rules 1956 & Indian Electricity Act 2003	Safety of Electrical Installation & personnel	State	Rule 46 of IE Rule 1956 Inspection Once every year	<ul style="list-style-type: none"> • Consent for establishment (water & electricity) should be effected through Single Window Mechanism of Combined Application Form. • Self Certification for other Electricity rules should be the basis. • Business units in the Zone should be exempted from Water Pollution Cess provided the environmental norms are complied with as laid out for the zone. • Consent to abstract ground water must be given exemption up to a maximum of five bore wells in the absence of adequate water supply in the site allocated for Zones.
	Rule-46 of I.E. Rules, 1956, The Electricity Act. 2003	For safety, for Annual/ Periodical Inspection of Electrical Installations.	State	Section (I) of Section-36 EHT/HT Electrical installations periodical/ Annual inspection. Inspection Once in a year	
	Rule-46 of I.E. Rules, 1956, The Electricity Act. 2003	For safety, for Periodical Inspection of Electrical Installations.	State	1.Rule-5 of I.E. Rule, 1956, Section-36 of The Electricity Act, 2003 for 160 KVA, LT D.G. Set 2.Inspection Once in a year	
	Sanction of Power (Relevant Act of State Govt.)		State		
	Allocation of electric supply for township and construction power /		State		

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/ State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	Approval for temporary construction of power lines within the plant area (Relevant State Act)				
	Water (Prevention & Control of Pollution) Cess Act 1977 & Cess Rules 1978 Amended upto 2006	Assessment of Cess on the basis of water consumption	State	Section 3 to 7 and 10 to 14 of Water (PCP) Cess Act 1977. Inspection of water consumption points, their assessment & verification of records Yearly	
	Relevant State Act/ Rules (State Water Policy)	Construction of river water pump house	State		
	Relevant Act/Rules of State Govt. (State Water Policy)	Water Allocation/ water connection	State		
IX	INDUSTRIAL LICENSE & COMPANIES ACT				
	Company Act 1956	Ensuring company Continuity & management	Central	Providing information & Reports as and when Required by the Statutory auditors & Internal auditors. 1). Audit U/s. 227 2). Books of Account U/s 209(1) a, b, c 3). Profit & loss A/c and Balance Sheet U/s.211 4)Cost Record U/s 209 (1) d	

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				Internal audit 4 times p.a. Statutory audit 2 times p.a	
	Industries (Development & Regulation) Act, 1951	Industrial License/registration for Setting up a plant	Central		
X	LAND & BUILDING RELATED REGULATIONS				
	Land Acquisition Act, 1894		State		<ul style="list-style-type: none"> Acquisition of land by the Revenue Department and handing over of the possession to the Entrepreneur. Execution of Lease Deed or registration of land in case of free hold land. Various notifications are required to be issued from time to time under Land Acquisition Act and for settlement of final compensation is a very lengthy process. Combined Application Form to subsume land and building related clearances. All land related clearances to be given through Single Window Clearance. Time bound clearance process to be laid out for allotment and permission of land use in the Act related to Manufacturing Zones. Authority to approve building plans will be conferred upon architects registered under the Architects Act, 1972, who could certify the building plans as being in conformity with applicable building bye laws.
	Relevant Act/Rules of State Govt. (Land Revenue Act, 1956)	Allotment of land	State		
	Indian Registration Act, 1908, Indian Stamp Act, 1899 and Relevant State laws related to Stamp Duty (State Stamp Act & Stamp Rules)	Registration of Sale Deed/ Lease Deed for Land	State		
	Relevant Act/Rules of State Govt. (State Land Revenue Act, / State Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes in Rural Areas) Rules)	Permission for land use	State		
	Relevant	Approval	State		

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	State Act/Bye Laws of Building	of construction activities of plant/ confirmation of collector/directorate of Town and Planning for use of the site for construction and operation of plant			
	Relevant State Building laws	Approval of Building layout/ plan with respect to fire safety concerns and obtaining NOC	State		
XI	GENERAL				
	Airport Authority of India Act, 1994	Civil aviation Clearance for chimney height, other towers, etc	Central		<ul style="list-style-type: none"> • Time bound clearance mechanism for miscellaneous clearances, otherwise deemed approval to be given • One time clearance to be given for most of such clearances. • Self-certification or Third Party Audits to be encouraged.
	Mines and Minerals (Regulation & Development) Act, 1957	Extraction of Minerals	Central & State		
	Foreign Exchange Management Act, 1999	Foreign Investment Promotion Board	Central		
	Foreign Trade (Development & Regulation) Act, 1992 /	Code Number for Export and Import	Central		

S.No	Name of the Act/Legislation	Objective of the Act/Legislation	Central/State Clearances	Brief relating to Inspections & Frequency of Inspections in a Year	Draft Suggestions
	Foreign Trade Policy - EXIM Policy				
	The Railways Act, 1989 and rules/notifications there under	Approval for Railway Siding	Central		