Goverment Of India

Reducing Compliance Burden and Deregulation

1st visit - Andaman & Nicobar

22.03.2025

Agenda

1. Background
2. Priority Areas
3. Indicative Suggestions for Way Forward

Why Deregulate ?

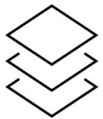# Regulation directly affects businesses, hampering productivity

Counting unit level and aggregated costs clarifies the trade-offs

~50% of an industrial plot is lost to building standards

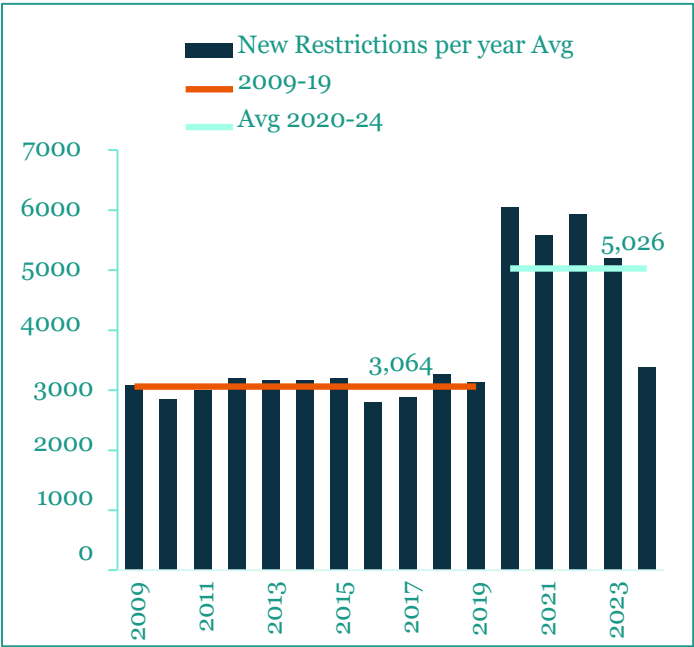**~20%** wage discount for women workers banned from factory processes

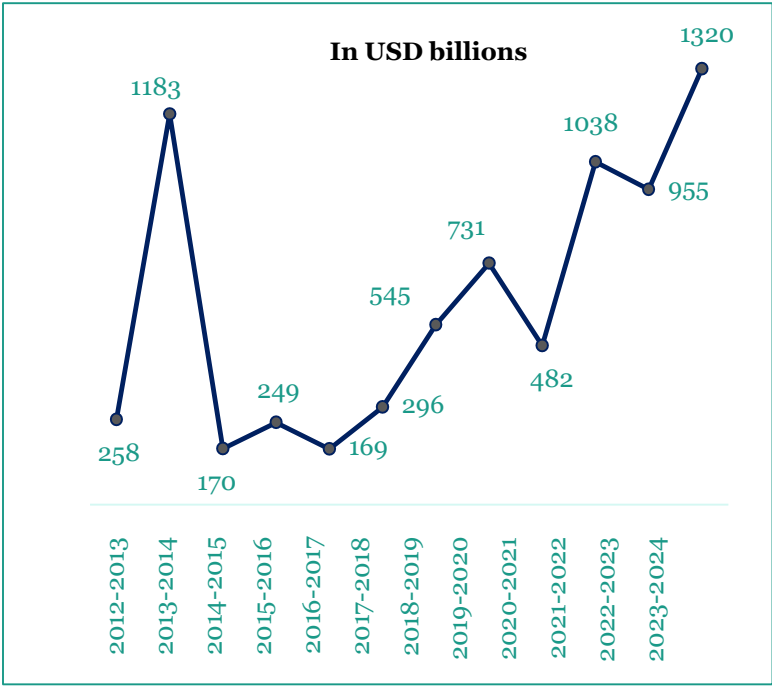**~2X** floors required to construct same # of rooms as a hotel in Singapore

~65% higher production costs for iPhones than Japan due to hour limits

The tide has turned now: End of the globalization era

New import restrictions per year

Value of trade covered under new import restrictions

In USD billions

Why Deregulate ?

1. End of Globalization Era
    - Increase in import restrictions
    - Value of trade covered under new import restrictions is increasing
    - New opportunities for driving domestic growth

2. Domestic Levers of growth matter more:
    - MSMEs are key drivers of economic growth contributing 30% to GDP
    - 2nd largest contributor to employment after agriculture
    - Contribute to approximately 36% of manufacturing output

3. India has to rise to the challenge of the change in External Environment.

Background

- Presentation on "Economic reforms in States for Investment: A Systematic Deregulation Approach" by CEA in the Chief Secretaries Conference held in December, 2024

- Requests by Chief Secretaries for access to best practices and templates of GoI and other State governments on business-friendly ecosystems

- PM directed that a Cell be constituted in the Cabinet Secretariat to facilitate Ease of Doing Business (EoDB) in the States.

- A Task force headed by Cabinet Secretary and a deregulation cell established

Undertaking systematic deregulation

Key reforms pursued in phase 1

To be pursued in phase 2

☑ **Reduce compliance burden**
Saving businesses time and admin costs

☐ **Liberalise standards and controls**
Adopt 'minimum necessary, maximum feasible' norms

☑ **Streamline system, process & info**
Eliminating redundancies, clarifying process flows

☐ **Set legal safeguards for enforcement**
Ensuring due process of law via hierarchy of safeguards

☑ **Digitise system, process & info**
Establishing digital means of interaction

☐ **Use risk-based regulation**
Tailor legal norms to risk profile, involve third parties

Priority Areas

I. Land Use (4 Priority Areas;11 Sub-Priority Areas)

II. Building and Construction (4 Priority Areas; 4 Sub-Priority Areas)

III. Labour (6 Priority Areas)

IV. Utilities & Permissions (6 Priority Areas; 5 Sub-Priority Areas)

V. Overarching Priorities (3 Priority Areas)

(Total = Priority Areas 23 , Sub Priority Area 20)

Priority Area 1:

Adopt a flexible zoning framework that allows for mixed-use development activities

Objective :

1. Encouraging <u>inclusive zoning</u> :
   - All land uses are allowed Except
   - Non-permissible activities defined and delineated

2. Allowing for <u>mixed-used development</u> through
   - Encouraging more diverse uses of land in one area
   - Reducing the number of sub-classifications in the zones
   - Affordable/Rental housing in Industrial area

3. Walk to Work/Metro to Work Concept in Transit Oriented Development (TOD) zones

Inclusive Zoning

Best Practices	Suggested Way Forward

Ahmedabad, Gujarat
• All land uses are allowed
• Category wise non-permissible activities are defined
• Commercial use extent based on the road width
• Hazardous uses allowed only in Industrial Special Zones
• For example - Fuel stations, institutional buildings, and public utilities allowed in all zones.
	• Prepare **lists of Zones** defined and demarcated in master plan
	   o Do the Zones signify certain permissible activities only or restricted activities only or both?
	   o List them Zone wise and see if these subclassifications can be rationalised or reduced
	   o If zoning framework is based on permissible activities list, can it be converted to a negative list with smaller number of activities, for simplification and allowing a wider range of activities?
	• Are **Commercial and Industrial activities permissible in Residential Zones**?
	   o If yes, are there any qualifications/conditions for it i.e. are non-hazardous, non-polluting industries permissible?
	
	• Are the **zoning norms rigid or do they permit flexible zoning** in line with developmental activities
	• (for e.g. Does the permissible nature of activity change with widening of roads?)
	
	• Do the master plans **incorporate the concept of Transit Oriented Development**? Is Walk to Work/Metro to Work concept being encouraged near transit corridors/nodes?

Mixed Land Use

Best Practices	Suggested Way Forward

Kerala
• Mixed-use development in most land use zones in Master Plans/Detailed Town Planning (DTP) schemes.
 	
• Allows small-scale, non-polluting industries to coexist harmoniously with other land uses.
	• Is a **mixed land use policy framework implemented in town planning documents**?
	   o If yes, in what % of residential or commercial land is industrial land use permitted? In what % of residential land is commercial land use permitted?
	   o If no, how can the land use policy be modified and mixed land use promoted?
	• Does the State have an **Urban Development Authority for planned area development**?
	  What is the % of Residential, Industrial, Commercial, Public utility and other categories of land use in the plan area?
	  Can % of land for industrial/commercial activities or utilisation of existing % for these uses be increased?
	• How much is the **cap for residential/ housing land use in industrial estates/ industrial zone**?
	   o Is it sufficient to cater to affordable housing needs for certain non-hazardous industries/commercial activities?
	• Are master plans being prepared on the basis of **GIS data**?

Priority Area 2: Simplify and digitize the process for Change of Land Use (CLU) by developing a comprehensive list of required documents for CLU and enabling an online application process.

Objective :

1. Single Window System: Ensuring that land use change services are available through an online single-window system with clear information on fees, procedures and required documents.

2. Exploring the possibility of using PM GatiShakti Platform for change of land use

3. Having relaxed CLU norms for MSMEs

4. Allowing industrial worker housing as part of core activity in industrial estates/parks

Present Status of Change in Land Use (CLU) practices in Andaman & Nicobar

Current Status	Best Practices	Suggested Way Forward
• The investor is required to apply for CLU offline, and the checklist to apply for CLU is provided on Single Window Clearance Portal of Deputy Commissioner Office.	**Gujarat** • Simplified the Change of Land Use (CLU) approval process by requiring only <u>two documents</u>: application copy and an affidavit. **Haryana** • Extend validity period for CLU permission from 2-3 to 4-6 years based on the size of the CLU granted size. **Rajasthan** • No permission for CLU is required if a tenant desires to establish a micro/small scale industrial unit on his landholding up to an area not exceeding one acre.	• Andaman & Nicobar may consider adopting best practices from Gujarat and streamlining the documentation process by reducing the number of required documents to two. Andaman and Nicobar may also consider exemption from CLU Approvals in Designated Industrial Areas and consider expanding the provision for deemed approval. It may consider increasing the validity of CLU permission like Haryana. • It may develop completely online process

Best practices - Change in Land Use (CLU)

Area Type	Reform Type	Practice I	Practice II	Practice III
Unplanned [Areas outside the planned areas or outside the bounds of development authority]	**1. Application Requirement**	**Intimation** of diversion for industries, instead of approval. Deemed diversion automatically generated by system on 15th day in case no discrepancies are flagged by officials	• **Affidavit based** application, with deemed approval after service delivery timeline. • Diversion deemed to be granted **simultaneously with permission to purchase agri land**	**Deemed Approval** after fixed service delivery timeline
	Which State?	***MP***	***KA***	***GJ , MP, TS, MH***
	2. Relaxations for Industries	**Exemption** from Application **MH, GJ:** Bonafide Industries[3] **TS**: All TSIIC land **MP**: Intimation only	• **Direct purchase** of land from farmers allowed (KA, GJ)	• **Instant** deletion from agricultural RoR & issuing of non-agri **passbook.** • Panchayat authorities **NOC not required** for industries
	Which State? How?	***MH, GJ, TS, MP***	***KA, GJ***	***TS***
	3. Additional Provisions for Flexibility	Provision for **Multi-Purpose Non agriculture**	Exemption from land ceiling	
	Which State?	***GJ***	***KA***	

Best practices - Change in Land Use (CLU) (contd.)

Area Type	Reform Type	Practice I	Practice II
Notified *Areas within the notified region of a development authority, but **yet to be planned** (no prescribed land-use) **or acquired***	**1. Clarity on Authority**	• No Such Areas – All land is **planned Development authority**	• Treated same as Planned [Same Use], wherever notified areas have draft plans
	Which State?	*MP*	*TS*

Best practices - Change in Land Use (CLU) (contd.)

Area Type	Reform Type	Practice I	Practice II	Practice III
Planned Development Areas [For Conversion to Same Use as MP] *Areas within the notified region of a development authority, where land-use is determined through a Master Plan, acquisition may be ongoing*	Application Requirement	• Auto-deemed conversion upon draft publication of Development Plan	• No separate certificate is required for land use if master plan is notified • Self-declaration after payment	• Land use conversion linked to building plan approval process
	Which State?	*MH*	*MP, KA, MH*	*MH*

TDS Study (No TDS data available for A&N)

Change in Land Use
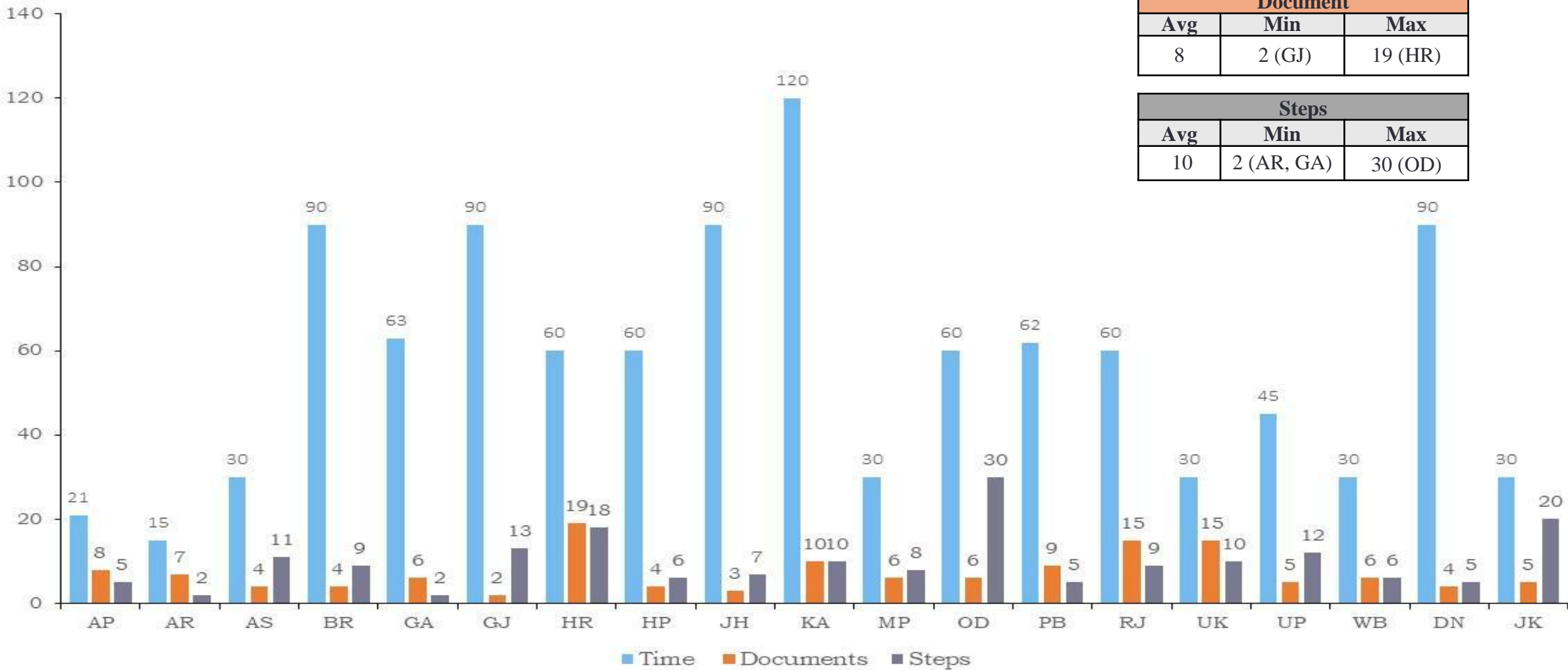
Time		
Avg	Min	Max
53	15 (AR)	120 (KA)

Document		
Avg	Min	Max
8	2 (GJ)	19 (HR)

Steps		
Avg	Min	Max
10	2 (AR, GA)	30 (OD)

Priority Area 3: Rationalizing minimum road width requirements for different categories of industries in rural areas

Objectives :

1. Rural roads in India are predominantly narrow

2. Minimum Road width requirements cede rural areas for industrial activity increasing cost factor for entrepreneurs and inflating land prices

3. Development is restricted in fringe areas and becomes even more critical as States are trying to decongest cities

Present Status of minimum road width norms

Best Practices	Points for Self Assessment
Punjab • Green and orange industries on 6.7m road **Tamil Nadu** • 7m road width for residential layouts in corporation areas • 6.5m in town panchayat areas • 6m in panchayat areas. **Odisha** • 6m road width for subdivided plots with certain conditions	• List types of roads & standard specification of width and length of such roads • Minimum road width norms that permits industrial activity • What % of roads have less width than the prescribed for setting up of Industry in rural areas • Possibility to reduce required width norm, Keeping in mind according to Indian Road Congress standards, may start with permitting green and orange industries.

Priority Area 4: GIS databank for industrial land available in State, integrated with India Industrial Land Bank (IILB)

Current Status	Best Practices	Suggested Way Forward
• Andaman & Nicobar Administration has created an online land bank on their Single Window Clearance Portal of Industries Department. However, there is no GIS mapping, and it has not been integrated with IILB	• Telangana Land available for industrial use displayed in tabular and GIS format with infrastructure/ utility information on Single window System. Database available at district, zonal and sectoral level.	• Andaman and Nicobar may consider enhancing its online system by incorporating a structured database that enables land search based on district, zone, or sector. Furthermore, the database should include comprehensive details of infrastructure and facilities available on vacant land parcels to facilitate ease of access for potential investors. • The UT should provide comprehensive information on the industrial land allotment procedure followed, ensuring transparency and ease of understanding for investors. • In case of any issues or queries related to data integration, the State should coordinate with the IILB Team for timely resolution

Building and Construction

Challenges in Building and Construction

Building norms are leading to sub-optimal utilization of commercial lands resulting in:

- **Productive Land Losses for MSMEs-** that can lose 70% of productive land to building standards and large factories lose 55%.
    - Punjab and Haryana lose only 20 to 30% of their land to Building Standards, and Large Factories lose 40% of their land.

- **High cost of compliance for buildings** above 18m in height
    - Maharashtra and Karnataka have higher thresholds for high-rise buildings.

- **Stunted Development** due to height ceiling for commercial buildings based on road width and plot size.
    - **Tamil Nadu** and Odisha do not limit maximum height of a commercial building.

- **High entry barrier-** minimum plot area of 2,000 sqm for high-rise buildings.
    - Maharashtra, Haryana and Odisha do not mandate a minimum plot area.

Priority Area 5:
Amend building regulations to reduce land loss in industrial plots.
Priority Area 6:
Amend building regulations to reduce land loss in commercial plots.

Objectives:

- Amending building regulations is crucial to industrial growth, because, on average, industrial buildings in India lose 50% of land to building standards compliance

- Principles of fire safety, disaster proneness of an area and the nature of the industry to be kept in mind

- Prioritize rationalizing :

  - Setbacks , Floor Area Ratio (FAR) , Parking Space , Minimum Plot Area for industries

Setback norms

Current Status	Best Practices	Points for Self Assessment
Industrial and Commercial Plots • No Information / data is available for Setback norms in A&N	• Punjab: No side setbacks for industrial plots up to 2,024 sqm • Haryana: No side setbacks for industrial plots up to 450 sqm • Gujarat and Noida : Exemption from one side setback for plots below 500 sqm	A&N may do a self-assessment based on the best practices: • Remove or reduce rear/ side setbacks as far as possible • Adapt to Local requirements

Parking norms

Current Status	Best Practices	Points for Self Assessment

<u>Industrial and Commercial Plots</u>
• No Information / data is available for Parking norms in A&N
	<u>Industrial Plots</u>
	• Haryana and Odisha (per 100sqm of floor area)
	    ○ 0.33 ECS
	    ○ No two-wheeler/ loading space requirement
	• Uttar Pradesh and Punjab (per 100 sqm of floor area
	    ○ 0.5 ECS
	
	<u>Commercial Plots</u>
	• Japan exempts small and medium buildings from parking norms
		A&N may do a self-assessment based on the best practices:
		
		• List out the norms for parking space and loading space.
		
		• Can these be rationalised for certain types of industrial uses?
		
		• Do the norms facilitate optimum utilization of built-up area? Can these be rationalised for certain types of commercial uses

Minimum Plot Area (Commercial Plots)

Current Status	Best Practices	Suggested Way Forward
• Defined under Chapter 5 of DCR for Port Blair planning Area	Punjab, Gujarat, Haryana, Uttar Pradesh, Tamil Nadu • No minimum plot area requirement	UT may consider removing the minimum plot requirement for commercial purposes if any.

FAR norms

Current Status	Best Practices	Suggested Way Forward
• Defined under Chapter 5 of DCR for Port Blair planning Area	• Gujarat - 2.7 to 5.4 in commercial zones • Odisha - 2 to 7 based on road width • Telangana - Unlimited • Punjab - Unlimited on roads above 45m.	• Unlimited FAR • Increased FAR under certain conditions or in certain areas • Paid FAR in certain areas/based on road width

Priority Area 7:

Increase the role of empaneled third parties in building approvals and joint inspections

Objectives:

- Enhancing the role of empanelled third parties in the building plan approval process.

- Integrated end to end application for all Dept/Agencies responsible for issuing NOCs/approvals (Fire/Water/AAI/Forest etc.).

- Complete online process from application issuing of building approvals to the occupation and completion certificates.

Present Status

| Current Status	Best Practices	Suggested Way Forward
• Andaman and Nicobar has Online Building Plan Approval System for construction permits • Online application submission with integrated payment, eliminating physical touchpoints for document submission (online using APIsetu and digilocker) and verification with help of pool of certified architects/engineers to upload the building plan • Issuance of digitally signed approved building plans	• Haryana allows for self-certification with instant approval for low and medium risk industrial and commercial buildings. • Telangana & Andhra Pradesh allow Self certification for low-risk building permits and given an instant approval.	• Establish a certification system for private agencies accredited by bodies like the Bureau of Indian Standards or State councils to meet national guidelines; and • Create a State-level authority for robust monitoring and oversight of these activities. • The role for third party approvals/self certification system maybe introduced to augment building approval systems.

Priority Area 8:
Simplifying process for issuing Occupation/Completion certification of buildings

Current Status	Best Practices	Suggested way Forward
• A&N administration has Online Building Plan Approval System, However, building completion/occupation certificate system to be integrated with the online building permission portal.	**Tamil Nadu** • Digital system for construction permits (planning, building permit, intimation of plinth commencement of construction & completion certificate) • Online application submission, document submission, online payment, automated review /AutoDCR, online notification, status tracking of application • Single Window integrated with 11 Depts/Agencies	• E-intimation on commencement of construction and completion of building level • Online submission of a unified completion request form, along with the occupancy certificate application, with system integrated with online Permission.

TDS Study (No TDS data available for A&N)

Construction Permit
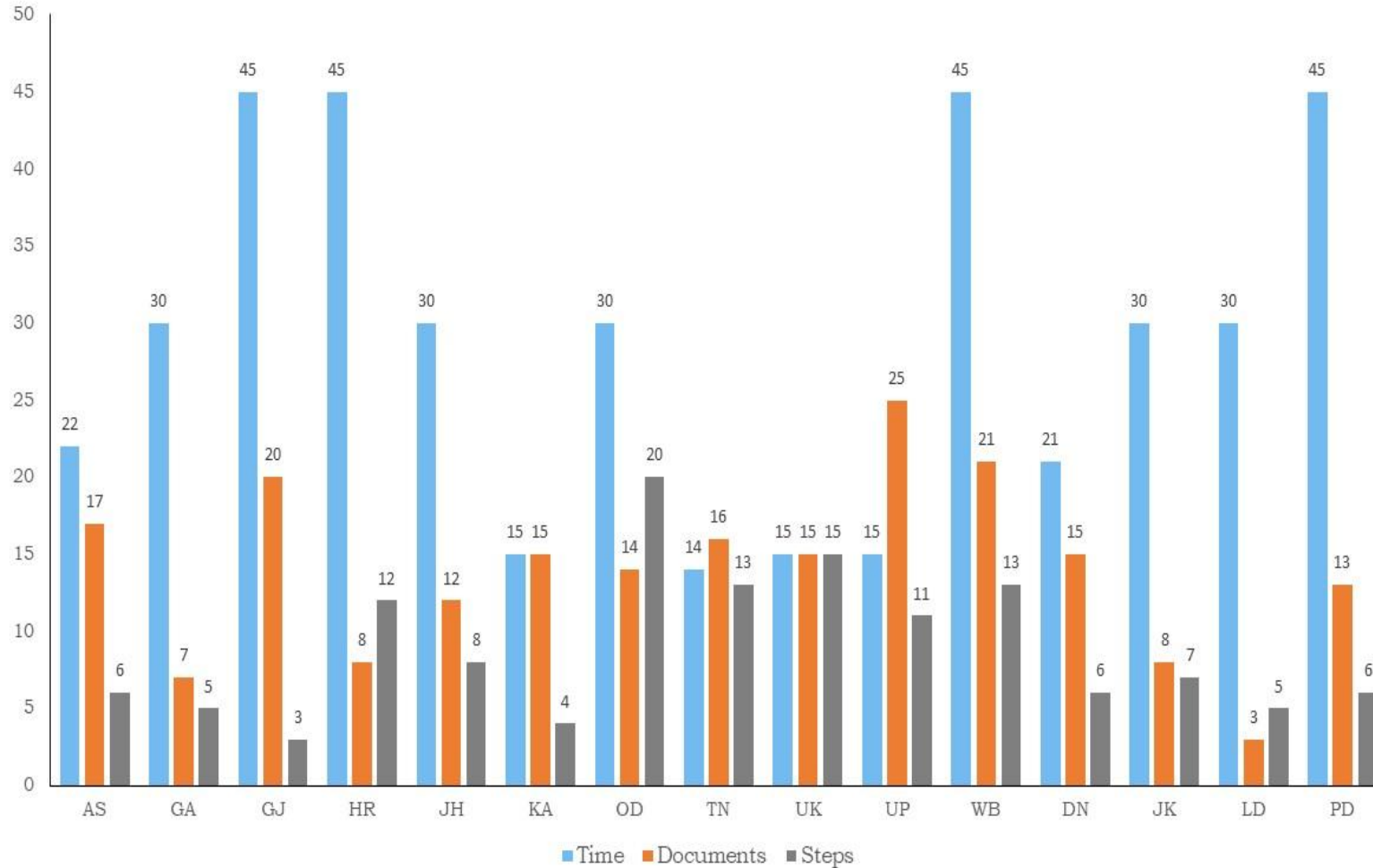
Time:

Avg- 28; Min- 14 (TN); Max- 45 (GJ, HR, WB, PD)

Documents:

Avg- 13; Min- 3 (LD); Max- 25 (UP)

Steps:

Avg- 8; Min- 3 (GJ); Max- 20 (OD)

Labour

Priority Area 9:
Remove prohibitions on women from working in certain 'hazardous' industries

Objective :

1. Permitting women (except pregnant and lactating mothers) to work in all occupations.

2. Ensuring that the safety conditions for women's work are in accordance with the provisions of the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code).

Priority Area 9: Remove prohibitions on women from working in certain 'hazardous' industries Permitting women (except pregnant and lactating mothers) to work in all occupations.

Current Status	Best Practices	Suggested way Forward
• Section 87 of the Factories Act allows state governments to prohibit women from factory operations that the government deems dangerous. The original copy of the Factories Rules of Andaman and Nicobar Islands is not available on official government websites or reportable legal repositories to identify specific prohibitions on women's employment in hazardous operations.	• States such as Andhra Pradesh, Assam, Chhattisgarh, Dadra and Nagar Haveli and Daman and Diu, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal have taken steps to remove prohibitions on women working in certain 'hazardous' industries.	• Consider reviewing and removing restrictions on women's participation in factory operations where safety measures can be implemented instead of prohibitions. Amend relevant provisions of the factories rules in alignment with scientific research, international best practices, and inter-state comparison

Priority Area 10
Allow night-time employment of women (7pm-6am) in all occupations (Factories)

Priority Area 11:
Allow night-time employment of women (7pm-6am) in all occupations (Shops and Commercial Establishments)

Objective :

1. Rationalizing the prohibitive conditions required to be met for women to be employed on the night shift such as
   - Ensuring women security guards
   - separate transportation for male and female employees etc.

2. Women's employment on the night shift should be subject safeguards, written consent, adequate facilities for safety including CCTV, transportation and separate restrooms

Present Status

Current Status	Best Practices	Suggested Way Forward

• Section 66 (1) (b) of the Factories Act prohibits women from being employed in any factory outside the hours of 6 A.M. to 7 P.M.
 	
• Section 21 of the Andaman and Nicobar Islands Shops and Establishments Regulation, 2004 prohibits the employment of women in night shifts.
	• Odisha, Andhra Pradesh, Telangana and Haryana have relaxed condition to provide at least 12-hour gap between shifts.
	• Andhra Pradesh, Uttar Pradesh and Odisha have removed condition to provide women security guards.
	• Karnataka, Maharashtra, Haryana and Uttar Pradesh have relaxed the condition for separate canteen facilities.
	• Haryana, UP, Karnataka and Andhra Pradesh have removed the condition for women workers not to be employed at night for more than one week.
		• UT of Andaman & Nicobar may consider permitting women's employment on night shifts in factories by making appropriate legislative or regulatory changes, and subject to obtaining the consent of women workers and full adherence to the mandated compliances under the PoSH Act and the Factories Act.
		
		• Andaman and Nicobar may consider permitting women's employment on night shifts in commercial establishments, subject to the following conditions:
		  • Require consent of women workers;
		  • Require compliance with PoSH Act; and
		  • Require employers to make a general policy announcing how sexual harassment cases will be dealt with.

Current Status	Best Practices	Suggested Way Forward

• Limits prescribed
 	
  o Daily hours: 9
  o Weekly hours: 48
  o Spread over: 10.5 hours
  o Intervals for rest: ≥30 minutes after ≤5 hours
  o Overtime hours: 75
	• Working Limits:
	  o Karnataka and Uttar Pradesh: 12 hours
	• Quarterly overtime limits for factories
	  o Telangana: 156 hours
	  o Karnataka and Uttar Pradesh: 144 hours
	• Quarterly overtime limits for Commercial establishment
	  o Chhattisgarh, GJ, MH and Uttarakhand: 125 hours
	• Spread over
	  o Karnataka: 12 hours
	• Rest intervals:
	  o Karnataka and Uttar Pradesh: ≥30 minutes after ≤6 hours
		UT may consider making the following revisions the following legislative/regulatory changes as appropriate:
		
		o Daily hours: Increase the limit 9 to 10 hrs.
		o Intervals for rest: Increase the maximum period of continuous work before mandated rest from 5 to 6.
		o Spread over: Increase from 10.5 to 12.
		o Quarterly overtime: Increase from 75 to 144 hours/quarter

Priority Area 14:

Increase the threshold of workers for the closure of factories, retrenchment and layoff

Objectives:

- Increasing the threshold of number of workers for prior permission for closure, retrenchment and layoff from 100 to 300 workers under the Industrial Disputes Act

Priority Area 14:

Increase the threshold of workers for the closure of factories, retrenchment and layoff

Best Practices	Points for Self Assessment
• Assam, Bihar, Gujarat and Karnataka have increased the threshold of number of workers for prior permission for closure, retrenchment and layoff from 100 to 300 workers under the Industrial Disputes Act.	• What are the restrictions/ qualifications or threshold of number of workers for prior permission for closure, retrenchment and layoff? • What are the steps to follow for closure or retrenchment? How much time does it take to grant for closure/retrenchment/layoff permission? • Is it possible to increase the threshold of number of workers for prior permission for closure, retrenchment and layoff from 100 to 300 workers under the Industrial Disputes Act?

Utilities and Permissions

Priority Area 15:

Third Party Certification for Consent to Establish (CTE) and Consent to Operate (CTO) currently issued by State Pollution Control Boards (SPCBs).

Objectives:

- States may allow for renewal of Consent to Establish and Consent to Operate (under Water Act, 1974 and Air Act, 1981) based on self-certification and/or third-party certification.

Priority Area 15:

Third Party Certification for Consent to Establish (CTE) and Consent to Operate (CTO) currently issued by State Pollution Control Boards (SPCBs).

Current Status	Best Practices	Points for Self Assessment
• Third Party Certification for Consent to Establish (CTE) and Consent to Operate (CTO) is not available in Andaman & Nicobar Islands.	• Andhra Pradesh, and Telangana are taking the least number of days to grant Consent to Establish and Consent to Operate with only 21 days. • Auto Renewal facility for CTE and CTO is available in Puducherry	• Andaman & Nicobar islands should implement third-party certification for CTE and CTO to enhance efficiency and credibility. • This involves accrediting independent agencies to assess environmental compliance. Steps include policy development, legal adjustments, and monitoring systems. • Standardized procedures and protocols must be developed for third-party agencies to follow during assessments.

TDS Study (No TDS data available for A&N)

CTE
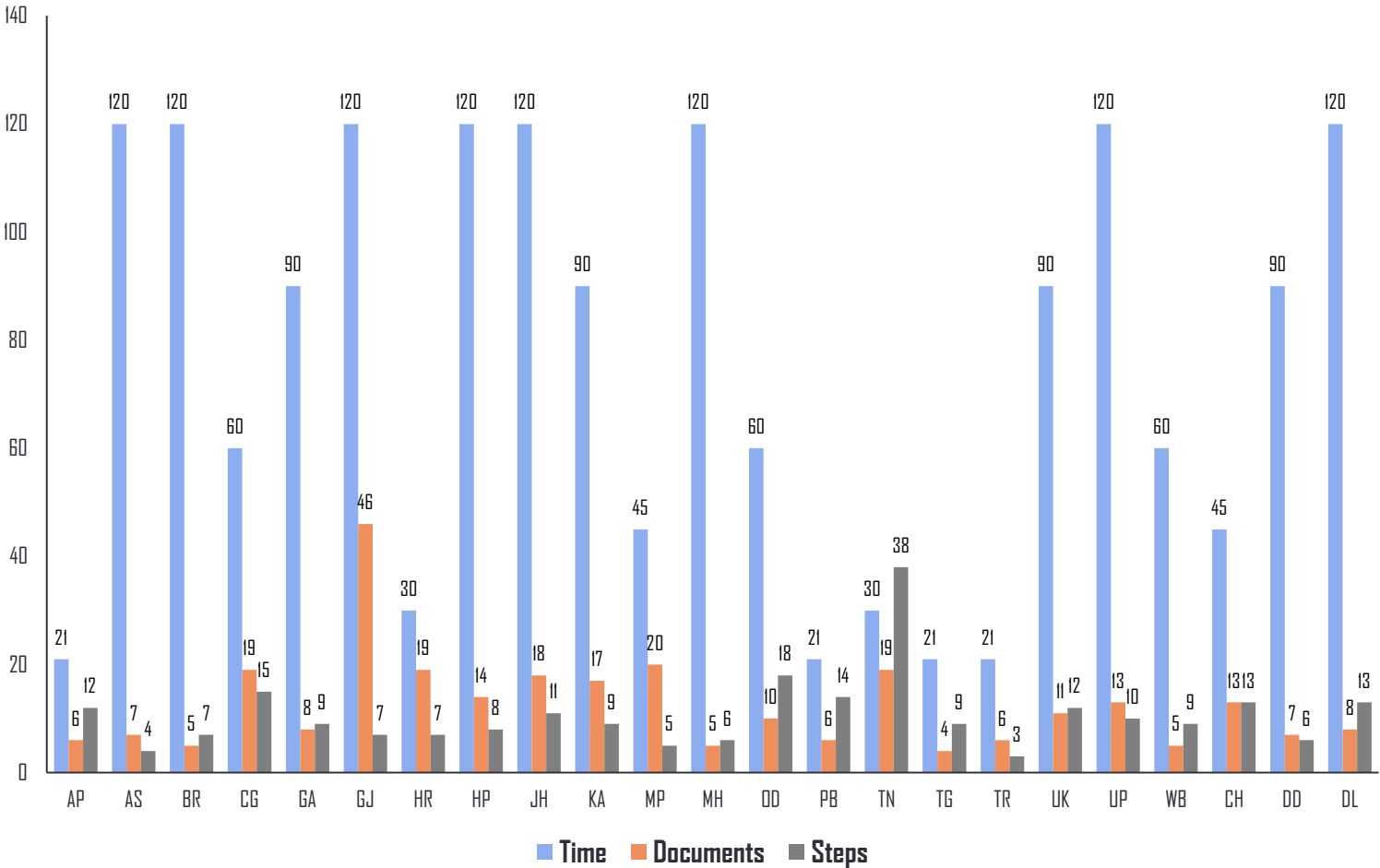
Time:
Avg- 75; Min- 21 (AP, PB, TG and TR);
Max- 120 (AS, BR, GJ, HP,
 JH, MH, UP)

Documents:
Avg- 11; Min- 4 (TG); Max- 46 (GJ)

Steps:
Avg- 10; Min- 3 (TR); Max- 38 (TN)

TDS Study (No TDS data available for A&N)

CTO
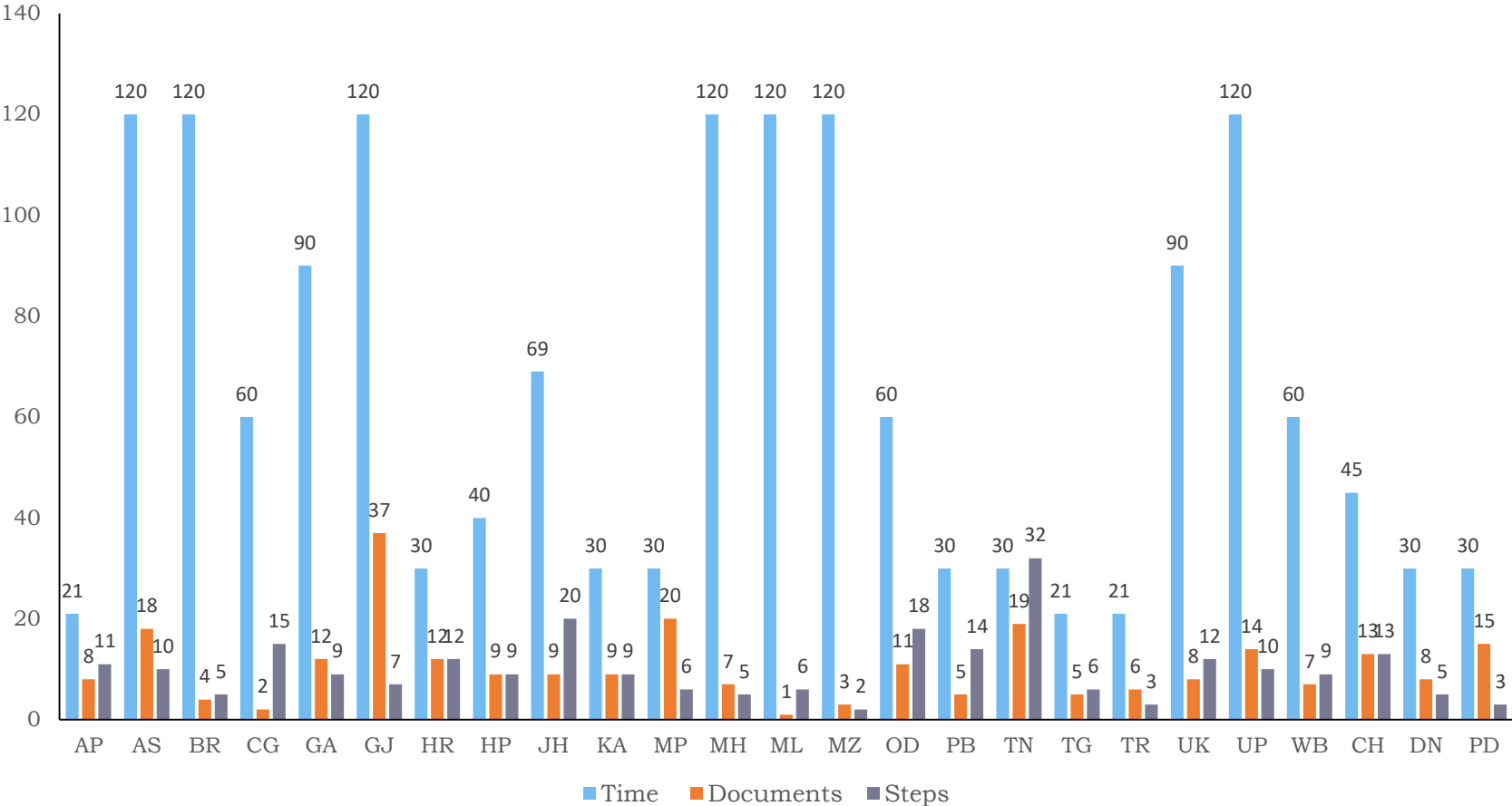
Time:
Avg- 74; Min- 21 (AP, TG, TR);
Max- 120 (AS, BR, GJ, MH, , ML, MZ, UP)

Documents:
Avg- 11; Min- 1 (ML); Max- 37(GJ)

Steps:
Avg- 10; Min- 2 (MZ); Max- 32 (TN)

Priority Area 16:

Simplifying approval and renewal of Factory License/Trade License by reducing the steps involved in documentation, and online registration under Shops & Establishments Act

Objectives:

- States may consider permitting Registration under Shops & Establishment and/or Trade License to be given through a single form and eliminate the requirement of renewal for Trade License/Registration under Shops and Establishment Act

# Priority Area 16: Simplifying approval and renewal of Factory License/Trade License by reducing the steps involved in documentation, and online registration under Shops & Establishments Act

Current Status	Best Practices	Suggested way Forward

• Factory License registration & renewal and Shops & establishment registration & renewal are available online via https://labour.and.nic.in/labour/
 • There are multiple forms for Shops & establishment registration as per https://labour.and.nic.in/labour/registration/registration.php
 • Renewal of shops & establishment registration is to be done every year.
 • Joint Inspections – Details not available.
	• Delhi
	   o Instant Registration under Shops and Establishment
	 • Punjab
	
	   o Registration within one day
	   o No prior inspections
		• Andaman & Nicobar Islands should remove renewals of shops & establishment registration.
		 • Joint inspections may be conducted under all labour and factory laws.
		 • Accredited private agencies for inspections may be institutionalized, ensuring they meet standards set by the Labour Department, similar to models in construction safety inspections.
		 • Establish a transparent accreditation process, with clear guidelines on competence and accountability, to maintain quality.
		 • Monitor and evaluate third-party reports to ensure compliance, potentially integrating them into digital portals for real-time tracking

TDS Study (No TDS data available for A&N)

Shops and Establishment Act
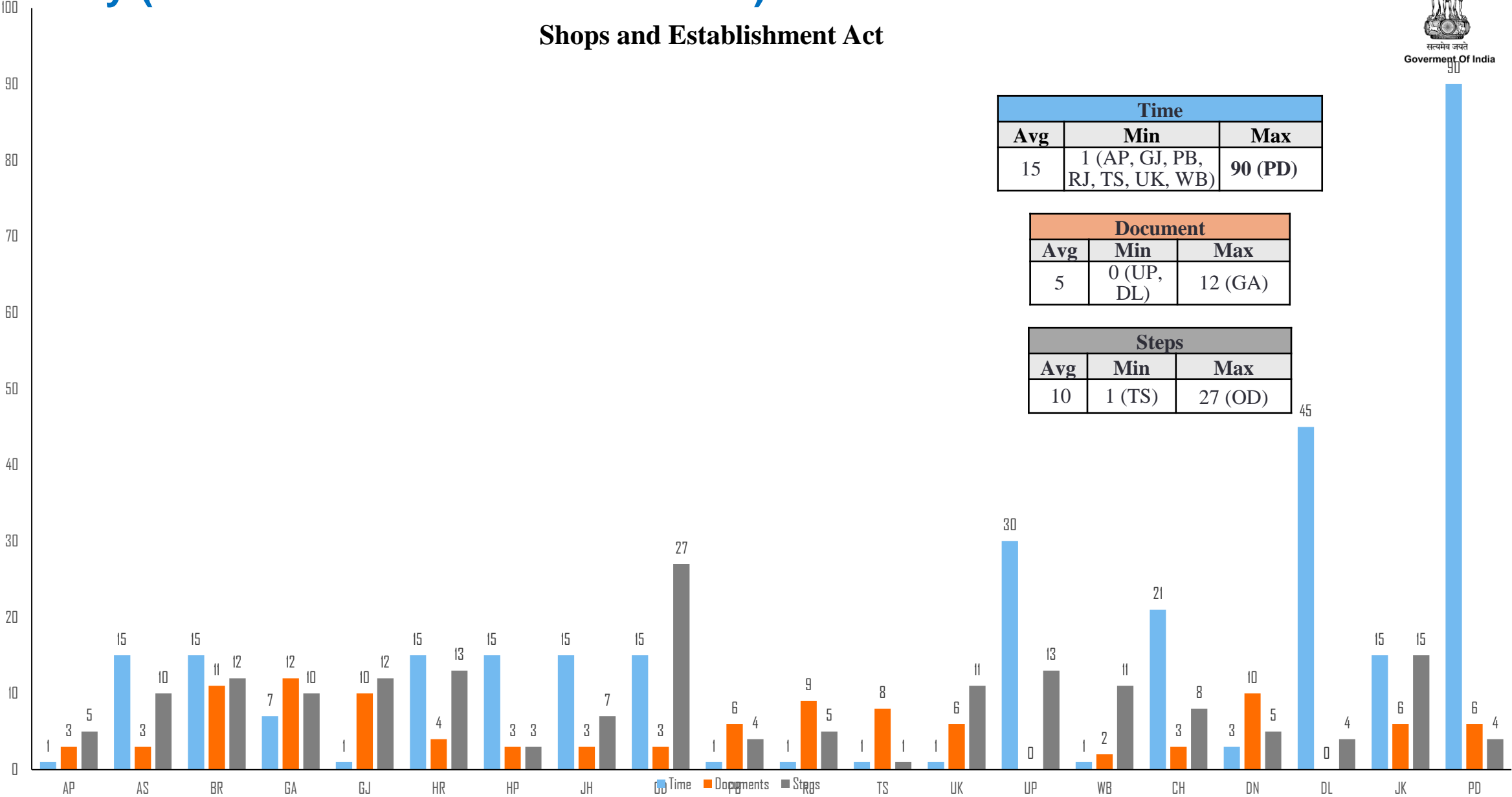
Time		
Avg	**Min**	**Max**
15	1 (AP, GJ, PB, RJ, TS, UK, WB)	**90 (PD)**

Document		
Avg	**Min**	**Max**
5	0 (UP, DL)	12 (GA)

Steps		
Avg	**Min**	**Max**
10	1 (TS)	27 (OD)

Priority Area 17:

Expedite electricity and water connections, including groundwater use permissions, through an online system for application submission, payment, and status tracking.

Objectives:

States may implement an online end to end online single window system with ease of use, and reduction of requirement of mandatory documents

Priority Area 17:

Expedite electricity and water connections, including groundwater use permissions, through an online system for application submission, payment, and status tracking.

Current Status	Best Practices	Suggested Way Forward

• Andaman & Nicobar Administration has system that allows online application submission, payment and tracking, and document submission for new electricity connection and mandate that all applications are submitted online.
• The applicant has to submit a total of 7 documents to obtain electricity connection.
• Andaman & Nicobar Administration has system that allows online application submission, payment and tracking, and document submission for new water connection and mandate that all applications are submitted online.
	• Telangana
	  • Single Window system for utility connections allows online applications, payments, tracking, and certificate downloads.
	  • Unified Payment Platform – TG-iPASS enables a single payment for all approvals and additional charges, simplifying transactions.
	• Tamil Nadu, Telangana, Karnataka, Maharashtra, Gujarat, Rajasthan, and Uttar Pradesh now require only two documents for new electricity connections, except a few northeastern and union territories.
		• It is recommended that the Andaman & Nicobar administration should reduce the documents required to obtain electricity connection to two.

Priority Area 18:

Raising the threshold for compliance under the Shops & Establishments Act to 20 workers.

Objectives:

- States may revisit the threshold limit, which is currently 0 in most States, for compliance under the Shops & Establishments Act as this will encourage MSMEs by reducing the compliance burden on them.

- As per recent Periodic Labour Force Survey (PLFS) data, 4.4% of non-agricultural establishments in India employ between 10 to 19 people. Raising the applicability threshold to 20 workers would reduce per-worker costs for these enterprises.

Present Status

Current Status	Best Practices	Suggested Way Forward
• The Shops and Establishment Act for Andaman & Nicobar could not be located on the official website of the Union Territory or other credible legal repositories.	• Gujarat, Maharashtra, Tamil Nadu, Chhattisgarh and Uttarakhand, have raised the applicability threshold to ≥ 10 workers. • Raising the threshold to 20 workers would increase opportunities for micro establishments to cost-effectively employ workers that can help the establishment grow.	• Andaman and Nicobar may consider increasing the threshold to 20 workers for the applicability of the Act through legislative/regulatory changes as appropriate. • Update website

Priority Area 19:

Re-classification of non-polluting industries as White Category for granting Consent to Establish and Consent to Operate under the Air Act, 1981, and the Water Act, 1974

Objectives:

- State Pollution Control Boards can proactively expand the White Category list of industries to exempt them from prior consent to establish and operate

Learning from Best Practices:

- **In Madhya Pradesh**, nearly 700 industries were added to White Category Lists
- **Gujarat and Kerala** have added approximately 150 industries and 100 industries respectively, and
- **Rajasthan and Karnataka** have further issued a consolidated industry categorization list on their official websites.
- **In 2025, CPCB** revised industry categorization to include more granular classification and streamline approvals for industries.

Re-classification of non-polluting industries

Points for Self Assessment
• List the industries classified into Red, Orange, Green, White Categories for the UT.
• How many industries are notified in the White Category by the UT since 2016?
• Are there any industrial processes not classified yet?
• Does the UT compile a single consolidated list where one can find both CPCB classifications and UT-specific amendments related to industry classification? Is it made available online.
• Can more industries be included in White Category?

Priority Area 20:

Fire inspection by accredited third parties and extending the validity of Fire NOCs

Context:

- UT Fire Department ensures fire safety compliances through issuance of NOCs.

- Growing volume of inspections due to industrial expansion, call for a need to integrate accredited third-party fire inspections with risk-based assessments.

Best Practices:

- Maharashtra issues Fire NOC with perennial validity.
- Gujarat's Fire Safety Officer programme, certifying individuals for third-party inspections, has improved compliance and serves as a scalable model for national adoption.

Suggested Way Forward

Accredited third party can support government through:

- Handling routine inspections allowing fire departments to focus on enforcement and emergency response.
- Training and accreditation to maintain consistency in safety safeguards.
- Trained specialists in fire engineering can help identify and maintain risks effectively.
- Technology supported audits and penalties for non-compliance can promote transparency and responsibility.

Hence, the UT can:

- Adopt third-party fire inspections to alleviate pressure on public resources, expedite NOC approvals, and elevate fire safety standards by adopting a risk based approach

Priority Area 21:

Introduction of State Level Acts similar to Jan Vishwas Act

Objective:

UT Level Acts similar to Jan Vishwas Act can be proposed, with focus on:

- Decriminalizing minor offences
- Introducing civil penalties and administrative actions for minor technical and procedural lapses
- Removing obsolete and redundant provisions of laws

This will ensure:

- Severity of the offence commensurate to the punishment.
- Trust-based governance which improves investors confidence
- Rational review of penalties
- Data-intelligent cleaning of legislation for conducive business environment
- Relief to overburdened judicial system

Suggested Way Forward :

1. UT is requested to study the identification exercise of the provisions undertaken by Madhya Pradesh. DPIIT will provide all the relevant assistance to UT, if needed.
2. In case a holistic approach is taken, a single nodal department (e.g DPIIT in Government of India) can be identified by the State governments to anchor the process.
3. Regular reviews of the step-by-step work in decriminalization/reduction in compliance burden by Chief Secretaries (similar to the reviews by Cabinet Secretary at Government of India) will be helpful in ensuring time bound actions.

Priority Area 22:

Third Party Inspections for Low & Medium risk businesses for all approvals:
Illustration of Building Permits and Occupancy Certificates

Current landscape & problems across the country

1. Building permits and occupancy certificates are one of the major requirements for starting a business.
2. The process might involve working with multiple departments to obtain 20+ NOCs at central, State/UT, and local level and inspections at multiple stages.
3. The process is highly technical in nature and involves expertise of qualified professionals.
4. Currently, individuals and businesses use registered architects for preparing building plans and local authorities approve these plans and inspect on-ground construction.
5. State/UT capacity is limited to oversee every construction permit and on-ground inspection, leading to delays in approvals.

Suggested Way Forward :

Third Party as approvers:

- **Registered third parties i.e. building surveyors** may be considered for issuance of building permits, occupancy certificates and NOCs to reduce time taken in these approval processes.
- Third parties need to be registered and licensed by the UT, with Independent professional authorities and UT monitoring third parties.
- Use of third parties based on risk classification of buildings, initially limited to low and medium risk cases.
- State assessment and referral agency (SARA) to act as single agency for verifying zoning and prescribing construction requirements.
- Parties can approve buildings plans, submit approvals and OCs.

Priority Area 23:

Bring all State level services into a State Single Window System and link it to the National Single Window System (NSWS)

- To simplify business approvals, all states should integrate key services into a unified **State Single Window System (SWS)** for seamless access and compliance, and further:
  - o Integrate with the **National SWS** for a seamless approval process, offering businesses customized incentives, tariff details, and compliance tracking.
  - o Create **PAN-based Unique Single Business User ID** for each unit
  - o Mandate **Know Your Approvals (KYA)** module of approvals and compliances to facilitate investors .
  - o Develop an online dashboard with department-wise service delivery data.
  - o Mandate **time-bound delivery of servi**ces and **operationalise deemed approvals** after notified timeline is lapsed under Right to Services Act/Public Service Guarantee Act.

Present Status :

| Current Status	Suggested Way Forward
• Andamans and Nicobar Islands are currently integrated on NSWS with 127 approvals. • The UT's Single Window System is end-to-end hosted on NSWS. • A customized Know Your Approvals module has been created for investors seeking approvals for the UT on NSWS. • The UT and NSWS teams have been working together on further optimizations to ensure a seamless journey for investors wishing to set up business operations in the A&N Islands. • Since it is end-to-end integrated on NSWS, reverse integration is not required.	UT may compare the features of present Single Window System with the proposed detailed reforms in the docket and aim to incorporate all the desired features in a time bound manner.

Cost of Regulation Study in Andaman & Nicobar

Average Delay Days – Andaman and Nicobar Islands
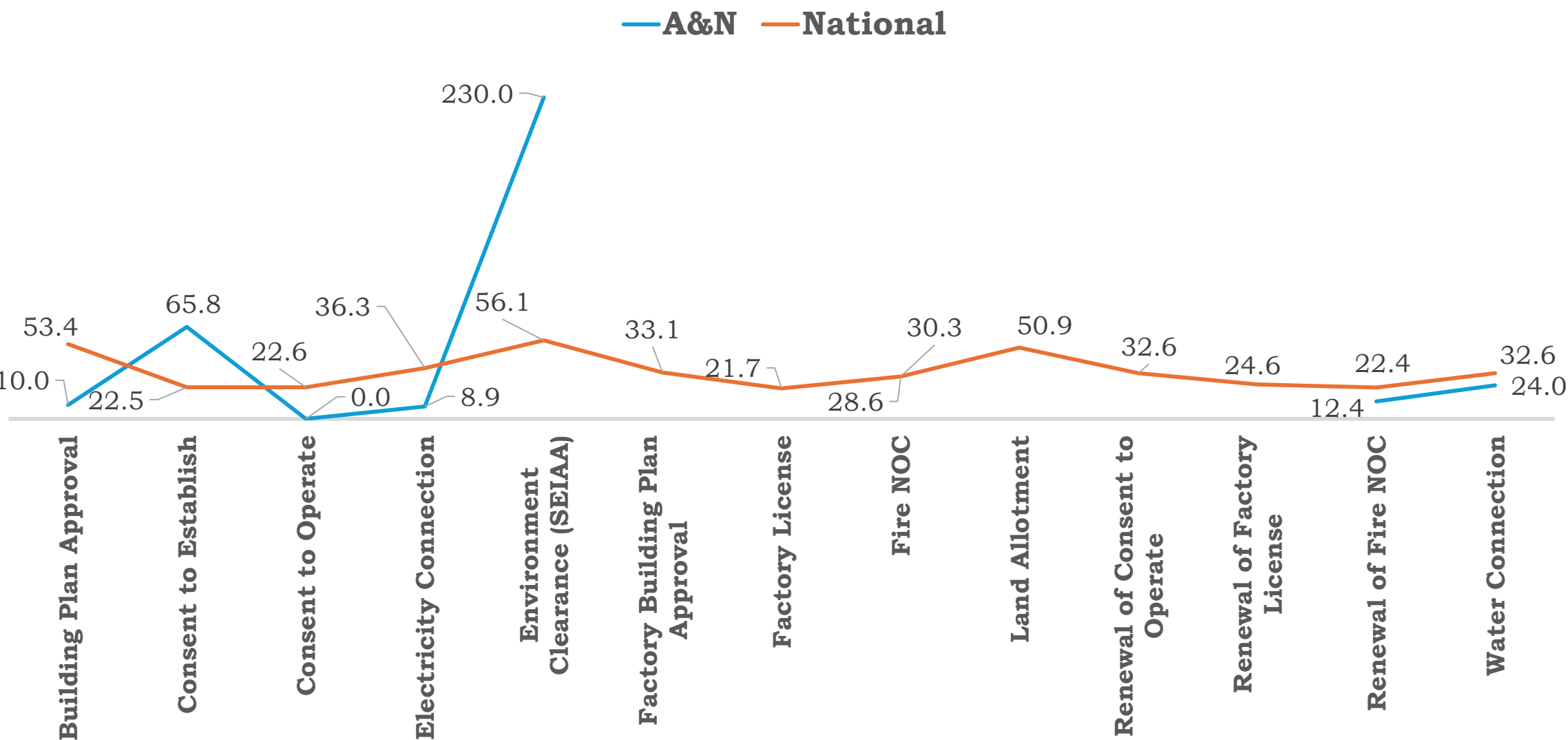
Steps Ahead:

1. To identify a Nodal Officer and set up a UT Deregulation Cell for ease in Coordination

2. A&N will need to
   - Amend Laws/ Subordinate Legislation/Master Plans/ issue executive orders
   - Simplify processes & reduce steps
   - Digitize processes
   - Streamline processes – e.g- third party inspections
   - **Suggest more priority areas if required**

Steps Ahead:

3.   Prepare Action Plan with milestones and timelines for Priority Areas that states are willing to take up and upload in MIS .

4.   Chief Secretary and Departmental Secretaries shall be invited for Deregulation Task Force meetings in the future

5.   Priority areas highlighted shall be a part of the Investment Friendly Charter for States being prepared by NITI

6.   A&N may give suggestions on changes required in Central Regulations

7.   Deregulation and Reduction of compliance Burden will be a subject in next Chief Secretaries Conference

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Thank You

Key Features of the Model Single Window System

Features	Applicable in A&N	To be implemented
Know Your Approval – without the need to login	• Classification of KYAs: Divided into Pre-Establishment Approvals and Pre-Operational Approvals • Dynamic Questionnaire: Includes drop-down options for most questions to provide flexibility	• Displayed Information: Each KYA shows procedures, checklists, fees, and application links • Key Focus Areas: Questions address factors like unit location, land extent, sector, and pollution category
Land Bank Details	• Landbank Information: Comprehensive details on available landbanks. • Private Industrial Parks: Information on privately managed industrial parks.	• GIS Mapping: Integration of Geographic Information System (GIS) for visualization.

Key Features of the Model Single Window System

Features	Applicable in A&N	To be implemented
Information Dissemination – without the need to login	• Investible projects: Opportunities with defined scope, financial viability, and government support to attract investors • User manuals: Availability of overall user manual of SWS and service wise user manual • State levies and duties: Registration & Stamp, Commercial taxes, and Local body levies, among others • Certificate verification: Availability of certificate verification without the need to login • Application tracking: Availability of application tracking without the need to login	• Intent to invest: Non-binding declaration of interest, outlining proposed projects and investment details. • Investor guide: Outlines opportunities, policies, procedures, and support to facilitate investment and business operations • Commercial contract templates: Basic Hiring Contract, Hire Purchase Contract, Indemnity for Title, and Deed of Partnership, among others
Queries Dashboard	• Ensure real-time data updation. • Number of Queries Logged • Number of Queries Resolved • Number of Pending Queries	• Notified timelines as per PSG Act for all incentives provided. • Average, median, minimum, and maximum days taken for queries processing.

Key Features of the Model Single Window System

Features	Applicable in A&N	To be implemented
Department Dashboard	• Ensure real-time data updation. • Number of applications received • Number of applications approved	• District wise details/Size of the firm • Average, median, minimum, and maximum days taken for queries processing. • Number of applications approved within SLA • Number of applications approved beyond SLA • Number of applications rejected • Number of applications rejected within SLA • Number of applications rejected beyond SLA • Number of enterprises registered under the department based on the size of business and sector • Total number applications requested for missing information by the department
Decriminalization Dashboard	None	• Applicable Act/Rule/Order: Relevant legislation or regulation for the department. • Point of Trigger: Circumstances or conditions that activate the legal provisions. • Penalties: Details of fines or monetary penalties. • Imprisonment: Information on imprisonment periods associated with violations.

Key Features of the Model Single Window System

Features	Applicable in A&N	To be implemented
Incentives Dashboard	• Total number of applications received. • Total number of applications approved.	• Know your incentives • Incentives calculator • Notified timelines as per PSG Act for all incentives provided. • Ensure real-time data updation. • Average, median, minimum, and maximum days taken for application processing.
Inspections Dashboard	• Inspection conducted • Availability of Inspection Report within 48 hours of inspection	• Total No. of companies that provided self-certifications and were exempted from inspections • Total No. of companies that provided 3rd party certifications and were exempted from inspections • Average time taken for inspections • Availability of Inspection Report beyond 48 hours of inspection • Median time taken for inspections

Key Features of the Model Single Window System

Features	Applicable in A&N	To be implemented
AI Chatbot	None	• **User Interaction**: Engages in conversations, answers questions, and assists with various tasks or services. • **Information Retrieval**: Retrieves and presents relevant data from databases, websites, or knowledge bases. • **Multilingual Support**: Communicates in regional languages to assist a diverse user base. • **Multimedia Handling**: Supports the sharing of images, videos, and files to enhance communication.

Common Application Form		**Need to Login**
		• **Mandatory**: CAF should be mandatory for application submission
		• **Auto-Population**: Data from CAF should auto-populate across services.
		• **Captured Information**:
		  o Project, enterprise, and cost details
		  o Employment, utilities, and manufacturing information
		  o Supporting documents
		• **Unified Payment Facility**: Based on the investment limit

Key Features of the Model Single Window System

Features	Only department wise data availabe
Single Window Dashboard	• Notified timelines as per PSG Act for all services. • Ensure real-time data updation. • Average, median, minimum, and maximum days taken for application processing. • Total number of applications received. • Total number of applications rejected. • Total number of applications processed. • Total number of applications pending with the department • Total number of applications pending with the applicant • Average fees collected for granting approvals.

Building plan approval and planning permission

CITIZEN lOGIN

The building and land plan approval process relates to the issue of permission for the construction of buildings based on specific set of rules and regulations.

View Required Document ↗

1. Architect Or Engineer Signed Key Plan
2. Architect Or Engineer Signed Site Plan/Layout Plan
3. Architect Or Engineer Signed Building Plan with elevation
4. Document Ownership and Title
5. Record entry sketch
6. Power of Attorney
7. Clearance Certificate from Environment and Forest has to enclose
8. No Objection Certificate from Airport Authority is enclosed
9. Original copy of the earlier sanctioned plan
10. Fresh plan as existing at site is enclosed
11. Any evidence to prove the existence of the building
12. Structure Drawing of Building Plan
13. Self Attested copy of proposed land site along with land mark
14. Affividavit

Priority 23: Bring all State level services into a State Single Window System and link it to the National Single Window System (NSWS)_____

Why is this a priority area?

- State Single Window Systems (SSWS) play a crucial role in improving the Ease of Doing Business (EoDB) by providing a one-stop digital platform for businesses to obtain approvals and clearances from multiple departments.

- However, existing systems often fall short of expectations due to fragmentation, lack of real-time tracking, and missing critical services. To ensure efficiency, transparency, and business-friendly governance, states must move toward a truly unified, digital-first single-window system well integrated with the national single window system.

What are the pain points?

- Despite their intent, many state-level SSWS implementations remain inefficient due to:

  - **"Window Within a Window":** Many systems merely redirect users to individual department portals rather than offering a truly unified approval process.

  - **No SLA Monitoring:** Approval timelines remain undefined, leading to delays and uncertainty for businesses.

  - **Critical Services Missing:** Many essential approvals (land, environmental clearances, labor registrations, etc.) are still processed manually, requiring businesses to engage with multiple agencies.

  - **Lack of End-to-End Digitization:** Many states continue to require physical document submissions and manual verification, slowing down the approval process.

Priority 23: Bring all State level services into a State Single Window System and link it to the National Single Window System (NSWS)____

Suggestion for discussion with States	Current Status
✓ End-to-End digitization of all critical services on State Single Window Systems.	✓ **29 State/UT Single Window Systems** integrated; Know Your Approvals (KYA) Live for **34 states and UTs**
✓ Mapping of entity PAN to the applications received for all business-related approvals/registrations and subsequently using it as a primary identifier to accept related compliances and returns. States may choose to map entity PAN to its existing unique application identifier(s), to map multiple applications of each business entity.	✓ **Reverse Integration** Pilot States: Andhra Pradesh, Tamil Nadu, Telangana and Odisha have completed reverse integration, initially. Based on learnings from the pilot, a simplified approach was shared with all States/Uts. 13 States/UTs including Rajasthan, Assam, Punjab, Haryana, Kerala, Telangana, Goa, Puducherry, Andhra Pradesh, Odisha, Madhya Pradesh, Karnataka and Uttar Pradesh have already completed based the revised simplified approach.
✓ Complete Integration with NSWS with all state services and the unified compliance dashboard.	

Expectations for States/UT

To address these gaps, states must adopt a **fully integrated and technology-driven approach** by implementing:

- **PAN as Single Business ID (SBID):** Using **PAN as the universal business identifier**, linked via **Open APIs**, to facilitate real-time data sharing between departments, avoiding redundant data collection.

- **Entity Locker (Single Source of Truth):** A secure **digital repository** for business documents, allowing departments to access verified information without requiring repeated submissions.

- **Know Your Approvals (KYA):** A dynamic tool that provides businesses with a **customized list of required approvals**, required documents, and estimated timelines.

- **Seamless Digital Approvals:** Automated **data validation, digital signatures, and real-time workflow integration**, ensuring approvals are processed digitally without manual intervention.

- **Integration of Critical Services:** Essential approvals (land, labor, environmental, fire safety, etc.) should be processed **entirely within SSWS without external redirection** to departmental websites.

- **Time-Bound Approvals & SLA Monitoring: Automated escalation mechanisms, real-time dashboards, and penalty frameworks** for delayed approvals to enforce accountability.

- **Integrate with NSWS:** Ensure all state-level services are onboarded and approval data is pushed to the Unified Dashboard for each business entity with PAN as a primary identifier.