

● MOVE TO PROMOTE EASE OF DOING BUSINESS

Industrial licence now valid for 15 years

Norms for industries brought on par with defence product units

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THE GOVERNMENT ON Monday extended the validity of industrial licences to 15 years from three years at present, as part of its efforts to promote ease of doing business. The extension of the validity for all industries brings it on par with the validity period of licence for manufacture for defence products.

The validity of a licence can also be extended for further three years on the fulfilment of certain conditions, as per a note issued by the Department for Promotion of Industry and Internal trade.

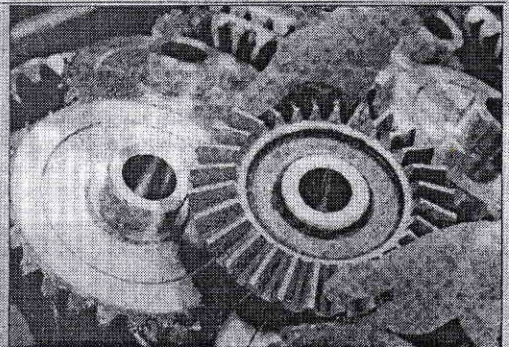
The government issues licences under the Industries (Development and Regulation) Act. The Act of 1951 brought under control government control development and regulation of a number of important industries.

Under the Act no person or authority other than the Central Government can start any new industrial undertaking without obtaining a licence from the cen-

SIMPLIFIED COMPLIANCE

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tral government. For extension of the validity of the licence beyond 15 years, an industrial unit should have land, completed construction of the project, plant and machinery should have been installed.

Any industrial licence under which the production had started even after 18 years, including 3 years of extension, shall be treated as automatically lapsed, the press note said.

IDR, which was initially passed to implement the industrial policy resolutions that gave the government exclusive control of many areas of industrial activity, has undergone many revisions. Over decades its grip on the private actor was tightened more and

more before the big turnaround came in 1991.

The changes made in 1991 opened all areas of industrial activity for private players. It provided for easier entry of multinational companies, privatisation and liberalised licensing.

With almost all sectors of the industry open now, to attract investments the government has been working to improve ease of doing business. It is even setting up land banks and providing hand holding to investors to navigate the Indian environment.

The extension of the licence term would remove another item of compliance on the industrial units.