

THE PUDUCHERRY MICRO, SMALL AND MEDIUM
ENTERPRISES (EXEMPTION FROM APPROVALS
TO COMMENCE BUSINESS) BILL, 2024
(Bill No. 3 of 2024)

A
BILL

to provide for exemption from approvals and inspections for commencement of business by the micro, small and medium enterprises in the Union territory of Puducherry and matters connected therewith or incidental thereto.

BE it enacted by the Legislative Assembly of Puducherry in the Seventy-fifth Year of the Republic of India as follows:—

Short title,
extent and
Commencement.

(1) This Act may be called “The Puducherry Micro, Small and Medium Enterprises (Exemption from Approvals to Commence Business) Act, 2024”.

(2) It shall extend to the whole of the Union territory of Puducherry.

(3) It shall come into force at once.

Definitions

(2) In this Act, unless the context otherwise requires,—

(a) “Acknowledgment Certificate” mean, the acknowledgment certificate issued under section 5;

(b) “Approval” means, any permission, no objection, clearance, approval, registration, licence, *etc.*, required under any other Law prevailing in connection with the establishment or operation of an enterprise in the Union territory of Puducherry;

(c) “Competent Authority” mean, Head of any Department or Agency of the Government or Local Authority, Statutory Body, Government owned Corporation, Municipality, Commune Panchayat,

Planning Authorities, or Any other Authority or Agency constituted or established by or under any other Law prevailing or under the administrative control of the Government of Puducherry which is entrusted with the powers or responsibilities to grant or issue approval for establishment or operation of an enterprise in the Union Territory;

(d) "Puducherry Industrial Guidance Bureau (PIGB)" mean, the Puducherry Industrial Guidance Bureau as notified by the Government;

(e) "Enterprise" means, a Micro, Small or Medium Enterprise;

(f) "Government" means, the Administrator appointed by the President under Article 239 of the Constitution;

(g) "Micro, Small or Medium Enterprise" mean, the Micro, Small or Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006;

(h) "Nodal Agency" mean, the Nodal Agency referred to in section 3;

(i) "Prescribed" means, prescribed by the rules made under this Act;

(j) "UT" means, the Union territory of Puducherry;

(k) "Undertaking" means, a letter to be taken from enterprise in the prescribed format that the enterprise shall ensure appropriate labour welfare measures, adequate fire safety and environmental measures as required by the Law.

(3) Subject to superintendence, direction and control of the Government, the Puducherry Industrial Guidance Bureau (PIGB) shall be the Nodal Agency for the purposes of this Act.

Nodal Agency

Powers and functions of Nodal Agency.

(4) (1) Subject to the superintendence, direction and control of the Government, the powers and functions of the Nodal Agency shall be as follows:—

(a) To assist and facilitate establishment of enterprises in the Union Territory; and

(b) To maintain the records of declaration of intent received and Acknowledgment Certificate issued under this Act.

(2) The Government may assign such other powers and functions to the Nodal Agency as it may deem fit for giving effect to the provisions of this Act.

Filing of Declaration.

(5) (1) Any person who intends to start an enterprise may furnish to the Nodal Agency a declaration of intent to start an enterprise in such form and in such manner as may be prescribed.

Explanation : Any person who has applied to the Competent Authority to obtain all or any of the approvals as referred to in clause (b) of section 2 before the commencement of this Act may also opt to furnish declaration of intent to start an enterprise under this sub-section.

(2) On receipt of a declaration of intent, the Nodal Agency shall, forthwith, issue an Acknowledgment Certificate, in the prescribed Form to the person who furnished the declaration under sub-section (1).

Effect of the Acknowledgment Certificate.

(6) (1) An Acknowledgment Certificate issued under section 5 shall for all purposes, have effect as if, it is an approval as referred to in clause (b) of section 2, for a period of three years from the date of its issuance and before the expiry of the said period of three years, the enterprise shall have to obtain required approval as referred to in clause (b) of section 2.

Provided that the enterprise shall apply for necessary permission under the respective laws within a period of three years from the date of issuance of Acknowledgment Certificate;

Provided further, that such Acknowledgment Certificate shall not entitle a person to use a land in deviation to the land use specified in the master plan wherever such plan is in force.

(2) During the period of three years as specified in sub-section (1), no Competent Authority shall undertake any inspection for the purpose of or in connection with, any approval as defined in clause (b) of section 2: Provided that the Competent Authority shall be empowered to undertake an inspection during the said period of three years in cases where, the enterprise has applied for necessary permission under the respective laws within a period of three years from the date of issuance of Acknowledgment Certificate.

(7) Where, the Government or any authority under it, is empowered to exempt any enterprises from any approval or inspection or any provisions relating thereto under any Central Act, the Government or, as the case may be, any such authority shall, subject to the provisions of such Central Act, exercise such powers to grant such exemption to an enterprise established in the Union territory of Puducherry for at least a period of three years from the date of issue of the Acknowledgment Certificate issued under sub-section (2) of section 5. Exemption

(8) No suit, prosecution or other legal proceedings shall lie against the Government or Nodal Agency or Competent Authority or any employee of the Government, Nodal Agency or Competent Authority in respect of anything which is done or intended to be done in good faith under this Act or any rules made thereunder. Protection of action taken in good faith.

Act to over
ride other laws.

(9) (1) The provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any other law, for the time being in force.

(2) In particular and without prejudice to the generality of the foregoing provisions of this Act, such provisions shall have effect notwithstanding anything inconsistent therewith contained in the following enactments and the provisions of these enactments shall be read as amended in conformity with the provisions of this Act, namely:—

(i) The Puducherry Town and Country Planning Act, 1969.

(ii) Puducherry Building Bye-Laws and Zoning Regulations, 2012.

(iii) Pondicherry Ground Water (Control and Regulation) Act, 2002.

(iv) The Puducherry Municipalities Act, 1973.

(v) The Puducherry Village and Commune Panchayats Act, 1973.

Savings

(10) Subject to the provisions of section 7, nothing in this Act shall be construed as exempting any enterprise from the application of the provisions of any law for the time being in force, or any regulatory measures and standards prescribed thereunder, except to the extent expressly provided in this Act.

Powers to
make rules.

(11) (1) The Government may, after previous publication by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(2) Every rule made or notification issued under this Act, shall as soon as may be after it is made be laid before the Legislative Assembly, Puducherry, while it is in session for a total period of fourteen days,

which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session in which it is so laid, or the session immediately following, the Legislative Assembly makes any modification in the rule or notification or decide that any rule or notification should not be made or issued, the rule or notification shall thereafter have effect only in such modified form or be no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

(3) Any rescission or modification so made by the Legislative Assembly of Puducherry shall be published in the Official Gazette, and shall thereupon take effect.

(12) (1) If, any difficulty arises, in giving effect to the provisions of this Act, the Government may, by order published in the Official Gazette make such provisions not inconsistent with the provisions of this Act, as may appear to it be necessary or expedient for removing the difficulty. Powers to remove difficulties.

Provided that no such order under this section shall be made after the expiry of a period of two years from the date of commencement of this Act.

(2) Every order made under sub-section (1) of this section shall, as soon as it is made, be placed on the Table of Legislative Assembly, Puducherry.

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STATEMENT OF OBJECTS AND REASONS

Sustained business reforms over the past several years have helped, India jump 79 places to move to 63rd position in the Global Ease of Doing Business (EoDB) rankings in 2022. It earned a place in among the World's Top Ten improvers for the third consecutive year, India was ranked at 142 in 2014.

2. The World Bank has observed that “..... the persistent efforts made to drive the business reforms agenda, not only at the Central Level but also at the State Level, helped India make significant improvements”.

3. In addition to the Business Reform Action Plan (BRAP) released every year by DPIIT since 2015 to be implemented towards achieving Ease of Doing Business (EoDB), Reducing Compliance burden is an another initiative by the DPIIT to reduce the compliance burden by doing away with redundant Acts, Rules and the procedures insisted by those Acts and Rules in further achieving the goal of Ease of Doing Business.

4. The Bill is intended to exempt Micro, Small and Medium Enterprises in obtaining the Departmental Licences/Approvals/Clearances for the first three years of operation.

5. The Bill also ensures that a Letter of Intent (LoI) is submitted by the entrepreneur who intends to do business before commencing the unit and obtain an acknowledgment from the Industrial Guidance Bureau (IGB). Also it is ensured that the necessary Approvals/Licences/Clearances are obtained by the end of 3 years of production by the industrial unit.

6. The Bill is intended to ease the pressure on the MSMEs in obtaining Licences/Approvals prior to establishment and give enough breathing time to ensure all the necessary conditions required for obtaining the Licences/Approvals/NOCs.

7. The Bill is intended to attract more investments in the employment intensive MSME sector and create more employment to the unemployed youth and thereby address the unemployment issue of this Union Territory.

8. For the above purpose, it is proposed to introduce a Bill titled as "The Puducherry Micro, Small and Medium Enterprises (Exemption from Approvals to Commence Business) Bill, 2024.

9. The Bill seeks to achieve the above object.

A. NAMASSIVAYAM,

Minister for Industries and Commerce.

FINANCIAL MEMORANDUM

The proposed "The Puducherry Micro, Small and Medium Enterprises (Exemption from Approvals to Commence Business) Bill, 2024" providing for exemption from approvals and inspections for commencement of business by the Micro, Small and Medium enterprises in the Union territory of Puducherry does not have any financial implication.

MEMORANDUM REGARDING DELEGATED LEGISLATION

1. Clause 3 of the Bill seeks to empower the Government, to notify Nodal Agency subject to superintendence, direction and control of the Government.
2. Sub-clause (1) of Clause 4 of the Bill seeks to empower the Government, to notify the powers and functions of the Nodal Agency.
3. Sub-clause (2) of Clause 4 of the Bill seeks to empower the Government to notify such other powers and functions to the Nodal Agency as it may deem fit for giving effects to the provisions of the Act.
4. Sub-clause (1) of Clause 5 of the Bill seeks to empower the Government, to mandate filling of declaration.

5. Sub-clause (2) of Clause 5 of the Bill seeks to empower the Government to issue Acknowledgment Certificate in the prescribed Form through the Nodal Agency to the person who furnished the declaration of intent.
 6. Clause (6) of the Bill seeks to empower the Government, to notify the effect of the Acknowledgment Certificate as if, it is an approval for a period of three years from the date of issue and before the expiry of three years.
 7. Clause (7) of the Bill seeks to empower the Government, to exempt any enterprises from any approval of inspection established in the Union territory of Puducherry for at least a period of three years from the date of issue of Acknowledgment Certificate.
 8. Sub-clause (1) of Clause 11 of the Bill seeks to empower the Government to make rules by notification in the Official Gazette for the implementation of the provisions of this Act.
 9. Clause 12 of the Bill seeks to empower the Government to remove any difficulties from any of the provisions of this Act.
 10. The matters in respect of which notifications or orders may be issued or rules may be made, are matters of procedure and are of routine and administrative in nature. Further, the rules are subject to the scrutiny of the Legislative Assembly. The delegation of Legislative power is, therefore, of a normal character.
 11. The powers delegated are normal and not of an exceptional character.
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