

Rajasthan Ease of Doing Business for MSME Sector



**THE INSTITUTE OF
Company Secretaries of India**

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

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FOREWORD



The beginning of globalization, liberalization and industrialization in post 1990's has marked a remarkable shift towards entrepreneurship across the globe. India is not an exception to this change.

Establishment and promotion of Micro, Small and Medium Industries is much required to that fact that MSME cater to the vital needs of the economy in the terms of three specific roles. Firstly, it works as a support base for the large industry; secondly, it stand as an alone provider of goods and services and thirdly, it provides employment to the unorganized labour class of the country.

It has been witnessed all over the globe that procedural hurdles in the establishment of start-ups at basic and advanced level not only exterminate the drive of the entrepreneur but it also lower down the business alliance in longer run. Hence, promoting ease of doing business in India is a need of the hour.

Union as well as State Governments are following "Ease of Doing Business" formula to promote more and more MSME's in the utmost areas of goods and services. Amongst various states, Rajasthan has secured 6th Rank on World Bank's "Ease of Doing Business" Index.

The Institute is playing active role in initiating an in-lined gateway on providing compliance status for starting up MSME's in India. Apart from this, Institute is organizing seminars and workshops in promoting awareness about the role of MSME's in the inclusive development of economy; challenges in establishing MSME's and the projected solution to solve respective challenges.

In furtherance to this, Institute is publishing this document detailing about the ease created by State of Rajasthan in doing business with special reference to MSME's. This document will guide the user and members about the procedure used by Rajasthan Government to alleviate hassle free establishment and functioning of MSME's.

I am confident that this document will surely facilitate the members and other professionals in understanding step by step procedure for establishing MSME's in State of Rajasthan.

A handwritten signature in black ink, appearing to read 'K K Jalan', with a horizontal line underneath it.

(K K Jalan)

Secretary to Government of India
Ministry of Micro, Small & Medium Enterprises

MESSAGE



The Micro, Small and Medium Enterprises (MSMEs) play a significant role in the social, economic and political growth of the country. MSME sector not only generate the global value of the products and services, it too creates employment opportunities in the country. MSMEs congregate more governmental focus as their role in the economic and social growth is inclusive, employment friendly and even-handed at all levels of development

MSME sector is seen as a milestone in advancing the economy of our country and hence requires focussed government attention at each and every step of its establishment, working and intensification. Seeing the potential growth in MSME and their contribution to Indian economy, government is promoting various schemes for MSMEs.

Towards achieving these objectives, the Ministry of MSME is guiding concerned Departments, State Governments and other stakeholders to encourage creation of new enterprises and to support existing enterprises. Ministry is also designing new policies with major objectives of assisting MSMEs and to help them in scaling up.

In line with this, State of Rajasthan is promoting the idea of facilitating MSMEs at a high pace and hassle-free establishment of MSMEs in the State to the utmost extent wherein the new entrepreneur faces “zero” hitch in starting up an MSME.

It is in this backdrop, that this publication developed by the Institute focuses on hassle free and straight forward procedure of starting up MSMEs in Rajasthan.

I acknowledge with thanks all organizations, institutions and regulatory authorities whose materials were consulted in the preparation of this publication.

I am certain that this publication being timely and informative will guide the members and users on the simple procedure of establishing and operating MSME’s effectively. Further, I am sure this user friendly publication will be lead to greater motivation for entrepreneur in starting MSME.

Mamta Binani
(CS Mamta Binani)
President

Place: New Delhi

Date: 15-03-2016

Institute of Company Secretaries of India

MESSAGE



The India is witnessing the tremendous economic growth at the global platform. To maintain and uplift this growth process, the government is focusing on all major constituents to Indian economy; be it One Person Company, Micro, Small and Medium Enterprises or big corporate houses. Among all, entrepreneurship through MSME's is one of the major focuses of the government. Government is rephrasing its policies with prime objective of promoting growth and development of MSME's throughout the country.

Gone are the days when entrepreneurs used to face countless procedural hurdles in establishing MSME's. At present government has directed all the concern departments in removing procedural hurdles in the establishing MSMEs and in the functioning of MSMEs. The introduction of unique "Udhyog Memorandum Number" replacing the old Entrepreneur Memorandum under the MSMED Act, 2006 is clear indication that the government is committed to providing ease in establishing and doing business through MSME's in India. The vision is clear – "More the MSME's, More the Self-reliance; and More the Self reliance, more the inclusive growth of Indian economy"

In line with this objective, State of Rajasthan has maximised the ease of doing business in the state. It has been ranked 6th in the World Bank's "Ease of Doing Business" index on proving easiness to the entrepreneurs in doing business through MSME's. Rajasthan MSME Policy 2015 is a unique comprehensive policy introduced by Government of Rajasthan paving the way for easing of business and facilitating the budding entrepreneurs.

In the sustainment of the scheme for facilitation to micro small and medium enterprises, Institute has published this publication to provide a detailed description of "Ease of Doing business" in State of Rajasthan. This publication will guide the members, professionals, budding entrepreneurs and users about the step by step procedure in establishing business through MSME.

I acknowledge with thanks the contribution of Mr. Ajay K Gupta, Managing Director, Kamtech Associates Private Limited in the preparation of this publication.



CS (Dr.) Shyam Agrawal
Vice-President

Place: New Delhi

Date: 15-03-2016

Institute of Company Secretaries of India

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Introduction

Concerned over India's dismal rankings in the World Bank's 'Ease of Doing Business Report,' Government of India has taken up massive exercise for improving the ease of doing areas. The states are following the suit and Rajasthan has taken up this agenda on priority. Economies are ranked on their ease of doing business, from 1–189. A high ease of doing business ranking means the regulatory environment is more conducive for and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2015.

The 10 topics on which of ease of doing business are factored and rank decided to are as follows :

- Starting a Business
- Dealing with Construction Permits
- Getting Electricity
- Registering Property
- Getting Credit
- Protecting Minority Investors
- Paying Taxes
- Trading Across Borders
- Enforcing Contracts
- Resolving Insolvency

Rajasthan ranks 6th in India on World Bank's "Ease of Doing Business" index according to the Department of Industrial Policy and Promotion's (DIPP) report on "Assessment of State Implementation of Business Reforms".

Rajasthan's Rank Area-wise :

<i>Present Rank</i>	<i>Topic</i>
5	Setting up a Business
4	Allotment of Land and Obtaining Construction Permits
3	Complying with Environment Procedures
3	Registering and Complying with Tax
5	Carrying out Inspections

Jaipur has been ranked as 2nd most emerging cities for investment in India.

Various initiatives have been taken by the Government of Rajasthan for implementing '**Ease of Doing Business**' and many are on-going.

Industries Department

- Rajasthan has made issuing of Entrepreneur Memorandum I (EM-I) and Entrepreneur Memorandum II (EM-II) completely online. The state has approved 12646 EM-I and 3339 EM-II online till date.
- Through Single Window System, a unique ID is generated for each applicant. This ID is available to multiple departments. It allows tracking of application status by the investor, Single Window Agency and the respective departments.

Rajasthan Pollution Control Board

- For 88 categories of industries that are Green industries, the acknowledgement (of the receipt) of consent application (along with fee) serves the purpose of Consent.
- Portal for submission of application, registration, renewal and issuing of certificates online. This portal of RPCB allows for uploading of supporting documents required while applying for CTE/CTO.
- The certificates issued by RPCB are verifiable through a QR code. An individual can scan the QR code via phone as well and verify the details of the certificate such as name of the company and validity of the certificate.

Labour Department

- Labour Department Management System (LDMS) allows filing of applications, registrations, licenses, renewals, payments and filing of returns under 12 major labour legislations.
- Prior approval from higher authorities is required for inspection by labour inspectors and any establishment can be inspected only once a year
- Notified key amendments in Industrial Disputes Act, 1947, the Contract Labour (Regulation & Abolition) Act, 1970 and the Apprentices Act, 1961

Factories and Boilers Department

- Rajasthan Factories and Boilers Module (RAJFAB) has made the registration, renewal and submission of documents for compliance to Chief Inspector of Boilers completely online.
- With respect to installation and repair of boilers, no prior permission is required and the investor has been given the choice in selecting the competent person to certify the boilers. Further annual renewal has been dispensed with.
- Territorial jurisdiction of Deputy Chief Inspectors has been increased resulting in decentralization of powers under Factories Act, 1948. Further, self-certification scheme in lieu of inspection under the act has been implemented completely thereby ending 'Inspector Raj'.

Department of Information Technology and Communication

- E-Mitra is an ambitious e-governance initiative of Government of Rajasthan which has been implemented in all the districts of the state using Public Private Partnership (PPP) model for convenience and transparency to citizens in availing various services with respect to application and payment of the Government and Private Sectors under a single roof at their door step using e-platform.
- At present there are more than 12,826 operational e-Mitra kiosks in the urban areas and more than 20,362 operational Common Service Centers in rural areas.

Finance Department

- e-GRAS is an online Government Receipt And Accounting System which facilitates collection of tax/non tax revenue online
- E-stamping facility is now available
- Sample Model Contract and Sale deed are available online

Commercial Taxes Department

- All processes related to registrations, assessment, filing of taxes and refunds are online
- Single ID for state commercial taxes
- State also facilitates online refund
- Professional tax has been repealed in the State
- There are no static check post and mobile squads in the states

Vidyut Vitran Nigam Ltd.

- Application for electricity connection can also be made online through Single Window System

Rajasthan State Industrial Development & Investment Corporation Limited (RIICO)

- No construction permit/building plan approval is required in RIICO industrial areas for plot size up to 40,000 sq. m. and deemed approval for plot sizes greater than 40,000 sq. m. in two weeks
- RIICO does not seek any certificate for no tax dues, notarized affidavit for not staking building material on public land, NoC from Traffic and coordination department and NoC from Storm water and Drainage Department.
- Geographic Information System (GIS) for new RIICO areas which are ready for allotment has been developed.

Revenue Department

- Land records are digitized and an investor can extract copy of land records along with details of mutation from Apnakhata.

Law Department

- E-cause list in District courts are available online

Single Window Clearance in Rajasthan

- Single window clearance system is an e-Governance initiative undertaken by the Rajasthan government for encompassing effective, transparent and accountable investment process.
- The process aims to provide an interface for various departments, such as Bureau of Investment Promotion, Industry, District Industry Centers and other government departments.
- The state government has also introduced Single Window Act in order to strengthen the single window system and to give it a statutory status.
- Turnaround timelines have been specified for clearances and approvals from the concerned departments and the nodal agencies.
- Rajasthan has made it mandatory for investors to apply through single window for investments above INR 10 million.
- Under this system, investors can file an online application directly to the concerned agency.

Ease of Doing Business Ranking in India

Doing Business 2016 Rank of India : 130

Starting a Business:

S.No.	Indicator	Delhi	Mumbai
1.	Procedure	12	14
2.	Time (Days)	29	29
3.	Cost (%of Income per capita)	10.4	17
4.	Paid in Min. Capital (%of Income per capita)	0.0	0.0

Table 1 : Starting a Business in Delhi and Mumbai

Procedure Details

S.No.	Procedure
1.	Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)
2.	Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal
3.	Reserve the company name with the Registrar of Companies (ROC) online
4.	Pay stamp duties online, file all incorporation forms and documents online and obtain the certificate of incorporation
5.	Make a company seal and stamp
6.	Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) or Unit Trust of India (UTI)
7.	Open a bank account
8.	Register with Employees' Provident Fund Organization
9.	Register for medical insurance at the regional office of the Employees' State Insurance Corporation

10.	Register for Value-Added Tax (VAT) at the Department of Trade and Taxes, Government of State
11.	Obtain a tax account number for income taxes deducted at source from the Assessing Office in the Income Tax Department
12.	Register online under the Shops and Establishments Act

Table 2 : Procedure Detail for start of a business.

Ease of Doing Business Ranking in Rajasthan

Starting a Business:

S.No.	Indicator	Jaipur
1.	Procedure	12
2.	Time (Days)	31
3.	Cost (% of Income per capita)	45.5
4.	Paid in Min. Capital (%of Income per capita)	0.0

Table 3 : Ease of Doing Business Ranking in Rajasthan

Procedure Details

S.No.	Procedure
1.	Obtain director identification number (DIN) online from the Ministry of Corporate Affairs portal (National)
2.	Obtain digital signature certificate online from private agency authorized by the Ministry of Corporate Affairs (National)
3.	Reserve the company name online with the Registrar of Companies (ROC) (National)
4.	Stamp the company documents at the State Treasury (State)
5.	Get the Certificate of Incorporation from the Registrar of Companies, Ministry of Corporate Affairs (National)
6.	Make a seal (Private)
7.	Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL) or the Unit Trust of India (UTI) Investors Services Ltd., as outsourced by the Income Tax Department (National)
8.	Obtain a Tax Account Number (TAN) for income taxes deducted at the source from an authorized franchise or agent appointed by the National Securities Depository Ltd. (NSDL), as outsourced by the Income Tax Department (National)
9.	Register with the Office of Inspector, Shops and Establishment Act (State/Municipal)

-
10. Register for Value-Added Tax (VAT) at the Commercial Tax Office (State)
 11. Register with Employees' Provident Fund Organization (National)
 12. Register for medical insurance at the regional office of the Employees State Insurance Corporation (National)
-

Table 4: Procedure Details for Start a Business

About Rajasthan



Figure 1: Map of Rajasthan

Rajasthan is the largest state of the Republic of India in terms of area (342,239 square kilometers). It encompasses most of the area of the Great Indian Desert (Thar Desert), which has an edge paralleling the Sutlej-Indus river valley along its border with Pakistan. The region borders Pakistan to the West, Gujarat to the Southwest, Madhya Pradesh to the Southeast, Uttar Pradesh and Haryana to the Northeast and Punjab to the North.

The capital of the state is Jaipur. Geographical features include the Thar Desert along north-western Rajasthan. The Aravalli Range, one of the world's oldest mountain ranges, cradles the only hill station of Rajasthan, Mount Abu. Eastern Rajasthan has two national tiger reserves,

Ranthambore and Sariska (Alwar), as well as Keoladeo National Park at Bharatpur, famous for its bird life.

State GDR INR	513,688 crore (at current prices : 2014-15)
Economic Growth Rate	11.00% (at current prices: 2014-15) as per GSDP
Per Capita Income	INR 72,156 (at current prices: 2014-15)
Geography	The Aravalli range, which stretches from the north-eastern to south-western part of the State, divides it. The western region is mostly a desert while the eastern region is fertile.
Key Industries	Cement & other mineral-based industries, textile, tourism, gems & jewellery, dimensional stones (marble and granite) and agroprocessing.
Major Exports	Gems & jewellery, woolen carpets, hand-printed apparels & furnishings, tie & dye clothes, handicraft articles, marble, granite, and engineering goods.
Emerging Industries	Auto & auto-component manufacturing, solar component manufacturing, IT & ITeS, ceramics & glass, oil & gas, power generation and road construction.
Area	342,239 sq. km. (largest state in India)
Location	North-western India; shares domestic borders with the states of Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat.
Population	68.5 million (Economic Review 2014-15) = 6.85Cr.
State Capital	Jaipur
Currency	Indian Rupee (Rs.)
Cities and Towns	222
Districts	33
Population Density	200 persons per sq. km. (Economic Review 2014-15)
Languages	Hindi and Rajasthani dialects; English is widely used in business, higher education and professions
Major cities	Jaipur, Jodhpur, Udaipur, Kota, Ajmer, Bikaner, Bhilwara, Alwar
Literacy	66.11% (Economic Review 2014-15)

Table 5: About Rajasthan

3.1 Economy

Gateway to the large markets in north and the west India, today, Rajasthan is one of the rapidly growing economies in India. Rajasthan's business environment is powered by an enterprise-friendly government, good infrastructure and young as well as highly skilled workforce. GSDP of Rajasthan for the year 2014 was Rs. 517615 Crore at current prices as compared to Rs. 230949 crore of the year 2009. Thus, during this period of 5 years GSDP registered a compound growth at the rate of 8% per annum.

In Rajasthan, among the State population, nearly 75 percent people reside in villages and about 70 percent of villagers depend on agriculture for their livelihood. Besides, the agriculture including animal husbandry contributes approximately 27% to 32% in the State's GDP. Drought conditions in the state create gruesome situation for the people. Due to uncertain behavior of monsoon, agricultural production in the State has been fluctuating year to year. This situation is evidently depicted by the following line diagram. In the drought years 2000-01 and 2002-03, the production was badly low and it was somewhat normal during 2003-04 and 2006-07. There has been a drastic fall in agricultural production during drought years, but after a mixed trend observed during the reference period, the GSDP at current prices registered an annual compound growth of 28% in the year 2014.

3.2 Physiography

Rajasthan is predominantly characterized by three landforms'-

- The sandy stretch of the Thar desert
- Plains
- Hills

Hillocks, salty marshlands, gravel, shifting sand dunes, fragments of rocks, scrub vegetation and rare oasis are scattered over the vast sandy expanse of the Thar Desert in Rajasthan. Chambal & Luni are the main rivers in Rajasthan.

The main geographic features of Rajasthan are the Thar Desert and the Aravali Range, which runs through the state from southwest to northeast, almost from one end to the other, for more than 850 km. The northwestern portion of Rajasthan is sandy and dry. Most of the region is covered by the Thar Desert, which extends into adjoining portions of Pakistan.

The Northwestern thorn scrub forests lie in a band around the Thar Desert, between the desert and the Aravali. This region receives less than 400 mm of rain in an average year. Summer temperatures can exceed 45°C in the summer months and drop near freezing in the winter. The Godwar, Marwar, and Shekhawati regions lie in the thorn scrub forest zone, along with the city of Jodhpur. Eastern and southeastern Rajasthan is drained by the Banas and Chambal rivers.

The Aravali Range runs across the state from the southwest peak Guru Shikhar (Mount Abu), which is 1,722 m in height, to Khetri in the northeast. This divides the state into 60% in the northwest of the range and 40% in the southeast. The northwest tract is sandy and unproductive with little water but improves gradually from desert land in the far west and northwest to comparatively fertile and habitable land towards the east. The south-eastern area, higher in elevation (100 to 350 m above sea level) and more fertile, has a much diversified topography. In the southeast, a large area within the districts of Kota and Bundi forms a tableland.

3.3 Districts of Rajasthan

Rajasthan is divided into 33 districts within 7 divisions:

- 1 Ajmer Division: Ajmer, Bhilwara, Nagaur, Tonk (4 districts)
- 2 Bharatpur Division: Bharatpur, Dholpur, Karauli, Sawai Madhopur (5 districts).
- 3 Bikaner Division: Bikaner, Churu, Ganganagar, Hanumangarh (4 districts).
- 4 Jaipur Division: Jaipur, Alwar, Jhunjhunu, Sikar, Dausa (5 districts).
- 5 Jodhpur Division: Barmer, Jaisalmer, Jalore, Jodhpur District, Pali, Sirohi (7 districts)
- 6 Kota Division: Baran, Bundi, Jhalawar, Kota (4 districts).
- 7 Udaipur Division: Banswara District, Chittorgarh District, Pratapgarh District, Dungarpur District, Udaipur, Rajsamand (6 districts).

3.4 Climate

The climate of Rajasthan can be neatly divided into four different seasons:

- Summers
- Monsoon
- Post-monsoon
- Winter

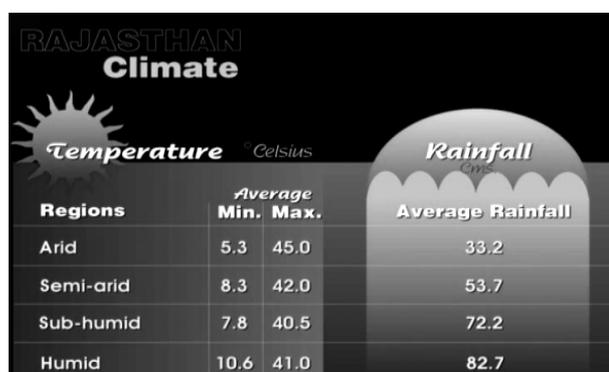


Figure 2 : Climate in Rajasthan

3.4.1 Summer

The hottest season of Rajasthan, summer, extends from April to June. The temperature in this season ranges from 32° C to 45° C. The only place in Rajasthan that is a little cool in summers is the hill station, Mt Abu. However, the nights in Rajasthan are pretty cool, with the night temperature falling considerably.

3.4.2 Monsoon

During the period of July to September, lies the monsoon. The temperature ranges from 35° C to 40° C. The state receives approximately 90% of its annual rainfall (less than 40 cm) in this season only. It is the most humid season in Rajasthan.

3.4.3 Post Monsoon

From October to November is the post monsoon season. The average maximum temperature ranges between 33°C to 38°C and the minimum is between 18° C and 20° C.

3.4.4 Winters

Extending from December to March is the winter season. The coldest month of the season is January. The temperature ranges from 10° C to 27° C. However, there may be considerable difference in the maximum and minimum temperatures.

3.5 Soil

The soils of Rajasthan are complex, and highly variable, reflecting a variety of differing parent materials, physiographic land features, range of distribution of rainfall and its effects, etc. However, broadly, the soils can be put in five major groups, based on the basic fabric of soils i.e. soil texture which governs its many other properties.

They are, (1) sandy soils or light soils, (2) sandy loam or light medium soils, (3) loam or medium soils, (4) clay loam to clay or heavy soils and (5) skeletal soils or shallow rocky and hilly soils.

Soils are, variable in their soil-water-plant relationship, conservation needs and production potentials. To assess the potential of agricultural development and to plan proper conservative land use. The agronomical and soil moisture conservation technologies, developed for crop production, are often more suitable, particularly for one or the other kinds of soils.

Soil resource is also a malleable environment molded by the agriculturist in many ways e.g. production capacity can be improved through improvements of its fertility by the use of organic manures and fertilizers. Its sustainability can also be maintained by its conservation against damages through erosion, preventing salinization, alkalization, compaction depletion in nutrient level, etc.

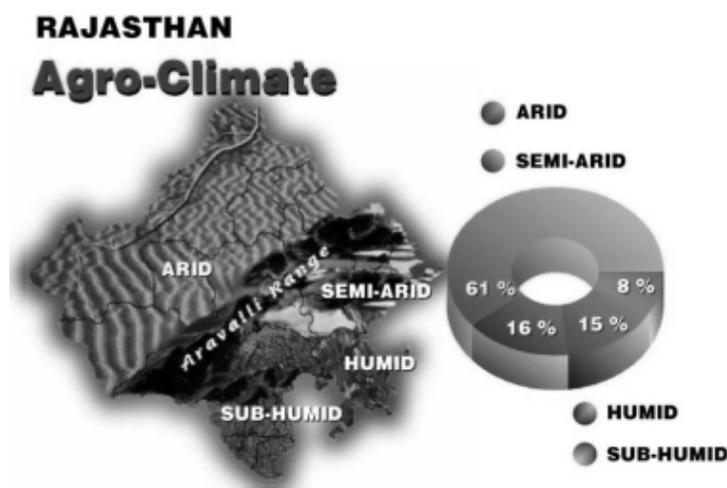


Figure 3: Rajasthan Agro-Climate

These are all known soil degradation processes which lessen the current or potential capability of soils to produce crops or biomass.

3.6 Rivers

In Rajasthan, rivers are divided into two major river systems: Chambal and Luni. Chambal is the only perennial river of the state, which enters Rajasthan at Chaurasigarh, after originating from the northern slopes of the Vindhya Range. This river flows along the eastern border between Rajasthan and Madhya Pradesh. Fed by its tributaries, Chambal flows northwards across the state and meets the Yamuna River.

Luni river originates from the Aravali Range, 7 kilometer north of Ajmer. This is the only river that flows across the western part of Rajasthan. The river flows to Gujarat, where it drains at the Rann of Kutch.

3.7 Monsoon

Agriculture in Rajasthan is primarily rained. Nearly 30 percent of agricultural area is under irrigation. Prospects of agriculture in the state largely depend on timely arrival of monsoon. In kharif crops, production and productivity not only depend upon the quantum of rainfall but also on proper and even distribution of rain over an adequate time span and its intensity.

The behavior of monsoon in Rajasthan is usually erratic and uncertain. South-Western monsoon entered on 15 July 2015 in the State. In this phase, rain was mild to précised in some areas. The second phase of monsoon remained active upto 10th August 2007, during this period all parts of the state received moderate rains. During June to September 2007, the state received 493.2 m.m. rains which is 10 percent less from the normal rains of 547.8 m.m. of the same duration.

S. No.	Division	Actual Rainfall in mm Year 2015
1	Ajmer division	510
2	Bharatpur division	690
3	Bikaner division	440
4	Jaipur division	640
5	Jodhpur division	310
6	Kota division	880
7	Udaipur division	610
Rajasthan		4080

Table 6: Rain Fall in Rajasthan -2015

3.8 Natural Vegetation

There are thorny bushes and shrubs that occur in small patches and are scattered all over the region Natural vegetation of Thar Desert is composed of tree, shrub and herb species. The scanty vegetation consists of xerophilious grass such as *Aristida adscensionis*, *Lasiurus scindicus*, and *Cenchrus biflorus*. Small trees of species *Acacia nilotica*, *Tamrix aphylla*, *Prosopis cineraria* and scrubs like *Calligonum polygonoides*, *Crotalaria spp*, *Haloxylon recurvum* and etc are endemic to the desert.

3.9 Biodiversity

The desert of Rajasthan is the abode of 25 species of serpents are 23 specis of lizards. The endangered Great Indian Bustard (*Ardeotis nigriceps*), the Blackbuck (*Antilope cervicapra*), Indian Wild Ass (*Equus hemionus khur*) and the Indian Gazelle (*Gazella bennettii*) are found here.

In fact the Keoladeo Ghana National Park also known as the Desert National Park in Jaisalmer is the repository of striking biodiversity and wildlife and houses the Bengal fox, chinkara, desert

fox, wolf, desert cat, the black buck and a plethora of migratory birds. The place also stores the seashells and the gigantic fossilized tree trunks that bear witness to the presence of water and vegetation in the past.

3.10 Irrigation in Rajasthan

The water for irrigation comes from wells and tanks. There are four major sources of irrigation viz. canals, tanks, wells and tube-wells. The Indira Gandhi Canal irrigates northwestern Rajasthan. The gross irrigated area in the State during the year 2012-13 was 94.55 lakh hectares, which is 5.84 percent more than that of 89.02 lakh hectare in 2011-12.

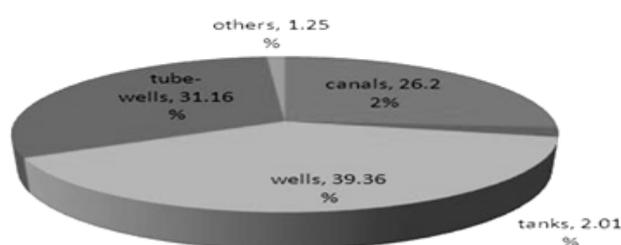


Fig 4: Irrigated Areas (2012-2013)

The net area irrigated by open wells, tube-wells and canals together account for 72.83 lakh hectare (about 97.12 percent of the total net area irrigated) in 2012-13. The area irrigated by different sources in the State during the year 2003-04 to 2006-07 is given in the following table:

Sources Area	2011-12	Percentage Area	2012-13	Percentage Area
Canals	1843797	25.89	1900662	25.35
Tanks	68785	0.97	91686	1.22
Tube-Wells	2932062	41.17	3118117	41.58
Wells	2179043	30.60	2264032	30.19
Others	97888	1.37	124623	1.66
Net Irrigated Area	7121575	100.00	7499120	100.00
Gross Irrigated Area	8902888			9455467

Table 7: Sources of Irrigation 2011-2013 Source-Wise Irrigated Area ('000 Hectare)

The Indira Gandhi Canal irrigates northwestern Rajasthan. With a view to extend irrigated area in the state, five major projects are in implementation phase these are : Mahi; Bisalpur; Narmada; RWSRP and Ratanpura distributory, one modernization (Gang Nahar), three medium and fifty six minor irrigation projects are under construction

3.11 Power

Rajasthan has taken significant stride in the past few years in the power sector, following five companies, one each for generation and transmission, three for distribution are functioning for providing better quality of electric supply to the urban and rural consumers and framers in the State:

1. Rajasthan Rajya Vidyut Utpadan Nigam Ltd.,
2. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
3. Jaipur Vidyut Vitran Nigam Ltd.,
4. Ajmer Vidyut Vitran Nigam Ltd.,
5. Jodhpur Vidyut Vitran Nigam Ltd.,

The major sources of power generation for the State are Kota and Suratgarh Thermal Power Plants, Dholpur Gas Thermal Project, Mahi Hydel, Biomas, Captive Power Plant, Bhakra, Beas, Chambal and Satpura Projects. Besides, the State also gets power from wind energy, Central Sector's Rajasthan Atomic Power Plant, Singrauli, Rihand, Anta, Auraiya, Narora, Dadari Gas, Unchahar Thermal and Tanakpur, Salal, Chamera and Urri hydel Projects.

The Installed Capacity as on 2014-2015 (Owned, Partnership and Central allocation) was 148518 MW. The increase in installed capacity during the year 2007-08 upto December 2007 was 245.90 MW, which includes 220 MW through Dholpur Gas thermal plant and 25.90 MW through wind power at Jaisalmer.

The category-wise details of Installed Capacity in the State as on December 2008 are given in the table below:

<i>S. No.</i>	<i>Project</i>	<i>As on December 2008</i>
1	State partnership and owned:	4000.30 MW
	(a) Thermal	2545.00 MW
	(b) Hydel	1011.80 MW
	(c) Gas	443.50 MW
2	Central sector & allocation to State:	1813.18 MW
	(a) Thermal	657.58 MW
	(b) Hydel	465.50 MW
	(c) Gas	221.10 MW
	(d) Atomic	469.00 MW
3	Under RREC Wind	41.55 MW
4	RSMM & other Private Sector Wind	449.00 MW
5	Biomas Projects:	31.30 MW
	(a) Kalptaru P. Ltd.	15.80 MW
	(b) Chambal Power Ltd.	7.50 MW
	(c) Amrit Annware Pvt. Ltd.	8.00 MW

Table 8: Power Scenario in Rajasthan December 2008

3.12 Market Access

13,446 sq km of Rajasthan falls in the National Capital Region (NCR), which is around 39.8% of the total NCR. Rajasthan shares its border with five major Indian states: Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat. Industries in Rajasthan have to their advantage, access to this enormous market.

3.13 Labour Reforms

The state government has initiated comprehensive labour reforms. The state government relaxed the Trade Union Act, Industrial Dispute Act, Contract Labour Act as well as 1961 Apprenticeship Act to spur economic development and attract investment.

3.13.1 Skilled Manpower

To ensure abundant availability of trained human resources, Rajasthan's constant endeavor is to build as well as support the growth of a robust educational infrastructure. The technical institutes in the state have an intake capacity of over 2 lakh students. The state has been ranked 5th in terms of total number of colleges and universities in India.

3.13.2 Industrial Power

With firm steps to augment availability of power for industrial, commercial, domestic and agricultural consumption, Rajasthan has a power generation capacity of over 16000mw, with 3500 mw capacity under construction and an additional 34,243 mw sanctioned for the 13th Plan (2017-22). Besides, Rajasthan has signed MoUs for setting up of a cumulative generation capacity of 32000 mw in the solar sector.

3.14 Initiative of Rajasthan Government for ENODB

3.14.1 Government of Rajasthan initiative for ease of Doing Business:

3.14.1.1 Industrial Department

- Rajasthan has made issuing of Entrepreneur Memorandum I (EM-I) and Entrepreneur Memorandum II (EM-II) completely online. The state has approved 12646 EM-I and 3339 EM –II online till date.
- Through single Window system a unique ID is generated for each applicant. This ID is available to multiple departments. It allows for tracking of application status by the investor. Single Window Agency and the respective departments.

3.14.1.2 Rajasthan Pollution Control Board

- For 88 categories of industries that are Green industries, the acknowledgement (of the receipt) of consent application (along with fee) serves the purpose of consent.
- Portal for submission of application, registration, renewal and issuing of certificate online. This portal of RPCB allows for uploading of supporting documents required while applying for CTE/CTO.

3.14.1.3 Labour Department

- Labour Department Management System (LDMS) allows filing of applications, registration,

licences, renewals, payments and filing of returns under 12 major labour legislations.

- Prior approval from higher authorities is required for inspection by labour inspectors and any establishments can be inspected only once a year.
- Notified key amendments in Industrial Disputes Act, 1947, the Contract Labour (Regulation & Abolition) Act, 1970 and the Apprentice Act, 1961.

3.14.1.4 *Factories and Boilers Departments*

- Rajasthan Factories and Boilers Module (RAJ FAB) has made the registration, renewal and submission of documents for compliance to Chief Inspector of Boilers completely online.
- With respect to Installation and repair of boilers, no prior permission is required and the investor has been given the choice in selecting the person to certify the boilers. Further annual renewal has been dispensed with.
- Territorial jurisdiction of Deputy Chief Inspector has been increased resulting in decentralization of powers under Factories Act, 1948. Further self-certification scheme in lieu of inspection under the act has been implemented completely thereby ending 'Inspector Raj'.

Rajasthan MSME Policy 2015

4.1 Preamble

Micro, Small and Medium Enterprises (MSMEs) cater to the vital needs of the economy in terms of their two specific roles, i.e. as a support base for large industry and as a stand-alone provider of goods and services. In fact, they form the backbone of the industrial sector in terms of numbers and provide the largest share of employment after agriculture.

Rajasthan is the largest State in India. Strategically located between the northern and western growth hubs in India, it has 40% of the land falling within the ambit of the upcoming Delhi-Mumbai Industrial Corridor (DMIC). Rajasthan is a remarkably peaceful and politically stable State, offering a set of unique opportunities for profitable investment in many sectors.

The State is endowed with abundant physical resources, rich mineral wealth, agro surplus, world-renowned handicrafts and handloom and outstanding skills. These provide ample opportunities for manufacturing, beneficiation, processing activities and services in the MSME sector, which has been the strength of the State. This sector plays a crucial role in the process of economic development by value addition, employment generation, equitable distribution of income, removal of regional disparities, as well as through export earnings. However, there remains a vast untapped potential which, through proper harnessing and nurturing, can be translated into huge gainful employment generation and many fold increase in contribution to the State's Gross Domestic Production.

4.2 Vision

It is the vision and endeavor of the State to encourage and give a fillip to the setting up of micro, small and medium enterprises in the State and create an enabling conducive environment for them to attain globally competitive competence level.

4.3 Approach and Strategy

To realize the vision, the approach and strategy for MSME development focuses on a combination of both fiscal and non-fiscal interventions. These policy initiatives are expected to provide a conducive environment to encourage increased investments in the MSME sector in the State.

The key measures include:

- 1 Streamlining procedures, rules and regulations for ease of doing business.
- 2 Strengthening the Single Window System to make it more effective under the provisions of the Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011.

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- 3 Setting up facilitation mechanisms for guidance to new investors and support to existing ones.
 - 4 Providing competitive fiscal incentives and concessions to attract investment.
 - 5 Creation of new industrial areas.
 - 6 Time bound allotment or conversion of land for industry.
 - 7 Encouragement of private industrial parks and MSME Clusters.
 - 8 Focus on thrust sectors, including handicrafts, handlooms and Khadi.
 - 9 Facilitate SMEs for raising obtaining credit/capital.
 - 10 Assist unemployed youth for setting up Micro Enterprises.
 - 11 Promoting start-ups and budding entrepreneurs through setting up of plug-and-play facilities and incubation centers.
 - 12 Marketing support to MSMEs.
 - 13 Encourage Quality Improvement and Research & Development.
 - 14 Promote adoption of practices for environment protection and water and energy conservation.
 - 15 Focused skill development programmes to provide adequate work force.
 - 16 Assist sick units in revival efforts.
 - 17 Strengthening of MSME Government support agencies.
 - 18 Recognition and encouragement to MSME adopting best practices.

4.4 Operative Period and Eligibility

- 1 This Policy shall come into effect from the date of its notification in the official Gazette and will remain in force till it is amended or superseded by the Government.
- 2 This Policy shall supersede the Policy Package for Micro, Small and Medium Enterprises, 2008 and the Notification No. F.1 (4)Ind./2/08 dated 13-2-2009 issued thereof.
- 3 Incentives, concessions and assistance to the MSMEs would be available to those who are eligible as per the provisions of Rajasthan Investment Promotion Scheme, 2014, hereinafter referred to as RIPS 2014.

4.5 Ease of Doing Business

1. Applications for all new investment proposals may be submitted at the District Industries Centre (D.I.C.) under the Single Window System for time bound approvals.
2. Online filing of E.M. I and E.M.II. Available.
3. Labour Laws Industrial Dispute Act, 1947, Factories Act, 1948, Contract labour (Regulation & Abolition) Act 1970 and Apprenticeship Act, 1961 have been amended with a view to make them more industry-friendly, especially for MSMEs and e-platform has been provided for registration and submission of returns.

4. For 88 Green category industries, the receipt of deposit of fees will be considered as 'NOC' from the Rajasthan State Pollution Control Board. Mapping of NIC codes for each of the 88 categories is being completed and will further facilitate the process.
5. The rules, regulations and procedures in each Government Department / Agency having an interface with the setting up of an enterprise are being continuously reviewed for simplification and expeditious disposal on a regular basis.
6. The District Industries Centers (DICs) shall be modernized through technology upgradation and capacity building of staff so as to restructure them as facilitating e-enabled centers to provide all the facilities related to the MSMEs such as land, electric/water connection, RPCB clearances, labour/ factory and boiler department/ VAT registration at a single point to ensure effective implementation of single window system and online approvals.

4.6 Facilitation

1. Setting up of a State level MSME Facilitation Centre that provides guidance and support to new investors in context of information about investment opportunities, procedure for setting up an industry, approvals required, guidance in preparation of project report, documentation, access to credit institutions and handholding support for registration and obtaining necessary clearances and approvals.
2. Such facilitation centers will be opened up at the district level in each D.I.C. in a phased manner over the next 3 years.
3. The State MSME Facilitation Council will be made more effective and strengthened by: Ensuring timely payments for goods supplied by MSMEs. Setting up a panel of arbitrators for expeditious resolution of disputes pertaining to delayed payments.
4. In addition to its regulatory functions, the Rajasthan State Pollution Control Board will also play an advisory and promotional role to facilitate the MSMEs comply with pollution control norms.

4.7 Fiscal Benefits and Incentives

All fiscal benefits and incentives to MSMEs shall be available as per the provisions of RIPS - 2014.

4.8 Infrastructure Development and Land for Industry

The State Government will establish land bank for industrial purpose by identifying suitable Government / private land. Land available for industry at different locations in the State shall be made available online.

A. RIICO Industrial Area

1. RIICO allots plots for industry in the industrial areas developed by it.
2. In the new industrial areas to be developed by RIICO, 30% plots will be reserved for Micro, Small and Medium Enterprises (MSMEs).
3. The concessions in land price to different categories will be as provided for in the RIICO Disposal of Land Rules, 1979.

4. Financing for purchase of a fresh plot in RIICO industrial area can be availed under RIICO's Scheme for Financing of Industrial Land.

B. Private Sector Industrial Parks

1. The State Government will encourage private sector investment for setting up industrial parks and clusters.
2. Conversion of land for private sector industrial parks / estates shall be in accordance with the provisions of the Rajasthan Land Revenue (Conversion of Agriculture land for Non-Agriculture Purposes in Rural Areas) Rules 2007 and Rajasthan Urban Areas (Permission for Use of Agriculture land for Non-Agricultural Purpose and Allotment) Rules, 2012, as applicable.

C. Land by Individual Units

1. Other than allotment / purchase of land as per A. and B. above, allotment of Government land in rural areas, set apart for industry, can be applied for under the provisions of the Rajasthan Land Revenue (Industrial Areas Allotment) Rules, 1959. The application will be disposed of within a period of 60 days.
2. For setting up an enterprise, 50% exemption on stamp duty and 50% exemption of land conversion charges is available under RIPS-2014.
3. Application for conversion of the agriculture land for industry can be made in accordance with the provisions of the Rajasthan Land Revenue (Conversion of Agriculture land for Non-Agriculture Purposes in Rural Areas) Rules 2007 /Rajasthan Urban Areas (Permission for Use of Agriculture land for Non-Agricultural Purpose and Allotment) Rules, 2012, as applicable, and the same will be disposed off within the time period of 60 / 45 days, as applicable.
4. The following concessions / exemptions are available for conversion of land for industry in rural areas:
 - (a) No conversion order required for :-
 - Up to 2500 square meters land for micro and small industries
 - Up to use of 5% agriculture land for agri-business
 - If entire land, and any building thereon, is used for I.T. (subject to payment of conversion charges)
 - (b) Declared such by order of Rajasthan State Pollution Control Board.
 1. Conversion of agriculture land falling within 1 km. periphery of any industrial area developed by RIICO would attract peripheral charges as prescribed by RICCO from time to time.
 2. Conversion order, as applicable, will be issued within 15 days of full deposit of the required charges.

4.9 Development of MSME Clusters

1. The State Govt. shall encourage cluster development approach as an effective strategy for the development of MSMEs. It is cost-effective, inclusive, sustainable and enables competitiveness.

- 2 The basic aim of the strategy and approach would be addressing critical infrastructure gaps, and optimizing local resources with the objective of creating production centers constituting the critical mass to become production or service hubs so as to ensure economy of scales for overall benefit. Sectors namely handicrafts, handloom and Khadi, gems and jewellery, agrobased/ food processing, leather and leather products, textiles and apparels, stone, ceramics and glass, pottery, light engineering and auto components, ESDM, IT, ITeS etc. shall be taken up on priority for development in clusters, especially for the development of artisans, craftsmen, weavers and micro enterprises.
- 3 Interventions based on identified missing links, nature and level of required support in the field of infrastructure, capacity building of human resources, market development assistance, technology adoption and product diversification shall be taken up for the implementation of cluster development projects.
- 4 In addition to State schemes, the State Government will provide all necessary support and contribution for maximizing the benefits of the Cluster Development Schemes for MSME of the Central Government.

4.10 Khadi, Handloom and Crafts sector

The State Government will make concerted efforts for the development of the Khadi, Handloom and craft sectors and for employment generation and increased earning opportunities of the artisans and weavers. The interventions will include design development, innovations, product development, skill development, technological upgradation, quality improvement, branding, marketing support and various other means for popularizing these handicrafts for contemporary use. State and District-wise Inventory of Crafts and directory of artisans would be prepared as part of this concerted strategy for focused development.

4.11 Credit Access and Support

- 1 MSMEs shall be facilitated in seeking credit from financial institutions by providing them required information and help in documentation.
- 2 Rajasthan Financial Corporation (RFC), a State Government undertaking, shall provide credit to MSME enterprises on easier terms under its loan schemes.
- 3 Credit up to a maximum of Rs. 5.0 crore can be availed by young entrepreneurs (up to age 45 years) for setting up a new enterprise, with interest subsidy of 6% applicable up to a maximum credit limit of Rs. 90 lakh, under the Yuva Udyamita Protsahan Yojna of RFC.
- 4 Interest subsidy would be provided to unemployed youth, women, educated and unemployed women and S.C., S.T. and Specially-abled Persons for setting up micro enterprises, as per the provisions contained in the Chief Minister's Employment Generation Scheme, 2015, as notified by the State Government.
- 5 For those MSEs seeking collateral free loan (of up to Rs. 1 crore) from financial institutions under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) the one-time service processing fees charged by NSIC / State Agency / Financial Institution for documentation and submission to the financial institution shall be reimbursed by the State Government on sanction of loan, subject to a maximum of 0.5% of the loan amount or Rs. 25,000/-, whichever is less.

- 6 For women, SC / ST and Specially-abled entrepreneurs, the service processing fees charged, as mentioned in clause (2) above, shall be reimbursed by the State Government on sanction of loan, subject to a maximum amount of Rs. 50,000/-.
- 7 In addition to availing credit from commercial banks, other financial institutions and RFC, SMEs can also avail credit under the on-going financing schemes of RIICO.

4.12 Support To Small & Medium Enterprises (SMEs) For Raising Capital

Under the new guidelines of SEBI, SMEs can raise equity capital through SME exchange. With a view to encourage SMEs to raise funds through this route, assistance will be provided to the extent of 10% of the expenditure incurred, subject to a maximum of Rs.2.5 lakh one time after successful raising of equity.

4.13 Support For Start-Up Business and Budding Entrepreneurs

- 1 To assist start-up ventures and budding entrepreneurs plug and play facilities will be encouraged to be set, especially in the sectors of IT, Garment-making, Electronics and ESDM so that the new entrants in these fields may have access to easy entry and exit facilities for immediate starting their business venture.
- 2 RIICO / RSIC would develop flatted factory complexes, including plug-and-play facilities, for MSMEs, with 24 hour 3 phase uninterrupted power supply and enabling infrastructure. In such complexes, allotment shall be only to non-polluting enterprises. These shall be developed on nonprofit no-loss basis. For this purpose, the State Govt. shall provide 10% subsidy to RIICO / RSIC towards its capital cost.
- 3 Rapid Incubation Centers would be established in each District of the State for encouraging unemployed youth and other entrepreneurs for setting up new micro and small enterprises. This would include entrepreneur business skill development, identification of appropriate technology, hands-on experience on the working projects, projects/product selection and opportunity guidance, facilitation on fund management through Banks, interaction with project suppliers for machine technology supply, how to set up an enterprise and facilitation for project report preparation.
- 4 With a view to provide access to young entrepreneurs to new and emerging technology a 3-D and robotics Laboratory would be set up, for which the State Government will provide Rs. 5 crore.

4.14 Marketing Support to MSMEs

- 1 *Organization of Fairs, Expositions, B&S meets* : With a view to create more business opportunities for MSMEs and to establish linkages between vendors and anchor units marketing events for MSMEs like Buyer-Seller Meets, trade fairs& expositions, etc. would be organized. Assistance would also be provided under on-going schemes for setting up stalls and participation in such events within the State as well as in national and international events.
- 2 *Vendor Development of MSEs* : In order to equip SMEs to cater to the requirements of the PSUs, activities would be taken up under the vendor development Programme for a

direct interface and linkages between the PSUs and the vendors. In addition, consortia of MSEs would be encouraged through NSIC / RSIC in order to enable MSEs to meet the requirements of large order procurements through package bidding.

3. *Purchase Preference for MSEs* : The State Govt. will provide the following facilities for purchase of stores/ services by its various departments, PSUs and autonomous bodies from MSMEs, registered/ having Entrepreneur Memorandum with the Industries Department:-
 - (a) Concessions in Tender Forms etc. for Micro and Small Enterprises (MSEs):
 - (a) Tender form shall be made available at 50% of the prescribed cost.
 - (b) Earnest money shall be deposited at 0.5% of the estimated value of purchases/ services.
 - (c) Security deposit will be 1% of the value of the purchases/ services.
 - (b) Purchase preference to MSMEs of the State in accordance with the provisions stated in the Procurement of Stores (Preference to Micro, Small & Medium Enterprises of Rajasthan) Rules, 2015, as notified by the State Government.
4. *Marketing Support to Handicrafts* : With a view to provide sustainable market access to artisans for sale of their products, artisans / artisan bodies will be effectively linked with organizations / institutions / agencies that are engaged in marketing and access to e-commerce platforms will be encouraged. In addition, State level crafts bazaar would be organized round the year and would include an annual mega event.

4.15 Support for Quality Improvement

1. The following assistance would be provided to MSME to get quality certification to enable them to introduce quality products in the competitive market :
 - (a) 50% of all charges up to a maximum amount of Rs. 3 lakh paid for obtaining of each certification for ISI /BIS / WHO-GMP / Hallmark certifications & other national/international certification approved by Quality Council of India.
 - (b) 50% of fee payable to Recognized International Certification Authority and 50% cost of testing equipment and machinery required for that certification, up to a maximum amount of Rs. 5 lakh (inclusive of the two categories, i.e. certification and testing equipment / machinery).

Note:

- i. The cost for certificate will include: (a) Fee charged by certification agency (excluding travel, hotel & surveillance charges) (b) Cost of testing equipment as required for certifications (c) Calibration charges of equipment.
- ii. Not eligible : (a) If any certification referred above is required as part of statutory provision. (b) Testing equipment purchased after the issuance of Quality certificate shall not be eligible for assistance. (c) Expenditure incurred for renewal of certificate.
- iii. This assistance will be supplementary to such scheme of Government of India

(GOI). However, in no case total assistance from GOI and the State Government would exceed 75% of the total eligible cost incurred by MSME for said purpose.

2. To encourage MSMEs / Handicraft / Handloom enterprises to attain international quality benchmark, the State Govt. will endeavour to get regional offices/ branches of national laboratories like CLIR, CFTRI, etc. established in the State. The State Govt. will provide land at 50% of the DLC rate and also provide part of the capital cost for setting up such laboratories/ institutions.
3. Research, Development and Testing laboratories set up by MSME associations will be given land at 50% of the DLC rates and the State Government shall provide 50% of the capital cost incurred on establishment of such laboratories subject to a limit of Rs. 2.00 cr., provided that such laboratories obtain accreditation from a national level Accreditation Board/ Authority.

4.16 Support for Environment Conservation

1. RIICO will provide land at 50% of the prevailing rate (in the case of RIICO industrial area) and the State Govt. shall provide 50% of the capital cost for establishment of Common Effluent Treatment Plant (CETP) by Industry Associations / SPV in industrial areas/ clusters, as per applicable laws, subject to the following conditions:
 - (a) The capital cost will include the total project cost, i.e. of land, plant and machinery, on-site laboratory, conveyance system, recirculation system, disposal system etc. that are part of the integral project.
 - (b) The State assistance of 50% of the total project cost shall be subject to a ceiling of Rs. 20 crore in projects without ZLD and Rs. 40 crore for projects with ZLD. The State Government funding shall also be restricted to Rs. 1.5 crore MLD for a CETP project without ZLD.
 - (c) The State Government shall not have any liability towards time and cost over runs.
 - (d) In case assistance is availed under any scheme of Government of India, the State Government assistance shall be restricted to the amount provided for the State share under the said scheme.
 - (e) Operational/ running/ maintenance cost of such plants and facilities will be borne by such MSME associations.
2. The State Govt. shall bear 50% of the capital cost, maximum up to Rs. 25 lakh, incurred by the small and medium enterprise for establishment of Effluent Treatment Plant (ETP)/ facility provided the enterprise uses 80% of the recycled water.

4.17 Skill Development/Manpower Availability

1. The R.S.L.D.C. is the State Nodal Agency for imparting skill development training across the State. These programmes would be focused on providing the skilled manpower as per the requirements of the MSME enterprises.

- 2 RSLDC would also maintain a data base that is accessible to the enterprises and provides a direct interface with the skilled manpower available for ready employment.

4.18 Rehabilitation of Sick MSME units

- 1 SME Sick Industrial enterprise, under the ambit of the Sick Industrial Companies (Special Provisions) Act, 1985, will be covered under the rehabilitation scheme for such enterprise as approved, in accordance with the procedures set forth under the Act.
- 2 The following category of sick MSE manufacturing units would be eligible for relief, concessions and incentives in accordance with the Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme, 2015:
 - a) A manufacturing micro and small enterprise, which has been taken over before the commencement or during the operative period of this Scheme and sold during the operative period of the Scheme to a new management by RIICO/ RFC / Central Financial Institutions / Banks; and
 - b) A manufacturing micro and small enterprise not covered under the provisions the Sick Industrial Companies (Special Provision) Act, 1985, identified as sick by the principal loaning bank in accordance with the guidelines issued by the Reserve Bank India, from time to time and declared as sick in accordance with the procedure as prescribed under the Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme, 2015.

4.19 Strengthening of MSME Government support agencies

- 1 The Office of The Commissioner of Industries shall be restructured to facilitate greater focus and emphasis on the development of handloom and handicraft and Micro, Small and Medium Enterprises.
- 2 The State Govt. shall restructure and reorganize and strengthen the various MSME support Government agencies like Rajasthan Handloom Development Corporation (RHDC), Rajasthan Rajya Bunkar Sahkari Sangh Limited (RRBSSL), Rajasthan Small Industries Corporation Limited (RSIC), Khadi and Village Industries Board (KVIB), Rural non-farm Development Agency (RUDA) with a view to remove duplication of work, and to focus on their key development / commercial goals.
- 3 The organizational structure, activities and mode of functioning of the Rajasthan Small Industries Corporation Limited (RSIC) shall be revamped with a view to provide focus on production and marketing of quality handicrafts with required brand building.

4.20 Awards to Best Performing Enterprises

1. Awards would be given to best performing enterprises and artisans with a view that they act as role models for others for adoption of best practices for mass replication. These would include:
 - (a) Rajasthan Udyog Ratna Awards will be given to the MSMEs for growth in production, exports, quality, technological innovations and best practices for environment, water and energy conservation.

(b) State Handloom and Handicraft Awards will be given to the enterprises and outstanding artisans / craftsmen in the Handloom and Handicraft sector.

4.21 MSME Advisory Committee

A State Level MSME Advisory Committee will be set up under the chairmanship of Minister Industries and will include the MSME Industry Associations as members. The Committee would deliberate on issues in the larger interest of the MSMEs in the State and put forward its suggestions to the State Government.

4.22 Nodal Department

The Industries (MSME) Department would be the nodal department for the implementation of the MSME Policy 2015.

Incentives Available to MSMEs under Rajasthan Investment Promotion Scheme, 2014

Launched -8.10.2014

Effective up to 31.3.2019

Applicable for :

1. New Enterprise
2. Existing Enterprise making investment for expansion
3. Sick industrial enterprise for its revival

Benefits provided to All Manufacturing and Service Enterprises:-

<i>Manufacturing Enterprises</i>	<i>Service Enterprises</i>
30% investment subsidy on VAT & CST paid*	Reimbursement of 50% of VAT paid on purchase of Plant & Machinery or Equipment*
20% employment generation subsidy of VAT & CST paid	50% exemption of entertainment tax,
50% exemption on electricity duty	50% exemption of electricity duty
50% exemption of Mandi fee All above - for 7 Years	50% exemption of Land Tax All above - for 7 Years
50% exemption on stamp duty and conversion charges	50% exemption on stamp duty and conversion charges

* Additional 10% for eligible Women, SC, ST and Persons with Disabilities.

Benefits to enterprises in Most Backward and Backward Areas: -

Above benefits for enterprises located anywhere extended to ten years (except for interest subsidy).

<i>Most Backward Areas</i>	<i>Backward Areas</i>
Manufacturing Enterprise – Additional investment subsidy of 20% of VAT & CST paid for 7 years.	Manufacturing Enterprise – Period of benefits, Except for interest subsidy, extended from 7 years to 10 years.
Service Enterprise - Additional 20% reimbursement of VAT paid on the plant & Machinery or equipment for 7 years.	For service enterprise- additional 10% reimbursement of VAT paid for seven years.

- Specific benefits for following thrust sectors:-
 - i. Ceramic and Glass
 - ii. Dairy
 - iii. ESDM
 - iv. Industrial Gases
 - v. MSME
 - vi. Pharmaceutical
 - vii. Plastic to Oil Manufacturing
 - viii. Textile
 - ix. Power loom
 - x. Tourism
 - xi. Kota stone, Marble and Granite
 - xii. Defense Sector.

Specific benefits for Thrust Sectors (as applicable to MSME)

- i. *Ceramic and Glass sector* - For minimum investment of Rs. 5 crore-50% Investment subsidy and up to 10% Employment Generation subsidy of VAT & CST for 10 years.
- ii. *Dairy sector* - For minimum investment of Rs. 25 crore-50% Investment subsidy and up to 10% Employment generation subsidy of VAT & CST for 10 years, 50% Entry Tax Exemption on capital goods, for setting up new plant or expansion of existing enterprises.
- iii. *ESDM sector* - For investment of Rs. 25 lakh but below Rs. 250 crore-75% Investment subsidy for first 4 years, 60% for next 3 years and 50% for last 3 years and up to 10% Employment Generation subsidy of VAT & CST for 10 years. 50% Entry Tax exemption on capital goods, for setting up new plant or expansion of existing enterprises.
- iv. *MSME sector* - In addition to the benefits given to manufacturing enterprises, 75% exemption from electricity duty for Micro & Small enterprises in rural areas, Reduced CST of 1% for 10 years, 50% exemption from payment of entry tax on raw and processing materials and packaging materials excluding fuel.
- v. *Plastic to Oil Manufacturing sector* - For minimum investment of Rs. 1 crore-60% Investment subsidy & 10% Employment generation subsidy of VAT & CST for 10 years. 50% Entry Tax exemption on capital goods, for setting up new plant or expansion of existing enterprises.
- vi. *Textile sector* - For minimum investment of Rs. 25 lakh -5% interest subsidy, 1% additional interest subsidy for investment more than Rs. 25 crore, 7% interest subsidy for technical textile sector, 50% reimbursement on purchase of yarn, fibre, recycled fibre yarn, cotton and pet bottles, 50% Entry Tax Exemption on capital goods, for setting up new plant or expansion of existing enterprises, capital subsidy on zero liquid discharge based ETP equivalent to 20% of amount paid to the suppliers for the plant excluding civil work (max. Rs. 1 crore).
- vii. *Power loom sector* - For minimum investment of Rs. 25 lakh and minimum employment

10 persons in an area specified in the districts of Jodhpur, Pali and Barmer -same benefits as provided to the textile sector, 30% additional reimbursement of VAT on purchase of yarn for 7 years.

- viii. Kota stone, Marble and Granite Sector-For minimum investment of Rs. 25 lacs-55% Investment subsidy & 10% Employment Generation subsidy of VAT & CST for 7 years Government of Rajasthan

Rajasthan MSME Assistance Scheme, 2015

Industries (Gr. 2) Department

No. F.1 (14) Udyog/2/2014

Date: Nov. 10, 2015

Notification

The Rajasthan MSME Assistance Scheme, 2015

In accordance with the provisions contained in The Rajasthan MSME Policy, 2015 and to give effect to the benefits as provided in the policy, the following scheme is being introduced in the State.

1. Title

The Scheme shall be known as "The Rajasthan MSME Assistance Scheme, 2015 hereinafter referred to as the "Scheme".

2 Operative Period

The scheme shall be operative from the date of its notification in the official Gazette and will remain in force up to 31st March, 2019.

3 Applicability of the Scheme

The scheme shall be applicable to all new & existing Micro, Small and Medium Enterprises having acknowledgement of either Entrepreneurs Memorandum-I or Entrepreneurs Memorandum-II, issued by Industries (MSME) Department or Udyog Aadhaar Acknowledgement issued under MSMED Act 2006.

4. Definitions

- (a) Assistance means the Scheme.
- (b) "Capital Cost" means cost of land, building including the structure required for/ and plant & machinery and equipment.
- (c) "CETP" means Effluent Treatment Plant for water which has been set up for common use, duly approved by Rajasthan Pollution Control Board.
- (d) "DIC" means District Industries Centre.
- (e) "ETP" means any plant/facility established for treating the effluent water by the enterprises, duly approved by Rajasthan Pollution Control Board.

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- (f) "Government" means Government of Rajasthan.
 - (g) "MSME" means Micro, Small and Medium Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006.
 - (h) "Research & Development" means the processing by which new product and new forms of old products are brought into through technology innovation and shall inter alia include basic research and applied research.
 - (i) "Association of MSME / SPV" means an agency/company/society etc. to be formed/ incorporated for execution of particular project.
 - (j) "Testing Laboratory" means creation of facility for testing any process or product either as per the norms provided by BIS or as per procedure adopted by a national level accreditation board/ authority for accreditation.

5. Eligibility

All Micro, Small and Medium Enterprises, which fulfill the eligibility conditions as provided in The Rajasthan MSME Policy, 2015 shall be eligible for benefits of this scheme.

6. Assistance

The following assistance/ benefits shall be made available under the Scheme:-

- A. Credit Access & Support (under clause 11(5) & (6) of the Rajasthan MSME Policy 2015)
 - (i) For those MSEs seeking collateral free loan from financial institutions under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) the one-time service processing fees charged by NSIC/ State Agency/ Financial Institutions for documentation and submission to the financial institution shall be reimbursed on sanction of loan, subject to a maximum of 0.5% of the loan amount or Rs. 25,000/- whichever is less.
 - (ii) For women, SC/ ST and Specially-abled entrepreneurs, the service processing fees charged (as mentioned at clause 11(2) under the Rajasthan MSME Policy -2015), shall be reimbursed on sanction of loan, subject to a maximum amount of Rs. 50,000/-.
- B. Support to Small & Medium Enterprises (SMEs) for Raising Capital (under clause 12 of the Rajasthan MSME Policy - 2015)

One-time assistance on raising funds through SMEs Exchange for SMEs to the extent of 10% of the expenditure incurred, subject to a maximum of Rs. 2.5 lacs, after successful raising equity.
- C. Support For Start-Up Business and Budding Entrepreneurs (clause 13(1) & (2) of the Rajasthan MSME Policy -2015)
 - (i) To assist start-up ventures and budding entrepreneurs plug-and play facilities will be encouraged to be set, especially in the sectors of IT, Garment-making,

Electronics and ESDM so that the new entrants in these fields may have access to easy entry and exit facilities for immediate starting their business venture.

- (ii) RIICO / RSIC would develop flatted factory complexes, including plug-and-play facilities, for MSMEs, with 24 hour 3 phase uninterrupted power supply and enabling infrastructure. In such complexes, allotment shall be only to non-polluting enterprises. These shall be developed on no-profit no-loss basis. For this purpose, the State Govt. shall provide 10% subsidy to RIICO / RSIC towards its capital cost.
- D. Support for Quality Improvement [under clause 15(1-a & b), 2 & (3) of the Rajasthan MSME Policy -2015]
- (i) Reimbursement of 50% of all charges, up to a maximum amount of Rs.3.00 lacs, paid by the MSME for obtaining ISI/ BIS/ WHO-GMP/ Hallmark Certification and other national/international certification approved by Quality Council of India.
- (ii) Reimbursement of 50% of the fee paid by the MSME to Recognized International Certification Authority and 50% cost of the testing equipment and machinery required for that certification, subject to a maximum amount of Rs. 5 lacs.

Note:

- (a) The cost for certificate will include:
- Fees charged by certification agency (excluding travel, hotel & surveillance charges)
 - Cost of testing equipment as required for certifications
 - Calibration charges of equipment
- (b) Not eligible:
- If any certification referred above is required as part of statutory provision.
 - Testing equipment purchased after the issuance of Quality certificate shall not be eligible for assistance.
 - Expenditure incurred for renewal of certificate
- (c) This assistance will be supplementary to such scheme of Government of India (GOI). However, in no case total assistance from GOI and the State Government would Exceed 75% of the total eligible cost incurred by MSME for said purpose.
- (iii) To encourage MSMEs / Handicraft / Handloom enterprises to attain international quality benchmark, the State Govt. will endeavour to get regional offices/ branches of national laboratories like CLIR, CFTRI, etc. established in the State. The State Govt. will provide land at 50% of the DLC rate and also provide part of the capital cost for setting up such laboratories/ institutions.
- (iv) Research & Development or Testing Laboratory set up by MSME Association will be given land at 50% of the DLC rate (or RIICO rate, in case of RIICO Industrial Area) and having obtained accreditation from a competent national level Accreditation Board/Authority, shall be provided assistance to the extent of 50% of the capital cost, subject to a maximum of Rs. 2 crore.

- E. Support for Environment Conservation (clause 16(1) & (2) of the Rajasthan MSME Policy - 2015)
- i. 50% of the Capital cost shall be provided for establishment of Common Effluent Treatment Plant (CETP) by Industry Association/ SPV in industrial areas/clusters in the State subject to following conditions:-
 - (a) The capital cost will include the total project cost, i.e. of land, plant and machinery, onsite laboratory, conveyance system, recirculation system, disposal system etc. that are part of the integral project.
 - (b) The State assistance of 50% of the total project cost shall be subject to a ceiling of Rs. 20 crore in projects without ZLD and Rs. 40 crore for projects with ZLD. The State Government funding shall also be restricted to Rs. 1.5 crore MLD for a CETP project without ZLD.
 - (c) The State Government shall not have any liability towards time and cost over runs.
 - (d) In case assistance is availed under any scheme of Government of India, the State Government assistance shall be restricted to the amount provided for the State share under the said scheme.
 - (e) Operational/ running/ maintenance cost of such plants and facilities will be borne by such MSME associations.
 - ii. 50% of the capital cost (max. Rs. 25 lacs) incurred by the Small and Medium Enterprises for establishment of Effluent Treatment Plant, provided that the enterprise establishing the ETP uses 80% of the recycled water.

7. Authority to Grant assistance under the Scheme

There shall be two levels of committee for sanction of assistance under the scheme as follows:

- I. *State Level Committee* : The State Level Committee shall consist of the following members:

<i>S.No.</i>	<i>Description</i>	<i>Designation</i>
1.	Principal Secretary, MSME	Chairman
2.	Secretary, Finance (Expenditure) or his representative not below the rank of Dy. Secretary	Member
3.	Managing Director, RIICO or representative not below the rank of General Manager	Member
4.	Commissioner Industries	Member
5.	Chairman, Rajasthan State Pollution Control Board or his representative	Member
6.	Additional Director/Joint Director Industries nominated by Commissioner Industries	Member-Secretary

II. *District Level Committee* : The District Level Committee shall consist of the following members:

8. Procedures

Claim of concessions as per Clause - 6:

- (i) Application for availing assistance under Clause 6 (A) shall be submitted in prescribed Form-1, as appended to the Scheme (clause 11(5) & (6) of the Rajasthan MSME Policy -2015), along with required documents, to the Convener of District Level Committee within 90 days of sanction of loan. The Convener shall process the application and put up the same before the District Level Committee for sanction.
- (ii) Application for availing assistance under Clause 6 (B), after successful completion of raising of funds through SME Exchange, shall be submitted in prescribed Form-2 as appended to the Scheme (clause 12 of the Rajasthan MSME Policy -2015) to the Member Secretary, State Level Committee within 90 days for sanction by the State Level Committee.
- (iii) Application for availing assistance under Clause 6 (D) (i) and (ii) shall be submitted in prescribed Form-3 as appended to the Scheme (under clause 15(1) of the Rajasthan MSME Policy -2015) to the Convener of the District Level Committee within 180 days of issuance of the certificate. The Convener shall process the application and in respect of Clause 6 (D) (i) shall place it before the District Level Committee for sanction and in the case of Clause 6 (D) (ii) shall forward it to the State Level Committee for sanction.
- (iv) Any Micro, Small and Medium Enterprises Association (in any form of constitution) setting up Research & Development or Testing laboratory in the State and seeking to avail assistance under Clause 6 (D) (iv) shall submit an application in prescribed Form-4 as appended to the Scheme (clause 15(3) of the Rajasthan MSME Policy 2015) to the Convener of the District Level Committee within 180 days of the said Laboratory becoming operational. The Convener, after due physical verification, shall forward it to the Member Secretary of the State Level Committee, along with the report, for grant of assistance.
- (v) Any Industry Association (in any form of constitution) setting up Common Effluent Treatment Plant /Facilities (CETP) in any industrial area, and seeking to avail assistance under Clause 6 (E) (i) of the Scheme, shall submit an application in the prescribed Form -5 as appended to the Scheme (clause 16 (1) of the Rajasthan MSME Policy -2015) to the Member Secretary of the State Level Committee. The Member Secretary, after getting due physical verification done, shall submit the application to the State Level Committee for grant of assistance. The Committee shall grant sanction/ disburse 50% of the capital cost of the CETP/Facilities in two installments. 25% of the total capital cost (or 50% of sanctioned grant) shall be disbursed in advance. The remaining 25% of the total capital cost (or 50% of sanctioned grant) shall be disbursed once the Association submits Chartered Accountant Certificate to the effect that 100% of the capital cost for the establishment of CETP/Facilities has already been invested including 25% amount released by the Government, after commissioning of the CETP/ Facilities along with NOC from the Rajasthan Pollution Control Board.

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- (vi) Application for availing assistance under Clause 6 (E) (ii) shall be submitted in prescribed Form-6 as appended to the Scheme (clause 16(2) of the Rajasthan MSME Policy -2015) to the Member Secretary of the State Level Committee. The Member Secretary, after getting due physical verification done, shall submit the application to the State Level Committee for grant of assistance. The Committee shall grant 50% of the capital cost of the ETP in two installments. 25% of total capital cost (or 50% of sanctioned grant) of the ETP shall be released in advance, against submission of Bank Guarantee of equivalent amount. Remaining 25% of the total capital cost (or 50% of sanctioned grant) shall be released on the ETP becoming operational and the Enterprise submits Chartered Accountant Certificate to the effect that 100% of the capital cost has already been invested including 25% of amount released by the Government along with NOC from the Rajasthan Pollution Control Board.
- (vii) Assistance under Clause 6 (C) and (D) (iii) will be sanctioned by the State Government on a case-to-case basis.
9. The assistance sanctioned under the scheme shall be subject to the conditions mentioned below. Breach of any of these conditions shall make the assistance disbursed liable to be recovered, and in case of default, to be recovered as arrear of land revenue, along with the interest @ 18% per annum payable from the date on which the assistance was provided:
- (a) The entity availing any concession under the Scheme shall be subject to the conditions, procedures, instructions, clarifications or amendments issued from time to time under the Scheme.
- (b) In the event of any MSME obtaining the requisite certification (as per Clause 6 (D), if found violating any of the provisions required for such certification or such certification being withdrawn subsequently by the competent authority / agency, the reimbursement of expenditure paid to the MSME shall be recovered.
- (c) Any Research & Development or Testing Laboratory set up by MSME Association, if loses accreditation from the competent Board /Authority, shall be liable to pay back the assistance provided under the Scheme with immediate effect.
- (d) Industry Association / SPV setting up CETP and Units setting up ETP that have been provided assistance under the Scheme, shall comply with all the statutory laws and regulations, including the norms and procedures prescribed by the Rajasthan Pollution Control Board. Non-compliance made therein would result in cancellation / recovery of the assistance under the scheme.

10. Authority for implementation/ interpretation

The Industries (MSME) Department shall act as the nodal, coordinating, monitoring and implementing Department. Any matter pertaining to the interpretation of any clause of the scheme shall be referred by the appropriate committee and authority to the Government of Rajasthan in the Industries (MSME) Department, whose decision shall be final in such a matter.

11. Review and Appeal

- (i) The State Level Committee/ District Level Committee prescribed under clause 7

of the scheme shall also be empowered to review their decisions. The State Level Committee shall hear and decide the appeal against the orders of the District Level Committee provided that the aggrieved applicant has filed appeal application or review application within the period of 60 days from the date of communication of the decision. The District Level Committee shall abide by the decision taken by the State Level Committee in matters of review and appeal. The State Level Committee can issue instructions/guidelines to the District Level Committee generally and particularly while remanding the case back, if deemed appropriate, to the concerned District Level Committee.

(ii) Appeal against State level:

(a) The State Empowered Committee constituted under section 3 of the Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011 shall be empowered to hear and decide appeals against the order of State Level Committee.

(b) The application for appeal shall be filed within a period of 60 days from the date of communication of the decision.

12. Revision by the State Government

(a) The State Government in Industries (MSME) Department may suo moto or otherwise revise an order passed by District / State Level Committee wherever it is found to be erroneous and prejudicial to the interest of the State revenue, after affording an opportunity of hearing to the beneficiary or Micro, Small & Medium Enterprises/Associations.

(b) No order under the sub clause (a) shall be passed by the State Government after expiry of a period of 5 years after the date by which the assistance under this Scheme is fully availed of.

13. Review or Modification of the Scheme:

The State Government in the Industries Department reserves the right to review or modify the Scheme. Any review or modification will be done by the Administrative Department with concurrence of Finance Department. This Scheme is issued with the consent of Finance Department conveyed vide its U.O. Note No. F.12 (99) FD/Tax/2007-Pt. dated 6-11-2015

By Order

(Suchi Sharma)

Joint Secretary to Government

No. F. 1(14) Udyog/2/2014

Date: Nov. 10, 2015

Copy to for information and necessary action:

1. P.S. to Minister, Industries, Government of Rajasthan, Jaipur.
2. Principal Secretary, MSME, Government of Rajasthan, Jaipur.

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3. Principal Secretary, Industries, Government of Rajasthan, Jaipur.
 4. Principal Secretary, Finance, Government of Rajasthan, Jaipur.
 5. Principal Secretary, Revenue, Government of Rajasthan, Jaipur
 6. Commissioner, Industries, Government of Rajasthan, Jaipur.
 7. Commissioner, Commercial Taxation Department, Jaipur.
 8. All District Collectors.
 9. All General Managers, District Industries Centres.
 10. Superintendent, Government Press, Jaipur.
 11. Guard File.
 12.

Joint Secretary to Government

FORM - 1

Application for grant of reimbursement of fee paid by MSEs/ Women SC/ ST and Specially-abled entrepreneurs for sanction of loan (Under The Rajasthan MSME Assistance Scheme, 2015) (The Rajasthan MSME Policy, 2015) [See Clause 8 (i)]

To,
Convener,
District Level Committee

Sub : Regarding reimbursement of fee paid by MSEs /Women SC/ ST and Speciallyabled entrepreneurs for sanction of loan.

- 1 Name of Enterprise :
- 2 Address of the Enterprise :
- 3 Name of items manufactured/Service provided :
- 4 Amount of loan sanctioned :
- 5 Name of loan Sanctioning Institution :
- 6 Service charges paid for sanction of loan :

Signature
(Authorized Signatory or Applicant)
Name & Designation

Encl.-

1. Copy of sanction letter from Financial Institution.
2. Bill/ vouchers regarding service charges paid to the Financial Institution.

FORM - 2

Application for reimbursement of raising of funds through SMEs exchange
(Under The Rajasthan MSME Assistance Scheme, 2015) (The Rajasthan MSME Policy, 2015)
[See Clause 8(ii)]

To,
Member Secretary
State Level Committee
O/o Commissioner Industries
Rajasthan, Jaipur

Sub : Regarding expenditure incurred on raising of funds through SMEs exchange.

- 1 Name of Enterprise :
- 2 Address of the Enterprise :
- 3 Name of items manufactured / Service provided :
- 4 Expenditure incurred on raising of fund Through SMEs exchange :

Signature
(Authorized Signatory or Applicant)
Name & Designation

Encl.-

1. Bill/ vouchers regarding expenditure incurred through raising of fund through SMEs exchange.

FORM - 3

Application for Reimbursement of the Expenses for obtaining ISI/BIS/WHO-GMP/Hallmark Certification. (Under The Rajasthan MSME Assistance Scheme, 2015) (The Rajasthan MSME Policy, 2015) [See Clause 8(iii)]

To,
Convener
District Level Committee

Sub : -Regarding Reimbursement of the Expenses for obtaining ISI/ BIS /WHOGMP/ Hallmark Certification/Recognized International Certification.

- 1 Name & Address of Applicant along with Telephone No., Fax No. & E-mail ID
- 2 Name & Designation of contact person along with Telephone No. Mobile No, fax No. and E-mail ID
- 3 Item(s) of manufacture/processing/ Service and their present stage.
- 4 Acknowledgement No. & date of E.M. or Udyog Aadhaar of the individual unit.
- 5 Location of Project Tehsil Sub -Division District
- 6 Name and address of ISI/ BIS /WHO-GMP/Hallmark certification agency And the certificate No. & its date and The details for which the certificate has been obtained (Attach copies of the certificate of ISI/ BIS /WHO-GMP/ Hallmark)
- 7 Details of expenditure incurred in Obtaining ISI/ BIS /WHO-GMP/Hallmark certification.

<i>S. No.</i>	<i>Purpose</i>	<i>Party's Name</i>	<i>Invoice No. & Date</i>	<i>Invoice Amount</i>	<i>Receipt No. Date & Amount</i>	<i>Remarks</i>
1	2	3	4	5	6	7

- i. Application fee/certification fee
- ii. Calibration charges of equipment
- iii. Cost of testing equipment as required for certifications

Total:

Date

Place

Signature
(Authorized Signatory or Applicant)
Name & Designation

Enclose:-

- (i) Attested copies of all invoices and their receipts (enclose both for each payment) showing proof of the payments made to various agencies.
- (ii) CA certificate certifying the expenses in obtaining ISI/ BIS /WHO-GMP/Hallmark certificate.

DECLARATION

I/We hereby declare that the information given herein the applications from along with statements and other papers enclosed are, to the best of our knowledge and belief, true and correct in all particulars. I/We also confirm that the assistance given by the State Government will be utilized for the purpose for which it is given and the utilization certificates in this regard will be sent from time to time. I/We also abide to keep informing to the State Government about the status of the ISI/ BIS /WHO-GMP/Hallmark certification and shall immediately inform the State Government if ISI/ BIS /WHO-GMP/Hallmark certification is withdrawn by the competent authority/ agency and shall submit all required information to the State Government as and when required by the Government.

I/We have fully understood the provisions of the Rajasthan MSME Assistance Scheme, 2015 and agree to comply with the provisions and conditions contained therein. In case of availing excess benefits or noncompliance with the provisions/conditions of the Policy, I/We undertake to repay whole of the amount actually availed under the scheme and shall also be liable to pay interest at the rate of 18% per annum on such amount from the date of which the benefit was availed for the first time.

Date:

Place

Signature (Authorized Signatory or Applicant)

Name and Designation

List of Recognized Certification Authority

<i>Name of the Board</i>	<i>Country/Region</i>	<i>Website</i>
European Cooperation for Accreditation (EA)	Europe	http://www.european-accreditation.org
ARAB Accreditation Cooperation (ARAC)	Arab	http://www.arabarac.org
Inter-American Accreditation Cooperation (IAAC)	Americas	http://www.iaac.org.mx
Pacific Accreditation Cooperation (PAC)	Pacific	http://www.apec-pac.org
Southern African Development Community Cooperation in Accreditation (SADCA)	South Africa	http://www.sadca.org
African Accreditation Cooperation (AFRAC)	Africa	http://www.intra-frac.com
Deutsche Akkreditierungsstelle GmbH (DAKKS)	Germany	http://www.dakks.de
Japan Accreditation Board (JAB)	Japan	http://www.jab.or.jp
International Accreditation Japan	Japan	http://www.nite.go.jp/en/iajapan
Swedish Board for Accreditation and Conformity Assessment (SWEDAC)	Sweden	http://www.swedac.se/sdd/SwInternet.nsf
American Association for Laboratory Accreditation (A2LA)	USA	http://www.a2la.org
American National Standards Institute - American Society for Quality National Accreditation Board LLC (ANAB)	USA	http://www.anab.org
American National Standards Institute (ANSI)	USA	http://www.ansi.org
International Accreditation Service (IAS)	USA	http://www.iasonline.org
United Kingdom Accreditation Service (UKAS)	UK	http://www.ukas.com
International Accreditation Forum (IAF)	-	http://www.iaf.nu/

FORM - 4

Application for Reimbursement of the capital cost for establishment of Research, Development and Testing Laboratory. (Under The Rajasthan MSME Assistance Scheme, 2015) (Rajasthan MSME Policy, 2015) [See Clause 8(iv)]

To,
Convener,
District Level Committee

Sub: - Regarding Reimbursement of the capital cost for establishment of Research, Development & Testing Laboratory.

- 1 Brief details of Project
- 2 Name & Address of Applicant along with Telephone No., Fax No. & E-mail ID:
- 3 Name & Designation of contact person along With Telephone No., Fax No. & E-mail ID:
- 4 Registration No. of Association :
- 5 Name of President & General Secretary
- 6 Objective of the R&D, Testing Laboratory
- 7 Location of Project
 - Tehsil
 - Sub-Division
 - District
- 8 Budget Estimate and details, Recurring & Non-recurring (Details of machinery equipment with value):
- 9 Details of land:
 - a) Government land
 - b) RIICO land
 - c) Agriculture/Private landTotal
 - Land in possession:
 - a) Government land
 - b) RIICO land
 - c) Agriculture/Private land Total:
- 10 Cost of Project under application :
 - a) Land
 - b) Building/Civil works

-
- c) Plant & Machinery
 - i. P&M
 - ii. Civil Work
 - iii. Others
 - d) Electricals
 - e) Laboratory equipment
 - f) Other fixed assets
 - g) Engineering fees
 - h) Consulting fee
 - i) P & P expenses
 - j) Other expenses (Specify with details)

Total: (Attach detailed Project report also) Means of Finance:

- a) Share capital
- b) Internal Accruals
- c) Term loan
- d) Other sources

Total:

11. Implementation schedule :
12. Whether the assistance availed/to be availed From any other agency (ies) including Government Of India/Government of Rajasthan:
13. NOC/Consent/Approval/License required for the project :
14. Capital cost duly verified by the President & General Secretary of the Industrial Association (attach):
15. CA certificate, duly certifying details of capital Cost incurred/to be incurred (attach):
16. Accreditation certificate issued by national Level Accreditation Board/Authority (attach)
17. Other information if any (specify please) :

Date: Place:

Signature (Authorized Signatory or Applicant)
Name and Designation with
Micro, Small & Medium Enterprises Association

DECLARATION

I/We hereby declare that the information given herein the applications from along with statements and other papers enclosed are, to the best of our knowledge and belief, true and correct in all particulars. I/We also confirm that the assistance given by the State Government will be utilized for the purpose for which it is given and the utilization certificates in this regard will be sent from time to time. I/We also abide to keep informing to the State Government about the working of the Research, Development and Testing Laboratory. I/We also abide to keep informing the State Government about the status accreditation from a National level accreditation Board/ Authority. I/We shall inform the State Government about changes in the working and the status, if any and shall submit all required information to the State Government as and when required by the government.

I/We have fully understood the provisions of the Rajasthan MSME Assistance Scheme, 2015 and agree to comply with the provisions and conditions contained therein. In case of availing excess benefits or non-compliance with the provisions/conditions of the Policy, I/We undertake to repay whole of the amount actually availed under the scheme and shall also be liable to pay interest at the rate of 18% per annum on such amount from the date of which the benefit was availed for the first time.

Date:

Place:

Signature (Authorized Signatory or Applicant)
Name and Designation with
Micro, Small & Medium Enterprises Association

FORM - 5

Application form for 50% of the Capital Cost for Common Effluent Treatment Plant
(Under The Rajasthan MSME Assistance Scheme, 2015) (Rajasthan MSME Policy, 2015) [See
Clause 8(v)]

To,
Member Secretary
State Level Committee
O/o Commissioner Industries
Rajasthan, Jaipur

Sub :- Regarding 50% of the Capital Cost for establishment of CETP

- 1 Brief details of Project
- 2 Name & Address of Applicant along With telephone No.,
fax No. & E-mail ID
- 3 Name & Designation of contact person Along with telephone
No. Mobile No. Fax No. and E-mail ID
- 4 Registration No. of Association
- 5 Location of Project Tehsil Sub-Division District
- 6 Type of the Project (please tick) New/Expansion (addition
of capacity/ Expansion)
- 7 Capacity of project
- 8 In case of creation of additional capacity
(Details thereof)
 - (a) investment of original project
 - (b) proposed investment for Expansion/Modernization.
 - (c) Capacity of original project.
- 9 Total Nos. of Members/Beneficiaries of Project and their
final contribution.
- 10 Process Diagram of proposed project (Attach), whether
project report of CETP approved by RPCB
- 11 Details of plant and machinery with cost & source thereof
- 12 Details of land area (Hectares) Proposed land:
 - (a) Government land
 - (b) RIICO land
 - (c) Agriculture/Private land

Total

Land in possession

 - (a) Government land
 - (b) RIICO land

-
- (c) Agriculture/Private land
 - Total
 - 13. Cost of Project under application
 - (a) Land
 - (b) Building/Civil works
 - (c) Plant & Machinery
 - i. P & M
 - ii. Civil Work
 - iii. Others
 - (d) Electricals
 - (e) Laboratory equipment
 - (f) Other fixed assets
 - (g) Engineering fees
 - (h) Consulting fees
 - (i) Other expenses (specify with details)
 - Total:
 - 14. Means of Finance:
 - (a) Share capital
 - (b) Internal Accruals
 - (c) Term loan
 - (d) Other sources Total:
 - 15. Details of Employment
 - (a) Direct employment
 - (b) Indirect employment
 - 16. Implementation Schedule
 - 17. Whether the assistance availed/to be availed From any other agencies including Government of India/Government of Rajasthan.
 - 18. The system for operation and Maintenance (specify details)
 - 19. CA certificate, duly certifying details of capital Cost incurred/to be incurred (attach)
 - 20. Other information any (specify please)

Date:

Place

Signature (Authorized Signatory or Applicant)

Name & Designation

DECLARATION

I/We hereby declare that the information given herein the applications from along with statements and other papers enclosed are, to the best of our knowledge and belief, true and correct in all particulars. I/We also confirm that the assistance given by the State Government will be utilized for the purpose for which it is given and the utilization certificates in this regard will be sent from time to time. I/We also abide to keep informing to the State Government about the working enterprise and its location along with change if any and shall submit all required information to the State Government as and when required by the government.

I/We have fully understood the provisions of the Rajasthan MSME Assistance Scheme, 2015 and agree to comply with the provisions and conditions contained therein. In case of availing excess benefits or non-compliance with the provisions/conditions of the Policy, I/We undertake to repay whole of the amount actually availed under the scheme and shall also be liable to pay interest at the rate of 18% per annum on such amount from the date of which the benefit was availed for the first time.

Date:

Place:

Signature (Authorized Signatory or Applicant)
Name and Designation

FORM - 6

Application form for 50% of the Capital Cost for Effluent Treatment Plan (Under The Rajasthan MSME Assistance Scheme, 2015) (Rajasthan MSME Policy, 2015) [See Clause 8(vi)]

To,
Member Secretary
State Level Committee
O/o Commissioner Industries
Rajasthan, Jaipur

Sub: - Regarding 50% of the Capital Cost for establishment of ETP

1. Brief details of Project
2. Name & Address of Applicant along With telephone No., fax No. &E-mail ID
3. Name & Designation of contact person Along with telephone No. Mobile No. Fax No. and E-mail ID
4. Acknowledgement No. & date of E.M. or Udyog Aadhaar
5. Location of Project Tehsil Sub-Division District
6. Type of the Project (please tick)
New/Expansion (addition of capacity/ Expansion)
7. Capacity of project
8. In case of creation of additional capacity (Details thereof)
 - a) Investment of original project
 - b) Proposed investment for Expansion / Modernization.
 - c) Capacity of original project.
9. Process Diagram of proposed project (attach), whether project report of ETP approved by RPCB
10. Details of plant and machinery with cost & source thereof
11. Details of land area (Hectares)
Proposed land:
 - a) Government land
 - b) RIICO land
 - c) Agriculture/Private landTotal
Land in possession
 - a) Government land
 - b) RIICO land
 - c) Agriculture/Private landTotal

12. Cost of Project under application
 - a) Land
 - b) Civil works
 - c) Plant & Machinery
 - i. P &M
 - ii. Civil Work
 - iii. Others
 - d) Electricals
 - e) Laboratory equipment
 - f) Other fixed assets
 - g) Engineering fees
 - h) Consulting fees
 - i) Other expenses (specify with details)Total:
13. Means of Finance:
 - a) Share capital
 - b) Internal Accruals
 - c) Term loan
 - d) Other sourcesTotal:
14. Details of Employment
 - a) Direct employment
 - b) Indirect employment
15. Implementation Schedule
16. The system for operation and maintenance (specify details)
17. Certificate from Pollution Control Board Certifying use of 80% of the recycled water (attach)
18. CA certificate, duly certifying details of capital cost Incurred/ to be incurred (attach)
19. Other information any (specify please)

Date:

Place

Signature (Authorized Signatory or Applicant)
Name & Designation

DECLARATION

I/We hereby declare that the information given herein the applications from along with statements and other papers enclosed are, to the best of our knowledge and belief, true and correct in all particulars. I/We also confirm that the assistance given by the State Government will be utilized for the purpose for which it is given and the utilization certificates in this regard will be sent from time to time. I/We also abide to keep informing to the State Government about the working enterprise and its location along with change if any and shall submit all required information to the State Government as and when required by the government.

I/We have fully understood the provisions of the Rajasthan MSME Assistance Scheme, 2015 and agree to comply with the provisions and conditions contained therein. In case of availing excess benefits or non-compliance with the provisions/conditions of the Policy, I/We undertake to repay whole of the amount actually availed under the scheme and shall also be liable to pay interest at the rate of 18% per annum on such amount from the date of which the benefit was availed for the first time.

Date:

Place:

Signature (Authorized Signatory or Applicant)

Name and Designation

Rajasthan Sick Micro and Small Enterprises (Revival and Rehabilitation) Scheme, 2015

Government of Rajasthan
Industries (Gr. 2) Department

No. F.1 (14) Udyog/2/2014

Date: Nov. 10, 2015 Notification

The Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme, 2015

Micro and Small manufacturing enterprises play an important role in the economy of the State. However factors like financial constraints, poor management, lack of professionalism and marketing limitations make this sector more prone to sickness both from the point of economic growth as well as employment generation. There is need to formulate a comprehensive package for revival of viable and potentially viable sick micro and small enterprises so that the assets created could be put to productive use as well as employment.

1. Title of the Scheme

This scheme shall be called as "The Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme, 2015"

2. Operative period

The Scheme shall come into effect from the date of issuance of this order and shall remain in force up to 31st March, 2019.

3. Definitions

- i. 'Bank' means any scheduled commercial bank that is regulated under Banking Regulation Act, 1949.
- ii. 'RBI' means Reserve Bank of India wholly owned by Government of India and established under RESERVE BANK OF INDIA ACT, 1934.
- iii. 'Government' means Government of Rajasthan.
- iv. 'Micro and Small Enterprise' means a manufacturing enterprise defined as such under the Micro Small and Medium Enterprise Development Act, 2006.
- v. 'RIPS-2014' means Rajasthan Investment Promotion Scheme, 2014 notified by the Government of Rajasthan vide Finance Department Notification number F12(28)FD/Tax/2010 Part I-114 dated 8.10.2014.
- vi. 'State Level Screening Committee' means the State Level Screening Committee (SLSC) constituted as per Annexure-1 of the Scheme.

- vii. 'Sick enterprise' means a micro or small enterprise identified as sick by the principal loaning bank in accordance with the guidelines issued by RBI from time to time and declared as sick in accordance with the procedure as may be prescribed by the Industries Department, in this regard

4. Applicability

The scheme shall be applicable to any Micro or Small Enterprise in the manufacturing sector not covered under the provisions of the Sick Industrial Companies (Special Provision) Act, 1985 which has been identified by the principal loaning bank as sick enterprise and found viable / potentially viable for revival and taken up by the Bank for its revival and shall also include such MSEs in the manufacturing sector that had been taken over before the commencement or during the operative period of RIPS2014 and sold during the operative period of that Scheme to a new management by RIICO/ RFC/ Central Financial Institutions/ Banks.

NOTE:

Non-viable enterprises, willful defaulter enterprises, enterprises under distress as defined vide notification of Ministry of MSME dated 29.05.2015, and ineligible enterprises as defined in RIPS-2014 shall not be eligible under this scheme.

5. Reliefs in outstanding dues of Government Departments/Agencies

The following fiscal reliefs may be allowed to the sick micro and small enterprises under the rehabilitation package:-

- 1 Commercial Taxes (VAT and other taxes) Subject to the approval of SLSC, the enterprise may be allowed to pay outstanding demand of Commercial Taxes Department in such installments as may be approved by the SLSC subject to a maximum of thirty six instalments. Provided that the SLSC on being satisfied may recommend for waiver of interest and/ or penalty in case the amount of outstanding tax is deposited by the enterprise in one go within such time as may be allowed by SLSC.

- 2 Electricity Dues

The enterprise eligible under the scheme would be granted the following reliefs by the concerned Electricity Distribution Company:

- (a) Where connection has been dis-connected due to non-payment of bills or the agreement has been terminated ex-parte, if security deposit has already been adjusted against the outstanding amount of bills, fresh security may be accepted in 6 monthly installments.
- (b) If connection is lying dis-connected, it shall be re-connected after recovering all charges as per provision applicable for new applicant. However, in case where electric line/plant has been removed, the expenditure as per norms shall be borne by such units.
- (c) Facility of paying arrears of electricity bills to concerned Electricity Distribution Company in six half yearly installments from the date of sanction of revival scheme will be given to the enterprise.

- (d) Interest payable on dues of the concerned Electricity Distribution Company for closure period of the enterprise will be waived up to maximum ceiling of Rs. 25000/-.
- (e) Penal charges (including LPS/DPS) imposed by the concerned Electricity Distribution Company will be waived up to maximum ceiling of Rs.25000. In addition to the above, on rehabilitation prompt action in accordance with the policy in force under the concerned Electricity Distribution Company and Electricity Act, 2003 will be ensured.

6. Fiscal Incentives to Sick Micro and Small enterprises

An eligible sick Micro and Small enterprise for its revival shall be granted benefits and incentives as given below:

- (1) Any incentives, if sanctioned earlier, under any scheme of Government of Rajasthan shall continue for the unexpired eligibility period.
- (2) All benefits other than exemption from payment of Stamp Duty as provided to a sick enterprise under RIPS-2014, if eligible.
- (3) 100% exemption from payment of stamp duty on transfer of eligible sick enterprise to new management.

7. Procedure for availing benefits under the Scheme

- (1) Any enterprise which has been identified as sick by the concerned loaning bank and the bank has also sanctioned the revival plan for the enterprise may apply under single window system in Form – I appended to the scheme along with a copy of revival plan approved and certified by the concerned bank branch supported by a letter of bank and an affidavit in this regard. The application will be submitted to the Member Secretary of SLSC.
- (2) For availing the benefits under RIPS-2014 the application shall be submitted in the manner and within such time as provided under RIPS-2014 along with copy of certificate of sickness in Form –II issued by the member secretary SLSC.

8. Sanction of Benefits

- (1) The member secretary of SLSC shall register the application and shall place the completed application before the SLSC within forty five days of receipt of the application unless specifically extended for reasons to be recorded in writing.
- (2) In case the Committee declare the enterprise as sick enterprise, the member secretary shall issue a certificate in Form-II appended to the scheme to the enterprise, and shall forward a copy thereof to the concerned department(s).
- (3) Where the committee is of the opinion that the enterprise is not eligible to be declared as sick, it shall provide an opportunity of being heard to the enterprise and shall record the reasons in writing. The decision of the committee shall be communicated by the member secretary to the enterprise and concerned department(s)

9. Appeal(s)

- (a) The State Empowered Committee constituted under section 3 of the Rajasthan Enterprises Single Window Enabling and Clearance Act-2011 shall be empowered to hear and decide appeals against the order of SLSC.

(b) The application for the appeal shall be filed within a period of 90 days from the date of communication of decision by the enterprise /department.

Review or modification of scheme

The State Government in the Industries Department reserves the right to review or modify the scheme as and when needed in the public interest.

This Scheme is issued with the consent of Finance Department conveyed vide its I.D. No.111500420 dated 6-8-15 and U.O. Note No. F.12 (99) FD/Tax/2007-Pt. dated 6-11-2015.

By Order
(Suchi Sharma)
Joint Secretary to Government

No. F.1 (14) Udyog/2/2014

Date: Nov. 10, 2015

Copy to for information and necessary action:

- 1) P.S. to Minister, Industries, Government of Rajasthan, Jaipur.
- 2) Principal Secretary, MSME, Government of Rajasthan, Jaipur.
- 3) Principal Secretary, Industries, Government of Rajasthan, Jaipur.
- 4) Principal Secretary, Finance, Government of Rajasthan, Jaipur.
- 5) Principal Secretary, Revenue, Government of Rajasthan, Jaipur.
- 6) Commissioner, Industries, Government of Rajasthan, Jaipur.
- 7) Commissioner, Commercial Taxation Department, Jaipur.
- 8) All District Collectors.
- 9) All General Managers, District Industries Centres.
- 10) Superintendent, Government Press, Jaipur.
- 11) Guard File.
- 12)

Form - IApplication form under the Rajasthan Sick Micro & Small Enterprises
(Revival and Rehabilitation) Scheme, 2015

1. Name of the applicant enterprise:-
2. Address of applicant enterprise:-email address
3. Total Investment made for revival of sick enterprise:-
4. Item(s) of Manufacture:-
5. Date from which enterprise identified as sick by bank:-
6. Name of Bank and Branch:-
7. Total no. of workers:-
8. Benefits applied for:
 - a.
 - b.
 - c.
 - d.
 - e.

I have read the provisions of the scheme and undertake to abide by them. I also verify that all the above facts are true to the best of my knowledge and belief.

Place:

Date:

Signature of Applicant

For and on behalf of applicant enterprise

Enclosures:

1. Copy of EM Part II
2. Copy of approved revival plan
3. Copy of sanction letter for fresh loan, if any
4. Proof of New investment, if any
5. Affidavit in support of facts of application
6. Copy of resolution
7. Copy of balance sheet of last two years
8. Details in support of benefits applied for

Affidavit

I/WE _____, as sole proprietor/partner/director of M/s _____ having its registered office at _____ hereby declare that the said enterprise has applied for benefits under revival scheme of Government of Rajasthan for Sick MSME enterprises vide our application dated _____. I/WE _____ further affirm that the facts and figures given in the application are true and any inconsistency with them shall make us liable for action under rules.

Deponent

Verification

I /WE _____, proprietor/partner/director of M/s _____ hereby declare that the above statement is true and correct to the best of my knowledge and belief.

Deponent

Form-II

Certificate of sickness under the Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme, 2015

Book No.

S.No.

It is certified that on the recommendation made by the State Level Screening Committee in its meeting dated _____. M/s. _____ is declared as sick enterprise under the Rajasthan Sick Micro & Small Enterprises (Revival and Rehabilitation) Scheme 2015.

Place:

Date:

(Signature with Seal)

Member Secretary

State Level Screening Committee

CC:

1. M/s _____.
2. Concerned Department Member Secretary

Annexure -1

State Level Screening Committee under clause 3(VI)

<i>S.No</i>	<i>Description</i>	<i>Designation</i>
1.	Principal Secretary, MSME	Chairman
2.	Managing Director, RIICO or his Representative not below the rank of General Manager	Member
3.	Principal Secretary, Energy or his Representative not below the rank of Joint Secretary	Member
4.	Secretary Finance (Expenditure) or his Representative not below the rank of Deputy Secretary	Member
5.	Commissioner, Commercial Taxes Department or his Representative not below the rank of Additional Commissioner	Member
6.	Coordinator, State Level Bankers Committee (SLBC) or his Representative not below the rank of Deputy General Manager	Member
7.	Commissioner, Industries	Member Secretary

Labour Reforms in Rajasthan

Rajasthan State Government has initiated comprehensive labor law reforms. The State Government relaxed the application of Trade Union Act, 1926, Industrial Dispute Act, 1947, Contract Labour (Prohibition & Regulation) Act, 1970 as well as the Factories Act, 1948 and Apprenticeship Act, 1961 to spur economic development and attract foreign investment.

Key Highlights

- Industrial establishments employing up to 300 workers are now allowed to retrench employees without seeking prior permission of the Government.
- The threshold of the number of employees required for the purpose of applicability of the Factories Act has been increased from 10 to 20 (in electricity-powered factories) and from 20 to 40 (in factories without power) thereby putting small factories in Rajasthan outside the purview of the Factories Act.
- Membership of 30 per cent of the total workforce needs to be recorded for a union to obtain recognition, up to 15 per cent a move that will halt productivity losses due to industrial dispute.
- As against the existing threshold of 20 contract labour/workmen, the Contract Labour Act will be applicable only to those establishments and contractors in Rajasthan who employ 50 or more contract labour/workman in the preceding 12 months.

Approvals under Single Window System

<i>S.No.</i>	<i>Department Name</i>	<i>Approval Name</i>
1	Agriculture	Application to obtain a Certificate of Manufacture of Physical or Granulated Mixture of Fertilizer of Organic Fertilizer of Bio fertilizer
2	Commercial Taxes Department	Form filling for VAT 01
3	Commercial Taxes Department	Amendment in eRegistration VAT 01
4	Department of Industries	Application for Determination of Cost of zero liquid discharge based effluent treatment plant and claim of capital subsidy
5	Department of Industries	Application for Disbursement of capital subsidy on zero liquid discharge based effluent treatment plant
6	Department of Industries	Application for Claim of Reimbursement of VAT by manufacturing Enterprise
7	Department of Industries	Application for Reimbursement of VAT paid by Manufacturing Enterprise
8	Rajasthan State Gas Limited	Registration
9	RIICO	Application form for allotment of land in RIICO areas
10	DISCOM	Application form for release of connection
11	Revenue	Application Form for Conversion Order
12	Revenue	Application Form for Change in Purpose of Conversion
13	Revenue	Application form for Revised Conversion Order
14	Revenue	Application form for Land Ceiling
15	Revenue	Application for Tree Felling
16	Department of Industries	Registration for EM 1

17	Department of Industries	Registration for EM 2
18	Commercial Taxes Department	e-Registration: Filling of application VAT 02
19	Commercial Taxes Department	e-Registration: Filling of application VAT 03
20	Commercial Taxes Department	e>Returns: Filling of eReturns VAT 10
21	Commercial Taxes Department	e>Returns: Filling of eReturns VAT 7A
22	Commercial Taxes	e>Returns: Filling of eReturns VAT 8A
23	Commercial Taxes Department	Application for VAT 49A
24	Commercial Taxes Department	Application for C/F forms
25	Commercial Taxes Department	Application for Refund
26	Commercial Taxes Department	Application for VAT-57
27	Commercial Taxes Department	Application for VAT-58
28	Commercial Taxes Department	Application for Form VAT-6A
29	Commercial Taxes Department	Application for Form VAT-6B
30	Commercial Taxes Department	Application for Form VAT-6D
31	Department of Industries	Application for RIPS
32	Department of Industries	Application for Exemption Certificate
33	Commercial Taxes Department	Application for Tax Clearance Certificate
34	Department of Labour	Application form submission and payment collection under scheme - The Building and Other Construction Workers (RE&CS) Act, 1996
35	Department of Labour	Application form submission and payment collection under scheme - The Motor Transport Workers Act, 1961

36	Department of Labour	Application form submission and payment collection under scheme - The Trade Unions Act, 1926
37	Department of Labour	Application form submission and payment collection under scheme - The Shops and Commercial Establishments Act, 1958
38	Department of Labour	Application form submission and payment collection under scheme - The Contract Labour (Regulation and Abolition) Act, 1970 (Contractor)
39	Department of Labour	Application form submission and payment collection under scheme - The Inter-State Migrant Workmen (RE&CS) Act, 1979 (Contractor)
40	Department of Labour	Application form submission and payment collection under scheme - The Beedi and Cigar Workers (Conditions of Employment) Act, 1966
41	Department of Labour	Application Form Filling for Amendment of Registration under various Acts.
42	Commercial Taxes Department	e>Returns: Filling of eReturns VAT 11
43	Commercial Taxes Department	Application for VAT 47A
44	Department of Labour	Application Form Filling for Renewal of Registration under various Acts.
45	Department of Labour	Application form submission and payment collection under scheme - The Contract Labour (Regulation and Abolition) Act, 1970 (Principal Employer) Temporary
46	Department of Labour	Application form submission and payment collection under scheme - The Contract Labour (Regulation and Abolition) Act, 1970 (Principal Employer)
47	Department of Labour	Application form submission and payment collection under scheme - The Inter-State Migrant Workmen (RE&CS) Act, 1979 (Principal Employer)
48	Directorate of Medical & Health Sciences	Food Business Operator (FBO) registration
49	Directorate of Medical & Health Sciences	Application for FBO License
50	Directorate of Medical & Health Sciences	Application for renewal of FBO License
51	DISCOM	Application for New Electricity Connection

52	Finance Department	Services of registration and entry of challan in e-GRAS
53	Public Health and Engineering Department	Application for New Water Connection
54	Public Health and Engineering Department	Water Bill Submission
55	Rajasthan Pollution Control Board	RSPCB Application Form Filling for Air/Water Consent
56	Rajasthan Pollution Control Board	RSPCB Consent Fee deposition
57	Rajasthan Pollution Control Board	Application Form Filling for BIOMEDICAL
58	Rajasthan Pollution Control Board	Application Form Filling for HAZARDOUS WASTE
59	Rajasthan Renewable Energy Corporation Ltd. (RRECL)	Application form filling for "Energy Renewable Scheme – Solar / Wind / Bio-Mass" in various stages
60	Registration & Stamps	Deposition of "Registration & Other Fees" except Stamp Duty
61	Revenue	Jama Bandi Fee deposition
62	Revenue	Digitally Signed Certificate for Consent for Land Division.
63	Revenue	Application Form for Conversion of Agriculture Land to non-Agriculture
64	RIICO	RIICO Water Bill deposition
65	RIICO	Allotment of Plots in Industrial Areas (3W)
66	Revenue	Land Allotment under Rajasthan Land, 1959
67	Factories & Boilers	Application for Permission (Form 1)
68	Factories & Boilers	Registration under Boilers Act
69	Jaipur Development Authority	Transfer of Title of plot in Nizi Khatedari & Development Authority's Scheme
70	Jaipur Development Authority	Title Transfer in the scheme of the Grah Nirman Sahakari Samiti
71	Jaipur Development Authority	Issuance for Lease Deed for Residential/Institutional and commercial plots
72	Jaipur Development Authority	Conversion of Land From Residential to Commercial

73	Jaipur Development Authority	Approval of Layout of the Scheme
74	Department of Labour	Permission to establishments having more than 50 labours
75	Department of Labour	Registration of Establishments under Building and other Construction Workers Act, 1996
76	Department of Labour	Issuance of Licence to Contractor for employment of contract labours
77	Department of Industries	(For New Enterprise or Sick industrial enterprise) Application for grant of Entitlement Certificate for Subsidy
78	Department of Industries	(For Enterprises making investment on expansion) Application for Grant of Entitlement Certificate for Subsidy
79	Department of Industries	Application for Reimbursement of VAT paid on purchase of plant and machinery or equipment
80	Department of Industries	Application for Reimbursement of VAT by manufacturiug or service enterprise other than textile sector
81	Department of Industries	Statement of purchases of plant and machinery/equipment against VAT invoice
82	Department of Industries	Application for Claim of Interest Subsidy
83	Department of Industries	Application for disbursement of Subsidy

Time Limit for various Permissions / Clearances

The Rajasthan Enterprises Single Window Enabling and Clearance Rules, 2011
Schedule-I
(See Rule 6)

Time Limit for Various Permissions/Clearances

<i>S. No.</i>	<i>Concerned Departments/ Organization</i>			<i>Permissions/ Clearances</i>	<i>Time Limit [Within Working Days]</i>
1	2	3	4	5	6
I.	Labour & Employment Department Factories and Boilers 'inspectorate	a)		Approval of factory layout plan under Factories Act, 1948	30 days from date of submission of complete appli- cation along with map
		b)		License for running the factory to be issued by the field office	90 days after receipt of complete application
		c)		Registration of Boiler by Chief Inspector of Boilers	After the receipt of complete application
		i)		Provisional order	30 days
		ii)		Final order	45 days
II.	Labour Department	a)		Registration of Establishments under title Motor Transport Workers Act, 1961.	15 days
		b)		Under the Contract Labour (Regulation and Abolition) Act, 1970	

1	2	3	4	5	6
			i) ii) c)	Registration of Principal Employers Establishments Issuance of Licence to Contractor for employment of contract labour Registration of Establishments under the Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996	30 days 15 days 15 days
2	Revenue Department	a)	i)	Land conversion of land use under Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural areas) Rules, 2007 up to 10 hectares	Sending applications directly to the concerned District Collectors under intimation to Revenue Department, Jaipur, to save: time. Revenue department would issue on line receipt and update online Status of the application All communication would be addressed to Principal Secretary, Revenue for early action. 60 days from submission of completed

1	2	3	4	5	6
		b)	ii)	above 10 hectares	application to District Collector 90 days from submission of completed application to State Government
		b)		Land Allotment under Rajasthan Land Revenue (industrial Area Land Allotment)' Rules, 1959	Industrial land allotment application for setting up of a large scale industry anywhere in the State and setting up of any other industry in Jaipur, shall be processed by, industries Department.
			i)	In case allotment is to be made at the district level	60 days from submission of completed application to District Collector
			ii)	In case Government's approval is required	90 days from submission of completed application to State Government
		c)		Exemption from the land ceiling limit	60 days at the level of State Government from the date of submission of application

1	2	3	4	5	6
		d)		Prior approval of the State Government or authority appointed by it. For acquiring Land in excess of the ceiling area applicable to him for any prescribed non -agriculture land	in the District Collectors office 60 days at the level of State Government from the date of submission of application in the District Collector's office
3.	Energy Department (Jaipur Vidyt Vitran Nigam Ltd.)	a)	i)	<p>Release Connection (where no extension in Distribution Mains is required)</p> <p>Release of Connection Explanation: i) If LT supply of electricity can be</p> <p>Provided to a premises by existing service line or by laying service line up to 50 meters, from an existing overhead line or underground cable where a cable box, junction box pillar box etc. Has been. Provided, the. Distribution mains shall be deemed to require no extension. ii) In case of HT supply of electricity to a premises, the distribution system shall be deemed to require augmentation and procedure laid down in Clauses b) & c) hereunder shall be followed</p>	Within one month of the receipt of completed application

1	2	3	4	5	6
		b)		Supply where distribution mains require extension	
			1)	Notice to the applicant to deposit additional expenses	Within one month of the receipt of application (for a period of one month)
			2)	Where extension of distribution mains is required but no additional sum is required to be deposited	The Nigam shall complete the extension work within 15 days
			3)	The Nigam shall complete the extension of distribution mains within the time specified below for different voltage level after deposit of additional sum by the applicant)	
			i)	L.T line	15 days
			ii)	11 KV line-first 5 KM Next 5 KM each	30 Days 15 Days
			iii)	33 KV line-first 5 Km Next 5 Km each	60 Days 30 Days
			iv)	132KV line first5 Km Next 5 Km each	180 Days 45 Days
					<i>Note : After extension work, connection will be released within 15 days after inspection of the installation</i>

1	2	3	4	5	6
		c)	1)	Supply where new sub-station or augmentation of transformer sub-station is required	The Nigam will intimate within two month of receipt of application, the date of commencement of work, to the consumer and completed the work within time limit specified below
			i)	11/0.4 KV sub-station	30 Days
			ii)	33/11KV sub-station	120 Days
			iii)	Extension of bay at 33/11 KV sub-station	30 Days
			iv)	132/33/11 KV sub-station	12 Month
			v)	Extension of bay at 132KV sub-station	45 days
			2)	Supply where augmentation of transformer substation capacity is required	
			i)	11/0.4 KV sub-station	15 Days
			ii)	33/11 KV sub-Station	60 Days
			iii)	132/33/11 KV sub-station	6 month
				After commencement of work of sub- station	
			i)	Intimation to the consumer if any additional sum is to be deposited by the-applicant	Within 15 days -after commencement of work

1	2	3	4	5	6
5.	RIICO	a)		Allotment of plots in Industrial Areas	A 1-30 days A2---30 days A3--- 30 Days 3(w)-- 90 Days
6.	Agriculture / Agriculture Marketing Department	a)		Fertilizer--- Permission/ Authorization/ Manufacturing Certificate for— a. Fertilizer-100% water soluble/micro particle mixture b. Bio-Fertilizer Carbonic Fertilizer-Compost/wormy compost Sale authorization under Section 9 of Fertilizer (Control) Manufacturing certificate under Section 15 of Fertilizer (Control) Order, 1985	30 Days 45 Days
		b)		Phyto-Sanitary Certificate	5 days after receipt of test report from laboratory
7.	UDH Department JDA/ UITS)	a)		90A of Agriculture Land for conversion	45 Days
		b)		Conversion of land use from residential to commercial	151 Days
		c)		Issuance of Lease Deed for institutional plots	36 days
		d)		Allotment of Institutional Land except the allotment of land through lottery/ auction and of the developed land given as compensation for	90 Days

1	2	3	4	5	6
		e)		Government/ Semi-Government departments/ institutions and acquired land-under institution of Urban Development and Local Self Department dated 4.1.2010 Building map approval of all kinds of institutional buildings	60 Days

[No. F.14 (5) Udyog/1/2010]

By Order of the Governor

Iqbal Khan

Joint Secretary to Government.

Corporatization of MSME

More than 90% of registered MSMEs are either in the form of proprietorship or partnership. Therefore, it is imperative to strive towards corporatisation of Small & Medium Enterprises for good corporate governance as well as energise the economy as a whole.

MSME may be incorporated as:

- Proprietorship
- Partnership
- One Person Company (OPC)
- Limited Liability Partnership (LLP)
- Private Limited Company
- Public Limited Company
- Producer Company

Starting a business in India requires one to choose a type of business entity. In India one can choose from different types of legal entities to conduct business. These include Sole Proprietorship, One Person Company, Partnership Firm, Limited Liability Partnership, Private Limited Company and Public Limited Company. The choice of the business entity is dependent on various factors such as taxation, owner liability, compliance burden, and investment and funding and exit strategy.

Choosing a form of business organization for Startups:

<i>Criteria</i>	<i>Most beneficial</i>	<i>Least beneficial</i>
Cost of formation	Sole Proprietorship	Company
Ease of formation	Sole proprietorship	Company
Transfer of Ownership	Public Ltd Company	Partnership
Continuity	Company	Sole proprietorship
Regulations	Sole Proprietorship	Company
Flexibility	Sole proprietorship	Company
Availability of capital	Company	Sole proprietorship
Liability	Company and LLP	Sole proprietorship

PROPRIETORSHIP

A sole proprietorship is a business that is owned, managed and controlled by one person. It is one of the most common forms of business in India, used by small businesses operating in the unorganized sectors. Proprietorships are very easy to start and have very minimal regulatory compliance requirement for getting started. However, after the startup phase, proprietorship's do not offer the promoter a host of other benefits such as limited liability, separate legal entity, independent existence, transferability, etc., which are desirable features for any business. Therefore, proprietorship's are suited for unorganized, small businesses that will have a limited existence.

There is no mechanism provided by the Government of India for the registration or incorporation of a Proprietorship. Therefore, the existence of a proprietorship is established only by tax registrations and other business registrations that a Proprietorship is required to have as per the rules and regulations.

<i>Registration of Proprietorship Firm</i>	<i>Service Tax Registration</i>	<i>MSME Registration</i>
Proprietorship firm can be done in 7 to 14 days, subject to Government processing time.	The identity of a Proprietorship can be established through Service Tax Registration (if applicable) mentioning the business name. Service tax registration takes 10 to 15 days, subject to Government processing time.	The identity of a Proprietorship can be established by MSME Registration (if applicable) mentioning the business name. MSME Registration can be completed in 10 to 15 days, subject to Government processing time.

PARTNERSHIP

A business registered in the name of an individual is called Sole Proprietorship. A single person is completely responsible for the entire business with the business and the owner not being separate from each other. The owner funds the business, takes any profits and bears any losses.

It does not involve any complex rules or accounting. Personal assets and business assets are not separated from each other. Any profits from the business are just added to the business owner's income for taxation purposes.

Similarly, any losses become the personal losses of a business owner. In case the business starts incurring losses and additional money is needed to compensate those losses, the personal assets of the owner itself are put at risk. Partnership business entities are quite similar to sole proprietorship. The basic difference between partnership and sole proprietorship is that more than one individual is involved in a partnership.

The roles, responsibilities and the share of each partner are specifically defined in a legal partnership agreement. Any profit earned by the business is shared between partners according to the legal partnership agreement. In case there are losses, each of the partners is personally responsible. Personal assets of partners may be used to compensate the losses incurred, if any.

A Partnership Firm is a popular form of business constitution for businesses that are owned, managed and controlled by an Association of People for profit. Partnership firms are relatively easy to start and are prevalent amongst small and medium sized businesses in the unorganized sectors. With the introduction of Limited Liability Partnerships in India, Partnership Firms are fast losing their prevalence due to the added advantages offered by a Limited Liability Partnership.

There are two types of Partnership firms, registered and un-registered Partnership firm. It is not compulsory to register a Partnership firm; however, it is advisable to register a Partnership firm due to the added advantages. Partnership firms are created by drafting a Partnership deed amongst the Partners.

<i>Registration of Partnership firm</i>	<i>Partnership Deed</i>	<i>Partnership Deed Registration</i>	
Incorporation of a Partnership firm Can be done start-up a Partnership in 7 to 14 days.	Partnership Deed that is acceptable to all Partners	Based on requirements and the service level register the Partnership Deed with the relevant authorities to make the Partnership a Registered Partnership Firm.	PAN and TAN registration can issued once the Partnership Firm is registered.

ONE PERSON COMPANY (OPC) OR PROPRIETORSHIP CONCERN! YOUR CHOICE

The introduction of OPC in the legal system is a move that would encourage corporatization of micro businesses and entrepreneurship with a simpler legal regime so that the small entrepreneur is not compelled to devote considerable time, energy and resources on complex legal compliances. This will not only enable individual capabilities to contribute economic growth, but also generate employment opportunity. One Person Company of sole-proprietor and company form of business and has been provided with concessional /relaxed requirements under the Companies Act, 2013. With the implementation of the Companies Act, 2013, a single national person can constitute a Company, under the One Person Company (OPC) concept.

As per section 2(62) of the Companies Act, 2013, "One Person Company" means a company which has only one person as a member.

One Person Company vs. Sole Proprietorship

One Person Company

Separate Legal entity

Limited Liability

Perpetual succession

Sole Proprietorship

Not a Separate Legal Entity

Unlimited liability

No perpetual succession

Loan-not the sole responsibility of the owner	Loan-sole responsibility of the owner
Registration required	Registration not required
Finance–credit record of the OPC	Finance–credit record of the Owner

OPC structure would be similar to that of a proprietorship concern without the ills generally faced by the proprietors. *One most important feature of OPC is that the risks mitigated are limited to the extent of the value of shares held by such person in the company.* This would enable entrepreneurial minded persons to take the risks of doing business without the botheration of litigations and liabilities getting attached to the personal assets. One Person Company has a separate legal identity from its shareholders i.e. the company and the shareholders are two different entities for all purposes. On the other hand proprietorship does not have a separate legal identity from its members. The existence of a One Person Company is not dependent upon its members and hence, it has a perpetual succession i.e. death of a member does not affect the existence of the company and the Sole proprietorship is an entity whose existence depends on the life of its members and death or any other contingency may lead to the dissolution of such an entity.

In OPC the business head is the decision maker, he is not dependent on others for suggestions or implementation of suggestions etc., resulting in quicker and easier decision making. He is the sole person who runs the business and hence, the question of consensus or majority opinion etc., does not arise.

COMPANY VS. OPC

COMPANY	Common Seal	OPC
	Perpetual Succession	
	Separate legal entity	
	Limited Liability	
	Separate Ownership	
	Management and Control	

SALIENT FEATURES OF OPC

The salient features of OPC are:

- Desire for personal freedom that allows the Professional skilled person to adopt the business of his choice.
- Personality driven passion and implementation of a business plan.

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- The desire of the entrepreneurial person to take extra risk and willingness to take additional responsibility.
 - Personal commitment to the business which is a sole idea of the person and close to his heart.
 - It is run by individuals yet OPCs are a separate legal entity similar to that of any registered corporate.
 - A One Person Company is incorporated as a private limited company.
 - It must have only one member at any point of time and may have only one director.
 - The member and nominee should be natural persons, Indian Citizens and resident in India. The term "resident in India" means a person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year.
 - One person cannot incorporate more than 1 OPC or become nominee in more than 1 OPC.
 - If a Member of OPC becomes a member in another OPC by virtue of his being nominee in that OPC then within 180 days he shall have to meet the eligibility criteria of being Member in one OPC.
 - OPC to lose its status if paid up capital exceeds Rs. 50 lakhs or average annual turnover is more than 2 crores in 3 immediate preceding consecutive years.
 - Such Company cannot be incorporated or converted into a company under section 8 of the Companies Act, 2013 .
 - Such Company cannot carry out Non Banking Financial Investment activities including investment in securities of any body corporate.
 - No such company can convert voluntarily into any kind of company unless 2 years is expired from the date of incorporation, except in cases where capital or turnover threshold limits are reached.
 - An existing private company other than a company registered under section 8 of the Act which has paid up share capital of Rs. 50 Lakhs or less or average annual turnover during the relevant period is Rs. 2 Crores or less may convert itself into one person company by passing a special resolution in the general meeting.

Privileges available to OPC

Some of the privileges and benefits identified with OPCs are:

- OPCs would provide the start-up entrepreneurs with new business idea .
- OPC provides an outlet for the entrepreneurial impulses among the professionals.
- The advantages of limited liability. The most significant reason for shareholders to incorporate the 'single-person company' is certainly the desire for the limited liability.
- OPCs are not proprietorship concerns; hence, they give a dual entity to the company as well as the individual, guarding the individual against any pitfalls of liabilities. This is the fundamental difference between OPC and sole proprietorship.

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- Unlike a private limited or public limited company (listed or unlisted), OPCs need not bother too much about compliances.
 - Business currently run under the proprietorship model could get converted into OPCs without any difficulty.
 - OPCs require minimal capital to begin with. Being a recognized corporate, could well raise capital from others like venture capital financial institutions etc., thus graduating to a private limited company.
 - The annual return of a One Person Company shall be signed by the company secretary, or where there is no company secretary, by the director of the company.
 - The provisions of Section 98 and Sections 100 to 111 (both inclusive), relating to holding of general meetings, shall not apply to a One Person Company.
 - A One Person Company needs to have minimum of one director. It can have directors up to a maximum of 15 which can also be increased by passing a special resolution as in case of any other company.
 - For the purposes of holding Board Meetings, in case of a One Person Company which has only one director, it shall be sufficient compliance if all resolutions required to be passed by such a Company at a Board meeting, are entered in the minutes-book, signed and dated by the member and such date shall be deemed to be the date of the Board Meeting for all the purposes under this Act. For One Person Companies, atleast one Board Meeting must be held in each half of the calendar year and the gap between the two meetings should not be less than 90 days.
 - The financial statements of a One Person Company can be signed by one director alone. Cash Flow Statement is not a mandatory part of financial statements for a One Person Company. Financial statements of a one person company needs to be filed with the Registrar, after they are duly adopted by the member, within 180 days of closure of financial year along with all necessary documents.
 - Board's report to be annexed to financial statements may only contain explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

Types of OPC

- a company limited by shares; or
- a company limited by guarantee; or
- an unlimited company.

Memorandum of OPC

The memorandum of a company shall state—

- the name of the company with the last word "Private Limited"
- the State in which the registered office of the company is to be situated;

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- the objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof;
 - the liability of members of the company, whether limited or unlimited, with details
 - the amount of share capital with which the company is to be registered and the division thereof as specified;
 - the number of shares each subscriber to the memorandum intends to take, indicated opposite his name;
 - in the case of One Person Company, the name of the person who, in the event of death of the subscriber, shall become the member of the company.

Directors of OPC

- Articles of a company may provide for the appointment of the first directors
- If articles are silent then the subscriber to the memorandum who is an individual shall be deemed to be the first director of the company
- May have a single director
- Maximum-15 directors and more than 15 directors after passing Special Resolution
- Director must have stayed in India for a total period of not less than 182 days in the previous calendar year.

Meetings of board of OPC

- At least one meeting of the Board of Directors to be conducted in each half of a calendar year
- Gap between the two meetings should not be less than ninety days

Contract by OPC

- One Person Company limited by shares or by guarantee enters into a contract with the sole member of the company who is also the director of the company, the terms of contract or offer are in writing or contained in a memorandum or recorded in the minutes of the Board meeting held next after entering into the contact.
- Inform the Registrar about every contract entered into by the company within a period of fifteen days from the date of approval by the Board of Directors.
- Contracts in ordinary course of business not required to comply with the above.

Financial statement of OPC

- The financial statement, signed by one director, for submission to the auditor for his report thereon.
- The report of the Board of Directors to be attached to the financial statement.
- Board of Directors Report of OPC means a report containing explanations or comments

by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

- Filed with ROC within 180 days from the closure of the financial year.
- Financial statement, may not include the cash flow statement.

Exemption available to OPC under Companies Act, 2013

- Section 96. Option to dispense with the requirement of holding an AGM
- Section 98. Power of Tribunal to call meetings of members
- Section 100. Calling of extraordinary general meeting
- Section 101. Notice of meeting
- Section 102. Statement to be annexed to notice
- Section 103. Quorum for meetings
- Section 104. Chairman of meetings
- Section 105. Proxies
- Section 106. Restriction on voting rights
- Section 107. Voting by show of hands
- Section 108. Voting through electronic means
- Section 109. Demand for poll
- Section 110. Postal ballot
- Section 111. Circulation of members' resolution

PROCESS OF INCORPORATION OF ONE PERSON COMPANY (OPC)



Reservation of name

An application for the reservation of a name shall be made in Form No. INC.1 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014.

Where the articles contain the provisions for entrenchment, the company shall give notice to the Registrar of such provisions in Form No.INC.2 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 at the time of incorporation of the company or in case of existing companies, the same shall be filed in Form No.MGT.14 within thirty days from the date of entrenchment of the articles, as the case may be, along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014.

The model articles as prescribed in Table F, G, H, I and J of Schedule I may be adopted by a company as may be applicable to the case of the company, either in totality or otherwise.

Application for incorporation of companies

An application shall be filed, with the Registrar within whose jurisdiction the registered office of the company is proposed to be situated, in Form No.INC.2 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 for registration of a company:

Signing of Memorandum and Articles of Association

The memorandum and articles of association of the company shall be signed by each subscriber to the memorandum, who shall add his name, address, description and occupation, if any, in the presence of at least one witness who shall attest the signature and shall likewise sign and add his name, address, description and occupation, if any and the witness shall state that "I witness to subscriber/subscriber(s), who has/have subscribed and signed in my presence (date and place to be given); further I have verified his or their Identity Details (ID) for their identification and satisfied myself of his/her/their identification particulars as filled in".

Affidavit of Subscriber and first directors

The affidavit shall be submitted by each of the subscribers to the memorandum and each of the first directors named in the articles in Form No.INC.9

Particulars of Subscriber

Particulars of every subscriber to be filed with the Registrar at the time of incorporation

Nomination by the subscriber or member

- (1) The subscriber to the memorandum of a One Person Company shall nominate a person, after obtaining prior written consent of such person, who shall, in the event of the subscriber's death or his incapacity to contract, become the member of that One Person Company.
- (2) The name of the person nominated shall be mentioned in the memorandum of One Person Company and such nomination in Form No INC.2 along with consent of such nominee obtained in Form No INC.3 and fee as provided in the Companies (Registration offices and fees) Rules, 2014 shall be filed with the Registrar at the time of incorporation of the company along with its memorandum and articles.

Declaration by professionals

The declaration by an advocate, a Chartered Accountant, Cost accountant or Company Secretary in practice shall be in Form No. INC.8.

IMPORTANT INSTRUCTIONS - FILING OF EFORM FOR INCORPORATION OF OPC

- For incorporation of One Person Company required filing eForm INC-2.
- It is suggested that eForm DIR-12 should be filed together at the time of filing of eForm INC-2 if the member is not the sole director of the company.
- In case the address for correspondence is not the address of the registered office of the Company, user is required to file INC-22 within 30 days of its incorporation.
- Stamp duty on eForm INC-2, Memorandum of Association (MoA) and Articles of Association (AoA) can be paid electronically through the MCA portal.
- Payment of stamp duty electronically through MCA portal is mandatory in respect of the States which have authorized the Central Government to collect stamp duty on their behalf. Now eStamp duty payment is to be done online through MCA portal for all the states.
- Refund of stamp duty, if any, will be processed by the respective state or union territory government in accordance with the rules and procedures as per the state or union territory stamp Act.
- Scan the photograph of every subscriber with MOA and AOA.
- The company can have its registered office from the date of incorporation or on and from the 15th day of its incorporation. Till the same is established and intimated to the RoC, company can have its correspondence address capable of receiving and acknowledging all communications and notices as may be addressed to it.
- Details of registered office address of the company if the company is having its registered office from the date of its incorporation.
- Valid email id of the company. Ensure that this email ID is valid as intimation regarding processing of the eForms, important communication from RoC office shall also be communicated electronically at the email ID being mentioned here.
- Details of the address of the police station under whose jurisdiction the registered office of the company is to be situated.
- Details of authorized and subscribed share capital break up in case of a company having share capital.
- Minimum and maximum number of members for One Person Company is one only.
- The subscriber to the Memorandum shall ensure that the payment for the total amount of shares subscribed by him is made to the company upon incorporation.
- Enter the number of shares, total amount of shares and nominal amount per share for each type of share.

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- In case company has shares of multiple nominal amounts per share, then multiple nominal values per share separated by comma in the field Nominal amount per share.
 - Main division of industrial activity of the company.
 - Details of promoter.
 - User is required to file eForm DIR-12 in case promoter and director are not the same persons.
 - DIN or Income-tax PAN. In case DIN is entered it should be an approved DIN.
 - For cases of PAN, name and address of the promoter is required to be entered. System shall verify the name of the promoter based on PAN entered.
 - Surname or family name in the field Family Name.
 - Other relevant particulars of the promoter including duration of stay at present address. If duration of stay is less than a year at present address, enter the details of previous residence of the promoter. Ensure that Promoter to One Person company is always an Indian citizen and resident in India and promoter shall be eligible to incorporate only one OPC.
 - Every One Person Company is required to indicate the name of other person as nominee to the sole member in the memorandum and nominee for the subscriber should be an individual who is an Indian citizen and resident in India.
 - The name of such nominee.
 - Enter the details of nominee by entering approved DIN or valid Income-tax PAN. In case DIN is entered, the system shall automatically display the name, middle name, surname, father's name and gender of such person.
 - Provide details of stamp duty already paid.
 - Ensure the eForm is digitally signed by the same person whose designation is reflected in the declaration section of the eForm.
 - In case the person digitally signing the eForm is a Director - Enter the approved DIN. In case the person digitally signing the eForm is Company Secretary - Enter valid membership number. In case the person digitally signing the eForm is Manager - Enter approved DIN or valid income-tax PAN.
 - It is mandatory to attach Memorandum of Association, Articles of Association, proof of identity of the member and the nominee, residential proof of the member and the nominee, copy of PAN card of member and nominee, consent of nominee in Form INC-3 along with enclosures, affidavit from the subscriber and first director to the memorandum in Form No. INC-9.
 - It is mandatory to attach Specimen Signature in Form INC-10 in case company is 'Not having share capital'.
 - It is mandatory to attach Entrenched Articles of association if any of the articles are entrenched.

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- Proof of registered office address and copies of the utility bills not older than two months are required to be attached in case of address of correspondence is the address of registered office of the company.
 - It is mandatory to attach proof that the company is permitted to use the address of the registered office of the company if the same is owned by director/any other entity/ Person (not taken on lease by company).
 - It is mandatory to attach consent to act as a director in case subscriber and director are the same persons.
 - List of all the companies (specifying their CIN) having the same registered office address, if any.

PUBLIC COMPANY & PRIVATE COMPANY

Categories of Companies

- Public Company
- Private Company
 - o One Person Company
 - o Small Company

The above said companies may be classified as [Section 3(2)] of the Companies Act, 2013:

- Company limited by shares [as defined in Section 2(22)]: a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them.
- Company limited by guarantee [as defined in Section 2(21)]: a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up.
- Unlimited Company [defined in section 2(92)]: a company not having any limit on the liability of its members.

Public Limited Company

- No Minimum paid-up share capital
- Minimum Subscribers-7
- Minimum Directors-3

Private Limited Company including Small Companies

- No Minimum paid-up share capital
- Minimum Subscribers-2
- Minimum Directors-2

One Person Company

- No Minimum paid-up share capital
- Minimum & Maximum Subscriber-1
- Minimum Director-1

Memorandum of Association

- The Memorandum of Association is the charter of a Company. It is a document, which amongst other things defines the area within which the company can operate.
- As per section 2(56) “memorandum” means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of any previous company law or of this Act.
- The Memorandum of a company shall be in respective forms specified in Tables, A, B, C, D and E in Schedule I as may be applicable to such company.
- The Memorandum of a limited company must state the following Six clauses i.e.
 - Name Clause: The name will be the name which got reserved with ROC. The Last word of the name of company will include “Limited” in case of Public Company and “Private Limited” in case of Private Company
 - Registered Office Clause (also called Situation Clause)
 - Object Clause
 - Liability clause
 - Capital Clause
 - Subscriber’s clause
 - Nominee Clause(In case of OPC ONLY)

Articles of Association

- The articles of association of a company are bye-laws or rules and regulations that govern the management of internal affairs and the conduct of business. The articles deals with the rights of the members of the company inter se. They are subordinate to and are controlled by the memorandum of association.
- According to Section 2(5) of the Companies Act, 2013, ‘articles’ means the articles of association of a company as originally framed or as altered from time to time or applied in pursuance of any previous company law or of this Act.
- As per section 5(3) of the Companies Act, 2013, an entrenchment provision in Articles enables a company to follow a more restrictive procedure than passing a special resolution for altering a specific clause of articles of association. A private company can include entrenchment provisions only if agreed by all its members or, in case of a public company, if a special resolution is passed.
- The articles of a company shall be in respective forms specified in Tables, F, G, H, I and J in Schedule I as may be applicable to such company.

Signing of MOA & AOA

- The Memorandum and Articles of the company would be signed by subscribers as per section 7(1)(a) read with Rule 13 of Companies (Incorporation) Rules, 2014.
- Subscribers Clause will have to take into consideration and mention following :-
 - Name
 - Fathers name
 - Occupation
 - Resident Address
 - Share subscribed
 - Affix one Passport Size Photo graph
 - Signed in given column
 - One person will act as witness and sign in the witness column along with mentioning following details:
 - Name
 - Address
 - Description
 - Signature

There are two routes to Incorporate Companies:

- (a) Through various stage-wise forms.
- (b) Through integrated e-form INC-29.

A. Through various stage-wise forms.

Incorporation of Public /Private Company

Application for Director Identification Number and Digital Signature Certificate

- Every person intended to be appointed as Director must first obtain Digital Signature Certificate and then apply to the Central Government for grant of Director Identification Number in Form DIR-3 pursuant to section 152 read with rule 9(1) of Companies(Appointment and Qualification of Directors) Rules, 2014.

Reservation of Name with ROC

- File e-Form INC-1 under Section 4(4) of the Companies Act, 2013 read with Rule 8 & 9 of Companies (Incorporation) Rules, 2014 with ROC with payment of prescribed fees.
- The name should not be undesirable i.e.identical, resembling, restricted or prohibited as per the conditions specified in Rule 8.
- The name shall stands reserved for a period of 60 days from the date of application for reservation of name.(Section 4(5))

Drafting of MOA & AOA

- MOA & AOA shall be drafted in accordance with the formats prescribed in Schedule I as may be applicable. Both shall be signed by Subscribers. [MOA-Tables A,B,C,D,E; AOA-Tables F,G,H,I,J]
- The names of First Directors are mandatory to be given in AOA.
It should be noted that the main objects should match with the objects shown in e-Form INC.1 i.e. Name Approval

Filing of Forms

- File e-form INC-7 for incorporation of company with ROC pursuant to Section 7 (1) of the Companies Act, 2013 read with Rule 10, 12, 14 and 15 of Companies (Incorporation) Rules, 2014.
- File e-Form INC-22 for notice of Registered Office of the Company with ROC pursuant to Section 12 (2) & 12 (4) of the Companies Act, 2013 read with Rule 25 & 27 of the Companies (Incorporation) Rules, 2014.
- File e-Form DIR-12 for Appointment of Directors with ROC pursuant to section 7(1)(c) read with Rule 17 of the Companies (Incorporation) Rules, 2014.

Issue of Certificate of Incorporation by Registrar

- Registrar on being satisfied with the documents submitted under section 7(2) will grant the Certificate of Incorporation in e-form INC-11.
- A Certificate of Incorporation given by the Registrar shall be the conclusive evidence that all requirements of the Act have been complied with.

Allotment of Corporate Identification Number

- The Registrar would allot distinct Corporate Identification Number (CIN) which shall be mentioned on the Certificate of Incorporation.

Attachments*e-Form INC-1 (Application for reservation of name)*

- Trademark or authorization to use trade mark, if the name of the company is based on trade mark or application for deed of assignment or a copy of application of registered trademark.
- In case the proposed name contains such word or expression for which the approval of Central Government is required, a copy of Central Government's approval.
- Proof of relation is required to be attached if the proposed name(s) include(s) the name of relatives.
- In principal approval from the concerned regulator wherever is applicable.
- NOC from sole proprietor/ partners/ other associates.
- NOC from existing company
- Copy of affidavit in case of proposed name includes phrase 'Electoral Trust'

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- NOC as required in Rule 8(4) if proposed name includes name of promoters or their closed relatives.

e-Form INC-7 [Application for Incorporation of Company (other than OPC)]

- Copy of Memorandum of Association and Articles of Association
- Declaration by Professionals (CA/CS/CWA) in form INC-8. [Section 7(1) (b) and rule 14 of the Companies (Incorporation) Rules, 2014]
- Affidavit from the subscriber to the memorandum in Form No. INC-9 [Section 7(1)(c) read with rule 15 of the Companies (Incorporation) Rules, 2014]
- Proof of residential address which should not be older than two months, and proof of identity of subscribers.
- Specimen Signature in Form INC-10. [Rule16(1)(q) of Companies (Incorporation) Rules, 2014]
- Entrenched Articles of association if any of the articles are entrenched.
- NOC in case there is change in the promoters (first subscribers to Memorandum of Association)
- Proof of nationality in case the subscriber is a foreign national
- PAN card (in case of Indian national)
- Copy of certificate of incorporation of the foreign body corporate and proof of registered office address
- Certified true copy of board resolution/consent by all the partners in case subscriber is Body Corporate.
- Principal approval taken from RBI for carrying NBFC activity as the case may be.
 - Trademark or authorization to use trade mark, if the name of the company is based on trade mark or application for deed of assignment or a copy of application of registered trademark.
 - In case the proposed name contains such word or expression for which the approval of Central Government is required, a copy of Central Government's approval.
 - Proof of relation is required to be attached if the proposed name(s) include(s) the name of relatives.
 - In principal approval from the concerned regulator wherever is applicable.
 - NOC from sole proprietor/ partners/ other associates.
 - NOC from existing company
 - Copy of affidavit in case of proposed name includes phrase 'Electoral Trust'
 - NOC as required in Rule 8(4) if proposed name includes name of promoters or their closed relatives.

e-Form INC-22 (Notice of situation or change of situation of registered office)

- Proof of registered office's address (Conveyance/ Lease deed/ Rent Agreement etc. along with the rent receipts).
- Copies of the utility bills (proof of evidence of any utility service like telephone, gas, electricity etc. depicting the address of the premises not older than two months).
- Proof that the company is permitted to use the address as the registered office of the Company (Authorization from the owner or occupant of the premises along with proof of ownership or occupancy and it is mandatory if registered office is owned by any other entity/ person (not taken on lease by company)).
- e-Form DIR-12
- Declaration by first director in Form INC-9
- Interest in other entities of director in case number of entities entered is more than one.
- Declaration of the appointee director in Form No. DIR-2.
- Proof of identity and Address.

B. Through integrated e-form INC-29

— Integrated Process of Incorporation of Company (INC-29)

- INC-29 is one Single form for incorporating a company pursuant to sections 4, 7, 12, 152 and 153 of the Companies Act, 2013 read with rule 36 of Companies (Incorporation) Rules, 2014.
- Optional process: Incorporation of the company through the integrated form for incorporation INC-29 is optional. Standalone e-forms are also available.
- Form - INC-29 would take care of three separate processes with this single form namely application for DIN, application for name approval and application for incorporation of companies.
- Resulting in doing away of filing of the following e-forms:
 - Form DIR-3 (Application for allotment of DIN in case proposed Directors have no DIN)
 - Form INC-1/INC-2 (Application for Reservation of name)
 - Form INC-7 (Application for incorporation of a company other than OPC)
 - Form DIR-12 (Details of Directors)
 - Form INC-22 (Details of registered office) (Optional at the time of incorporation)
- Filing Fees: Fee for the form is Rs. 2000/- plus registration fee as specified in Companies (Registration of offices and Fees) Rules, 2014
- Scope of E-form INC-29: The following types of companies can be registered:
 - One Person Company

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- Private Limited Company
 - Public Limited Company
 - Producer Company
 - Facility for using 'integrated form' is not available for incorporating Section 8 companies.
 - Only one name can be applied for approval in this e-form. Therefore, one is advised to duly check the proposed name and follow name availability guidelines, existing trade marks to avoid rejection.
 - Application for DIN is permissible upto 3 directors through this INC-29. Personal details in relation to the director or subscriber is not required in case director/subscriber already has DIN. Scanned copy of Memorandum and Articles of Association need to be attached with the form.

Procedure for Fast Track Company Registration using Form INC-29:

Obtain Digital Signature

To file Form INC29, the digital signature of one of the Directors will be required. Hence, Digital Signature must be obtained for one of the proposed Directors of the Company. Class 2 Digital Signature will be required for filing form INC29

Preparation of Incorporation Documents to be attached with Form INC29

In case there is any Director cum Subscriber who already possess DIN, then the DIN of the person can be entered in the appropriate field

Directors cum Subscribers NOT having DIN--In case there is any Director cum Subscriber who does not have DIN, then the DIN application can be made in the Form INC 29 itself by submitting the following information and documents:

- (a) Personal Details, Occupational Details and Educational Qualification
- (b) PAN – In case of Indian National
- (c) Passport Number – In case of Foreign National
- (d) Email Address of the Director
- (e) Address information of the Director
- (f) Proof of Identity – Voters ID Card / Drivers License / Passport / Aadhar Card
- (g) Proof of Address – Bank Statement / Electricity Bill / Telephone Bill / Mobile Bill

The following incorporation documents must be prepared, signed by the Directors/Subscribers and attached with Form INC29:

1. Memorandum of Association (MOA)
2. Articles of Association (AOA)
3. Affidavit and declaration by first Subscribers and Directors

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4. List of Promoters
 5. List Of Directors
 6. No Objection Certificate from Director in case of any increase in promoters
 7. form INC- 8
 8. Form INC- 9
 9. Form INC-10
 10. Form DIR- 2
 11. Lease deed or Authentication to use property for use as Registered Office.

After filing of INC-29

Time available for Resubmission of E-Form INC-29 is 15 days from the date of additional information sought for or intimation of defect.

After Resubmission of the E-Form, if Registrar still sought for any additional information one more opportunity of 15 days available with the user for filing.

After Two Opportunities E-Form INC-29 of the proposed company shall be rejected.

Certificate of Incorporation

Registrar after being satisfied issue Certificate of Incorporation.

INCORPORATION OF A PRODUCER COMPANY UNDER COMPANIES ACT 1956

The Companies (Amendment) Act 2002 vide notification no. S.O. 135 (E) inserted part IX – A of the Companies Act, 1956 and introduced the concept of Producer Company. In the year 2002 an expert committee led by noted economist Y.K Alagh framed legislation for incorporation of a producer company, and conversion of inter- state cooperative society into a producer company and its reconversion into cooperative society.

A producer company means a body corporate, having objects specified in section 581 B and registered as a Producer Company. The object of a producer company shall relate to all are any of the following namely:

1. production, harvesting, procurement, grading , pooling ,handling marketing, selling, export of primary produce of members or import of goods or services for their benefit: Provided that the producer company may carry on any of the activities specified in this clause either by itself or through other institution;
2. processing including preserving drying, distilling , brewing , venting canning and packing of produce of farmers;
3. manufacture, sale or supply of machinery, equipment or consumables mainly to its members;
4. providing education on mutual assistance principles to its members and others;
5. rendering technical services, consultancy services , training , research and development and all other activities for the promotion of interests of its members;

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6. generation , transmission and distribution of power , revitalisation of land and water resources their use , conversion and communications relatable to primary produce;
 7. insurance of producers on their primary producer;
 8. promoting techniques of mutuality and mutual assistance ;
 9. welfare measures or facilities for the benefit of members as may be decided by the board;
 10. any other activity, ancillary or incidental to any of the activity referred to in clauses (a) to (i) which include extending of credit facilities or any other financial services to its members.

Any ten or more individuals, each of them being a producer or two or more producer institution or a combination of ten or more individual producer institution can form a producer company provided that if a person ceases to be a primary producer, the board of director is entitled to ask him to surrender his shares.

Steps for Incorporation

1. Apply for name of the company: An application in form-1 – A of Companies (Central Government's) General Rules and Forms 1956 shall be made to the registrar of companies in the state where the registered office of the proposed company will be situated. A fee of Rs. 500 will be also sent. The applicant shall give four alternative names. The name of the promoters should also be the subscribers to the memorandum. The last words of the company should be ".....producer company limited".
2. The registrar's confirmation of availability of name will be valid for six months and if a company with that name is not registered within six months, a fresh application will have to be made to the registrar with fees of Rs. 500
3. Within six months of confirmation from the registrar regarding availability of name, the promoters of a producer company shall produce to the registrar of the state in which the registered office will be located the following:
 - a) Memorandum of association duly signed by the subscribers and witnessed (2 copies).
 - b) Articles of association duly signed and witnessed as above (2 copies).
 - c) Declaration by an advocate of the supreme court or high court, an attorney or pleader entitled to appear before high court, or a secretary or a chartered accountant, in whole –time practice in India, who's is engaged in the formation of company or by a person named in the memorandum as director of the company, to the effect that all the requirements of the act and the rules there under have been complied with in respect of registration and matters precedent and incidental thereto.
 - d) List of persons named in the MOA as first directors and their consents in form -29 to act as directors.
 - e) Form - 32 in duplicate giving particulars of the said persons named as directors.
 - f) Form - 18 in respect of situation of registered office.

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- g) Power of attorney on non judicial stamp paper, if any, executed by any subscriber authorising a person to sign the moa and aoa on his behalf or executed by a producer institution as subscriber
 - h) Power of attorney on Non Judicial stamp paper signed by all subscribers authorising one of the subscribers or other person authorising him to make corrections on any of the document as may be required by the registered.
 - i) Evidence as to deposit of fees for incorporation of the company on the basis of the authorised capital as given in schedule X to the act.
 - j) The formalities for registration are identical for all companies as per Section 581 C (1) that for registration of a producer company under part IX –A, the provisions of the act in respect of registration have to be complied with.

The ROC if satisfied that all formalities relating to registration are duly compiled with, shall register one MOA, AOA and other necessary documents and issue a certificate of incorporation within 30 days of receipt of document for registration.

On registration, the producer company shall be deemed to be a private limited company limited by share without any limit on the number of member and its share capital is to be dividing only into equity shares.

PRODUCER COMPANY

Producer Companies are very different genre of companies in India. Law governing Producer Companies contained in PART IX-A of the Companies Act, 1956.

However, for incorporation of Producer Company, applicant needs to follow same procedure as for any other company.

Salient feature governing Producer companies are given here:

- Objects as per Section 581B of the Companies Act, 1956
- Promoters may be minimum 10 individuals or 2 producer institutions
- Single vote of every member without any relation with shareholding or patronage, Except where all members are institutional members
- Name ends with “Producer Company Limited”
- Memorandum as per Section 581F of the Companies Act, 1956
- Articles as per Section 581G of the Companies Act, 1956
- Minimum 5 directors and maximum 15 Directors
- Ordinary Course of Business in Annual General Meeting as per Section 581S of the Companies Act, 1956
- A full time Chief Executive who will be ex – officio director and not liable to be retire by rotation [Please do not confuse with Chief Executive Officer under the Companies Act, 2013] as per Section 581W of the Companies Act, 1956.

- A Whole time Company Secretary in case of an Average annual Turnover exceed five crore rupees [do not confuse with Paid up capital]
- First Annual General Meeting within 90 days of its incorporation as per Section 581ZA of the Companies Act, 1956
- Share Capital only in Equity Shares as per Section 581ZB of the Companies Act, 1956
- Patronage and Patronage Bonus need special care in Drafting documents

Same Set of Forms like INC – 1 and INC – 7 or Integrated Form INC – 29 is required to be filed for incorporation of Producer Company. Due to differences in drafting, we will discuss Memorandum of Association and Articles of Association in detail.

Memorandum of Association of Producer Company

Memorandum of Association is a document which contains certain information in accordance with provision of Section 4 of the Companies Act, 2013, however in case of Producer Companies Memorandum of Association shall contain certain information in accordance with provision of Section 581F of the Companies Act, 1956. Memorandum of Association of a Producer Company shall contain following clauses:

1. Name Clause: the name of company with “Producer Company Limited” as ;last words of the name,
2. Registered Office Clause: in which registered office of Producer is to Company situate,
3. Objects Clause: One or more Objects as specified in Section 581B. There are no main, Ancillary and other objects. Section 581 lists following Objects to select:
 - a. Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members or import of goods or services for their benefits: Provided that the Producer Company may vary on any of the activities specified in this clause either or through other institution;
 - b. Processing including preserving, drying, distilling, brewing, venting, canning and packaging of produce of its Members;
 - c. Manufacture, sale or supply of machinery, equipment or consumables mainly to its Members;
 - d. Providing education on the mutual assistance principles to its Members and others;
 - e. Rendering technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its Members;
 - f. Generation, transmission and distribution of power, revitalisation of land and water resources, their use, conservation and communications relatable to primary produce;
 - g. Insurance of producers or their primary produce;
 - h. Promoting techniques of mutuality and mutual assistance;
 - i. Welfare measures or facilities for the benefit of Members as may be decided by the Board;

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- j. Any other activity, ancillary or incidental to any of the activities referred to in clauses (a) to (i) or other activities which may promote the principles of mutuality and mutual assistance amongst the Members in any other manner;
 - k. Financing of procurement, processing, marketing or other activities specified in clauses (a) to (j) which include extending of credit facilities or any other financial services to its Members.
4. Subscribers clause: Name and address of subscribers
 5. Capital Clause: Share Capital and division of Share [Only Equity shares permitted under Section 581ZB]
 6. First Directors Clause: name address and occupation of first directors under Section 581J(2);
 7. Liability Clause;
 8. Subscription Clause; and
 9. Other State of Operation Clause.

ARTICLES OF ASSOCIATION OF PRODUCER COMPANIES

Section 581G(2) of the Companies Act, 1956 contains the contents of the articles of Association of Producer Company.

Agenda for the First Meeting of the Board of the Company

1. To appoint the Chairman of the Meeting.
2. To note the Certificate of Incorporation of the company, issued by the Registrar of Companies.
3. To take note of the Memorandum and Articles of Association of the company, as registered.
4. To note the situation of the Registered Office of the company and ratify the registered document of the title of the premises of the registered office in the name of the company or a Notarised copy of lease / rent agreement in the name of the company.
5. To note the first Directors of the company.
6. To read and record the Notices of disclosure of interest given by the Directors.
7. To consider appointment of Additional Directors.
8. To consider appointment of the Chairman of the Board.
9. To consider appointment of the first Auditors.
10. To adopt the Common Seal of the company.
11. To appoint Bankers and to open bank accounts of the company.
12. To authorise printing of share certificates and correspondence with the depositories, if any.

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13. To authorise the issue of share certificates to the subscribers to the Memorandum and Articles of Association of the company.
 14. To approve and ratify preliminary expenses and preliminary agreements.
 15. To approve the appointment of the Key Managerial Personnel, if applicable and other senior officers.

Steps for Formation of a Company in India

Nature of Procedure in India

Obtain Director Identification Number DIN for proposed Directors of the new Company

Obtain Digital Signature Certificate DSC for proposed Directors of the Company

Filing the proposed name of company for approval to the Registrar of Companies (ROC)

Get the Memorandum of Association and Articles of Association printed

Pay stamp duties online

File all incorporation forms and documents online, including the Memorandum of Association and the Articles of Association.

Obtain the certificate of incorporation

Request and obtain Certificate to Commence Operation, if required

OTHER STEPS FOR SETTING UP BUSINESS IN INDIA

Obtain a company seal of company, if any

Obtain a Permanent Account Number (PAN) from an authorized franchise or agent appointed by National Securities Depository Services Limited (NSDL) or Unit Trust of India (UTI)

Obtain a Tax Account Number (TAN) for income taxes deducted at source from the Assessing Office in the Income Tax Department

Register under Shops and Establishment Act

Register for value added tax (VAT) before the Sales Tax Officer of the ward in which the company is located

Register for Profession tax

Register with Employees' Provident Fund Organization

Register with ESIC (medical insurance)

Filing for Government Approval before RBI /FIPB for Foreigners and NRI's

A COMPANY INCORPORATED IN ANY STATE OF INDIA CAN DO BUSINESS IN ALL THE STATES OF INDIA. THE FOLLOWING ARE THE LOCATIONS OF REGISTRARS OF COMPANIES (ROC'S) IN INDIA :

<i>States & U.T.'S Of India</i>	<i>ROC Locations</i>
Delhi & Haryana	Registrar Of Companies Delhi & Haryana, NEW DELHI
Karnataka Registrar Of Companies	Karnataka BANGALORE
Maharashtra, Dadra & Nagar Haveli	Registrar Of Companies Maharashtra MUMBAI
Pune, Kolhapur, Ratnagiri, Satara, Sindhudurga, Sangli, Sholapur & Ahmednagar Districts In Maharashtra	Registrar Of Companies Pune, PUNE
Tamil Nadu	Registrar Of Companies Tamil Nadu, CHENNAI
Coimbatore, Nilgiris, Periyar Salem, Dharmapuri & Dindigul, Quaid-E-Milleth Districts In Tamil Nadu	Registrar Of Companies Coimbatore, COIMBATORE
Gujarat	Registrar Of Companies Gujarat, AHMEDABAD
Andhra Pradesh	Registrar Of Companies Andhra Pradesh, HYDERABAD
Assam, Tripura, Manipur, Nagaland, Meghalaya, Arunachal Pradesh, Mizoram & Shillong	Registrar Of Companies Assam, Tripura, Manipur, Nagaland, Meghalaya, Arunachal Pradesh, Mizoram & Shillong, SHILLONG
Bihar & Jharkhand	Registrar Of Companies, PATNA
Goa, Daman & Diu	Registrar Of Companies Goa, Daman & Diu, GOA
Jammu & Kashmir	Registrar Of Companies Jammu & Kashmir, JAMMU & SRINAGAR
Kerala, Amindivi, Minicoy & Lakshadweep Islands	Registrar Of Companies Kerala, COCHIN
Madhya Pradesh & Chhattisgarh	Registrar Of Companies Madhya Pradesh, GWALIOR
Orissa	Registrar Of Companies Orissa, CUTTACK
Pondicherry	Registrar Of Companies, PONDICHERRY
Punjab, Himachal Pradesh & Chandigarh	Registrar Of Companies Punjab, Himachal Pradesh & Chandigarh, JALANDHAR
Rajasthan	Registrar Of Companies Rajasthan , JAIPUR
Uttar Pradesh & Uttaranchal	Registrar Of Companies Uttar Pradesh, KANPUR
West Bengal	Registrar Of Companies West Bengal, Kolkata
Andaman	The Registrar Of Companies Andaman, PORT BLAIR

LIMITED LIABILITY PARTNERSHIP (LLP)

A limited liability partnership can at best be described as a hybrid between a company and partnership that provides the benefit of limited liability but allows its members the flexibility of organising their internal structure as a partnership based on a mutually arrived agreement.

As the famous saying goes, “Everything is good in a limit “. The same holds true for liability as well. A limited liability partnership (LLP) is viewed as an alternative business vehicle in which the liability of its partners is limited to the extent of their capital contribution or as agreed as per the Limited Liability Partnership Agreement. The primary intention of LLP is that its external structure should mirror that of the limited company but in terms of conduct of internal affairs it would be similar to traditional partnership.

A limited liability partnership (LLP) is a body corporate, with a distinct legal entity separate from that of its partners. It has perpetual succession and a common seal. A limited liability partnership, which is a separate legal person, will be liable to the third parties independent of the other partners. Any change in its partners, will not affect the existence, rights or liabilities of the limited liability partnership. Like a company, a limited liability partnership can do all the things an individual or company can do. It can make contracts, sue or be sued, hold property or become insolvent.

A limited liability partnership can at best be described as a hybrid between a company and a partnership, that provides the benefits of limited liability but allows its members the flexibility of organizing their internal structure as a partnership based on a mutually arrived agreement. An LLP is formed pursuant to a "Limited Liability Partnership agreement" which means any written agreement between the partners of the limited liability partnership or between the limited liability partnership and its partners, which determines the mutual rights, and duties of the partners and their rights and duties in relation to that limited liability partnership. This form of business structure has been prevalent in many countries including USA, UK, Japan, and Singapore.

Key Characteristics of LLP

- *Separate Legal Entity* : LLP is a separate legal entity from its partners.
- *Limited liability* : Liability of the partner is limited to the extent of his contribution in the LLP. No exposure of personal assets of the partner, except in cases of fraud.
- *Right to manage business* : Unlike corporate shareholders, the partners have the right to manage the business directly.
- *Perpetual succession* : It has perpetual succession. It means LLP has existence, no matter how many changes occur in membership.
- *Profit motive* : It should be 'for profit' business.
- *Agreement* : The rights and duties of partners in LLP will be governed by the agreement between partners and the partners have the flexibility to devise the agreement as per their choice.
- *Legal proceedings* : It is a legal entity which can sue and be sued.

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- *Compliances* : There are minimum compliances required to be complied with under LLP Act.
 - *Related Party Transactions* : There is no restriction for entering into contracts with related parties.
 - *Tax benefit* : Profit will be taxed only in the hands of LLP and not in the hands of its partners. Thus, it helps avoiding double taxation.
 - *No requirement for Minimum Capital Contribution* : There is a requirement for a minimum capital contribution from the partners, which then shall be available for the Creditors of the LLP or for a guarantee from the partners for the obligations of the LLP.
 - *Rights of Partners are transferable* : LLP Act, 2008 provides that the rights of a partner to a share of the profits and losses of the LLP and to receive distributions in accordance with the LLP agreement are transferable either wholly or in part.
 - *Partner can enter into transactions and give loan to the LLP* : LLP Act provides that a partner may lend money to and transact other business with the LLP and has the same rights and obligations with respect to the loan or other transactions as a person who is not a partner.
 - *Contributions may be given in Instalments* : The Act does not prevent a partner from making his contributions in instalments. However the Partner shall remain liable for the full amount that he has agreed to contribute but has not been paid up.

LLP alternative to traditional form of Partnership

LLP is defined as a partnership firm registered under the Act. It shall have a written agreement either between partners or between partners and LLP. Such agreement to provide for mutual rights and duties of the partners amongst themselves and in relation to LLP. A traditional partnership firm can be brought into existence either by an oral or by a written agreement. It may be registered (with written agreement) under the Indian Partnership Act 1932. Unlike an incorporated company, a traditional partnership does not have a legal personality of its own and, therefore, the partners are liable for the debts of the firm.

An alternative is available under Indian law to register a partnership under the LLP Act 2008. LLP is a body corporate, separate from its partners. It shall have perpetual succession, meaning, partners may come and partners may go, but LLP continues. Any change in partners shall not affect the existence, rights and liabilities of the LLP. Where a partnership is registered under the LLP Act, then the provisions of the Partnership Act 1932 shall not apply to it.

Advantage of LLP over traditional form of Partnership

In traditional partnerships, the partners are fully liable for the debts of the firm. Each partner's personal asset is at risk irrespective of culpability. Indian traditional partnerships are, therefore, restricted to persons who know each other closely. With the enactment of the LLP Act, such liability of partners will no longer be unlimited. Limited partners are liable only to the extent of their investment. Just like an incorporated company, LLP have a legal personality of its own and, therefore, partners are not liable for the debts of the LLP firm. LLP can sue in its own name and be sued by others. LLP can own property in its own name. Where a partner of LLP does any

wrongful act or omits to do an act, in the course of business of LLP or where such act or omission of a partner is in exercise of authority of LLP, then in such cases, liability if any, shall be that of LLP only and not of the partner who did or omitted any act. This is similar to a private limited company, where for any wrong done, generally the private limited company would be liable and not its directors.

Like private limited company, LLP is considered as a separate legal entity, different from its partners. However where such an act (wrongful act) or omission (to do) is not in the course of the business of LLP or not under the authority of LLP, then such partner who acts or omits to do any act, shall alone be liable and not any other partner of LLP. This is different from traditional partnership where act of one partner binds the other and hence makes all partners liable. An obligation of LLP, whether arising in contract or otherwise, shall solely be the obligation of the LLP only. Since partners of LLP are not liable, those who deal with LLP need to take adequate precautions, which may comprise of knowing. Liabilities of the LLP shall be met out of the property of the LLP.

Thus, LLP is different from traditional partnership, amongst other things, in the sense that property of the partners is not affected in discharging obligation of LLP.

- Limited liability - reduced risk to personal wealth from creditors' claims;
- Internal flexibility - facilitates participation in management and maintenance of ethos of partnership.

Advantages of LLP form

LLP is a form of business model which:

- is organized and operates on the basis of an agreement.
- provides flexibility without imposing detailed legal and procedural requirements
- enables professional/technical expertise and initiative to combine with financial risk taking capacity in an innovative and efficient manner.

Comparative Analysis - Partnership vs. LLP

<i>Partnership</i>	<i>Limited Liability Partnership</i>
Partnership under Indian Partnership Act, 1932	Limited Liability Partnership under LLP Act, 2008.
Unlimited personal liability of each partner for dues of the partnership firm.	Liability limited to the properties of LLP except in case of unauthorized acts, fraud and negligence of partner(s) when the delinquent partner will be personally liable.
Registration of partnership is not mandatory	Incorporation of partnership as LLP is mandatory.
Not a legal entity separate from its partners. Firm cannot hold property in its own name (only in the names of the	Legal entity separate from its partners. The firm may hold property in its own name and sue or be sued in its own name.

partners); cannot sue or be sued in its own name.

Partnership deed is executed.

Minimum 2 partners

Documents are required to be filed with Registrar of firms (of respective states).

Partners are liable for statutory compliances.

Partner cannot enter into business with firm since the latter is not a separate legal entity.

Every partner of a firm is an agent of the firm and also of other partners.

No filing of Accounts or Solvency Statement or Annual Return with Registrar of Firms.

Partnership firm can be dissolved as per Act/Partnership Deed.

Incorporation Document' is executed. LLP Agreement/First Schedule governs the mutual rights and duties of partners inter se and between the partners and the LLP.

Minimum 2 partners; no maximum limit.

MCA/ROC LLP is the administrative ministry/ authority.

Only Designated Partners are liable for statutory compliances.

Partners may enter into contracts with their LLP including lending of money; they have rights and obligations therefor as in the case of third parties/outsideers.

Every partner of LLP is an agent only of the firm and not of the other partner(s).

Accounts, Solvency Statement and Annual Return are to be filed with RoC each year.

LLP to be wound up and dissolved as per LLP Act.

Comparative Analysis - Limited Company v. LLP

Partnership

Memorandum & Articles of Association to be filed with RoC.

Name to end with 'Limited or 'Private Limited'.

Key Managerial Personnel vested with powers of day to day administration.

Certain restrictions on remuneration payable to the Directors, their relatives etc.

Limited Liability Partnership

Incorporation document and LLP Agreement to be filed. First Schedule applies in the absence of LLP Agreement.

Name to end with 'Limited Liability Partnership or 'LLP'.

Management rests with those Partners (including designated partners) who are authorised by LLP agreement (As Designated Partners they are responsible only for legal compliances).

No legal restriction on remuneration to partner. Partners will be eligible for remuneration as per LLP Agreement.

Charges / mortgages to be valid should be registered with RoC.	No such provision for LLPs.
AGM of shareholders mandatory	No AGM of partners.
Restrictions exist on inter-corporate investments and loans.	No such restrictions
Incorporation fee and Document Registration fees are high - also many forms to be filed.	Moderate fee for incorporation and Filing of documents -only annual filing.

Partners for an LLP

Every LLP shall have :

- at least two partners. Both of them shall be individuals. In case where an LLP has only body corporate as partners, atleast two of its nominee shall be individuals. If, for a period of more than six months, the number of partners of the LLP is reduced below two, it may be wound up.
- at least two designated partners (who shall be individuals. Body corporate cannot be designated partner of LLP. However individual nominee of body corporate can be designated partner).
- one of the designated partners, shall be resident in India (i.e. stayed in India for atleast 182 days during previous one year. Term 'year' is not defined and hence shall have its meaning as per the General Clauses Act – i.e. calendar year as per Georgian Calendar i.e. from January to December).

Who can be partner in LLP

- An individual (other than one who has been found to be of unsound mind by Court, an undischarged insolvent; has applied to be adjudged insolvent and application is pending)
- Indian private and/or public company
- Foreign company
- Any other LLP
- LLP registered outside India

Who cannot be partner in a LLP?

- a corporation sole
- a co-operative society
- a HUF or its karta

Disqualification of a Partner

LLP Act specifies the disqualifications that will prevent an individual from becoming a Partner.

Accordingly, an individual shall not be capable of becoming a partner of a limited liability partnership, if —

- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) he is an undischarged insolvent; or
- (c) he has applied to be adjudicated as an insolvent and his application is pending.

The LLP Act, 2008 has not specified the qualifications to be a partner but has specified the above three disqualifications in respect of an individual. It is to be noted that these are apart from the eligibility by the conditions and requirements as may be prescribed by the Central Government in respect of designated partners as laid down in the LLP Rules and Forms, 2008 as well as the requirements in LLP Agreement.

Designated Partners

“Designated partner” means any partner designated as such pursuant to section 7 of the said Act .Every LLP should have at least 2 designated partners and at least 1 should be resident in India .

The term “resident in India” means a person who has stayed in India for a period of not less than one hundred and eighty-two days during the immediately preceding one year.

The Incorporation document of the LLP can specify the names of the designated partners and if so, they will become designated partners . The Incorporation Document can also state that every person who from time to time is Partner will be Designated Partner.

The Individual should have given his consent to act as a designated partner in the form and manner prescribed and every designated partner of a limited liability partnership will have to obtain a Designated Partner Identification Number (DPIN) from the Central Government. The designated partner shall be answerable for doing of all acts, matters and things as are required to be done by LLP pursuant to the Act and will be responsible for filing of documents, returns, statements and the like pursuant to the provisions of this Act and as may be specified in the LLP agreement. The designated partners are liable to all penalties imposed on the LLP for any contravention of the specified provisions. Notice has to be filed with the Registrar of LLP when changes occur in the partnership and/or designated partnership of a LLP.

Where an LLP does not have a Designated Partner or has only one Designated Partner, every partner of LLP shall be treated as designated partner. Any partner of LLP can become and cease to be its 'designated partner' as per LLP agreement. The First Schedule to the Act contains mutual rights and duties of (i) partners and (ii) LLP and partners. In the absence of LLP agreement as to any matter, provisions of the first schedule shall apply. The First Schedule does not contain any provision pertaining to manner of becoming/appointing and cease to be 'designated partner'. Hence, the LLP agreement shall contain provisions for making a partner as 'designated partner' as well as for cessation of 'designated partner'. Prior consent of an individual shall be obtained to make him 'designated partner'. 'Designated partner' shall have a DPIN (Designated Partner Identification Number).

Designated Partner shall ensure compliance of the LLP Act and are liable:

- for penalties imposed under the Act on them and
- for penalties imposed under the Act on LLP.

Capital/Contribution of LLP

Partners of LLP can contribute in cash and/or kind or even by agreeing to perform services. LLP agreement to specify about nature and amount of contribution. The law does not prescribe any minimum or maximum amount of capital/contribution. Liability of partners of LLP is to the extent of contribution agreed in the LLP agreement.

Pre-incorporation Contracts

Prior to registration of LLP, a contract can be entered into by persons who become partners of LLP upon its registration. Such contract can become binding on LLP if after its registration, all partners of LLP Rules such agreement.

Name of LLP

Elaborate provisions have been made regarding the name and incorporation requirements. the name of LLP shall end with "Limited Liability Partnership" or "LLP".

The name of LLP shall be such that in the opinion of the Central Government, is not:

- undesirable,
- dential or too nearly resembles to name of:
 - other partnership firm, or
 - LLP, (Indian or foreign), or
 - company (Indian or foreign), or
 - other body corporate, or
 - registered trade mark of other person or
 - a trade mark of other person, whose registration is applied for registration and is pending for registration.

Registered Office

Every LLP shall have a registered office in India.

Limitation of liability

A limited liability partnership is not bound by anything done by a partner in dealing with a person if—

- (a) the partner in fact has no authority to act for the limited liability partnership in doing a particular act; and
- (b) the person knows that he has no authority or does not know or believe him to be a partner of the LLP.

The LLP is liable if a partner of the LLP is liable to any person as a result of the wrongful act or omission on his part in the course of the business of the LLP or with its authority. The LLP will have unlimited liability when any activity is carried out with intent to defraud creditors of the limited liability partnership or any other person, or for any fraudulent purpose, unless it is proved that such acts were without the knowledge or authority of the LLP. An obligation of the LLP whether arising in contract or otherwise, is solely the obligation of LLP. The liabilities of the limited liability partnership shall be met out of the property of the limited liability partnership.

When to use a limited liability partnership

Of all the legislation of the last few years, the “creation” of limited liability partnerships is one of the most interesting. In India, businesses mainly operate as companies, sole proprietorships and general partnerships. Each of these business structures has its own advantages and shortcomings and is subject to different regulatory and tax regimes.

The private company form of business, by its articles of association, limits the number of its members to 200 (excluding the past and present employees of the company), restricts the right of its members to transfer its shares and prohibits an invitation to the public to subscribe to any shares in or the debentures of the company.

As an alternative, Limited Liability Partnership (LLP), addresses some of these concerns. The primary intention of LLP is that its external structure should mirror that of the limited company but in terms of conduct of internal affairs it would be similar to traditional partnership.

Do you need a Limited Liability Partnership agreement?

Partners in a limited liability partnership are not obliged to enter into a formal LLP agreement. In practice, however, they will almost certainly get together to decide on the structure and regulation of all aspects of their limited liability partnership, in just the same way as prospective partners in a traditional partnership. The agreement they make is then binding on them after the limited liability partnership has been properly registered. According to section 2(1)(o) of the LLP Act 2008, Limited Liability Partnership Agreement means any written Agreement between the partners of the LLP, or between the LLP and its Partners, which determines the mutual rights and duties of the partners and their rights and duties in relation to the LLP. It is not mandatory by law to enter into a formal LLP agreement, but it should be done as it avoids unnecessary disputes in the future.

Where no LLP agreement has been executed between the partners of LLP or the agreement is silent on certain issues, the provisions of the First Schedule to the LLP Act 2008 shall apply. LLP Agreement is the most important document and execution of LLP agreement and any changes made therein should be filed with the Registrar in prescribed Form annexed to the LLP Rules, 2009 along with the filing fee as per Annexure A of the LLP Rules 2009.

The LLP Agreement is important for the following reasons:

- The effect of LLP Agreement is that it defines the rights, duties and liabilities between partners inter se and of partners with the LLP, and helps in avoiding any disputes.
- Execution of a LLP agreement provides for efficient running of the company.

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- Among other things, the LLP Agreement defines the form of contribution and liability for contribution of the partners.
 - A written LLP agreement will assist in assessing the profitability of partners for taxation purposes under the Income Tax Act 1961.

Content of LLP Agreement

- Mutual rights and duties of the partners
- Mutual rights and duties of the limited liability partnership and its partners.
- Entitlement of partners to share in the capital, profits and losses of the limited liability partnership
- Indemnity of partner
- Participation of partner in the management of the limited liability partnership.
- Partner remuneration
- Change in the nature of business of the limited liability partnership
- decisions taken by it are recorded in the minutes
- Consent of the limited liability partnership, if any partner carries on any business of the same nature
- Expulsion of partner
- Arbitration mechanism

Books of Accounts and Audit

LLP to maintain prescribed books of accounts. Basically books showing receipt, payment, assets and liabilities are to be maintained. Book keeping can be on cash (suitable for professionals) or accrual basis on double entry system of accounting. It shall be maintained at the registered office of the company. Books to be preserved for eight years.

Annual Filings

Every year, LLP shall file with ROC, (i) statement of account and solvency of LLP, signed by designated partners and (ii) Annual Return. Failure to comply with annual filing requirements would result into monetary penalty on LLP. If the LLP has made a default in filing with the ROC the Statement of Account and Solvency or annual return for any five consecutive financial years, it may be wound up.

Forms and Fees

Every LLP shall use the forms annexed to the LLP Rules 2009 for the purpose of the LLP Act 2008, and shall specify therein its limited liability partnership identification number (LLPIN). The electronic form shall be authenticated by authorized signatories using digital signatures. "Digital signature" means authentication of any electronic record by a subscriber by means of an electronic method or procedure.

The fees payable in pursuance of the various provisions of the Act and the rules shall be as mentioned in Annexure 'A' to the LLP Rules 2009, and shall be paid into the Public Account of India.

Where an application is filed through electronic media or through any other computer readable media, the user may choose any one of the following payment options namely,

- (i) Credit Card; or
- (ii) Internet Banking; or
- (iii) Remittance at the Bank Counter; or
- (iv) any other mode as approved by the Central Government.

Business Activities of LLP

Section 11(1) of the LLP Act 2008 states that two or more persons associated for carrying on a lawful business with a view to profit can incorporate an LLP. Therefore, an LLP cannot be created for non-profit making activities and existence of business is a pre-requisite for the legal existence of LLP.

There is no universal definition of the term 'business'. However generally in its most broadest meaning it includes all activity by the community of suppliers of goods and services. The expression 'business' is defined in the Income Tax Act, 1961, as any trade, commerce, manufacture or any adventure or concern in the nature of trade, commerce or manufacture.

Section 2(1) (e) of the LLP Act 2008 has defined the term 'Business' to include 'every trade, profession, service and occupation'. However, the Act does not define the terms trade, profession, service and occupation.

DETAILED PROCEDURE FOR REGISTERING LLP

1. Deciding the Partners and Designated Partners

A LLP can be incorporated with a minimum of at least two partners who can be Individuals or bodies Corporate through their nominees. Further for incorporating an LLP, of the total number of partners, atleast two shall be Designated Partners, of which atleast one must be an Indian Resident.

Parameters for deciding the Partners and Designated Partners:

- Atleast Two Partners; Individual or Body Corporate through individual nominees.
- Minimum of Two Individuals as Designated Partners, of total no. of Partners.
- Atleast One Designated Partner to be Resident Indian.

A person 'Resident in India' means a person who has stayed in India for a period of not less than one hundred and eighty two days during the immediately preceding one year.

'Designated Partner' means a partner who is designated as such in the incorporation documents or who become a designated partner by and in accordance with the Limited Liability Partnership Agreement.

2. To obtain Designated Partner Identification Number (DIN) & Digital Signature Certificate

- All designated partners of the proposed LLP shall obtain "Designated Partner Identification Number" by filing an application individually online.
- Partner/Designated partner of LLP/proposed LLP, whose signatures are to be affixed on the e-forms has to obtain Digital Signature Certificate (DSC) from any authorized certifying agency.

3. To Apply for Name of LLP

- To file Form-1 for reservation of name and fill in the details.
- Any partner or designated partner in the proposed LLP may submit Form-1.
- Details of minimum two designated partners of the proposed LLP, one of them must be a resident of India, is required to be filled in the application for reservation of name. Only individuals or nominees on behalf of the bodies corporate as partners can act as designated partners.

The name of the limited liability partnership shall not be similar or identical with Company or LLP already registered in India and it should not contain words prohibited under the 'Emblems and Names (Prevention of improper use) Act, 1950 or which are also not 'Undesirable' in the opinion of Central Government or which satisfies the conditions prescribed under rule 18(2).

In case any Body Corporate is partner, copy of Board resolution authorizing the incorporation of LLP shall be attached.

4. After Name Approval following procedure is to be followed

- To file Form-2 "Incorporation Document and Statement" & Pay the prescribed registration fee as per the slab given in Annexure A of the LLP Rules, 2009, based on the total monetary value of contribution of partners in the proposed LLP.
- Statement in the e-form is to be digitally signed by a person named in the incorporation document as a designated partner having permanent DIPN and also to be digitally signed by an advocate/company secretary/chartered accountant/ cost accountant in practice and engaged in the formation of LLP.
- On submission of complete documents the Registrar after satisfying himself about compliance with relevant provisions of the LLP Act will register the LLP, maximum within 14 days of filing of Form-2 and will issue a certificate of incorporation.

5. To File LLP agreement (i.e. Form-3) and Partners' details (i.e. Form-4)

- Form 3 - Information with regard to LLP agreement and changes, if any made therein In case the LLP Agreement is executed outside India, then it must be notarized and consularized.
- Form-4 (Notice of Appointment of Partner/Designate Partner, his consent etc.)-Consent of each partner to become a partner of Limited Liability Partnership along with their address and identity proof to be filed with the Registrar of Companies in Form 4 with the

prescribed fee simultaneously at the time of filing Form-2 or within 30 days of the date of incorporation.

6. Subscription Sheet

- Just like in case of Company formation, the partners are required to subscribe their names along with signatures to the subscription sheet, which shall be witnessed by any chartered Accountant/Company Secretary/Advocate in practice.
- In case the subscription sheet is executed outside India, then it must be notarized and consularized.

7. Stamp Duty

The Stamp Duty payable of LLP Agreement is a State subject and same may be paid as per the State Stamp Act.

Role of Company Secretary

India is witnessing a phenomenal growth and expansion in the corporate sector. The growing demand for specialists in almost every sphere of the corporate functions has led to emergence of professionals who can perform specialized skills with near perfection in their respective fields. A company secretary is one such professional who is responsible for efficient management of the corporate sector. He ensures compliance of various company legislations and advises directors on statutory requirements of the company. Apart from carrying out these functions, he also looks after finance, accounts, legal, secretarial, personnel and administrative functions in private as well as public sectors.

The Companies Act, 2013 confers a special status to Company Secretary as the key managerial personnel and has bracketed him along with Managing Director (MD) or Chief Executive Officer (CEO) or Manager, Whole-time director(s) or Chief Financial Officer (CFO). Every listed company and every other public company having a paid up share capital of ten crore rupees or more has to appoint a whole time Key Managerial Personnel. Whole time Company Secretary is also required to be appointed in other companies which have a paid up share capital of five crore rupees or more.

Almost every kind of organization whose affairs are conducted by boards, councils or other corporate structures, be it a company, trust, association, federation, authority, commission or the like, find it useful to appoint a person who holds the qualification of Company Secretaryship in key administrative position. Practising Company Secretaries have been authorized to issue Certificate regarding compliance of conditions of Corporate Governance. Practising Company Secretaries have also been recognized to appear before various Tribunals such as NCLT, NCLAT, Securities Appellate Tribunal, Competition Commission of India, Telecom Disputes Settlement and Appellate Tribunal, Consumer Forums, Tax Tribunals etc. Reserve Bank of India has also recognized the Practising Company Secretaries to undertake Diligence Report for Banks.

The rapid corporatisation has brought about a sea change in the role and profile of a company secretary. They are now being seen as corporate development planners. Besides embarking upon traditional areas of practice, Company Secretaries in Practice are increasingly required to advise and guide on legal aspects of business which intimately concern areas such as production, sales, marketing and administration for identifying expansion opportunities, issuing due diligence or comfort certificate, arranging foreign collaborations, amalgamations, mergers, acquisition, takeovers, setting up of subsidiaries and joint ventures within and outside India etc. The new opportunities offered by the growing capital markets and financial services have greatly contributed to the development of the practice side of the profession.

Company Secretaries - One Stop Professional Advisory Services to MSMEs

Company Secretaries can offer One Stop Professional Advisory Services to MSMEs in the following areas:

- Legal Setting up of MSMEs - Getting Basic Registrations for startup- PAN-TAN-VAT-MSME etc.
- Selection of Organization Structure for MSME - Sole Proprietor, Partnership, LLP, Limited Liability Company (Private-Public), OPC
- Incentives available to MSMEs
- Financial Advisory Services for MSMEs
- Funding Options for MSMEs
- Labour Laws aspects for MSMEs
- Taxation aspects for MSMEs
- Listing of MSMEs
- Legal & Regulatory Compliances
- Corporate Governance for MSMEs

Thus, a Company Secretary can help MSMEs and its directors operate within the law.

Company Secretaries - Single Window Services to MSMEs

Some other ways in which a company secretary can help the MSMEs include:

- Obtaining Project Financing and Term Loans.
- Co-ordinating the process of obtaining funds from Angel Investors / Venture Capital Funds/ Private Equity.
- Conducting Secretarial Audit / Due Diligence which will of great help before approaching for funds.
- Providing Compliance Certificate to ensure compliance of various regulatory prescriptions in case of listing in MSME Exchange.
- Helping in converting Sole Proprietor / Partnerships to Companies
- Management of the public issue if a company goes public
- Maintaining Statutory Registers;
- Monitoring changes in the share ownership of the company;
- Ensuring that the company files statutory information promptly;
- Monitoring changes in the relevant legislation and the regulatory environment and taking appropriate action;
- Developing and overseeing the systems that ensure that the company complies with all applicable codes as well as its legal and statutory requirement.
- Drafting documents and filing with RBI under FDI guidelines and ECB norms.
- Act as legal advisor and representative
- Sign the annual returns of the company, as also represent the company when a situation demands it.

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- Handle matters related to central/state sales tax, GST, excise laws, labour laws and corporate laws
 - Handle matters related to obtaining institutional finance. Responsibilities in this regard would include getting project approvals, obtaining relevant licences and permits, zeroing in on all requirements under the Competition Act and FEMA (Foreign Exchange Management Act) and any other relevant legislation.

Company Secretaries - Guide and Support in MSME Financing

Financing is the lifeblood of Small and Medium Enterprises and Practising Company Secretary can effectively guide and support MSMEs as follows:

- Timely & adequate availability of finance
- Reasonable cost
- Simple delivery process
- Single window for all financing requirements
- Transparency in dealings
- Awareness of schemes of Banks
- Support and Handholding services

Company Secretaries - SME Exchange

In order to provide better, focused and cost effective financing service to the SMEs, SEBI set up dedicated exchanges and/or dedicated platforms of the exchanges for listing and trading of securities issued by SMEs.

Certain relaxations are provided to the issuers whose securities are listed on SME exchange in comparison to the listing requirements in Main Board.

Some of the services that could be provided by Company Secretaries (both in employment and practice) with regard to SME Exchange include:

- Advisor/consultant for SMEs on listing at SME Exchange
- Advisor to Public Issue by SME
- Compliance Officer for SME
- Compliance Certificate for issue / listing of shares by SMEs. The purpose of this certification is to provide comfort and assurance to the Regulator and Stock Exchanges to the effect that the proposed listing of SMEs conforms to all regulatory prescriptions. This Compliance Certificate will enable the SMEs to seek the 'in-principle' approval for listing of shares in SME Exchange.

Company Secretary Guide in development of Business policies and implementation

A Company Secretary can guide the MSMEs both at policy and operational level in formulation of various responsible Business policies, implementation of the principles enshrined, allocation of budgets and approval of the budgets allocated for these activities and reporting & disclosures.

Company Secretaries can also help MSMEs to comply with environmental regulations and assist in funding of compliance programs to meet the pollution standards and also avail of government sponsored incentives and training assistance.