

TS-iPASS

TELANGANA STATE INDUSTRIAL PROJECT
APPROVAL AND SELF- CERTIFICATION SYSTEM

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Importance of Manufacturing

- Share of Economic Activity by sector to GDP in India
 - Agriculture Sector—17%
 - Manufacturing Sector—16%
 - Services Sector—54%
- Manufacturing has remained at around 15% since 1980
- Countries like Thailand, Vietnam and Korea have manufacturing share in GDP in excess of 30%
- Manufacturing sector offers high wages, higher skill, long term employment and dignity of employment
- Manufacturing also has a higher multiplier effect for the services sector, typically 1.5
- Manufacturing is closely related to a country's economic prosperity

Regulatory Regime

- Setting up of an Industrial Unit requires obtaining of clearances from multiple Government Departments
- Obtaining these clearances can take anywhere up to 2 years
- This creates a sense of discouragement among the entrepreneur as well as escalation of project costs
- Also creates avenues for rent seeking and increased transaction costs leading to lax implementation of the statutory requirements
- This choke-hold of the Government regulatory regime is based on the old British administration model based on dis-trust

New State of Telangana

- New State formed on 2nd June 2014
- Industrialization holds the key for fostering economic growth, creating employment and ushering in prosperity to the people
- The State of Telangana should emerge as the favourite destination for national and international investments
- Chief Minister KCR wanted the best industrial policy in the world for the new State
- His personal promise of a corruption-free and industry-friendly business regulatory environment, which will be rated as amongst the best in the world

Philosophy

- Turning conventional wisdom on its head—create something radically different
- We are not doing a favour to the entrepreneur/investor by giving him/her clearances to set up industry
- TS-iPASS provides a RIGHT to the entrepreneur to get timely clearances
- “Right to Clearances under TS-iPASS” means a system bestowed for clearances, same as in the lines of Right to Information Act, which enables imposing of penal action on officers responsible for delay
- The applicant does not have to go from department to department—the Government Nodal Officer will do that for him
- No stopping at “toll booths” to pay cash!

TS-iPASS

- TELANGANA STATE INDUSTRIAL PROJECT APPROVAL AND SELF-CERTIFICATION SYSTEM (TS-IPASS)
- Act No.3 of 2014, December 4th 2014
- Act, not Government Order, so violation becomes serious
- Telangana State Industrial Project Approval and Self Certification System (TS-iPASS) Rules, 2015 Issued by Industries & Commerce (IP & INF) Department by GO. MS. No. 36 Dated: 17.06.2015.
- Common Application Form
- 36 services from 23 Departments covered under this Act
- Minimum Inspection And Maximum Facilitation
- Zero Tolerance for Corruption

Self-Certification

- Every entrepreneur shall furnish a 'Self Certification' at the time of submitting application form to the Nodal Agency, undertaking that he shall comply with the applicable provisions of the relevant Acts and the rules applicable for that industry
- The self-certification furnished by the entrepreneur shall be accepted by the concerned Departments and authorities for the purpose of issue and granting clearance
- Inspections will take place once the unit is ready for commercial operations
- Applicants liable for action, if self-certification is false—come down with a heavy hammer

Time Limits for Approval

- Again reversal of conventional wisdom
- For units with investments less than Rs.200 Crores in capital expenditure or for those where no clearances from agencies other than State Government are required—30 days.
- For all mega projects (investments more than Rs. 200 crores) and which do not require any clearances from agencies other than the State Government—15 days
- The higher the investment, the faster the approvals
- Deemed approval if clearances not given in time

Penal Action Against Officers

- In case of delay, the applicant has a right to seek information on the reasons for delay in approvals
- The reason for delay has to be provided to the applicant by the Department through the Nodal Officer within 5 days from the date of receipt of application
- The concerned officer in the department shall be levied a penalty of Rs.1000/- (Rupees one thousand only) for each day till approval is accorded or reason for rejection/delay in approval is furnished, subject to a maximum of Rs.25,000/-
- First time ever that penalty on the officer is provided for delay in clearances

Beyond Conventional Single Window

- Based on trust and not distrust
- Acceptance of self-certification
- For the first time, it provides applicants the right to timely clearances
- Time limits for clearances - 15 days for mega projects, 30 days for others
- Provision of penalty if departments delay clearances
- Common application form prescribed
- Applicants need not go to different departments
- Nodal Officer on the lines of Singapore Economic Development Board (EDB)
- Applicants liable for action, if self-certification is false
- Zero tolerance for corruption
- Minimum inspection and maximum facilitation

Results in Action:

Telangana State has consistently been at the top in the GOI/WB Ease of Doing Business (EODB) Rankings

Can one person make a difference?

The answer is a definite “YES”