

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

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As the entrepreneurs are aware, after consideration of an application for Industrial Licence for setting up industrial undertaking or expansion of the existing industrial undertaking or for the manufacture of new article, a Letter of Intent (LOI) is issued in the first instance. The conditions contained in the Letter of Intent are required to be fulfilled within a period of 3 years or within extended period of validity as may be specifically allowed by the Government. These conditions usually relate to setting up of pollution control equipment, site clearance from the State Government and certain special conditions for specific sectors. On fulfillment of the prescribed conditions, the holder of "Letter of Intent" is required to approach Secretariat for Industrial Assistance and the Administrative Ministry concerned for getting the Letter of Intent converted into Industrial Licence.

2. As a measure of further simplification of procedures, the Government has decided that Industrial Licence will now be granted directly against applications to ensure speedy implementation of projects. This procedure will, however, not apply to the applications relating to manufacture of items reserved for exclusive production in the small scale sector. Such applications will continue to be processed as per existing procedure i.e. issue of LOI in the first instance and conversion of LOI in to Industrial Licence after execution of legal undertaking (LUT) with DGFT for fulfillment of condition relating to export obligation. It is, however, clarified that it will be the responsibility of the entrepreneur to ensure that all requisite approvals / clearances under other statutes / regulations/ notifications etc. issued by the Central or State Government(s) from time to time are obtained for the manufacturing activity specified in the Industrial Licence.

3. It is expected that the above mentioned decision will facilitate the entrepreneurs and ensure speedy implementation of projects in the licensed sector.

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