
eBiz - THE COMPLETE G2B PORTAL

**DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION
GOVERNMENT OF INDIA**

As-Is Process Maps for

- 1. Registration and Grant of License under the Factories Act, 1948**
- 2. Filing of Annual Returns under the Factories Act, 1948**

Department of Factories, Government of Andhra Pradesh

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Version 1.0

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Table of Contents

1. Executive Summary	3
2.Introduction	4
2.1 Vision of the Department	4
2.2 Objectives of the Department	4
2.3 Organization Structure.....	4
3. Description of the Service.....	5
4. Description of the As-Is Process	6
Process 1.1 Initiate Registration Request	6
Process 1.2: Perform Application Processing	8
Process 1.3: Issue Registration Certificate	10
5. Description of the Service.....	11
6. Description of the As-Is Process	11
7. Description of the IT Infrastructure.....	12
Appendix-I: Registers Maintained at the Department	13
Appendix–II: List of eBiz Services	14

As-Is Map Version 1.0	eBiz
Department: Department of Factories , Government of Andhra Pradesh	
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Service 2: Filing of Annual Returns under the Factories Act, 1948	

1. Executive Summary

eBiz is a significant initiative sponsored by Department of Industrial Policy and Promotion (DIPP), Government of India that seeks to establish a **one stop shop portal for all the G2B services** offered across the entire business life-cycle. The essence of eBiz is the creation of a **business-friendly environment** through a **service-oriented approach** to the needs of investors, industries and businesses.

The project involves **Integration with the departments** that interface with the business community across the three levels viz., Central, State and Local body. The eBiz portal, while allowing business entities to transact with the government departments over the Internet also serves as a delivery channel for the department to offer their services online in a secure and transparent manner.

A pilot for the proposed project is conceived covering 25 services (*Refer Appendix-II*), which include 14 services at the Central Government level and 11 services in each of the four states viz., Andhra Pradesh, Haryana, Maharashtra, and Uttar Pradesh.

The conceptualization of the eBiz pilot project involves “As-Is” and “eBiz enabled” process mapping for the identified list of 25 services and assessment of Functional Requirements using which, an RFP for the pilot project will be floated by DIPP. Going forward, the scope of eBiz shall be extended to include all the G2B services across the Central and State Government departments.

This document covers the “As-Is” process maps for the following services offered by the **Department of Factories, Government of Andhra Pradesh**:

1. **Registration of the Factory and Grant of License under the Factories Act, 1948**
2. **Filing of Annual Returns under the Factories Act, 1948**

As-Is Map Version 1.0	eBiz
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Service 1: Registration and Grant of license under the Factories Act, 1948	
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2.Introduction

The Department of Factories, Government of Andhra Pradesh (hereinafter also referred to as “the department”) is the government body for ensuring the rights of workers, maintaining safety standards in factories and administering compliance to standard labour laws.

Under the factories Act, 1948, a factory is defined as a manufacturing establishment that satisfies any of the following criteria:

- Employing at least 10 workers and using power in the manufacturing process
- Employing at least 20 workers if not using power in the manufacturing process

2.1 Vision of the Department

To secure health, safety, welfare, proper working hours, leave and other benefits for workers employed in Factories.

2.2 Objectives of the Department

The main objectives of the department are to ensure:

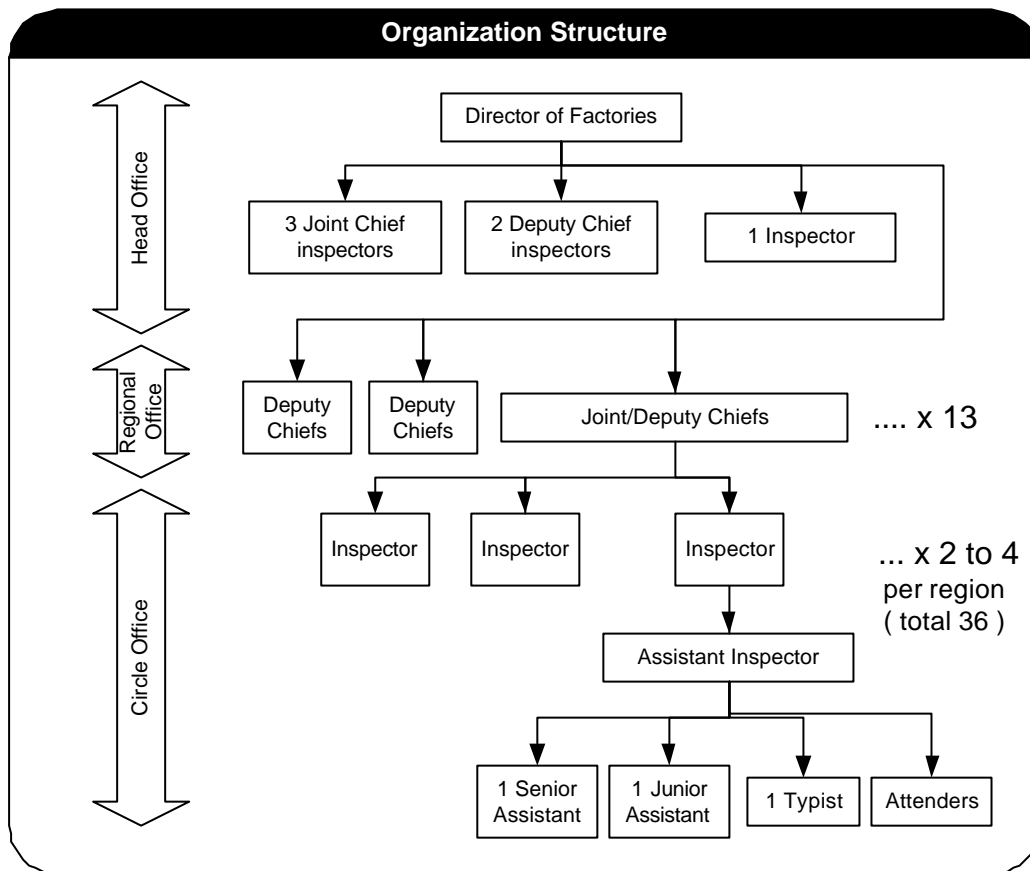
- Safety, health and welfare of workers employed in registered factories in the State
- Safety of public residing in the vicinity of Major Accident Prone/Hazardous Factories
- Safety of the plant, machinery and material in factories

2.3 Organization Structure

The department is responsible for governing more than 36,000 registered factories in the state of Andhra Pradesh. The state is geographically divided into 36 circles, based on the concentration of factories for effective administration of legislations. The department is structured to constitute a Head office, 13 Regional offices and 36 circles.

The department is headed by the Director/Chief Inspector of Factories with three Joint Chief Inspectors, two Assistant Chief Inspectors and one Chief Inspector of Factories reporting to him. Each Regional office is headed by a Deputy Chief Inspector except in case of Visakhapatnam, where it is headed by Joint Chief Inspector because of large concentration of factories in that Region. A region typically covers 2 to 4 circles based on the industry concentration. Each circle is headed by an Inspector who might be assisted by an Assistant Inspector and a Senior Clerk, Junior Clerk, typist and attenders. The organization structure is shown in the diagram (Diagram 1) below.

Diagram 1



3. Description of the Service

Registration and Grant of License under the Factories Act, 1948

Any entrepreneur who plans to set up a factory has to get the building plans approved from the Department of Factories before starting the construction. Similarly, before installation of any plant or permanent fixture, the plans need to be approved in writing from the approving authority. The objective of this exercise is to ensure that the plans conform to the guidelines prescribed under the Act. In case there are marginal deviations or any minor risks that are foreseen, the approving authority specifies some measures (to mitigate the risk) that have to be taken care of during the construction phase.

Before commencing any manufacturing process in the factory, the entrepreneur has to file an application for the registration of the factory and the grant of license to the Inspector of Factories. The entrepreneur is not supposed to carry out any manufacturing process at the premises until he files the application.

On the commencement of manufacturing process, the Inspector inspects the factory site and verifies if the construction of the building and the machinery installed are as per the approved plans and all the prescribed measures are taken care of.

In Andhra Pradesh, the following changes have been made:

As-Is Map Version 1.0	eBiz
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Service 1: Registration and Grant of license under the Factories Act, 1948	
Service 2: Filing of Annual Returns under the Factories Act, 1948	

- The Andhra Pradesh Industrial Single Window Clearance Act was passed after which the application for registration of the factory and grant of license has to be submitted using the Composite Application Form at the Commissionerate of Industries (CoI) or respective District Industries Center (DIC) based on the power usage and number of workers employed. The entrepreneur cannot approach the department directly.
- The application has to be processed and the license be issued by the Department of Factories within 7 days of receiving the application from the CoI/DIC
- The Rules under the Factories Act, 1948 are amended to make the license permanent unless there is change in machinery/process etc. Earlier the license was to be renewed annually.

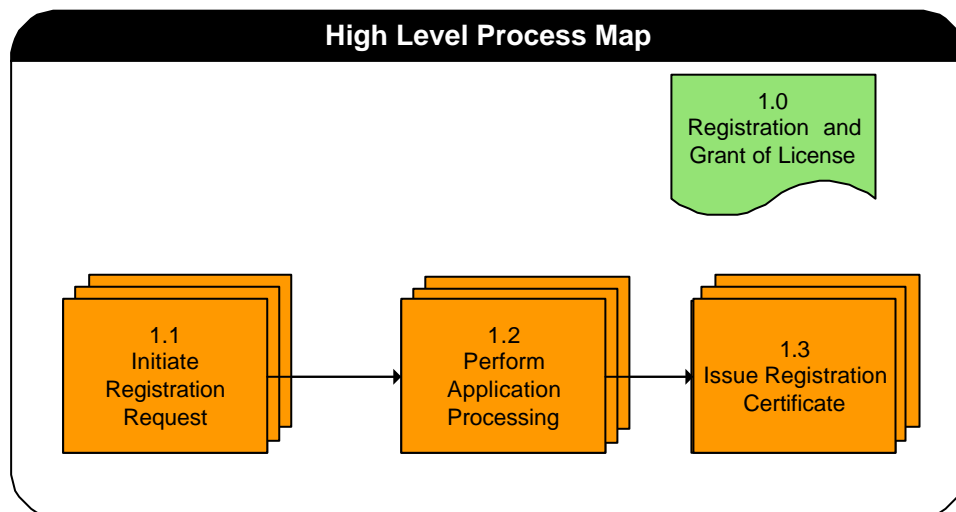
4. Description of the As-Is Process

The registration of the factory and grant of license begins with the initiation of request and ends when the applicant receives the license. The registration and grant of license process involves the following activities:

- Initiate Registration Request
- Perform Application Processing
- Issue Registration Certificate

The sub-processes and their sequence are depicted in a High Level Process Map as shown below in Diagram 2.

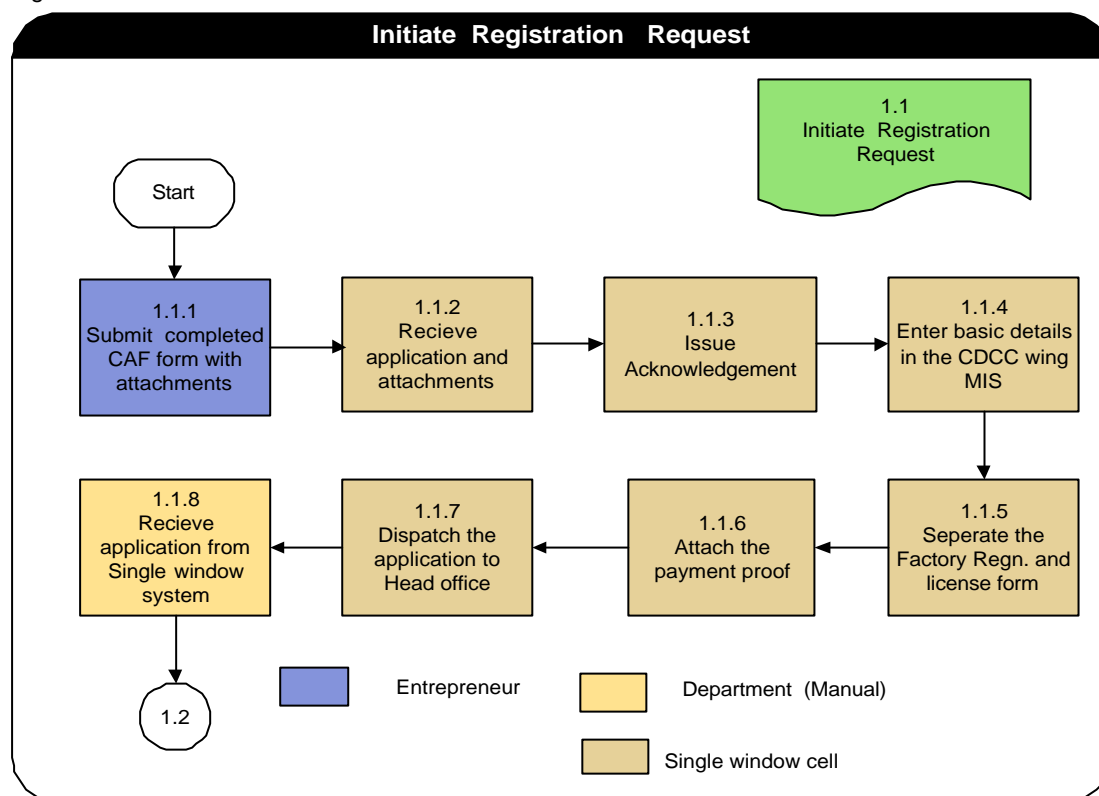
Diagram 2



Process 1.1 Initiate Registration Request

The Diagram-3 explains in detail the various activities involved in this sub-process.

Diagram 3



The process begins when the entrepreneur initiates the registration request by approaching the Single Window System for application. As per the Andhra Pradesh Industrial Single Window Clearance Act, 2002, the entrepreneur must approach s

- The single window cell of the respective District Industries Center if the factory is approved to be an SSI unit
- The single window cell at the Commissionerate of Industries, Hyderabad if the investment in the factory is more than 1 crore.

The application shall be made through a single composite application form (CAF) and can be obtained either from the single window cell or downloaded from the website www.apind.com. The attachments that have to be submitted include:

- Payment proof: The department accepts only challans paid at the banks authorized for collections towards Government treasury. The department does not accept demand drafts, cash or any other form of payment. The challans are paid by the entrepreneur and the client copy is submitted along with CAF.
- List of Directors/Partners
- Memorandum of Articles or Partnership Deed as applicable

These have to be submitted at Centralized Document Collection and Clearance (CDCC) wing, Department of Industries. On receipt of the application, the CDCC clerk performs the following functions:

- Checks for completeness of the form
- Validation of the required attachments and copies

As-Is Map Version 1.0	eBiz
Department: Department of Factories , Government of Andhra Pradesh	
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- Verifies if the correct amount of fees is paid
- Verifies the fees required for the service is paid by challan

The CDCC is authorized to reject an incomplete form if the fee paid is not as per the specifications prescribed in the Act. The CAF includes a detachable acknowledgement bearing the application number, which is issued to the applicant after filing it. The CDCC clerk then enters the basic details into the MIS system when an Index number is generated for future reference. While the application is composite for several licenses and clearances, the forms and documents that relate to factory licensing are segregated and dispatched along with the challan to the Head office of Department of Factories.

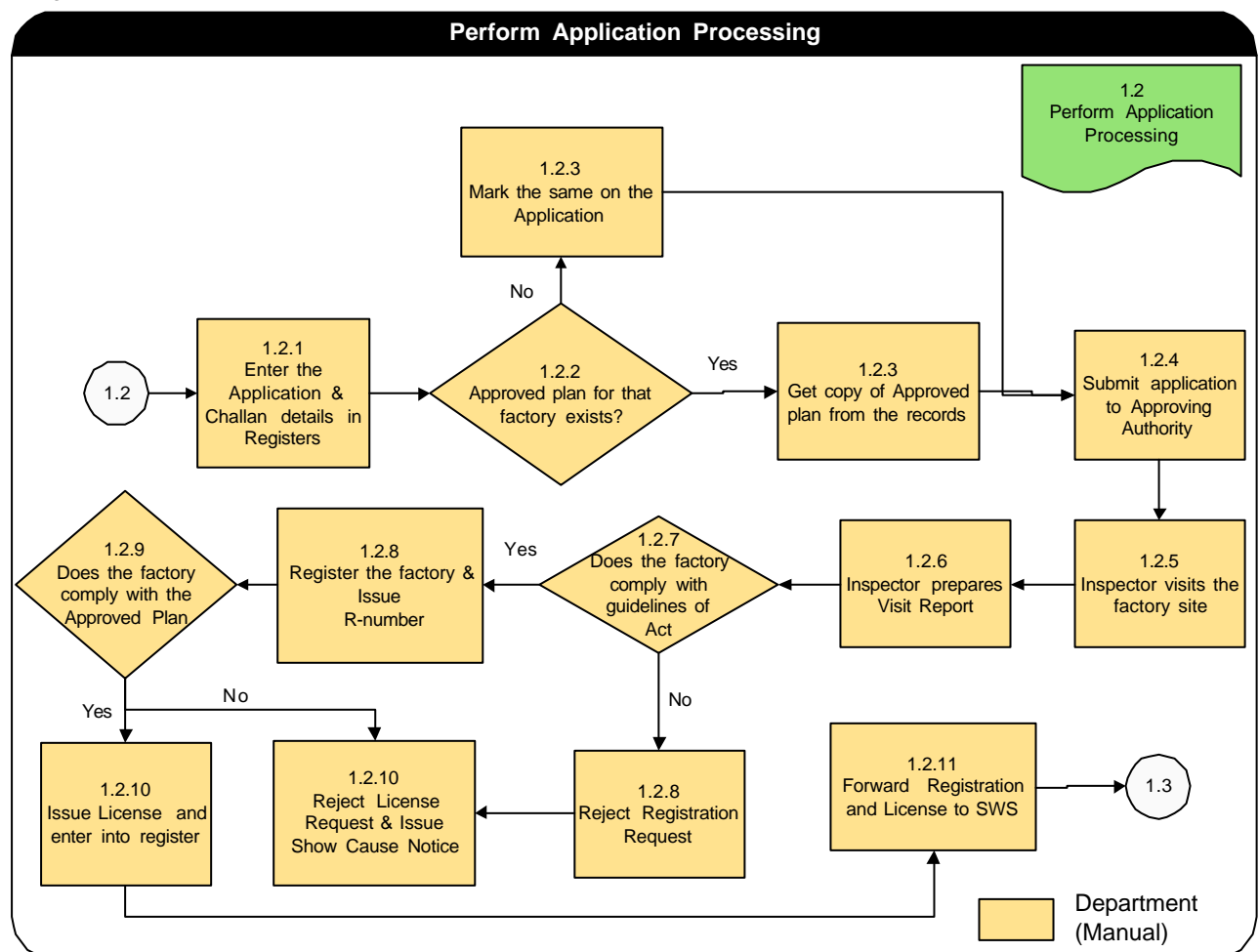
The status of the application can be tracked online at the url <http://www.aponline.gov.in> using the index key.

The Process of initiating a request through the CDCC wing is explained below.

Process 1.2: Perform Application Processing

The Diagram-4 explains in detail the various activities involved in this sub-process.

Diagram -4



As-Is Map Version 1.0	eBiz
Department: Department of Factories , Government of Andhra Pradesh	
Service 1: Registration and Grant of license under the Factories Act, 1948	
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The application received at the Head office is forwarded to the concerned circle office. The department clerk at that circle office receives the application and as a first step he updates the following registers:

- License Application register (Incoming register): This is updated with the details of the application
- Challan register: The payment details are entered into this register
- Personal register: This is maintained by each department clerk and all the forms that he accepts are entered into his personal register

Refer to Appendix-I for the list of registers maintained by the department to administer the service of Registration and Grant of License under the Factories Act, 1948.

After preliminary check for completeness of the application, the department clerk also checks if the plans are approved for that factory by going through the stored files. If a copy of the approved plan exists, then a copy of the same is submitted along with the application to the Inspector. If there is no approved plan, then the same is written on the application. The Inspector then schedules an inspection visit to the factory site specified in the application. The visit is scheduled after the date of commencement of business as mentioned in the application form.

The inspector visits the site on the scheduled date. The inspector sums up the inspection details, and prepares the visit report. He then compares the data gathered from the interaction with that of the application form for the following:

- Authenticity of the address mentioned in the form
- Compliance of the factory building with the original approved plan (if approved plan exists)
- The number of workers, their welfare and safety in the factory premises

The approving authority for Issue of Registration and Grant of License rests with the Director of Factories for number of workers equal to and greater than 100 and with the Deputy Chief Inspector of Factories for number of workers less than 100.

The approving authority after authenticating the address assigns a Registration number called as R-number. R-number is a 5-digit number of which the first two digits represent the circle under whose jurisdiction the factory is covered and the remaining three digits represent the running number. The R-number of any factory is purely numeric and unique across the state. This number is used for reference in all the correspondence with the department. This is issued irrespective of the factory having an approved plan.

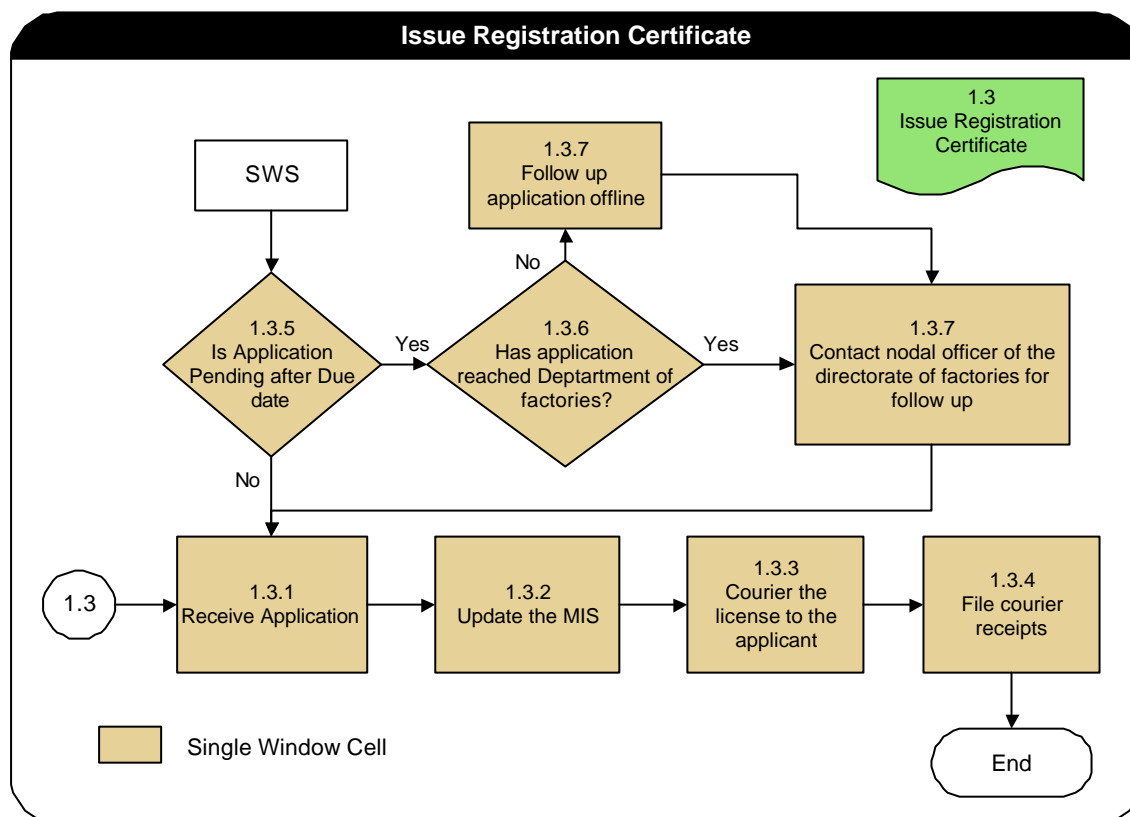
If the factory has an approved plan, the construction conforms to it and safety and working conditions ensured in the premises then the Inspector approves the license request. Once approved, the approving authority forwards the application to the department clerk to prepare the license. If the application is rejected, no intimation is sent to the entrepreneur and he'll be liable for prosecution. If the factory does not have an approved plan, then a Show Cause Notice is sent.

If the application is approved for grant of license, Form 4 is prepared and signed by the approving authority which serves as the license. The identifier for this license is again a numeric one which is circle specific. The license is dispatched to the Col/DIC for delivery to the applicant.

Process 1.3: Issue Registration Certificate

The Diagram-5 explains in detail the various activities involved in this sub-process.

Diagram -5



Single Window System receives the license and couriers the same to the applicant at the address mentioned in the application. The courier receipts are filed for future reference.

At the Single window cell, the status of the applications is monitored. In case the processing of an application is delayed beyond the due date, the issue is escalated to the Commissionerate of Industries.

There is a single window review meeting happening once every week where the reasons for pending applications are discussed and sorted out. The meeting has a representation from all the departments and is chaired by the Commissioner of Industries.

As-Is Map Version 1.0	eBiz
Department: Department of Factories , Government of Andhra Pradesh	
Service 1: Registration and Grant of license under the Factories Act, 1948	
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5. Description of the Service

Filing of Annual Return under the Factories Act, 1948

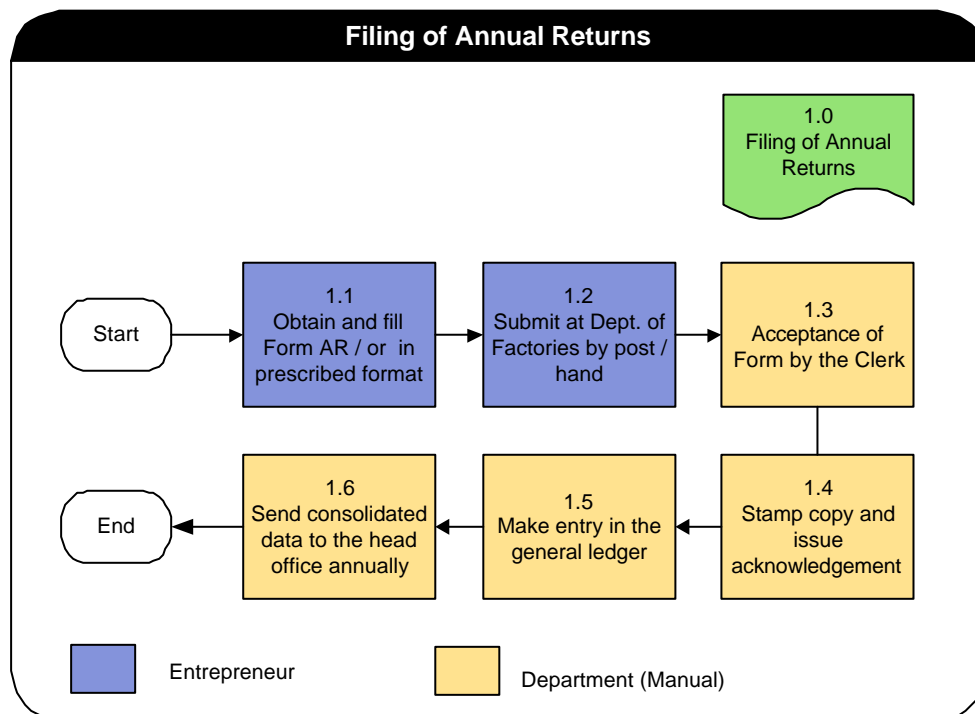
The annual return is to be filed by every factory that is registered under Factories act, 1948 and The A.P factory rules, 1950. This has to be done by every factory before the 31st January, every year and they are not charged for filing returns. The data received through such statutory returns under the provisions of labour enactments is compiled and forwarded to Labour Bureau, Ministry of Labour in Shimla.

Labour Bureau is an apex organization for collection, compilation, analysis and dissemination of statistics and related information on different facets of labour, such as wages, earnings, productivity, absenteeism, labour turnover, industrial relations etc. for policy formulation, evaluation and research. Two main wings of the Bureau are located at Chandigarh and Shimla, with 4 Regional Offices and one Sub-regional office.

6. Description of the As-Is Process

The service of filing of annual return begins with the filing of the form and ends when the data is updated in the registers at the head office. The process flow is depicted in the diagram below (Diagram 6):

Diagram 6



The entrepreneur obtains a copy of Form AR from the respective Circle Office under whose jurisdiction the factory is covered. Alternatively he can present the data in the format prescribed in the Act. The completed form can be submitted to any of the Circle Offices of the Department. This can be done either by post or in person. A copy of the form that is submitted is stamped and issued as an acknowledgement to the entrepreneur.

As-Is Map Version 1.0	eBiz
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Service 1: Registration and Grant of license under the Factories Act, 1948	
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On receipt of the form, the department clerk makes entries into the General Ledger, where all the details from the form are entered. There is no validation or verification that is done on the data. The data is consolidated and forwarded to the Head Office, annually. The data is consolidated at the state level in the Head Office, and forwarded to the Labour Bureau at Shimla.

The data captured through the form can be summarized into Average Daily Employment, Mandays worked, Hours of work, Leave with wages, Accidents, Occupational diseases, Safety Measures, Welfare amenities like canteens, rest rooms, crèches, etc., inspections and convictions.

In practice, only a small fraction of the registered companies file their returns with the Directorate of Factories. The objective being data aggregation, this is treated as non critical activity. Though the return is statutory in nature, it is not strictly administered.

7. Description of the IT Infrastructure

Currently, the department does not have any IT infrastructure.

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Appendix-I: Registers Maintained at the Department

The department maintains the following registers for administration of registration certificate and grant of license.

No.	Register	Purpose
1	License Application Register	Incoming registration and license applications are registered
2	Challan Register	Payment details are entered in this register
3	Personal Register	Maintained by each department clerk where respective applications are entered
4	R-Number Register	All the registration numbers are entered in it by the Inspector
5	General Particulars Register	Contains all the details of the Factory that are mentioned in the form
6	License Register	License numbers of the factories are entered in this register
7	URF Register	Contains the details of unregistered factories (includes the factories that have not yet been inspected/verified)

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Appendix-II: List of eBiz Services

S. No.	Name of the Service	Department	Document Reference
Government of India			
1	Issue of Name Availability Letter under the Companies Act, 1956	Department for Company Affairs	GoI-I
2	Issue of Certificate of Incorporation under the Companies Act, 1956		GoI-II
3	Issue of Certificate for Commencement of Business under the Companies Act, 1956		GoI-III
4	Issue of Permanent Account Number under the Income Tax Act, 1961	Central Board of Direct Taxes	GoI-IV
5	Filing of Returns by Companies under the Income Tax Act, 1961		GoI-V
6	Excise Tax registration under the Central Excise Act, 1944	Central Board of Excise and Customs	GoI-VI
7	Filing Monthly Returns under the Central Excise Act, 1944		GoI-VII
8	Service Tax Registration under the Central Excise Act, 1944		GoI-VIII
9	Filing Halfyearly Service Tax Returns under the Central Excise Act, 1944		GoI-IX
10	Issue of Industrial Entrepreneur Memoranda under the Industries (Development and Regulation) Act, 1951	Department for Industrial Policy and Promotion	GoI-X
11	Issue of Industrial License under the Industries (Development and Regulation) Act, 1951		GoI-XI
12	Issue of Importer Exporter Code under the Foreign Trade(Development and Regulation) Act, 1992	Directorate General of Foreign Trade	GoI-XII
13	Filing of FC-GPR form under the Foreign Exchange Management Act, 1999	Reserve Bank of India	GoI-XIII
14	Application for Environmental Clearance under the Environment (Protection) Act, 1986	Ministry for Environment and Forests	
Andhra Pradesh			
15	Registration under the Andhra Pradesh General Sales Tax Act, 1957 and Central Sales Tax Act, 1956	Commercial Taxes Department	AP-I
16	Filing of Returns under the Andhra Pradesh General Sales Tax Act, 1957		AP-II
17	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Commissioner ate of Industries	AP-III
18	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		AP-IV
19	Registration under the Andhra Pradesh Shops and Establishment Act,1988	Commissioner ate of Labour	AP-V
20	Registration and Grant of License under the Factories Act, 1948	Department of Factories	AP-VI
21	Filing of Annual Returns under the Factories Act, 1948		AP-VII
22	Payment of Property Tax under the Hyderabad Municipal Corporation Act, 1955	Municipal Corporation of Hyderabad	AP-VIII

As-Is Map Version 1.0	eBiz
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S. No.	Name of the Service	Department	Document Reference
23	Consent For Establishment under the Water Act, 1974 and the Air Act, 1981 for SSI units not falling under the highly polluting categories	Andhra Pradesh Pollution Control Board	AP-IX
24	Application and sanction of new electric power connection	Central Power Distribution Company of Andhra Pradesh Limited	AP-X
Haryana			
25	Registration under the Haryana Value Added Tax Act, 2003 and Central Sales Tax Act, 1956	Excise and Taxation Department	HY-I
26	Filing of Returns under the Haryana Value Added Tax Act, 2003		HY-II
27	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Department of Industries	HY-III
28	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		HY-IV
29	Registration under the Punjab Shops and Commercial Establishments Act, 1958	Labour Department	HY-V
30	Registration and Grant of license under the Factories Act, 1948	Office of Chief Inspector of Factories	HY-VI
31	Filing of Annual Returns under the Factories Act, 1948		HY-VII
32	Payment of Property Tax under the Haryana Municipal Act, 1973	Gurgaon Municipal Council	HY-VIII
34	Consent For Establishment under the Water Act, 1974 and Air Act, 1981	Haryana State Pollution Control Board	HY-IX
33	Application and sanction of electric power connection	Dakshin Haryana Bijli Vitran Nigam Limited	HY-X
Maharashtra			
35	Registration under the Bombay Sales Tax Act 1959 and the Central Sales Tax Act, 1956	Sales Tax Department	MH-I
36	Filing of Returns under the Bombay Sales Tax Act 1959		MH-II
37	Provisional Registration of SSI unit under the Industries (Development and Regulation) Act, 1951	Industries Department	MH-III
38	Permanent Registration of SSI unit under the Industries (Development and Regulation) Act, 1951		MH-IV
39	Registration under the Bombay Shops and Establishments Act, 1948	Industry, Energy and Labour Department	MH-V
40	Registration and Grant of license under the Factories Act, 1948	Department of Industrial Safety and Health	MH-VI
41	Filing of Annual Returns under the Factories Act, 1948		MH- VII

As-Is Map Version 1.0	eBiz
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S. No.	Name of the Service	Department	Document Reference
42	Payment of Property Tax under the Mumbai Municipal Corporation Act, 1988	Thane Municipal Corporation	MH- VIII
43	Consent For Establishment for units in the Green Category under the Water Act, 1974 and Air Act, 1981	Maharashtra Pollution Control Board	MH- IX
44	Sanction for a New Power Connection	Maharashtra State Electricity Board	MH- X
45	Permission to charge the line	Public Works Department	MH-XI

Note:

1. Due to the similarity in processes, dealer registration under the Central Sales Tax Act and the respective State Sales Tax Act has been considered as one service.
2. SSI refers to Small Scale Industry
3. Permission to charge the line is specific to the state of Maharashtra. This is obtained during the process of obtaining a new power connection from Maharashtra State Electricity Board.