The Arunachal Pradesh Micro, Small and Medium Enterprises (Facilitation, Establishment and Operation) Act, 2026

Act No. 15 of 2026

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GOVERNMENT OF ARUNACHAL PRADESH
DEPARTMENT OF LAW, LEGISLATIVE AND JUSTICE
CIVIL SECRETARIAT
ITANAGAR

NOTIFICATION

The 26th October, 2026

No. LAW/LEGN-16/2026.— The following Act of the Arunachal Pradesh Legislative Assembly which was passed in the Seventh Session of the Eighth Legislative Assembly and received the assent of the Governor of Arunachal Pradesh is hereby published for general information.

(Received the assent of the Governor on 15th October, 2026)

THE ARUNACHAL PRADESH MICRO, SMALL AND MEDIUM ENTERPRISES (FACILITATION, ESTABLISHMENT AND OPERATION) ACT, 2026

(Act No. 15 of 2026)

An

Act

to provide for exemption from certain approvals and inspections for the establishment and operation of micro, small and medium enterprises in the State of Arunachal Pradesh and for matters connected therewith or incidental thereto.

WHEREAS, with a view to promote inclusive economic growth, generate employment and encourage entrepreneurship among the people of Arunachal Pradesh, it is expedient to provide a facilitative framework for the establishment and operation of micro, small and medium enterprises, while preserving all existing safeguards relating to public health, safety, tribal land rights, forest laws and labour welfare;

Be it enacted by the Arunachal Pradesh Legislative Assembly in the Seventy-Seventh Year of the Republic of India as follows:—

1. **Short title, extent and commencement :**

(1) This Act may be called the Arunachal Pradesh Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2026.

(2) It extends to the whole of the State of Arunachal Pradesh.

(3) It shall come into force on the date of its publication in the Official Gazette.

2. **Definitions :**

In this Act, unless the context otherwise requires,—

(a) "Acknowledgment Certificate" means the acknowledgment certificate issued under Section 5;

(b) "approval" means any permission, no-objection certificate, clearance, consent, approval, registration,licence, or any other similar instrument by whatever name called, required under State law in connection with the establishment or operation of an enterprise in the State of Arunachal Pradesh, as specified in Schedule - I;

(c) "Competent Authority" means any department or agency of the State Government, or a local authority, statutory body, State-owned corporation, Panchayati Raj institution, municipality, Urban Development Authority, or any other authority or agency constituted or established under any State law or under the administrative instruction of the State Government, which is entrusted with the Powers or responsibilities to grant or issue an approval for the establishment or operation of an enterprise in the State;

(d) "Declaration of Intent" means a declaration furnished by an intending entrepreneur to the Nodal Agency under Section 5 of this Act, along with the undertaking referred to in clause (m);

(e) "enterprise" means a micro, small or medium enterprise as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (Central Act No. 27 of 2006), and registered on the Udyam Registration Portal of the Government of India, or eligible for such registration;

(f) "Green category industry" and "White category industry" shall have the meanings assigned to them under the guidelines issued by the Central Pollution Control Board and as adopted by the Arunachal Pradesh Pollution Control Board from time to time;

(g) "Government" means Government of Arunachal Pradesh;

(h) "Moratorium Period" means the period of two years from the date of issue of the Acknowledgment Certificate during which the protections under Section 6 (2) of this Act are in force;

(i) "Nodal Agency" means the nodal agency referred to in Section 3;

(j) "Notification" means a notification published in the Official Gazette of Arunachal Pradesh and the word "notified" shall be construed accordingly;

(k) "Prescribed" means prescribed by rules made under this Act;

(l) "State" means the State of Arunachal Pradesh;

(m) "Undertaking" means a written undertaking given by the entrepreneur, in the prescribed form, to the effect that the enterprise shall comply with all applicable labour welfare requirements, fire safety norms, and environmental standards as required by law.

3. Nodal Agency :

(1) The State Government may, by notification, designate the Department of Industries, or any other department or agency as it may determine, as the State-level Nodal Agency for the purposes of this Act, headed by such officer as the State Government may specify.

(2) The State Government may, by notification, designate the District Industries Centre or any other department or agency as it may determine in each district as the District-level Nodal Agency for the purposes of this Act.

(3) The District-level Nodal Agency shall function under the overall supervision and control of the State-level Nodal Agency.

4. Powers and functions of Nodal Agency :

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

(a) to assist and facilitate the establishment of enterprises in industrial areas in the State;

(b) to receive Declarations of Intent from intending entrepreneurs and to issue Acknowledgment Certificates under Section 5 of this Act;

(c) to maintain a register of all declarations of intent received and acknowledgment certificates issued under this Act;

(d) to redress grievances of enterprises with regard to the provisions of this Act; and

(e) to create awareness about the provisions of this Act among potential entrepreneurs and relevant Government officials.

(2) The State Government may assign such other powers and functions to the nodal agencies as it may deem fit for carrying out the purposes of this Act.

5. **Filing of Declaration of Intent and issuance of Acknowledgment Certificate :**

(1) Any person who intends to establish an enterprise in any industrial area of the State of Arunachal Pradesh may furnish to the District-level Nodal Agency of the concerned district a Declaration of Intent to establish and operate the enterprise, in the prescribed form and in the prescribed manner, accompanied by an undertaking as defined in clause (m) of Section 2.

Explanation—Any person who has, before the commencement of this Act, already applied to the Competent Authority for obtaining all or any of the approvals referred to in clause (b) of Section 2 may also, at their option, furnish a Declaration of Intent under this sub-section.

(2) The declaration of intent shall be filed online through such portal as the State Government may designate, or, if no such portal has been designated, physically at the District-level Nodal Agency.

(3) On receipt of a Declaration of Intent which is complete in all respects, the District-level Nodal Agency shall, within seven working days, issue an Acknowledgment Certificate in the prescribed form to the person who furnished the declaration.

(4) The Acknowledgment Certificate shall be issued only upon the State Government's satisfaction, through the Nodal Agency, that:—

(i) the enterprise does not fall within any category excluded from the benefits of this Act under Section 9; and

(ii) the Declaration of Intent and undertaking are complete in all material respects.

(5) In case the decision to issue the Acknowledgement Certificate is not taken within the stipulated period specified in sub-sections (3), the same shall be deemed to have been issued by the District nodal agency.

(6) Prior to the commencement of operations and notwithstanding the issuance of the Acknowledgment Certificate, the enterprise shall obtain a No Objection Certificate from the concerned Fire Safety Authority and an electrical safety clearance from the competent electrical authority.

6. **Effect of Acknowledgment Certificate :**

(1) An Acknowledgment Certificate issued under Section 5 shall, for all purposes, have effect as if it is an approval as defined in clause (b) of Section 2, for a period of two years from the date of its issuance.

(2) During moratorium period of two years from the date of issuance of Acknowledgement Certificate, no Competent Authority shall undertake any inspection of the enterprise for the purpose of, or in connection with, any approval as defined in clause (b) of Section 2:

Provided that a Competent Authority shall have the empower to conduct an inspection during the moratorium period where—

(i) a written complaint of a specific nature relating to public health, safety of workers, fire hazard, environmental damage, labour law violations, or structural safety has been received by such authority and the head of that authority has recorded reasons in writing before ordering such inspection; or

(ii) the enterprise itself has applied, within the moratorium period, to obtain the regular approvals under the respective laws.

(3) Before the expiry of the moratorium period, the enterprise shall obtain all the required approvals as defined in clause (b) of Section 2. The enterprise may apply for such approvals at any time during the moratorium period.

(4) An Acknowledgment Certificate issued under this Act shall not entitle any person to:—

(a) use any land in deviation of the land use specified in any master plan, local area plan, or town planning scheme in force;

(b) use any land in restricted or protected categories including Reserved Forests, Protected Forests, Eco-Sensitive Zones, notified tribal reserved areas, community lands, or any category of land protected under the Arunachal Pradesh Land Settlement and Records Act, 2000, or any other law for the time being in force regulating tribal land;

(c) carry out any activity requiring prior environmental clearance under the Environment Protection Act, 1986, or any rules or notifications made thereunder, without first obtaining such clearance; or

(d) claim exemption from any provision of Central law unless separately authorised under Section 7.

7. **Exemption under Central Acts :**

Where the State Government or any authority under it, is empowered to exempt any enterprise from any approval or inspection, or any provision relating thereto, under any Central Act, the State Government or, as the case may be, such authority shall, subject to the provisions of such Central Act, may exercise such power to grant such exemption to an enterprise covered by an Acknowledgment Certificate issued under Section 5 for at least a period of two years from the date of issue of such certificate.

8. **Self-certification for White and Green category industries :**

(1) Notwithstanding anything contained in any State law regulating the consent to establish or consent to operate enterprises, a new enterprise falling under the White or Green category as determined under the guidelines of the Central Pollution Control Board may, on filing a Declaration of Intent under Section 5, commence operations on the basis of self-certification in lieu of a formal Consent to Establish and Consent to Operate under State pollution control regulations, for the duration of the moratorium period.

(2) The self-certification under sub-section (1) shall be in the prescribed form and shall include a declaration that the enterprise shall maintain all required pollution control standards and permit such inspection as may lawfully be authorised under Section 6 (2)(i) of this Act.

(3) Nothing in this section shall apply to enterprises in the Orange or Red category, which shall continue to obtain regular Consent to Establish and Consent to operate from the Arunachal Pradesh Pollution Control Board before commencing operations.

9. **Enterprises excluded from the benefits of this Act :**

The benefits of this Act shall not be available to the following categories of enterprises, namely:—

(a) enterprises engaged in the manufacture or processing of tobacco, gutkha, or pan masala;

(b) enterprises involved in the distillation, brewing, or bottling of alcoholic beverages;

(c) enterprises falling under the Orange or Red category of the Central Pollution Control Board classification, unless specifically notified otherwise by the State Government;

(d) enterprises requiring a prior Environmental Impact Assessment and Environmental Clearance under any Central law;

(e) enterprises involving hazardous processes as specified in the First Schedule to the Occupational Safety, Health and Working Conditions Code, 2020; and

(f) any other category of enterprise which the State Government may, by notification, exclude from the benefits of this Act in the public interest.

10. **Savings :**

Subject to the provisions of Section 7, nothing in this Act shall be construed as exempting any enterprise from the application of the provisions of any law for the time being in force, including—

(a) the laws relating to tribal land rights, including the Arunachal Pradesh Land Settlement and Records Act, 2000 and any customary or community land tenure laws;

(b) the provisions of the Indian Forest Act, 1927, the Forest (Conservation) Act, 1980, and the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006;

(c) all extant labour laws, including laws relating to wages, hours of work, occupational safety and workmen's compensation;

(d) the Inner Line Permit and related restrictions under the Bengal Eastern Frontier Regulation, 1873 and any laws, rules or regulations made thereunder;

(e) the provisions of the Occupational Safety, Health and Working Conditions Code, 2020, in so far as they relate to safety, health and welfare of workers;

(f) any regulatory measures and standards prescribed under any law for the time being in force; and

(g) requirements for environmental clearance under any Central law, except to the extent expressly provided in this Act.

11. **Act to over ride other State laws :**

Subject to the provisions of Section 10, the provisions of this Act shall have effect notwithstanding anything in consistent therewith contained in any other State law for the time being in force.

12. **Revocation of Acknowledgment Certificate :**

(1) The District-level Nodal Agency may, after giving the enterprise a reasonable opportunity of being heard, revoke an Acknowledgment Certificate issued under Section 5, if—

(a) the Declaration of Intent or the undertaking was found to contain willfully false or fraudulent information;

(b) the enterprise has violated any of the conditions specified in sub-section (4) of Section 6; or

(c) the enterprise has been found, after inspection under the proviso to Section 6 (2), to be posing an immediate and serious threat to public health, safety, or the environment and has failed to rectify the same within the period specified by the Competent Authority.

(2) An enterprise aggrieved by an order of revocation under sub-section (1) may prefer an appeal to the State-level Nodal Agency within thirty days of the date of such order.

13. **Protection of action taken in good faith :**

No suit, prosecution or other legal proceedings shall lie against the State Government, the Nodal Agency, the Competent Authority, or any employee of the State Government in respect of anything done or intended to be done in good faith under this Act or any rules made thereunder,-

14. **Penalties :**

(1) Any person who, whether at his own instance or at the instance of any other person commences, undertakes or carries out development of any land or building or commences operations of any establishment-

(a) without permission or acknowledgement as required under the Act; or

(b) which is not in accordance with any permission or acknowledgement granted or in-contravention of any condition subject to which such permission has been granted; or

(c) after the permission or acknowledgement for development has been duly revoked; or

(d) in-contravention of any permission which has been duly modified; or

(e) in violation of Section 6 or Section 9; shall be punishable with a fine upto one lakh rupees and in the case of a continuing offence with a further daily fine which may extend to five thousand rupees for everyday during which such offence continues after conviction for the first commission of the offence.

(2) Any person, who, whether at his own instance or at the instance of any other person willfully provides false or fraudulent information to the District or State Nodal agency, shall be punishable with fine upto one lakh rupees.

(3) Any person who violates the provisions of law for which the Acknowledgement Certificate is considered as 'approval' under sub-section(1) of Section 6, shall be punishable in accordance with the penalty provisions of the relevant Act.

15. **Power to make rules :**

(1) The State Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing, such rules may provide for—

(a) The form and manner of filing the Declaration of Intent and the undertaking under Section 5;

(b) The form of the Acknowledgment Certificate;

(c) The procedure to be followed by the Nodal Agencies;

(d) the form of self-certification for White and Green category industries under Section 8; and

(e) Any other matter which is to be, or may be, prescribed under this Act.

(3) All rules made under this Act shall be laid, as soon as may be, before the Arunachal Pradesh Legislative Assembly while it is in session, for a period of not less than fourteen days and shall be subject to such modifications as the Legislative Assembly may make.

16. **Power to remove difficulties :**

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

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

(2) Every order made under sub-section (1) shall, as soon as may be, be laid before the Arunachal Pradesh Legislative Assembly.

17. **Power to amend Schedule :**

The State Government, may by notification, add, delete, or otherwise modify the Schedule – I as deemed fit.

18. **Repeal and saving :**

(1) The Arunachal Pradesh Micro, Small and Medium Enterprises (Facilitation, Establishment and Operation) Ordinance, 2026 is hereby repealed.

(2) Notwithstanding such repealed, any action taken, order issued under the provisions of the Arunachal Pradesh Micro, Small and Medium Enterprises (Facilitation, Establishment and Operation) Ordinance, 2026 shall be construed to have been validly taken or issued under the corresponding provisions of this Act.

SCHEDULE - I
{See Section 2(b)}

Registrations, Licenses and Permissions that shall be covered by the Acknowledgement Certificate

1. Trade License
2. Registration under the Building and other construction workers Act, 1996
3. Legal Metrology Packaged Commodities (LMPC) Certificate and Dealer License or Repairer License under the Legal Metrology Act, 2009
4. Trade Certificate from Transport Department.
5. Registration from Health Department/Drug License
6. NOC from Education Department.
7. Permit from Tourism Department.
8. Registration from Agriculture/Horticulture Department.
9. Registration with Food and Civil Supply Department.
10. Contractor registration under the Contract Labour (Regulation and Abolition) Act, 1970
11. Contractor Registration under the Inter-State Migrant Workmen Act,1979.

Pige Ligu, IAS
Secretary to the
Government of Arunachal Pradesh,
Itanagar.

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