

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 2096
TO BE ANSWERED ON: 12.02.2026

ISSUES RELATING TO INDUSTRIAL AREAS IN CHANDIGARH

2096. SHRI MANISH TEWARI:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has taken cognisance of the long-pending issues faced by industrial units in Chandigarh's Industrial Area, including restrictive Floor Area Ratio (FAR) norms, defective land titles, leasehold constraints and widespread building violation and misuse notices, if so, the details thereof;
- (b) whether existing FAR limit of 0.75 has rendered industrial operations economically unviable, especially when compared to neighbouring industrial areas in Punjab and Haryana with FAR norms of 2.5 to 3.0 and whether Government proposes to rationalise it and if so, the details thereof;
- (c) whether the Government proposes to address defective titles arising from historical leasehold allotments and consider conversion of industrial properties from leasehold to freehold and if so, the details thereof;
- (d) whether retrospective amendments to the Chandigarh Estate Rules relating to penalties have been reviewed for legal validity and if so, the details thereof;
- (e) whether a one-time amnesty scheme for building violations and adoption of MSME Development Act, 2006 for permitting service activities are under consideration, if so, the details thereof; and
- (f) the timeline fixed for resolving these issues?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a) to (c): The Micro, Small and Medium Enterprise (MSME) sector consists of private enterprises/industries. Promotion and development of enterprises, industries and industrial area is a State subject. The issues relates to the Industrial Area of Chandigarh, fall primarily with the administrative jurisdiction of Chandigarh Administration and the Ministry of Home Affairs.

The Industrial Area of Chandigarh is being governed with the Architectural Controls and Zoning Plans for different plot sizes. Initially, FAR of 0.5 was permitted, which was further enhanced to 0.6 and later 0.75/1.00 as per the plot sizes. Further, the matter with respect to flexible development norms and higher FAR viz-a-viz the neighbouring states has been deliberated in the committee meeting of Derogulation 1.0, 2.0 for Industrial Area, Phase-I, II & III. A Committee has been constituted by the Chandigarh Administration under the chairmanship of Deputy Commissioner-cum-Estate Officer on 23.01.2026 to revisit/amend Building Regulations to Reduce Land Loss in Industrial plots and it is being reviewed w.r.t. augmentation of services by Municipal Corporation towards increase in FAR.

As informed by Estate Office, UT, Chandigarh the issues related to defective titles and conversion of industrial properties from leasehold to freehold is governed by Chandigarh Administration and the Ministry of Home Affairs. Matters related to regularization of such issues are examined on a case-to-case basis in accordance with the provisions of the Capital of Punjab (Development and Regulation) Act, 1952, the Chandigarh Estate Rules, 2007 and the Chandigarh Building Rules (Urban), 2017.

It has further been informed that the proposal of Chandigarh Administration for conversion of industrial/commercial plots from leasehold to freehold in UT of Chandigarh was examined by Ministry of Home Affairs and the same has not been agreed to.

(d) to (f): Action relating to penalties is taken as per the provisions of the Capital of Punjab (Development and Regulation) Act, 1952 and the Rules framed thereunder. As informed by the Estate Office, the proposal for amendment of the penalty provisions has been forwarded to the Ministry of Home Affairs.

It has been further informed that at present, no amnesty scheme is in force.

While the Ministry of MSME promotes a facilitative ecosystem for MSMEs under the MSME Development Act, 2006, implementation of such measures is subject to local laws and regulations. The Ministry of MSME remains engaged with stakeholders including States and convey MSME-related concerns to the appropriate authorities, as required.
