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Commerce ministry seeks tax sops for NIMZ in DTC Bill

Seeking to give a push to the manufacturing sector, Commerce and Industry Ministry on Tuesday asked its finance counterpart to ensure that National Investment and Manufacturing Zones enjoy tax benefits in the Direct Tax Code (DTC) Bill.

To make NIMZ mega industrial zones, the government is offering a lot of incentives. Recently, the commerce ministry had notified incentives and other facilities that will be available to investors in NIMZ.

Among the support measures promised to investors were exemption from capital gains tax on sale of plant and machinery in a facility being sold for relocation in an NMIZ, up to 20 per cent of the project cost being given as an outright capital grant if the intended activity is otherwise non-viable.

"The Department of Revenue was asked to ensure that the dispensation pertaining to relief from capital gains tax as approved in the NMP, is included in the Direct Tax Code (DTC) Bill, as was indicated by them," an official statement said after the first meeting of Manufacturing Industry Promotion Board chaired by Commerce Minister Anand Sharma.

Sharma also asked the Ministry of Labour to convene a tripartite meeting to take a final decision on amending Section 25 FFF (1A) of the Industrial Disputes Act, 1947, which deals with compensation to workers in case of closure of mines following exhaustion of minerals.

During the meeting, Sharma reviewed the progress of the proposed zones and said that the board will again review after three months for the early implementation of these mega infrastructure projects. Such reviews would be taken after every three months.

India envisages to raise share of manufacturing in gross domestic product from the current 16 per cent to about 25 per cent and create 100 million jobs by 2022.

Manufacture-exports that constituted over three-fourths of the India's total export are now barely one-half. Even in traditional exports of textiles, apparels and leather goods, India lags behind Bangladesh, Vietnam and Pakistan.

Infrawindow News Bureau

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Apr. 29, 2013,

Twelve NIMZs granted in-principle approval, 8 on DMIC alone

The Lok Sabha was informed that the government has so far given in-principle approval for setting up of 12 National Investment and Manufacturing Zones (NIMZs), mega industrial zones with world class supporting infrastructure.

"So far eight NIMZs have been announced along the Delhi-Mumbai Industrial Corridor (DMIC) in the states of Gujarat, Maharashtra, Haryana, Uttar Pradesh, Rajasthan and Madhya Pradesh" minister of state for commerce and industry D Purandeswari said in a written reply to Lok Sabha on 29 April.

"Four other NIMZs outside the DMIC have also been granted 'in-principle' approval - two in Andhra Pradesh and one each in Karnataka and Maharashtra," Purandeswari added.

Purandeswari said that the government has taken a number of steps to accelerate the manufacturing growth of the country. The measures taken recently include announcement of the National Manufacturing Policy (NMP) 2011 with objectives of increasing the share of manufacturing in GDP to 25 per cent and creating 100 million additional jobs over a decade.

The NMP envisages setting up of NIMZs, which are industrial townships, benchmarked to the best manufacturing hubs in the world.

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In-principle approval given for 12 NIMZs

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In reply to another question, the Minister said the government has set up a committee under the chairmanship of RBI executive director RBI G Padmanabhan for suggesting steps to provide additional facilities to the exporters in the country.

"RBI has received a number of representations from trade/exporters' bodies highlighting the difficulties faced by them in regard to transaction cost, accounting issues, documentation, flow of finance to export sector, factoring etc," the Minister said.

The committee was constituted to evaluate the facilities/services provided by banks/financial institutions to the exporters and submit its report this month.

SME Times News Bureau | 27 Apr, 2013

NIMZ to change face of country: Anand Sharma

A National Investment and Manufacturing Zone (NIMZ) will change the face of the country, Commerce and Industry Minister Anand Sharma said in Thiruvananthapuram Friday.

Sharma was in the Kerala capital to participate in the meeting of industries ministers of the southern states.

He said with Kerala being a state where land is scarce, the centre would relax certain rules and would support the setting up of the Kochi-Palakkad corridor, where industrial and other clusters would come up. The corridor will have all benefits of a NIMZ.

"I see a maximum of 15 or at the most 18 such zones in the country. These integrated standalone green field townships will create 100 million skilled jobs in the coming years. Of these proposed NIMZ, three are going to come in the southern states with Bangalore becoming a dedicated city for electronics and hardware," Sharma said while addressing the media after the meeting.

"The state government will have to identify the land, while the centre would provide the trunk investment. A committee would be set up to monitor this project, which will include officials from

the centre and the state. These zones would have world class facilities which are seen in countries like Japan, South Korea and China, besides offering numerous tax relief," said Sharma.

The meeting was attended by two ministers from Tamil Nadu and top officials from Karnataka and Andhra Pradesh.

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NIMZ guidelines: Units to be exempted from cap gains tax

The department of industrial policy and promotion (DIPP) has notified guidelines for national investment and manufacturing zones (NIMZ) which is designed to boost manufacturing. Proposed to set up in a minimum area of 5000 hectares, the guidelines say NIMZ units will be exempted from capital gains tax. Capital Gains tax on sale of plant and machinery will also be exempted provided proceeds are reinvested in NIMZ plant.

Besides, NIMZs will be eligible for eligible for Viability Gap Funding, which cannot exceed 20 percent of the project cost.

The DIPP guidelines say NIMZs will be assisted in getting long-term soft loans and will be allowed to access ECBs for internal infra development.

The guidelines state that NIMZ will be managed by SPVs set up by state governments. These SPVs will have the power to enforce labour and environmental norms. However, if NIMZ gets state environmental clearance nod then individual units won't need clearances.

The guidelines also say NIMZ units will have easier exit clause and central government will formulate a job loss insurance scheme for them.