



NIMZ Guidelines :- From : CA Ratan Moondra

**Presentation on National
Investment & Manufacturing Zone**

GUIDELINES FOR ESTABLISHMENT OF NATIONAL INVESTMENT & MANUFACTURING ZONES (NIMZS)

- Background
- Application & Approval & Maps
- Techno-economic Feasibility Report cum Development Plan
- Agreement of Implementation
- Land allotment
- Rationalization and simplification of regulatory procedures
- Role of Central Government
- Mentor Group
- NIMZ along the Delhi-Mumbai Industrial Corridor (DMIC)



BACKGROUND

The Government of India has announced a National Manufacturing Policy with the objective of enhancing the share of manufacturing in GDP to 25% within a decade and creating 100 million jobs.

The National Investment & Manufacturing Zones (NIMZs) are an important instrumentality of the manufacturing policy.

The NIMZs are envisaged as integrated industrial townships with state of the art infrastructure; land use on the basis of zoning; clean and energy efficient technology; necessary social infrastructure; skill development facilities etc. to provide a productive environment for persons transitioning from the primary to the secondary and tertiary sectors.



BACKGROUND

The policy is based on the principle of industrial growth in partnership with the States.

The Central Government will create the enabling policy framework,

Provide incentives for infrastructure development on a Public Private Partnership (PPP) basis through appropriate financing instruments,

State Governments will be encouraged to adopt the instrumentalities provided in the policy.



APPLICATION & APPROVAL

A two-stage application procedure has been put in place.

In the first stage, the State will make an application for in-principle approval to the Department of Industrial Policy and Promotion (DIPP), the nodal department,

in the format prescribed at Annexure-I.

The application will be examined on the basis of the format and submitted for in-principle approval to the Commerce & Industry Minister. The said in-principle approval will be communicated to the State Government.



CA Ratan Moondra, Director Moon SEZ Consultants Pvt. Ltd.

APPLICATION & APPROVAL

On receipt of the in-principle approval, the State Government will present a detailed application for final approval in the format at Annexure-II,

as soon as substantial part of the land area is in the possession of the State Government, and action has been initiated for acquisition of the remaining area.

The application so prepared will be forwarded by the State Government to the DIPP for approval.

In the DIPP, the application will be considered by the High-level Committee / Board of approval (as notified) chaired by Secretary, DIPP which will make its recommendations for final approval. The final approval will be granted at the level of Commerce & Industry Minister.

iv) Each NIMZ will be notified separately by the DIPP in the official gazette.



MAPS

The following maps will be prepared and submitted along with the application for final approval :

- a) An administrative and physical map showing the overall boundary of the NIMZ indicating the districts, villages, townships, water bodies, high lands, low lands, forests etc. which lie within its boundaries.
- b) A map showing existing land use, i.e., existing industrial areas, SEZs, PSUs, social infrastructure. At least 30% of the total land area proposed for the NIMZ will be utilized for location of manufacturing units. This area may also be clearly indicated on the map.
- c) External and existing internal linkages map of proposed NIMZ.



TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

A techno-economic assessment will be carried out by the State Government to assess the economic and technical viability of the identified land area for a NIMZ.

Such an assessment will be presented by the State Government along with the application for final approval, and will incorporate the following elements :

- a) Broad overview of the proposed NIMZ region and adjoining areas including demographic profile; socio-economic features and natural resource profile.



TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

b) External linkages:

- road/ rail/ air/ port connectivity
- telecom
- water supply
- power connectivity
- drainage system

c) Existing internal infrastructure in NIMZ area:

- power
- water supply
- telecom
- road/ rail/ air/ port connectivity
- drainage system
- social infrastructure and services
- technical infrastructure

TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

d) Land:

- existing land use
- status of land acquisition
- area already acquired / to be acquired
- time frame of remaining land acquisition, if any

e) Assessment of industrial and commercial potential:

- stakeholders' views
- type of manufacturing industry likely to locate in proposed NIMZ
- estimated investment in manufacturing industry
- estimated turnover of manufacturing industry
- export potential of the proposed manufacturing industry
- human resource availability
- estimated employment generation

TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

f) Preliminary
environment impact
assessment:

- methodology
- baseline parameters
- potential impact

g) External infrastructure
requirement/proposed
external linkages:

- road/ rail/ air/ port
- power
- water
- drainage



TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

h) Technical infrastructure requirement/proposed:

- research and development
- common facility centres
- design infrastructure
- quality certification and testing facilities
- vocational training / skill development infrastructure

i) Financial implications:

- commitment of State government
- support from Central government

J) Proposed management structure:

- formation of SPV – legal framework
- specific role and responsibilities assigned to SPV

TECHNO-ECONOMIC FEASIBILITY REPORT CUM DEVELOPMENT PLAN

K) Zone development plan:

- planning strategy
- phasing

I) Regulatory environment:

- provisions under State level labour laws which have been/will be rationalized/simplified through delegation/ invocation of exemptions wherever provided for, subject to alternative mechanisms; third party-self certification; combination of forms – registers

provisions under State level environmental laws which have been/will be rationalized/simplified through delegation/invocation of exemptions wherever provided for, subject to alternative mechanisms; third party-self certification; combination of forms – registers.

- provisions under other relevant State level laws which have been/will be rationalized/simplified through delegation/invocation of exemptions wherever provided for, subject to alternative mechanisms; third party-self certification; combination of forms – registers.

AGREEMENT OF IMPLEMENTATION

The State Government concerned will enter into an Agreement of Implementation (AOI) with the DIPP indicating the specific commitments of each implementing agency along with timelines.

A draft AOI will be presented by the State along with the application for final approval.

On receipt of final approval, the NIMZ will be declared by the State Government as an industrial township under Article 243Q(1)(c) of the Constitution.

Simultaneously, the State Government will constitute a Special Purpose Vehicle (SPV) to discharge the functions specified in the policy.

The CEO of the SPV shall be a senior government official appointed on a full-time basis.



AGREEMENT OF IMPLEMENTATION

The SPV will include an official conversant with the work relating to pollution control/ environmental protection.

There shall be a provision for suitable representation of a nominee of the Government of India (DIPP), and of the allottees and subsequently of the industrial units on the Board of the SPV.

The SPV will undertake the master planning and designing of the zone using agencies/consultants that have adequate experience of designing/setting up of such zones. The selection shall be through a transparent process.

The master plan as finalized shall be considered by the competent authority under the relevant state laws to give it appropriate statutory status.



AGREEMENT OF IMPLEMENTATION

It is envisaged that SPVs should also have delegated powers of planning and development under the relevant State laws.

The SPV will prepare a strategy for the development of the zone and an action-plan for self-regulation to serve the purpose of the policy.

These shall be submitted to the Board of Approval in the DIPP within three months from the date of constitution of the SPV.

SPV can take up the work of development on its own through various agencies/contractors or take up the development in partnership with a developer who shall be selected through a transparent process. Development can take place in a phased manner.



LAND ALLOTMENT

Proposals for establishment of individual units / other entities in the NIMZ will be considered for land allotment and other clearances by the SPV

and/or such authority to which the relevant powers are delegated. Such allotment shall be on leasehold basis.

The SPV will ensure that land in the NIMZ allotted for the permissible purpose as per the master plan will be used within the specified period of time for the specified purpose which would be indicated in the land allotment letter itself.

In case the said land is not used within the specified period for the specified purpose, it shall revert back to the SPV.



LAND ALLOTMENT

The option of an individual unit for the job loss policy will be obtained by the SPV at the time of land allotment itself.

Any unit that exits out of the NIMZ will be allowed to do so subject to payment of applicable dues and compliance with the terms and conditions of the land allotment letter issued by the SPV.

In no case, shall the area under manufacturing industry be reduced below the minimum stipulated as a result of any land use change, once approved.



RATIONALIZATION AND SIMPLIFICATION OF REGULATORY PROCEDURES

State Governments may provide exemptions subject to fulfilment of conditions as provided in the relevant statute. SPV may act as a facilitator in this regard.

Mechanisms may be developed for cooperation of public or private institutions with government inspection agencies under the overall control of statutory authorities. In respect of environmental laws/regulations, the inspection by specially trained/designated/notified agencies for third party inspection shall be considered to supplement the inspection by the Government agencies for compliance monitoring.

A Combined Application Form and a Common Register will be developed as far as practicable.

Submission of multiple returns to different departments will be replaced by one simplified Monthly/ Quarterly return wherever feasible. and the units thereon will be exempted from public hearing provided under the EIA Notification, 2006 in cases where such estates have undergone public hearing as a whole. Further, facilitative instructions and guidelines may be issued at the State level from time to time aiming at promotion of NIMZ investment while safeguarding environmental integrity.



RATIONALIZATION AND SIMPLIFICATION OF REGULATORY PROCEDURES

In respect of laws and regulations pertaining to environment, State Governments may delegate the power as allowed by the relevant statutes to an official of the State Pollution Control Board (SPCB) posted in the zone. The Environmental Clearances for NIMZ units under the EIA Notification, 2006 shall be considered on a high priority, and the units thereon will be exempted from public hearing provided under the EIA Notification, 2006 in cases where such estates have undergone public hearing as a whole. Further, facilitative instructions and guidelines may be issued at the State level from time to time aiming at promotion of NIMZ investment while safeguarding environmental integrity.

The entire process of clearances by State authorities will be progressively made web-enabled.

Timelines will be defined in respect of all clearances. In case the decision is not taken in the specified timeline, the clearance will be 'deemed' to have been given on expiry of timeline.



ROLE OF CENTRAL GOVERNMENT

The Central Government will bear the cost of master planning for the NIMZ.

The Central Government will improve/provide external physical infrastructure linkages to the NIMZs including Rail, Road (National Highways), Ports, Airports, and Telecom, in a time bound manner.

This infrastructure will be created/upgraded through Public Private Partnerships to the extent possible. Viability Gap Funding through existing schemes will be provided. Wherever necessary, requisite budgetary provisions for creation of these linkages will also be made;



ROLE OF CENTRAL GOVERNMENT

For the internal infrastructure in a NIMZ, the government will provide :

- i) **Viability Gap Funding (VGF):** Under the Ministry of Finance 'Scheme for Support to Public Private Partnerships in Infrastructure' in the form of capital grant at the stage of project construction will be given as per the VGF guidelines. The total Viability Gap Funding under this scheme shall not exceed twenty percent of the total project cost. Additionally, the State Government or its agencies may also provide funding out of their budget as may be feasible.
- ii) **Long term soft loans from multilateral financial institutions:** Soft loans from multilateral institutions will be explored for funding infrastructure development in NIMZ. Assistance would be provided for negotiating non-sovereign multilateral loans by providing back-to-back support, if necessary.
- iii) **External Commercial Borrowings:** The developers of NIMZs will be allowed to raise ECBs for developing the internal infrastructure of the NIMZs.



ROLE OF CENTRAL GOVERNMENT

Rationalization and simplification of central level business regulations :

The advisory pertaining to central level environmental regulations issued by the Ministry of Environment & Forests is at Annexure-III. In respect of labour regulations, subject to the setting up of a suitable mechanism in concurrence with the Ministry of Labour & Employment for central level labour laws, the Central Government shall delegate the powers of inspection and enforcement to the CEO of the SPV. The Central Government will conduct periodic audit of the enforcement mechanism put in place to ensure compliance of all labour welfare provisions.

Job Loss Policy :

The Central Government will put in place a scheme for a job loss policy to enable units to pay suitable worker compensation in the eventuality of business losses / closures, through insurance. The compensation under this instrument would be equivalent to 20 days' average pay for every completed year of continuous service or any part thereof in excess of six months. The SPV will facilitate, the companies that opt for it, to buy the policy at the stage of land allotment, at a premium, determined by the SPV on the basis of competitive bidding.



ROLE OF CENTRAL GOVERNMENT

Exemption from Capital Gains Tax:-

on sale of plant and machinery of a unit located in a NIMZ will be granted in case of re-investment of sale consideration within a period of three years for purchase of new plant & machinery in any other unit located in the same NIMZ or another NIMZ.

The Central Government will set up a Technology Acquisition and Development Fund for creation of a patent pool; incentivization of production of environment friendly machines/ equipment and of SMEs for adoption of environmental audit, water audit and waste water treatment practices.



ROLE OF CENTRAL GOVERNMENT

The Central Government through its institutions and schemes will provide institutional infrastructure for productivity, quality (testing facilities etc.) and design capabilities, encouraging innovation and skill development within the NIMZ;

The Central Government will provide a weighted standard deduction of 150% of the expenditure (other than land or building) incurred on Public Private Partnership (PPP) projects for skill development in manufacturing sector in separate facilities in coordination with NSDC



ROLE OF CENTRAL GOVERNMENT

The Central Government will fund the establishment of an ITI, under the existing rules on Build, Own and Operation (BOO) basis by the SPV in a NIMZ.

The Central Government will provide viability gap funding for setting up of specialized polytechnics for relevant industry verticals in a NIMZ, covering the capital cost as per the VGF guidelines of the Ministry of Finance. Such fund will also be available to the SPV in a NIMZ.

The Central Government will undertake, along with the State Government concerned, the promotion of domestic as well as global investments in NIMZs;



MENTOR GROUP

The DIPP will constitute a mentor group specific to each NIMZ for purposes of hand-holding and monitoring the development of the NIMZ.

The mentor group will consist of 2 manufacturing industry representatives

; a Joint Secretary level officer of the DIPP

and an institutional expert.

The Joint Secretary, DIPP will be the convenor of the group.

The mentor group will periodically report to the High-level Committee chaired by Secretary, DIPP.



CA Ratan Moondra, Director Moon SEZ Consultants Pvt. Ltd.

NIMZ ALONG THE DELHI-MUMBAI INDUSTRIAL CORRIDOR (DMIC)

These guidelines will apply to the NIMZ along the DMIC with respect to the rationalization and simplification of business regulations and the schemes and dispensations under the policy.

Knowledge Partner

It is envisaged that the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) will be used as knowledge partner for development of the NIMZ



CA Ratan Moondra, Director Moon SEZ Consultants Pvt. Ltd.

THANKS

CA Ratan Moondra



CA Ratan Moondra, Director Moon SEZ Consultants Pvt. Ltd.