

# **National Manufacturing Policy**

## **Guidelines for establishment of National Investment & Manufacturing Zones (NIMZs)**

### **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.

The policy is based on the principle of industrial growth in partnership with the States. The Central Government will create the enabling policy frame work, provide incentives for infrastructure development on a Public Private Partnership (PPP) basis through appropriate financing instruments, and State Governments will be encouraged to adopt the instrumentalities provided in the policy.

### **2. Application & Approval**

- i) 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.

- ii) 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.
- iii) 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.

### **3. 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.

#### **4. 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.
- 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
- 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
  
- f) Preliminary environment impact assessment:
  - methodology
  - baseline parameters
  - potential impact
  
- g) External infrastructure requirement/proposed external linkages:
  - road/ rail/ air/ port
  - power
  - water
  - drainage
  
- 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
  
- k) Zone development plan:
  - planning strategy
  - phasing
  
- l) 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**

5. 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.
  
6. 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.

7. 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. 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.
8. 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.
9. The master plan as finalized shall be considered by the competent authority under the relevant state laws to give it appropriate statutory status.  
It is envisaged that SPVs should also have delegated powers of planning and development under the relevant State laws.
10. 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.
11. 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**

12. 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.
13. 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.
14. 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.
15. 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**

16. 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.
17. 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.

18. 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.
19. The entire process of clearances by State authorities will be progressively made web-enabled.
20. 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.
21. A Combined Application Form and a Common Register will be developed as far as practicable.
22. Submission of multiple returns to different departments will be replaced by one simplified Monthly/ Quarterly return wherever feasible.

### **Role of Central Government**

23. The Central Government will bear the cost of master planning for the NIMZ.
24. 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;

25. 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.

26. 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.

27. 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.
28. 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.
29. 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.
30. 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;
31. 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

32. 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.
33. 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.
34. The Central Government will undertake, along with the State Government concerned, the promotion of domestic as well as global investments in NIMZs;

### **Mentor Group**

35. 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.

### **NIMZ along the Delhi-Mumbai Industrial Corridor (DMIC)**

36. 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**

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

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APPLICATION FOR IN PRINCIPLE APPROVAL FOR SETTING UP A  
NATIONAL INVESTMENT AND MANUFACTURING ZONE (NIMZ)

1. State:
2. Location (districts covered):
3. Applicant on behalf of the State Government:
4. Legal framework under which NIMZ is proposed to be formed:
5. Approximate size of NIMZ (in hectare):
6. Map of NIMZ ( to be attached):
7. Minimum area proposed to be allotted for Manufacturing industry (hectare):
8. Government Area within NIMZ:
9. Area of private lands falling within the Zone to be acquired by State Government:
10. Likely date of completion of acquisition of land:
11. Estimated Investment likely to flow into proposed NIMZ:
12. Estimated employment generation:
  - (a) Direct:
  - (b) Indirect:
13. Estimated Period of Development (Years):
14. Linkages to the NIMZ: Distance (in km) from
  - (i) Nearest Airport :
  - (ii) Nearest Railway Station :
  - (iii) Nearest Sea Port :
  - (iv) Nearest National Highway:
  - (v) Nearest State Highway :

15. Utilities:
- (a) Water requirement/availability and status:
- (b) Power requirement/availability and status:
16. Estimated cost for Master Planning for NIMZ:
17. Requirement of Improvement/Provision of External Physical Infrastructure Linkages to NIMZ:

(Amount in crore)

	Improvement			New		
	Estimated Cost	Support from GOI	Support from State Govt.	Estimated Cost	Support from GOI	Support from State Govt.
Road (National Highways)*						
Airports						
Ports						
Telecom						
Others						

\* Length may also be given

Place:

Signature of Applicant

Name in Block Letters

Date:

Official Seal/Stamp

Designation:

Telephone No.:

Email:

Website, if any:

Full Residential Address:

**APPLICATION FOR FINAL APPROVAL FOR SETTING UP A NATIONAL INVESTMENT AND MANUFACTURING ZONE (NIMZ)**

1. State:
2. Location (districts covered) :
3. Maps as per clause 3 of the guidelines (to be attached) :
4. Techno-economic feasibility report cum Development Plan as per clause 4 of the guidelines (to be attached) :
5. Status of land acquisition:
  - (i) Area of private lands, indicated in the application for in-principle approval, that has been acquired:
  - (ii) Area of private lands remaining to be acquired:
  - (iii) Likely date of completion of acquisition:
6. Physical infrastructure and utility linkages to be provided by the State Government:
  - (i) Road linkage :
  - (ii) Rail linkage :
  - (iii) Linkage to seaport, if any :
  - (iv) Linkage to nearest airport, if any :
  - (v) Details of water sources :
  - (vi) Details of power connectivity :
  - (vii) Details of telecom/broad band connectivity :
7. External physical infrastructure linkages to NIMZ for which Government of India support is required (map to be attached) :
8. State level regulatory procedures to be simplified/rationalized (list to be attached):
  - (i) Labour :
  - (ii) Environment :
  - (iii) Others :

9. Industrial training and skill upgradation :

(i) Existing ITIs in the area of NIMZ :

(ii) New ITIs/training centres proposed to be established in the area of the NIMZ :

(iii) Existing Polytechnics, if any in the area of the NIMZ :

10. Draft Agreement of Implementation as per clause 5 (to be attached):

Signature of Applicant

Place:

Name in Block Letters

Date:

Official Seal/Stamp

Designation:

Telephone No. :

E-mail:

Website, if any:

Full Residential Address:

तिथ्यरक्षित चटर्जी  
Dr. Tishya Chatterjee



312  
सचिव  
भारत सरकार  
पर्यावरण एवं वन मंत्रालय  
Secretary  
Government of India  
Ministry of Environment and Forests

D.O. No. 1/-21/2010-EC

27<sup>th</sup> January, 2012

My dear Chief Secretary,

As you may be aware, Government of India has recently approved the National Manufacturing Policy with the objective of increasing the share of manufacturing in GDP and creating 100 million jobs within a decade.

2. To achieve the aforementioned objective, the Department of Industrial Policy and Promotion (DoIPP) in the Ministry of Commerce and Industry has identified a number of measures for implementation of the said policy in a time bound manner. The Ministry of Environment and Forests has also been requested to take necessary steps to implement the measures pertaining to it. These measures include (i) prior environmental clearance under the provisions of EIA notification, 2006; (ii) third party inspection to supplement the inspections by Government agencies for compliance monitoring; (iii) delegation of powers as allowed by the relevant statutes to an official of the State Pollution Control Board (SPCB) posted in the zone; (iv) defining the timelines in respect of all clearances- the clearance to be 'deemed' to have been given on expiry of timeline (v) development of Combined Application Form (CAF) and a Common Register as far as practicable.

3. In the above context, I would like to draw your kind attention to the constitution of a High Powered Committee by the Planning Commission of India in December, 2008, under the chairmanship of Secretary, Planning Commission to examine the schemes of statutory clearances for industrial and infrastructure projects. This Committee submitted its report in April, 2010 which is available on the website of the Planning Commission. The report has recommended a set of reform measures, similar to those envisaged in the National Manufacturing Policy, in the area of environmental regulations, procedures and guidelines for the purpose of streamlining and simplifying the procedures and facilitating expeditious decisions on clearances. These recommendations have been circulated to all State Pollution Control Boards on 7th July, 2010 by the Chairman, Central Pollution Control Board.

4. In this regard, I would like to request that the measures recommended under the National Manufacturing Policy and the report of the High Powered Committee on statutory clearances relating to environmental clearances as per the EIA Notification, 2006 and other statutory approvals related to various environmental regulations may kindly be implemented. Specifically, I would request you to kindly issue necessary instructions to the State

Contd.....2/-



जहाँ है हरियाली।  
वहाँ है खुशहाली।।

पर्यावरण भवन, सी.जी.ओ. कॉम्प्लेक्स, नई दिल्ली-110 003 फोन : 24360721, 24361896, फैक्स : (011) 24362746  
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Government Departments/SPCBs/PCCs concerned for taking necessary steps for implementing the following:

i) State Environment Impact Assessment Authorities (SEIAAs) may be advised to expedite prior environmental clearances for 'B' category projects under the provisions of EIA Notification 2006;

ii) SPCBs may be advised to evolve mechanisms for involving private institutions for inspections under various environmental statutes like Water Act, Air Act and the Environment (Protection) Act. The third party inspection by the notified private agencies shall be supplementary to the inspections by the CPCB and SPCBs/ PCCs for compliance monitoring;

iii) An officer of the SPCBs/ PCCs may be deputed in the NIMZ for facilitating statutory clearances under the Water Act, Air Act and the Environment (Protection) Act. The officer so deputed may be empowered under the said environment statutes. However, the deputed officer to NIMZ will remain under the administrative control of the respective Board to safeguard the sanctity of the regulatory process;

iv) Timelines in respect of all clearances like environment clearances under the EIA Notification, 2006, consent under the Water Act and the Air Act, authorization and no objection under the Environment (Protection) Act etc. have been defined in the relevant statutes for timely disposal of applications thereunder. These may be strictly adhered to; and

v) A Combined Application Form (CAF) and Common Register may be introduced for granting various consents and authorizations under the Water Act, Air Act and the Environment (Protection) Act. So far, 13 States have adopted the Combined Application Form (CAF) and Common Register.

5. I would appreciate if you could kindly issue necessary instructions to the Departments concerned / SPCB of your State for implementing the aforementioned measures under the National Manufacturing Policy. I would be grateful, if you could kindly keep us apprised of the actions taken.

With regards,

Yours sincerely,

  
( Tishya Chatterjee )

To

Chief Secretaries of all States as per list.