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Manufacturing policy: No labour, environmental laws exemption for ITPs

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The much-awaited National Manufacturing Policy, to be tabled in Cabinet on Thursday is not likely to give exemptions to units in the proposed 'industrial township projects' (ITPs) from labour and environmental laws.

According to sources, Environment Minister Jayanthi Natarajan has turned down the proposal that ITPs should be allowed self-regulation as regards environment provisions.

Further, **the finance ministry has also suggested that the National Skill Development Corporation (NSDC) be made an important part of the policy in the sense that the proposed special purpose vehicle for the proposed industrial townships will take help from NSDC in training and skilling. Future projects of NSDC will be taken up keeping in mind the proposed industrial townships.**

These SPVs will also have to now mandatorily consult with the ministry of labour and NSDC to establish it, under the existing rules. Polytechnics will also be established only after consultation with the HRD ministry and NSDC while central government will be able to provide viability gap funding to polytechnics covering capital costs only under the existing norms. If the VGF is to be provided to polytechnics, it will be done only according to recommendations of a committee set up to look into priority sector lending.

Further, the sources said that the equity restructuring plan of the DMIC Development Corporation (DMICDC), a special purpose vehicle for industrial development along the Delhi-Mumbai rail corridor, is also expected to be placed before the Cabinet. The draft policy of the DIPP was given an in-principle clearance by a high-level committee chaired by Prime Minister Manmohan Singh in June. But it has faced opposition from the ministries of labour and environment. The draft document had suggested that besides fiscal sops, the units in the proposed National Manufacturing Investment Zones (NMIZs) should be exempted from the labour and environment laws. In the final draft, the NMIZs have been rechristened as ITPs.

The DMICDC proposal relates to fund infusion of Rs 18,500 crore as also change in the equity structure of the company. The money infusion is for creating seven new cities in six states including Gujarat, Haryana, Uttar Pradesh and Madhya Pradesh. At present, the government has a 49 per cent stake in the DMIC project, while 51 per cent is jointly held by Infrastructure Leasing and Financial Services (IL&FS) and Infrastructure Development Finance Company (IDFC).