

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3394
ANSWERED ON:01.08.2014
EXEMPTION FROM CAPITAL GAINS TAX
Mohan Shri P. C.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received any proposal from Ministry of Commerce and Industry for grant of benefits including exemption from Capital Gains Tax for setting up of National Investment and Manufacturing Zones (NIMZ) and if so, the details thereof;
- (b) whether the Government proposes to exempt Capital Gains Tax on sale of plant and machinery of a unit located in a NIMZ and if so, the details thereof ; and
- (c) the steps taken by the Government in assisting Ministry of Commerce and Industry to raise the share of manufacturing in GDP and creating jobs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRIMATI NIRMALA SITHARAMAN)

(a) & (b) Yes Madam. For implementation of the National Manufacturing Policy various proposals for grant of direct tax benefits were received from the Ministry of Commerce and Industry. Having examined the said proposals, appropriate changes have been made in the Income-tax Act.

(c) Measures are taken by the Government from time to time for raising the share of manufacturing in GDP and creating jobs. Accordingly incentives under sections 80-IC and 80-IE of the Income-tax Act have been provided to give effect to the New Industrial Policy, 2002 and the North-East Industrial and Investment Promotion Policy, 2007. Further, the Finance (No.2) Bill, 2014 has proposed to extend the benefit of deduction available under section 32AC of the Income-tax Act for investment made in plant and machinery upto 31.03.2017. The threshold limit of investment has also been proposed to be reduced from Rs. 100 crore to Rs. 25 crore in respect of investments made on or after 1st April, 2014.