Industrial Parks in India

Syllabus subtopic: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Prelims and Mains focus: about the Industrial Parks scheme: its objectives and features

Context: The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance notified Industrial Park Scheme, 2008 on 8th January, 2008 in respect of the industrial parks set up on or after 1st April, 2006 but not later than 31st March, 2009 with subsequent extensions thereafter. Approvals under the scheme are considered by CBDT, Department of Revenue.

The objective of the Industrial Park Scheme are:

Any project, being an industrial park, shall aim at setting up of –

a) an Industrial Model Town for development of industrial infrastructure for carrying out integrated manufacturing activities, including research and development, by providing plots or sheds and common facilities within its precincts; or

b) an industrial park for development of infrastructural facilities or built-up space with common facilities in any area allotted or earmarked for the purposes of specified industrial use; or

c) a Growth Centre under the Growth Centre Scheme of the Government of India; subject to the scheme implemented by an undertaking and the Growth Centre is distinctly developed as a separate profit centre.

The State/UT-wise number of industrial parks in the country and in particular number of such parks made since 2014 is not centrally maintained. However,
Department for Promotion of Industry and Internal Trade (DPIIT) has built one centralized system of industrial park information which is available at Industrial Information System (IIS) and the details are being updated by concerned States at regular intervals.

**What is an Industrial Park**

An industrial park is a *portion of a city that is zoned for industrial use* rather than residential or commercial needs. Industrial parks *may contain oil refineries, ports, warehouses, distribution center, and factories*. Some industrial parks *offer tax incentives* for businesses to locate there, such as tax increment financing.

**The key features of the industrial parks development in India are:**

- Status of the industrial parks sector varies from State to State, wherein states like Maharashtra, Gujarat, AP, Tamil Nadu, etc. have made significant progress in promoting industrial parks / estates.

- The approaches relating to development, administration, regulation, etc. of industrial parks also vary according to the political and developmental compulsions faced by the individual States.

- Primarily, the industrial parks have been promoted by the government and its agencies with minimal private sector participation (PSP). PSP in industrial parks has met with partial success in India and that too has primarily been restricted to the IT parks.

- A few examples of the private initiative in industrial parks development are Information Technology Park (ITPL), Bangalore; Infocity, Hyderabad; Technopark, Thiruvananthapuram; etc. The Mahindra City at Chennai was envisaged initially as an Auto Park. However, over a period of time, the concept was changed and the park started focusing on IT and
ITeS. The IT sector boom could perhaps have contributed to the development and success of IT parks.

- Often, the decision to set-up an industrial park reflects the political and social objectives of the government. With parks throughout the State normally under a single agency, typically the SIDC, the revenues from parks at industrially forward locations are used to cross-subsidise the parks in the backward areas.

- Industrial parks in India often suffer from inadequate maintenance, and lack professional management.