

India needs world-class industrial parks to support manufacturing sector

Government of India and various state governments are promoting industrial parks across the country to strengthen manufacturing sector. In the days to come, industrial parks will play an important role in the future industrialization of the country as growth in special economic zones has lost steam in recent years. Government of India promoted Special Economic Zones (SEZs) with the introduction of SEZ policy in 2000 and SEZ Act in 2005. In recent years, many private developers of SEZs have applied to de-notification of their projects because of various challenges such as poor interest from manufacturing companies and discontinuation of government incentives such as income tax benefits.

In this background, India should develop industrial parks of global standards to attract local and foreign investors. A world class industrial park should have state-of-the art internal and external infrastructure, including connectivity and utilities, business support facilities (such as skill development, truck parking facility, single window services). An ideal industrial park also needs environment and safety management services such as fire fighting system, air quality control, disaster management and healthcare services.

Government of India is planning to introduce the second edition of Industrial Park Rating System (IPRS) to evaluate the competitiveness of an industrial park against the above infrastructure facilities. Experts suggest that the government should partner with private developers to provide state-of-the art infrastructure in these industrial parks to attract domestic and foreign investors. Government may follow Thailand's model of industrial parks with plug-and-play facilities designed to attract foreign investors.

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) is reportedly planning to develop five large multi-product industrial parks on Vizag-Chennai Industrial Corridor, Chennai-Bangalore Corridor and Hyderabad-Bangalore Corridor.

Government of Gujarat, under its latest industrial policy unveiled in 2020, has offered financial incentives to developers of industrial parks to cover capital cost and has also announced reimbursement of stamp duty. Developers creating industrial parks in tribal areas are eligible for more capital cost incentives. The government set the minimum development area for industrial parks in non tribal areas at 20 hectare, while for tribal area this condition is relaxed to 5 hectare. The government also provides periphery infrastructure assistance for developers establishing industrial parks on more than 100 hectare land.

In Maharashtra, the state government amended its Integrated Industrial Area (IIA) scheme of 2013 in 2018 to provide more flexibility for private developers. Under the amendment, the state government reduced the minimum area required for Integrated Industrial Area to 20 hectare from the earlier threshold of 40 hectare. The government also provided flexibility for

the state industry department to decide what kind of activities qualify as 'industrial use' in the area. Following these changes, the state government is said to have received reasonable response from developers for setting up Integrated Industrial Area.

Under this scheme, the state government approved the Chordia Industrial Park, which is being developed in Shirwal (50 km from Pune) in Satara district. The state government offers incentives such as GST refund, exemption of stamp duty and concessional power tariff to this park as it falls under 'D' Zone or backward region of the state. The state government also received proposals for development of an industrial park by Lodha Developers in Usatane village in Thane and another industrial park in Bhiwandi (near Mumbai).

Media reports suggest that industrial parks developed by private developers have more attractive features than those developed by government agencies such as state industrial development corporations. Companies setting up units in a private industrial park have flexibility on land use and transfer of land, unlike in an industrial park developed by MIDC, where the land is offered on a 99-year lease and there are restrictions on end use or transfer of the plot.

Uttar Pradesh government is reportedly planning to set up state-of-the art industrial parks in Varanasi, Agra, Kanpur, Moradabad, Gorakhpur and Azamgarh for micro, small and medium enterprises. These parks are expected to be created adjoining the existing MSME clusters so that units in these clusters can benefit from the common industrial infrastructure created in these parks.

In another development, public sector companies such as NTPC and BHEL, that hold huge parcel of idle land, are planning to invite private companies to set up manufacturing units. In a move to use its idle land optimally, NTPC plans to develop industrial plots on its idle land in Solapur (Maharashtra), Kudgi (Karnataka) and Gadarwara (Madhya Pradesh). NTPC plans to provide necessary infrastructure facilities such as water and power in these plots to attract manufacturing units. NTPC is said to have excess land of 20,000 acre, while BHEL is having surplus land of 14,000 acre, where there is potential for developing industrial parks.

The central and state governments should take coordinated steps to accelerate development of industrial parks by providing fiscal benefits to private developers and supporting them with development of trunk infrastructure. State governments should also act decisively in addressing land acquisition and environment clearances, wherever these issues are hindering development of industrial parks. For instance, the proposed bulk drug park in the Baddi-Barotiwala-Nalagarh (BBN) industrial hub of Himachal Pradesh, which was planned in April 2016, has not seen the light of the day because of concerns about the impact of this project on environment.

Notifications

PIB

Draft of Dredging Guidelines of Major Ports,2020

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685964>

Project of Sagarmala Seaplane Services (SSPS)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1685966>

DGFT

Cyber fraud complaints from exporters

<https://content.dgft.gov.in/Website/dgftprod/560b7a9a-8c43-4e9a-ad87-45f3d4853519/TN%2036.pdf>