1. Industrial Parks – Economy

Industrial parks have emerged as a core instrument of India's industrial and innovation strategy, enabling faster manufacturing growth, higher investment, job creation and sustainable development

Industrial Park - Concept and Core Features

An industrial park is a pre-planned, zoned and serviced industrial estate developed to host manufacturing and allied economic activities in a concentrated geography. It is designed to separate industrial land use from residential and ecological zones, ensuring orderly urban-industrial growth. Industrial parks typically provide plug-and-play infrastructure, allowing firms to focus on production rather than land development or basic utilities.

Key physical and institutional components

1. Dedicated industrial land parcels with clear titles and zoning approvals
2. Reliable power supply (including substations and increasingly renewable energy integration)
3. Water supply, sewage and Common Effluent Treatment Plants (CETPs)
4. Internal road networks, drainage, street lighting and logistics yards
5. Testing laboratories, quality certification facilities and incubation spaces
6. Warehousing, cold storage (where relevant), and multimodal logistics access
7. Digital infrastructure such as fibre connectivity and single-window portals
8. Security, firefighting, emergency response and disaster-management systems

Governance structure

Managed by a special purpose vehicle (SPV), state industrial development corporation, or private developer. Responsible for plot allotment, infrastructure maintenance, user-charge collection, compliance facilitation and ecosystem development

Status of Industrial Parks in India

The Department for Promotion of Industry and Internal Trade (DPIIT) has created the Industrial Information and Logistics Database (IILB), a GIS-enabled national platform mapping India's industrial land. IILB has identified 4,500+ industrial parks across states and UTs, covering several lakh hectares of industrial land. A significant proportion of this land remains vacant or under-utilised, highlighting scope for new domestic and foreign investments without fresh land acquisition.

Industrial Park Rating System (IPRS) 3.0

Developed by DPIIT to benchmark parks on a uniform national framework. Parks are classified into-

1. Leaders – High-quality infrastructure, strong connectivity, active industrial base
2. Challengers – Moderate infrastructure with scope for targeted upgrades
3. Aspirers – Nascent or poorly performing parks requiring systemic intervention

Parameters include -

1. Physical infrastructure and utilities
2. External and last-mile connectivity
3. Ease of regulatory compliance
4. Industrial occupancy and services availability

Economic and Strategic Significance of Industrial Parks

Ease of Doing Business - Reduce entry barriers for firms by eliminating delays in land acquisition and basic approvals. Lower transaction costs through shared infrastructure and single-window facilitation. Particularly beneficial for MSMEs, which lack capital for independent infrastructure creation

Cluster-based Industrialisation

Promote industrial clustering, enabling -

1. Economies of scale
2. Backward and forward supply-chain linkages
3. Knowledge and technology spillovers

Support India's transition from stand-alone factories to integrated value chains

Manufacturing and Export Competitiveness

Industrial parks act as anchors for -

1. Production-Linked Incentive (PLI) sectors
2. Export-oriented manufacturing
3. Import substitution in strategic industries

Improve reliability, predictability and quality standards, essential for global markets

Employment and Regional Development

Generate direct manufacturing jobs and indirect employment in logistics, services and construction. Enable balanced regional growth, especially when located in Tier-II and Tier-III regions. Help reduce distress migration by creating local industrial employment

Sustainability and Green Growth

Increasing emphasis on -

1. Green buildings
2. Renewable energy integration
3. Water recycling and zero-liquid-discharge systems

Position industrial parks as instruments of environmentally responsible industrialisation.

Key Challenges Constraining Industrial Park Performance

Uneven Infrastructure Quality

Wide disparity between Leader parks and lagging Challenger/Aspirer parks. Common issues include -

1. Poor last-mile road and rail connectivity
2. Unreliable power and water supply
3. Inadequate logistics and warehousing facilities

Land and Governance Bottlenecks

Delays due to -

1. Fragmented land ownership and legacy disputes
2. Weak coordination between industrial authorities and urban local bodies

Absence of professional park-level management in many state-run parks

Environmental and Social Concerns - Non-functional or inadequate CETPs leading to pollution violations. Poor compliance with environmental norms triggering litigation and community opposition. Limited provision of -

1. Worker housing and transport
2. Healthcare, crèches and gender-sensitive facilities
3. Occupational safety infrastructure

Low Ecosystem Depth

Many parks function merely as land banks, lacking -

1. Skill development linkages
2. R&D institutions
3. Innovation and startup ecosystems

Way Forward - Strengthening Industrial Parks for Atmanirbhar Bharat

Targeted Infrastructure Upgradation

Use IPRS 3.0 rankings to prioritise public investment in -

1. Last-mile connectivity
2. Utility reliability
3. Digital and logistics infrastructure

Focus especially on Challenger and Aspirer parks to unlock idle capacity

Ecosystem-based Development

Integrate industrial parks with -

1. Skill development centres and ITIs
2. Universities, R&D labs and technology hubs
3. Startup incubators and MSME clusters

Shift from land-centric to innovation-centric industrialisation

Professional Governance and Regulation

Establish autonomous, professionally managed park authorities. Introduce transparent user-charge and maintenance frameworks. Strengthen environmental monitoring, social safeguards and community engagement

Green and Inclusive Industrialisation

Promote eco-industrial park models with -

1. Resource efficiency
2. Circular economy practices
3. Climate-resilient infrastructure

Ensure industrial growth is job-rich, socially acceptable and environmentally sustainable.

Source - https -//ddnews.gov.in/en/industrial-parks-emerging-as-key-drivers-of-smarter-infrastructure-and-industrial-growth-in-india/