Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 3 (2008)

Subject: Guidelines for Foreign Direct Investment (FDI) in Industrial Parks.

FDI up to 100% was permitted under the automatic route in Industrial Parks vide Government of India Press Note 2(2000).

2. In 2005, vide Press Note 2(2005), the Government of India permitted FDI up to 100% on the automatic route in Construction development projects, etc. prescribing therein, inter-alia, the conditions for minimum capitalization, minimum area requirements and lock-in of original investment.

3. The Government has considered the issue of whether the conditions prescribed for construction development projects vide Press Note 2(2005) should apply to Industrial Parks where FDI up to 100% was permitted since 2000.

4. **Definitions**

4.1 "Industrial Park" is a project in which quality infrastructure facilities in the form of plots of developed land or built up space or a combination with common facilities, is developed and made available to all the allottee units for the purposes of industrial activity.

4.2 "Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes, roads (including approach roads), water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.

4.3 "Common Facilities" refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.

4.4 "Allocable area" in the Industrial Park means-

(a) in the case of plots of developed land- the net site area available for allocation to the units, excluding the area for common facilities.

(b) in the case of built up space- the floor area and built up space utilized for providing common facilities.

(c) in the case of a combination of developed land and built-up space- the net site and floor area available for allocation to the units excluding the site area and built up space utilized for providing common facilities.

4.5 "Industrial Activity" means manufacturing, electricity, gas and water supply, post and telecommunications, software publishing, consultancy and supply, data processing, database activities and distribution of electronic content, other computer related activities, Research and experimental development on natural sciences and engineering, Business and management consultancy activities and Architectural, engineering and other technical activities.

Guidelines for FDI in Industrial Parks

5. Government of India has now decided to issue the following guidelines to clarify that FDI up to 100% under the automatic route would be allowed both in setting up and in established industrial parks and would not be subject to the conditionalities spelt out in Press Note 2(2005) provided the Industrial Parks meet with the under-mentioned conditions:

i. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area;

ii. the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.

VIM 12/3/2008
GOPAL KRISHNA
Joint Secretary to the Government of India

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