

SEZ rules recast to give a boost to realty too: Experts

Synopsis

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The government's move to revamp [special economic zones](#) (SEZs) will rekindle interest in the commercial hotspots, make them more inclusive in terms of economic activity and fetch good value for real estate in these pockets, experts said.

A draft Bill to revamp SEZs into development of enterprise and service hubs (DESH) is expected to allow partial denotification of these hubs to free up areas not in demand. It has also been proposed that the built-up area in a services hub is not required to be contiguous, which will be welcomed by information technology SEZs that have sought partial denotification of empty spaces.

"Post the Sunset clause, there was uncertainty around the prospects of SEZs, some of which were occupying prime real estate, but which had still become somewhat unattractive," said Gautam [Saraf](#), managing director, Mumbai and new business, at Cushman & Wakefield.

"The DESH Bill comes as a relief to such developers. Besides, occupiers of SEZs can now expect limited regulatory restrictions as the Bill proposes to liberalise the nature of business conducted within SEZs," Saraf added.

At IT SEZs, Saraf said vacancies have been on the rise since the last couple of years, and the Bill could help revitalise this space once again. "The Bill or amendments to [SEZ](#) rules allow domestic businesses to operate from these economic hubs. Many Indian companies operating from smaller complexes can shift here," said Amit Grover, ED, offices business, [DLF NSE -0.74 %](#). "...vacancies in SEZs will be taken care of as IT companies will be able to operate export and domestic operations from there." ET has reported previously that the commerce and industry ministry had begun the process of easing the process of de-notifying empty spaces of above 100 million square feet built-up area worth ₹30,000 crore across over 250 SEZs in the country so that these areas that have no more demand can be used for industrial or other purposes. "The current demand is moving very strongly towards grade A and, whatever the vacancies are, they will be at the top of the demand stack. The DESH Bill will allow more technology companies to co-exist in an already thriving ecosystem built for SEZs," said Vinod Rohira, CEO, Mindspace Business Parks REIT.

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In March, ET reported that India's first operational smart city and [International Financial Services Centre](#) (IFSC) - the Gujarat International Finance Tec-City (GIFT City) - had secured dual-use permission that would allow developers to offer premises to entities that are not operating in the SEZ.

GIFT City is the country's first SEZ to get the necessary permissions for this from the [SEZ Board](#), the government of Gujarat and the board of approvals (BoA) that falls under the purview of the [ministry of commerce](#).

SEZs are demarcated mainly into two parts, including the processing area and non-processing area. In the processing area, the SEZ units do most of their business, while the non-processing area is used for things like housing, schools, colleges, social, institutional, and post office work.

With this dual use approval, the non-processing area will be divided into two separate zones - one where the social or commercial infrastructure and other facilities are permitted to be used by both the SEZ and the domestic tariff area entities under the dual use, and the other part to be exclusively used by the SEZ units.