



DLF SEEKS DENOTIFICATION OF 4 SEZS

DLF, India's largest property developer has sought denotification of four IT Special Economic Zones [SEZs] planned in Sonepat, Gandhinagar, Bhubaneswar and Kolkata. The company has cited slowdown and lack of demand for IT space as reasons for the decision. The company has halted construction work on nearly 16-million sq ft of office and retail mall space out of the 62-million sq ft of planned construction. In the office space, the developer has stalled construction on nearly 12-million sq ft of office space out of the 36-million sq ft of space being planned. The company has said that the projects would remain suspended until its finances improve and there is a demand push.



Navin M. Raheja
MD, Raheja Builders

parks or SEZs, point out experts. IT parks in a city would be far more relevant than SEZs which are located outside the city and require large spaces. "As a product, a developer would find it easier to have a business park with an IT component. This is so specially with the eminent protectionism coming in. This is also considering that there are only a few spaces like BKC or Nariman Point which have some sort of a regulated business park approach. A business will do better in such an environment," points out Mr Kothary.

Taking a more positive view, developer Mayur Shah, Managing Director, Marathon Realty, quoting a recent McKinsey report says Information Technology and other related services is a long term story and outsourcing will grow. The downturn has no doubt seen reduction in demand but in the long term

outsourcing is irreversible with the world having experienced its advantage. Companies like Oracle and British Airways have created a huge base and even a ten per cent increase will require more staff. IT Parks or SEZs are definitely going to work.

He however agrees that presently developers should hold back and should look at constructing IT buildings only if it is pre leased or pre sold. Policy changes allowing for operation of non-IT services in such spaces would go towards ensuring the utilization of these spaces. Flexible floor plates are the solution.

A 25,000 sq ft space could be redesigned and carved into several small offices. "The world over there have been stimulus packages for various industries and sectors to develop. Without policy changes and incentives, we will

not have economic growth".

Taking a similar view, Navin M Raheja, Managing Director, Raheja Builders, says they had caught the signals of the downturn and had refrained from developing an IT park despite having planned for one. While IT parks do have a future, they should be built in such a way that there is a combination of large and smaller spaces. This would help tide through the times. Presently the group is working on an affordable housing project and is also engaged in executing special economic zones. Every developer is keen to extend his services in every sector but the proposed project should be planned at the correct point of time to suit the needs of the end user, be it an IT Park, SEZ, industrial estate or housing colonies. More precisely it is a case of demand and supply, says Mr Raheja.