

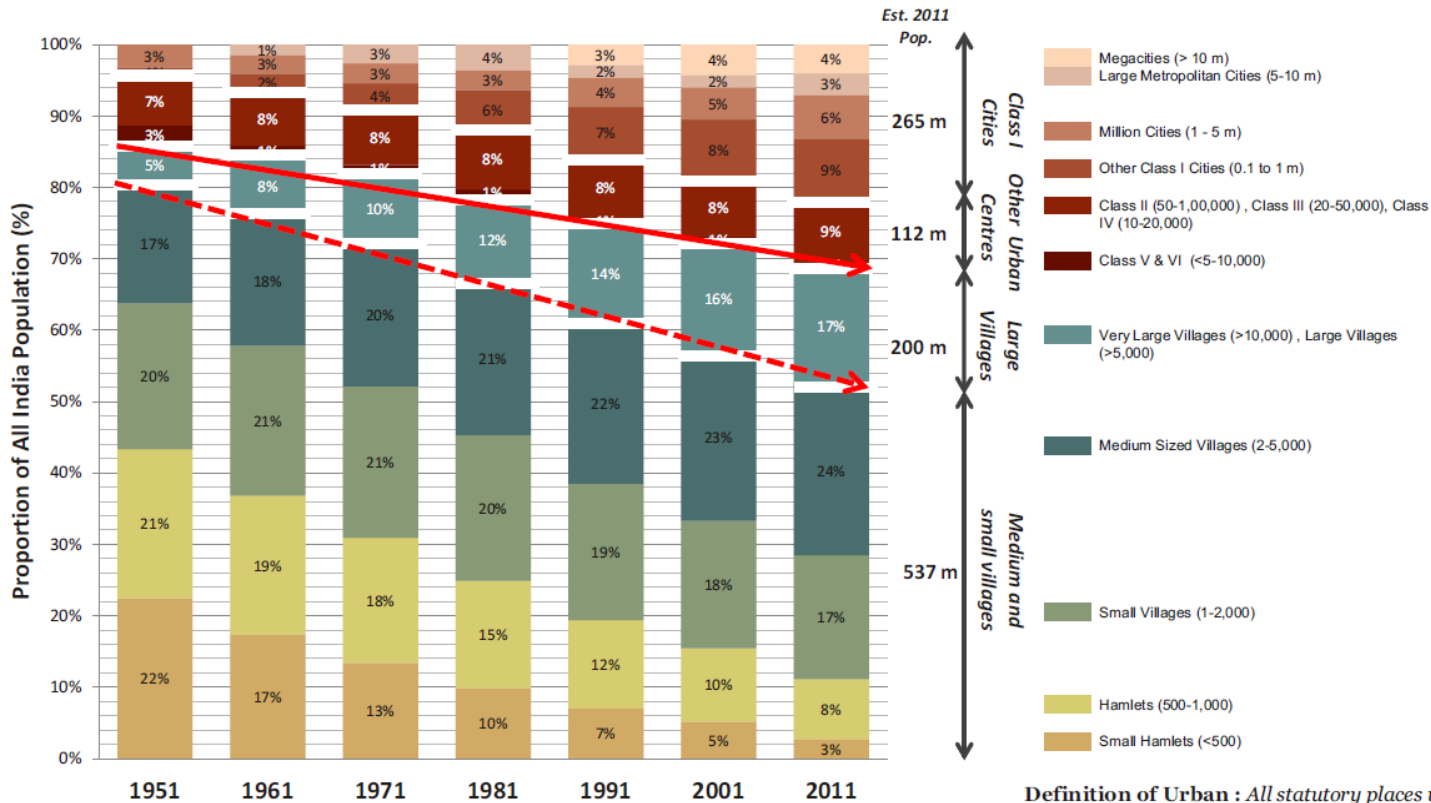


# New Industrial Spaces: Special Economic Zones and their Spatial Impact in India

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# Context for research

- Top heavy urbanization trend



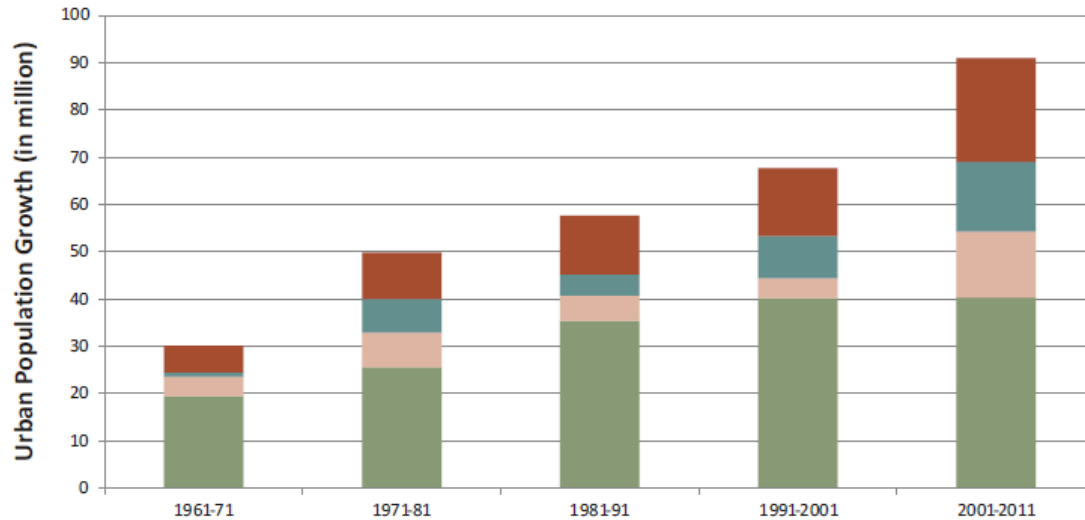
All India: Number of Settlements (1971-2011)

	1991	2001	2011
Urban	3,351	5,161	7,935
Rural	634,321	6,38,588	640,867

**Definition of Urban :** All statutory places with a municipality, corporation, cantonment board or notified town area committee. A place satisfying the following three criteria simultaneously: a minimum population of 5,000; at least 75 per cent of male working population engaged in non-agricultural pursuits; and a density of population of at least 400 per sq. km.

Source: Census, 2011

# • Components of urban population growth



The major component of urban population growth is still natural growth. While approximately 40 million of the increase is due to natural growth, only about 22 million is due to net rural to urban migration.

- Net Rural to Urban migration
- Expansion in urban area / agglomeration
- New towns less declassified towns
- Natural Growth

Source: IIHS, 2012

# Policies: Special Economic Zones

## For Units:

Incentivize units locating in SEZs in order to attract investment (especially foreign).

Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units

Income tax exemption on export income for SEZ units

Exemption from minimum alternate tax

External commercial borrowing by SEZ units without any maturity restriction

Sales tax exemptions

## For Developers

Exemption from customs/excise duties for development of SEZs

Income tax exemption on export income for a block of 10 years in 15 years

Exemption from minimum alternate tax

Exemption from dividend distribution tax

Exemption from CST

Exemption from service tax.

# Property markets

- Indian property development activity has witnessed phenomenal growth
  - Complemented by the economy and infrastructure development
- Led to volatile property investment cycle

# Questions

- What has been the impact of spatial economic policies on the urban form and property market in the city/region where they are located?
- What are their local (on neighbouring land and property markets) and spatial impacts (on other pre-existing core)?

# Story : Hyderabad

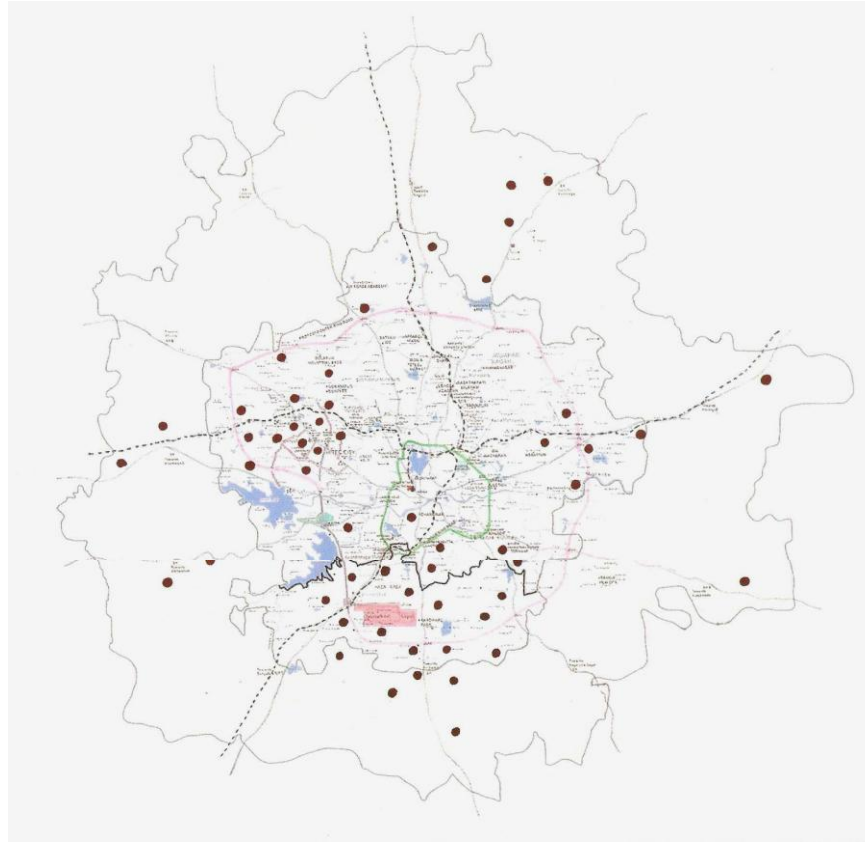
- Two hypotheses
- Land prices
- Process of urban built form

# Two hypothesis

- Land use patterns that emerge between the developments on urban fringes and the city are a consequence of the degree of alignment of the vision of various levels of government (local municipalities, state). If the political process is incomplete and the local vision differs from the state in pursuing re-territorialization, the emerging land use pattern would be largely unplanned.
- The second hypothesis is a corollary to the first, that the land use pattern in areas adjacent to the high end urban fringe development will have a characters similar to the high end development and, as we move away from the high end development, speculative low value added commercial/residential activities would replace the earlier agricultural use in anticipation of the uplift in land value that would accrue as the process of city expansion expands and subsumes the land between it and the urban fringe development.



# SEZs in Hyderabad



## India

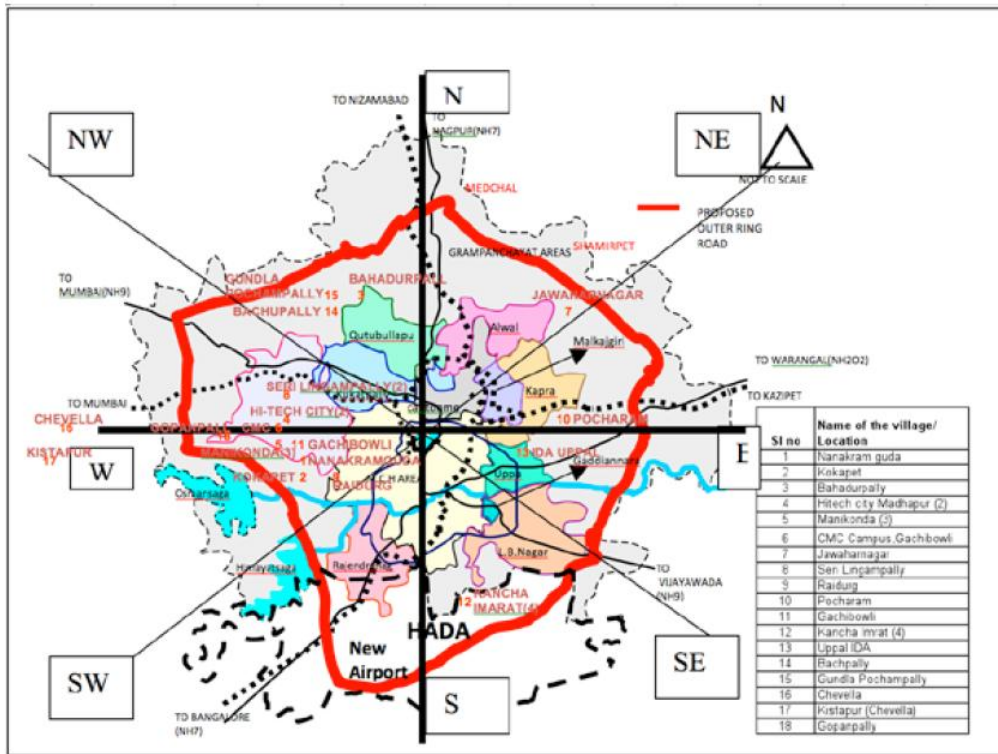
- 584 SEZs approved in India
- 322 notified
- 143 Operational

## Hyderabad

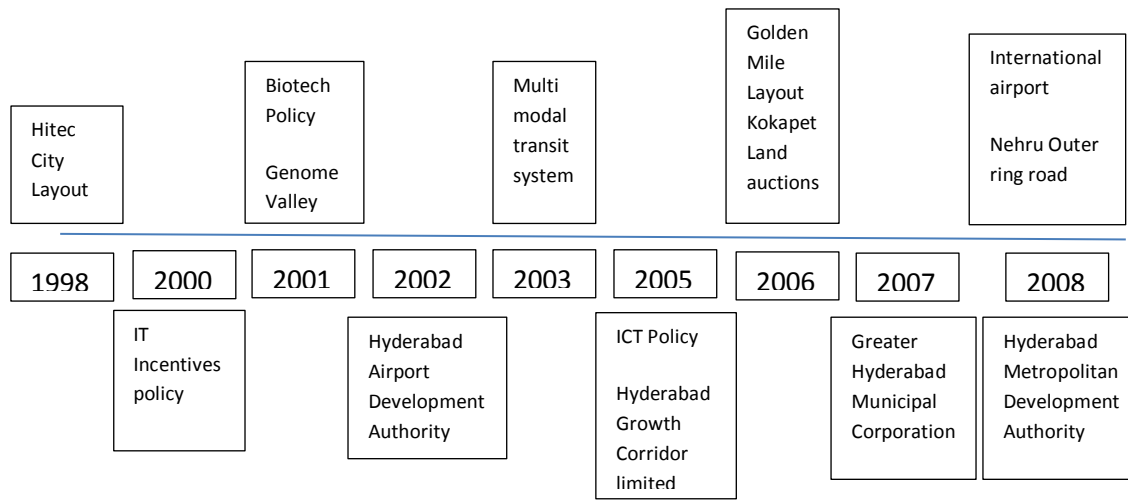
- 57 approved are around Hyderabad
- 18 Operational
- Covering 2200 hectares of greenfield development

Source: Kothari et al. (2010)

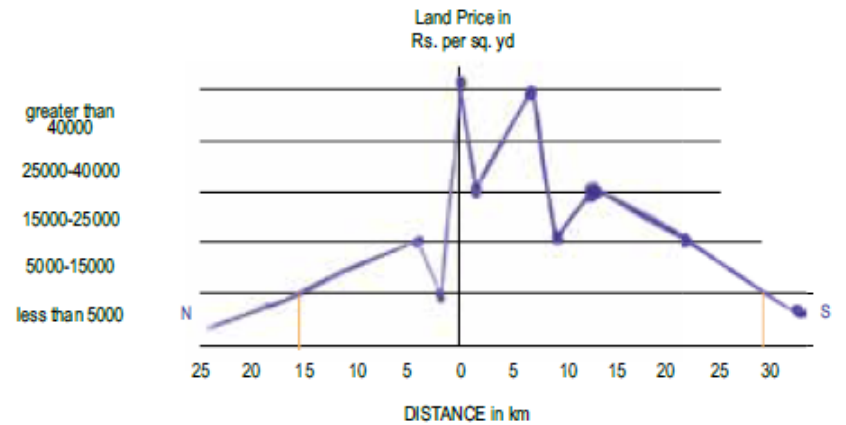
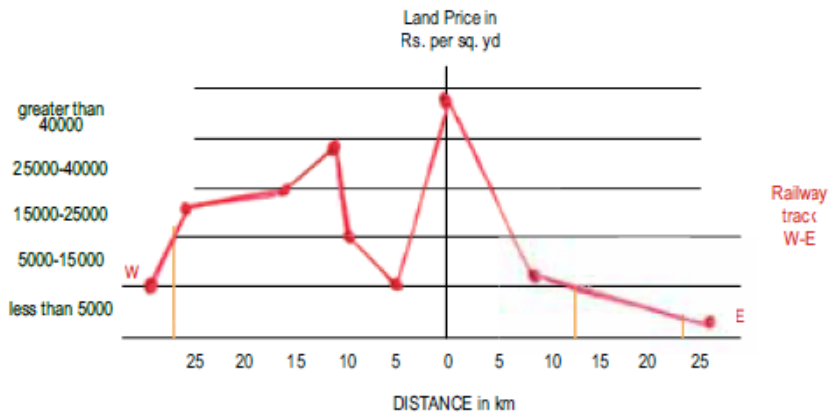
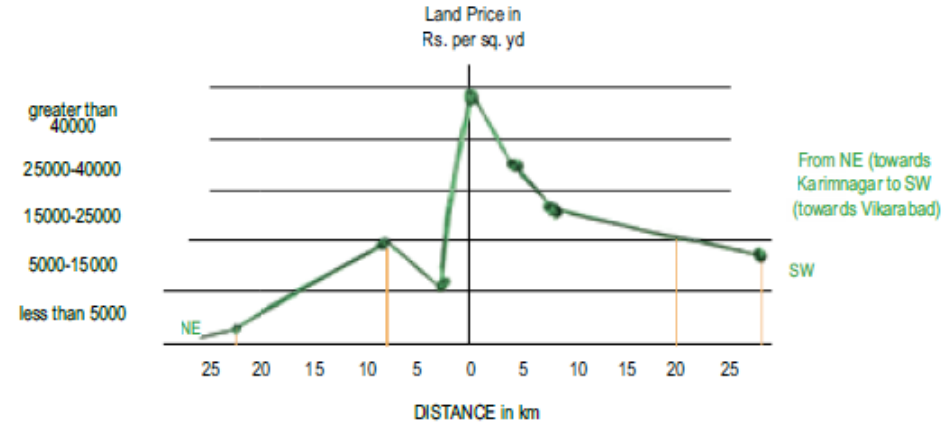
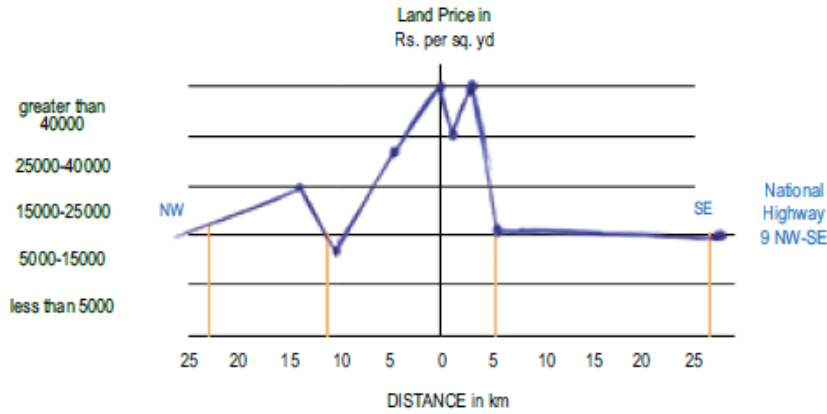
Note: Brown dots are the location of SEZs



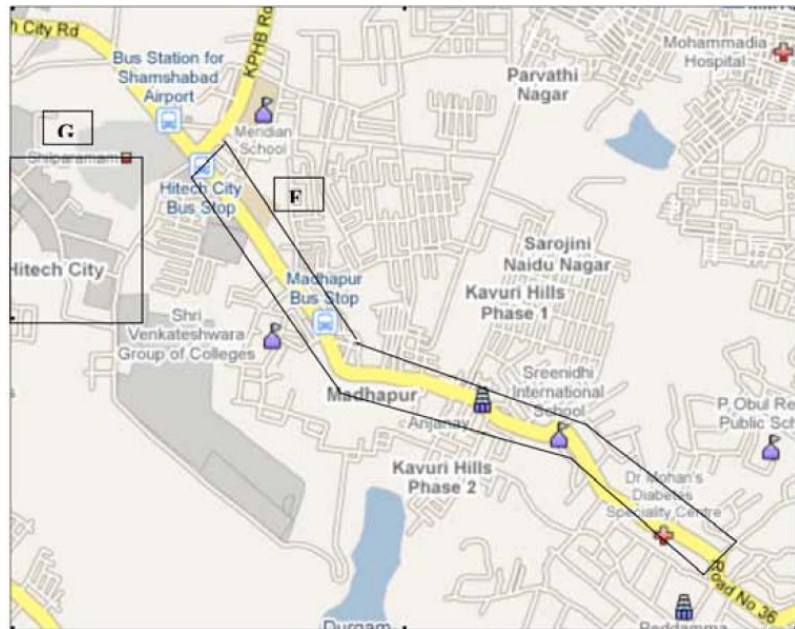
## Major institutional development in Hyderabad



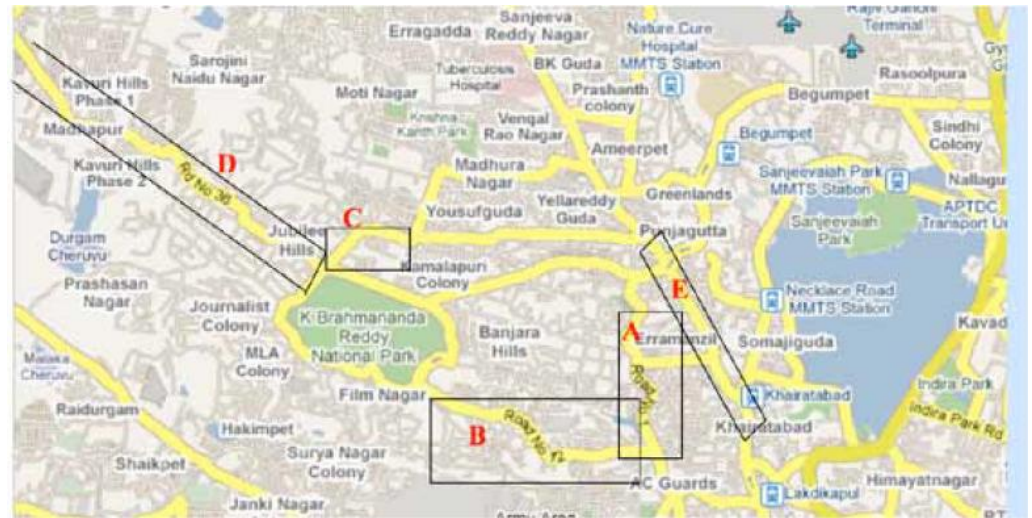
# Land prices



# Built form characteristics



SEZ cluster 1

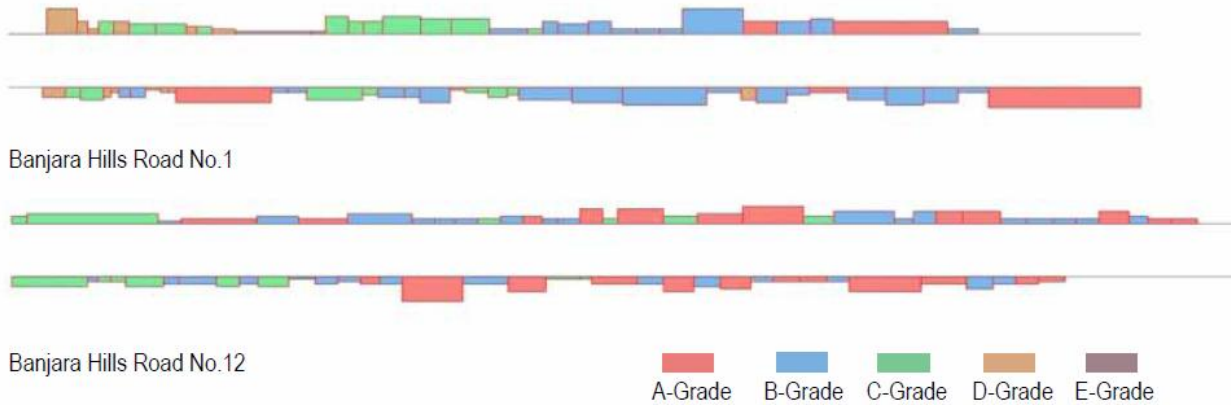


CBD & SBD locations



SEZ cluster 2

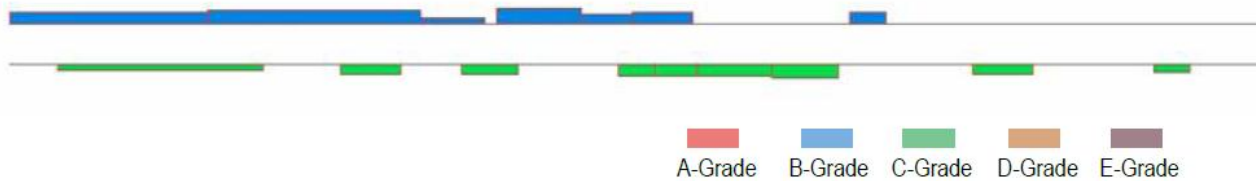
### Banjara Hills



### Jubilee Hills



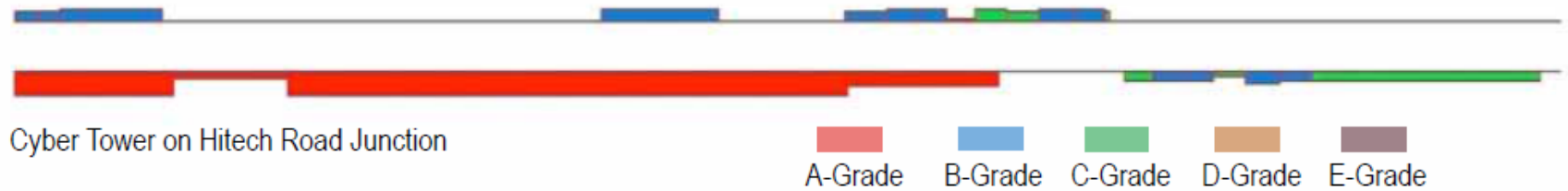
### From Khairtabad Junction to Punjagutta



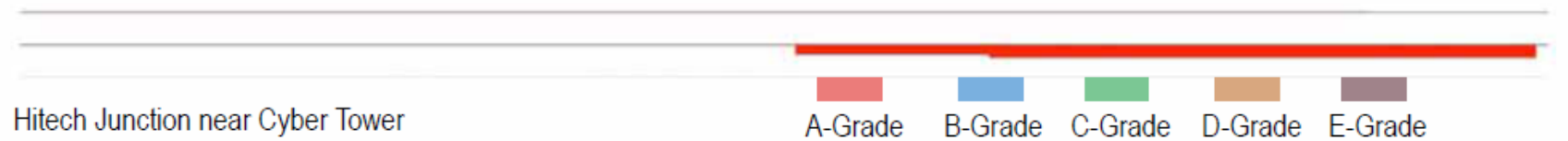


Panel B:SEZ cluster and surrounding area (W-SW axis, Figure 1)

### From Cyber Towers on Hitech Junction towards Jubilee Hills (Hitech Road)



### Hitech Junction towards Cyber Gateway/Cyber Pearl

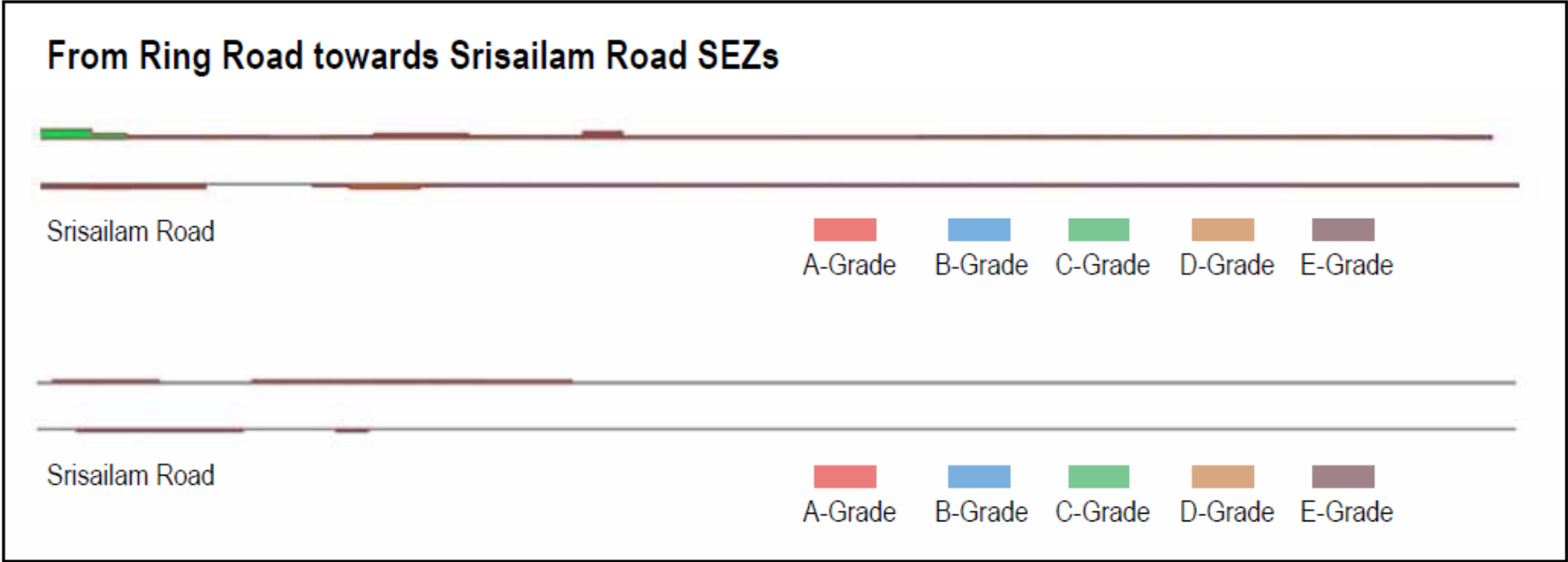


### From Cyber Gateway and beyond



Panel C: SEZ Cluster and surrounding areas (S-SW axis, Figure 1)

From ring road towards Srisailam Road SEZs



# Observations

- Development between SEZ locations and city are largely unplanned (high end at SEZs but speculative low value added on lands earlier used for agriculture)
- Evolutionary path to development. As demand for support services will grow, the low value added space will give way to high quality space
- CBD, though, still commands high price it is increasingly competing with high quality space in SEZs for tenants with strong covenants and rents
- Ongoing research: social impact (three trends observable: loss of common resources such as lakes, loss of livelihood, forced to migrate to city for employment, inequities between new migrants and original inhabitants)



# Conclusion

- There has been a disconnect between the Core and Urban Fringe Development and the emergent Land Use Pattern, as demonstrated by property price variations and built urban form.
- Urban fringe developments have been lead by external factors whereas the core of the city (CBD) is largely driven by factors inherent to the city and therefore retains its primacy and preferences.