



Director General EPCES &lt;dg@epces.in&gt;

## Allowing denotification of partial floor (instead of full floor) as NPA with proper access control under 11B(3), SEZ Rules - Request for amendment in SEZ Rule 11B (3)

3 messages

Director General EPCES &lt;dg@epces.in&gt;

22 January 2026 at 11:03

To: "Sh Ajay Bhadoo AS(SEZ)" &lt;astpd-doc@nic.in&gt;, "Vimal ANAND JS(SEZ)" &lt;vimal.anand@nic.in&gt;

Cc: csoffice@nic.in, "Sh Gaurav Pundir Dir(SEZ)" &lt;gaurav.pundir@gov.in&gt;, "Sh Prateek BAJPAI, US(SEZ)" &lt;prateekbajpai.moca@nic.in&gt;, ddg ddg &lt;ddg@epces.in&gt;

Dear Sir

This is regarding permitting demarcation of partial floor (instead of full floor) demarcation as Non Processing Area under SEZ Rule 11B.

As per the existing **Rule 11B (3) of the SEZ Rules, 2006**, a Non-Processing Area (NPA) in an IT/ITES SEZ must consist of a **complete floor**. The rule explicitly prohibits the demarcation of a "part of a floor" as an NPA.

However, IT/ITES SEZ developers are facing some challenges because of this restriction. The floorplates in typical commercial buildings vary from 30,000 Square feet to much higher floor plates in modern buildings as units prefer larger floor plates. However, many times, the floor plates are demarcated/sub divided to lease out to multiple units as per their requirements.

While the intent of this rule was likely to ensure clear physical segregation, the requirement for an **entire floor** to be declared NPA creates a "dead zone" for developers if the floor plates are bifurcated/subdivided with different units occupying the floors. This leads to several unintended economic consequences:

- **High Vacancy Rates:** Many small-scale SEZ units do not require an entire floor. Developers often end up sub-dividing the floor and leasing to multiple units or leaving portions of a floor vacant. In certain cases, one SEZ unit from a particular floor may take an exit while others continue to operate. In absence of fresh demand from another SEZ unit and due to limitation of the entire floor to be converted to NPA, developers are forced to carry this space as vacant in spite of demand from DTA units.
- **Reduced Competitiveness:** In a post-pandemic real estate market, flexibility is key. Forcing a "whole floor" mandate prevents the creation of hybrid spaces or smaller co-working hubs within SEZs, making SEZs less attractive compared to Domestic Tariff Area (DTA) tech parks.
- **Infrastructure Inefficiency:** Valuable built-up area remains underutilized, leading to a loss of potential rental income for developers and a loss of service tax/GST revenue for the government.

In view of the above difficulties, it is requested to consider amending **Rule 11B (3)** to allow for the **demarcation of a part of a floor as a Non-Processing Area**, subject

to the following safeguards:

- **Access Control:** Implementing strict biometric or RFID-based access to ensure the integrity of the Processing Area is maintained.
- **Detailed Mapping:** Requiring developers to submit floor plans clearly highlighting the demarcated zones to the Development Commissioner for prior approval.

This will significantly enhance the **Ease of Doing Business**. It will allow SEZ developers to optimise the occupancy of built-up infrastructure and improve the yield on their investments while maintaining the fiscal sanctity of the SEZ zone.

*With regards,*

**(Alok Chaturvedi)**

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**Director General EPCES** <[dg@epces.in](mailto:dg@epces.in)>

22 January 2026 at 11:06

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Cc: ddg ddg <[ddg@epces.in](mailto:ddg@epces.in)>

**Dear Sir**

Please see email below from DG, EPCES regarding the issue raised by you.

With regards

**Govind Yadav**

EA to DG, EPCES



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*Export Promotion Council for EOUs (Export Oriented Units) and SEZs (Special Economic Zones) (EPCES) is a multi-product Export Promotion Council set up by the Ministry of Commerce and Industry, representing the interests of SEZ units, SEZ developers and Export Oriented Units. It has 6,278 members with 4,882 SEZ units, 394 SEZ developers and 1,002 EOUs. In FY 2024-25, total exports of goods and services from SEZs were recorded at US \$ 176.6 billion (21.4% of India's exports) ( goods \$69 bn (15.8% of India's goods exports) , services 107.6 bn (27.8% of India's services exports)) and export of goods from EOUs at US\$ 18.1 billion (4.2% of India's goods exports)*

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**Anil Nauriyal** <[nauriyal-anil@dlf.in](mailto:nauriyal-anil@dlf.in)>

22 January 2026 at 11:13

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