COMMERCIAL ZONES

Commercial Zones are essentially based on trading activities by way of imports of finished, and partly finished goods for the purpose of export. Commercial Zones envisage a new direction to trading with particular reference to the global markets which require consistent exploratory efforts.

Important considerations before creating Commercial Zones

The following points are to be taken into consideration before creating the Commercial Zones:-

The Commercial Zones are to be established in and around the sea ports. 'Commercial Zones' creation requires specific provisions in the Exim policy statement as to the items that would qualify for such purpose and the manner in which these Commercial Zones operate.

It is essential that necessary infrastructure and other facilities are created alongside the establishment of these Zones.

The financial requirements of units in operation in these Zones should be taken care of by banks and other financial institutions. The financial and working capital needs are more pronounced because of the fact that procurement of goods would require funding, storage of goods would involve cost and exports of goods would also require finance.

Transport facilities, supply of water and power would require simultaneous provision at the time when the units become operational.

Commodities and products traded would be free from domestic tariff regulations, especially the heavy incidence of indirect taxes on most of the manufactured and processed items.

Value Addition issue requires considerable thinking so that the units can operate in their chosen areas and selected lines of activities relatively freely.

Exploratory efforts would have to be continuous so that opportunities are not missed and economies are not lost out. Units in Commercial Zones should be allowed to obtain foreign collaboration from parties from different other countries of the developing and developed world. In doing so, the usual restrictions of selling to DTA should be withdrawn at the same time, applying the usual regulatory measures. In this respect, it is appropriate to call them FTZs.

The possibilities of enhancing counter-trading as a means of attracting foreign exchange earnings would require expert professional handling. The Commercial Zones can have such units, which assist and organise counter-trade in a manner beneficial to the country.