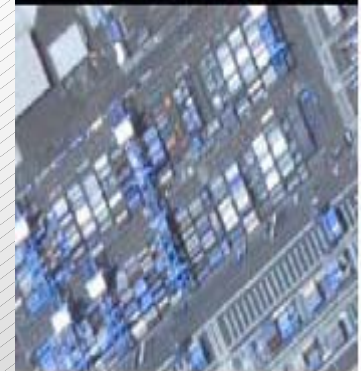




Container Yard



Passenger Car Yard



FREE TRADE & WAREHOUSING ZONES

Presentation outline

- ❖ **FTWZ Genesis**
- ❖ **FTWZ Concept**
- ❖ **FTWZ – Facilities and Utilities**
- ❖ **FTWZ – Positioning**
- ❖ **FTWZ – Relevant Laws**
- ❖ **FTWZ – Benefits**
- ❖ **FTWZ – Approval procedure**
- ❖ **IIDC Role play**
- ❖ **FTWZ transactions by IIDC**

FTWZ Genesis

- ✓ The Government of India had announced in the Foreign Trade Policy 2004-09 to set up Free Trade and Warehousing Zones (FTWZ) to create trade related infrastructure to facilitate the import and export of goods and services with freedom to carry out trade transactions in free currency.
- ✓ On June 23, 2005, the Parliament of India passed the Special Economic Zones Act 2005 and on February 10, 2006 Government of India notified Special Economic Zones Rules 2006.
- ✓ The Free Trade and Warehousing Zones (FTWZ) is a special category of Special Economic Zone and is governed by the provisions of the SEZ Act and the Rules.

FTWZ - Concept

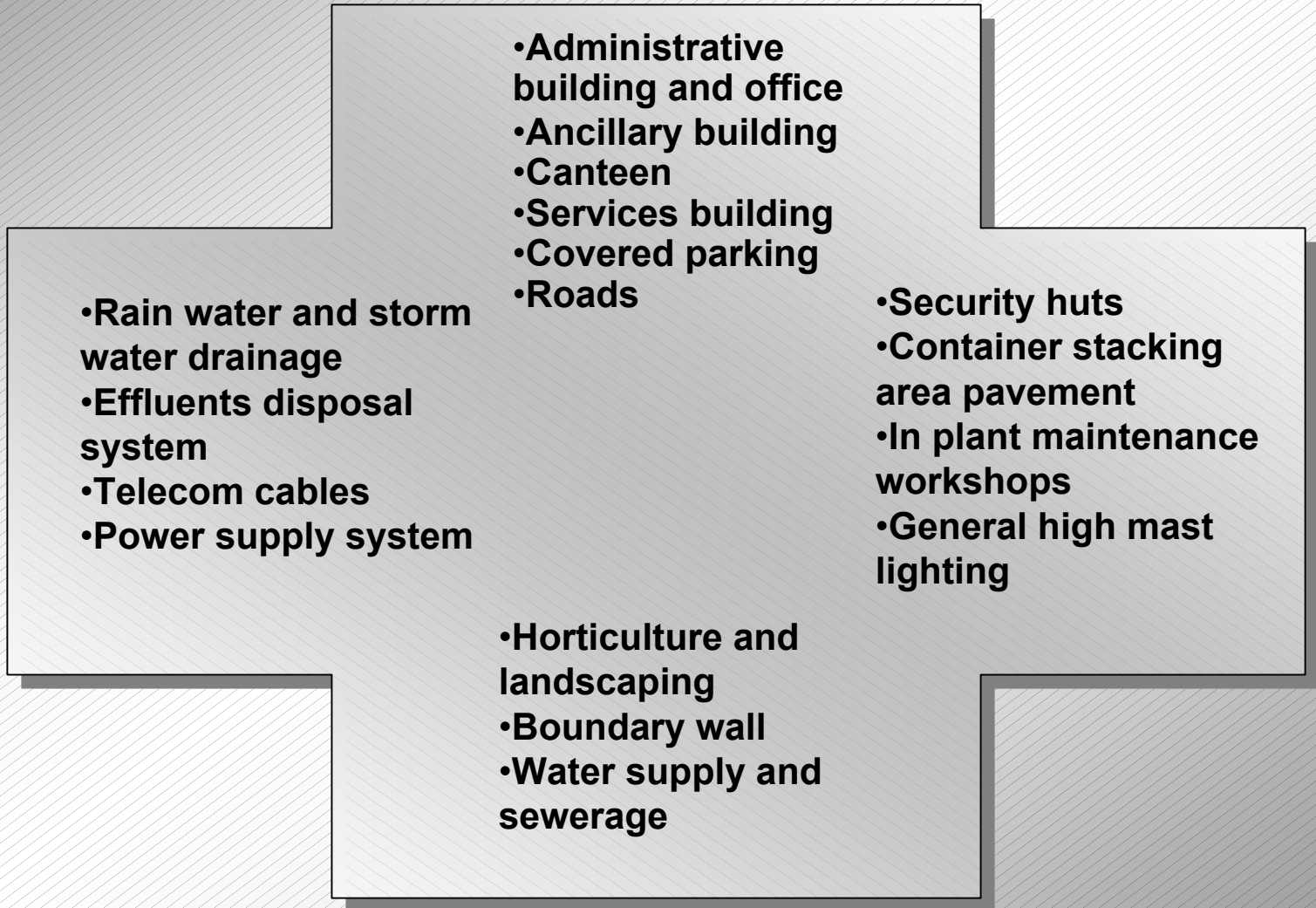
- ✓ FTWZ is a '**Sanitised**' zone designated as Foreign Territory for carrying on business
- ✓ FTWZ's are envisaged to be Integrated Zones to be used as '**International Trading Hubs**'
- ✓ Each Zone would provide 'World Class' Infrastructure for :
 - *Warehousing for various kinds of products*
 - *Handling and Transportation Equipment*
 - *Commercial office space*
 - *All related utilities – telecom, power, water, etc*
 - *One stop clearance of Import and Export of goods*
- ✓ FTWZ would be a key Link in Logistic and Global Supply chains – servicing both India and the Globe

FTWZ - Facilities

Key product offerings that would be potentially available in a FTWZ are:

- ✓ ***Customised categorised warehouses ~ chemicals, food, electronics, oil, etc.***
- ✓ ***Sophisticated freezer / cooler facilities***
- ✓ ***Break bulk, containerised, and dry cargo storage facilities***
- ✓ ***Controlled humidity warehouses***
- ✓ ***Enhanced transportation facilities***
- ✓ ***World-class information system for cargo tracking etc.***
- ✓ ***Office space***
- ✓ ***Support facilities and amenities like medical facility, canteen services, business centres***

FTWZ - Utilities



FTWZ - POSITIONING

**Logistics and
Distribution Centre**

**Provides “Free Zone”
environment**

**Enables efficient
operational environment
for trade facilitation**

**Integrates various
aspects of logistics
operations**

**Provision of high
quality infrastructure**

FTWZ - Relevant Laws

- ✓ Principally governed by the **SEZ Act 2005 and SEZ Rules 2006**
- ✓ 100% Foreign Direct Investment is permitted in development and establishment of FTWZ
- ✓ FTWZ is a deemed foreign territory and all equipments and materials sourced from the Domestic Tariff Area will be considered as Imports by the FTWZ and vice versa
- ✓ Minimum size of the warehousing stipulated at 1 lakh sq mtrs
- ✓ All benefits available to the SEZs shall be applicable to the FTWZs
- ✓ The FTWZ shall be under the administrative control of the Development Commissioner (DC)

FTWZ - Benefits

Fiscal and Regulatory Benefits

- ✓ ***Duty Deferment Benefits*** – Custom Duty deferment benefits for products requiring longer storage time
- ✓ ***Income tax (section 80IA) and Service Tax*** exemptions for developers and users of the zone ~ reduces logistics costs for users of the zone
- ✓ ***Excise Duty Exemptions*** – Excise duty exemption for products sourced from the domestic markets, including goods, spares, DG sets, packing materials, etc

FTWZ - Benefits

Infrastructure Benefits

- ✓ ***Single Product Storage Facilities*** - Assist in meeting specific warehousing requirement for each product category e.g. different sections for storage of tea and coffee, etc
- ✓ ***Shared warehousing*** – Availability of temporary storage facilities to enable users to meet short term demand without incurring significant costs (e.g. leasing space for a year to meet 2/3 months demand)
- ✓ ***Shared Equipments*** – Ability of users to save on capital investments by leasing equipments provided by the zone

FTWZ - Benefits

Administration Benefits

- ✓ ***Delivery Time*** – Reduction in custom clearance time and better logistics connectivity leading to improved delivery time
- ✓ ***Support Facilities and Effective Management*** – Provision of efficient management services and international expertise along with support facilities such as banking, insurance etc.

FTWZ – Benefits to Region / State

- ✓ *Export oriented*
- ✓ *FDI inflow*
- ✓ *Employment potential*
- ✓ *Competitiveness of industries*
- ✓ *Attractiveness of support/ancillary industries*
- ✓ *Boost to all-round economic activity*

FTWZ – Approval Procedure

- ✓ **Step 1**
 - Application to Board of Approvals / State Government to set up FTWZ in Form A format

- ✓ **Step 2**
 - State Government recommends / forwards the proposal to the Board of Approvals along with recommendations

- ✓ **Step 3**
 - Board approves with or without modifications / rejects the proposal. May also accord In-Principle approval pending land acquisition

- ✓ **Step 4**
 - Issuance of Letter of Approval by GoI in Form B format; LOA validity 3 years during which time Developer shall take effective steps to implement the approved proposal

FTWZ – IIDC Role Play

The project development activities encompass the entire gamut for setting up and operating the FTWZs.

Project Preparatory Activities:

- FTWZ In-Principle and Formal approval
- FTWZ Notification
- State support assistance
- Other regulatory and statutory approvals
- Proposal for Government grants (if required)

Project Feasibility & Business Plan:

- Conducting feasibility study
- Business plan and financial modeling
- Risk management framework

Project Implementation structure:

- Project execution and O&M arrangements
- Financial structuring
- Development of detailed term sheet
- Legal assistance, marketing/ organization structure/ strategy

Project Financing:

- Financial closure of projects, both debt and equity

Project Execution:

- Engineering and Procurement
- Project management and supervision

FTWZ – Transactions by IIDC

- ✓ Joint Venture initiative with MMTC under Free Trade Warehousing Private Limited (FTWPL)
 - To undertake development of FTWZs at Greater Noida (UP), Kandla (Gujarat), Haldia (WB), Mumbai (Maharashtra) and Ennore (TN)
- ✓ Joint Venture initiative with CONCOR to undertake project development of FTWZs at various identified locations
- ✓ Other FTWZ initiatives which are part of larger Integrated Logistic Hubs

Contact us

Mr. Umesh Soni

Vice President

IL&FS Infrastructure Development Corporation Ltd

Core 4B, India Habitat Centre

Lodhi Road, New Delhi-110003

Ph-011-24682060-64

Fax-011-24682070

Email- umesh.soni@ilfsindia.com

Mr. Manish Tripathi

Senior Manager

IL&FS Infrastructure Development Corporation Ltd

Core 4B, India Habitat Centre

Lodhi Road, New Delhi-110003

Ph-011-24682060-64

Fax-011-24682070

Email- manish.tripathi@ilfsindia.com

Mrs. Shilpi Sharma

Asst. Manager

IL&FS Infrastructure Development Corporation Ltd

Core 4B, India Habitat Centre

Lodhi Road, New Delhi-110003

Ph-011-24682060-64

Fax-011-24682070

Email- shilpi.sharma@ilfsindia.com