International Financial Services Centres Authority (IFSCA)

Banking

The India Opportunity

Maximising the India Opportunity

Fastest Growing Large Economy & Stable Democracy

Key Achievements

- GDP currently at USD 3.94 Tn
- Exports of USD 779 Bn in FY23-24

Key Achievements

- 77 years of Democracy
- Strong Institutions – Parliament, Media, Judiciary

High Real GDP Growth Rate of 8.2% FY 23-24

5th largest economy; To be 3rd largest by FY28

Gross FDI inflows reached USD 70.09 Bn in FY 24

Youngest population : 65% of population under 35 years of age

Average real income of citizens has increased by 50% in the last decade

Manufacturing sector contributed 15% to Nominal GVA in Q4, FY 24

Viksit Bharat@2047 – Developed India@2047

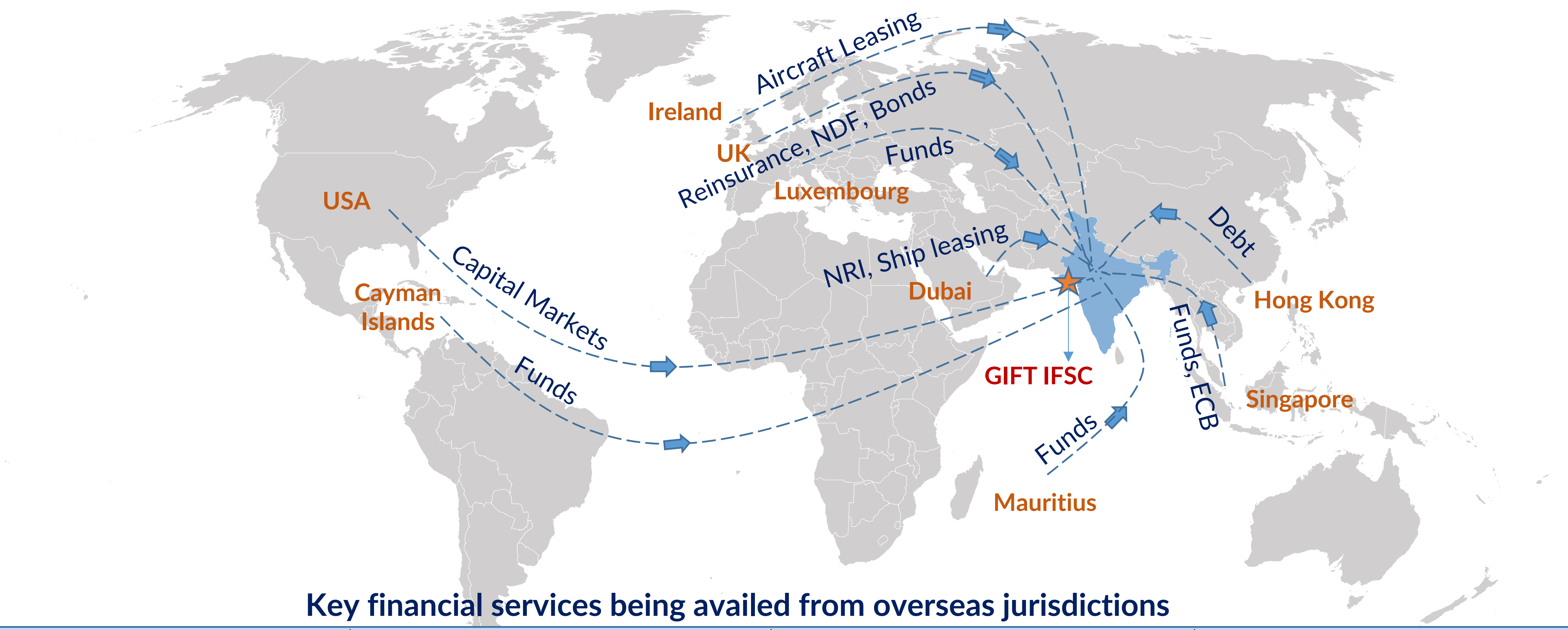
Inclusive Sustainable Growth for the World's Largest Democracy

- Potential Growth of 7+% over next 25 years
- Per Capita Income to grow 9x to ~USD 22,000
- Industry share to rise from 17%→25% of GDP
- Exports to grow x5 to USD 8 Tn. by 2047
- Net Zero Transition by 2070: USD 10 Tn

GIFT City and IFSC Opportunity

IFCs catering to India's demand for International Financial Services

GIFT IFSC: Onshoring the Offshore International Financial Services



Key financial services being availed from overseas jurisdictions

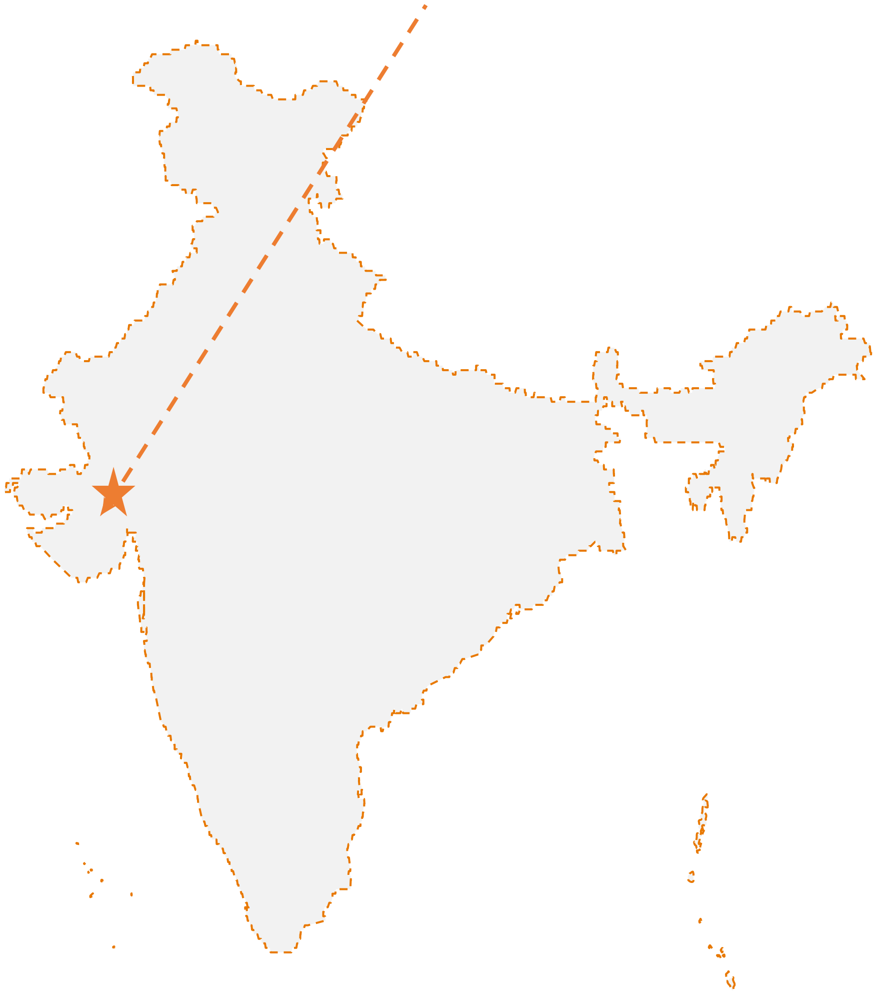
Banking Services: ECB, Trade Finance, Non-Deliverable Forwards & Loan syndication	**Funds Industry**: Pooling of global capital by Pvt. Equity/ VC Funds/ Hedge Funds for investments into India	**Capital Mkts:** Issuance & listing of Bonds including ESG bonds, trading of Indian securities & products	**Insurance:** Reinsurance business **Aircraft & Ship Leasing** business

Objectives of GIFT IFSC

1. Onshore international financial services business from offshore centres such as Singapore, Hong Kong, Dubai, London, etc.
2. Serve as a dominant gateway for channelizing global capital for Viksit Bharat @ 2047
3. Develop expertise in niche and specialized businesses such as aircraft & ship leasing, fintech, global treasury centres, commodity trading, etc.
4. Provide high quality employment opportunities to the talented Indian workforce

GIFT City and IFSC

India's 1st Operational Smart City & IFSC



27.70 Mn Sq ft	12.99 Mn Sq ft	20
Total development rights allotted	Area under development	Number of Operational Buildings

GIFT City is divided into two zones:
a. Special Economic Zone (IFSC Zone)
b. Domestic Tariff Area (Domestic area)

Greenfield smart city

Land parcel size: 886 acres

Social Infra – Hotels, Hospitals, Schools, etc

'Walk to work concept' – Residential & Riverside

Vision for GIFT IFSC

Hon’ble Prime Minister of India
Sh. Narendra Modi

“We want to make GIFT City the Global Nerve Center of **New Age Global Financial and Technology Services**”

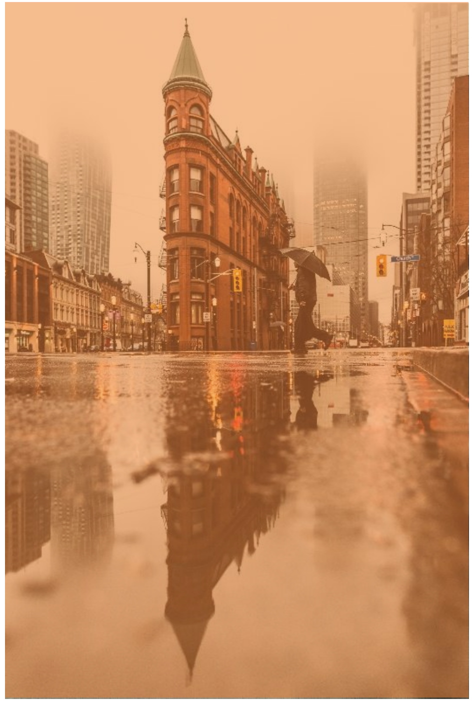
“GIFT IFSC's **cutting-edge digital infrastructure** provides a platform that enables businesses to increase efficiency”

“GIFT City is an important gateway to **connect India with global opportunities….**

Jurisdictional Comparison

Jurisdiction	Foreign jurisdiction (rest of the world)	IFSC SEZ (India)	India DTA (India)
FEMA	Offshore Non-Resident	Offshore Non-Resident	Onshore Resident
Currency	Respective Int'l Currency	15 Currencies (INR Not Permitted)	INR denominated
Tax	Offshore	Tax Holiday (Tax Resident)	Taxes as applicable
Law	Resident's Jurisdiction	Indian Jurisdiction	Indian Jurisdiction

GIFT IFSC: Unique and Distinct Features



Dedicated & Unified Financial Regulator

Full Convertibility with 15 foreign currencies

Attractive Tax Regime

No capital controls

Globally benchmarked regulations

Sovereign support, including carve outs

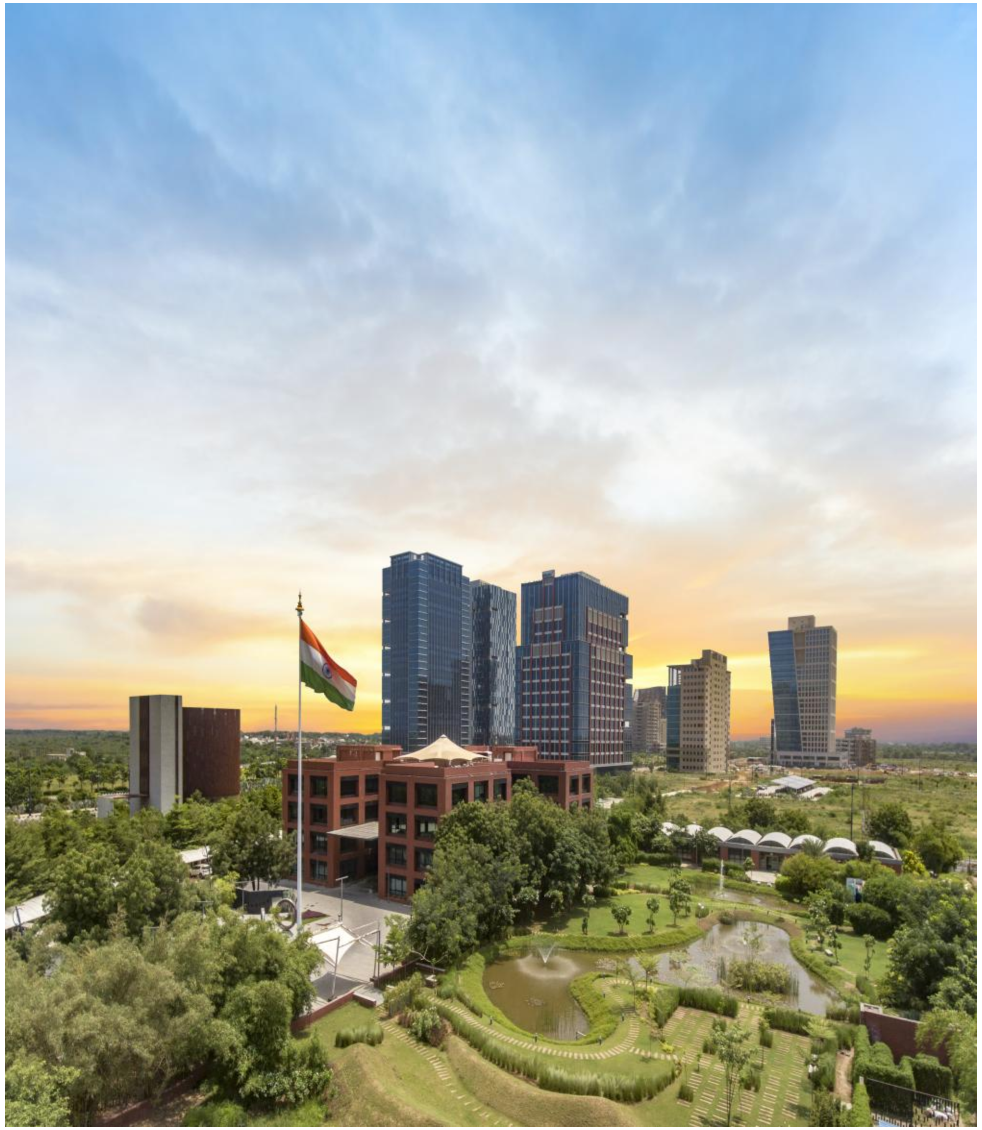
Competitive Advantage

- **Access to large hinterland Indian economy (Hinterland advantage)**
- **Beneficial cost of operations (Cost advantage)**
- **Availability of skilled talent pool (Talent advantage)**

Competitive tax regime

1. Tax Holiday on Business Income for 10 out of 15 years
2. Minimum Alternate Tax* @ 9%
3. No CTT**/STT**/GST**/Stamp Duty
4. Reduced Withholding Tax of 9% on interest paid on Debt Instruments
5. Competitive Tax Regime for Funds
6. Incentives under Gujarat IT/ITeS Policy (2022-27)

*MAT provisions not applicable for companies opting for concessional tax rate under Sec. 115 BA of Income Tax Act, 1961
**CTT- Commodity Transaction Tax, STT- Securities Transaction Tax, GST- Goods and Service Tax



IFSC: Business Activities

Banking

- Indian Banks (17)
- Foreign Banks (18)
- Global Administrative Office (2)
- Rep. Offices

Capital Market

- Stock Exchanges (2)
- Clearing Corporation (2)
- International Depository (1)
- Broker Dealers (89)
- Investment Bankers (6)
- Custodians (5)
- Depository Participants (10)
- Clearing members (23)

Asset management

- Fund Management Entities (182)
- Alternate Investment Funds (290)
- Investment Advisers (4)
- Portfolio Managers (19)
- Distributors (15)

Insurance

- Indian & Foreign Insurer (13)
- Indian & Foreign Reinsurer (3)
- Insurance Intermediaries (29)
- Insurance Web-Aggregators

Niche Institutions

- International Bullion Exchange
- Finance Companies (6)
- Global Treasury Centre (3)
- ITFS Platform (4)
- Aircraft Leasing & Financing (33)
- Ship Leasing & Financing (25)

Emerging businesses

- Foreign Universities (4)
- TechFin Firms (20)
- Global in-House Centres (3)
- Ancillary Service Providers (83)
- Payment Service Providers (5)
- BATF Service Provider (3)

Figures in brackets are the number of entities authorized by IFSCA (as of August 2025)

Business Highlights: GIFT IFSC

1000 +

Number of Registrations granted by IFSCA August 2025

$ 82 Bn

Monthly turnover on IFSC International Stock Exchanges in July 2025

$ 94 Bn

Total Banking Asset Size in June 2025

186

Number of Funds Management Entities registered till July 2025

$ 65 + Bn

Cumulative Debt Listing on IFSC Exchanges till July 2025

$ 1365 Bn

Cumulative Banking transactions till June 2025

250 +

Aviation Assets leased from IFSC till July 2025

$ 71 Bn +

Total targeted corpus of Alternative Investment Funds till July 2025

$ 27 Bn

Derivative Transactions booked by banks in June 2025

Regulatory Framework for Banking Units

- The IFSCA (Banking) Regulations, 2020 (as amended), provides that a Banking unit may be set up in an IFSC as an IFSC Banking Unit (IBU) or IFSC Banking Company (IBC).

- IBU means a Banking Unit licensed or permitted by the Authority to operate in an IFSC as a branch of the Parent Bank.

- IBC means a Banking Unit licensed or permitted by the Authority to operate in an IFSC as a subsidiary company of the Parent Bank.

- The regulations provides broad principles for licensing, operations, and prudential norms for IFSC Banking Units (IBUs) and IFSC Banking Companies (IBCs).

- With a view to further enhancing ease of doing banking business in IFSC, the Authority issued the IFSCA Banking Handbook which is a compendium of all the detailed directions to the IBUs.

- Banking Handbook Consists of following components:

    - General Directions
    - Conduct of Business Directions
    - Prudential Directions

- Banking Handbook for IBC is in progress.

Key Provisions of the Regulations

- **Licensing Criteria for IBUs :**

  - Parent bank shall maintain necessary regulatory capital for the operations of the IBU subject to a minimum regulatory capital of USD 20 million.
  - Parent bank shall obtain a No Objection Letter from their respective home regulators for setting up an IBU in IFSC.
  - Parent bank shall submit an undertaking to provide liquidity to IBU, whenever needed.
  - In case of applications from a Foreign Bank not having presence in India, the Authority shall specify a suitable mechanism, in addition to the above.

- **Licensing Criteria for IBCs :**

  - Parent bank shall provide necessary regulatory capital for the operations of the IBC subject to a minimum capital of USD 50 million.
  - Parent bank shall obtain a No Objection Letter from their respective home regulators for setting up an IBC in IFSC.
  - In case of applications from a Foreign Bank not having presence in India, the Authority shall specify a suitable mechanism, in addition to the above.
  - An IBU in an IFSC, may be permitted to convert into an IBC, with the prior approval of the Authority, subject to such conditions as may be specified by the Authority.

Key Provisions of the Regulations

- **Prudential Requirements for IBUs and IBCs:**

  - IBUs shall not be required to maintain Cash Reserve Ratio(CRR) or Statutory Liquidity ratio(SLR)
  - An IBC shall maintain such reserves and in such manner as are mandated under the Banking Regulation Act, 1949 and the Reserve Bank of India, 1934.
  - Liquidity Coverage Ratio(LCR) : An IBU/IBC shall maintain the LCR as may be specified by the Authority .For the IBU, LCR may be maintained by the Parent Bank with the prior approval of the Authority.
  - Net Stable Fund Ratio (NSFR) : An IBU/IBC shall maintain the NSFR as may be specified by the Authority. For the IBU, NSFR may be maintained by the Parent Bank with the prior approval of the Authority.
  - Retail Deposit Reserve Ratio (RDRR): IBUs shall be required to maintain a RDRR on daily basis at 3% of the deposits raised from individuals who may be categorised as Retail clients or Professional clients, and outstanding as on the end of the previous working day.

Key Provisions of the Regulations

- **Currency of operations:**
  - Banking Units can undertake permissible activities in the specified foreign currencies and with such persons, whether resident or otherwise, as may be specified by the Authority
  - List of specified foreign currencies:
    - US Dollar (USD)
    - Euro (EUR)
    - Japanese Yen (JPY)
    - UK Pound Sterling (GBP)
    - Canadian Dollar (CAD)
    - Australian Dollar (AUD)
    - Swiss Franc (CHF)
    - Hong Kong Dollar (HKD)
    - Singapore Dollar (SGD)
    - UAE Dirham (AED)
    - Russian Rouble (RUB)
    - Swedish Krone (SEK)
    - Norwegian Krone (NOK)
    - New Zealand Dollar (NZD)
    - Danish Krone (DKK).

Key Provisions of the Regulations

- **Permissible Activities :**

  - Acceptance of Deposits
  - Loans, trade finance and acceptances, commitments and guarantees
  - Sale and purchase of portfolios
  - Acting as custodian of assets/ securities
  - Operating as a Foreign Portfolio Investor (FPI)
  - Inter-bank lending/ borrowing
  - Post shipment export credit
  - Factoring and forfaiting of export receivables
  - Undertake equipment leasing (including aircraft leasing)
  - Lending to resident/ non-resident retail investors (resident individuals are subject to provisions under FEMA Act, 1999)
  - Derivative products
  - FX Prime Brokerage (FXPB)
  - Insurance Distribution business etc.

Setting up of GAO and RO:

- In addition to the setting up of IBU and IBC by Banking Company. Banking Regulations permits Banking companies to setup Representative Office (RO) and Global Administrative office (GAO).

- RO is permitted to undertake marketing activities pertaining to financial services or financial products offered in a jurisdiction outside the IFSC by a 'related party' i.e., its head office, another branch of the head office or a group member.

- GAO is permitted to undertake management, administration, and coordination of overseas branches (including IBU) of the Parent Bank and provide “Support services” for banking activities undertaken within and outside IFSC

Setting up a Banking Unit in IFSC

Banking Unit applies in SWIT

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In-Principle approval granted, subject to the conditions specified

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License is granted, post fulfillment of conditions specified above

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Commencement of operations of IBU/IBC

THANK YOU