



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



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**

## Key Achievements

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



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

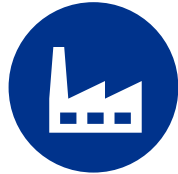
*Inclusive Sustainable Growth for the World's Largest Democracy*



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

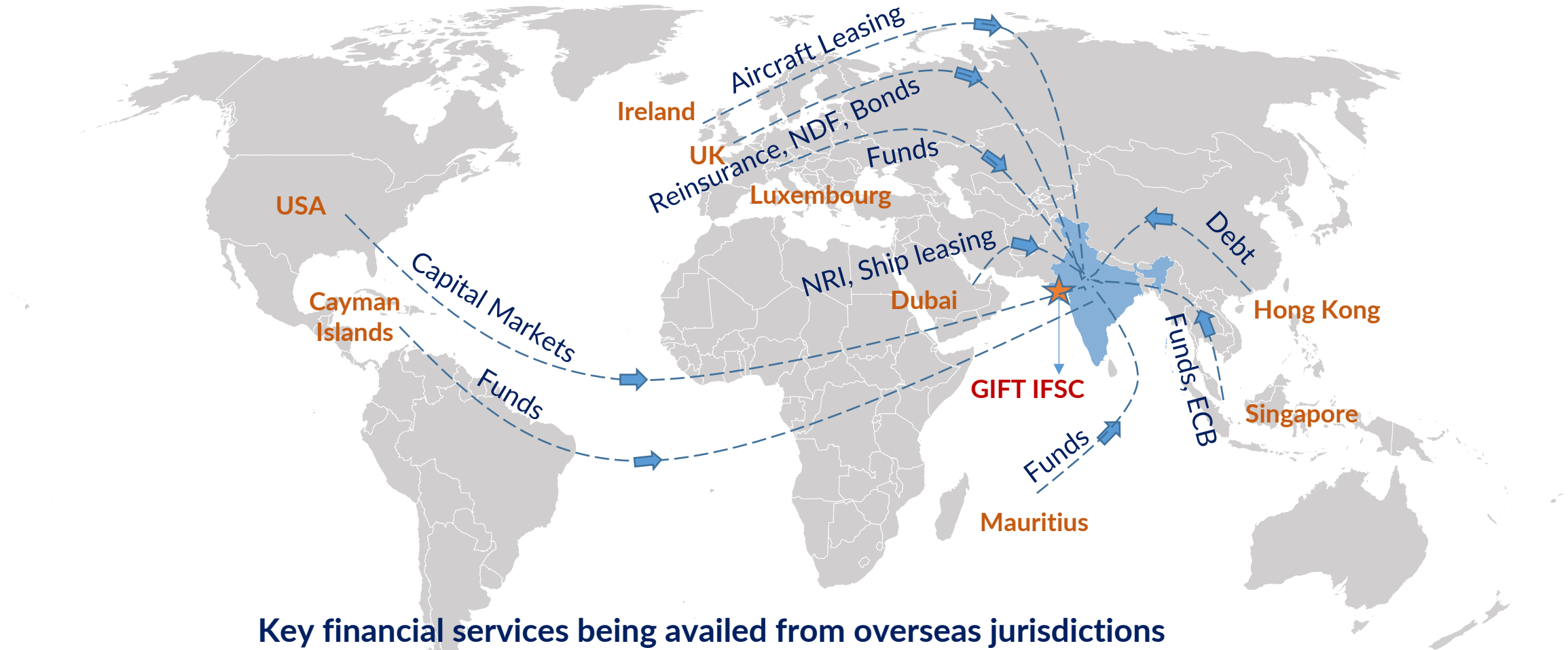
# GIFT City and IFSC Opportunity

5.41



# IFCs catering to India's demand for International Financial Services

## GIFT IFSC: Onshoring the Offshore International Financial Services



**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

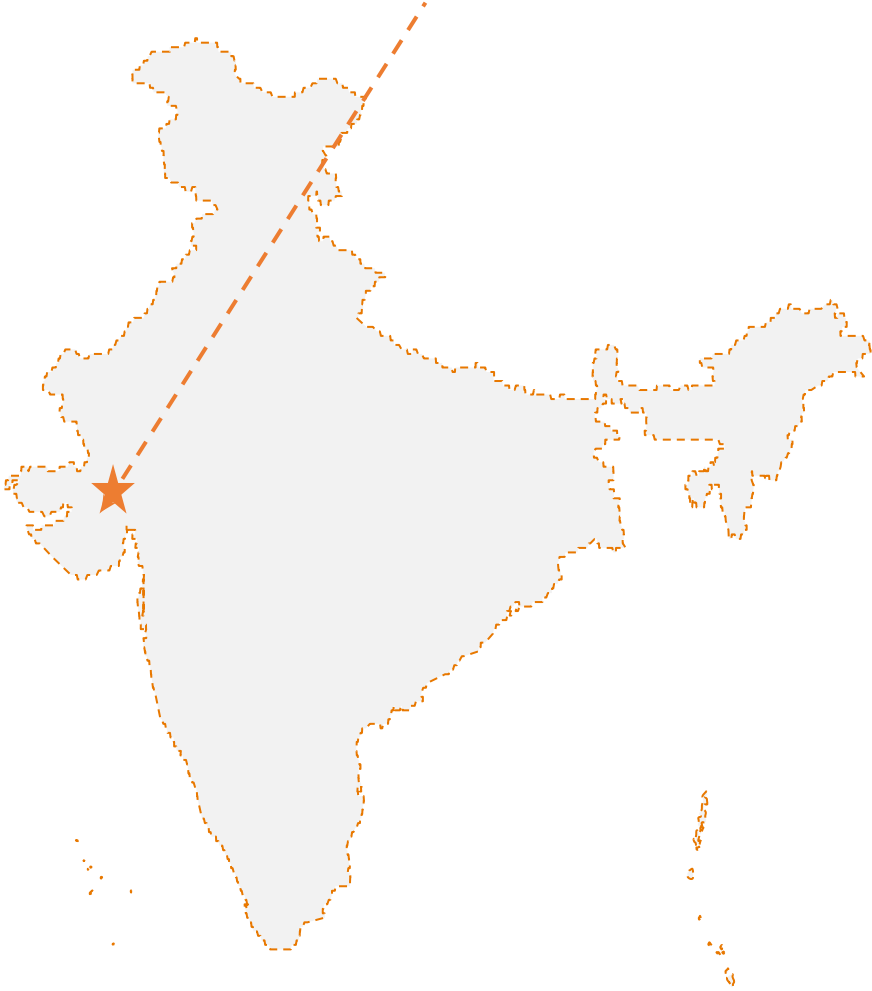
**Insurance:** Reinsurance business  
**Aircraft & Ship Leasing** business

# 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



<b>27.70 Mn Sq ft</b>	<b>12.99 Mn Sq ft</b>	<b>20</b>
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

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

# GIFT IFSC: Unique and Distinct Features



Dedicated & Unified  
Financial Regulator

No capital controls

Full Convertibility with  
15 foreign currencies

Globally benchmarked  
regulations

Attractive Tax Regime

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

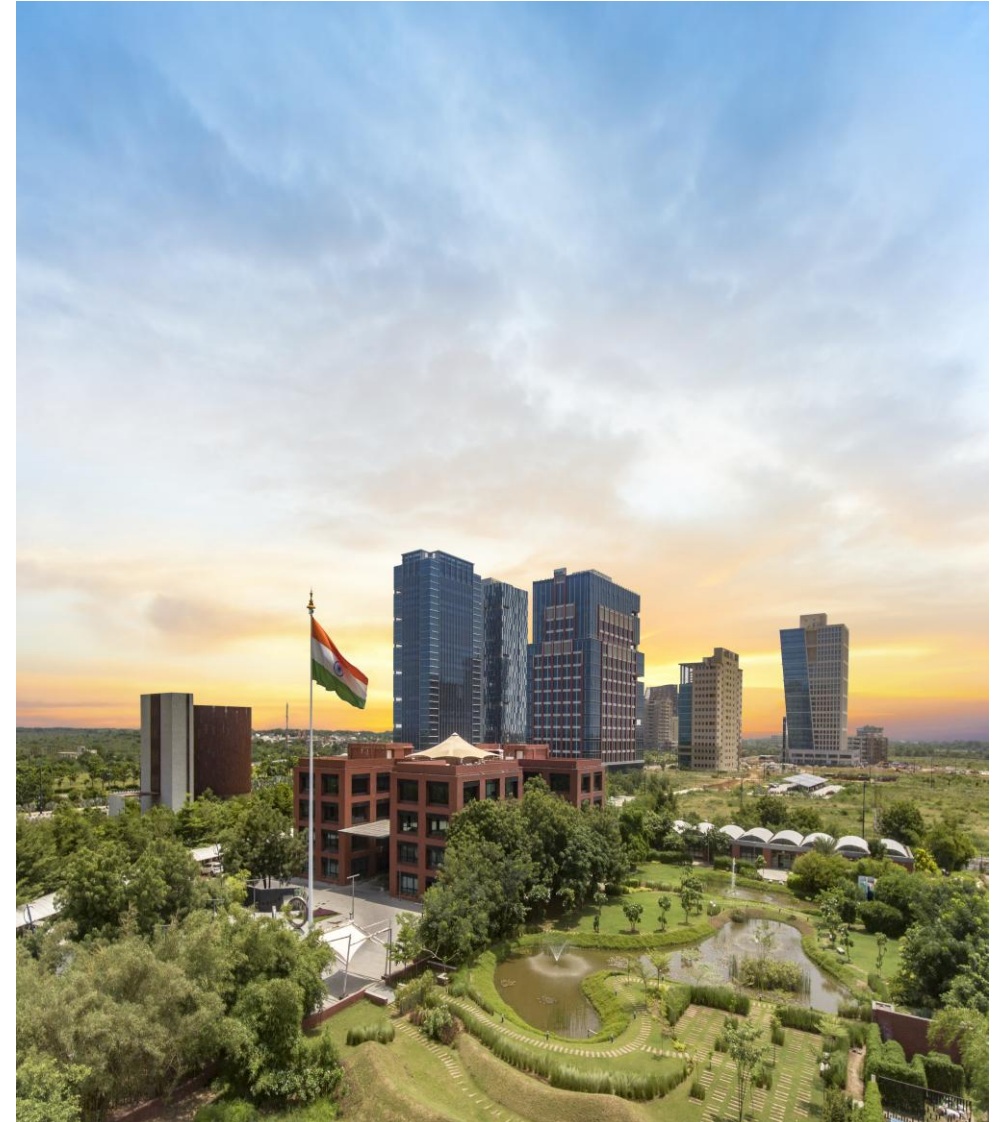
Competitive Tax Regime for Funds

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 (16)
- Foreign Banks (12)
- Global Administrative Office (1)
- Rep. Offices

## Capital Market

- Stock Exchanges (2)
- Clearing Corporation (2)
- International Depository (1)
- Broker Dealers (82)
- Investment Bankers (3)
- Custodians (5)
- Depository Participants (10)
- Clearing members (22)

## Asset management

- Fund Management Entities (137)
- Alternate Investment Funds (189)
- Investment Advisers (3)
- Portfolio Managers (19)
- Distributors (10)

## Insurance

- Indian & Foreign Insurer (12)
- Indian & Foreign Reinsurer (3)
- Insurance Intermediaries (24)
- Insurance Web-Aggregators

## Niche Institutions

- International Bullion Exchange
- Finance Companies (6)
- Global Treasury Centre (3)
- ITFS Platform (4)
- Aircraft Leasing & Financing (32)
- Ship Leasing & Financing (21)

## Emerging businesses

- Foreign Universities (2)
- Global Fintech Hub (57)
- Global in-House Centres (3)
- Professional Service Providers (83)
- Payment Service Providers (2)
- BATF Service Provider

*Figures in brackets are the number of entities authorized by IFSCA*

# Business Highlights: GIFT IFSC



**725 +**

Number of IFSCA Registered\* Entities till Nov. 2024



**\$ 87 Bn**

Monthly turnover on IFSC International Stock Exchanges in Nov. 2024



**\$ 71 Bn**

Total Banking Asset Size in Nov. 2024



**137**

Number of Funds Management Entities registered till Nov. 2024



**\$ 63 + Bn**

Cumulative Debt Listing on IFSC Exchanges till Nov. 2024



**\$ 1048 Bn**

Cumulative Banking transactions till Nov. 2024



**184**

Aviation Assets leased from IFSC till Nov. 2024



**\$ 45 + Bn**

Total targeted corpus of Alternative Investment Funds till Nov. 2024



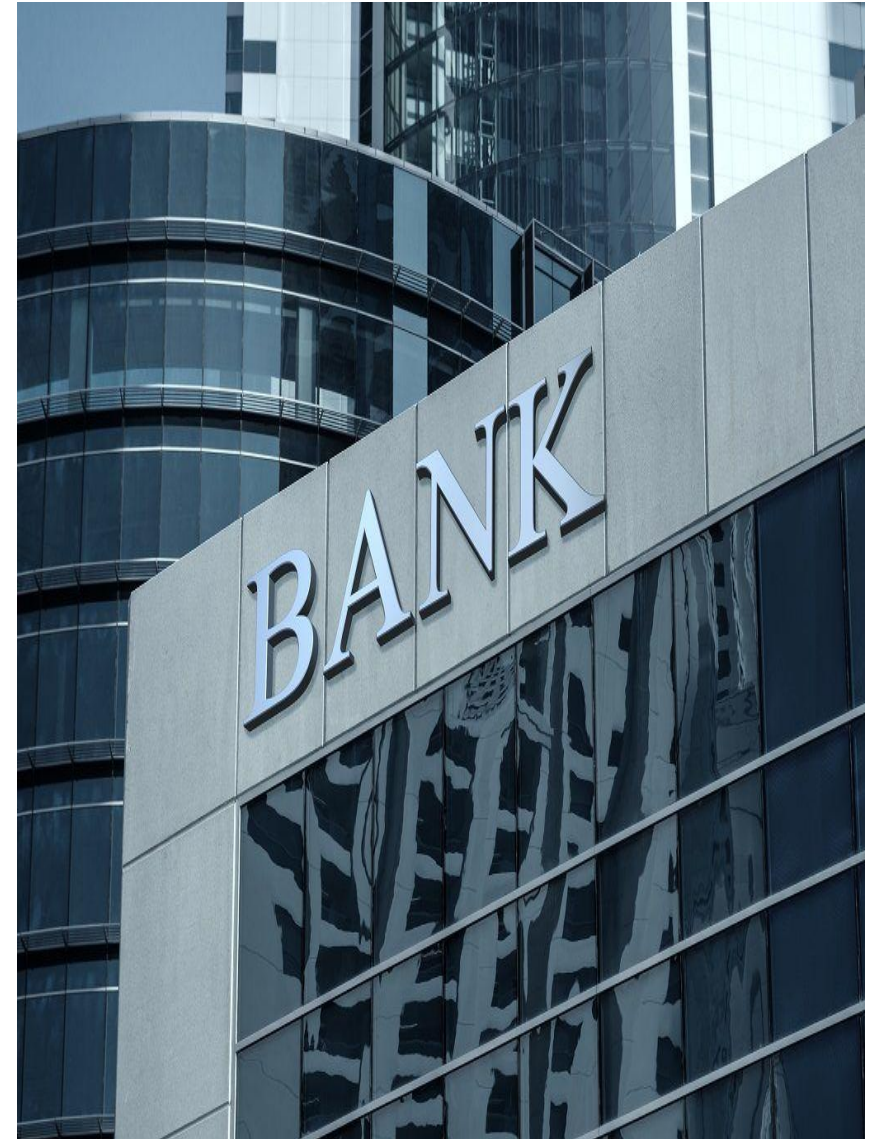
**\$ 40 Bn**

Derivative Transactions booked by banks in Nov. 2024

# Regulatory Framework for Banking Units

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- ❑ 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
- ❑ IBUs are required to provide internet banking services that, at minimum, shall include information service, interactive information exchange service and transaction service to its clients.
- ❑ Banking Handbook for IBC is in progress.
- ❑ On issuance of the Banking Handbook for IBC, the licensing process may begin.



# Key Provisions of the Regulations

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## ❑ 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

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## ❑ 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

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## ❑ 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

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## ❑ 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.

# Key Provisions of the Regulations

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- ❑ 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 of an IBU in IFSC

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Parent bank applies on Single Window IT (SWIT) platform



In-Principle approval granted, subject to the conditions specified



License is granted, post fulfillment of conditions specified above



Commencement of operations of IBU