International Financial Services Centres Authority

ANNUAL REPORT
2020-21

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY
IFSCA

ANNUAL REPORT 2020-21

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

THIS REPORT IS IN CONFORMITY WITH THE FORM PRESCRIBED IN THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (ANNUAL REPORT AND RETURNS AND STATEMENTS AND OTHER PARTICULARS) RULES, 2022 NOTIFIED ON FEBRUARY 28, 2022 IN THE GAZETTE OF INDIA.

Injeti Srinivas
Chairperson

सत्यमेव जयते
Government of India

सचिव,
भारत सरकार,
आर्थिक कार्य विभाग,
वित्त मंत्रालय, नॉर्थ ब्लॉक,
नई दिल्ली - 110 001

410/आईएफएससीए/ईपीए/एआर/2021-22
जुलाई 28, 2022

प्रिय महोदय,

अंतर्राष्ट्रीय वित्तीय सेवा केंद्र प्राधिकरण अधिनियम, 2019 की धारा 19(2) के उपबंधों के अनुसार, मैं एततद्वारा भारत के राजपत्र, असाधारण के भाग II खंड 3 उप-खंड (i) में, 28 फरवरी, 2022 को अधिसूचित अंतरायष्ट्रीय वित्तीय सेवा केंद्र प्राधिकरण (वार्षिक रिपोर्ट और विवरणियां तथा विवरण और अन्य विशिष्टियां) नियम, 2022 में निर्धारित किए गए प्रारूप में, 31 मार्च 2021 को समाप्त वर्ष के लिए अंतर्राष्ट्रीय वित्तीय सेवा केंद्र प्राधिकरण की वार्षिक रिपोर्ट की प्रति अग्रेषित कर रहा हूँ।

भवदीय,
आई श्रीनिवास
(इंजेती श्रीनिवास)
संलग्न: उपरोक्तानुसार

The Secretary,
Government of India,
Department of Economic Affairs,
Ministry of Finance, North Block,
New Delhi - 110 001

410/IFSCA/EPA/AR/2021-22
July 28, 2022

Dear Sir,

In accordance with the provisions of Section 19(2) of the International Financial Services Centres Authority Act, 2019, I forward herewith a copy of the Annual Report of the International Financial Services Centres Authority for the year ended March 31, 2021, in the format prescribed in the International Financial Services Centres Authority (Annual Report and Returns and Statements and Other Particulars) Rules, 2022, notified on February 28, 2022, in Part II Section 3 Sub-section (i) of the Gazette of India Extraordinary.

Yours faithfully,

(Injeti Srinivas)

Encl.: As above

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY
Second & Third Floor, PRAGYA Tower, Block 15, Zone 1, Road 1C, GIFT SEZ, GIFT City,
Gandhinagar-382 355, Gujarat, India. P: +91 79 6180 9800

SECTION A

STATEMENT OF GOALS & OBJECTIVES

The International Financial Services Centres Authority (IFSCA) was established on April 27, 2020, as a unified financial regulator under the International Financial Services Centres Authority Act, 2019. It is headquartered at Gujarat International Finance Tec-City (GIFT City), Gandhinagar in Gujarat.

The Government of India notified IFSCA to develop and regulate financial services in the International Financial Services Centres (IFSCs) established in India with a mandate to create a world-class ecosystem based on ease of doing business and best in class regulatory system to make IFSCs in India a preferred global destination for international financial services.

As a unified financial regulator, IFSCA adopts a holistic vision towards the development and regulation of financial products, financial services, and financial institutions in IFSCs in India across the verticals of banking, insurance, capital markets, pension, and funds. At present, the GIFT IFSC is the maiden International Financial Services Centre in India. Prior to the establishment of IFSCA, the four domestic financial sector regulators viz. RBI, SEBI, IRDAI, and PFRDA regulated the respective business areas within IFSC.

VISION

To provide world-class regulatory environment and develop IFSCs into leading Global Financial Centres with a primary focus on India's economic development apart from serving as a regional and global financial hub.

MISSION

To develop IFSCs into well-diversified and globally competitive financial hubs for international banking, insurance, and capital market activities through a pro-business environment, duly supported by a progressive regulatory architecture, state-of-the-art technology and infrastructure and talented financial professionals, which serve both the Indian Economy and the region as a whole.

GOALS & OBJECTIVES

1. To facilitate the development of a strong base of international financial services in the country
2. To promote IFSC as a dominant gateway for international capital flows into and out of India
3. To emerge as a regional and global hub for international financial services
4. To provide a state-of-the-art unified regulatory framework, with robust regulation and supervisory technology aligned with international best practices
5. To develop a strong global-connect with leading international financial jurisdictions

CHAIRPERSON'S MESSAGE

India is one of the largest and fastest-growing economies generating a lot of demand for international financial services that are being procured from offshore jurisdictions. The concept of an IFSC aims at leveraging this opportunity by onshoring offshore-like conditions and by becoming a dominant gateway for investment into and out of India.

The Government of India operationalised India's first IFSC in the GIFT City in April 2015. GIFT IFSC has a natural advantage of a large hinterland economy with a huge talent pool of skilled resources both in financial and IT sectors and over 30 million strong diaspora looking at opportunities to participate in India's growth story. It provides favourable capital account convertibility and taxation regime at par with the best international jurisdictions. GIFT IFSC aims at becoming an international hub of financial services by developing an ecosystem leveraging its cost-competitive advantages, best-in-class regulations, and emphasis on ease of doing business. It is a special financial zone which is treated as an offshore territory under the Foreign Exchange Management Act, 1999. According to the latest Global Financial Centres Index report (March 2021), the IFSC in GIFT City has been placed at the top amongst 15 centres globally which are likely to become more significant over the next two to three years.

The Government of India established IFSCA in April 2020 under the IFSCA Act passed by the Indian Parliament in December 2019 and IFSCA commenced its operations as a unified regulator in October 2020. For the first time, the regulatory powers of four financial sector regulators in India, namely RBI, SEBI, IRDAI and PFRDA have been vested in IFSCA with respect to the development and regulation of financial products, financial services, and financial institutions in IFSCs, making it a unified regulator.

Being a state-of-the-art regulator, IFSCA offers robust regulations and supervisory technology aligned with International best practices. The approach at IFSCA is to provide stability, certainty, and clarity in the regulations to ensure a business-friendly environment for global investors comparable with the best jurisdictions globally with the flexibility to experiment and implement innovative ideas. However, the mandate of IFSCA is not only to 'regulate' the financial services business in IFSCs but also to 'develop' them.

IFSCA is working on the development of a Sustainable Finance Hub to mobilize capital for potential deployment into clean, green, and climate-resilient infrastructure projects in India and beyond. Our endeavour is to develop an efficient ecosystem for Green and Sustainable Finance across the spectrum of capital market, banking, and insurance.

A major share of international financial services business originating from India is currently transacted in offshore jurisdictions. For example, India is among the largest and fastest-growing aviation markets in the world both in domestic and international travel. Currently, most of the aircrafts in India are leased in from offshore based lessors. IFSCA has taken a lot of measures to develop the complete ecosystem for aircraft leasing activities in IFSC.

IFSCA is focused on making technology available, accessible, and affordable. With an objective to develop a world-class FinTech hub, IFSCA endeavours to encourage the promotion of FinTech initiatives in financial products and financial services. As a step towards this vision, IFSCA has introduced a framework for Regulatory as well as Innovation Sandbox. Under this Sandbox framework, entities operating in the capital market, banking, insurance, and other allied and ancillary financial services space are being granted certain facilities and flexibilities to experiment with innovative FinTech solutions in a live environment with a limited set of real customers for a limited time frame fortified with necessary safeguards for investor protection and risk mitigation.

Another important area of focus for IFSCA is the bullion market. Despite its significant size and important global position as the second-largest consumer, the Indian gold market is unable to realise its potential due to multiple challenges. The setting up of the International Bullion Exchange in IFSC would provide an efficient and trusted ecosystem for trading gold and ensure the success of financialization of gold, with an aim to improve market transparency, protect the interests of market participants and facilitate India to emerge as a price influencer for gold at the global level.

The first year of operations of IFSCA was fraught with challenges posed by the COVID-19 pandemic which slowed down business activity and coerced the world into physically distanced interactions. Nonetheless, the Authority has managed to cross significant milestones by way of charting out regulatory regimes for various segments and financial products. The enthusiasm amongst investors and the industry players even in these stressful times marks the first chapter of the success story of IFSC in India.

In the coming year, IFSCA aims to provide the regulatory framework for developing the entire ecosystem for various financial services in the IFSC. Some initiatives on which IFSCA is working include framework to facilitate the raising of foreign capital by SMEs and start-ups, framework for innovative listings such as SPACs, unified framework for the regulation of capital market intermediaries based on standards laid down by IOSCO and framework for the registration and operations of Insurers, Reinsurers, and Insurance intermediaries in the IFSC, among others.

IFSCA is committed to take all necessary measures towards positioning the IFSC as the second engine of the Indian economy and a regional and global hub for different financial activities.

MEMBERS OF THE AUTHORITY (AS ON MARCH 31, 2021)

Shri Injeti Srinivas
Chairperson

Shri Anand Mohan Bajaj
Additional Secretary,
Ministry of Finance

Shri Pankaj Jain
Additional Secretary,
Ministry of Finance

Smt. T. L. Alamelu
Member, Insurance
Regulatory and Development
Authority of India

Smt. Indrani Banerjee
Executive Director,
Reserve Bank of India

Shri R. Subramanian
Executive Director,
Reserve Bank of India

Shri Sujit Prasad
Executive Director,
Securities and Exchange
Board of India

Shri Ananta Gopal Das
Executive Director,
Pension Fund Regulatory
and Development Authority

SENIOR MANAGEMENT OF THE AUTHORITY (AS ON 31.03.2021)

Name	Designation
Sh. Manoj Kumar	Executive Director
Sh. Praveen Trivedi	Executive Director
Sh. Dipesh Shah	Chief General Manager
Sh. Kumar Raghuraman	General Manager
Sh. Supriyo Bhattacharjee	General Manager
Sh. Kamlesh Sharma	General Manager
Sh. Ashutosh Sharma	General Manager

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ABBREVIATIONS

ADR	American Depository Receipt
AE	Advanced Economy
AI	Artificial Intelligence
AIF	Alternative Investment Fund
ALM	Asset Liability Mismatch
AML	Anti-Money Laundering
APAC	Asia-Pacific
API	Application Programming Interface
BDR	Bullion Depository Receipt
BFSI	Banking, Financial Services and Insurance
BoE	Bank of England
BoP	Balance of Payments
bps	Basis Points
BUs	Banking Units
CBDT	Central Board of Direct Taxes
CBIC	Central Board of Indirect Taxes and Customs
CDR	Credit-Deposit Ratio
CDSL	Central Depository Services (India) Limited
CFT	Combating the Financing of Terrorism
CGM	Chief General Manager
COMEX	Commodity Exchange
CoP	Conference of Parties
COVID	Coronavirus Disease
CPI	Consumer Price Index
CPSE	Central Public Sector Enterprise
DDG	Due Diligence Guidance
DEA	Department of Economic Affairs
DFS	Department of Financial Services
DGEP	Directorate General of Export Promotion
DGFT	Directorate General of Foreign Trade
DoC	Department of Commerce
DoP	Department of Pension
DR	Depository Receipt
DTA	Domestic Tariff Are
ECB	External Commercial Borrowing
ECGC	Export Credit Guarantee Corporation
ED	Executive Director
EME	Emerging Market Economy

EMEA	*Europe, the Middle East and Africa*
EoDB	*Ease of Doing Business*
ESG	*Environmental, Social, and Governance*
ETF	*Exchange Traded Fund*
FAR	*Fully Accessible Route*
FC	*Finance Company*
FCA	*Financial Conduct Authority*
FCY	*Foreign Currency*
FDI	*Foreign Direct Investment*
FEMA	*Foreign Exchange Management Act*
FI	*Financial Institution*
FinTech	*Financial Technologies*
FPI	*Foreign Portfolio Investor*
FSB	*Financial Stability Board*
FSDC	*Financial Stability and Development Council*
FSDC-SC	*Financial Stability and Development Council Sub Committee*
FTWZ	*Free Trade Warehousing Zone*
FY	*Financial Year*
GDP	*Gross Domestic Product*
GIC	*Global In-house Centre*
GIFT	*Gujarat International Finance Tec-City*
GM	*General Manager*
GML	*Gold Metal Loan*
GMS	*Gold Monetization Scheme*
GoI	*Government of India*
G-Sec	*Government Security*
HRMS	*Human Resource Management System*
HTM	*Held-To-Maturity*
IAS	*Indian Administrative Service*
IAs	*Investment Advisers*
IBC	*Insolvency and Bankruptcy Code*
IBE	*International Bullion Exchange*
IFSC	*International Financial Services Centre*
IFSCA	*International Financial Services Centres Authority*
IFSC-IIIO	*IFSC Insurance Intermediary Office*
IGPC	*India Gold Policy Centre*
IIMA	*Indian Institute of Management Ahmedabad*
INDC	*Intended Nationally Determined Contribution*
INDIA INX	*India International Exchange (IFSC) Limited*

INR	*Indian Rupees*
InvIT	*Infrastructure Investment Trust*
IPO	*Initial Public Offering*
IRDAI	*Insurance Regulatory and Devlopment Authority of India*
JNU	*Jawaharlal Nehru University*
LBMA	*London Bullion Market Association*
LCR	*Liquidity Coverage Ratio*
LLP	*Limited Liability Partnership*
LME	*London Metal Exchange*
LOLR	*Lender of Last Resort*
LR	*Leverage Ratio*
LSE	*London Stock Exchange*
MCX	*Multi Commodity Exchange of India Limited*
MII	*Market Infrastructure Institution*
MIS	*Management Information System*
ML	*Machine Learning*
MoU	*Memorandum of Understanding*
MMoU	*Multilateral Memorandum of Understanding*
NBFC	*Non-Banking Financial Company*
NDC	*Nationally Determined Contributions*
NIC	*National Informatics Center*
NICCL	*NSE IFSC Clearing Corporation Limited*
NICSI	*National Informatics Centre Services Inc.*
NIPFP	*National Institute of Public Finance and Policy*
NISM	*National Institute of Securities Markets*
NLP	*Natural Language Processing*
NPA	*Non-Performing Asset*
NSDL	*National Securities Depository Limited*
NSE	*National Stock Exchange of India Ltd*
NSFR	*Net Stable Funding Ratio*
NYSE	*New Yourk Stock Exchange*
OECD	*Organization for Economic Co-operation and Development*
OIS	*Overnight Index Swap*
OMO	*Open Market Operation*
OPEC	*Organization of the Petroleum Exporting Countries*
ORF	*Observer Research Foundation*
OTC	*Over-the Counter*
PFRDA	*Pension Fund Regulatory and Development Authority*
PLI	*Production Linked Incentive*

PMI	*Purchasing Managers' Index*
PML	*Prevention of Money Laundering*
PMs	*Portfolio Managers*
POC	*Proof of Concept*
PRC	*Performance Review Committee*
RBI	*Reserve Bank of India*
RDRR	*Retail Deposit Reserve Ratio*
REIT	*Real Estate Investment Trust*
RE	*Registered Entity*
RRB	*Regional Rural Bank*
Rs	*Rupees*
SBI	*State Bank of India*
SDG	*Sustainable Development Goal*
SEBI	*Securities and Exchange Board of India*
SEZ	*Special Economic Zone*
SGX	*Singapore Exchange Limited*
SME	*Small and Medium Enterprise*
SNAS	*Segregated Nominee Account Structure*
SPAC	*Special Purpose Acquisition Company*
SPV	*Special Purpose Vehicle*
SupTech	*Supervisory Technology*
TLTRO	*Targeted Long-Term Repo Operation*
UCC	*Unique Client Code*
UK	*United Kingdom*
UN	*United Nations*
UNFCCC	*United Nations Framework Convention on Climate Change*
US	*United States*
USA	*United States of America*
USD	*United States Dollar*
VCC	*Variable Capital Company*
WGC	*World Gold Council*

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SECTION B

THE YEAR IN REVIEW: OVERVIEW OF THE GENERAL ECONOMIC ENVIRONMENT

A. GLOBAL ECONOMIC ASSESSMENT, OUTLOOK, AND OPPORTUNITIES FOR IFSCA

The year 2020-21 witnessed challenges of unprecedented proportions, with the Novel Coronavirus pandemic, a black swan event, emerging as the biggest threat to not only public health but also economic growth, mobility, and normal life conditions. There was an estimated 3.3 percent[1] contraction in the world GDP caused by the COVID-19 pandemic in 2020. At present green shoots of recovery can be seen sprouting however, new challenges confront all economies thus necessitating policy makers and financial sector regulators to have a hands-on approach and adaptability to global financial stability and any potential volatile conditions.

The global composite Purchasing Manager's Index moderated[2] and stabilized during the 3rd and 4th quarters of 2020 as the resurgence of infections across major economies pulled down services activity, especially in the contact-intensive industries. Global trade recovered from the deep contraction witnessed in 2nd quarter of 2020 on the back of the robust trade performance of EMEs[3].

Global commodity prices have been rising since May 2020 after recovering from a plunge in the early part of the year. The Bloomberg commodity price index increased by 17.8 percent between the 3rd and 4th quarters of 2020. Crude oil prices, however, saw a decline during September-October, 2020 due to shrinking demand prospects but picked up November onwards due to vaccine optimism and extension of production cuts by OPEC plus[4]. Base metal prices, measured by the Bloomberg's Base Metal Spot Index, increased by 28.4 percent between September 2020 and March 2021, surpassing pre-COVID levels on strong rallies witnessed in second half of 2020. The increase in the price of industrial metals can be attributed to persistent supply chain disruptions, shipping difficulties and labour & container shortages. On the contrary, gold prices realized a gain of 25.1 percent in 2020. Falling US bond yields, and the weakening of the US dollar enhanced the safe haven appeal of the yellow metal during this period[5].

CPI inflation remained benign and below target in major AEs, while for major EMEs, barring China, Thailand and Indonesia, CPI inflation has mostly picked up, even moving above targets in a few of them[6].

1. WEO, IMF, Updated January 2021

2. Sources: Bloomberg; and OECD Economic outlook, 2021.

3. Sources: CPB Netherlands; and CEIC

4. Source: World Bank

5. Bloomberg

6. Central bank websites; and Bloomberg.

FINANCIAL MARKETS PERFORMANCE

Capital Market

The global financial markets remained optimistic, strengthened by accommodative monetary and fiscal policies of various advanced and emerging economies and their vaccine-led recovery initiatives. Despite the deceleration in output growth, stock markets in advanced economies and EMEs reached record highs in a few jurisdictions during the last quarter of 2020[7]. This raised some concerns regarding the disconnect between the performance of market indices and the real economy and the risks of future financial uncertainty and volatility. The overall domestic market capitalization at the end of March 2021 in Americas, APAC, Europe, and EMEA countries was USD 113.59 trillion[8] (Table 1). This represents a 39% increase compared to the end of March 2020.

Table 1 - Domestic Market Capitalization

EQUITY - DOMESTIC MARKET CAPITALISATION (USD TRILLIONS)					
Time period	Mar-19	Mar-20	Mar-21	% Change Mar'20/Mar'19	% Change Mar'21/Mar'20
Americas	38.43	39.74	51.21	3	29
APAC countries	26.74	25.37	37.08	-5	46
EMEA countries	18.03	16.58	25.3	-8	53
GLOBAL	83.2	81.69	113.59	-2	39

Source: World Federation of Exchanges

The number of listed companies at the end of March 2021 stood at 56,901, out of which 93 percent are domestic and the rest are foreign. Approximately 1 percent increase in the number of listed companies in March 2021 vis-a-vis March 2020 can be largely attributed to the Americas region, as can be seen in Table 1. The number of IPOs in 2020 reached 1,540 which is a 21 percent increase on the previous year.

APAC hosted the most IPOs (63%), followed by EMEA (19%) and the Americas (18%)[9] .

Investment flows through IPOs in 2020 stood at USD 280 billion, a 36.56 percent increase on 2019, with the Americas and APAC regions experiencing increases, while EMEA witnessed a decline. Year on year, only Q2 2020 registered a fall of 31.29% in investment flows through IPOs compared to the same quarter the previous year.

Bond yields remained low in major AEs till the end of 2020. This could be attributed to lower policy rates and increasing demand for bonds as a safe haven during uncertain times.

Banking Industry

Banks played a crucial role in stabilizing the global economy and transmitting government stimulus and relief programmes. Banks' healthy capital levels before the pandemic helped mitigate the negative impacts of the crisis but diminished loan growth and payment transaction volumes. However, these declines have been largely offset by near-record levels of trading revenues and wealth management fees.

7. Source : World federation of exchanges
8. This figure is based on data from 82 exchanges worldwide.
9. Source : World federation of exchanges
10. World economic outlook, IMF

Cross Country Aggregate Loans

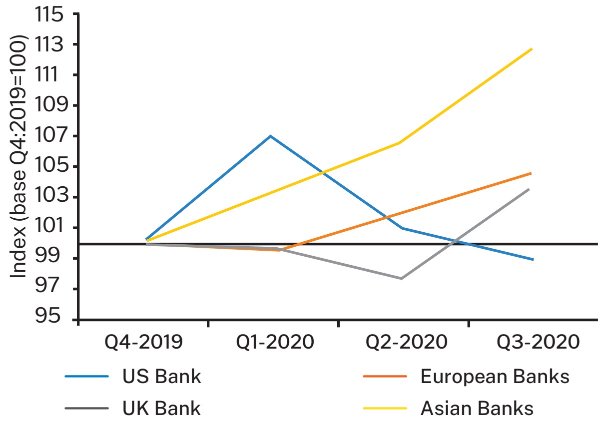

Fig.1

Source: Bloomberg

Movement In Aggregate Loan Reserves

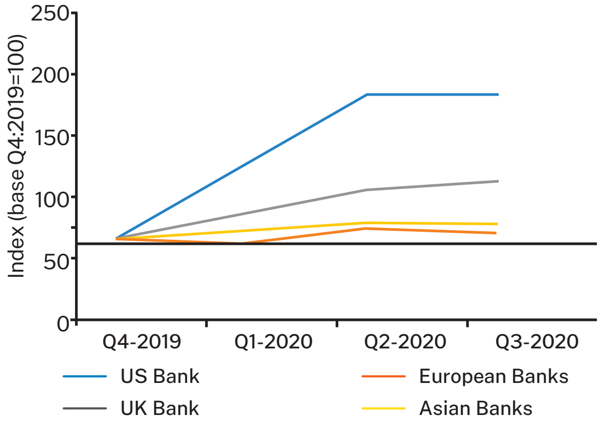

Fig.2

Source: Bloomberg

COVID-19 is reshaping the global banking industry on a number of dimensions, ushering in a new competitive landscape, stifling growth in some traditional product areas, prompting a new wave of innovation, recasting the role of branches, and of course, accelerating digitization in almost every sphere of banking and capital markets[10].

Regulators across the world have encouraged banks to support growth in the local economy, though an analysis of key balance sheet parameters of these banks, through the pandemic period, shows that this may not have given the expected benefits. While the growth in bank loans in Asia remained robust (Fig.1) and the US and the UK banks have been more aggressive in loan loss provisioning (Fig.2)[11].

Insurance Industry

The global insurance industry showed resilience in times of the pandemic, showing positive signs of recovery for both life and non-life insurance. During this period, global life insurance real premiums shrank by 4.4 percent[12] in real terms (Table 2). This resulted primarily from weakness in the life savings business, as the labour market shock from COVID-19 economic shutdowns caused sharp falls in household incomes. On the contrary, the non-life sector posted uninterrupted growth (+1.5%) up to USD 3490 billion[13] (Table 2), driven by commercial line rate hardening in advanced markets. As per the Swiss Re report, the global insurance market majorly consolidates around the three major advanced economies of the US, China, and Japan, together accounting for almost 58 percent[14] of the global market. Among the top twenty countries of the world insurance market, there are six Asian countries (China, Japan, South Korea, Taiwan, India, and Hong Kong) with an approximate market share of about 25 percent[15].

11. Source: Bloomberg
12 Swiss Re, Sigma 3/2021
13 Swiss Re, Sigma 3/2021
14 Swiss Re, Sigma 3/2021
15 Swiss Re, Sigma 3/2021

Table 2 - Growth in Real Premium by Region in the World in 2020 (In percent)

Regions	Life	Non-life	Total
Advanced markets	-5.7	1.5	-1.8
EMEs	0.3	1.3	0.8
Asia Pacific	-2.1	3.0	-0.3
India	-1.2	-3.1	-1.7
World	-4.4	1.5	-1.3

Source: Swiss Re, Sigma 3/2021

Sustainable Finance[16]

Volumes for the several sustainable debt markets – including labelled Green, Social and Sustainability (GSS) bonds, Sustainability-linked bonds (SLB) and Transition bonds – reached nearly half a trillion (USD 496.1 billion) in the first half of 2021. This amount represents 59 percent year on year growth from the equivalent period in 2020. On the front of Central Banks, Bangladesh's Central Bank started the year with legislation mandating the nation's banks and other financial institutions to devote a minimum of 2 percent of their loans towards green projects and 15 percent to a wider "sustainable" definition. China followed suit, announcing plans to incorporate climate change into its monetary policy framework and to encourage financial institutions to extend low-carbon credit via preferential interest rates and special re-lending facilities. In the UK, BoE announced a change to its mandate to include environmental sustainability and net-zero transition. Its bond-buying programme is set to include green bonds by the end of the year.

Issuance of green debt instruments continued to grow in the first half of 2021, with volumes included in the Climate Bonds' Green Bond Database in this period more than doubling to USD 227.8 billion compared to H1 2020 – a record for any half-year period since the market inception in 2007. Overall, Developed Market countries contributed 76 percent of green bond issuance in the first half, (+1% vs H1 2020). The share of Emerging Market countries grew marginally from 18% to 19% between H1 2020 and H1 2021. Europe was the top issuing region overall, more than doubling compared to the first half of 2020. The Asia-Pacific region also showed impressive development, growing by 161 percent year-on-year.

Whereas green bonds are classified in accordance with the Climate Bonds Taxonomy, social and sustainability (S&S) bonds raise funds for projects with broader positive impacts across the spectrum of the SDGs and beyond specifically climate-related objectives. S&S bonds comprised 47 percent of total sustainable labelled debt issuance with USD 233.3 billion issued in H1 2021, bringing total S&S issuance since 2006 to USD 867 billion.

16 https://www.climatebonds.net/files/reports/cbi_susdebtsum_h12021_02b.pdf

B. DOMESTIC ECONOMIC ASSESSMENT & PROSPECTS

The pandemic posed a formidable challenge to India, with public health becoming the focal policy for tackling the crisis. As pointed out by the Economic Survey 2020-21, the country suffered from the 'lives versus livelihood' policy dilemma as 'flattening the disease curve was entwined with the livelihood cost of an imminent recession, which emanated from the restrictions in economic activities from the lockdown required to contain the pandemic'. Backed by epidemiological and economic research, India's policy response characterized by intense lockdown at the start of the pandemic focused on the protection of human lives. It underlined the acknowledgement that the short-term pain of an initial, stringent lockdown would lead to long-term gains both in the lives saved and in the pace of the economic recovery. The initial stringent lockdown was critical to saving lives, enabling continual unlocking of the economy and the V-shaped economic recovery.

Apart from the focus on public health, the approach adopted on the policy front is as elucidated below:

Supply Side Reforms
Efforts were made to ensure minimisation supply side disruptions in the medium to long-run.

Essential Consumption
Focus on ensuring that all essentials were taken care of.

Direct benefit transfer to the vulnerable sections and the world's largest food subsidy programme targeting 80.96 crore beneficiaries.

Emergency Credit Line Guarantee Scheme for providing relief to stressed sectors by helping entities sustain emplyoyement and meet liabilities.

Fiscal Policy
Understanding that discretionary spending only reflects precautionary motives to save which remains high during the initial months of pandemic India did not utilise its fiscal resources in trying to pump up discretionary consumption

During the unlock phase, whene uncertainity declined and economic mobility increased, India ramped up its fiscal spending, boosting consumption and investment.

Monetary Policy
Ensured abundant liquidity

Immediate relief to debtors via temporary moratioria

Unclogging monetary policy transmission.

Structural Reforms
Long pending structural reforms in agriculture, mining, labour, etc. were concurrently undertaken for the economy to return to the potential growth path.

Fig.3

Policy aproach to tackle Covid-19 Pandemic

GROSS DOMESTIC PRODUCT (GDP)

As per the Economic Survey 2020-21, lockdown resulted in a 23.9 percent contraction in GDP in Q1 with a V-shaped recovery as seen in the 7.5 percent decline in Q2 and the recovery across all key economic indicators.

India's GDP was estimated to contract by 7.7 percent in FY 2020-21, composed of a sharp 15.7 percent decline in the first half and a modest 0.1 percent fall in the second half. Agriculture has remained the silver lining w.r.t. sector-wise growth, while contact-based services, manufacturing, and construction which were hit the hardest have been recovering steadily. Government consumption and net exports have cushioned the growth from diving further down.

This V-shaped economic recovery is supported by the initiation of a mega-vaccination drive and expectation of a robust recovery in the services sector and re-kindling of prospects for robust growth in consumption and investment resulting in estimated real GDP growth for FY 2021-22 to be at 11 percent.

EXTERNAL SECTOR

The pandemic and the resulting economic crisis led to a sharp decline in global trade, lower commodity prices and tighter external financing conditions with varying implications for current account balances and currencies of different countries. Global merchandise trade is expected to contract by 9.2 percent in 2020.

RBI's interventions in the forex market have largely been successful in controlling the volatility and one-sided appreciation of the rupee. Owing to high levels of headline inflation however, India finds itself in the classical trilemma for RBI to maintain a fine balance between tightening of monetary policy to control inflation on the one hand and stimulate growth on the other.

Various initiatives undertaken by the government to promote exports - Production Linked Incentive (PLI) Scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), emphasis on the improvement of trade logistics infrastructure and use of digital initiatives etc. paved the way in enabling ease of doing exports.

MONETARY SECTOR

Monetary policy has been significantly eased from March 2020 onwards to accommodate the pandemic shock. The repo rate has been cut by 115 bps since March 2020, with 75 bps cut in the first Monetary Policy Committee (MPC) meeting in March 2020 and 40 bps cut in the second meeting in May 2020. Though the policy rates were kept unchanged in further meetings, liquidity support was significantly enhanced with systemic liquidity remaining in surplus in 2020-21. RBI undertook various conventional and unconventional measures like Open Market Operations, Long Term Repo Operations, Targeted Long Term Repo Operations etc. to manage the liquidity situation in the economy.

However, financial flows to the real economy remained constrained owing to subdued credit growth by both banks and NBFCs. Also, higher reserve money growth did not fully translate into commensurate money supply growth due to the lower (adjusted) money multiplier reflecting large deposits by banks with RBI under reverse repo.

Scheduled Commercial Banks (SCBs)

Credit growth of banks slowed down to 6.7 percent as on January 1, 2021. The credit offtake from the banking sector witnessed a broad-based slowdown in 2020-21. Gross NPA ratio of SCBs decreased from 8.21 percent at the end of March 2020 to 7.49 percent at the end of September 2020. However, this has to be seen in the light of the asset classification relief provided to borrowers on account of the pandemic.

The recovery rate for SCBs through IBC (since its inception) has been over 45 percent. In view of the COVID-19 pandemic, initiation of the Corporate Insolvency Resolution Process (CIRP) was suspended for any default arising on or after March 25, 2020, for a period of six months. This was further extended twice for three months on September 24, 2020, and December 22, 2020. The suspension along with continued clearance has allowed a small decline in accumulated cases.

SERVICES SECTOR

Services sector's significance in the Indian Economy has been steady, with the sector now accounting for over 54 percent of the economy and almost four-fifths of total FDI inflows. The shipping turnaround time at ports has almost halved from 4.67 days in 2010-11 to 2.62 days in 2019-20. India is home to 38 unicorns, adding a record number of 12 start-ups to the unicorn club last year.

The contact-intensive services sector was the worst hit by the COVID-19 pandemic, subsequent lockdown and social distancing measures with the services sector contracting by almost 16 percent during the first half of the FY 2020-21.

BANKING, FINANCIAL SERVICES AND INSURANCE (BFSI) SECTOR

i. Banking Sector

The onset of COVID-19 increased the demand for money, creating inflationary pressure in the Indian market. The pandemic resulted in less competitive markets and lockdown/ containment disrupted supply chains, both of which resulted in higher inflation going forward. As per data, the headline inflation remained elevated and reached its peak during June-November 2020, which may be attributed to the inflationary pressures arising from food items like pulses and edible oils (which persisted due to supply-demand imbalances), crude oil prices, etc.

One of the major indicators of the impact of the pandemic on the economy is the trend in the credit-deposit ratio (CDR) in the banking sector. It is seen that despite a surge in currency demand with the onset of the COVID-19 pandemic, monetary conditions have eased on account of various proactive liquidity management measures undertaken by RBI and several sector-specific measures announced by the government during the year. Due to a fall in the aggregate demand, the demand for credit also nose-dived. This can be seen through the SCB's CDR, which moderated to 72.4 percent in 2020-21 from 76.4 percent a year ago, even as deposit mobilisation remained robust during the period. The offtake in credit from November 2020 onwards, reflects a recovery in economic activity that has been supported by the cumulative reduction in RBI's policy repo rate by 250 bps since February 2019, and 115 bps since March 2020, as well as various liquidity enhancing measures undertaken thereto.

The global financial markets showcased a quick regain of normalcy during the second half of the financial year, drawing support from liquidity flushed in by global central banks and humongous, unprecedented fiscal support by governments. Financial conditions eased and the return of risk appetite enhanced the demand for financial assets. RBI, during February 2020 - March 31, 2021, announced liquidity measures aggregating Rs. 13.6 lakh crore (approx. 6.9% of nominal GDP for 2020-21). As an effect, the Sensex gained 91 percent from its post-pandemic lows during 2020-21, which was among the highest worldwide. Similar policy measures worldwide led to a huge inflow of portfolio finance into EMEs, including India. The outflow of finance led to a weakening of the US dollar in tandem with an improvement in risk sentiment in investing in a financial instrument. This liquidity infusion and cut in global policy rates simultaneously caused a sharp fall in bond yields.

Developments in G-Sec Markets

During 2020-21, the gross market to borrowing of the Government of India through dated G-sec was higher by 93 percent as compared with the previous year. Net market borrowings through dated G-sec increased by 141.2 percent as compared to the previous year. Net market borrowings through dated G-sec financed 61.8 percent of the centre's budgeted gross fiscal deficit as against 50.8 percent in the previous year. The net market borrowings through dated securities and Treasury Bills (T-Bills) taken together also increased in 2020-21.

In the first quarter of 2020-21, the yields on 10-year benchmark G-sec showed a declining trend as RBI cut the policy repo rate by 40 bps and undertook various liquidity augmenting measures in the wake of the pandemic. A decline in the US treasury yields and a fall in crude oil prices also aided in the easing of yields. The 10-year yield softened by 81 bps in Q1.

In Q2:2020-21, the G-sec yields hardened mainly due to the rise in crude oil prices and higher CPI inflation figures for June and July. Certain policy measures announced by the Reserve Bank towards the end of August, viz., a hike in held-to-maturity (HTM) limit for banks, term repo operations and special OMOs, helped in easing the yields. The 10-year yield rose by 14 bps in Q2.

The Q3:2020-21 saw softening of the yields with the 10-year yield easing by 15 bps aided by certain policy measures, viz., introduction of on-tap TLTROs, extended dispensation of enhanced HTM limit for banks, OMOs, and MPC's forward guidance suggesting continuance of accommodative monetary policy stance.

During Q4:2020-21, yields spiked following the Union Budget announcement of larger than expected government borrowings and tracking the sharp rise in the US treasury yields and higher crude oil prices. However, the cancellation of the last scheduled G-sec auction for 2020-21 resulted in some easing of the yields towards the end of March 2021. The 10-year yield rose by 45 bps in Q4 to end the year at 6.34 percent.

In 2020-21, certain specified categories of Central Government securities were opened up fully, for non-residents in securities without any restrictions, apart from being available to domestic investors as well from April 1, 2020. Accordingly, a separate route viz., Fully Accessible Route (FAR) for investment by non-residents in securities issued by the Government was notified. 'Specified securities', once so designated, shall remain eligible for investment under FAR until maturity. A list of existing securities was put under FAR from April 1, 2020, and in addition, all new issuances of government securities of 5-year, 10-year and 30-year tenors from FY 2020-21 will be eligible under FAR as 'specified securities'. This is a necessary step towards India's inclusion in the global bond indices.

ii. Capital Markets

Equity Markets

After witnessing a turbulent month of March 2020, the Indian equity market made a sharp V-shaped recovery in sync with global markets on the back of massive fiscal and monetary stimulus and gradual easing in COVID-induced restrictions.

In 2020-21, there was also an increase in resource mobilization from the primary market. Resource mobilization through public issues witnessed an increase compared to the previous year. The number of companies raising money through public issues reduced to 57 from 62 in the same period last year. A total of Rs 46,060 crore were mobilised during this period as compared to Rs 21,382 crore in the previous year. Similarly, resource mobilization through rights issues during 2020-21 increased to Rs 64,059 crore from 21 rights issues as compared to Rs 55,670 crore from 17 issues in the previous year.

Table 3 - Resource Mobilisation via Public Issues

Particular	2019-20		2020-21	
	No. of Issues	Amount (Rs crore)	No. of Issues	Amount (Rs crore)
IPOs	60	21,345	55	31,030
FPOs	2	37	2	15,030
Rights Issue	17	55,670	21	64,059
TOTAL	**79**	**77,052**	**78**	**1,10,119**

Source: NSE, BSE

The resource mobilization through the private placement route witnessed a decline from Rs 2,29,275 crore in the previous year to Rs 1,19,668 crore in FY 2020-21. In 2020-21, there were 266 issues through private placement compared to 298 issues last year.

Table 4 - Resource Mobilisation via Private Placements

Particular	2019-20		2020-21	
	No. of Issues	Amount (Rs crore)	No. of Issues	Amount (Rs crore)
QIPs	14	54,389	31	78,738
Preferential allotments	284	1,74,886	235	40,930
TOTAL	**298**	**2,29,275**	**266**	**1,19,668**

Source: NSE, BSE

Debt markets

The total debt issuance in the primary market increased to ₹ 7.8 lakh crore approx. during FY 2020-21 as compared to Rs 6.89 lakh crore in the previous year. The details are given below:

Table 5 - Debt Issuances in Primary Market

Particular	2019-20		2020-21	
	No. of Issues	Amount (Rs crore)	No. of Issues	Amount (Rs crore)
Public	34	14,984	18	10,588
Private Placement	1,787	6,74,702	1,995	7,71,840
TOTAL	**1,821**	**6,89,686**	**2,013**	**7,82,428**

Source: NSE, BSE

Corporates mobilised higher resources from the corporate bond market to seize the benefit of lower costs. Private placements remained the preferred choice for corporates, accounting for 98.8 percent of total resources mobilised through the corporate bonds.

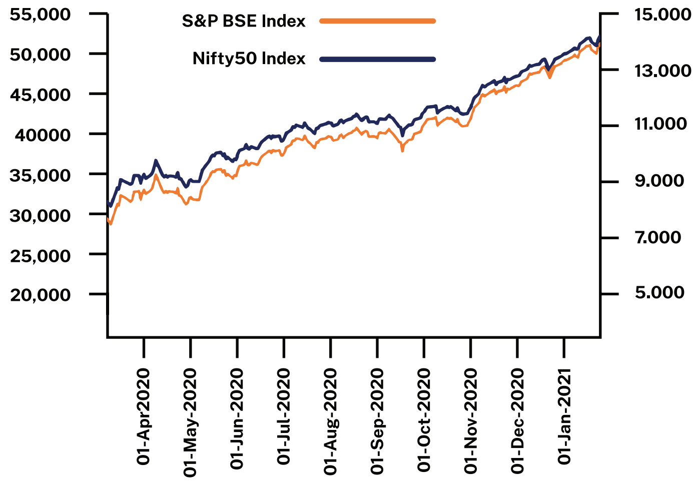

Fig.4

Sensex and Nifty Returns (Apr'20-Jan'21)

Source: BSE and NSE

Movement of Benchmark Indices

Sensex and Nifty reached their all-time peak in February 2021 on the back of robust corporate performance, low funding cost and strong foreign portfolio investor (FPI) investment inflows. FY 2020-21 witnessed a record FPI inflow of USD 36.2 billion (till 30th March), the highest in a decade after 2014-15. The rally, however, was interrupted intermittently by a surge in the US treasury yields, a rise in crude oil prices and fresh spikes in COVID-19 cases in certain Indian states due to the second wave towards the end of the year. At the end of 2020-21, Sensex and Nifty posted a positive return of 68 percent and 70.9 percent respectively, after witnessing a fall of 23.8 percent and 26 percent, respectively during 2019-20.

iii. Insurance Sector

The performance and potential of the insurance sector are assessed using two indicators - Insurance Penetration and Insurance Density. In India, Insurance penetration for the Life and Non-Life sectors is tabulated below. The penetration in life insurance has steadily increased to 3.2 percent in 2020. On the Non-Life insurance side, the penetration has reached the 1 percent mark in 2020. Globally insurance penetration was 3.3 percent for the life segment and 4.1 percent for the non-life segment in 2020. The penetration is significantly lower in India for Non-life insurance as compared to other countries and the global average.

The density of Life as well as Non-life segments is also tabulated below. The density for Life insurance is USD 59 in 2020 and Non-Life insurance is much lower at USD 19 in 2020 in India. Globally, insurance density was USD 360 for the life segment and USD 449 for the non-life segment respectively in 2020.

Table 6 - Penetration and Density in Life Insurance

Parameter	2016	2017	2018	2019	2020
Insurance penetration (premium as percentage of GDP)	2.72	2.76	2.74	2.82	3.2
Insurance density (premium per capita in USD)	46.5	55.0	55.0	58.0	59.0

Source: SwissRe

Table 7 - Penetration and Density in Non-life Insurance

Parameter	2016	2017	2018	2019	2020
Insurance penetration (premium as percentage of GDP)	0.77	0.93	0.97	0.94	1.0
Insurance density (premium per capita in USD)	13.2	18.0	19.0	19.0	19.0

Source: SwissRe

During 2019-20, the gross direct premium of Non-Life insurers was ₹ 1.89 lakh crore, as against ₹ 1.69 lakh crore in 2018-19, registering a growth of 11.45 percent. Within the non-life category, motor and health segments primarily are the main contributors to the industry to report this growth. The Life insurance industry recorded a premium income of ₹ 5.73 lakh crore in 2019-20, as against ₹ 5.08 lakh crore in the previous financial year, registering a growth of 12.75 percent.

SECTION C

REVIEW OF POLICIES, PROGRAMMES AND ACTIVITIES OF THE AUTHORITY

As one of the largest and fastest-growing economies, India has been a major consumer of International financial services. The 2007 report of the committee set up by the Ministry of Finance (popularly known as the Percy Mistry Committee) had estimated that even under conservative assumptions, purchases by Indian households and firms of International financial services will be nearly USD 50 billion by 2015 and could exceed USD 120 billion by 2025. Thus, with the objective of bringing back to India the international financial service business generated from India, and gradually emerging as an international financial services hub at the regional and global level, the Government of India operationalized India's maiden IFSC at GIFT Multi Services SEZ in April 2015.

According to the Global Financial Centres Index (GFCI) report, (March 2021) the IFSC in GIFT City has been placed amongst the top 15 centres globally, which are likely to become more significant over the next two to three years. GIFT IFSC is a special financial zone which is treated as an offshore territory under Indian foreign exchange regulations. The Centre provides world-class financial services to non-residents and residents, to the extent permissible under the regulations, in freely convertible foreign currency. The maiden IFSC in India offers a wide spectrum of opportunities across various business segments such as Banking, Capital Markets, Fund Management, Aircraft Leasing, and Insurance, among others. The Centre is fast emerging as a preferred gateway for outbound and inbound capital flow into India.

The Government of India recognised that the development of financial services and products in the IFSCs would require focused and dedicated regulatory interventions. Moreover, the dynamic nature of business in an IFSC would require a high degree of inter-regulatory coordination within the financial sector. Hence, a need was felt for having a unified financial regulator for IFSCs in India to provide a world-class regulatory environment. The IFSCA Act was passed in December 2019 and IFSCA commenced its operation as a unified regulator in October 2020. IFSCA has been vested with the combined powers of four domestic regulators namely RBI, SEBI, IRDAI and PFRDA and has a mandate to develop and regulate financial products, financial services, and financial institutions within the IFSCs in India.

THE VISION OF THE HON'BLE PRIME MINISTER FOR IFSC INCLUDES

"MY VISION IS THAT IN TEN YEARS FROM NOW, GIFT CITY SHOULD BECOME THE PRICE SETTER FOR AT LEAST A FEW OF THE LARGEST TRADED INSTRUMENTS IN THE WORLD, WHETHER IN COMMODITIES, CURRENCIES, EQUITIES, INTEREST RATES OR ANY OTHER FINANCIAL INSTRUMENT....THE CONCEPT OF AN INTERNATIONAL FINANCIAL SERVICES CENTRE IS SIMPLE BUT POWERFUL. IT AIMS TO PROVIDE ONSHORE TALENT WITH AN OFFSHORE TECHNOLOGICAL AND REGULATORY FRAMEWORK. THIS IS TO ENABLE INDIAN FIRMS TO COMPETE ON AN EQUAL FOOTING WITH OFFSHORE FINANCIAL CENTRES. GIFT IFSC WILL BE ABLE TO PROVIDE FACILITIES AND REGULATIONS COMPARABLE TO ANY OTHER LEADING INTERNATIONAL FINANCE CENTRE IN THE WORLD."

BANKING AND FINANCE COMPANIES

Activities with Respect to Regulations, Circulars, Guidelines etc.

The objective of IFSCA is to regulate, supervise and develop the Financial Institutions, Financial Products and Financial Services[17] in IFSCs in India. Banking functions and banking institutions are considered to be at the core of the IFSC ecosystem.

This chapter gives a picture of the measures taken by IFSCA towards regulation and development of banking and related services being carried out by the Banking Units (BUs) and Finance Companies (FCs), for FY 2020-21. The initial framework for banking in IFSC was laid down in terms of RBI Guidelines on setting up of IFSC Banking Units (IBUs) vide RBI Circular DOR.IBD.BC.14570/23.13.004/2014-15 dated April 01, 2015.

After IFSCA assumed the regulatory powers, under the IFSCA Act 2019, with effect from October 1, 2020, the IFSCA (Banking) Regulations were issued and notified on 20th November 2020. With a view to ensuring a smooth transition, the initial regulatory framework is broadly based on the framework laid out by the RBI with certain modifications considered necessary for providing impetus to the growth of banking business in GIFT IFSC.

The IFSCA (Banking) Regulations, 2020, provide broad principles for licensing, operations, and prudential norms for BUs in IFSCs. As provided in the regulations, a select set of directions/ circulars/ guidelines issued by RBI under various statutes have been made applicable to the BUs, mutatis-mutandis, for activities permitted to be undertaken by the BUs, under the Regulations, to the extent that they are not in conflict with the regulations. In case of conflict, the provisions of the regulations and circulars issued under the Regulations shall be applicable.

While addressing the need for changes in the extant regulatory framework for facilitating the international banking business by the BUs within the scope of activities permitted under the legal-regulatory framework, IFSCA is simultaneously working on designing and preparing a new comprehensive framework of regulations; operational and prudential guidelines, which would help in a more effective discharge of its role in developing and regulating the financial products, financial services and financial institutions in IFSCs. The proposed new framework shall be benchmarked to the best regulatory practices/ norms in other global/ regional International Financial Centres and International Standards, while harnessing the opportunities offered by the inherent strengths of India's domestic economy and financial system.

Licensing Criteria:

The extant Banking Regulations allow Indian and Foreign Banks to set up BUs – one per bank, in the form of a Branch or Representative Office in an IFSC in India. The parent bank is required to provide a minimum capital of USD 20 million to the BU for starting its operations, which shall be maintained on an unimpaired basis at all times. The applicant parent banks have to obtain a No Objection Letter from their respective home regulators for setting up a BU in IFSC and also submit an undertaking to provide liquidity to BU, whenever needed. For foreign banks, not having a presence in India, an additional screening mechanism is applicable for approving their application for setting up a BU in IFSC.

Prudential Requirements:

The regulations have prescribed certain prudential regulatory requirements for the BUs, such as Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Leverage Ratio and Exposure ceilings for BUs. As the regulations also permit retail banking business by the BUs, an additional requirement

17. Defined under section 3 (1) (c), 3 (1) (d), 3 (1) (e) of the IFSCA Act, 2019 in the form of Retail Deposit Reserve Ratio (RDRR) has been prescribed, in view of the absence of a Lender of Last Resort (LOLR) and centralized deposit insurance facility. For other applicable prudential requirements, the Authority has adopted various circulars/ master directions of RBI vide IFSCA Circular no. 110/IFSCA/Banking Regulation/2020-21/1 dated December 04, 2020. The prudential requirements stipulated in regulations/circulars are:

1. **Liquidity Coverage Ratio (LCR):** As per IFSCA Circular 110/IFSCA/Banking regulation/2020-21/5 dated December 11, 2020, BUs were required to maintain an LCR of 90% on a standalone basis till Mar 31st, 2021. Further, BUs were advised to maintain LCR at 100% from April 2021 onwards at the BU level. The BUs may maintain LCR at the Parent level subject to permission from IFSCA.
2. **Net Stable Funding Ratio (NSFR):** As per regulation 5(2) of the IFSCA (Banking) Regulations 2020, NSFR is made applicable to the BUs when determined by the authority. As per IFSCA Circular 110/IFSCA/Banking Regulation/2020-21/5 dated December 11, 2020, NSFR is not applicable as of now for the operations of BUs.
3. **Leverage Ratio (LR):** As per IFSCA Circular 110/IFSCA/Banking Regulation/2020-21/5 dated December 11, 2020, the LR may be maintained by the parent bank and at the level specified by the home regulator, subject to the regulations applicable to the parent bank. The BU shall submit a quarterly certificate to this effect to the Authority signed by an authorized official of its parent bank.
4. **Retail Deposit Reserve Ratio (RDRR):** BUs shall be required to maintain an RDRR on daily basis at 3% of the deposits raised from Qualified Individuals, Qualified Resident Individuals, and persons resident in India, outstanding as on the end of the previous working day. The RDRR may be maintained in any freely convertible foreign currency and in the form of balance in the Nostro account of the BU or as holdings of sovereign debt securities (including T-bills) rated investment grade or above by at least two rating agencies of international standing.
5. **Exposure Ceilings:** As per regulation 7 of the IFSCA (Banking) Regulations 2020, BUs are subject to an exposure ceiling of 5% of the Tier-1 capital of the Parent Bank in case of a single borrower and 10% of the Tier-1 capital of the Parent Bank in case of borrower group shall be applicable to BUs.

Permissible Activities:

1. Deposits:

In view of the importance of enabling retail banking business in IFSCs, with necessary safeguards, a qualification criterion based on net worth has been prescribed for individuals desiring to avail of the banking deposit account services offered by the BUs. Accordingly, Qualified Individuals[18], Qualified Resident Individuals[19] and Resident/ Non- Resident Corporates or Institutional Entities can open and maintain foreign currency accounts[20] in any freely convertible foreign currency with BUs in IFSC, subject to conditions[21]. BUs are permitted to deal only in a freely convertible foreign currency except for the purposes expressly permitted for dealing in INR, subject to provisions under the FEMA Act, 1999. All banking transactions shall be carried out through bank account transfers only.

18. "Qualified Individual" means an individual who is a person resident outside India having net worth not less than USD 1 Million or equivalent in the preceding financial year, which may be determined in such manner as specified by the Authority.

19. Qualified Resident Individual" means an individual who is a person resident in India having net worth not less than USD 1 million or equivalent in the preceding financial year, which may be determined in such manner as specified by the Authority.

20. a) BUs are permitted to open Current account, Savings account, and Term Deposit account by a QI or a QRI in any freely convertible foreign currency. b) BUs are permitted to open Current account and Term Deposit account by persons other than a QI or a QRI in any freely convertible foreign currency. c) BUs are permitted to open Current account by persons resident in India, being individuals, for the purpose of investment in securities by remitting foreign currency under the Liberalized Remittance Scheme of the RBI.

21. BU shall satisfy itself prior to accepting deposits from a person resident in India that such transaction is in compliance with the regulations or directions, or guidelines issued by the Reserve Bank of India regarding placement of deposits outside India in foreign currency by a person resident in India.

2. Advances and Investment:

BUs are permitted to offer a plethora of lending/ investment products in IFSC, namely:

i. Loans, trade finance and acceptances, commitments and guarantees: BU may act as a lender in rupee-denominated loans, in any form, to persons resident in India and persons resident outside India. Deployment of funds with persons resident in India shall be subject to the provisions of FEMA, 1999.

ii. Credit enhancement and Insurance

iii. Sale and purchase of portfolios

iv. Investments

v. Inter-bank lending/ borrowing

vi. Post shipment export credit

vii. Factoring and forfaiting of export receivables

viii. Undertake equipment leasing (including aircraft leasing)

ix. Lending to resident/ non-resident retail investors (resident individuals are subject to provisions under FEMA Act, 1999).

3. Derivative Products:

BUs are permitted to deal in a gamut of Derivative Products, and they can:

i. Enter into Over the Counter (OTC) derivative contracts:
   - for its asset-liability management requirements
   - for its own account or for corporate or QI clients
   - to offer structured derivatives/deposits to customers

ii. Participate in INR interest rate and currency derivatives, with settlement in forex, listed on Stock Exchange

iii. Offer INR Overnight Index Swap (OIS) to non-residents

iv. Undertake gold derivative or forward contracts for hedging its gold investments

v. Offer Non-deliverable currency contracts to Non Residents or Banks in India having presence in IFSC.

For the purpose of facilitating OTC Derivative transactions at IFSC, the Authority vide its circular 110/ IFSCA/ Banking Regulation/2020-21/2 has, inter alia, adopted RBI's Circular DBOD No.BP. BC.86/21.04.157/2006- 07, with certain modifications.

The BUs are permitted to offer FCY-FCY derivatives (to be settled in FCY) and FCY interest rate derivatives (to be settled in FCY) to persons resident in India, subject to the provisions of FEMA, 1999. The BUs can undertake FCY-INR Non-Deliverable Derivative Contracts (NDDCs), Interest Rate Swap (IRS) (including OIS) and Forward Rate Agreement (FRA) with an AD Category-1 bank in India having a BU.

In the portfolio of derivative contracts, NDDCs constitute a major share in the derivative transactions taken in IFSC. Other products include IRS, OIS, Currency Swaps, Currency IRS, Forward, and Options, among others.

For the purpose of facilitating trading activities by the BUs, the Authority vide its Circular 201/IFSCA/ETP/2020-21 inter alia, adopted the "Electronic Trading Platforms (Reserve Bank) Directions, 2018" (the direction) dated October 05, 2018, to be applicable to be the BUs, with certain modifications. The BUs have been allowed to undertake permissible transactions through an Electronic Trading Platform (ETP) without the need for such ETP to be a company incorporated in India. The BUs are also permitted to undertake permissible transactions by using services of third-party voice brokers. Risk arising from undertaking transactions at ETP or through voice brokers has to be appropriately mitigated by the BUs.

In recognition of the importance of increasing the INR NDF trading activity in IFSCs, IFSCA has constituted an expert committee headed by Shri. G. Padmanabhan - Former Executive Director, RBI to recommend the measures required to position IFSC as a hub for offshore trading in INR. Terms of reference for the committee are as below:

a. To determine the regulatory and infrastructural requirements necessary to create the enabling conditions for the development of IFSC as a hub for offshore trading in INR.

b. To assess the current regulatory and infrastructural facilities at IFSCs in light of the requirements determined.

c. To recommend specific measures to bridge the identified gaps between (a) and (b) in the form of a report.

Table 8 - Table of Important Regulations /Directions / Circulars / Guidelines issued by IFSCA in Respect of BUs/ FCs and FUs:

S. No.	Regulations /Directions / Circulars / Guidelines	No.	Date of Issuance
1	IFSCA (Banking) Regulations, 2020	IFSCA/2020-21/GN/REG004	18.11.2020
2	IFSCA (Banking) (Amendment) Regulations, 2021	IFSCA/2020-21/GN/REG009	25.03.2021
3	IFSCA (Finance Company) Regulations, 2021	IFSCA/2020-21/GN/REG010	25.03.2021
4	IFSCA (Banking) Regulations,2020 -Directions for implementation	110/IFSCA/Banking Regulation/2020-21/1	04.12.2020
5	OTC Derivatives at IFSCs	110/IFSCA/Banking Regulation/2020-21/2	04.12.2020
6	IFSCA (Deposits) Directions, 2020	110/IFSCA/Banking Regulation/2020-21/3	04.12.2020
7	Directions on business in foreign currency at International Financial Services Centres (IFSCs)	110/IFSCA/Banking Regulation/2020-21/4	04.12.2020
8	IFSCA (Banking) Regulations, 2020–Prudential regulatory requirements	110/IFSCA/Banking Regulation/2020-21/5	11.12.2020
9	IFSCA (Banking) Regulations, 2020 –Guideline on determination of net worth of ‘Qualified Individual’ and ‘Qualified Resident Individual’	110/IFSCA/Banking Regulation/2020-21/6	11.12.2020
10	Instructions and clarifications on circulars issued under the IFSC (Banking) Regulations, 2020	110/IFSCA/Banking Regulation/2020-21/7	24.12.2020
11	IFSCA (Banking) Regulations, 2020 – Directions for implementation – Transfer of assets through loan participation agreement	110/IFSCA/Banking Regulation/2020-21/8	30.12.2020
12	Reporting of data on OTC derivatives undertaken by the Bus	110/IFSCA/Banking Regulation/2020-21/9	02.02.2021
13	Reporting of data on structured deposits accepted by Banking Units.	110/IFSCA/Banking Regulation/2020-21/10	03.02.2021
14	Transactions with residents of Nepal and Bhutan-clarification	110/IFSCA/Banking Regulation/2020-21/11	11.02.2021
15	IFSCA (Banking) Regulations, 2020 - Directions for implementation - Definition of Constituent	110/IFSCA/Banking Regulation/2020-21/12	16.02.2021
16	Net worth criteria for Resident individuals in India for opening bank account with Banking Unit (BU) for the purpose of investing in securities – Clarification	110/IFSCA/Banking Regulation/2020-21/13	19.02.2021

Finance Company / Units

The Finance Companies/Units play an important role in bringing vibrancy to the financial services ecosystem by offering a range of financial services like factoring and forfaiting, investment advisory, portfolio management services, aircraft leasing, and ship leasing among others, thus complementing the role of the BUs.

The IFSCA (Finance Company) Regulations were issued on March 25, 2021, with an objective to provide a risk-focused competitive environment for financial institutions, ensuring fairness, transparency and efficiency while being aligned to the best international standards.

The unique aspect of the regulations is that they intend to provide way for entities to undertake activities that are allowed only to a select non-bank intermediary such as undertaking factoring and forfaiting of receivables, derivative transactions and further provide a way for setting up of global or regional corporate treasury centres and family offices, among others in IFSCs. In order to achieve a balance between regulations and operational freedom to the entities, the Finance Company regulations are based on the BASEL framework with certain relaxations. The applicability of regulations is based on the scale of operations and the type of activity undertaken.

The regulations permit entities to be set up in IFSC, after registration with the Authority, in modes like as a subsidiary, joint venture, branch, etc. The branch is termed as a Finance Unit (FU) and can be set up provided the investing entity or the ultimate parent of the investing entity, as the case may be, is carrying out regulated financial activities in its home jurisdiction. The activities permitted are categorized into three categories i.e., specialized, core and non-core activities, depending upon the outlay of funds and complexity.

Entities undertaking only non-core activities are required to have a minimum capital fund requirement of USD 0.2 million or equivalent in any freely convertible currency, and such entities are not subject to any prudential or corporate governance regulations except for adherence to guidelines on ‘Fit and Proper’ criteria for directors, as set out by the Authority. The entities undertaking core activities which include lending, financial lease transactions, investments, and buying & selling of derivatives, among others, are required to have a minimum capital fund of USD 3 million or equivalent in any freely convertible currency. On the other hand, entities intending to carry out specialized activities which include factoring and forfaiting of receivables and credit enhancement are required to have a minimum capital fund of USD 5 million. Further, entities carrying out either core and/ or specialized activities are subject to prudential requirements like Capital Ratio, Liquidity Coverage Ratio, Exposure Ceiling Norms, Corporate Governance and Disclosure Requirements as specified by the Authority.

Transaction/Processes/Operations/Trends

The Banking ecosystem in IFSC has 15 IBUs operating as on March 31, 2021. Three multinational banks started their operations as IBUs in FY 2020-21.

Table 9 - Assets of IBUs

Particulars	Outstanding as on Mar 31, 2020	Outstanding as on Mar 31, 2021
Total Assets at IFSC (in USD Million)	14,103.8	14,977.0

Table 10 - Details of the Operations of IBUs:

Particulars	As on Mar 31, 2020	As on Mar 31, 2021
No. of IBUs at IFSC	12	15
No. of employees at all IBUs located in IFSC	87	118

Among the activities performed by IBUs, sources of fund raising have been inter-bank and inter-branch borrowings, medium-term notes, borrowings from multilateral institutions, etc. Activities on asset deployment have been largely concentrated on trade finance and commercial loans.

Total Customer Credit of the IFSC Banking ecosystem as on March 31, 2021 stands at USD 11.58 billion and total asset size of IBUs is USD 14.97 billion.

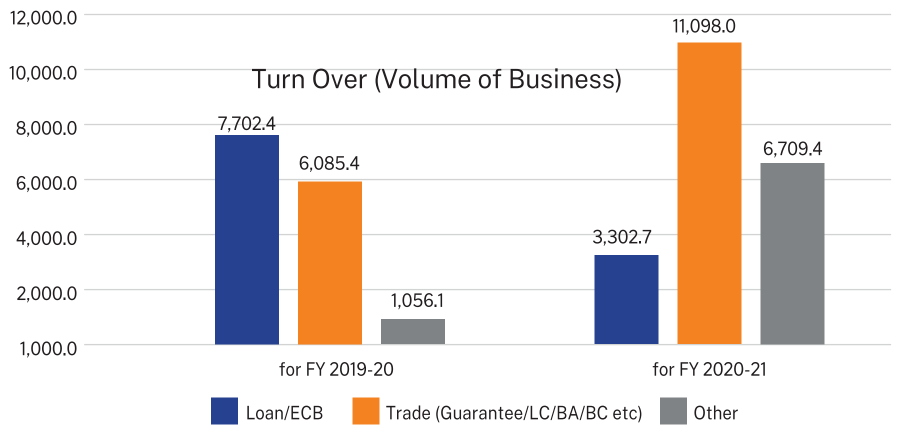

Fig.5

Turnover of IBUs in IFSC (in USD Million)

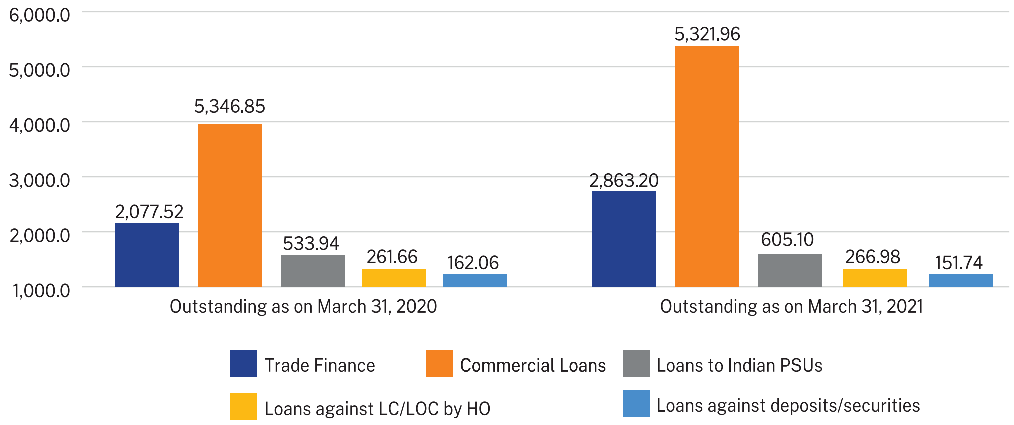

Fig.6

Outstanding of Major Credit Products (in USD Million)

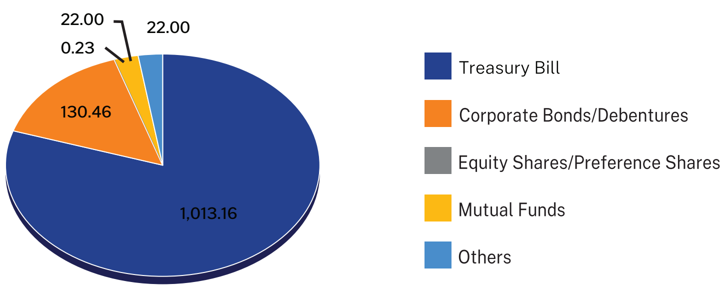

Fig.7

Investment Types Outstanding as on March 31, 2021 (in USD Million)

Table 11 - A Comparison of Derivative Contracts Outstanding at IBUs (in USD Million)

Derivative Outstanding	Outstanding as on Mar 31, 2020	Outstanding as on Mar 31, 2021
Non-Deliverable Derivative Contracts (FCY-INR)	-	18,128.8
FCY-FCY forwards	3,011.2	1,483.0
FCY-FCY currency swap	802.5	839.5
FCY-FCY currency option	310.6	10.0
Interest rate swap (IRS)	20.5	25.0
Currency Interest rate swap (CIRS)	54.8	258.5
Interest rate swap (IRS) (including overnight indexed swaps (OIS))	22,732.8	24,600.7
Others	27.4	46.3
Total	26,959.8	45,391.8

Fig.8

Major Exposure of IBUs in Countries

Advocacy and Outreach: Campaigns, Engagements /Consultations, Publications etc.

IFSCA is in the process of obtaining membership in premier international financial forums of banking regulators and supervisors. The Authority is also keen to enter into bilateral MoUs with counterparties across the world. IFSCA also engaged with the Bank of England (BoE), Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA), the UK for sharing insights regarding various opportunities in IFSC.

Policies and Programmes for the Following Year

1. Capacity building through FSI Connect - Bank for International Settlements' (BIS's) web-based information resource and learning tool.
2. Entering into MoUs with other regulators.
3. Formulating Foreign Currency Clearing Agreement.
4. Constitution of an Expert Committee on positioning IFSC as a Hub for Offshore trading in INR.
5. Issuance of IFSCA Banking Handbook - Independent Regulatory Framework for Banking.
6. Exploring the possibility of a Wholly Owned Subsidiary (WOS) model for banking business under a suitable regulatory framework.
7. Roll-out of operational guidelines on various aspects covered in the FC regulations which would include aspects related to prudential regulations, capital framework, corporate governance guidelines, and conduct of business regulations, among others.
8. Issuance of activity-specific guidelines on factoring, forfaiting, operating lease for ships and other activities as and when enabled.

CAPITAL MARKET

The role of the securities market is to facilitate efficient allocation of capital to the companies and contribute towards the overall development of the economy. There are several types of securities such as equity shares, debt instruments, convertible securities, units of funds, derivatives etc. The capital markets play an important role in channelizing savings and investments into the financial system.

The capital market in IFSC has the potential to be the gateway to channelize the flow of foreign capital into India through various means including fund management and raising of capital through listing of securities on IFSC exchanges.

The funds set up in IFSC can pool capital from foreign investors and NRIs for investments into various products in the securities markets in India. Further, the fund ecosystem in IFSC can also contribute towards attracting foreign investments in certain sectors such as start-ups, SMEs, green and sustainable financing, real estate projects, infrastructure investments, etc.

The Indian corporates (including banks, CPSEs etc.) can also raise capital through the listing of foreign currency bonds and/ or masala bonds on the stock exchanges in IFSC.

Going forward, the capital markets in IFSC can aim to emerge as a regional/ global hub to attract investments from the investors (including India) for providing services and channelizing investments into other jurisdictions.

The regulatory framework for regulation of the securities market was initially specified by SEBI in the form of SEBI (International Financial Services Centres) Guidelines, 2015 and several circulars issued from time to time, inter alia providing the regulatory framework for:

a) Stock Exchanges, Clearing Corporations and Depositories
b) Intermediaries
c) Issue of capital
d) Issue of debt securities and
e) Funds

With effect from October 01, 2020, IFSCA is the regulator for the development and regulation of capital markets in IFSC. During the period of six months in the FY 2020-21, The Authority has taken several policy initiatives for the development of IFSC, aligned with the global best practices.

Activities with respect to Regulations, Circulars, Guidelines etc.

Market Infrastructure Institutions (MIIs)

The stock exchanges, clearing corporations and depositories (collectively referred to as MIIs) play an important role by providing the necessary infrastructure for ensuring that the markets are fair, efficient, orderly, and transparent and by providing the platform for trading of various products in the securities market with appropriate risk management in place.

In January 2021, IFSCA issued a consultation paper on the proposed unified regulations for MIIs with the objective of creating a simplified regulatory framework and promoting ease of doing business in IFSC.

Subsequently, the draft IFSCA (Market Infrastructure Institutions) Regulations, 2021 (“MII Regulations”) have been approved by the Authority in March, 2021. The draft MII Regulations, inter alia, provide more flexibility in terms of shareholding of MIIs in IFSC, prescribe enhanced governance norms and ensure adequate risk management by MIIs, in addition to other general obligations.

The Salient Features of the Draft MII Regulations

A. Shareholding

i. The shareholding of MIIs in IFSC shall be in the following manner:

Table 12 - Shareholding of MIIs in IFSC

MIIs	Without Consortium		With Consortium	
	Held by	%	Held by	%
Stock exchange	Stock exchange	At least 26	Consortium of MIIs	At least 51
	Any other person	Up to 25	Any other person	Up to 25
Clearing Corporation	Stock exchange or clearing corporation	At least 26	Consortium of MIIs	At least 51
	Any other person	Up to 25	Any other person	Up to 25
Depository	Depository	At least 26	Consortium of MIIs	At least 51
	Any other person	Up to 25	Any other person	Up to 25

ii. The consortium shall be of MIIs, and the stock exchange(s) shall have at least 51% shareholding within the consortium.

iii. The acquisition of shareholding or voting rights by any person of 10 percent or more in recognised MIIs shall be with the prior approval of the Authority.

iv. The MIIs in IFSC shall be required to put in place an adequate monitoring mechanism to ensure compliance with the shareholding requirements and shall be required to submit their shareholding pattern to the Authority on a quarterly basis.

B. Net Worth

i. A recognised MII shall have a net worth of at least USD 3 million at all times. Further, if required, as a risk management measure, the Authority may prescribe a higher net worth for a recognised MII based on the nature and the scale of business of the entity.

ii. A recognised MII shall submit an audited net worth certificate from the statutory auditor on a yearly basis by the thirtieth day of September of every year for the preceding financial year, to the Authority.

C. Governance

i. The governing board of a recognised MII shall include shareholder directors, public interest directors, and managing director, within the timeline as may be specified by the Authority, in compliance with the requirements prescribed in the MII Regulations.

ii. The roles and responsibilities of the governing board of a recognised MII should be clearly specified and the procedures for its functioning, including procedures to identify, address, and manage conflicts of interest should be documented.

iii. The governing board of a recognised MII shall review the overall performance and the performance of its individual directors regularly.

iv. Every director and key management personnel of a recognised MII shall abide by such Code of Ethics and Code of Conduct as may be specified by the Authority.

v. A recognised MII shall constitute such committees as may be specified by the Authority from time to time.

vi. A recognised MII shall adopt an appropriate policy to segregate its regulatory departments from other departments.

D. General Obligations for Recognised Stock Exchanges and Clearing Corporations

The stock exchanges/ clearing corporations in IFSC are required to comply with the requirements in respect of:

i. clearing and settlement of trades,

ii. admission of securities,

iii. investor education and protection fund,

iv. settlement guarantee fund,

v. trading hours and settlement,

vi. risk management,

vii. halting trading by stock exchanges,

viii. co-location by stock exchanges,

ix. business continuity plan and disaster recovery,

x. utilization of profits and investments,

xi. equal, fair, and transparent access,

xii. maintenance of books of accounts and records,

xiii. bye-laws and rules,

xiv. settlement and netting,

xv. obligations of clearing corporations in commodity derivatives, and right of clearing corporations to recover dues.

E. General Obligations for Recognised Depositories

The depositories in IFSC are required to comply with the requirements in respect of:

i. securities eligible for dematerialization,

ii. agreement between depository and participants,

iii. agreement between depository and issuers,

iv. systems and procedures,

v. connectivity,

vi. mechanism for investor protection,

vii withdrawal by participants,

viii. risk management,

ix. business continuity plan and disaster recovery,

x. maintenance of records,

xi. co-operation,

xii. pledge, and

xiii. equal, fair, and transparent access.

Capital Market Ecosystem at IFSC

Stock Exchanges

Stock Exchanges provide critical infrastructure and liquidity, which help the investors and market participants in buying and selling securities at fair market prices. A stock exchange plays a key role for the companies and institutions to access capital from the market. The regulated ecosystem ensures transparency and security, which helps the investors to maintain their wealth safely, along with the opportunity to participate in the growth and business cycle of the companies and of the country as a whole.

Presently, IFSC has two international Stock Exchanges namely,

i. India International Exchange (IFSC) Limited ("India INX") and

ii. NSE IFSC Limited ("NSE IFSC").

India INX was inaugurated by the Hon'ble Prime Minister of India, on Jan 09, 2017, and commenced its operations from Jan 16, 2017. Subsequently, NSE IFSC commenced its operations on June 05, 2017.

Image 1. Hon'ble Prime Minister of India, Shri Narendra Modi at the launching event of India INX

Image 2. Launch of NSE IFSC by the Hon'ble Chief Minister of Gujarat, Shri Vijaybhai Rupani

Renewal of Recognition of Stock Exchanges

During the year, SEBI granted renewal of recognition to NSE IFSC for a period of one year commencing on May 29, 2020. IFSCA started functioning as the sole unified regulator for IFSC on October 01, 2020. IFSCA granted renewal of recognition to India INX for a period of one year commencing on December 29, 2020.

Clearing Corporation (CC)

A Clearing Corporation is an institution associated with a stock exchange that handles the confirmation, clearing and settlement of transactions that are executed on the exchange. CCs fulfil the main obligation of ensuring that transactions are settled between counterparties in a prompt and efficient manner.

There are two CCs operational in IFSC namely,

i. India International Clearing Corporation (IFSC) Limited ("India ICC") and

ii. NSE IFSC Clearing Corporation Limited ("NICCL")

"India ICC" commenced operations on January 16, 2017, by clearing derivatives on India INX - Futures and Options on S&P BSE SENSEX Index and S&P BSE SENSEX 50 Index and international individual equities/ single stocks. Subsequently, NICCL commenced its operations on June 05, 2017.

Renewal of Recognition of CCs

SEBI accorded renewal of recognition to NICCL for one year, commencing on May 29, 2020. IFSCA accorded the renewal of recognition to India ICC for a period of one year, commencing on December 29, 2020.

Depository

A Depository is a specialist financial organization holding securities such as equity shares in dematerialized form so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates. This allows brokers and financial companies to hold their securities at one location where they can be available for clearing and settlement.

IFSCA has granted registration to two depositories namely,

i. Central Depository Services Limited (CDSL) and

ii. National Securities Depository Limited (NSDL).

CDSL incorporated its wholly owned subsidiary, CDSL IFSC Limited on March 30, 2021.

Products Available for Trading on the Exchanges

1. Derivatives

These are contracts between two or more parties whose value is based on an agreed-upon underlying financial asset (like security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indices, and stocks. Common types of derivatives available for trading at the IFSC exchanges are as below:

a) Index derivatives

b) Equity derivatives

c) Currency derivatives

d) Commodity derivatives

2. Depository Receipts (DRs)

A DR is a negotiable financial instrument representing underlying securities of a company issued or listed in another jurisdiction.

3. Debt Instruments

A debt instrument is an asset that an entity uses to raise capital or generate an investment income. The issuer repays the interest and principal over a period of time. The following are some of the debt instruments listed on the IFSC exchanges:

a) Foreign Currency Bonds

b) Masala Bonds

c) Green / Social / Sustainable Bonds

NSE IFSC-SGX Connect

NSE IFSC-SGX connect will bring together international and IFSC participants to create a bigger liquidity pool for Nifty products in IFSC. The buy and sell orders in NIFTY derivatives from SGX shall be routed through a subsidiary, SGX SPV, to the order matching platform on NSE IFSC. The SGX SPV will act as a pass-through entity for orders entered through SGX. NSE IFSC will match orders received from SGX SPV along with orders from its own trading members in GIFT IFSC.

Progress

SGX has incorporated a SPV in IFSC named "SGX India Connect IFSC Private Limited" in February 2021. Subsequently, the SPV has been admitted as a trading cum self-clearing member by NSE IFSC and NICCL.

Segregated Nominee Account Structure (SNAS)

SEBI through circular SEBI/HO/MRD/DRMNP/CIR/P/2018/83 dated May 24, 2018, permitted SNAS in IFSC wherein orders of Foreign Investors may be routed through eligible Segregated Nominee Account Providers for trading on IFSC Exchanges.

The broad features of SNAS are as follows:

i. Order of foreign investors may be routed through Segregated Nominee Account Providers ("providers") on Stock Exchange in IFSC.

ii. Providers shall be registered with Stock Exchanges/ Clearing Corporations.

iii Providers shall be required to ensure appropriate due diligence of end-clients as per global standards including KYC and AML compliance before onboarding clients for offering Segregated Nominee Accounts to them.

iv Each end-client shall be assigned a Unique Client Code (UCC), which shall be unique across all end-clients of all Providers, by Stock Exchange/ Clearing Corporation in IFSC.

v UCC shall be used at the time of order entry by the 'providers' of their end-client.

Box 1 - How SNAS Works?

How SNAS works?

A.
- Provider on-boards end-clients to trade on the Stock Exchanges
- Each client can register only with one Provider
- Provider can offer Margin Funding to clients
- Details of end-client available only with Provider

B. Provider can choose multiple Trading Members (TMs) for execution of trades

C. Provider can choose multiple Clearing Members (CMs) for clearing of trades.

D. Trades executed by TM are cleared and settled by the designated CM of client of a Provider after give-up by the default CM of TM

E. Each Client's trades are cleared and settled through only one CM ("Designated CM")

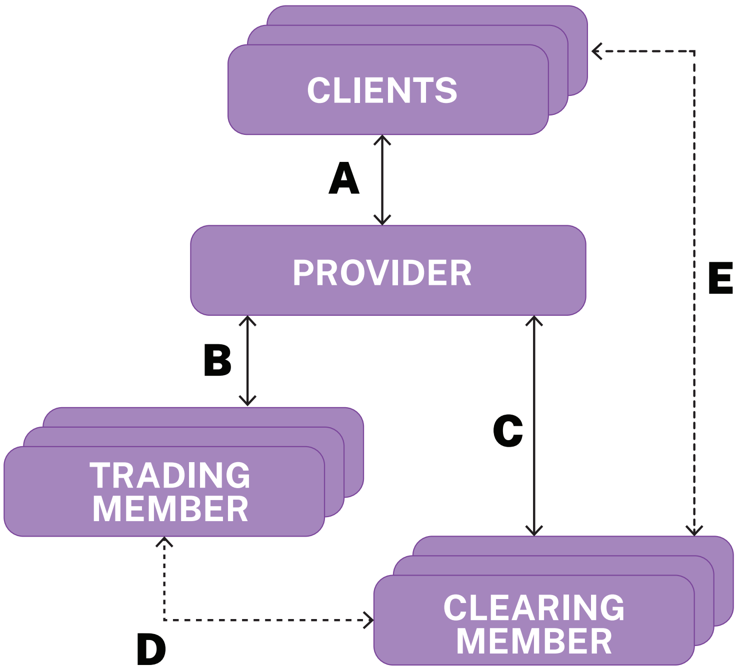

Fig.9

SNAS ARCHETYPE

India INX Global Access

India INX launched Global Access on September 18, 2018, to facilitate access to global exchange markets through a single centralized platform. Global Access offers easy access to a diverse range of multi-asset class products traded on international exchanges to its members in IFSC.

Extension of Liquidity Enhancement Scheme (LES)

IFSCA on October 07, 2020, has issued a circular extending the period of LES for an additional period of up to five years. This initiative would enable the stock exchanges to attract more liquidity to their products. Under the scheme, the stockbrokers and other market intermediaries are given incentives for a specified period of time to enhance the liquidity of securities which have limited trading activity.

Market Intermediaries

Custodians

A custodian is a specialized financial institution that acts as a safekeeper of the investor's assets. The custodian may hold stocks or other assets in electronic or physical form. The role of a custodian is to provide safekeeping of assets/ securities to minimize the risk of misappropriation, misuse, theft, and/ or loss of securities. A custodian can also be a clearing member, hence performing clearing and settlement of transactions of its custodial clients.

A custodian performs three primary responsibilities:

i. Safekeeping of assets

ii. Trade processing (clearing and settlement), and

iii. Asset servicing

Additionally, a custodian also:

i. Keeps the client informed of the actions taken or to be taken by the issuer of securities, having a bearing on the benefits or rights accruing to the client

ii. Keeps the client informed of the actions taken or to be taken w.r.t. the goods held on its behalf

iii. Maintains and reconciles the record of services.

Recognition of Custodian of Asset/Securities

The safekeeping and servicing of an investor's assets is a critical function in the financial ecosystem. In order to facilitate a vibrant ecosystem for custodial services in IFSC, IFSCA has issued a Framework for Recognition as Custodian of assets/ securities on February 24, 2021. The IFSCA circular on the same enabled the following type of entities to provide custodial services after obtaining recognition from the authority:

i. Registered and regulated in India as a custodian.

ii. Registered and regulated in overseas jurisdictions as a custodian.

iii. Registered and regulated in overseas jurisdictions as other capital market intermediary.

iv. Others.

The circular inter-alia covers the eligibility norms, legal structure of the entity, minimum net worth requirement, and related matters. The above framework has been envisaged so as to facilitate more international participation in order to have a vibrant ecosystem in IFSC.

Trading Members

Broker dealers/ Trading members are entities which execute trades on their own account as well as on behalf of their clients on the Stock Exchanges. They, however, do not perform clearing and settlement of trades executed by them or by other Broker dealers/ Trading members.

Table 13 - Trading Members in GIFT IFSC

Stock Exchanges in GIFT IFSC (as on March 31, 2021)	India INX	NSE IFSC
No. of trading members	53	50

With a view to expand the depth and reach of the market for exchange traded securities in IFSC, IFSCA vide circular dated F. No. 68/IFSCA/MRD-AP/2020-21 October 14, 2020, permitted stockbrokers/ trading members (registered with either IFSCA or SEBI or both) of the stock exchanges to provide market access to investors through Authorized Persons based in foreign jurisdictions. The stock exchanges and stockbrokers shall have the operational flexibility to prescribe requirements/ guidelines, in addition to those stated in the framework, as they deem fit, in the interest of investors and the market.

Clearing Members

A Clearing Member has the responsibility of clearing and settlement of all deals executed by a Broker dealer/ Trading member.

Primarily, the Clearing Member performs the following functions:

i. Clearing – Computing obligations of all his Trading Members i.e., determining positions to settle.

ii. Settlement - Performing actual settlement.

iii. Risk Management – Setting position limits based on upfront deposits/ margins for each Trading Member.

Table 14 - Clearing Members in GIFT IFSC

Clearing Corporation (as on March 31, 2021)	Self-Clearing member	Trading Cum Clearing Member	Professional Clearing Member
India ICC	3	5	1
NICCL	3	5	0

Foreign Brokers and Clearing Members

IFSCA vide circular F. No. 113/IFSCA/CMD-TMCM/2020-21 dated December 11, 2020, has permitted eligible foreign entities to set up a branch office in IFSC and operate as stockbrokers and clearing members subject to approval by the Authority. Hitherto, all trading members and clearing members were required to set up a separate entity to become members of a Stock Exchange or a Clearing Corporation in IFSC.

Portfolio Managers (PMs)

The regulatory framework for PMs was specified by SEBI in the SEBI (IFSC) Guidelines, 2015 read with operating guidelines issued vide circular dated September 09, 2020.

Salient features of the regulatory framework for PMs are as follows:

A. Registration

In terms of the operating guidelines, an entity, being a company or an LLP, which has the minimum prescribed net worth can act as a PM in IFSC, in the following forms –

a) Any SEBI-registered intermediary (except trading member or clearing member) or its international associates in collaboration with such SEBI-registered intermediary may provide Portfolio Management Services (PMS) in IFSC, by setting up a branch in IFSC, subject to the prior approval of the regulator. Further, it shall ensure that:

   i. Exclusive manpower shall be allocated for providing PMS from the branch in IFSC.

   ii. The branch shall comply with all the provisions (except obtaining Registration) specified in the operating guidelines.

   iii. The parent entity shall be required to ring-fence its domestic operations, legally, financially, operationally and technologically, from its operations in IFSC.

b) Other entities (i.e., in the form of a corporate or LLP or any other similar structure recognised under the laws of its parent jurisdiction), based in India or in a foreign jurisdiction, desirous of operating in IFSC as a PM, may form a company or LLP to provide PMS. However, the formation of a separate company or LLP shall not be applicable in case the applicant is already a company or LLP in IFSC.

B. Certification

Principal officer and employees having decision making authority related to fund management and who are resident outside India may have certification from any other organization or institution or association or stock exchange which is recognised/ accredited by a financial market regulator in that foreign jurisdiction. However, certification from NISM shall be mandatory in case the aforesaid persons deal in Indian securities markets.

C. Net-Worth

   i. The applicants shall have a net worth of not less than USD 750,000.

   ii. In case the PM is set up as a branch, the net worth requirement is to be met by the parent entity.

   iii. In case the PM is set up as a subsidiary, the net worth requirement is to be met by the subsidiary itself. However, if the subsidiarydoes not meet the criteria, the net worth of the parent entity will be considered.

D. Minimum Investment Amount

PM operating in IFSC shall not accept from the client, funds or securities worth less than USD 70,000.

E. Segregation of Funds

PM operating in IFSC shall keep the funds of all clients in a separate account to be maintained by them in IBUs.

Investment Advisers (IAs)

The regulatory framework for IAs was specified by SEBI in the SEBI (IFSC) Guidelines, 2015 read with operating guidelines vide circulars dated January 09, 2020; February 28, 2020; and September 28, 2020.

Salient features of the regulatory framework for IAs are as follows:

A. Registration

The following persons shall be eligible to apply to the regulator for registration as an IA in IFSC:

a) Any entity, being a company or an LLP or any other similar structure recognised under the laws of its parent jurisdiction, desirous of operating in IFSC as an IA, may form a company or LLP to provide investment advisory services.

b) The formation of a separate company or LLP shall not be applicable in case the applicant is already a company or LLP in IFSC.

B. Net-Worth

a) The net worth requirement for registered IA in IFSC is USD 700,000.

b) In case the IA is set up as a subsidiary, the net worth requirement is to be met by the subsidiary itself. However, if the subsidiary does not meet the criteria, the net worth of the parent can be considered.

c) The IA/ parent entity shall fulfil the aforesaid net worth requirement, separately and independently for each activity undertaken by it under the relevant regulations.

C. Qualification and Experience Requirement

Partners and representatives of applicants offering investment advice shall have:

a) at all times, a professional qualification or post-graduate degree or post graduate diploma (minimum two years tenure) in finance, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the central government or any state government or a recognised foreign university or institution or association; and

b) an experience of at least five years in activities relating to advice in financial products or securities, or fund/ asset/ portfolio management, or investment advisory services.

D. Certification Requirement

Partners and representatives of the applicants offering investment advice shall have, at all times, a certification on investment advisory services:

a) in respect of partners and representatives, resident in India

i. from NISM; or

ii. from any other organization or institution including Financial Planning Standards Board India (FPSB India) or any recognised stock exchange in India provided that such certification is accredited by NISM.

b) in respect of partners and representatives, resident outside India, from any other organization or institution or association or stock exchange which is recognised/ accredited by a financial market regulator in that foreign jurisdiction.

However, certification from NISM shall be mandatory for partners and representatives of applicants who offer investment advice in relation to Indian securities markets.

IFSCA (Issuance and Listing of Securities) Regulations, 2021

The setting up of IFSC in India is aimed at tapping global capital flows to meet India's development needs and simultaneously provide a globally competitive financial platform for the full range of international financial services at the regional and global levels.

IFSCA has reviewed the existing regulatory framework for listing of securities in IFSC so as to align them with the latest market developments and to ensure that they reflect the best practices adopted globally.

IFSCA has on March 2021 issued a consultation paper on draft IFSCA (Issuance and Listing of Securities) Regulations, 2021, providing the regulatory framework for the following types of listing:

a) an initial public offer of specified securities by an unlisted issuer

b) a follow-on public offer of specified securities by a listed issuer

c) listing of specified securities by a start-up company or an SME

d) secondary listing

e) an initial public offer of specified securities by a Special Purpose Acquisition Company ("SPAC")

f) listing of depository receipts

g) listing of debt securities, and

h) listing of ESG debt securities.

IFSCA has proposed a framework for listing of SPAC on the recognised stock exchanges in IFSC, in order to promote innovation and enable companies, including technology-based companies and start-ups, to get access to capital through SPAC.

The Hon'ble Finance Minister, in the Union Budget for the financial year 2021-22, announced the setting up of a 'world-class' fintech hub at GIFT City in a bid to bolster innovation in FinTech industry. Therefore, the proposed framework by IFSCA aims to enable the listing of start-ups on the recognised stock exchanges in IFSC.

Further, foreign capital acts as an important enabler for economic growth and development for companies. The proposed Listing Regulations may facilitate the raising of foreign capital by Indian companies (particularly start-ups and SMEs) in a cost-effective manner.

Further, IFSCA aims to move towards becoming a prominent International Centre for sustainable finance, supporting the needs for ESG financing. Towards this direction, the proposed framework by IFSCA includes a framework for listing of ESG debt securities such as green bonds, social bonds, sustainable bonds, and sustainability linked bonds.

Depository Receipts (DRs)

On October 28, 2020, IFSCA issued the framework for listing of DRs in IFSC. The framework enables the eligible listed companies to raise capital through the issuance and listing of DRs on the recognised stock exchanges in IFSC.

The framework prescribed by IFSCA enables a company incorporated in India (outside IFSC) or in a Foreign Jurisdiction[22] to issue and list DRs on the stock exchanges in IFSC.

22. FATF compliant and whose securities regulator is a signatory to IOSCO MMoU or bilateral MoU with IFSCA

The salient features of the framework for listing of DRs are as follows:

a) **Offer Size:** The issue of DRs shall be of a size not less than USD 700,000 (or equivalent in foreign currency), or any other amount as may be specified by IFSCA from time to time.

b) **Filing of Offer Document:** The issuer, through the lead manager(s), shall file a draft offer document with IFSCA. The Authority may issue observations, if any, on the draft offer document.

c) **Initial Disclosures in the Offer Document:** The offer document shall contain disclosures relating to the public offer, including issuer disclosures, securities-related disclosures and issue-related disclosures as prescribed in the circular.

d) **Pricing:** The issuer may determine the price of the DRs in consultation with the lead manager(s) or through the book building process.

e) **Minimum Subscription:** The listing of DRs shall be permitted only if the subscription in the offer is not less than USD 700,000 (or equivalent in foreign currency) or any other amount as may be specified by IFSCA from time to time.

f) **Listing:** The DRs are required to be listed on the recognised stock exchanges in IFSC.

Additionally, the framework enables eligible companies having DRs listed on any exchange in India (outside IFSC) or a Foreign Jurisdiction[23] to list and trade such DRs on the stock exchange(s) in IFSC as an additional venue for trading, without any fresh public offering.

The companies having DRs listed on the stock exchanges in IFSC shall comply with the continuous obligations and disclosure requirements, including requirements related to:

a) Financial Statements

b) Disclosure of material or price sensitive events

c) Submission of shareholding pattern on quarterly basis

d) Description of corporate governance practices in its annual report

e) Disclosure of change of depository

f) Disclosure of corporate actions

g) Disclosures to the stock exchange(s) at the same time as they are released to its home exchange/ regulator where it has the primary listing.

Box 2 - First Listing of Depository Receipts

Dr. Reddy's Laboratories Ltd. is a listed company with equity shares listed on BSE Limited and NSE Limited and ADRs listed on NYSE. The company listed its depository receipts, as a secondary listing, on NSE IFSC Limited on December 09, 2020.

This marked the first listing of ADRs in IFSC (since its formation in 2015).

Debt Market

Debt plays a critical role in financing public and private organizations. Globally, with the onset of the COVID-19 pandemic, governments and corporates have raised substantial debt to fund healthcare expenditure and loss in revenue due to financial distress. According to the Institute of International Finance, the world has added USD 24 trillion of debt in 2020. The global Debt-to-GDP ratio has surged

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35% points to 355% of GDP in 2020, due to a decrease in global GDP and an increase in debt. Despite positive projections for GDP growth, the global Debt-to-GDP ratio is expected to remain high in 2021 due to the anticipated expenditure of governments on vaccination and fiscal stimulus, and disruptions in private sector revenues. Most central banks are expected to maintain ultra-low interest rates in 2021, to sustain economic recovery through the pandemic.

In India too, the government debt has raised significantly over previous years to fund COVID relief measures. The primary issuances of corporates in FY 2020-21, have increased (~6%) over the past year, as per CRISIL yearbook on the Indian debt market. The corporate yields in these issuances largely tracked G-Sec yields due to support measures taken by RBI and the Government. Despite the growth in debt, the corporate Debt-to-GDP ratio in India is low in comparison to most developed and developing nations.

The issuances in India are majorly driven by private placements while the BFSI sector continues to dominate the total issuances. For the corporate bond market to expand, it is important to concentrate beyond the Indian institutional investors. In this regard, foreign investors could play a vital role in broadening and deepening the Indian corporate debt market. Although, the net ECBs into India were negative in FY 2020-21, strong domestic macroeconomic fundamentals should sustain the capital flows into India. In the short term, the demand and supply of bonds to international investors would continue to be impacted by the pandemic but in the long term, IFSC can be a critical enabler in driving global capital inflows into India.

The listing of debt securities at IFSC exchanges is based on SEBI (International Financial Services Centres) Guidelines, 2015 and subsequent circular on Issuance, listing and trading of debt securities on exchanges in IFSC.

For issuance and listing of debt securities in IFSC, stock exchanges have evolved a detailed framework, approved by SEBI, prescribing

a. the eligibility criteria for the issuers, and
b. the issue requirements to be complied with by such eligible issuers for issuing debt securities in IFSC.

IFSCA, in its efforts to adopt the best practices of international jurisdictions, has issued a consultation paper on the draft IFSCA (Issuance and Listing of Securities) Regulations, 2021 in March 2021, which includes listing of debt securities.

Features of proposed draft regulations in respect of debt securities include:

a. The regulations would allow the following categories of debt securities to be eligible for listing on recognised stock exchanges in IFSC:
    i. Debt securities issued by issuers incorporated in IFSC
    ii. Debt securities issued by issuers incorporated in India or foreign jurisdiction in any currency other than INR
    iii. Masala Bonds
    iv. Any other debt securities as permitted by the Authority from time to time
b. The regulations would enable filing of shelf disclosure document for multiple issuances of debt securities through private placements.
c. The regulations would enable listings of ESG focused bonds based on international standards. The additional disclosure requirements prescribed would enable the use of proceeds of the debt capital to be deployed appropriately in green, social, and sustainable projects.

The overall debt listing in IFSC is around USD 5.5 billion in FY 2020-21. The exclusive debt listings in fiscal 2021, on recognised stock exchanges in IFSC, are expected to expand the bond market in IFSC.

A special focus of IFSCA would be facilitating the listing of green, social, and sustainable bonds. Globally, investors have become more conscious of incorporating ESG factors while evaluating their capital allocation. According to the Climate Bonds Initiative Report, new bond issuances in sustainable market is USD 700 billion in 2020, which is more than double the issuances in 2019. This demonstrates the growing investor preference to provide capital for sustainable development.

India aspires to be a global leader in climate action and sustainable development. To meet its Nationally Determined Contributions (NDCs) targets, estimates by DEA show that around USD 4.5 trillion worth of investment is required till 2040. Domestic Savings would not be sufficient in raising the capital required and hence international capital is essential in meeting the climate targets set out by India. IFSCA envisages GIFT IFSC to become an international hub for sustainable finance and thereby enable Indian issuers to raise green, social, and sustainable capital from international investors.

Alternative Investment Funds (AIFs)

India has been witnessing high growth in the investment funds domain, ranging from fund-raising activity to active investments by funds. As per Bain's India Private Equity Report 2021, the Indian Private Equity (PE) Landscape witnessed strong investment momentum with USD 62 billion in deal value in 2020. During this period, a total of USD 90 billion was raised across several major APAC markets. However, India's share in APAC fundraising remains steady at 3%. It has been observed that investors' confidence has remained high and most of the new funds launched were able to meet their fund closure target or were oversubscribed. Over a period of time, robust investor sentiment is driving a trend towards larger fund sizes.

GIFT IFSC offers a competitive and collaborative environment to the fund management industry in India. The IFSC has full capital account convertibility emerging as an important alternative to offshore feeder funds. For all transactional and regulatory aspects, an AIF operating from IFSC is an offshore AIF. Further, the costs of setting up such a fund are lower than setting up offshore funds domiciled in a foreign country. The above-mentioned points shall encourage IFSC to be a favored destination for global funds in the future. For long, it has been observed that several Indian AIFs have offshore feeder funds in various countries where money from foreign investors is pooled in order to feed into the Indian funds. To facilitate the setting up of AIFs in IFSC, IFSCA has reviewed the regulatory framework and aligned the requirements with the best practices in other competing jurisdictions. The following steps have been undertaken to attract AIFs to IFSC through a circular dated December 09, 2020:

i. AIFs in IFSC are permitted to invest in domestic AIFs, alongside other permissible investments.

ii. Co-investment in portfolio companies is permitted by AIFs in IFSC through segregated portfolio, provided the investment terms are not more favorable than those offered to the common portfolio and appropriate disclosures are made in the placement memorandum.

iii. AIFs in IFSC are permitted to undertake leverage, subject to satisfaction of prescribed conditions.

iv. Diversification limits under the AIF Regulations are not applicable to AIFs in IFSC, subject to appropriate disclosures in the placement memorandum.

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

REITs and InvITs are investment vehicles pooling money from investors for investments in real estate and infrastructure projects respectively, through financial securities. REITs and InvITs also enable the developers to monetize their assets.

IFSCA issued circulars on October 21, 2020, prescribing the regulatory framework for issuance and listing of REITs and InvITs on the recognised stock exchanges in IFSC.

The regulatory framework prescribed by IFSCA permits REITs and InvITs incorporated in India (IFSC or outside IFSC) or a Foreign Jurisdiction[24] to raise capital and list on the stock exchanges in IFSC, subject to compliance with the requirements provided in the circulars.

Box 3 - The Salient Features of the REITs Framework

A. Sponsor: Each sponsor shall hold not less than five percent of the number of units of the REIT on a post-initial offer basis. Each sponsor should have a net worth of not less than USD 3 millionand the sponsors, on a collective basis, should have a net worth of not less than USD 15 million.

B. Manager: The manager should be incorporated in IFSC and have a physical office in IFSC. The manager should have a net worth of not less than USD 1.5 million if the manager is a body corporate or a company or net tangible assets of value not less than USD 1.5 million in case the manager is an LLP. The manager or its associate should have not less than five years' experience in fund management or advisory services or property management in the real estate industry or in the development of real estate.

C. REIT Assets: The value of REIT assets should not be less than USD 75 million.

D. Public Issue: REIT shall make an initial offer of its units by way of public issue only.

E. Minimum Subscription: The minimum subscription from any investor in initial and/ or public offer shall be USD 700.

F. Investments: At least 75% of the REIT assets should be invested in income-producing real estate.

G. Distribution: Not less than 90% of net distributable cash flows of the REIT shall be distributed to the unit holders.

H. Continuous Obligations and Disclosure Requirements: The REITs listed on a stock exchange shall comply with the continuous obligations and disclosure requirements specified by the stock exchange(s).

24 FATF compliant and whose securities regulator is a signatory to IOSCO MMoU or bilateral MoU with IFSCA

Box 4 - The Salient Features of the InvITs Framework

A. Sponsor: Each sponsor shall have a net worth of not less than USD 15 million if it is a body corporate or a company or net tangible assets of value not less than USD 15 million in case it is an LLP.

B. Investment Manager: The investment manager should be incorporated in IFSC and have a physical office in IFSC. The investment manager should have net worth of not less than USD 1.5 million if the investment manager is a body corporate or a company or net tangible assets of value not less than USD 1.5 million in case the investment manager is an LLP. The investment manager should have not less than five years' experience in fund management or advisory services or development in the infrastructure sector.

C. Project Manager: The project manager shall undertake operations and management of the InvIT assets including making the arrangements for appropriate maintenance, as may be applicable, either directly or through the appointment and supervision of appropriate agents and as required under any project agreement including a concession agreement in the case of a PPP project.

D. Public Issue and Private Placement: The InvITs in IFSC are permitted to raise funds through:

i) Public issue with units listed on the stock exchange(s) in IFSC; or

ii) Private placement with units listed on the stock exchange(s) in IFSC; or

iii) Private placement whose units are not proposed to be listed on any stock exchange.

E. InvIT Assets: The value of InvIT assets should not be less than USD 75 million.

F. Minimum Subscription: In respect of public offer of InvITs, the minimum subscription from any investor shall be USD 1400.

G. Investments

Private Placement: At least 80% of the value of the InvIT assets shall be invested in eligible infrastructure projects either directly or through holding companies or through SPVs.

Public Issues: At least 80% of the value of the InvIT assets shall be invested, proportionate to the holding of the InvITs, in completed and revenue generating infrastructure projects.

H. Distribution: Not less than 90% of net distributable cash flows of the InvITs shall be distributed to the unit holders.

I. Continuous Obligations and Disclosure Requirements: The InvITs listed on a stock exchange shall comply with the continuous obligations and disclosure requirements specified by the stock exchange(s).

The REITs and InvITs registered with IFSCA are permitted to invest in real estate assets and infrastructure projects respectively in IFSC, India (outside IFSC) and other Foreign Jurisdictions[25], which is in line with the regulatory framework prescribed in some of the prominent offshore financial centres.

Further, the REITs and InvITs that are already listed in any of the permissible jurisdictions have been permitted to list and trade on the recognised stock exchanges in IFSC, as a secondary listing, subject to compliance with the laws of the home jurisdiction.

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Transaction/ Processes/ Operations/ Trends

The gross turnover on the recognised stock exchanges in IFSC grew by 176% in FY 2020-21 over FY 2019-20 as compared to a growth of 158% in FY 2019-20 over FY 2018-19.

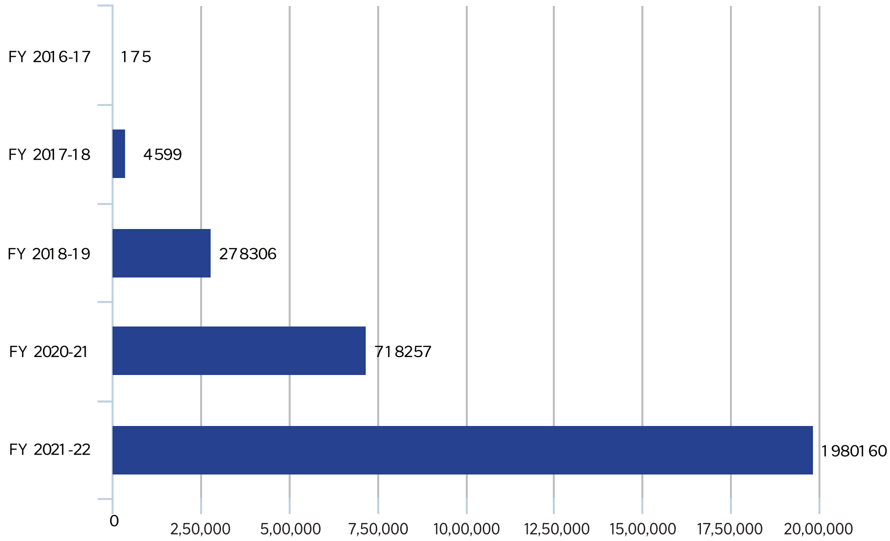

Fig.10

Gross Turnover on Exchanges (USD Mn)

Index Derivatives

Financial derivatives such as futures or options are powerful tools through which hedging, speculation, investment and arbitrage take place in a modern economy. The major products of the equity derivatives industry worldwide are Index derivatives. Internationally, trading volume on index derivatives is several times larger than that of securities derivatives.

Index derivatives are mainly traded by professional traders, investors, and PMs to protect equity portfolio, arrange cost-effective exposure to an index whilst purchasing the underlying shares, and take a trading view on the direction of the market.

Table 15 - Index Derivatives Available for Trading on IFSC Exchanges

Symbol	Underlying Asset
NIFTY	NIFTY 50 Index
MBANKNIFTY	NIFTY BANK INDEX Quoted as 1/10th of index value
NIFTYIT	NIFTY IT Index
Sensex	S&P BSE SENSEX
India 50	S&P BSE SENSEX 50
FINNIFTY	FINNIFTY Index

Index Futures: Trading in index futures grew by 103% in terms of Turnover in FY 2020-21. During the year, India INX and NSE IFSC witnessed a growth of 89% and 129%, respectively. During the same period, number of contracts traded grew at India INX and NSE IFSC at 79% and 56%, respectively.

Table 16 -Trends in Index Futures

Financial Year	No of Contracts		Notional Turnover (USD million)	
	India INX	NSE IFSC	India INX	NSE IFSC
2019-20	4,059,987	2,129,365	49,216	24,741
2020-21	7,248,004	3,320,859	93,199	56,678

Index Options: Trading in index options grew by 193% in terms of Turnover in FY 2020-21.

Table 17 - Trends in Index Options

Financial Year	No of Contracts		Notional Turnover (USD million)	
	India INX	NSE IFSC	India INX	NSE IFSC
2019-20	40,308,849	8,913,900	495,452	106,033
2020-21	117,264,788	9,454,922	1,648,052	114,961

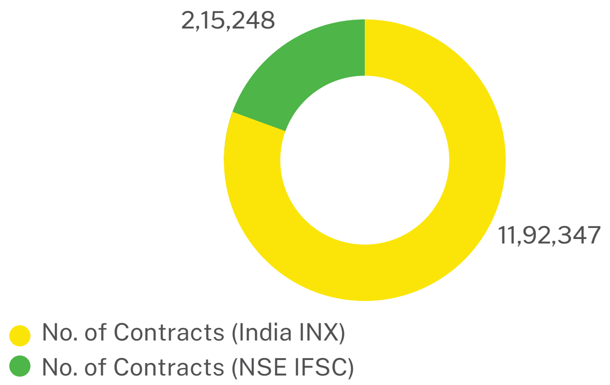

Fig.11

Currency Derivatives

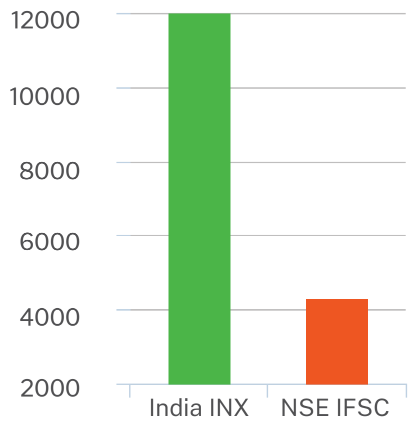

Fig.12

Turnover of Currency Derivatives (USD Mn)

Currency Derivatives: FY 2020-21 was the first year for the trading of INR-USD contracts on the exchanges. Total turnover during the year was USD 16,563 million.

Commodity Derivatives: Turnover in commodity derivatives grew by 18% in FY 2020-21. Within commodities, gold derivatives remain the most traded on the exchanges.

Table 18 - Trends in Commodity Derivatives

Turnover (USD million)	FY 2019-20	FY 2020-21
India INX	42,815	41,776
NSE IFSC	-	8,930

Table 19 - Commodity Derivatives Available for Trading on IFSC Exchanges

Precious Metals	Gold, Silver
Base Metals	Copper, Aluminum, Lead, Nickel, Zinc
Energy	Brent Crude Oil

Table 20 - Currency Derivatives

Global Currency Derivatives	EUR - USD, GBP-USD, JPY – USD, CHF-USD, AUD-USD
Rupee Derivative	INR - USD, USD – INR

During FY 2020-21, IFSCA has provided approval to one entity for PMS activities and registrations to three entities as IAs. SEBI has also provided registration to one entity as IA.

Table 21 - Portfolio Managers (PMs) and Investment Advisers (IAs)

Type	No. of Registered Entities as on March 31, 2021
PMs	1
IAs	4

Debt Market

Total Bond issuances of around USD 5.5 billion were listed on stock exchanges in GIFT- IFSC during FY 2020-21. This includes USD 100 million of green bonds raised by SBI.

Alternative Investment Funds (AIFs)

During FY 2020-21, IFSCA has provided registration to one AIF in IFSC. Further, two applications were under process as on March 31, 2021.

Advocacy and Outreach: Campaigns, Engagements /Consultations, Publications etc.

Membership of International Organization of Securities Commissions (IOSCO)

IFSCA became an associate member of IOSCO w.e.f. December 2020. IOSCO is the international organization that brings together the world's securities regulators, covering more than 95% of the world's securities markets, and is the global standard setter for the securities sector.

IOSCO works closely with G20 and the Financial Stability Board (FSB) in setting up standards for strengthening the securities markets. The IOSCO Objectives and Principles of Securities Regulation have been endorsed by FSB as one of the key standards for sound financial systems.

The membership of IOSCO would provide IFSCA with the platform to exchange information at the global and regional levels on areas of common interests. Further, the IOSCO platform would enable IFSCA to learn from the experiences and best practices of the regulators of other well-established financial centres. IOSCO's membership is a significant milestone in connecting IFSCA with the regulators of securities markets globally and would contribute immensely towards the development and regulation of the financial products, financial services, and financial institutions in IFSC.

Subsequently, IFSCA has applied to become a signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU). The MMoU represents a common understanding among its signatories of how they should consult, cooperate, and exchange information for the purpose of regulatory enforcement regarding securities markets.

Bilateral Memorandum of Understanding (MoU)

During the year 2020-21, IFSCA has engaged in discussion with several foreign authorities for bilateral MoUs. The proposed bilateral MoUs would help IFSCA in enhancing the cooperation with the foreign authorities which will promote knowledge sharing, particularly on sharing of best practices and their experiences in building International Financial Centres.

IFSCA believes that the enhanced co-operation with other financial centres and authorities will contribute towards innovation in financial services, investor protection, and competitiveness in their respective markets leading to increased cross-border participation of the entities in the financial centres.

The proposed bilateral MoUs would also contribute towards strengthening the information sharing framework between the authorities.

Research: Working Papers, Research Reports, Assessment & Prospects etc.

A Committee of Experts under the chair of Shri K. P. Krishnan, IAS (Retd.) has been constituted to explore the potential for allowing another legal structure, popularly known as a Variable Capital Company (VCC), as an additional option through which asset managers could pool the investors' funds and to recommend a simplified structure which would embrace the advantages of the current trust and corporate structure and address their limitations. The VCC structure dispenses with some of the key limitations of companies and LLPs and provides for higher regulatory standards than those applicable to trusts.

Policies and Programmes for the Following Year

1. IFSCA (Market Infrastructure Institutions) Regulations, 2021

Subsequent to approval of the draft MII Regulations by the Authority, IFSCA would be notifying the MII Regulations in the following year. The MII Regulations would provide the regulatory framework for stock exchanges, clearing corporations and depositories in IFSC.

2. IFSCA (Issuance and Listing of Securities) Regulations, 2021

IFSCA is aiming to finalize and notify the IFSCA (Issuance and Listing of Securities) Regulations, 2021 ("Listing Regulations") which shall provide the regulatory framework for various types of products on the stock exchanges in IFSC.

This would also consist of regulations on issuance and listing of ESG based debt securities including green, social, and sustainable bonds. These regulations would ensure the competitiveness of IFSCA with established international financial centres in raising sustainable finance.

The Listing Regulations shall, inter alia, provide the regulatory framework for initial public offer of SPACs, SMEs and start-up companies.

3. IFSCA (Capital Market Intermediaries) Regulations, 2021

IFSCA is aiming to issue a comprehensive and consistent regulatory framework for various intermediaries in the capital markets in IFSC. The onboarding of intermediaries is essential for developing the ecosystem for capital markets in IFSC.

The proposed Regulations shall provide the necessary framework for registration of intermediaries (eligibility criteria, net worth requirements, structure for operating in IFSC etc.), general obligations and responsibilities for all intermediaries, specific responsibilities for various types of intermediaries and other regulatory provisions such as inspection, reporting requirements etc.

4. Investment Funds

i. Fund Management - A committee is proposed to be constituted to study various fund structures and based on the recommendations, a unified regulation concerning various fund management activities may be notified.

ii. Professional/ Qualified Investors – A framework for Professional/ Qualified Investors is proposed to be examined in consultation with market participants and a simplified manner to onboard such investors may be notified.

INTERNATIONAL BULLION EXCHANGE

Bullion Market in India

India is one of the largest consumers of bullion (Gold/ Silver) in the world. The demand for bullion has been increasing over a period of time, since there is a high demand for gold jewellery. Further, gold benefits from diverse sources of demand:- as an investment, a reserve asset, an adornment, and a technology component. It is a highly liquid asset that carries no credit risk and is scarce, historically preserving its value over time.

Gold is a part of the Indian way of life. People across India buy gold throughout the year, especially on festivals like Akshaya Tritiya, Diwali, harvests, weddings etc. where gold holds the central position and significance.

Gold impacts the Indian economy in multiple ways.

1. It impacts the scale of economic activity in the country. Gold is used as a raw material for jewellery fabrication and making coins. This in turn creates business opportunities, value addition and employment. A study by A.T. Kearney with reference to the year 2012-13 mentions that value addition in the sector is to the tune of 25 percent of the value of gold imported into the country. This includes value addition in jewellery manufacturing, retailing, exports and metals trading. In addition, the industry value-chain has a potential capacity for refining and mining, which can further generate jobs in rural areas.

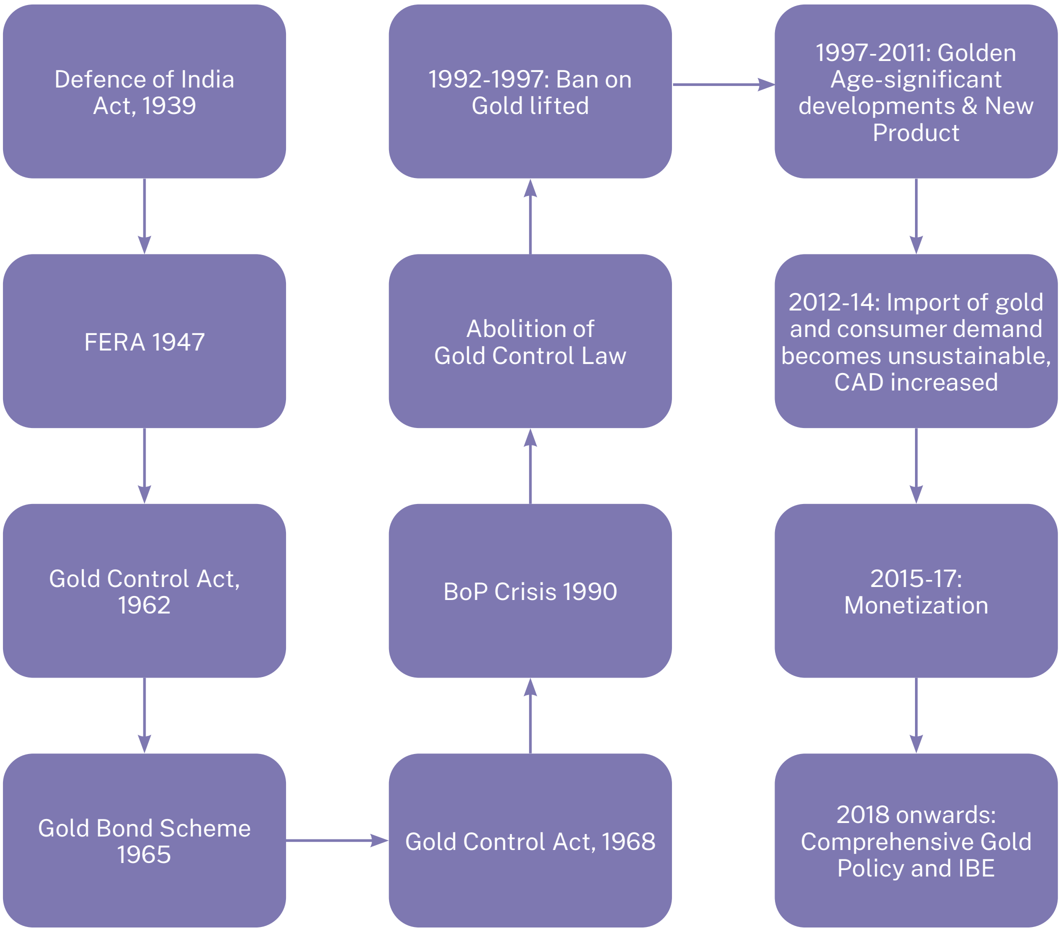

Fig.13

Gold Policy Timeline In India

2. Also, gold imports adversely impact the trade balance and current account in the Balance of Payments (BoP). High level of deficit is considered detrimental to the economy and it may necessitate capital flows to maintain the BoP, which can be volatile in nature. However, since gold imports are also used for the export of gold jewellery, it has the potential to mitigate the adverse impact of imports on Current Account Deficit (CAD) and exchange rate volatility.

Historical Perspective [26]

The policy position in India vis-à-vis gold in the recent years has focused on gold imports and CAD. The period since 2007-08 saw a sharp increase in the price of gold as well as in the demand for gold from India as well as from the rest of the world, partly perhaps in response to the global financial crisis. This in turn led to the widening of the CAD in India which the Government sought to control by increasing the customs duty to 10 percent. While the immediate impact was a reduction in gold imports through official channels, it increased the quantity of unofficial imports into the country and adversely affected the domestic jewellery industry.

Current Market Characteristics

The gold policy prevalent in India has resulted in a sub-optimal outcome, i.e., a gold market marked by its opacity and unorganized nature, disaggregating across the value chain, and inefficient market mechanism and processes. It is seen that though India remains one of the largest importers of gold, with annual demand nearing approximately 1000 tonnes, India finds itself several places behind other nations with respect to the bullion ecosystem.

The broad framework of the current mode of import of bullion in India is as given below:

1. Consignment Model through Banks and Nominated Agencies
2. Import of Dore by Refiners through import licenses issued by DGFT
3. Import by Jewellery Exporters for re-export as jewellery

26 https://www.niti.gov.in/sites/default/files/2019-06/Report_GoldMarket.pdf

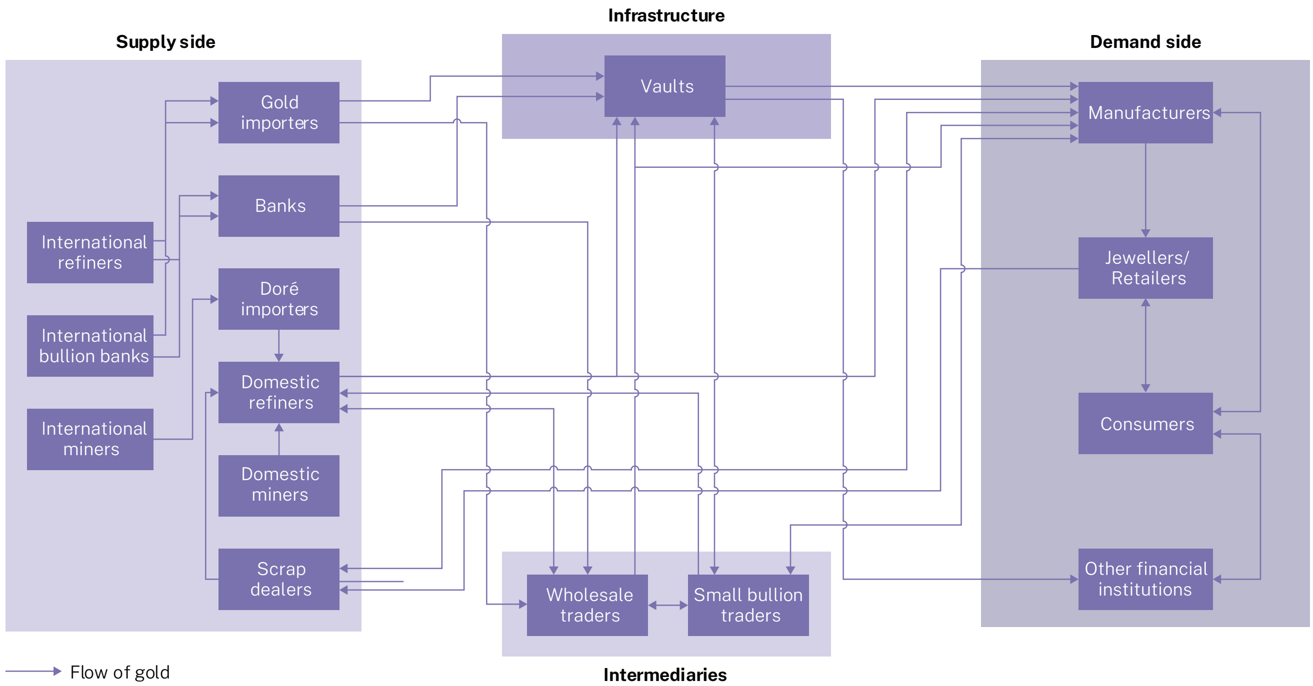

Fig.14

Current Model in Bullion

Source: World Gold Council

The bullion ecosystem functioning in the country has the following broad operational and functional structure:

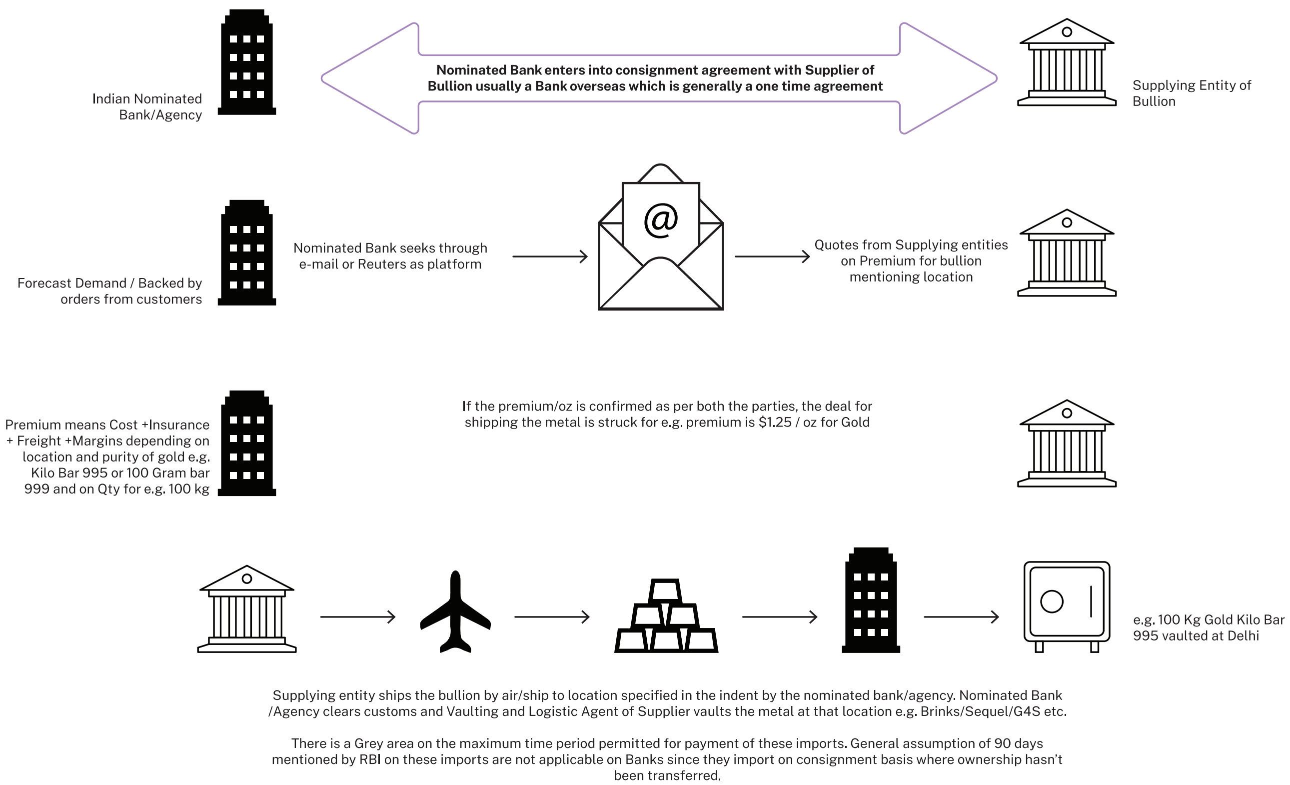

Fig.15

Consignment Model

DEVELOPING A PRECIOUS METALS ECOSYSTEM IN IFSC

I. International Bullion Exchange (IBE)

India is the second-largest domestic consumer of gold, next only to China, however, it does not play a role in influencing the price of gold in India. Besides, gold is hardly used as a financial asset despite several measures taken in the past through Gold Monetization schemes (GMS), etc. A need was, therefore, felt to establish IBE within the IFSC which can harness all the synergies available locally and enable the country to become a price influencer for India and international markets. Such an exchange will bring all the market participants to a common transparent platform of bullion trading and provide efficient price discovery and assurance over the quality of gold and help establish India's position as a dominant trading hub in the world. The Hon'ble Finance Minister in her budget speech (2020) announced that with the approval of the regulator, an IBE will be set up in the GIFT IFSC. The Government has also taken steps to notify bullion spot trading and bullion depository receipts (BDRs) with underlying bullion as financial products and bullion-related services as financial services.

Basic Objectives of the Proposed IBE

The establishment of IBE aims to reform the bullion market in India by becoming the most preferred trading hub of bullion with transparency, speed and efficiency that is unparalleled and by bringing about:

i. efficient price discovery by channeling demand-supply information into a central mechanism.

ii. assurance in the quality of gold for individual and institutional buyers through standardization of quality with the help of support infrastructure.

iii. responsible sourcing and supply chain integrity.

iv. greater integration with other segments of financial markets.

v. an increase in the use of gold bars and gold backed financial products replacing the demand for jewellery especially for investment.

vi. a platform for gold leasing and recycling through the development of a robust infrastructure to facilitate trading

Benefits to the Indian Economy

IBE will provide direct access to international banks in the Indian market. It opens the door for GIFT IFSC to become a major international hub with benefits in terms of greater business opportunities with services like logistics, vaulting, refining, and trading activities. With listing of various products on the platform, Indian prices can evolve to be an influencer of prices in the international market. It will also provide easy access to the export market by exporting to the international bullion banks through IBE and play an active role in the international unallocated gold trade. IBE will help create a system that is trusted by a consortium of banks that can help unleash the benefit of warehouse receipt-based financing and release liquidity at a lower cost. IBE will provide an apt platform for the banks to address their concerns of hedging the gold held by them, dematerialization of physical gold and vaulting, and enable banks to aggressively participate in the gold monetization scheme. It has the potential to reduce the retail investment-related imports to a great extent.

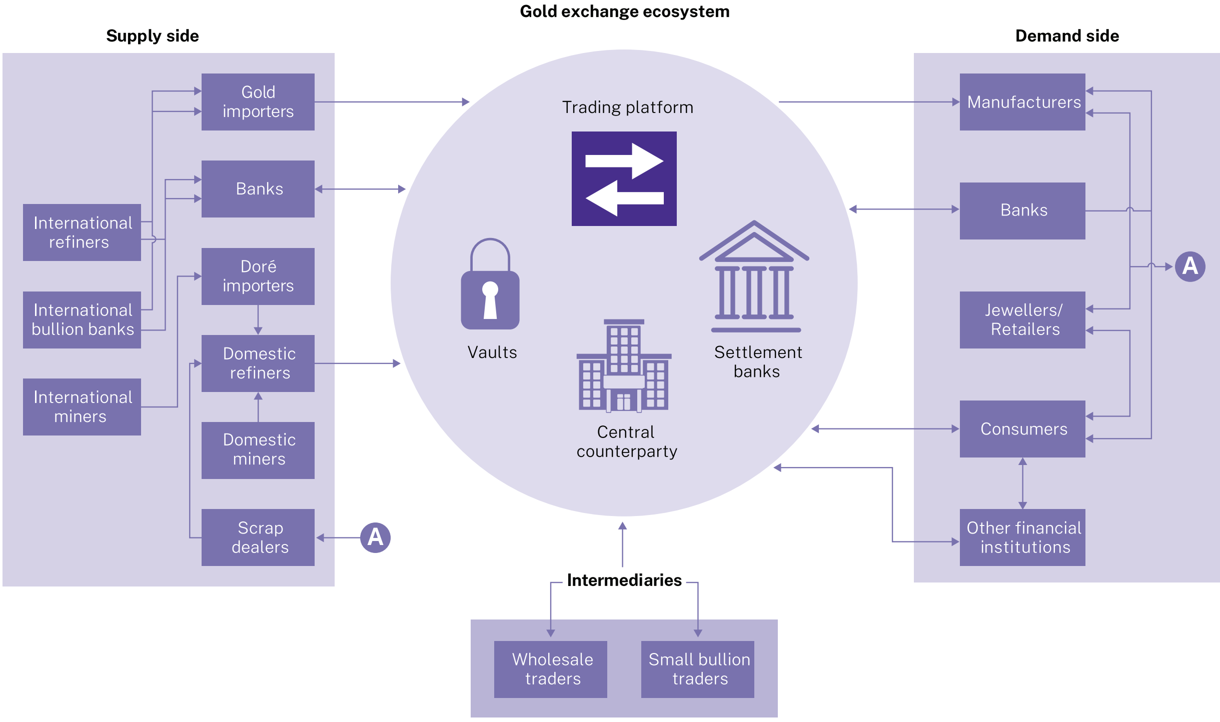

Fig.16

Structured Composition of Components of Bullion Exchange

Source: World Gold Council`

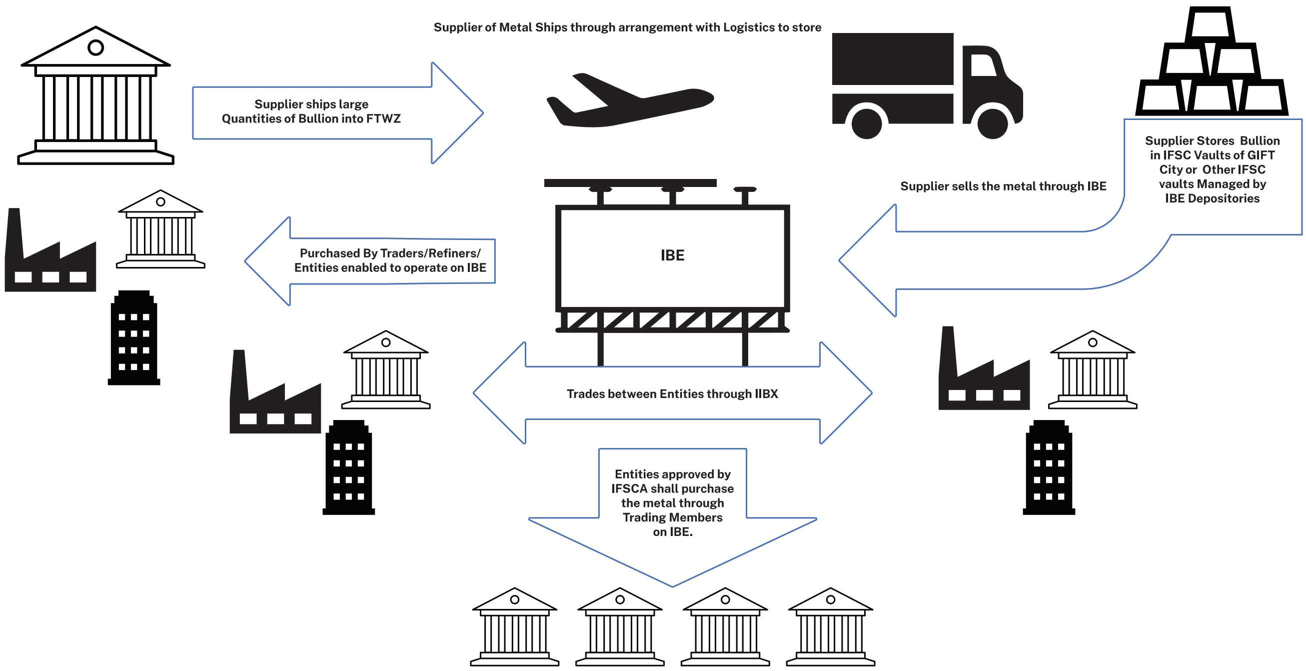

Fig.17

Structure of Import through IBE Designated Vaults

II. Bullion Banking in IFSC

Bullion banking worldwide is a specialized division of a commercial bank offering bullion products ranging from trading, lending, deposits, investment, hedging and risk management, vaulting and custodian services, depository and clearing services, market making, liquidity providers and market research etc. Commercial banks generally carry out the bullion banking activities out of a division handling commodity, treasury and foreign exchange with the involvement of corporate finance. The client list of a bullion bank includes miners, refiners, central banks, jewellers, traders, industrial houses, and investors. Bullion banking is not only a profitable business for commercial banks, but it also has greater potential to earn fee income which suits banks' financial goals.

However, bullion banks in India play a very limited role in the whole ecosystem. In line with the overall banking industry, bullion banking is also regulated by RBI. RBI authorized scheduled commercial banks to import gold and provide bullion banking services in 1997. The current regulatory structure allows them to offer a limited number of products which include downstream financing such as Gold Metal Loans (GML) and loans against jewellery and restricts their activities to merely act as a canalizing agent to import bullion into India.

IFSC can open opportunities for financial entities to potentially provide a range of products like:

i. Gold savings deposits.

ii. Gold fixed deposits.

iii. Investment products such as gold accumulation plans.

iv. Structured gold deposits.

v. Gold linked insurance and pension products.

vi. Financial services like Dore Financing.

vii. Gold project financing.

viii. Working capital financing - BDR Financing, GML to exporters & domestic jewellers, etc. can be provided by bullion banks.

ix. Unallocated gold trading, brokerage/risk management through bullion spot and derivative products, market-making services.

x. Metal clearing services, physical custodial services, bullion consignment sales, distribution services, gold coin sales, market research reports, gold ETFs distribution.

xi. Gold hedging.

III. Refining of Gold in IFSC

Gold refining refers to processes used to extract and separate the precious metals in mined material, dore, and from recycled products. Currently only one refinery in India, MMTC-PAMP, is accredited by London Bullion Markets Association (LBMA). Responsible sourcing guidelines of LBMA have been in force since Jan 2012 which aligns itself to OECD Due Diligence on responsible supply chains on conflict minerals & supply chain integrity.

Setting up refineries in IFSC will promote the government's vision of Make in India and Aatma Nirbhar Bharat. Refiners who set plants in GIFT IFSC will create jobs, enable technology transfer, and facilitate India in utilizing its comparative advantage of skilled labour. Owing to favourable geographical location it will be cost-efficient with respect to transportation. IBE would help refiners to source gold at internationally competitive prices within India and bring transparency to the ecosystem. Gold dore converted into standard bars by refineries in IFSC have an incentive to trade through IBE. Recycled gold received under GMS can be recycled by the refiners within IFSC which can be converted into coins and bars and traded on IBE.

Only approved refineries with appropriate Standards of Good Delivery in compliance with OECD-DDG would be allowed to sell gold bars to IBE. This standardization will create a positive ecosystem for refiners in the domestic territory as some of them will be in operation both within IFSC and DTA. The refiners will play a key role in making financial products successful by producing the underlying bullion. Increased supply of underlying bullion will enhance liquidity, promote product diversification, and increase trust with respect to these products.

Activities with respect to Regulations, Circulars, Guidelines etc.

IFSCA (Bullion Exchange) Regulations, 2020 provide a detailed framework for recognition, functions, obligations, membership, governance etc. of bullion exchange, bullion clearing corporation, bullion depository, vault manager, and all other pertinent matters.

Box 5 - Salient Features of IFSCA (Bullion Exchange) Regulations, 2020

A. Bullion: Bullion has been defined as precious metals, including gold, silver or any other precious metal in the form of bars or unallocated gold, silver or such other precious metals, as the Authority may consider relevant in this regard, relating to good delivery, quality, quantity, and any other aspect in relation to bullion trading from time to time.

B. Bullion Exchange: Bullion Exchange is a financial iInstitution established and recognised for the purpose of assisting, regulating, and controlling bullion contracts.

C. Bullion Clearing Corporation: Bullion Clearing Corporation is a financial institution which offers clearing and settlement functions in the bullion market.

D. Bullion Depository: Bullion Depository is a financial institution to carry on depository business in bullion in IFSC.

E. Vault Manager: Vault Manager is an entity registered by the Authority and empanelled by a bullion depository for carrying on the vaulting business.

F. Net Worth: The Net Worth of the Bullion Exchange and Bullion Clearing Corporation shall be a minimum of USD 30 Million. The Net Worth of the Bullion Depository shall not be less than USD 15 million, on a continuous basis.

G. Bullion Intermediaries: Intermediaries such as bullion trading member, bullion clearing member, refiner, depositor, logistic provider, assayer etc. shall participate in the bullion market as provided in the Regulation.

H. Fit and Proper Requirements: All market participants shall adhere to the Fit and Proper requirements specified in the Bullion Regulation.

Notification

The Central Government vide notification S.O. 2957(E) dated August 31, 2020, notified certain financial products and financial services and directed that the powers and functions of the Authority shall include regulating the said financial products and financial services.

A. Bullion Depository Receipts (BDR): The BDR was notified as a financial product with underlying bullion. This paves way for organized trading of bullion.

B. Bullion Spot Delivery Contract: The Bullion Spot Delivery contract was also notified as a financial product recognizing the contractual obligation on the exchange as a financial obligation binding on parties entering into the contract.

C. Bullion Trading: Trading in BDR with underlying bullion in relation to the bullion spot delivery contract is notified as a financial service.

D. Other Financial Services: The provision of bullion financing, bullion-based loans, bullion loans against collateral, bullion vaulting, clearing and settlement services in relation to bullion spot delivery contracts and bullion depository receipts are notified as financial services.

Circular on Enabling Dealings by IBUs in Bullion Unallocated Accounts

To facilitate the development of the bullion market in India, generate interest in trading and hedging activities, and serve as a precursor to IBE, a circular was issued on March 03, 2021 to enable Banking Units – Indian Banking Units/ Foreign Banking Units in IFSC to operate Unallocated Accounts for the purpose of trading, hedging, and swapping with Physical Gold/ Silver (Allocated).

IN ADDITION to the above, enablers provided so far are listed below:

i. A steering committee has been formed to examine relevant matters as well as facilitate inter-regulatory coordination. The Committee has representation from DEA, DFS, CBIC, CBDT, DGFT, DoC, NITI Aayog, DGEP and RBI.

ii. Sub-committees formed on technology, infrastructural & operational requirements, rules and bye-laws, risk management framework and product composition.

iii. An MoU has been signed by NSE, MCX, India INX, NSDL, and CDSL for setting up of MIIs at GIFT IFSC in line with the objective of the Government of India to make India a price influencer in bullion through IBE. Thus, a holding company has been incorporated.

Transaction/Processes/Operations/Trends

I. Signing of MoU with India Gold Policy Centre (IGPC), IIM Ahmedabad

Image 3. Exchange of MoU with IGPC

For operationalization of IBE, IFSCA entered into an MoU with the India Gold Policy Centre at IIM Ahmedabad (IGPC-IIMA) on September 09, 2020, for facilitating structured consultations with requisite stakeholders along with technical and research support.

II. Constitution of a Working Group on Setting Up IBE

A working group was constituted for a focused discussion on the modalities, structure, framework etc. of the Bullion Exchange and to facilitate wider discussion with various stakeholders, consisting of representatives from IGPC-IIMA, Domestic Banks, Nominated Agencies, International Banks, Refineries, Logistics Companies, Trading Companies, India Bullion, and Jewellers Association (IBJA), Jewellers, World Gold Council, etc. Working Group submitted its report on November 23, 2020.

The report of the Working Group inter alia provided an overview of

1. importance of IBE at GIFT City,
2. challenges in setting up IBE along with the proposed solutions,
3. understanding of the opportunities and challenges for industry stakeholders across the value chain,
4. proposed shareholding structure of IBE,
5. regulatory roadmap

The report highlighted new opportunities for various stakeholders in IBE such as Supplying entities, Nominated Banks/ Agencies, Jewellers, Bullion dealers, Refiners, Vaults, Logistics services etc.

Advocacy and Outreach: Campaigns, Engagements/Consultations, Publications etc.

1. An MoU has been signed by NSE, MCX, INDIA INX, NSDL, and CDSL for setting up of MIIs at GIFT IFSC in line with the Government of India's objective to make India a price influencer in bullion through GIFT IFSC.
2. Consultation sessions with IGPC-IIMA and WGC were held to arrive at an Impact analysis matrix of stakeholders.
3. A series of brainstorming sessions/ interactions were held with WGC and IGPC-IIMA to deliberate on the operational framework of IBE.
4. Engagement with stakeholders via outreach initiative was done in the form of meetings with BUs, Vaulting agencies, WGC, ETFs, Product Managers etc.

IFSCA Virtual Visit to London

At the landmark 10th UK-India Economic and Financial Dialogue on October 28, 2020, India and the UK agreed on a new strategic collaboration to catalyze the development of India's flagship IFSC at GIFT City. As part of the strategic collaboration, IFSCA undertook a virtual visit to London between March 22-24, 2021. The visit was aimed at facilitating a regulatory exchange between IFSCA and the UK regulators and key private sector experts, to share experiences and best practices on developing world-class regulations for international financial services.

As part of the virtual visit, IFSCA held meetings with the FCA, BoE, LBMA, LME, and London Stock Exchange Group.

As a part of this virtual visit, India UK Financial Partnership (IUKFP) and IFSCA co-hosted a public event on March 24, 2021. The objective of the public event was to raise the global profile of India's maiden IFSC at GIFT City and showcase emerging business opportunities amongst financial firms present in the UK.

Policies and Programmes for the Following Year

As part of the implementation plan of IBE, the following activities are being planned for 2021-22:

1. Holding Company is to be formed to float Exchange, Clearing Corporation and Depositories.
2. Bye-laws and Guidelines to be issued by Exchange, Clearing Corporation and Depository.
3. Steering Committee meetings to finalize regulations, policy and operational issues.
4. Stakeholder outreach to be done by Holding Company and its subsidiaries.
5. Operational guidelines to be issued by IFSCA.
6. Product guidelines and Risk Management guidelines to be issued by Exchange, Clearing Corporation and Depository.
7. Product Composition, Contract Specifications etc. to be finalized.
8. Pilot launch of IBE.
9. Trading and Settlement to be enabled through IBE.

Aspirational Activities:

1. Initiatives to establish sub-terranean vaults.
2. Qualified Jewellers to import through IBE.
3. Guidelines for ETFs will be issued.
4. Guidelines to be issued for refining bullion in IFSC.
5. Leasing and borrowing to be enabled through IBE.
6. BUs to invest in ETF/ Unallocated Accounts.
7. Enable BUs to open Gold Savings accounts/ Gold accumulation plans.
8. Enabling gold refining activity at GIFT IFSC.
9. Export of bullion from DTA to IBE.
10. Linkages of IBE to domestic exchanges.

IBE will enable the development of a fair, transparent, and efficient bullion trading ecosystem which in turn will have a positive bearing on the supply-chain, especially the exporters and small players.

FINTECH HUB & IT

Over 2100 startups[27] in India are operating in the Financial Technologies (FinTech) space, over 67% of which have emerged in the last five years. FinTech attracted significant investor interest and activity throughout the year 2020, with several early stage and increasingly late-stage deals.

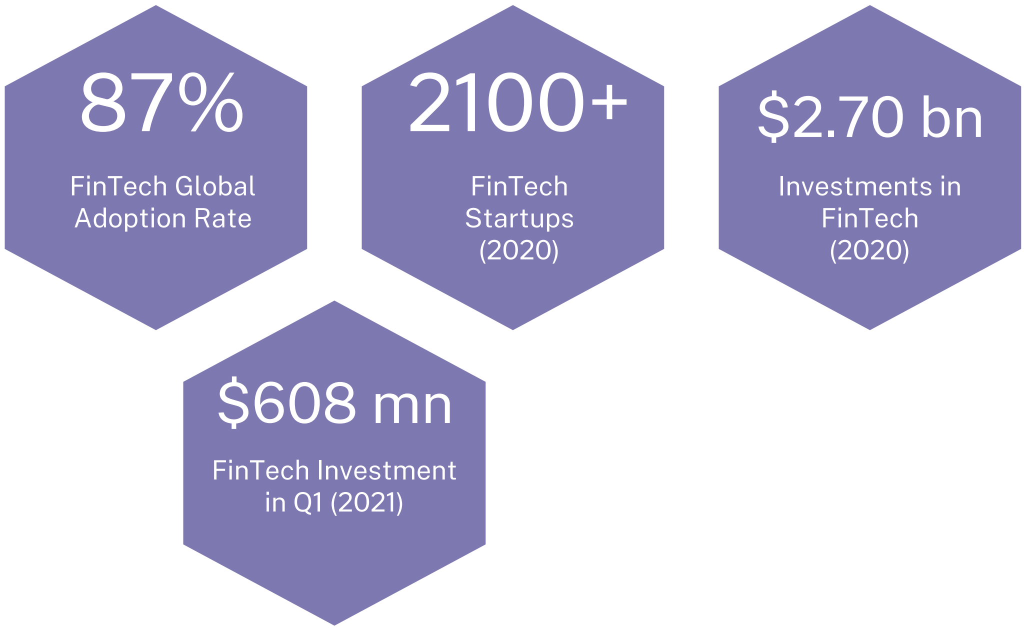

Fig 18.

Indian FinTech Ecosystem

Source: https://www.researchandmarkets.com/reports/5024695/fintech-market-in-india-2020

Globally FinTech hubs have been successful when the FinTech start-ups are able to collaborate with Financial Institutions (FIs) and Regulators. This helps them with various approvals, large customer base of an FI, develop products in collaboration with FI and do a successful POC with the FIs. FIs are the strategically closest partners who can provide talent, co-developing platforms, products, and solutions along with funding and industry exposure. To enable and augment collaboration, government and government agencies around the world have supported and funded such initiatives.

In the Union Budget 2021, the Hon'ble Finance Minister announced that the Government of India would be supporting development of a world-class FinTech hub at GIFT IFSC.

27 BCG-FICCI Report "INDIA FINTECH: A USD 100 BILLION OPPORTUNITY"

ACTIVITIES WITH RESPECT TO REGULATIONS, CIRCULARS, GUIDELINES ETC.

Framework for Regulatory and Innovation Sandbox

IFSCA, with an objective to develop a world-class FinTech hub at GIFT IFSC, endeavors to encourage the promotion of FinTech initiatives in financial products and financial services across the spectrum of banking, insurance, securities, and fund management, among others.

As a step towards attaining this vision, IFSCA has introduced a framework for "Regulatory Sandbox." Under this framework, entities operating in the capital market, banking, insurance, and financial services space are granted certain facilities and flexibilities to experiment with innovative FinTech solutions in a live environment with a limited set of real customers for a defined time frame. These features are fortified with necessary safeguards for investor protection and risk mitigation.

All entities (regulated as well as unregulated) operating in the capital market, banking, insurance, and pension sectors as well as individuals and startups from India and FATF compliant jurisdictions, are eligible to participate in the Regulatory Sandbox. Entities desirous of participating in the sandbox to showcase their innovative FinTech solutions, concepts, and business models can apply to IFSCA.

Box 6 - The Eligibility Criteria to Participate in the Regulatory Sandbox

a) Genuineness of Innovation

The solution should be innovative enough to add significant value to the existing offering in the capital market, banking, insurance, or pensions sector in India/ IFSC.

b) Genuine Need to Test

The applicant should have a genuine need for live testing the solution on real customers. Further, the applicant should demonstrate that the solution cannot be developed without relaxing certain regulations, if any, being sought.

c) Limited Prior Testing

Before applying for testing in sandbox, limited offline testing of the solution should have been carried out by the applicant.

d) Direct Benefits to Users

The solution should offer identifiable benefits (direct or indirect) to the investors or entities or the capital market at large.

e) No Risks to the Financial System

The solution should have proper risk management strategy to incorporate appropriate safeguards to mitigate and control potential risks to any market participants/ users that may arise from the testing of the solution and shall propose appropriate safeguards to manage the risks and contain the consequences of failure.

f) Testing Readiness of the Solution

The applicant should have the necessary resources to support testing in the sandbox and must demonstrate well developed testing plans with clear objectives, parameters, and success criteria.

g) Deployment Post-Testing

The applicant should demonstrate the intention and ability to deploy the solution on a broader scale. To this effect, the applicant should share a proposed sandbox exit and transition strategy.

Further, as an additional step towards creating an ecosystem which promotes innovation, IFSCA feels that FinTech firms should have access to market-related data, particularly, trading and holding data, which is otherwise not readily available to them. This will enable them to test their innovations effectively before the introduction of such innovations in a live environment.

In this regard, IFSCA has operationalized an “Innovation Sandbox”, which is a testing environment where FinTech firms can test their solutions in isolation from the live market, based on market-related data made available to them by MIIs operating in the IFSC. Infrastructure support for this is being provided by MIIs operating in the IFSC.

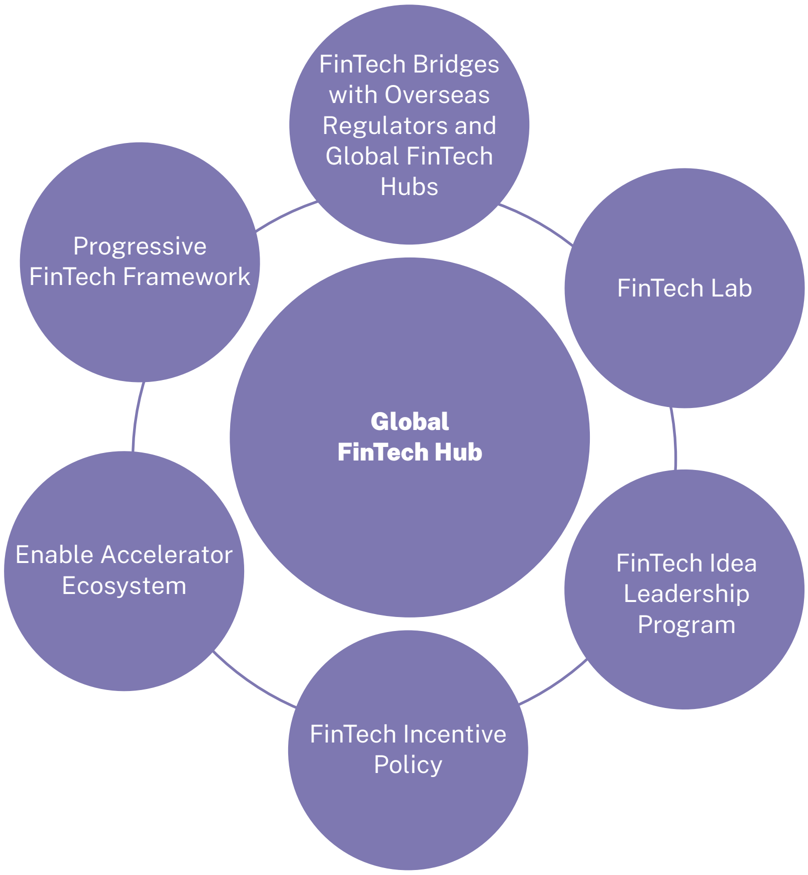

Fig.19

Components of FinTech Hub

To develop GIFT IFSC as a world-class FinTech Hub, IFSCA has embarked on multiple initiatives to help fructify this vision. IFSCA has planned to conduct an annual FinTech event beginning in 2021, that aims to expand the realm of FinTech beyond boundaries. Building FinTech Bridges with overseas regulators and global FinTech hubs are being planned in the coming months. A policy to offer incentives to FinTech firms is also being formulated by IFSCA to support their innovative solutions. Establishment of a FinTech Lab, setting up of Accelerator(s) and formulation of progressive FinTech frameworks are under progress to create a thriving FinTech ecosystem at GIFT IFSC.

Information Technology (IT)

IFSCA endeavors to develop state-of-the-art IT Systems and Infrastructure. The IT team of the Authority leverages technology and processes to create synergy between IT and business verticals resulting in increased efficiency. The team also strives to be a transformational partner assiduously underpinning the mandate of IFSCA.

Some of the Major Initiatives in the Financial Year (FY) 2020-21:

1. IFSCA Website

The IFSCA website went live with the inception of the organization in September 2020. The website acts as the face of IFSCA on the internet in the era of rapidly growing technologies, businesses, and globalization. The IFSCA website acts as an important interface with the public as well as the regulated entities and other ancillaries to disseminate information through its regulations, circulars, notifications, etc. In days to come, the IFSCA website is expected to further enhance and facilitate the setting up of businesses from across the world in IFSCs and become a preferred platform for all the domestic businesses looking forward to expanding their horizon.

2. IT Infrastructure

IFSCA provides workstations equipped with computers, printers, telephone, and high-speed Local Area Network (LAN) connectivity to its employees. The networking infrastructure of the office is capable of handling maximum peak traffic. IFSCA premises are enabled with high-speed Wi-Fi connectivity and the board room and meeting rooms are enabled with world-class video conferencing devices for seamless communication.

3. Human Resource Management System (HRMS):

The HRMS application incorporated for IFSCA is aimed at easing the general administration of the Authority through digitalizing employees' attendance management, leave management, and pay slip generation. Further, the objective is to scale the system to include all other general administrative functions within its ambit.

4. e-Office-IFSCA Application:

IFSCA has procured eOffice application from National Informatics Centre (NIC) for electronic file management system at IFSCA. The eOffice-IFSCA application aims to support governance within IFSCA by ushering in more effective and transparent inter and intra-departmental processes. The vision of eOffice-IFSCA is to achieve a simplified, responsive, effective, and transparent working of all departments of the Authority.
The eOffice application helps to enable a less-paper office by scanning, registering, and routing the inward correspondences along with creation of file, noting, referencing, correspondence attachment, draft for approvals and finally movement and tracking of files as well as receipts.

The eOffice-IFSCA application includes file management system, knowledge management system, Management Information Systems (MIS), employee data management and master data management which help in digitalizing IFSCA's internal processes.

5. IFSCA's Supervisory Technology (SupTech) System:

IFSCA requires an effective end-to-end IT-enabled system to promote ease of doing business. This robust SupTech system shall cover administrative, compliance, supervision, and enforcement framework amongst its Regulated Entities (REs). It may also be required to collaborate with other sectoral financial regulators in India and overseas through Application Programming Interface (API) based machine to machine communication or integration as appropriate.
The SupTech system to be developed at IFSCA shall include an in-house repository for storing data received from REs. It shall also have a portal for REs to submit disclosures, reports, and other related information. The SupTech system shall be built on the latest Enterprise Architecture standards leveraging the latest cybersecurity postures and cutting-edge technologies including Chatbots, AI/ ML, NLP etc. that are future-ready.

In days to come, the focus area of the Authority will be the commissioning of the SupTech System to facilitate regulatory and supervisory functions of IFSCA. Further, the emphasis will be on infusing cutting edge technology for realizing IFSCA's objectives as well as enhancing employees' productivity.

Advocacy and Outreach: Campaigns, Engagements /Consultations, Publications etc.

IFSCA-FICCI MoU for development of GIFT IFSC as World-Class FinTech Hub

IFSCA-FICCI signed an MoU to establish a framework for collaboration and co-operation for the development of GIFT IFSC as a world-class FinTech hub.

FICCI will also assist IFSCA in the development of FinTech Accelerator programmes in GIFT IFSC amongst other cooperation areas.

INSURANCE

The insurance industry plays a vital function in an economy by virtue of its role in covering major kinds of risks, which include personal risk, and business risk, among others. It also shapes the financial ecosystem by the amount of premium it underwrites, diversity of the investments it makes, and magnitude of claims it services.

With the exponential growth of the insurance sector in India, immense opportunity lies to develop IFSC as a global insurance and reinsurance hub. The introduction of insurance in IFSC has facilitated in taking a step towards achieving this objective. It will provide a two-way opportunity to insurers i.e.; Indian insurers can have access to foreign jurisdictions and foreign insurers can have access to other jurisdictions through conducive regulatory policies and frameworks in IFSC.

Activities with Respect to Regulations, Circulars, Guidelines etc.

The following is the extant regulatory framework for the development of Insurance business from the IFSC:

I. Government of India on March 27, 2015, had issued IRDAI (Regulation of Insurance Business in SEZ) Rules, 2015 whereby it has prescribed the provisions for regulating and promoting insurance business in SEZs. These rules enabled the insurers registered in India or outside India, to set up a branch office in IFSC. The said rules paved the way for developing extant framework for regulating and promoting insurance and reinsurance companies in IFSC.

II. To facilitate Ease of Doing Business, the Government in November 2019 had reduced Net Owned Funds requirement from INR 5000 Crore to INR 1000 Crore, for the foreign (re)insurers engaged in re-insurance business through a branch established in IFSC.

III. As the next step for the development of the international market, the Government in July 2020 issued enabling provisions for the registration of intermediary or insurance intermediary registered in India or outside India to carry out the activities of insurance intermediary from IFSC.

IV. To promote Ease of Doing Business, the Authority for a limited time has permitted the insurers carrying out the business from IFSC to adhere to the solvency margin as specified by their home country regulator. Such a solvency margin can be maintained at the head office of the insurance company subject to certain conditions specified in the circular (171/IFSCA INSURANCE-CIRCULAR/2020-21 dated January 18, 2021).

Box- 7 Brief on Registration Process for (Re)insurance Companies and Operational Areas

Eligible Entities	**Insurance companies registered in India.** **Insurance companies registered in foreign jurisdiction.**
Application	**The eligible entities can file application in compliance with the requirements referred in guidelines.** **The application may be filed to open a place of business or branch in IFSC.**
Permitted Areas	**Within IFSC, all SEZs in India and any other foreign jurisdiction.** **Re-insurer may render service in Indian jurisdiction subject to certain regulatory compliances.**

Financial Services/ Products at GIFT IFSC

Table 22 - Number of Entities Operating in the IFSC

IFSC Insurance Offices (IIOs)	4
IFSC Insurance Intermediary Offices (IIIOs)	14
TOTAL	**18**

A. IFSC INSURANCE OFFICES (IIOs):

IIO means a branch office of an Indian or a foreign (re)insurer to transact direct insurance business or reinsurance business as permitted by the Authority. The said branch may render its services in an IFSC, all SEZs in India or any other jurisdiction outside India in any freely convertible foreign currency.

Currently, four IIOs namely General Insurance Corporation of India (GIC Re) (w.e.f. 30th Jan 2017), The New India Assurance Co. Ltd. (w.e.f. 6th Sept 2016), ECGC Ltd. (w.e.f. 24th July 2017) and ICICI Lombard General Insurance Co. Ltd. (w.e.f. 20 Jan 2021) have been granted Certificate of Registration (CoR) to transact insurance and/ or re-insurance business in IFSC.

B. IFSC INSURANCE INTERMEDIARY OFFICES (IIIOs):

IIIO means a branch office of an Indian or a foreign insurance intermediary which has been granted a certificate under the guidelines of the Authority to act as an insurance intermediary in IFSCs. The said branch may provide services in an IFSC, all SEZs in India or any other jurisdiction outside India. A reinsurance broker may also render its services in India for the purpose of reinsurance business.

At present, fourteen insurance brokers have been authorized to do insurance intermediary business from IFSC.

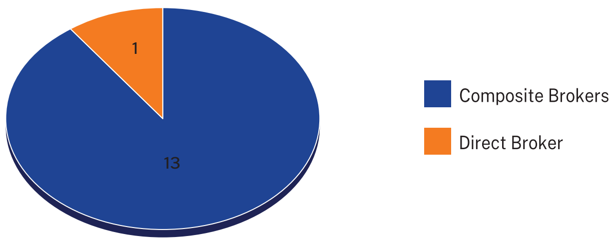

Fig.20

Classification of Insurance Intermediaries

Regulatory Framework

The brief on extant regulatory framework put in place by IFSCA for IIOs and IIIOs is presented hereunder:

Table 23 - Extant Regulatory Framework for IIOs and IIIOs

S. No	Guidelines/ Circular Ref. No.	Date of issue	Title of Guidelines/ Circular
1	IRDA/RI/GDL/SEZ/269/12/2017	21-Dec-2017	IRDAI (Registration and Operations of IFSC Insurance Offices) Guidelines, 2017
2	IRDA/RI/GDL/MISC/012/01/2019	16-Jan-2019	IRDAI (Registration and Operations of IFSC Insurance Intermediary Offices) Guidelines, 2019
3	IRDA/RI/GDL/SEZ/211/11/2019	27-Nov-2019	Reduction of Net Owned Funds for branch office of Foreign Re-insurer to be established in the IFSC.
4	171/IFSCA/INSURANCE-CIRCULAR/ 2020-21	18-Jan-2021	Maintenance of Solvency Margin for IFSC Insurance Offices (IIOs)

Transaction/ Processes/ Operations/ Trends

At present, Indian or foreign (re)insurer registered with regulatory authority or supervisor in its home jurisdiction, and Indian or Foreign Intermediary or Insurance Intermediary registered with regulatory authority or supervisor in its home country may open branch office in IFSC to underwrite or source ((re)insurance) business.

IIOs may underwrite and IIIOs may source (re)insurance business from IFSC, other SEZs in India and from foreign jurisdictions. The IIO registrations to New India Assurance, General Insurance Corporation of India and ECGC were granted by IRDAI, whereas registration to ICICI Lombard General Insurance Co. Ltd. has been granted by IFSCA.

The IIOs have underwritten (re)insurance business of INR 122.70 crore in FY 2020-21 as against INR 160.01 crore in FY 2019-20. The COVID-19 pandemic impacted every sector of economy. In 2020, the insurance sector also saw a meaningful decline in demand for its services because of increased uncertainty in the financial stability of individuals, rising unemployment, and lower investment income. The property and casualty premium also showed a decline as many small businesses were closed in 2020 due to pandemic-related shutdowns, premiums sold to these businesses may also be slow to recover.

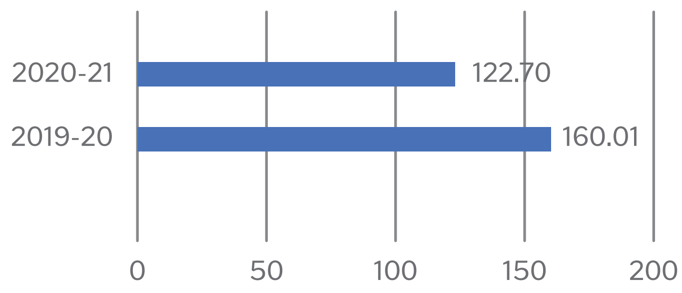

Fig.21

(Re)insurance Business Premium Underwritten (In INR in crore)

Advocacy and Outreach: Campaigns, Engagements/ Consultations, Publications etc.

Membership of International Association of Insurance Supervisors (IAIS):

IFSCA became a member of IAIS in December 2020. The IAIS is a voluntary membership organization of insurance supervisors and regulators from more than 200 jurisdictions, constituting 97% of the world's insurance premiums. It is the international standard-setting body responsible for developing and assisting in the implementation of principles, standards, and other supporting material for the supervision of the insurance sector. The IAIS also provides a forum for members to share their experiences and understanding of insurance supervision and insurance markets. The IAIS is routinely called upon by the G20 leaders and other international standard-setting bodies.

With this membership, IFSCA has access to IAIS's global network and would be able to exchange ideas and information with other global regulators. This would help in developing a vibrant global insurance hub in IFSC, which is in line with the vision of Government of India.

Research: Working Papers, Research Reports, Assessment & Prospects etc.

I. **CONSTITUTION OF COMMITTEE ON IFSC INTERNATIONAL RETAIL BUSINESS DEVELOPMENT:** The Committee in October 2020 had submitted its report which inter alia recommended that, with an Indian diaspora of more than 30 million strength, IFSC may endeavor to book financial business of this diaspora. The insurance industry may cater to their life and health insurance needs and develop various products which suit their requirements.

II. **CONSTITUTION OF IFSCA INSURANCE COMMITTEE:** The Authority has constituted this committee with the objective of developing insurance products and services in IFSC. The committee is chaired by Shri G. N. Bajpai, Ex-Chairman SEBI and LIC. The members of this committee also consist of senior leaders having strong global network and wide experience in developing insurance and related regulatory framework.

Policies and Programmes for the Following Year

With an objective to onshore the offshore financial services, IFSCA would provide necessary support to enable (re)insurance and intermediary services in IFSCs. The regulatory framework for IFSC insurance business would be in line with the global best practices.

THE FOLLOWING MEASURES ARE ENVISAGED TO BE COVERED IN THE COMING YEARS:

a. Providing level playing field to IFSC (re)insurance entities to undertake international insurance business

b. Providing regulatory framework for making IFSC a Re-insurance Hub

c. Developing Cross Border Reinsurance in IFSC through policy measures

d. Providing sandbox support to onboard InsurTech companies

e. Developing an enabling framework on products for Indian diaspora.

AIRCRAFT LEASING

The Ministry of Civil Aviation constituted a working group for developing avenues for aircraft financing and leasing activities in India in 2018. The group observed that IFSC provides a valuable platform to host aircraft leasing and financing businesses and laid down key regulatory changes required. As per the report, India is currently the third largest domestic passenger market, with an improving economic environment, increasing middle class population, development of world-class airports, and capacity expansion of low-cost carriers. It is projected to advance rapidly from its current seventh position in terms of the combined domestic and international passenger market to become the third largest worldwide combined passenger market.

In India, more than 70% of the aircraft acquisitions over the last decade have been on an operating lease basis while globally this figure is around 45%. Airlines in India have placed orders for more than 1,000 aircrafts, making it the third largest order book in the world behind only the United States and China. Going forward, as per the recent industry projections, the passenger traffic is expected to grow six-fold to around USD 1.1 billion by the year 2040, serviced by a scheduled airline operator fleet which would grow from about 636 aircrafts presently to around 2,350 aircrafts by March 2040. In the next ten years, India would receive deliveries of 100 aircrafts each year which would require about USD 5 billion of financing each year.

Aircraft financing is done globally from an International Financial Centre as it provides a highly competitive regulatory framework to support such business. In India, GIFT IFSC is suitable for providing a valuable platform to launch Aircraft Leasing business, as its regime is more in line with other global financial centres and offers offshore status for financial services, tax incentives, exemptions related to company law and allows businesses to operate in freely convertible foreign currency.

Aviation in India: Resilient and Promising

India is the 7th largest market by jet fleet size and 3rd largest by new acquisitions.

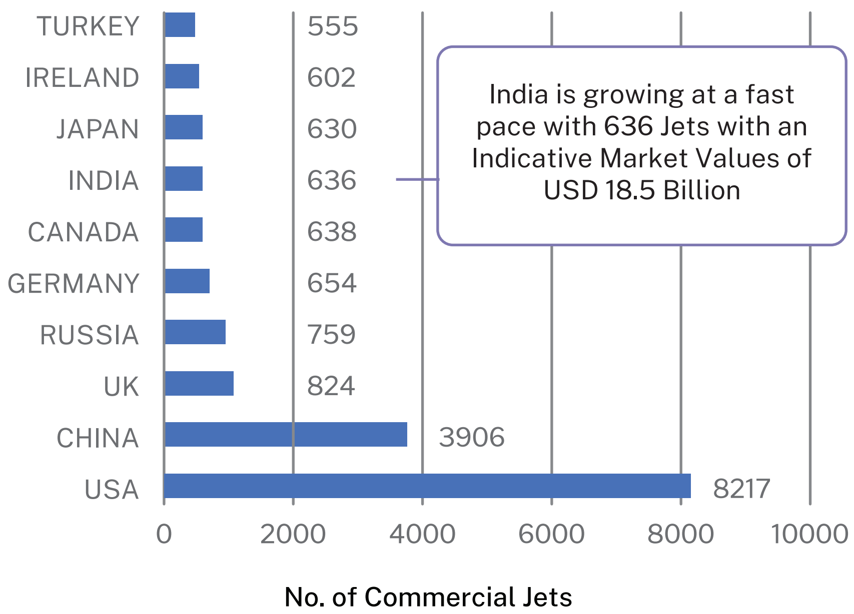

Fig.22

Top 10 Countries by Jet Fleet Size
Source: FICCI

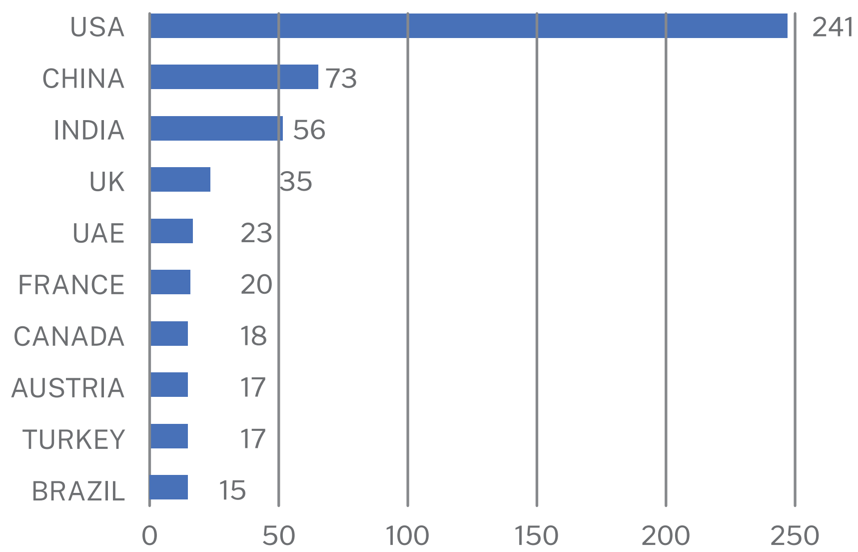

Fig.23

Sale and Lease Back Transactions in 2020

Source: FICCI

The cost of purchasing an aircraft is humongous and hampers the fleet expansion plan of the carriers, especially the newer ones. In such a scenario, it is economical for carriers, particularly the low-cost ones, to lease aircrafts. In this way, the cost gets spread across the lease period making it possible for the operator or carrier to fly at competitive rates. Leasing is an efficient means to fulfill short-term capacity requirements without burdening the balance sheet of the airlines.

India has emerged as a major aviation hub with enabling government policy and regulatory interventions which include the National Civil Aviation Policy 2016, increase in FDI limits, and increased focus on regional connectivity through the UDAN (Ude Desh ka Aam Naagrik) initiative of the government, which has led to opening up of new airports and induction of newer types of aircrafts, and Open Skies.

HON'BLE FINANCE MINISTER IN THE UNION BUDGET, 2019-2020 ANNOUNCED

"As the world's third largest domestic aviation market, the time is ripe for India to enter into aircraft financing and leasing activities from Indian shores. This is critical to the development of a self-reliant aviation industry, creating aspirational jobs in aviation finance, besides leveraging the business opportunities available in India's financial Special Economic Zones (SEZs), namely, International Financial Services Centre (IFSC). Government will implement the essential elements of the regulatory roadmap for making India a hub for such activities."

Jan 2019
Report on Project Rupee Raftaar released by Hon'ble Union Minister for Civil Aviation at Global Aviation Summit.

July 2019
Hon'ble Finance Minister, Smt. Nirmala Sitharaman announces India's entry into aircraft financing and leasing activities from Indian shores by leveraging the business opportunities available in IFSC

Sept 2019
MoCA-DEA jointly took up specific proposals from MoCA WG Report with all Ministries, RBI, Regulatory Authorities, which were accepted.

04 Aug 2020
Exemption from Stamp Duty.

Oct 2020
IFSCA accorded power as Unified Regulator. Worked in tandem with MoCA on the enablers identified in Rupee Raftaar report • Tax (CBDT) • Regulations (RBI/DFS/ Ministry of Commerce).

Nov – Dec 2020
Engagement with industry on global best practices and standards from regulatory perspective.

16 Dec 2020
Consultation paper issued on proposed Aircraft leasing regulations.

01 Feb 2021
Budget announcements on tax holiday for the aircraft leasing industry in IFSC.

19 Feb 2021
Aircraft Leasing Framework Issued by IFSCA.

Fig.24

Aircraft Leasing Journey in India

IFSCA in its second Authority meeting held on September 9, 2020, had recommended the Government to specifically add aircraft financing and leasing activity, including operating lease, as a Financial Product in IFSC. Accordingly, on October 16, 2020, the Government of India notified 'Aircraft lease which shall include operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any part thereof' as a 'financial product' under the IFSCA Act, 2019.

Considering, Aircraft Leasing is a relatively new industry in India and Aircraft Leasing related regulations are different across various financial centres, IFSCA issued a consultation paper on Draft Aircraft Leasing Regulations on December 16, 2020. Based on the interest shown by various participants and the feedback received, a 'Framework for Aircraft Operating Leases' was issued by IFSCA on February 19, 2021, to enable the aircraft operating lease business in IFSCs in India.

To set up operations in IFSC, an aircraft lessor must register with IFSCA and satisfy the following eligibility criteria:

(I) The entity shall set-up operations in an IFSC in India by way of a company or LLP or a trust or in any other form as may be specified by IFSCA.

(II) The person(s) in control of the aforesaid entity shall be located in a FATF compliant jurisdiction.

(III) The entity shall deploy resources in such IFSC commensurate with the business operations under the IFSCA framework.

(IV) The entity must meet a minimum capital requirement of USD 200,000 or equivalent in freely convertible foreign currency.

MAJOR SPIN OFF EFFECTS

Aircraft leasing in GIFT IFSC would create additional high-end job opportunities in India not only directly through aircraft financing, but also through other financial services such as banking, insurance, credit guarantees and ancillary services like legal, accounting, etc. At the same time, it would provide an impetus to the sustainable development of a robust MRO and Aircraft Engineering industry in India, better positioned to service the growing demand of an expanding fleet, engines, and other critical parts, effectively reducing the import of services related to Aircraft Leasing and its regular maintenance saving huge forex outgo.

Post issuance of the Aircraft Operating Lease framework by IFSCA, there has been active interest from various stakeholders to undertake this activity from IFSC. It is envisaged that the Aircraft Leasing activity in IFSC will facilitate the reshoring of this strategic business back to the country.

GLOBAL IN-HOUSE CENTRES (GICs)

The recent decades have witnessed the growing centrality of international financial services in the larger financial sector. In the Indian context, this has been even more important as the country is not only one of the world's largest consumers of such services but also holds a massive, mostly untapped potential to emerge as a global hub for international financial activity owing to its vast size and strategic location.

The Indian GIC landscape has evolved significantly over the last two decades. India has become home to more than 1300 GIC organizations, employing more than 1.3 million workforce and contributing USD 33.8 billion in gross revenue, as of FY 2020[28].

The IFSC is the product of the realisation and endeavour to position India at the heart of international financial transactions, regionally as well as globally. Towards this end, the role of GICs in accelerating digitisation and economic development, cannot be understated. In India, GICs have been instrumental in creating a large talent pool of highly skilled workforce equipped with the best digital knowledge available.

Spread across 886 acres, GIFT City, a Multi Services SEZ and an exclusive Domestic Tariff Area (DTA), led by its competitive cost structure, diverse talent pool, proximity to Ahmedabad airport and geo-strategic location in terms of time zone, is poised to emerge as a hub for GICs for financial services groups.

In order to enable financial services groups to set up GIC units in IFSC, Central Government has notified GICs as "financial service" to provide services relating to financial products and financial services. Subsequently, IFSCA issued a circular on November 18, 2020, to provide an institutional framework for recognizing and operationalizing the GICs in IFSC.

With the given regulatory and taxation regime, major players among the financial services group are expected to set up GIC units in GIFT IFSC, which has a potential to generate employment on a large scale.

Box-8 Key Benefits of Setting Up GIC In GIFT IFSC

i. Globally competitive tax regime
ii. Lower operational costs
iii. Availability of large talent pool
iv. Ease of doing business
v. Access to state-of-the-art infrastructure

With more GICs establishing their presence in GIFT IFSC, the avenue of growth towards employment and financial independence is broadening. The GIC units are now becoming centres of excellence generating sustainable competitive advantage for the enterprise in the functions owned by GICs. The vast employment opportunities generated by the GIC units will help in augmenting social infrastructure. Thus, GICs in IFSC will have a multiplier effect on the IFSC ecosystem.

28 NASSCOM and Deloitte led report "GCC Value Proposition for India

Box-9 Regulatory Regine for GICs in GIFT IFSC

1. The GIC in GIFT IFSC can provide support services, directly or indirectly, to the following entities within its financial service group, including but not limited to:
   - Banks, Non-Banking Financial Companies (NBFCs)
   - Financial Intermediaries
   - Investment Banks
   - Insurance Companies
   - Re-Insurance Companies
   - Actuaries
   - Brokerage Firms and Funds
   - Stock Exchanges
   - Clearing Houses
   - Depositories and Custodians
2. The applicant entity shall exclusively cater to its financial services group.
3. The support services should be for the purpose of carrying out a financial service in respect of a financial product.
4. GICs can conduct their business in any mode permitted by IFSCA, including the branch mode.
5. A Global in-house centre shall deal in freely convertible foreign currency only, provided that it may defray its administrative expenses in INR by maintaining an INR account as may be specified by the Authority.

OTHER AREAS

SUSTAINABLE FINANCE

Sustainable finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects. It involves not only financing and investing through various financial products like Green Bonds, Social Bonds, Sustainable & Sustainability-linked bonds, Green Loans, among others, but also integrating sustainable practices as a part of an organization's business strategy and operations.

Global Scenario

With the rising threat of climate change and environmental & social risks associated with it, which accounts for three of the top five risks affecting humanity[29], the need for sustainable finance has gathered momentum across the globe. Regulators around the world are focusing on integration of sustainability considerations into various aspects of financial markets.

In terms of sustainable issuances, the world witnessed green bond issuances worth USD 106.86 billion in a short span of three months ending March 31, 2021[30]. Amidst the COVID challenges, global green bond issuance reached a record high of USD 269.5 billion in 2020. Funds flowing into sustainable investment have grown steadily and over USD 30 trillion of assets worldwide are now incorporating some level of ESG considerations[31]. Both data and organic development of the ecosystem in the world suggest that sustainability will be a core part of decision-making in every financial institution.

Sustainable Finance in India

In 2015, India signed the Paris Agreement and adopted the Sustainable Development Goals (SDGs). Ahead of the UN Conference of Parties to Climate Change (COP21), India also submitted its Intended Nationally Determined Contributions (INDCs) document to the secretariat of the UNFCCC. In its INDCs, India pledged to improve the emission intensity of its GDP by 33 to 35 percent by 2030 i.e., below 2005 levels, increase the share of non-fossil fuels-based electricity to 40 percent by 2030 and enhance its forest cover which will absorb 2.5 to 3 billion tons of carbon dioxide by 2030.

Achieving these ambitious goals would require a significant amount of capital. India's Union Budget, 2016 highlighted that at least USD 2.5 trillion would be required to meet the climate change actions under INDCs alone. In this scenario, while the maximum share of the country's finance comes from budgetary sources, it is imperative for the country to augment the private capital flows including international AIF and regulatory interventions to bridge the financing gap.

Role of IFSCA

Global trends and India's capital requirements in sustainable finance create a unique opportunity for IFSC to become a global leader in sustainable finance. The Authority aims to leverage this unique position and to enable IFSC to act as a sustainable finance hub and an investment gateway for India. It envisions developing robust regulations, in turn attracting leading market players to look at IFSC as the destination for sustainable finance. IFSCA, as a regulator, aims to undertake measures that mandate an issuer to meet international standards of disclosures, reporting and transparency while raising capital for green, social, and sustainable bonds.

Journey on Sustainable Finance in IFSC

To gain an in-depth understanding of the global sustainable finance scenario, a cross-jurisdictional study was undertaken. This study examined various reporting frameworks, standards, taxonomies, guidelines, and country specific initiatives.

29 World Economic Forum
30 Climate Bonds Initiative
31 OECD Business and Finance Outlook 2020

A series of interactions were held with various stakeholders including international regulators, standard-setting bodies, industry participants, investor forums, reviewers, and verifiers, among others, to understand the positioning of India's regulatory environment for raising sustainable finance. To enable a detailed understanding of the challenges in sustainable finance, a series of closed-door roundtable conferences were held. The first virtual roundtable conference on **"Future of sustainable finance issuances in the IFSC"** was organised by the Authority in association with the National Institute of Public Finance and Policy (NIPFP). It was chaired by the Chairperson, IFSCA and was attended by experts from national and multinational investor organisations, consultancy service firms, and corporates, among others. The conference centred on challenges and impediments envisaged in creating an ecosystem for sustainable finance in the IFSCs and the regulatory nudge required for the same. The participants were informed about the Global Securities Market (GSM) platform functioning at India INX, India's first international exchange in IFSC. The exchange provides facilities and regulations comparable to any other leading International Financial Centre in the world and has a specific segment for securities classified as green/ social/ sustainable.

The second virtual roundtable conference centered on **"Sustainable Finance: Challenges and Opportunities for banks"** in association with auctusESG. It was attended by experts from Indian Banks' Association, Chief Finance Officers, Chief Risk Officers and Vertical Heads of prominent banks and experts from investment and consultancy services. The experts shared their experiences in issuing green bonds and how they envision a sustainable banking ecosystem. The major impediments that were identified during the conference related to lack of data on the adoption of ESG standards and insufficient skills and manpower for ESG risk assessment and quantification, among others.

IFSCA was also invited as a distinguished discussant at a virtual roundtable conference arranged by the Observer Research Foundation (ORF) in collaboration with the State of Denmark. This roundtable centered on **"Financing green transitions: the role of regulation".** It was chaired by Mr. Jayant Sinha (chairperson of the Parliamentary Standing Committee for Finance) and was attended by experts from the financial sector, government, business, and civil society. It explored various means through which financial sector regulation can enable green financing.

As part of the strategic collaboration between India and the UK, for the purpose of the development of GIFT IFSC, IFSCA undertook a virtual visit to London which facilitated a regulatory exchange between IFSCA and the UK regulators. During these interactions, possible areas of collaboration on sustainable finance were discussed. These areas included developing a greenwashing framework, cross-listing of Masala Bonds and ESG focused bonds, knowledge sharing and capacity building, among others.

Sustainable Listings in IFSC

Issuers like ReNew Power Pvt Ltd, SBI, Indian Railway Finance Corporation (IRFC), Adani Green Energy (UP) Ltd, Parampujya Solar Energy Pvt Ltd and Prayatna Developers Pvt Ltd have listed their green bonds on the GSM 'Green' platform at India INX in GIFT IFSC.

India INX, a recognised stock exchange in GIFT IFSC, has also announced an MoU with Luxembourg Stock Exchange for the development and promotion of ESG and green finance in November 2020.

ANCILLARY SERVICES

Globally, professional services have played a pivotal role in creating a conducive ecosystem for the International Financial Centres to thrive. Professional services providers support the financial institutions by providing services such as legal advisory, accounting, management consultancy, secretarial services, fund administration, etc. The need for professional services is driven by complex and sophisticated nature of financial products and services in International Financial Centre, which primarily deals with cross-border transactions. Various International Financial Centres have been making concerted efforts for creating a robust ecosystem for professional services providers to support and assist the financial services institutions in their respective jurisdictions. In order to develop IFSC, it is imperative that an entire ecosystem is developed for the smooth functioning of various financial institutions in IFSC.

Thus, IFSCA vide circular dated February 10, 2021, has issued a framework for enabling ancillary services permitting service providers to undertake one or more of the following activities:

i. Legal, Compliance and Secretarial.

ii. Auditing, Accounting, Bookkeeping and Taxation Services.

iii. Professional & Management Consulting Services.

iv. Administration, Assets Management Support Services and Trusteeship Services.

v. Any other services as approved by IFSCA from time to time.

The framework details the activities of permissible ancillary services, eligible entities, service recipients, etc. Under the said framework, nine applications have been received and two of the applicants have been granted authorization as on March 31, 2021.

SECTION D

A LIST/ COVERAGE OF THE QUASI-LEGISLATIVE, EXECUTIVE AND QUASI-JUDICIAL FUNCTIONS OF THE AUTHORITY

IFSCA has been set up as a unified regulator for IFSCs to exercise all the regulatory powers which are hitherto being exercised by four domestic financial sector regulators namely RBI, SEBI, IRDAI and PFRDA. Thus, IFSCA can perform all such quasi-legislative, executive, and quasi-judicial[32] functions in IFSCs as are being performed by these regulators. Section 12 of the IFSCA Act, 2019 (Act) empowers IFSCA to develop and regulate the financial products, financial services, and financial institutions in an IFSC. It can also recommend to the Central Government such other financial products, financial services, and financial institutions which may be permitted in an IFSC by the Central Government. Further, under section 13 of the Act, IFSCA can exercise all powers exercisable by the aforesaid four domestic financial regulators with respect to certain acts specified under Schedule-I of the Act in so far as it relates to financial products, financial services, and financial institutions.

To enable the functioning of various financial products and services regulated by the Authority, the following regulations, notifications, and circulars have been issued:

Table 24 - TABLE ON REGULATIONS

S. No	Regulations	Date of issue	Objectives
1	International Financial Services Centres Authority (Global In-House Centres) Regulations, 2020 IFSCA/2020-21/GN/REG 003.	13/11/2020	The Authority by these regulations provides a framework for recognition and operation of Global In- House Centres and for matters connected therewith or incidental thereto.
2	International Financial Services Centres Authority (Procedure for Authority Meetings) Regulations, 2020 IFSCA/2020-21/GN/REG002	13/11/2020	The Authority has issued these regulations to ensure smooth, transparent, and orderly conduct of its meetings.
3	International Financial Services Centres Authority (Employees' Service) Regulations, 2020 IFSCA/2020-21/GN/REG001	13/11/2020	The Authority has issued these regulations to outline the mode and manner of, inter-alia, recruitment of personnel, disciplinary rules, pay/allowances/other benefits/ structure of the Authority.
4	International Financial Services Centres Authority (Banking) Regulations, 2020 IFSCA/2020-21/GN/REG004	20/11/2020	The Authority has issued these regulations to allow the IBU units to operate in an IFSC and to duly regulate their business activities.
5	International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 IFSCA/2020-21/GN/REG005	11/12/2020	The Authority has issued these regulations, with a broader vision and mission to set up India's first International Bullion Exchange in the GIFT IFSC. The regulations provide a framework for recognition of bullion exchanges, its clearing corporations, depositories and vaults and for matters connected therewith or incidental thereto.
6	International Financial Services Centres Authority (Finance Company) Regulations, 2021 IFSCA/2020-21/GN/REG010	31/03/2021	The Authority, to develop financial products and financial institutions, has issued these regulations, to allow finance companies/ finance units to set up their business in certain permissible activities.

32 No Executive and Quasi- Judicial powers have been hitherto exercised by the Authority. (As per the Information available with the Legal policy and Regulatory affairs department)

Table 25 - TABLE ON NOTIFICATIONS

PART-I NOTIFICATIONS ISSUED BY IFSCA

S. No	Notification	Date Of Publication	Purpose Of Notification
1	Notification on designating certain Qualified Financial Contracts IFSCA/2020-21/GN/008	05/02/2021	IFSCA designated certain Qualified Financial Contracts by virtue of powers conferred by sub-section (a) of Section 4 of the Bilateral Netting of Qualified Financial Contracts Act, 2020 (30 of 2020).

PART-II NOTIFICATIONS ISSUED BY THE CENTRAL GOVERNMENT

S. No	Notification	Date Of Publication	Purpose Of Notification
1	CG-DL-E-16102020-222516 S.O. 3652(E)-- Aircraft lease S.O. 3653(E)—Global in-house Centres	16/10/2020	By S.O. 3652(E), the Central Government notified aircraft lease which shall include operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any other part thereof, as financial product. By S.O. 3653(E) the Central Government notified Global In-House Centres (GIC), as financial service to provide services relating to financial products and financial services.
2	CG-DL-E-31082020-221461 S.O. 2957(E)	31/08/2020	Central Government notified the following as (A) Financial Products: i. bullion spot delivery contract. ii. bullion depository receipt with underlying bullion. (B) Financial Services: i. trading in bullion depository receipts with underlying bullion in relation to bullion spot delivery contracts. ii. provision of bullion financing, bullion-based loans, bullion loans against collateral, bullion vaulting, clearing and settlement services in relation to bullion spot delivery contracts and bullion depository receipts.
3	CG-DL-E-27042020-219201 S.O.1383 (E) S.O.1384 (E)	27/04/2020	By S.O.1383 (E) the Central Government established IFSCA and the head office of IFSCA at Gandhinagar, Gujarat. By S.O.1384 (E) Section 1 to 11 and Section 14, 15, 16, 27, 29, 30 and 34 of IFSCA Act came into effect.
4	CG-DL-E-21082020-221275 S.O.2844(E)	21/08/2020	Central Government gave effect to Section 12, 17 to 26, 28, 31 and 32 of IFSCA Act.
5	CG-DL-E-29092020-222097 S.O.3374(E).	29/09/2020	Central Government gave effect to Section 13 and 33 of IFSCA Act.

Table 26 - TABLE ON MAJOR CIRCULARS/GUIDELINES

S. No	Circulars/Guidelines	Date Of Issue	Objectives
1	Liquidity Enhancement Scheme (LES)	07/10/2020	Stock exchanges in IFSC are permitted to introduce LES in illiquid securities up to a maximum period of 5 years.
2	Real Estate Investment Trusts in International Financial Services Centres	21/10/2020	To provide the regulatory framework for listing of Real Estate Investment Trusts (REITs) in IFSCs.
3	Infrastructure Investment Trusts in International Financial Services Centres	21/10/2020	To provide the regulatory framework for listing of Infrastructure Investment Trusts (InvITs) in IFSCs.
4	Depository Receipts in the International Financial Services Centre	28/10/ 2020	To provide the regulatory framework for issuance and listing of Depository Receipts in IFSCs.
5	Framework for Regulatory Sandbox	19/10/2020	To promote innovation and ultimately create a world-class Fin-Tech hub to provide a platform for market players in IFSCs.
6	Global In-House Centres (GIC) in International Financial Services Centre (IFSC)	18/11/2020	Pursuant to IFSC-GIC Regulations 2020, the circular provides for pro-forma to obtain detailed information from the GIC units proposed to be set up in an IFSC.
7	IFSCA (Deposits) Directions, 2020	04/12/2020	To outline the permissible deposits and prohibited activities in IBUs.
8	Alternative Investment Funds in IFSC	09/12/2020	To review the regulatory framework of AIFs in IFSC.
9	Membership of stock exchanges and clearing corporations in IFSC by foreign entities	11/12/2020	To permit foreign entities to open branch offices in an IFSC and to act as stockbrokers/clearing members.
10	Framework for enabling Ancillary Services at International Financial Services Centres	10/02/2021	To enable professionals/ service providers to aid/ assist the primary services in an IFSC, by authorizing them to act as ancillary service providers.
11	Framework for Aircraft Operating Lease	19/02/2021	To enable the operation of an aircraft lease for the purpose of sale, purchase, novation, transfer, etc. or any other permissible activity in an IFSC.
12	Framework for Recognition of a Custodian of Assets/ Securities	24/02/2021	Provides for a mechanism to facilitate a vibrant ecosystem for custodial services and recognition of custodian of assets/ securities.
13	Enabling Dealings by IFSC – Banking Units in Bullion Unallocated Accounts	03/03/2021	Enabling the banking units in an IFSC to operate unallocated accounts for the purpose of trading, hedging, and swapping with physical gold/ silver (allocated).

ENGAGEMENT AND PARTNERSHIP BETWEEN GUJARAT NATIONAL LAW UNIVERSITY (GNLU) AND IFSCA:

An MoU was signed between IFSCA and GNLU on September 28, 2020, to provide relevant insights on various legal matters. The following are some of the identified areas of cooperation and of common interest between GNLU and IFSCA: -

a) Bringing in domain expertise for the purpose of research, consultancy, training, and capacity building.

b) Promote and encourage participation and involvement of different stakeholders thereby fostering a network of international, national and/ or regional stakeholders and decision makers.

c) Conduct evidence-based policy research to aid policy formulation.

d) Engage with GNLU's centres of excellence.

POLICIES AND PROGRAMMES FOR THE FOLLOWING YEAR

1. IFSCA (Market Infrastructure Institutions) Regulations, 2021

Post approval of the draft MII Regulations in the Authority meeting, IFSCA would be notifying the MII Regulations in the following year.

2. IFSCA (Issuance and Listing of Securities) Regulations, 2021

IFSCA is aiming to finalize and notify the IFSCA (Issuance and Listing of Securities) Regulations, 2021 ("Listing Regulations") to provide regulatory framework for various types of products on the stock exchanges in IFSC.

3. IFSCA (Capital Market Intermediaries) Regulations, 2021

The proposed Regulations shall provide the necessary framework for registration of intermediaries including eligibility criteria, net worth requirements, structure for operating in IFSC, general obligations and responsibilities for all intermediaries, specific responsibilities for various types of intermediaries and other regulatory provisions such as inspection and reporting requirements etc.

4. Recommending Central Government to include Factoring Regulation Act, 2011 under Schedule-I of the IFSCA Act

Trade Financing is one of the activities which can improve the business potential in the IFSCs. Considering this a proposal has been made to include the Factoring Regulation Act, 2011 in the first schedule of the IFSCA Act. This would facilitate IFSCA to effectively govern and regulate the same through dedicated framework.

5. Research on the feasibility of Alternate Dispute Resolution mechanism in IFSCs

One of the main objectives of the IFSCA is to attract offshore businesses to the IFSC and thereby establishing it as a robust global financial centre having the ability to compete with other jurisdictions. Having a contemporary and efficient alternate dispute resolution centre will nudge international financial sector players towards the IFSC.

The faster, cost-effective and efficient disposal of disputes is one of the features of ease of doing business. To develop India as a lucrative destination for International Arbitration, IFSCA envisages to study the feasibility of establishing an International Arbitration Centre (IAC) at GIFT IFSC to improve India's ranking on parameters like enforcement of contracts and dispute resolution and simultaneously develop GIFT IFSC as a global centre for Alternate Dispute Resolution by setting up a world-class IAC in line with SIAC and LCAI[33].

6. Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Guidelines

As a unified regulator of the financial sector, IFSCA is required to put in force a comprehensive guideline on Anti-money laundering and Countering of Financing of Terrorism (AML/ CFT) in line with the FATF recommendations and standards and PML Rules. The guidelines once operationalised would provide a transparent and accountable business model for all the regulated entities. IFSCA is conducting a comprehensive study to incorporate FATF recommendations and other global best practices in its proposed guidelines which will be finalized post consultation with relevant stakeholders.

7. IFSCA Performance Review Committee (PRC) Regulations

Under Section 17 of the IFSCA Act, 2019 the Authority shall constitute a PRC consisting of at least two members of the Authority to review the functioning of the Authority. Further, the Authority shall also make regulations on certain matters mentioned under sub-section 4 of section 17 of the Act. In this regard, IFSCA is in the process of drafting PRC Regulations.

8. Research on special dispensation for IFSCs in Special Economic Zones Act, 2005 (SEZ Act) and Rules

It is observed that in the present framework, the entities in IFSCs have to undergo dual compliance under SEZ and IFSCA laws. In this regard, detailed research on the provisions of the SEZ Act and rules is being undertaken to enable special dispensation for the IFSCs.

33 The Authority is in consultation with experts in the Arbitration field and has delegated the task of preparing a detailed research report to GNLU.

SECTION E

SOURCE OF FUNDS AND MAJOR AREAS OF EXPENDITURE (FY 2020-21)

Table 27

SOURCES OF FUNDS FOR 2020-21 **(AMOUNT IN RS LACS)**

Sources of Fund - Receipts	Amount
Annual Fees	510.52
Application Fees	7.57
Broker Turnover Fees	97.79
Listing Fees	1.05
Registration Fees	77.85
Government Grants	2,055.00
Interest income on regulatory fee earned by IFSCA	0.59
Miscellaneous Income	0.80
Total	**2,751.17**

Table 28

MAJOR AREAS OF EXPENDITURE FOR 2020-21 **(AMOUNT IN RS LACS)**

Major Areas of Expenditure - Payments	Amount
Establishment Expenses	726.20
Administrative Expenses	428.89
Purchase of Fixed Assets	200.82
Prepaid Expenses / Advances on Capital Accoun	190.55
Other Prepaid Expenses	66.82
Security Deposit for leased office premises of IFSCA HQ and Guest House	186.78
Total	**1800.06**

SECTION F

ORGANIZATIONAL MATTERS

Table 29 - A GLANCE AT THE IFSCA ORGANIZATIONAL STRUCTURE

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY	
Departments	Divisions
Department of Banking	Banking Regulations 1
	Banking Regulations 2
	Finance Company Regulations
	Supervision, Risk Analysis
Department of Capital Market	Primary Market Listing & New Product Debt & Sustainable Finance
	Market Infrastructure Informations & Technology
	Public Funds, New Products & Services
	AIF, REITs & InvITS
Department of Insurance	Insurance, Licensing, Policy & Supervision
Department of Precious Metals	Market Structure & Risk Management
	Technology & Supervision
	Product Development & Regulation
	Regulatory Coordination & Political Synergy
Department of Development	Development of Financial Markets-I
	Development of Financial Markets-II & International Affairs
	Development of Financial Centre
Department of Economic Policy & Analysis	Economic Policy & Analysis
Department of General Administration	Administation & HR
	Treasury, Finance & Accounts
Department of IT & FinTech	IT Infrastructure
	FinTech
Department of Legal & Regulatory Affairs	Legal Policies & Regulatory Affairs
	Regulatory Coordination

Table 30 - IFSC Authority Meetings

S. No.	Meeting	Date
1.	First Authority Meeting	14th August 2020
2.	Second Authority Meeting	09th September 2020
3.	Third Authority Meeting	27th October 2020
4.	Fourth Authority Meeting	11th November 2020
5.	Fifth Authority Meeting	18th December 2020
6.	Sixth Authority Meeting	15th March 2021

RIGHT TO INFORMATION (RTI)

RTI Act 2005 mandates timely response to citizen requests for government information. The basic object of the Act is to empower the citizens, promote transparency and accountability in the working of the Government, contain corruption, and make our democracy work for the people in a real sense. The Act is a big step towards making the citizens informed about the activities of the Government.

Table 31 - Status of Applications under RTI Act, 2005 with IFSCA as on 31st March 2021

Total Number of RTI Requests Received During the Reporting Year	Total number of RTI Requests Replied During the Reporting Year	Balance as on 31.03.2021
9	9	0

HUMAN RESOURCES

The Government of India has set up IFSCA vide notification dated April 24, 2020, and its first Chairperson was appointed on July 6, 2020. IFSCA is responsible for developing and regulating the financial products, financial services and financial institution in IFSCs in India. Being a unified Authority, IFSCA aims to attract the right talent, train them for the tasks and motivate them for excellence.

Employees

In accordance with the IFSCA (Employees' service) Regulations, 2020, IFSCA initiated a one-time special recruitment drive to recruit Grade 'A' officers amongst the candidates who appeared in the Personality Test of Civil Services Examination, 2019 conducted by the Union Public Service Commission (UPSC). These officers are drawn from disciplines such as Law, Economics, Finance, Commerce, Management, and Information Technology. They have undergone an induction programme through the National Institute of Securities Markets (NISM) and Gujarat National Law University (GNLU). Premised on the TPI (theoretical knowledge, practical skills and interaction need) theory of induction, the programme aimed at preparing the officers for a regulatory role in the financial services market.

Being a new Authority, recruitment to fill various posts from Grade A officer to Executive Director on Direct Recruitment/ Deputation/ Loan basis has been completed in less than 3 months. The details of sanctioned strength and employees in positions post-recruitment are as below:

Table 32 - Sanctioned and Actual Strength of Employees

Position	Approved strength as on 31.03.2021	Actual Strength as on 31.03.2021	Mode of Recruitment
Executive Director	6	2	Direct recruitment and Deputation
Chief General Manager	9	1	Direct recruitment
General Manager	12	4	Deputation and secondment
Deputy General Manager	15	14	Direct recruitment, deputation, and secondment
Assistant General Manager	20	3	Direct recruitment and deputation
Manager	26	7	Deputation and secondment
Assistant Manager	30	22	Direct recruitment and deputation
Executive Assistant/ Senior Executive Assistant/ Executive Superintendent	20	0	Requirements have been met through contractual engagements on outsourced basis.
Multi-Tasking Staff Grade A/ Grade B/ Grade C	10	0	
TOTAL	**148**	**53**	

Image 4. Newly Recruited Officers (Grade-A) with IFSCA Chairperson and Executive Directors

To develop and regulate the financial services market, IFSCA must have the professional expertise in the field of Capital Market, Banking, Insurance, Bullion, Funds Management and FinTech. To this effect, IFSCA issued guidelines for engagement of young professionals, consultants and senior consultants with expertise in these fields. In accordance with the IFSCA guidelines for engagement of consultants on contractual basis the Authority has engaged the consultants as mentioned below

Table 33 - Engagement of Consultants in IFSCA

S. No.	Area of Specialisation	Position	Remarks
1.	Human Resource Management	Sr. Consultant	Full time basis
2.	International Banking Operations	Sr. Consultant	Full time basis
3.	FinTech	Sr. Consultant	Full time basis
4.	Financial Services Centres	Adviser	Part-time basis
5.	Secretarial Assistance	Consultant	Part-time basis

IFSCA provides an opportunity for internship to students who wish to pursue a professional career in the field of financial services. During 2020-21, six students from Gujarat National Law University interned at IFSCA.

Human Resource Management System (HRMS)

IFSCA has employed the OrangeHRM as their HR Management software. It provides the following HR solution services:

Fig.25

HRMS Services

PREPAREDNESS AND EFFORTS TAKEN BY IFSCA TO TACKLE COVID-19

After the first wave of COVID-19 in 2020, India witnessed a second wave beginning in March 2021 which had a much larger impact than the first wave. Amid this pandemic, IFSCA was confronted with the challenge of ensuring the safety and health of its employees and at the same time controlling the spread of the virus in the office workspace. The following steps were taken by IFSCA, which were based on the guidelines issued by the Government of India and the Government of Gujarat:

i. Periodic tests (RT-PCR) of employees were conducted to enable individuals to isolate themselves in case they were found positive-reducing the chances of further infection.

ii. Regular sanitization/ fogging drives were undertaken in the office as a preventive method to contain the spread of the virus.

iii. Availability of sanitisers and masks to all employees was ensured.

iv. Provision of work from home on alternate working days as per Government of India and the Government of Gujarat guidelines, was extended to the employees.

v. Office circular regarding COVID-19 preventive steps was also issued which laid down all important rules and procedures to be followed. This ensured strict adherence to COVID appropriate behaviour among employees.

vi. IFSCA had taken steps to ensure early vaccination for its eligible employees and initiated steps to ensure that the same is extended to all the employees in due course.

vii. IFSCA had made arrangements with Ginger hotel in association with Global Hospital, Ahmedabad for ensuring priority admission and providing temporary quarantine and isolation facilities for employees of IFSCA. This was done keeping in mind the limited availability of beds in hospitals and to efficiently use the available resources.

With the consistent efforts mentioned above, IFSCA was able to withstand the second wave of COVID-19 and thereby ensure the health and safety of the employees.

DATA APPENDIX

Table 34 - List of Debt Issuances in FY 2020-21

S. No.	Name of Issuer	Debt Securities Listed (USD Mn)
1.	State Bank of India	100
2.	REC Limited	500
3.	Adani Ports and Special Economic Zone Limited	750
4.	Adani International Container Terminal Private Limited	300
5.	Export-Import Bank of India	1000
6.	State Bank of India	600
7.	Asian Development Bank	41
8.	Power Finance Corporation Limited	500
9.	Adani Ports and Special Economic Zone Limited	500
10.	Indian Railway Finance Corporation Limited	750
11.	REC Limited	500
	Total	5541

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