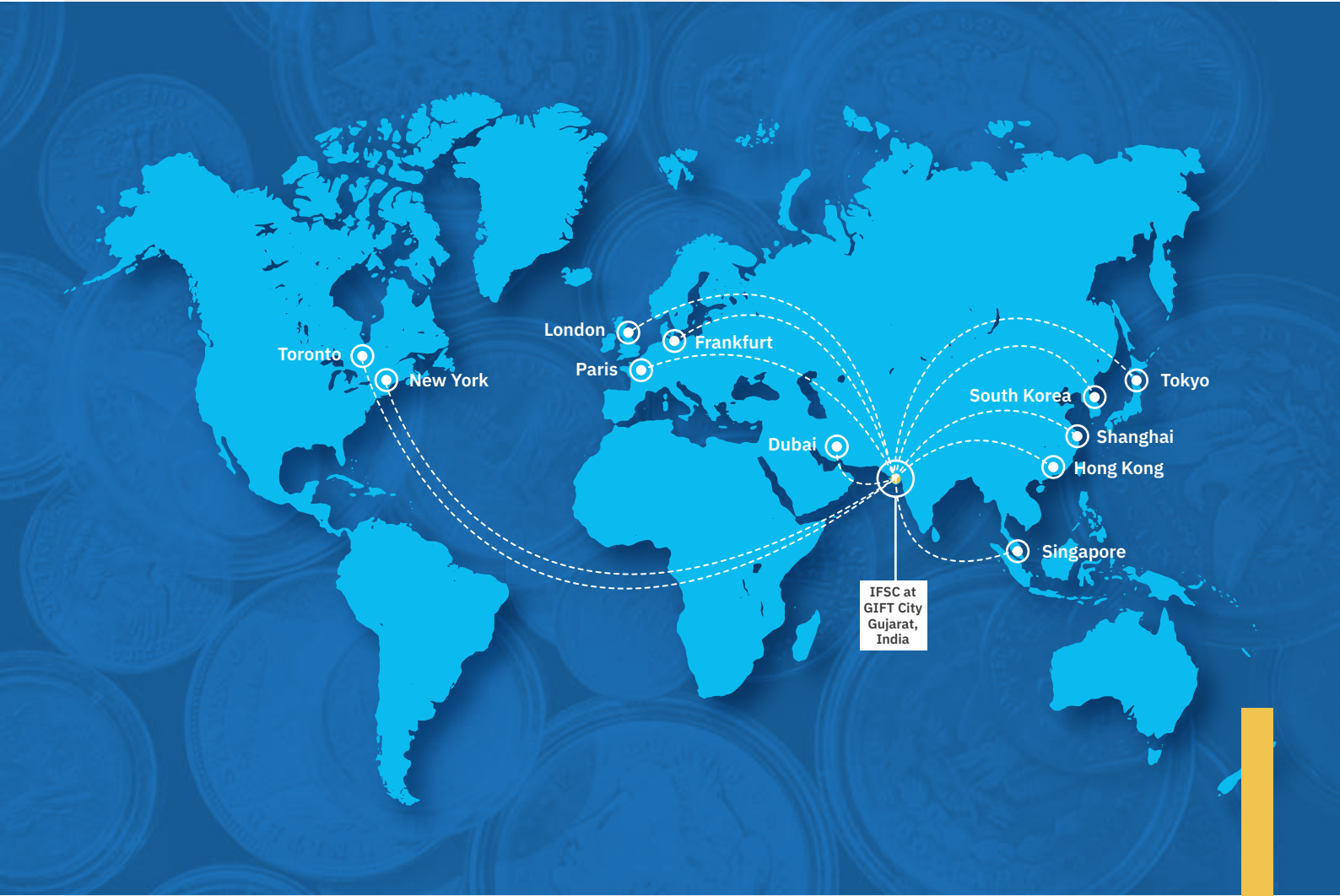


International Financial Services Centre

India



International Financial Services Centres Authority

International Financial Services Centres Authority (IFSCA)

The Government of India established International Financial Services Centres Authority in April 2020 under the International Financial Services Centres Authority Act passed by the Indian Parliament.

For the first time, the regulatory powers of four financial services regulators in India, namely, Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Insurance Regulatory Development Authority of India (IRDAI), Pension Fund Regulatory Development Authority of India (PFRDAI), have been vested in IFSCA with respect to regulation of financial institutions, financial services and financial products in the IFSC, making it a unified regulator for the IFSC.

Approved by Government of India as an International Financial Services Centre (IFSC) at GIFT City, the IFSC reinforces India's strategic position as a global hub for financial services. Apart from providing a global financial platform, it provides easy access to the Indian economy, which is amongst the largest and fastest growing economies in the world, and connects ~30 Mn strong Indian diaspora globally to India through the IFSC.

IFSC at GIFT provides an unprecedented opportunity to Global investors to set up businesses in the areas of banking, investments (especially green finance and social impact capital), insurance and reinsurance, capital market and asset management. It is poised to emerge as a leading fund-raising destination for both Indian and Foreign issuers and as a global hub for fintech start-ups.

It enables registered entities, including branches wherever permitted, to operate, innovate and succeed, facilitated by an internationally comparable regulatory framework under a special offshore status within India.

The latest Global Financial Centres Index, London, (September 2020) places IFSC at GIFT City right at the top amongst 15 centres globally, which are likely to gain greater significance in next 24 months.



Message from IFSCA Chairman



As the first chairperson of IFSCA, it shall be my continuous endeavour to pro-actively interact with all stakeholders with a view to create the most appropriate regulatory framework and underlying ecosystem for establishing the International Financial Services Centre (IFSC) in India as a preferred destination for raising capital, trading in various types of financial products and availing of all types of international financial services.

In today's world of globalization, global capital acts as an important driver of economic growth and development wherever global investment opportunities exist. The setting up of the 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 level.

The IFSCA is a unified authority for development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre in India in the areas of banking, insurance, securities and funds management. We at IFSCA are committed to providing a comprehensive and consistent regulatory framework based on global best practices with a special focus on ease of doing business. As a unified regulator we are committed to ensuring financial stability and

protecting the interests of investors. At the same time, we would like to allow enough space for financial innovations with adequate risk management measures in place. We are also committed to ensuring that regulatory environment is fully FATF compliant with strong enforcement measures of AML and CFT in place.

The immediate priority areas include listing of Depository Receipts, Equity and Debt Instruments for raising capital as well as secondary trading (including derivative trading), Non-Deliverable Forwards in INR-Foreign Currency, hub for all types of Investment Funds, Aircraft Leasing and Financing, International Bullion Exchange, FinTech Hub and setting up of large scale Global In-house centres.

IFSCA is in the process of obtaining membership in premier international forums of financial regulators. We are equally keen to enter into bilateral MoUs with our counterparts across the world. I take this opportunity to welcome potential participants to set up their business in the IFSC in India and assure them full support of IFSCA in terms of time bound processing of applications, positive regulatory environment and ease of business.

Injeti Srinivas
Chairman, IFSCA

India - Unlimited Opportunity

India is the fastest growing ~USD 3 Tn economy in the world and the 5th largest overall

3rd largest GDP by PPP at USD 9.45 Tn

USD 4 Tn Consumption expenditure by 2025

Achieved highest total Foreign Direct Investment (FDI) inflow of US \$70 Bn FY 2019-20

600 Mn Urban population by 2030

29 Years Average Age by 2020

By 2021, India will have more Internet users than the Entire population of 'Six G7' countries (600-650 Mn)

At 63rd position India jumped 79 position in Ease of Doing Business between 2014-19

Important Sector Highlights



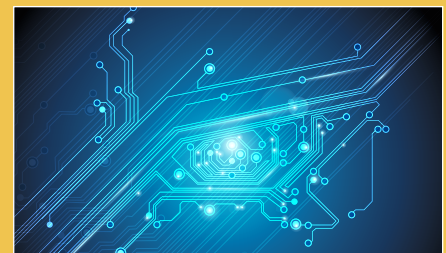
BFSI

- Digital payments market expected to reach USD 1 Tn by 2023
- Total Banking Assets in India expected to cross USD 28.5 Tn in 2025
- Digital lending poised to reach USD 100 Bn by 2023
- Mutual Funds AUM expected to grow 5X to USD 1.47 Tn by 2025



IT-BPM

- IT-BPM sector accounts for 8% of India's GDP
- Sector expected to grow to USD 350 Bn by 2025, up from USD 177 Bn in 2019
- No. 1 IT sourcing destination globally



FINTECH

- The Indian fintech software market is forecasted to touch USD 2.4 Bn by 2020 from a current USD 1.2 Bn as per NASSCOM
- The transaction value for the Indian fintech sector is estimated to be approximately USD 33 Bn in 2016 and is forecasted to reach USD 73 Bn



CIVIL AVIATION

- India is the 3rd largest domestic aviation market in the world
- In the next 20 years, India will require nearly 1600 aircraft worth USD 224 Bn



RETAIL

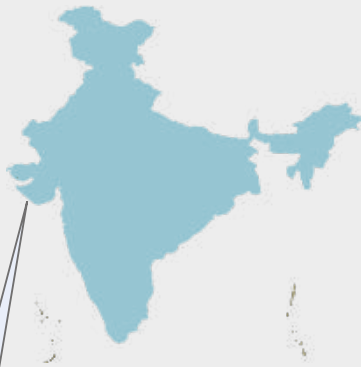
- 2nd in Global Retail Development Index (GRDI) in 2017
- Asia's 3rd largest retail market
- World's 4th largest after US, China & Japan
- Consumption expenditure to reach USD 6 Tn by 2030
- 3rd largest consumer economy by 2025
- E-commerce market expected to reach USD 200 Bn by 2027



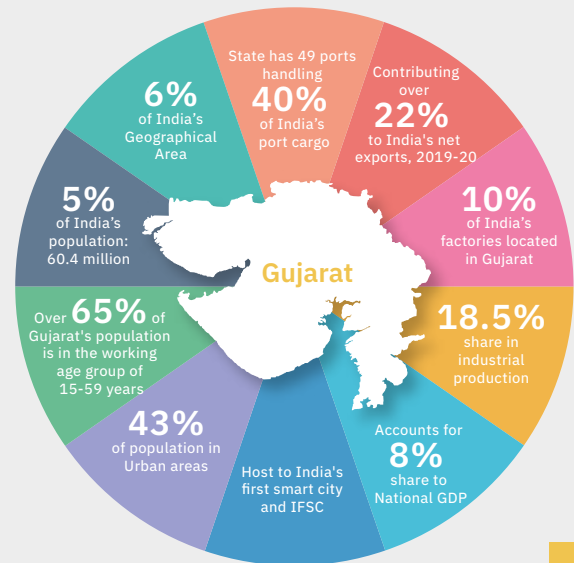
CONSTRUCTION

- 2nd largest employer in India after agriculture, employing 45 Mn people directly or indirectly in 2015. By 2022, it aims to employ 75 Mn, to become the largest employer
- Construction market expected to reach USD 1 Tn by 2025, to become 3rd largest globally
- Construction sector aims to contribute 15% to the GDP by FY 2030

IFSC at GIFT City Gujarat



India's first International Financial Services Centre established at GIFT City, Gujarat regulated by IFSCA



About GIFT City

GIFT City is spread across 886 acres consists of a Multi-Service special economic zone (SEZ) with India's first notified IFSC and an exclusive Domestic Tariff Area (DTA). Total area of 261 acres has been demarcated as SEZ and additional 625 acres has been marked as DTA with commercial office space, social infrastructure which includes an International school, Medical facilities, GIFT City Business club, Indoor and Outdoor sports facilities, Leisure zones, Multi cuisine restaurants and a 5-Star hotel. In addition to this an integrated well-planned residential housing projects enabling walk to work culture.

The state-of-the-art infrastructure development at GIFT City has won several awards and accolades at various forums. The infrastructure developed in GIFT City, such as District Cooling System (DCS), Automated Waste Collection System (AWCS), Water Treatment Plant, Underground Utility Tunnel contribute to making of the city a leading Smart city.

GIFT City - Growth Story...

- 25% of built up area allotted
- Over 200 units / companies
- Employment generated over 10,000
- ~INR 11,000cr investment committed (including investment made)

Overview of IFSC

IFSC Business Activities

Banks

- Indian banks
- Foreign banks

Insurance

- Indian & Foreign Insurer
- Indian & Foreign Reinsurer
- Indian & Foreign Intermediaries

Capital Market

- Stock /Commodity Exchanges
- Clearing Corporation
- Depository
- Broker
- Registrar/Share Transfer Agent

Asset Management

- Pension Fund Services
- Alternate Investment Fund
- Investment Advisers
- Wealth Management
- Portfolio Manager
- Custodial Services
- Trust Services

Allied / Support Services

- Global In-house centres
- Aircraft Leasing & Financing
- Fintech Hub
- Accounting & Audit Services
- Legal & Consultancy Services
- R&D Services

IFSC Opportunities

- Access to large hinterland economy
- Connecting ~30 Mn strong Indian diaspora globally to India through IFSC
- Access to International market
- Connects India with the global markets through IFSC
- Inbound and outbound gateway for International financial services
- India to avail estimated USD 120 Bn International financial services by 2025
- Potential to become world's leading Global In-house centre with most competitive cost structure globally
- Access to India's first International Bullion Spot Exchange
- Attracting global innovators through fintech regulatory sandbox

Current Status (IFSC / SEZ)

Sr. No.	Players	Key Business Activities & Features	No. of Players
1	International Stock Exchanges	<ul style="list-style-type: none"> Dollar denominated products Trading – 22 hours 	<ul style="list-style-type: none"> Two large International Exchanges
2	IFSC Banking Units	<ul style="list-style-type: none"> External Commercial Borrowing (ECB) Lending Trade Finance 	<ul style="list-style-type: none"> Large Foreign and Indian Banks
3	Brokers and Intermediaries	<ul style="list-style-type: none"> Broking Services Proprietary Trading Depositories 	<ul style="list-style-type: none"> Clearing Corporations More than 100 brokers
4	Insurers and Intermediaries	<ul style="list-style-type: none"> Non-life, Reinsurance business Insurance Intermediaries 	<ul style="list-style-type: none"> 18+ entities
5	IT and ITeS Companies	<ul style="list-style-type: none"> IT and ITeS Services 	<ul style="list-style-type: none"> 50+ entities

Competitive Tax Regime - IFSC

100% Tax Exemption (for 10 out of 15 years)	Minimum Alternate Tax @9%	NO CTT/STT/GST/Stamp Duty
NO Capital Gain Tax	Withholding tax @ 4% on interest paid on Debt Instruments listed on IFSC Exchanges	Competitive AIF Tax Regime

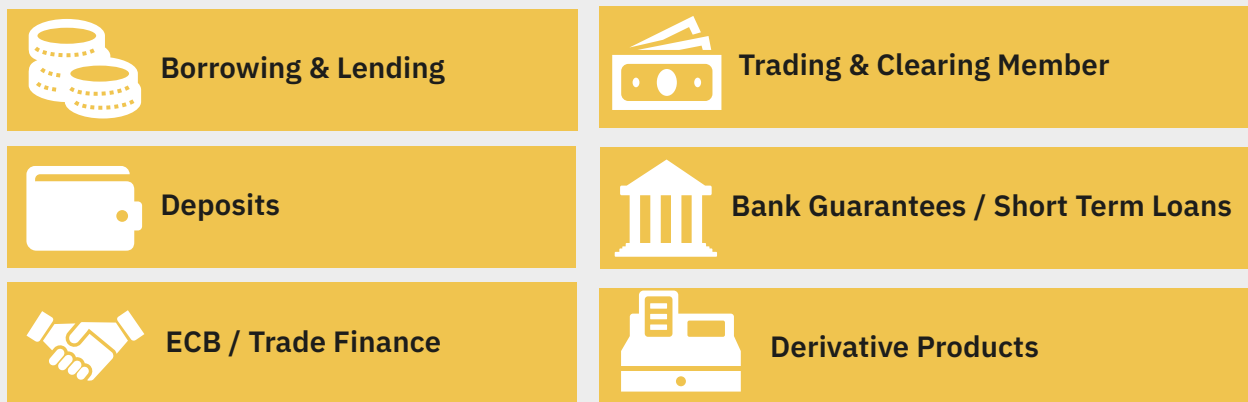
IFSC Banking

Offshore Banking - Connecting IFSC with Global Business

Who can set up IFSC Banking Unit (IBU)

- Indian Banks
- Foreign Banks

Business Activities



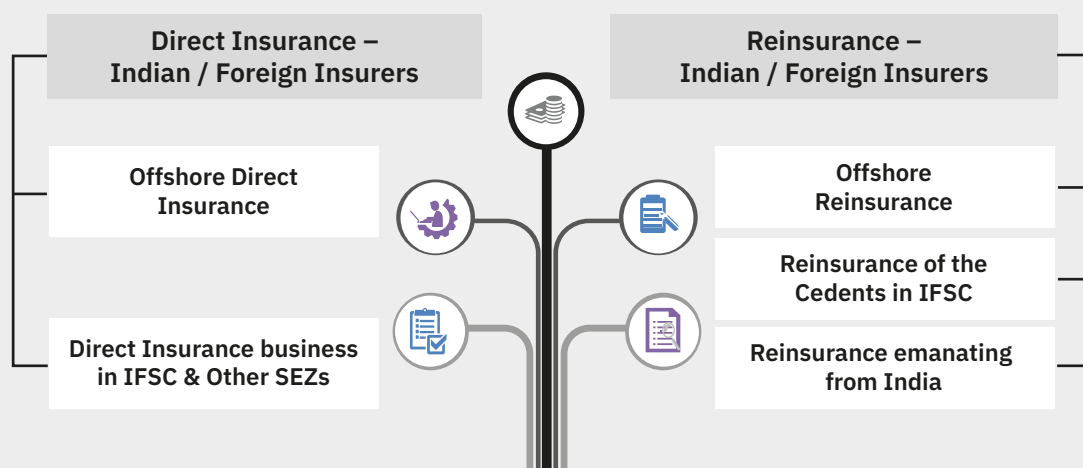
IFSC Insurance

Offshore Insurance – Gateway for Inbound and Outbound Insurance & Reinsurance Business

Who can set up IFSC Insurance Office (IIO)

- Indian & Foreign Insurer
- Indian & Foreign Reinsurer
- Indian & Foreign Intermediaries

Business Activities



IFSC Capital Markets & Asset Management

Who can set up

- Stock /Commodity Exchanges
- Clearing Corporation
- Depository
- Broker
- Pension Fund Services
- Alternate Investment Fund
- Investment Advisers
- Wealth Management
- Portfolio Manager
- Custodial Services
- Trust Services
- Registrar/Share Transfer Agent

Business Activities

- Trade Equity Indices, Currencies, Commodities, Debt Listing (FCCB & Masala Bonds) on single platform
- International Bullion Exchange – SPOT Market
- Investment Advisory and Portfolio Management Services for Global Clients
- Managing Offshore Funds and India Dedicated Funds
- Access to trading Global Markets

IFSC Capital Markets & Asset Management *(Continued)*

Wide Range of Products

Index Derivatives

Commodities Futures

Equity & Debt Listing

Depository Receipts

Single Stock Derivatives

Currency Derivatives

REITs / InvITS

Alternative Investment Fund (AIF) – Business at IFSC

- Set up Offshore Funds - Global and India Centric
- Manage Global and India Centric Funds – Offer services to Global Investors
- Fund ecosystem covers Administrators, Investment Advisers, Law Firms and Consultants
- Competitive tax regime vis a vis other Offshore Centres
- Low-cost structure and skilled manpower



International Financial Services Centre

India



**International
Financial Services Centres
Authority**

Important Links:

Circular: <https://ifsc.gov.in/Circular>

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