

The background of the lower half of the image features a complex financial data visualization. It includes a 3D bar chart with numerous vertical bars of varying heights, some of which are highlighted with glowing orange and yellow lines. The bars are set against a dark blue background with a grid pattern. The overall aesthetic is high-tech and professional, suggesting a focus on finance and data analysis.

Whitepaper – IFSC GIFT City *A Global Finance Hub*

GIFT CITY

**A GLOBAL FINANCE
HUB**



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Chapter 1: Gujarat International Finance Tec (GIFT) City



“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, interest rates or any other financial instrument. The concept of the IFSC 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.”

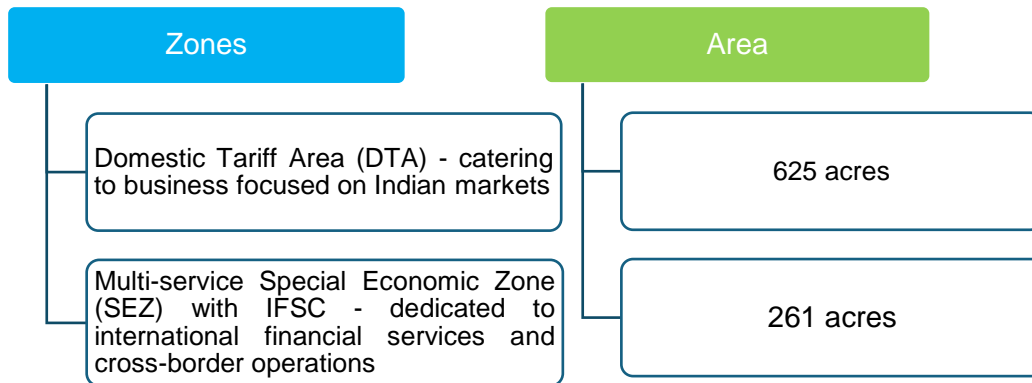
- Shri Narendra Modi
Hon'ble Prime Minister of India

1.1 Background

- Gujarat International Finance Tec-City ("GIFT City") is India's first planned global financial and IT Services hub, envisioned to rival the world's leading financial centres. Strategically located in Gandhinagar, Gujarat, GIFT City is designed to offer a globally benchmarked ecosystem that integrates state-of-the-art infrastructure with a robust regulatory framework.
- 
- The GIFT City's Master Plan includes a Multi Services Special Economic Zone ("SEZ") which houses International Financial Services Centre ("IFSC"), a Domestic Finance Centre and a comprehensive social infrastructure to support a vibrant business and residential community.
 - To spearhead the development of the SEZ, GIFT SEZ Limited was established by Gujarat International Finance Tec-City Company Limited ("GIFTCL"). The primary focus is to develop the IFSC and related financial services within the SEZ.
 - **Core objectives of IFSC at GIFT City:**
 - To support the Government of India ("GoI") vision of establishing a strong international financial services base, positioning India as a major economic force.
 - To implement the national strategy of creating a premier financial hub in the South Asian region.
 - To develop a world-class zone offering high-quality office spaces, service infrastructure, and cutting edge technological and commercial facilities.

- Spanning 886 acres, GIFT City is planned with 62 Mn sq. ft. of built-up area, encompassing commercial offices, residential complexes, educational institutions, healthcare facilities, hotels, **retail outlets and recreational amenities**.
- Zoning structure**

GIFT City is divided into two distinct Zones:



1.2 Permissible Businesses

Gift city offers a diverse and dynamic ecosystem for a wide range of financial and allied services. Below is an overview of the key business sectors permitted within the IFSC:

Business sector	Description	Key notes
Aircraft Leasing	Enables leasing of aircraft, engines, and related equipment under operating or financial lease.	Positions India as a competitive global hub for aviation financing.
Banking	Establishment of IFSC Banking Units (IBUs) to offer cross-border financial services.	Regulated by IFSCA; transactions conducted in foreign currencies
BATF Services	Services related to Banking, Accounting, Taxation, and Finance-related services.	Supports financial institutions with essential operational and compliance needs.
Bullion Exchange	A platform for trading precious metals such as gold and silver.	Home to the India International Bullion Exchange (IIBX).
Capital Markets	Facilitates trading in equities, derivatives, money markets and debt instruments, and other securities.	Provides global market access through IFSC based exchanges and clearinghouses.
FinTech	Technology-driven financial services catering to banking, insurance, and investment sectors.	Backed by IFSCA's FinTech Sandbox and incentive schemes.
Foreign University	International educational institutions offering academic programs and research.	Enhances global education standards within GIFT City ecosystem.
Fund Management	Management of investment vehicles including mutual funds, AIFs, REITs, and InvITs.	Attracts both domestic and international investors with regulatory and tax benefits

Business sector	Description	Key notes
Global In-house Centres (GICs)	Captive units delivering IT, finance, analytics, and other support services.	Enhances operational efficiency for multinational corporations.
Insurance	Provision of life, general, health and reinsurance services.	Open to both Indian and foreign insurers; supports offshore insurance operations.
Payment Services	Providers of digital payment infrastructure and services.	Includes payment gateways and processors to support seamless transactions.
Ship Leasing	Leasing of ships and marine vessels through structured financial arrangements.	Strengthens India's maritime financing capabilities.
Ancillary Services	legal, compliance, consulting, and administrative support services.	Essential for the smooth functioning of financial entities within IFSC.

Chapter 2: Introduction to IFSCA (International Financial Services Centres Authority)

2.1 Overview

The International Financial Services Centres Authority (IFSCA) is a statutory body established by the Government of India under the IFSCA Act, 2019. It serves as the unified regulator for all financial services, products, and institutions operating within the India's IFSC, within its current jurisdiction focused on GIFT City, Gujarat.



2.2 Objective and Vision

- **Main Objective:** To develop and regulate a robust global financial platform at Indian IFSCs to compete with global financial hubs like Singapore, Dubai, and London.
- **Vision:** IFSCA envisions establishing India as a global financial hub by facilitating cross-border financial services, innovation, and capital flows through a world-class regulatory environment.

2.3 Key Functions of IFSCA

IFSCA operates as a single-window regulator for all financial activities at IFSCs, replacing multiple sectoral regulators. Its primary functions include:

- Regulation of banking, capital markets, insurance, and fund management;
- Promoting ease of doing business;
- Encouraging fintech and sustainable finance;
- Ensuring investor protection and systemic stability.

Key responsibilities include:

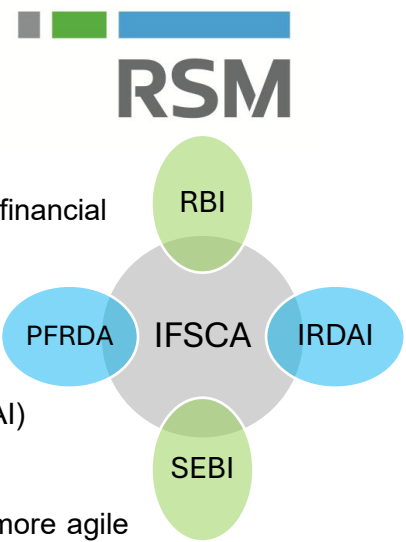
- Enhancing ease of doing business in IFSCs.
- Promoting investor protection and systemic stability.
- Encouraging **technological innovation** and **green finance**.

2.4 Jurisdiction and Scope

Currently, IFSCA exercises its regulatory powers at GIFT City, Gandhinagar, Gujarat — India's first IFSC.

IFSCA is the first unified regulator in India with powers across:





2.5 Regulatory Powers

IFSCA uniquely consolidates the powers of four key Indian financial regulators:

- Reserve Bank of India (RBI)
- Securities and Exchange Board of India (SEBI)
- Insurance Regulatory and Development Authority of India (IRDAI)
- Pension Fund Regulatory and Development Authority (PFRDA)

This unified framework enables streamlined decision-making and more agile regulatory responses and approvals.

2.6 Strategic Significance in GIFT City

Located in **GIFT IFSC** (Gujarat International Finance Tec-City), IFSCA plays a pivotal role in:

- Promoting **Ease of Doing Business**
- Encouraging **foreign investment**
- Offering **globally competitive regulations**
- Facilitating **cross-border activities** in a tax-efficient and business-friendly environment

2.7 Key Initiatives and Innovations

IFSCA has launched several forward-looking initiatives to foster innovation and global competitiveness:

- **FinTech Sandbox:** A safe testing environment for FinTech solutions.
- **Regulatory Sandbox:** To allow live testing of innovative products/services under a regulator's oversight.
- **IFSCA (FinTech Incentive Scheme), 2022:** To support FinTech startups in GIFT City.
- **Unified KYC Framework:** Harmonized Know Your Customer norms across financial sectors.
- **India International Bullion Exchange (IIBX):** India's first international bullion exchange.
- Promotion of aircraft and ship leasing as strategic sectors.
- Emphasis on green and sustainable finance, aligned with ESG principles.

2.8 Registered Entities with IFSCA

Following is the summary of Registered Entities with IFSCA as on 31st March 2025:
(Source: IFSCA Bulletin Jan-Mar 2025)

Segment	Category	IFSCA Approvals	
		During FY 2024-25	As on 31 March, 2025
	IFSC Banking Units	2	29

Segment	Category	IFSCA Approvals	
		During FY 2024-25	As on 31 March, 2025
Banking	Global Administrative Office	1	1
Payment Services	Payment Service Entities	5	5
Finance Company	Aircraft Leasing Entities	6	33
	Ship Leasing Entities	13	24
	Finance Company - Core/Non - core <i>incl. RTC</i>	4	13
	International Trade Financing Services Platform (ITFS)	0	4
Capital Market	MII	0	5
	Broker Dealer	8	83
	Fund Management Entity	47	161
	AIFFs/Schemes	109	229
	Registered Distributors	5	5
	Investment Advisors	0	1
	Credit Rating Agencies	1	1
	ESG Ratings and Data Products Provider	0	0
Insurance	Investment Banker	0	1
	Insurance/Reinsurance Entities (IIOs)	6	18
Ancillary Services	Insurance Intermediaries (IIIOs)	4	27
	BATF Entities	3	3
Bullion Market	Ancillary Services Providers	20	88
	MII	0	1
	Bullion Intermediaries	0	2
FinTech/ TechFin	Vault	1	4
	Direct Authorization	10	18
GIC	Sandbox	-17	27
	GIC (large)	0	1
Foreign University	GIC (mid-size)	0	2
	International Branch Campus	2	4
	Total (Unique)	230	790
Entities with Additional	Clearing Member	3	23
	Depository Participant	0	10
Registration/ License	Registered Distributors	2	9
	Custodian	0	5
	Bullion Intermediaries	2	18
	Debenture Trustee	1	4
	Investment Banker	1	3
	Investment Advisors	-1	2
	Global Administrative Office	0	1
	Grand Total	238	865

IFSC BUSINESS HIGHLIGHTS

Total IFSCA Registrations **865***



Banking Sector

Banking Assets

USD (\$) **88.51 Bn**
(as on Mar 2025)

Cumulative Banking Transaction

USD (\$) **147.69 Bn**
(During Jan-Mar 2025)

Cumulative Derivatives trade (including NDF)

USD (\$) **104.94 Bn**
(During Jan-Mar 2025)



Capital Market

Avg. Monthly Turnover (IFSC Exchanges)

USD (\$) **92.15 Bn**
(During Jan-Mar 2025)

Cumulative Debt Listing on Exchanges

USD (\$) **65.10 Bn**
(upto Mar 2025)

Aggregate Open Interest of all Derivatives Contract

USD (\$) **12 Bn**
(As on Mar 31, 2025)



Fund Management

No of Fund Management Entities

162
(upto Mar 2025)

No. of Funds/Schemes Registered

229
(upto Mar 2025)

Total Commitments Raised

USD (\$) **15.74 Bn**
(upto Mar 2025)



Sustainable Finance

Total Sustainable Credit by Banks

USD (\$) **2950 Mn**
(During Oct 2024- Mar 2025)

Cumulative ESG labelled Debt Listing on IFSC Exchanges

USD (\$) **15.43 Bn**
(as on Mar 2025)

No. of Debt Listings on IFSC Exchanges

9
(During Jan-Mar 2025)



Bullion

No. of Qualified Suppliers | Jewelers | TRQ Holders

37 | 167 | 441
(as on Mar 2025)

GOLD Traded on IIBX (Volume)

31.99 t
(During Jan-Mar 2025)

GOLD Traded on IIBX (Value)

USD (\$) **2.9 Bn**
(During Jan-Mar 2025)



Insurance Sector

No. of Insurance Firms | Intermediaries

18 | 27
(as at end of Mar 2025)

Premium written by IFSC Insurance Office

USD (\$) **61.70 Mn**
(During Jan-Mar 2025)

Premium transacted by IFSC Insurance Intermediary Office

USD (\$) **125.60 Mn**
(During Jan-Mar 2025)



Aircraft/Ship Leasing

No. of Registered Aircraft | Ship Lessors

33 | 24
(as at end of Mar 2025)

No. of Aviation Assets Leased

242
(month ended Mar 2025)

No. of Ships Leased

18
(month ended Mar 2025)

*Including In-Principle/ provisional registrations

Chapter 3 – Banking in GIFT – IFSC

3.1 Eligibility and Permissible Activities

- Indian and Foreign banks can set-up an IBU as a branch or a company –Indian Bank includes any bank formed under any Act and a wholly owned subsidiary of a foreign bank incorporated in India, but excludes co-operative banks.
- Foreign banks not having presence in India may also be permitted to set up an IBU provided it shall comply with additional requirements as specified by the IFSCA.
- Parent bank to satisfy the following conditions to set up an IBU:
 - Provide necessary capital to the IBU, subject to a minimum capital of US\$20 million or as specified by IFSCA, which shall be maintained at the parent bank in the manner specified by IFSCA
 - Obtain No Objection letter from its home regulator for setting up IBU in IFSC
 - Submit an undertaking to provide liquidity to IBU, whenever needed.
- IFSCA Banking Regulations were recently liberalized to enable IBUs provide wide spectrum activities now aligned with those permitted under RBI Banking Regulations Act, 1949



Commercial Banking - ECB and Trade finance; Factoring services; Guarantee and indemnity business; Equipment leasing and hire purchase business; Offer structured deposits; Lending to AIFs

Private Banking - Offer structured deposits, Distributor of MF units, Insurance and other financial products

Capital Market division - Trading member of stock exchanges for ETC derivatives; Arbitrage between NDFs and currency derivatives; Invest in Indian securities under FPI route; Investments in global and IFSC exchanges; etc

Services - Underwriting; Custodian of securities; Trustee and Fiduciary services; Operating investment scheme(s); Retailing of Government Securities; Act as sponsor; Trade execution services for offshore entities

3.2 Prudential Regulatory Requirements

- Maintenance of ratios**
 - IBUs to maintain Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), as made applicable, at IBU level
 - LCR and NSFR may be maintained at parent level with IFSCA's permission

- Leverage ratio to be maintained by the parent bank at the level specified by home regulator and subject to the regulations applicable to the parent bank.
- **Exposure ceiling**
 - IBU shall adhere to norms and guidelines relating to exposure ceiling as specified by IFSCA.
- **Reserve requirements**
 - The liabilities of IBU (other than deposits from individuals) are exempted from Cash Reserve Ratio requirements.
 - Deposits raised by an IBU from individuals should be subject to such reserve ratios as specified by the IFSCA.
 - IBUs to maintain a Retail Deposit Reserve Ratio on daily basis at 3% of the deposits raised from individuals who may be categorised as Retail clients or Professional clients, and outstanding as on the end of the previous working day.

3.3 Tax regime for IBU's in IFSC

- 100% tax exemption for any 10 consecutive years out of first 15 years.
- Tax regime for investment division of an OBU:

Nature of income	Proposed income-tax rate (excluding surcharge and cess)
Capital gains on equity shares	12.5% for LTCG, 20% / 30% for STCG
Capital gains on derivatives/offshore securities	Exempt
Dividends and interest income (except for interest under section 194LD)	10%
Business income from a securitization trust	Exempt
Income from offshore securities	Exempt

- Income of non-resident on transfer of Non-Deliverable Forward contracts or offshore derivative instruments or over-the-counter derivatives or distribution of income on offshore derivative instruments entered into with IBU -exempt from tax.
- Interest received by a non-resident on monies borrowed by an IBU is exempt from tax.

3.4 Banking products offered through IBU's in IFSC

- **Current Accounts** – For foreign entities and IFSCA registered entities engaged in permissible transactions under IFSCA guidelines
- **Savings Accounts** – Offered to:
 - Non-Resident Indians (NRIs)
 - Resident individuals via the Liberalized Remittance Scheme (LRS) route

- **Fixed Deposits** – In permissible foreign currencies with globally competitive interest rates
- **Inward and Outward Foreign Remittances** – Seamless cross-border fund transfer solutions for trade, investment, and personal needs
- **Lending and credit facilities** –
 - **Term loans** – for capital and operational requirements
 - **External commercial borrowings (ECB)** – For eligible Indian entities raising fund in foreign currency
 - **Trade finance** – Including export credit, import financing and supply chain finance solutions.
- **Treasury and Risk management products** –
 - **Foreign exchange products** – FX spot, FX forwards and FX swaps
 - **Derivatives products** – Interest rate swaps and cross currency swaps

Chapter 4: Fund Management in GIFT – IFSC

Fund Management Entities (FMEs) are specialized institutions registered with the IFSCA to manage investment funds and schemes within the IFSC ecosystem. These entities are responsible for overseeing fund operations, managing assets, and raising capital, primarily targeting international investors, while also accommodating eligible domestic participants.

The **IFSCA (Fund Management) Regulations, 2025**, notified on 10 February 2025, have introduced a more flexible and business-friendly framework. These reforms aim to enhance regulatory clarity, reduce entry barriers, and promote innovation in fund structuring and management.

4.1 Categories of FME

Authorized FME	<ul style="list-style-type: none"> • Pooling of money from accredited investors or investors investing above USD 250,000 • Invest in start-up or early-stage ventures through Venture Capital Scheme • Family Investment Funds (if required) • Minimum net worth: USD 75,000
Registered FME (Non-Retail)	<ul style="list-style-type: none"> • Pooling of money from accredited investors or investors making capital commitment above USD 150,000 • Portfolio Management Services, Multi Family Offices, Investment Manager for private placement of REITs and InvITs • Minimum net worth: USD 500,000 • Allowed to undertake all activities of Authorised FMEs
Registered FME (Retail)	<ul style="list-style-type: none"> • Pooling of money from all investors or including retail investors • Public offer of Investment Trusts (REITs and InvITs), Launch of ETFs • Minimum net worth: USD 1,000,000 • Allowed to undertake all activities of Authorised FMEs and Registered FME (Non-retail)

4.2 Categories of Schemes

Venture Capital Scheme	<ul style="list-style-type: none"> • Launched by FMEs – schemes that invest primarily in start-ups, early-stage VC undertakings involved in new products, services, technology etc. Also includes an Angel Fund • Offered only on a private placement basis (including accredited investors) and shall have less than 50 investors
Restricted Scheme	<ul style="list-style-type: none"> • Offered only to relevant persons on a private placement basis (including accredited investors) and shall have less than 1,000 investors • Launched by Registered FME
Retail Scheme	<ul style="list-style-type: none"> • Schemes offered to all investors including retail investors • Schemes can be: <ul style="list-style-type: none"> - filed with regulator only after approval from fiduciaries; - launched only after incorporating all comments from regulator in the offer document • Launched by Registered FME (Retail)

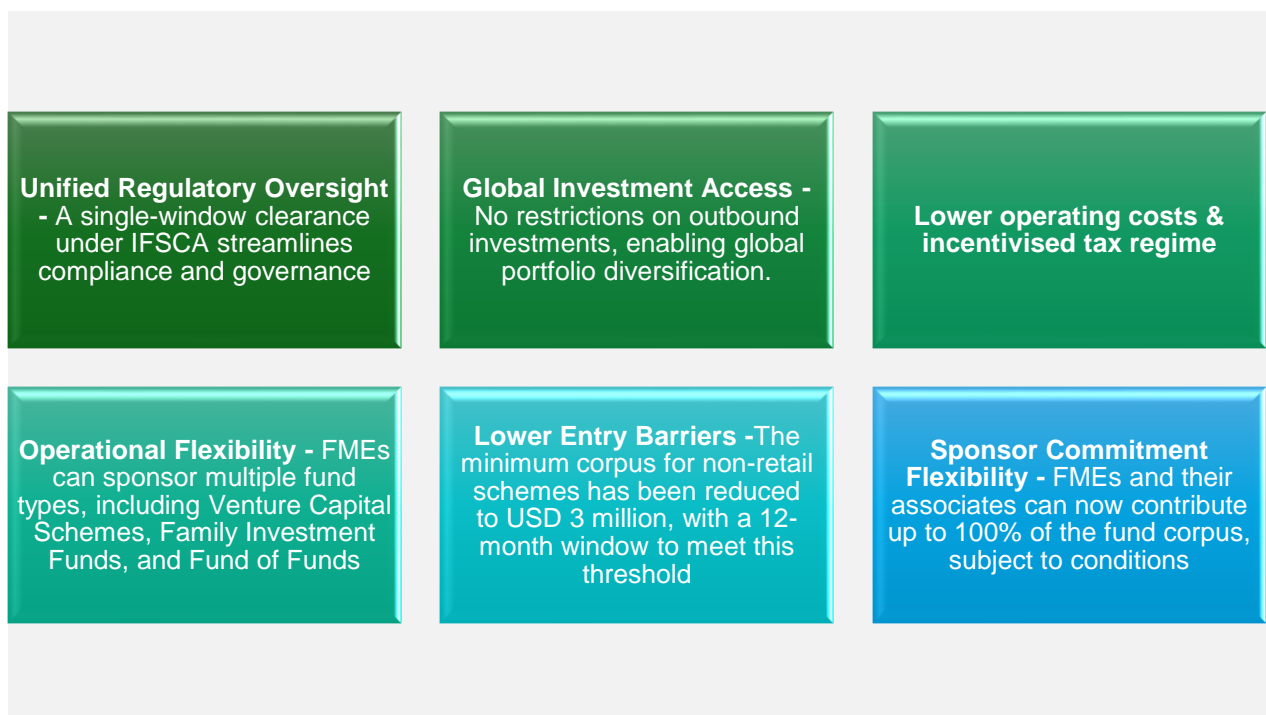
Chapter 5 : Alternative Investment Fund (AIF) in GIFT-IFSC Investment

Alternative Investment Fund (AIF) is a privately pooled investment vehicle that invests in a range of assets classes, including **start-ups, private equity, real estate, listed and unlisted securities**, and other alternative opportunities. These funds are managed by Registered FMEs and are classified into three categories based on their investment strategy.

5.1 AIF is classified into 3 categories:

Category	Investment Focus	Structure
Category I	Investments in socially or economically desirable sectors such as start-ups, SMEs, ESG, and infrastructure. (For e.g.: Angel Funds, Venture Capital Funds, Infrastructure Funds)	Close-ended
Category II	Funds that do not fall under Category I or III, including private equity and debt funds. (For e.g.: Private Equity Funds, Debt Funds, Real Estate, Structured Credit Funds)	Close-ended
Category III	Funds employing complex or diverse strategies, including derivatives and long-short positions in listed/unlisted securities (For e.g., Hedge Funds, Long/Short Funds, Longevity Finance Funds)	Open/Close-ended

5.2 Key Benefits of Setting Up Funds in GIFT IFSC



5.3 Key Tax Incentives & Benefits

(i) Category I & II - AIF

- **Pass-through Status:** Category I and II AIFs **enjoy tax pass-through status** for Indian income-tax purposes, **except for business income**, which is taxed at the AIF level. However, a **100% tax holiday** is available on such business income for **10 consecutive years within the first 15 years**
- **Taxation in Investors' Hands:** **Investors are taxed** on income from AIF investments as if the investments were made directly by them
- **Offshore Investment Income:** Income earned by **non-resident investors** from offshore investments through Category I or II AIFs is **not taxable in India**.
- **Loss Pass-through:** Investors can claim **pass-through of losses** (other than business losses) if AIF units are held for **12 months or more**. **Business losses** are retained and carried forward at the AIF level only
- **Return Filing & PAN Exemption:** Non-resident investors earning income **only from Category I or II AIFs in IFSC**, with tax withheld at source, are **exempt from filing tax returns and obtaining a PAN** in India
- **Tax Treaty Benefits:** Investors may claim **treaty benefits** where applicable, subject to eligibility under the relevant Double Taxation Avoidance Agreement (DTAA)
- **TDS on Distributions:** Subject to a withholding tax of **10% for resident investors and applicable rates for non-residents** (plus applicable surcharge and cess)



(ii) Category III – AIF

- **Fund-Level Taxation:** **Category III AIFs** are subject to taxation **at the fund level** (no pass-through)
- **Key Exemptions (for “Specified Funds” (viz. AIF – CAT - III) in IFSC):**
 - Income from **transfer of securities** (other than Indian company shares)
 - Securities issued by **non-residents** (not constituting a PE in India) with **no income accrual in India**
 - Transfer of **offshore securities** or specified securities traded on IFSC exchanges
- **Capital Gains Exemption:** **No capital gains tax** on transfer of specified securities listed on IFSC exchanges (if consideration in **convertible foreign exchange**. Eligible instruments include - Bonds / GDRs issued under Central Government scheme or by a PSU, RDBs, Derivatives, FC-denominated bonds, Mutual Funds / AIFs / Business Trusts units, FC equity shares, Bullion Depository Receipts)
- **Applicable Tax Rates (plus applicable surcharge and cess):**
 - **LTCG:** 12.5%

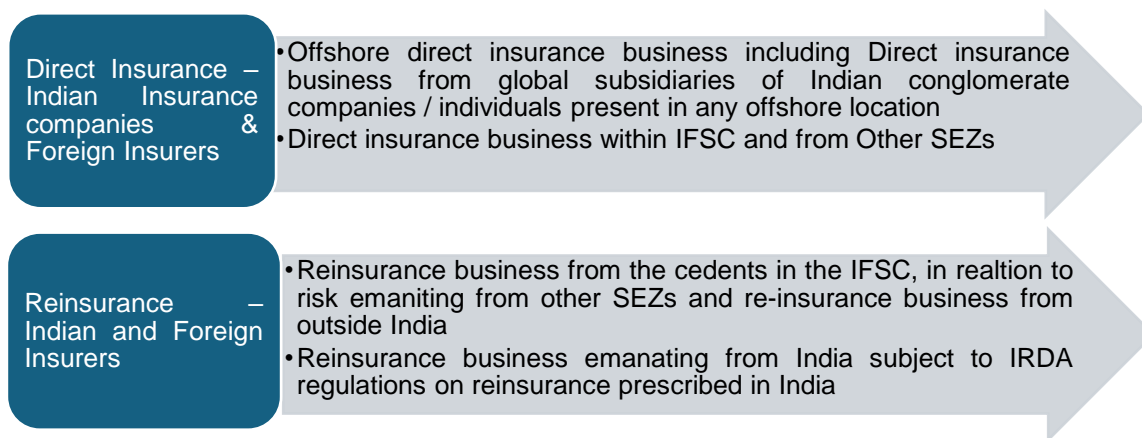
- **STCG (Listed Equity):** 20%; Other STCG: Slab rates
- **Interest & Dividends:** 10% (u/s 115AD (5% in case of interest income on certain rupee denominated bonds, Government securities or municipal debt securities referred to in section 194LD))
- **Business Income:** Taxed at applicable slab rates (subject to deduction – u/s 80LA). Eligible for 100% tax deduction on business income for 10 consecutive years out of 15 years
- **MAT / AMT:** Nil / 9%. If opting for the lower tax regime, MAT is not applicable

Chapter 6 – Insurance in GIFT –IFSC

6.1 IFSC Insurance

IFSCA (Registration of Insurance Business) Regulations, 2021 aim to put in place the process of registration and operations of insurer and Re-insurer in an IFSC under regulatory purview of IFSCA.

6.2 Eligibility and permissible activities



6.3 Eligibility conditions to set up an Insurance or Reinsurance office in IFSC

- The Applicant and its promoters, partners or controlling shareholders shall be from a FATF compliant jurisdiction and comply with international standards set by the FATF to combat money laundering and terrorist financing.
- Fit and Proper criteria to be maintained by such personnel.
- The Indian insurer or reinsurer, foreign insurer or re-insurer, Branch Office of foreign insurer or Lloyd's India registered by the IRDAI setting up a place of business in IFSC shall satisfy the additional eligibility conditions.
- A public company or a Wholly owned Subsidiary (WoS) desirous of setting up an IIO in an IFSC shall be a company limited by shares formed and registered under the Companies Act, 2013.
- An insurance co-operative society desirous of setting up an IIO in an IFSC shall be a cooperative society registered under the Co-operative Societies Act, 1912, or Multi-



State Cooperative Societies Act, 1984 or any other law for the time being in force relating to co-operative societies.

- A Body corporate incorporated outside India, not being of the nature of a private company, desirous of setting up its place of business in an IFSC shall meet with certain requirements
- Other net-worth and minimum paid up capital requirements to be followed
- IIO as 'place of business' of Indian Insurer, 'branch office' of the foreign insurer, foreign re-insurance, MGA or Lloyd's shall maintain solvency margin in the home country as stipulated by its home country regulatory or supervisory authority.
- A public company, a wholly owned subsidiary of an insurer or a re-insurer, an insurance co-operative society or a body corporate registering an IIO in an IFSC shall maintain such solvency margin as may be specified by the IFSCA.

6.4 Insurance Intermediary Guidelines

- Any person or entity (applicant) who holds a valid certificate of registration issued by the IRDAI in India, may seek authorization to act as an IIO.
- **The permitted categories of Insurance Intermediaries are as follows:**
 - Insurance Broker;
 - Corporate agent;
 - Surveyor and loss assessor;
 - Third Party Administrator -health services;
 - Any other category as may be recognized by the IRDAI.

Chapter 7: Aircraft & Ship Leasing in GIFT – IFSC

7.1 Aircraft leasing

Aircraft leasing is a specialized financial service that enables aviation companies to acquire aircraft without direct ownership, promoting capital efficiency and operational flexibility. The IFSCA provides a comprehensive regulatory framework for lessors to undertake operating and financial lease activities within GIFT City.

Aircraft Leasing		
Lease Type	Permissible Activities	Capital Requirement
Operating Lease	(i) Operating lease for an aircraft lease arrangement;	A minimum owned fund of USD 200,000 or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity;
	(ii) Operating lease for an aircraft ground support equipment;	
	(iii) Operating lease for an aviation training simulation device;	In addition to the above, additional capital as may be specified by IFSCA, to be maintained as a risk management measure, based on the nature and scale of business of the Lessor
	(iv) Asset Management Support Services for assets owned or leased out by the entity or by any of its Group Entities set up in IFSCs in India;	
	(v) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (i) to (iii) above, subject to certain restrictions on transactions with person resident in India and;	
	(vi) any other related activity with the prior approval of the IFSCA.	
Financial Lease	(i) Financial lease or a hybrid of financial and operating lease for an aircraft lease arrangement;	A minimum owned fund of USD 3 million or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity
	(ii) Financial lease or any hybrid of financial and operating lease for an aircraft ground support equipment;	
	(iii) Financial lease or any hybrid of financial and operating lease for an aviation training simulation device;	In addition to the above, additional capital as may be specified by IFSCA, to be maintained as a risk management measure, based on the nature and scale of business of the Lessor
	(iv) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (i) to (iii) above, subject to certain restrictions on transactions with person resident in India;	
	(v) Permitted activities under Operating Lease, and;	

	(vi) any other related activity with the prior approval of the IFSCA.	
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7.2 Ship Leasing

Ship Leasing allows maritime operators to access vessels through structured lease arrangements, optimizing capital deployment and fleet management. The IFSCA's ship leasing framework supports both operating and financial lease models, encouraging global maritime financing activities from GIFT City.



Ship Leasing		
Lease Type	Permissible Activities	Capital Requirement
Operating Lease	<ul style="list-style-type: none"> (i) Operating lease; (ii) Voyage Charters, Contract of Affreightments, employment in shipping pools and all other legal commercial transactions for employment of ships; (iii) A lessor may undertake these activities only if such a lessor has absolute or leasehold right over the ship/ocean vessel. (iv) Asset Management Support Services for assets owned or leased out by the lessor or by its group entities set up in IFSCs in India; (v) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to ship lease. (vi) any other related activity with the prior approval of the IFSCA 	<p>A minimum owned fund of USD 200,000 or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity</p> <p>In addition to the above, additional capital as may be specified by IFSCA, to be maintained as a risk management measure, based on the nature and scale of business of the Lessor</p>
Financial Lease	<ul style="list-style-type: none"> (i) Financial lease; (ii) Hybrid of financial and operating lease; (iii) Permitted Activities under Operating Lease; (iv) any other related activity with the prior approval of the IFSCA. 	<p>A minimum owned fund of USD 3 million or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity</p> <p>In addition to the above, additional capital as may be specified by IFSCA, to be maintained as a risk management measure, based on the nature and scale of business of the Lessor</p>

Chapter 8: Ancillary Services in GIFT – IFSC

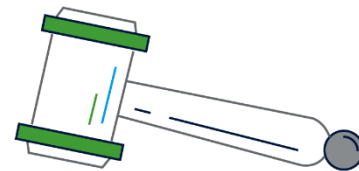
Ancillary services shall mean those services which directly or indirectly aid, help, assist or strengthen or are attendant upon or connected with the financial services.

8.1 Permissible Ancillary Services

The service providers may engage in any one or more of the following activities:

8.1.1 Legal, Compliance, and Secretarial Services:

- **Legal Services:** Includes legal advisory, document drafting, escrow and settlement services and representation before the IFSCA
- **Compliance Services:** Provides consultancy for fulfilling legal obligations under applicable laws.
- **Secretarial Services:** Ensures maintenance of corporate records and compliance with laws.



8.1.2 Auditing, Accounting, Bookkeeping, and Taxation Services:

- **Auditing Services:** Financial auditing and reviewing.
- **Accounting & Book-keeping:** Maintaining books of accounts and preparing financial statements.
- **Taxation Services:** Provides business tax planning and consulting services, compliance, and preparation of tax returns.

8.1.3 Professional & Management Consulting Services:

- **Professional Services:** Strategic business advice within and outside the IFSC (mainly to entities outside India), advisory and facilitation services in relation to capital raising or merger & acquisition or capital restructuring activities, voice broking and ship broking services.
- **Management Consulting:** Helps with organizational strategy, financial structuring, and marketing operations.

8.1.4 Administration, Asset Management Support, and Trusteeship Services:

- **Administration Services:** Support for safeguarding and administering financial products and assets.

- **Asset Management Support Services:** Operational support for Asset Management Companies.
- **Trusteeship Services:** In relation to AIF, Investment Trusts, Family Investment Funds, Security Trust arrangements and any other related services, including acting as escrow agent. Trusteeship services to various schemes, including retail schemes launched by the Fund Management Entities (FMEs) registered under the IFSCA.

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

The ancillary service provider shall not take client assets (including money), directly or indirectly in its custody and shall only provide permissible services. Further, such service provider shall seek IFSCA registration separately under the appropriate framework for undertaking regulated activities such as Debenture Trustee, Investment Advisor, AIF, Fund Management, etc.

An Ancillary Service Provider, intending to provide Book-keeping, Accounting, Taxation and Financial Crime Compliance (BATF) services under BATF Regulations, shall communicate its willingness in the prescribed format.

8.2 Eligibility Conditions

The following entities are eligible to act as a service provider so as to provide permissible ancillary services pertaining to activities in relation to financial products, financial services and financial institutions in the IFSC:

- Any existing or newly incorporated entity set up in the IFSC or
- Any Indian or foreign incorporated entity by establishing a branch or a subsidiary

8.3 Service Recipients

Service providers can provide permissible services to any one or more of the following:

- Entity(ies) set up in the IFSC;
- Financial services entities from foreign jurisdictions for various activities in the IFSCs in India or other related activities overseas;
- Indian entities who propose to open, set up or carry out operations in IFSCs or foreign jurisdiction, provided consideration is received in freely convertible foreign currency.

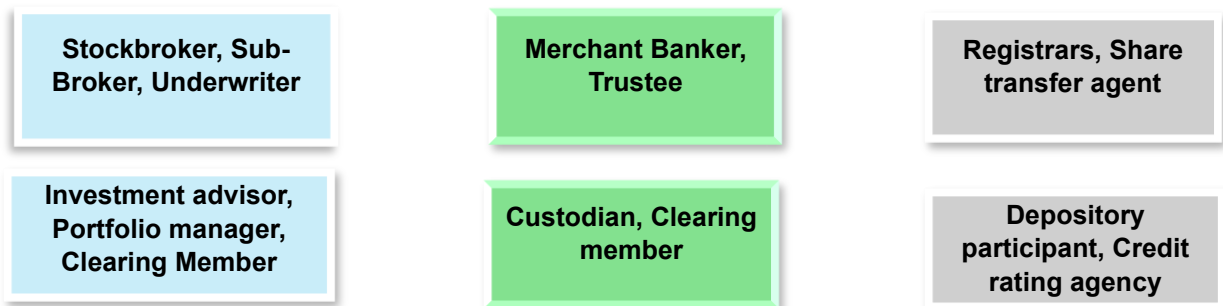
Chapter 9: Capital Markets

9.1 Introduction

The IFSCA regulates capital markets within IFSC, aiming to create a world-class regulatory environment and promote global financial integration. IFSCA provides a unified regulatory framework for financial products, services, and institutions operating within the IFSC, facilitating ease of doing business and attracting global capital flows.



9.2 Participants



Index Futures & Options	Single Stock Futures & Options	Commodities Futures	Currencies Futures & Options	Debt
NIFTY 50 Index	India INX – 100+ F&O Stock	Gold (10 troy ounce)	Euro- US Dollar	Medium Term Notes
NIFTY Bank Index	NSE IFSC – 200+ F&O Stock	Silver (500 troy ounce)	Pound – US Dollar	FCY Bonds
NIFTY IT Index	Global Stocks – 5+ F&O Stock trading offered	Copper	Japanese Yen – USD	Depository Receipts
S&P BSE Sensex		Brent Crude Oil	Australian Dollar – US Dollar Switzerland Franc – US Dollar	Green/Social/Sustainable Bonds (FCY)
S&P BSE India 50		Access through INX Global Access Platform	Quant – INR	Masala Bonds (INR)
India50			INR – USD Dollar	

9.3 List of products traded and eligible investors on IFSC exchanges

BSE and NSE have set up their Exchanges in GIFT City - India INX Ltd. and NSE IFSC Ltd. Respectively

9.4 All Contracts Trade and Settle in US Dollars \$

Security	Contract Tenor
Single Stock	3 Monthly expiries
Equity Indices	3 Monthly expiries 7 weekly expiries for Bank Nifty Options
Commodities	3 Monthly expiries
Currencies	3 Monthly expiries

9.5 Eligible Investors

- Person resident outside India (Foreign investors)
- Non-individual resident in India who is eligible under FEMA and subject to the limits prescribed.
- An individual resident in India subject to LRS limit

9.6 Broking units in IFSC

A stock-broker may set up a presence in IFSC by establishing a branch or forming a company or LLP or body corporate or partnership firm or proprietorship firm or any other form as may be permitted by the IFSCA. Branch structure is permitted only when the broker is already registered or regulated in India or a Foreign Jurisdiction for conducting similar activities.

9.6.1 Key Guidelines for setting up and operating as branch of foreign broker in IFSC

- **Eligibility of foreign entity**
 - The entity is from a FATF compliant jurisdiction
 - It is a stock-broker / clearing member regulated by a securities market regulator in its home jurisdiction
 - It has adequately ring fenced the operational, technology and financial aspects of its branch in IFSC from its overseas operations



9.6.2 Minimum Requirements

- **Registration Process**

- Investment Adviser ('IA') can be set up as a branch a Company or a Limited Liability Partnership or partnership firm or proprietorship form or any other form as permitted by IFSCA

- **Net Worth**

- Minimum net worth for IA in IFSC – USD 25,000. In case of a branch, net worth to be maintained at parent level which shall be earmarked for its branch in IFSC.
- Maintain net worth separately and independently for each activity undertaken, as required under other relevant regulations.

- **Investment Advisory Services**

(i) An IA in IFSC can provide services only to:

- a person resident outside India;
- a non-resident Indian;
- a non-individual resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted; and
- an individual resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India.

- **Separate license**

Certain persons shall not be required to seek separate registration as an investment adviser in IFSC subject to criteria specified.

9.8 Issuance and listing of securities in IFSC

9.8.1 International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021.

The IFSC Authority has notified a regulatory framework for issuance and listing of various securities in IFSC in India:

- Initial public offer of specified securities by an unlisted issuer
- Follow-on public offer of specified securities by a listed issuer
- An initial public offer of specified securities by a Special Purpose Acquisition Company
- a rights issue or a preferential issue or a qualified institutions placement of specified securities by a Listed Entity;
- issuance and listing of depository receipts by an entity;
- issue and listing of debt securities by an entity;
- secondary listing of securities by an entity;

- listing of Commercial Paper or Certificates of Deposit or other financial products as permitted by the Authority.

(i) Eligibility Criteria

- Companies incorporated in IFSC/ India/ Foreign jurisdiction are eligible to list their securities in IFSC stock exchanges
- Various other entities like a supranational or a multilateral or a statutory institution, a municipality or any similar body; and an entity which offers or proposes to offer sovereign debt securities have also been permitted to list debt securities in IFSC stock exchanges.

(ii) Fee Structure

Type of Listing	Fee amount
IPOs and FPOs of specified securities	0.05% of the offer size
Startup and SME Companies	
-Listing without public offer	NIL
-Listing with public offer	0.025% of the offer size
Special Purpose Acquisition Companies	0.05% of the offer size
Depository Receipts	0.05% of the offer size
Debt Securities	
-Public issue	0.00025% of the offer size subject to a minimum fee of USD 1,000/-
-Private Placement	USD 1,000/- (Refer note)
Secondary listing (without public offer) - specified securities, debt securities and depository receipts	NIL

Note: In the case of primary listing simultaneously on both the exchanges in IFSC, a total fee of USD 1,000 shall apply

9.9 Recognition as Custodian of assets/securities

9.9.1 Custodian regime in IFSC

The IFSC Authority has issued IFSCA (Capital Market Intermediaries) Regulations, 2021' to provide a comprehensive regulatory framework for various capital market intermediaries including custodians based on internationally recognized principles.

9.9.2 Minimum requirements

- **Registration Process**

Custodian can be set up as a branch or forming a Company or a Limited Liability Partnership or Body Corporate or partnership firm or proprietorship form or any other form as permitted by IFSCA

- **Net Worth**

Minimum net worth for IA in IFSC – USD 7 Mn for entities incorporated in India and for foreign entities it should be as prescribed by IFSCA from time to time

- **Branch Structure**

Branch structure is permitted only for an intermediary which is already registered or regulated in India or a Foreign Jurisdiction for conducting similar activities

- **Financial Segregation**

A custodian operating as branch in IFSC shall ensure financial segregation by allocating the amount specified by IFSCA towards its branch in IFSC and shall submit a declaration to the IFSCA in this regard

- **Other conditions**

- Separate agreement with each client providing details regarding the various circumstances relating to custody
- Adequate mechanisms for the purpose of reviewing, monitoring and evaluating systems, controls, procedures and safeguards
- Adequate internal controls to prevent manipulation of records and documents

9.9.3 Validity of Registration

The certificate of registration with IFSCA shall be valid for such period as may be prescribed by the authority unless it is suspended or cancelled by the authority.

Chapter 10: Global In-House Centres (GIC) in IFSC at GIFT City

The Government of India, acting on the recommendation of the IFSCA, has formally recognized **Global In-House Centres (GICs)** as a category of financial service under the **IFSCA (GIC) Regulations, 2020** (“**GIC Regulations**”).

These regulations provide a dedicated framework for the establishment and operation of GICs within the **GIFT City IFSC**.

A **Global In-House Centre** is a unit set up in the IFSC to provide **support services**—either directly or indirectly—to entities within its **financial services group**. These services may be rendered to a wide range of regulated financial institutions, including:

- i. Banks and NBFCs
- ii. Investment banks and financial intermediaries
- iii. Insurance and reinsurance companies
- iv. Brokerage firms, funds, and asset managers
- v. Stock exchanges, clearing corporations, depositories, and custodians

The services must relate to the conduct of a **financial service** in respect of a **financial product**.



10.1 Key Features of GIC Operations

- **Mode of conducting business**

GIC may operate in **any form permitted by IFSCA**, including as a **branch** of an existing entity.

- **Eligibility criteria**

- GIC must exclusively serve their financial services group which includes holding companies, subsidiaries, associates, or branches regulated by a financial services authority.
- All client entities must be located in FATF compliant jurisdiction.
- GIC are permitted to provide services only to non-resident entities.

- **Permissible Currency**

GIC must transact in freely convertible foreign currency only. However, they may maintain an **INR account** for defraying administrative expenses within India.

- **Approval required**

- IFSCA under GIC Regulations, 2020
- Development Commissioner SEZ under SEZ Act, 2005

GICs established in GIFT City IFSC are eligible for a range of fiscal and regulatory incentives, including:

Income Tax Exemption

100% exemption for any 10 consecutive years out of the first 15 years.

MAT/AMT

Applicable at a concessional rate of 9% of book profits. Not applicable to companies opting for the new tax regime.

GST Benefits

No GST on services received by or provided to IFSC/SEZ units or offshore clients. GST applies only on services provided to the Domestic Tariff Area (DTA).

State Subsidies

Eligible for various state-level incentives under the IT/ITES policy, including capital and operational subsidies.

Chapter 11: Incentives

GIFT City offers a compelling suite of fiscal, regulatory, and operational incentives to attract global financial institutions, technology firms, and service providers. These incentives are structured across three key areas: Tax Benefits, State Subsidies, and Regulatory Relaxations.

11.1 Tax Incentives

Sr. No.	Incentives	Description
1	Income Tax Holiday	Units in GIFT IFSC enjoy a 100% income tax exemption for any 10 consecutive years out of the first 15 years of operation.
2	Transaction-related Exemptions	Transactions executed on GIFT IFSC exchanges are exempt from Securities Transaction Tax (STT), Commodities Transaction Tax (CTT), and stamp duty , further enhancing the cost efficiency.
3	Minimum Alternate Tax (MAT)	Companies established as units in GIFT IFSC are subject to a concessional MAT rate of 9% of book profits (MAT not applicable for companies opting for new tax regime under section 115BA of the Income-tax Act, 1961)
4	Interest Income Exemption	Interest paid to non-residents on funds lent to GIFT IFSC units is exempt from tax, making it an attractive for global investors
5	Capital Gains Tax Exemptions	Transfers of specified securities listed on GIFT IFSC exchanges by non-residents are exempt from capital gains tax
6	Goods and Services Tax (GST) and Customs Exemption	Units within GIFT IFSC, as well as services providers in GIFT IFSC/SEZ units and offshore clients, are given exemptions/relaxations under the GST and Customs
7	State Subsidies	Eligible activities under the Gujarat IT/ITES Policy benefit from capital and operational subsidies , EPF reimbursements, and skill development incentives.
8	Exemption from FEMA Regulations	IFSC Units are exempt from FEMA regulations , thereby simplifying cross-border financial transactions
9	Open Market Investment	Indian residents can invest in IFSC based funds as Other Persons Resident in India, thereby enabling them to establish and make sponsor contributions towards funds in IFSC

11.2 Subsidies Under IT/ITES

- **Special Incentives for IT City, Cloud Ecosystem, Data Centres and R&D Institutes**

Sr. No.	Incentives	Description
1	IT City/Townships	Capex: One time support of 25% of capex subject to maximum of ₹ 500 Mn
2	Infrastructure rentals	Opex (Rentals): First two years, 50% of monthly rentals subject to a maximum of ₹10,000 for first three years. For the next three years subsequently: 25% of monthly rentals subject to a maximum of ₹75,000
3	Cloud System for CLS	Capex: One-time support of 25% of eligible capex subject to maximum of ₹200 Mn.
4	Data centre projects	Capex: One-time support of 25% of eligible capex subject to maximum of ₹1.5 Bn. Opex: Power tariff subsidy of ₹ 1/- unit (5 years)
5	Establishing R&D institutes	One-time support of 60% of machinery cost subject to maximum of ₹50 Mn

• **Special Incentives for IT City, Cloud Ecosystem, Data Centres and R&D Institutes**

Sr. No.	Incentives	Description
1	Capital Subsidy	<ul style="list-style-type: none"> • 25% of eligible capital expenditure, subject to a maximum of: <ul style="list-style-type: none"> ○ ₹2,000 million for entities with a gross fixed capital investment exceeding ₹2,500 million. ○ ₹500 million for entities with a gross fixed capital investment below ₹2,500 million.
2	Subsidy for Operating Expense	<ul style="list-style-type: none"> • 15% subsidy on eligible operating expenses for a period of five years, subject to a maximum of: <ul style="list-style-type: none"> ○ ₹400 million for entities with a gross fixed capital investment exceeding ₹2,500 million. ○ ₹200 million for entities with a gross fixed capital investment below ₹2,500 million.
3	Electricity Duty Reimbursement	100% reimbursement of electricity duty for 5 years.
4	Reimbursement of Provident Fund Contribution by the Employer	Reimbursement of the Employer Provident Fund (EPF) contribution , up to 12% of the employee's salary For female employees it is 100% and for male employees it is 75%
5	Interest Subsidy	Up to 7% interest subsidy on term loans, capped at ₹10 million per annum for five years
6	Employment Generation Incentive	Reimbursement of 50% of one month's salary reimbursed (one-time), up to ₹60,000 for female and ₹50,000 for male employees.

11.3 Exemptions Under Companies Act

Sr. No.	Exemptions	Details
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1	Corporate Responsibility Compliance	Social (CSR)	CSR provisions are not applicable for 5 years from the date of commencement of business. Internal audit is applicable only if provided in the Articles of Association (AOA)
2	Internal Governance		No requirement to constitute Audit, Nomination, or Remuneration Committees . Limits on managerial remuneration are not applicable
3	Financial Year Alignment		GIFT IFSC companies can adopt the same financial year as their holding companies without requiring any prior approval.
4	EGM Flexibility		Extraordinary General Meetings may be held anywhere in India or abroad , with shareholder consent.
5	Prospectus Exemption		Foreign companies operating in the IFSC are exempt from the requirement to issue a prospectus or offer securities for public subscription under Sections 23 and 33 of the Companies Act.
6	Board Meetings		The Board of Directors of an IFSC company is required to meet only once in each half of a calendar year. Additionally, board resolutions may be passed via circulars, eliminating the need for physical meetings.
5	Director Composition		The composition and appointment of directors is subject to relaxed norms, allowing greater flexibility in board structuring for IFSC entities.

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