

GIFT IFSC: New Opportunities for Chartered Accountants



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword

Gujarat International Finance Tec-City (GIFT City), envisioned as India's first operational greenfield smart city and global financial hub, stands as a transformative milestone in the nation's economic progress. Strategically located in Gandhinagar, Gujarat, this state-of-the-art business district is designed to repatriate international financial services designed that have traditionally been conducted offshore, fostering a vibrant ecosystem for innovation, investment, and global integration especially significant in an era where developed economies are adopting more restrictive trade measures. In this context, GIFT City emerges as a strategic platform for strengthening India's position in the global financial landscape.

By integrating smart infrastructure, such as district cooling systems, automated waste management, and high-speed connectivity, with a business-friendly regulatory environment, GIFT City is redefining India's position in the global financial landscape. This synergy between innovation and governance demonstrates India's readiness to compete with top international financial centres

At the heart of GIFT City is the International Financial Services Centre (IFSC), a specialized zone regulated by the International Financial Services Centres Authority (IFSCA). This framework empowers businesses to operate on a level playing field with premier global hubs offering distinct advantages. With tax incentives, streamlined compliance, single-window clearances, and liberalized foreign exchange norms under the Foreign Exchange Management Act (FEMA), the IFSC is unlocking new avenues for growth attracting global investors, and generating high-skilled employment. The IFSC serves as a launchpad for cross-border financial activity, bringing capital, talent, and innovation into a single ecosystem.

The Institute of Chartered Accountants of India (ICAI), as a pillar of nation-building and professional development, recognizes the vast potential of GIFT City for Chartered Accountants (CAs).

In line with our mission to equip members with future-ready knowledge, ICAI is proud to present this comprehensive reference guide, "GIFT IFSC: New

Opportunities for Chartered Accountants." This publication demystifies the IFSC's legal, fiscal, and operational intricacies, providing practical guidance on setting up units, navigating incentives, ensuring compliance, and leveraging sector-specific opportunities. I extend my sincere appreciation to the authors, reviewers, and the dedicated ICAI team for their unwavering dedication to excellence, ensuring the content's accuracy, depth, and relevance in an ever-evolving regulatory landscape.

I am especially grateful for the exemplary contributions of CA. Madhukar N Hiregange, Chairman, and CA. Satish Kumar Gupta, Vice-Chairman of the Committee for Members in Practice, along with CA. Abhay Chhajed, Convenor, and CA. (Dr.) Sanjeev Kumar Singhal, Deputy Convenor of the Development of International Trade, Services & WTO Directorate. Their proactive leadership, supported by fellow committee members, has enriched this publication with valuable insights, underscoring ICAI's ethos of professional excellence and knowledge dissemination.

I am confident that this publication will empower Chartered Accountants, businesses, policymakers, and investors alike to harness GIFT City's potential, enabling them to execute their professional responsibilities with enhanced efficiency, foresight, and impact. As we navigate this dynamic era of financial globalization, ICAI remains committed to fostering such initiatives that propel our members and the nation forward.

CA. Charanjot Singh Nanda
President, ICAI

Date: 20th August 2025

Place: New Delhi

Preface

GIFT City is not just an infrastructural marvel, it is a vision of India's future as a frontrunner in global finance. The narrative of India has changed drastically in the past few months. At its core lies the International Financial Services Centre (IFSC), a jurisdiction designed to offer a globally competitive platform for cross-border financial services. Unlike many global hubs that evolved organically over decades, GIFT City has been conceived with foresight, purpose, and precision: an integrated ecosystem combining cutting-edge utilities with a progressive regulatory framework. For professionals and enterprises alike, it symbolizes the shift from *possibility* to *practice* in India's financial globalization journey. It is expected to replicate the success of the IT industry two decades back.

For Chartered Accountants, this transformation is particularly significant. The IFSC does not merely open another avenue of practice; it demands a recalibration of professional capabilities to meet international benchmarks. Whether in international taxation, fund structuring, financial advisory, or emerging areas such as fintech, aircraft leasing, and sustainable finance, opportunities here are both immediate and long-term. The challenge lies not in identifying these possibilities but in navigating them with clarity, compliance, and competence for not only clients but for us professionals.

It is in this context *GIFT IFSC: New Opportunities for Chartered Accountants*, rather than being a mere compendium of facts, this guide is structured as a practical resource, bridging technical details with professional application. From understanding the regulatory scaffolding of IFSCA and FEMA to decoding tax incentives and sector-specific prospects, the content is designed to help practitioners convert information into informed decisions.

This publication is more than a handbook; it is a roadmap. It seeks to:

- Illuminate the unique advantages and strategic vision behind GIFT City and its IFSC.
- Decode the regulatory architecture and compliance requirements in a reader-friendly manner.
- Highlight sectoral opportunities across banking, insurance, capital markets, leasing, bullion, and fintech.

- Provide actionable steps for professionals looking to establish or advise on operations within the IFSC.
- Encourage a forward-looking perspective on how India's global financial engagement will evolve.

The Committee for Members in Practice (CMP) and Development of International Trade, Services & WTO Directorate (DITSWTO), expresses its deep gratitude to the leadership of ICAI - CA. Charanjot Singh Nanda, President, and CA. Prasanna Kumar D, Vice-President, for their encouragement and vision in supporting this initiative. We acknowledge with appreciation the contributions of CA. Yash Shah, CA. Amit Kumar Kedia, and CA. Jay Shah in authoring this work, and the meticulous reviews by CA. Swetang Pandya and CA. Gaurav Kanudawala. The Secretariat of CMP & DITSWTO has played a pivotal role in bringing this publication to fruition, and their dedication deserves special mention.

We encourage readers to approach this guide not as a static document, but as a companion in their professional journey, one that evolves with practice, dialogue, and the dynamic policy environment. Changes are expected in the initial stages and we will endeavour to update them at periodic intervals. Suggestions, feedback, and experiences from stakeholders will be invaluable in refining future editions, and we welcome them at cmp@icai.in.

As India positions itself more decisively on the global financial map, we are confident this guide will enable Chartered Accountants and other stakeholders to move from awareness to action, transforming opportunities in GIFT City into tangible outcomes that strengthen the SMPs, the profession and the nation.

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Date: 20th August 2025

Place: New Delhi

Contents

1.	Overview of GIFT City – Map, Infrastructure and Feasibility	1
2.	International Financial Service Centre (IFSC)	28
3.	Introduction to SEZ unit and Developer in GIFT City	36
4.	The Legal Framework of India's International Financial Services Centre - Major Sectors, Framework and Activities in IFSC	58
5.	Business Opportunities at GIFT City	62
6.	Direct Tax Implications in GIFT City	168
7.	Indirect Tax Implications on GIFT City	195
8.	Relevant Provisions of the Companies Act, 2013 for IFSC Company	212
9.	FEMA Perspective for IFSC Company	227
10.	Incentives and Benefits in GIFT IFSC	245
11.	Procedure for Setting up Unit in GIFT City	253
12.	Standard Fees and Charges Structure	269
13.	Major Compliances after setting up of Unit in IFSC	301
14.	IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs	331

Overview of GIFT City – Map, Infrastructure and Feasibility

1. Introduction GIFT City (Gujarat International Finance Tec-City)

Gujarat International Finance Tec-City (GIFT City) is India's first operational smart city, developed as a global hub for financial and IT services. India's first and only operational international financial services center (IFSC) and a multi-service special economic zone, is located in GIFT City. Located in Gandhinagar, Gujarat, GIFT City is a visionary project by the Government of India, aiming to bring back financial services business that is currently carried out outside India by offering a globally competitive platform. Spread over approximately 886 acres, GIFT City integrates world-class infrastructure, state-of-the-art technology, and a conducive regulatory environment. It houses India's only IFSC, regulated by the International Financial Services Centres Authority (IFSCA), which allows financial services such as international banking, insurance, capital markets, asset management, fintech, and assets such as Aircraft, Ships leasing, & various other Financial services. The city promotes ease of doing business through tax benefits, streamlined regulatory mechanisms, and a single-window clearance system. With its innovative urban planning, including district cooling, underground utility tunnels, and automated waste collection systems, GIFT City stands as a benchmark for future urban and economic development in India, positioning the country as a competitive destination in the global financial landscape.



(a) Vision of GIFT City

As Hon'ble Prime Minister of India Shri Narendra Modi rightly said about GIFT City that **"The vision is to create a world-class finance and IT zone for India to provide services not only to India but to the entire world."** Gujarat International Finance Tec-City (GIFT City) envisions transforming India into a leading global financial and technological hub by creating a world-class International Financial Services Centre (IFSC) that rivals international financial centers. Its vision is to bring back offshore financial activities to India, providing global investors and institutions with seamless access to India's capital markets, banking, insurance, and fintech ecosystems through a robust, globally aligned regulatory framework. This includes creating a dynamic urban environment underpinned by smart city infrastructure such as district cooling systems, underground utilities, and sustainable practices combined with streamlined, single-window approvals and attractive fiscal incentives. By doing so, GIFT City aims to foster

innovation, economic growth, and job creation while catalyzing India's emergence as a competitive global financial powerhouse.

(b) Relevance in India's economic landscape

GIFT City plays a pivotal role in reshaping India's economic landscape by serving as a catalyst for financial sector reform, capital market development, and global economic integration. As India's first International Financial Services Centre (IFSC), located in GIFT City, helps in retaining and attracting offshore financial services that were previously routed through global hubs like Singapore, Dubai, and London. It offers a regulated environment with tax incentives, liberalized foreign exchange rules, and ease of doing business, making it an attractive destination for international banks, asset managers, insurers, fintech firms, and other financial institutions. By facilitating cross-border transactions and global capital flows, GIFT City strengthens India's position in international finance. Moreover, it supports the "Make in India" and "Digital India" initiatives by fostering innovation, creating high-skilled jobs, and promoting sustainable urban development. As India aspires to become a leading global economy, GIFT City acts as a strategic economic zone that aligns with the country's vision of becoming a global financial and economic powerhouse.

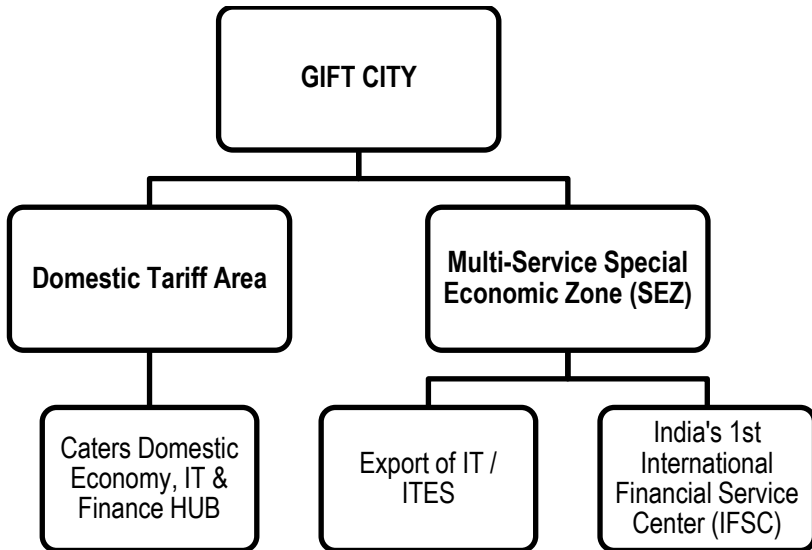
2. Location and Map Overview

Gujarat International Finance Tec-City (GIFT City) is strategically located along the banks of the Sabarmati River in Gujarat, approximately 12 km from Gandhinagar and 25 km from Ahmedabad. Spanning 886 acres. Recently, the city expanded its boundaries, encompassing additional land parcels sprawling 3,300 acres. It stands as India's first greenfield smart city and international financial hub, positioned at the core of the Ahmedabad–Gandhinagar tri-city area. The city is seamlessly connected through State and National Highway 48 and lies just 20 minutes from Sardar Vallabhbhai Patel International Airport in Ahmedabad. It benefits from excellent rail connectivity via Ahmedabad and Gandhinagar stations, while intra-city transportation is supported by state transportation Bus, bus rapid transit system (BRTS) and electric buses. The city's accessibility is enhanced by the Ahmedabad–Gandhinagar Metro's Violet Line, which includes a dedicated GIFT City station. Thoughtfully master-planned, GIFT City integrates

commercial, residential, and institutional zones with cutting-edge infrastructure, including underground utility tunnels and sustainable urban systems. Its strategic location and smart design position it as a central hub for global finance, innovation, and sustainable urban development, deeply integrated into Gujarat's economic landscape.

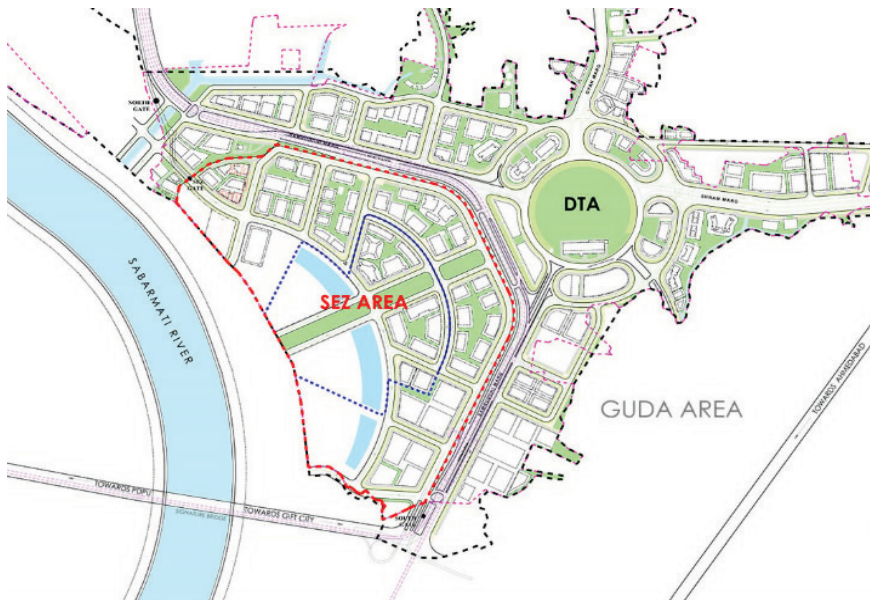
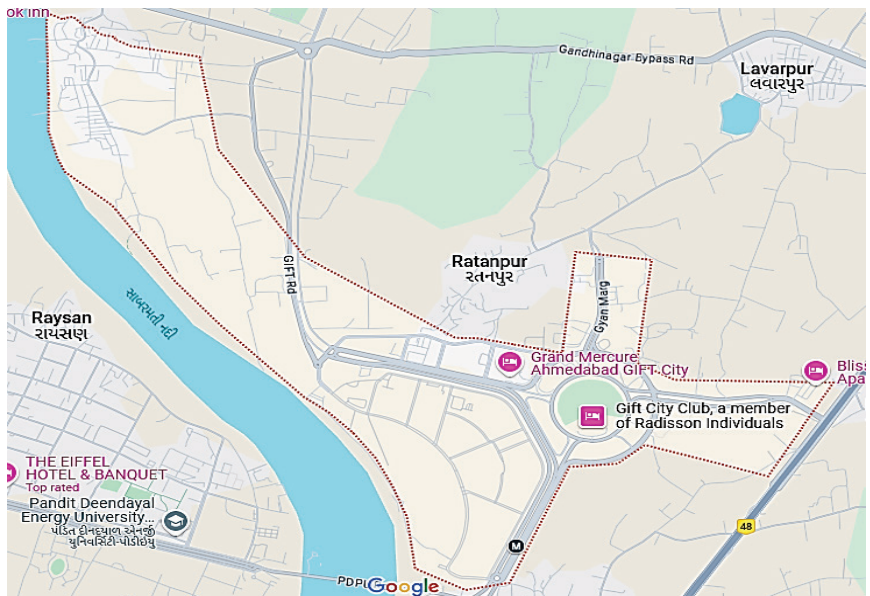
a) Map of GIFT City

GIFT City is a business hub for both international and domestic operations.



A superlatively planned smart and technology-enabled city epitomizing world-class commercial and residential facilities, GIFT City is rapidly emerging as a global destination for future-ready enterprises, while also essaying the prominent role as the premier financial and technology gateway of India.

Overview of GIFT City – Map, Infrastructure and Feasibility



GIFT City is master planned into distinct zones spanning its 886-acre site, designed to cater to varied business, residential, and institutional needs. Of

this, approximately 261 acres fall under the Special Economic Zone (SEZ), subdivided into:

- Processing Area (PA): Host to the International Financial Services Centre (IFSC), global financial institutions, insurance, commodity exchanges, and IT/ITeS hubs.
- Non-Processing Area (NPA): Supports core SEZ operations with service apartments, hostels, food courts, hotels, medical and educational facilities

The remaining 625 acres form the Domestic Tariff Area (DTA), where Indian law applies. This zone accommodates domestic companies, commercial offices, residential flats, retail spaces, and civic infrastructure.

3. Historical Background and Evolution

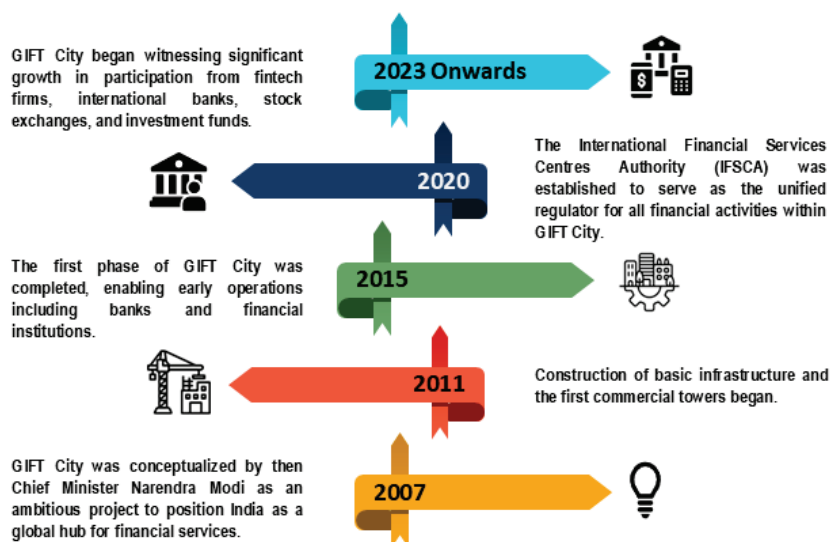
The concept of Gujarat International Finance Tec-City (GIFT City) was first proposed in 2007 by the Government of Gujarat under the leadership of then-Chief Minister Narendra Modi. The vision was to develop a world-class financial hub within India that could rival global financial centers such as Singapore, Dubai, and London. The idea was to reverse the trend of Indian financial services and investments being routed through offshore hubs by creating a globally competitive ecosystem at home.

The foundation stone for GIFT City was laid in 2011, and its development was initiated as a joint venture between the Gujarat Urban Development Company Limited (GUDCL) and Infrastructure Leasing & Financial Services (IL&FS). The city was conceptualized as a Greenfield smart city, integrating state-of-the-art infrastructure, sustainable urban planning, and digital connectivity. A major milestone came in April, 2015 when the Government of India took the initiative to develop an IFSC at Gujarat International Finance Tec-City (GIFT City) a Special Economic Zone (SEZ) to help India realize its potential in the international financial services industry.

Over the years, the city has witnessed significant policy support, including the establishment of the International Financial Services Centres Authority (IFSCA) in 2020 as a unified regulator. The launch of the India International Exchange (India INX), the arrival of global and domestic financial institutions, and progressive dual-use zone regulations have further accelerated GIFT

City's growth. From its initial vision to a rapidly developing financial and innovation hub, GIFT City continues to evolve as a key strategic asset in India's journey toward becoming a global financial powerhouse.

GIFT City Journey So Far



4. GIFT City: Built Environment and Service Ecosystem in GIFT City

GIFT City is more than just a financial hub, it is a symbol of India's ambition to create future-ready urban and business ecosystems. With its unmatched infrastructure, regulatory advantages, and smart city amenities, it provides a unique platform for financial institutions, IT/ITeS firms, fintech startups, and global corporations to thrive. Whether for businesses seeking operational efficiency or individuals looking for an elevated lifestyle, GIFT City stands as a benchmark for integrated, sustainable urban development in India.

It is designed as a "walk-to-work" city, ensuring that professionals can live and work within the same urban ecosystem, supported by high-quality civic infrastructure, cutting-edge technology, and sustainable urban planning. What sets GIFT City apart from other cities in India is its future-ready

infrastructure, which includes features like underground utility tunnels, a district cooling system, automated waste collection, intelligent traffic management, and uninterrupted power and water supply. All utility lines, including electricity, water, sewage, gas, and telecommunications, run through a centralized underground tunnel system, eliminating the need for surface-level digging and ensuring easy maintenance with minimal disruption.

The district cooling system is one of the first of its kind in India, providing energy-efficient centralized air conditioning to commercial and residential buildings, reducing the environmental impact and lowering operational costs for businesses. Similarly, the automated waste collection system is designed to support a clean and sustainable environment by transporting waste through underground vacuum pipes, thereby eliminating manual waste handling and ensuring hygiene. High-speed fiber-optic connectivity throughout the city enables digital transformation across all sectors, supporting businesses with real-time data exchange, advanced telecom services, and robust cyber security infrastructure.

GIFT City is also home to India's first and only International Financial Services Centre (IFSC), offering a globally competitive regulatory environment managed by the International Financial Services Centres Authority (IFSCA). This unique framework allows banks, insurance companies, asset managers, and fintech players to conduct international business in foreign currency with tax advantages and regulatory flexibility comparable to other global financial hubs like Dubai, Singapore, and London.

In addition to financial services, GIFT City is also a destination of choice for IT and ITeS companies, offering modern Grade A office spaces in vertical business parks designed for high-density operations such as global delivery centers, back offices, shared services, KPOs, and BPOs. The SEZ area offers significant tax incentives and export benefits, while the DTA zone supports domestic market operations, allowing companies to optimize their operations and expand their market reach. The city's technology ecosystem is equally robust, fostering innovation in areas such as artificial intelligence, robotics, data analytics, e-commerce, software development, and digital content creation. A Tier IV data center ensures the highest level of data security and uptime, critical for financial and IT operations, while dedicated

zones for fintech startups and innovation centers encourage entrepreneurship and collaboration between global and Indian enterprises.

On the lifestyle front, GIFT City has been developed with a holistic urban vision that promotes an elevated standard of living. It offers high-rise residential apartments with smart home features, 24/7 utilities, and proximity to workplaces. Social infrastructure within the city includes educational institutions, healthcare centers, retail outlets, entertainment zones, and community parks, all designed to offer a balanced urban lifestyle. The city also features international hotels, business convention centers, and recreational amenities such as sports facilities, multiplexes, and cafes, making it not only a commercial hub but also a desirable place to live and socialize. The presence of green spaces, pedestrian-friendly pathways, electric vehicle support systems, and rainwater harvesting systems reflects the city's commitment to sustainability and environmental stewardship.

With its integrated approach to infrastructure, digital connectivity, environmental sustainability, and quality of life, GIFT City represents a paradigm shift in how cities are planned and operated in India. It combines the best of global urban development practices with India's economic ambitions, making it a premier destination for international financial institutions, multinational corporations, IT and ITeS firms, startups, and professionals seeking a vibrant, efficient, and future-ready business environment. GIFT City is not just a location; it is a vision of tomorrow's India, realized today.

Let us dwell more into individual feature of GIFT City environment and service ecosystem:

(a) Connected City

Gujarat International Finance Tec-City (GIFT City) is a cutting-edge smart city, strategically located between the twin cities of Ahmedabad and Gandhinagar. Situated just about 12 km from Gandhinagar and 25 km from Ahmedabad, GIFT City is exceptionally well-connected by road, rail, and air. The nearest metro station, GIFT City Metro Station (part of the Ahmedabad-Gandhinagar Metro corridor), offers seamless public transport access, while Gandhinagar Capital Railway Station is approximately 15 km away and Ahmedabad Railway Station is around 20 km away. For air connectivity,

Sardar Vallabhbhai Patel International Airport is nearly 16 km from the city, ensuring easy access for global business travelers.

(b) City Command and Control Centre

The City Command and Control Centre (C-4) in GIFT City serves as the technological nerve center of India's first smart financial hub, enabling real-time monitoring, coordination, and management of city-wide services. Strategically designed to enhance operational efficiency, safety, and sustainability, the C-4 integrates data from surveillance systems, traffic signals, environmental sensors, utility services, and emergency response units into a unified dashboard. This centralized system allows authorities to track and respond to incidents instantly, optimize resource usage, and maintain seamless city operations. From managing smart street lighting and water supply to handling disaster response and public safety, the Command and Control Centre exemplifies smart governance. Built on cutting-edge ICT infrastructure, it not only improves citizen services but also ensures a secure, efficient, and resilient urban environment, reinforcing GIFT City's position as a benchmark for next-generation urban development in India.

Key features of C-4 are as follows:

- Integrated Monitoring Platform
- Centralized Operations
- Single Window Operation
- GIS Mapping
- Incident Management
- City KPI Dashboards
- Scalability



(c) District Cooling System

GIFT City is the first city in India to implement a large-scale District Cooling System (DCS), showcasing its commitment to sustainable and energy-efficient infrastructure. Unlike conventional air-conditioning systems, the DCS uses a centralized cooling plant to distribute chilled water through an underground network of insulated pipes to multiple buildings. This innovative system significantly reduces energy consumption up to a significant level, while lowering maintenance costs and carbon emissions. Operated by a dedicated utility provider within the city, the DCS ensures consistent cooling, improved efficiency, and optimal use of space by eliminating the need for individual chillers in each building. It also contributes to lower noise pollution and enhances the aesthetic appeal of structures by removing bulky equipment. As part of GIFT City's integrated smart infrastructure, the District Cooling System supports its vision of a green, climate-resilient urban environment, setting a new standard for eco-friendly urban planning in India.

Key features of DCS are as follows:

- Energy Efficiency
- Reduced Environmental Impact
- High Capacity
- Lower operational and maintenance costs and enhanced Performance

(d) Power Infrastructure

GIFT City boasts a world-class power infrastructure designed to provide reliable, uninterrupted, and high-quality electricity supply, setting it apart as India's first city with a smart grid and underground power distribution system. The city operates on a 33KV dual-feed, ring-main network that ensures 24x7 power availability with minimal downtime. All power lines are laid underground, enhancing safety, aesthetics, and resilience against weather disruptions. GIFT City also features an automated grid management system with Supervisory Control and Data Acquisition technology, enabling real-time monitoring, fault detection, and quick resolution. The power infrastructure includes advanced metering systems for accurate billing and energy management, promoting transparency and efficiency. Additionally, GIFT City supports green energy integration and encourages energy-efficient building practices. This robust and intelligent power setup not only supports the city's high-density commercial and residential zones but also reinforces its vision of becoming a future-ready, smart, and sustainable global business hub.

Key features of power infrastructure in GIFT City:

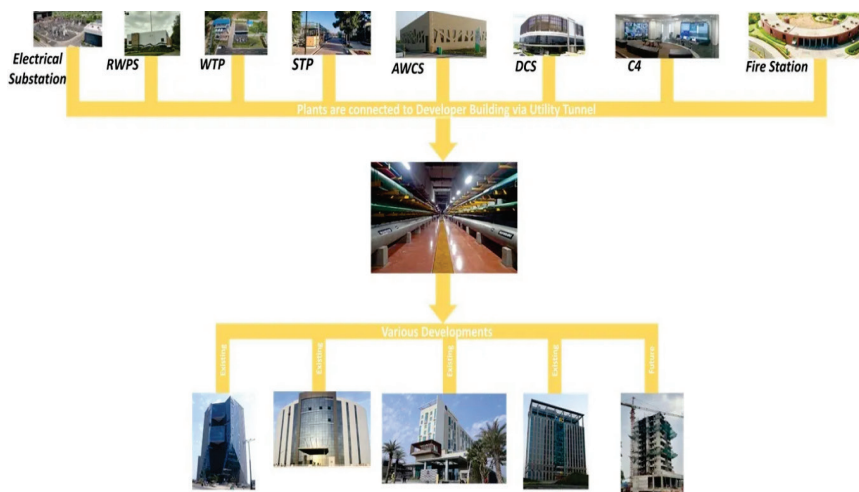
- Centralized Backup Systems
- Dual Feed Utility Tunnel
- Receiving Stations
- Real-Time Monitoring
- Automatic Meter Reading
- Energy Conservation

(e) Water Infrastructure

GIFT City has developed a smart and sustainable water infrastructure that supports its vision of modern urban living. The system manages the entire water cycle from supply and distribution to collection, treatment, and reuse, ensuring efficiency and sustainability. Water is treated at an advanced Water Treatment Plant (WTP) and delivered 24x7 through an automated, monitored pipeline network that ensures optimal pressure, flow, and quality. Wastewater is collected via a dedicated underground sewage corridor and treated at a Sewage Treatment Plant (STP) using biological and filtration processes. The treated water is disinfected and reused for district cooling, flushing, and landscaping, aligning with zero liquid discharge goals. An integrated automation and control system enables real-time monitoring and smart metering of consumption, supporting both environmental sustainability and high-quality urban living.

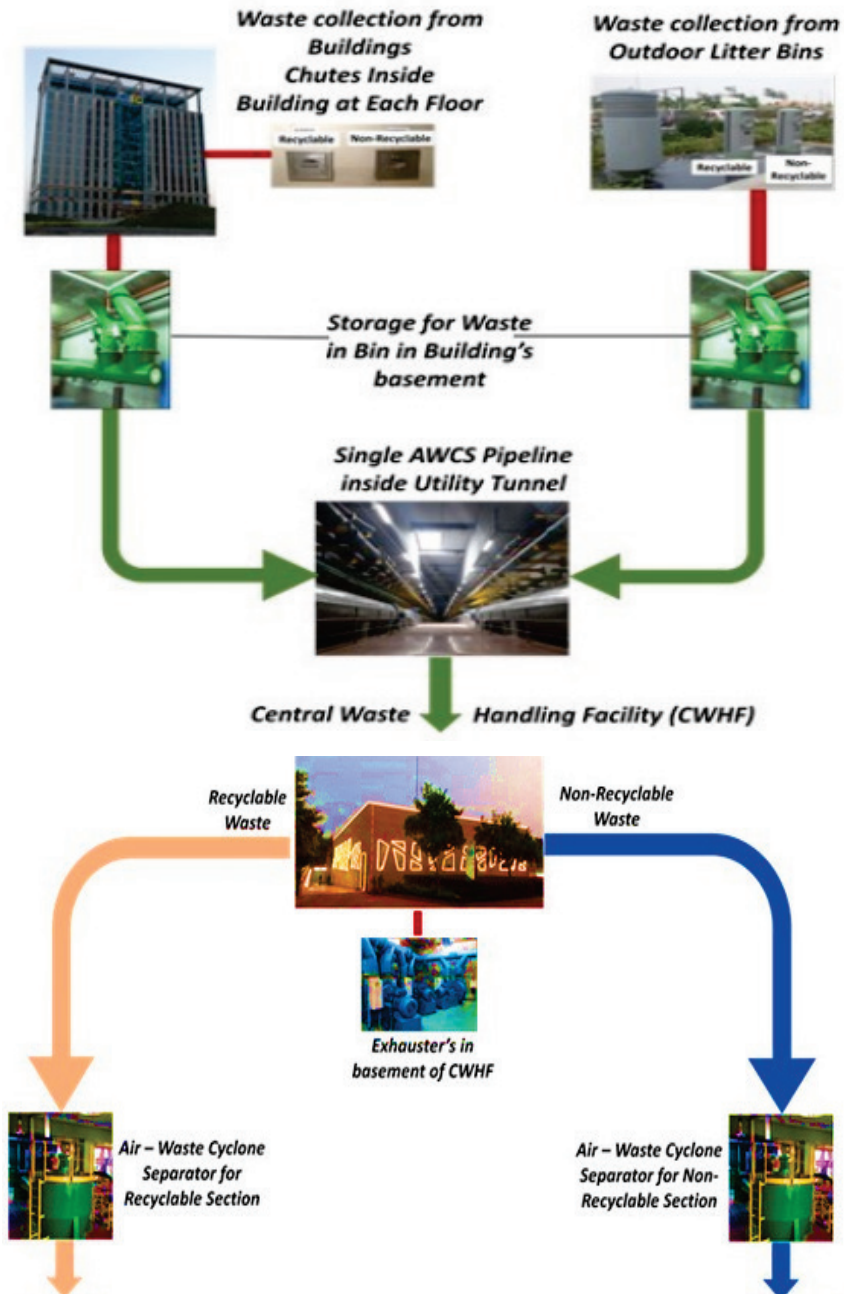
(f) Utility Tunnel Network

The utility tunnel at GIFT City showcases an innovative, future-ready approach to urban infrastructure, designed as a “digging-free city” solution. By consolidating all essential utilities within an underground tunnel, the city eliminates the need for road excavation during maintenance or upgrades, ensuring uninterrupted services and preserving the surface environment. The tunnel is divided into separate sections, dry zones for power and ICT cables, and wet zones for pipelines, ensuring enhanced safety, easier maintenance, and greater operational efficiency. It houses a wide range of utilities including power lines, chilled water pipes from the District Cooling Plant, raw and treated water lines, treated sewage for reuse, automated waste pipelines, and other multi-utility conduits. Built-in systems for lighting, ventilation, drainage, fire safety, rodent control, and access management support safe and efficient operations. This centralized and well-planned infrastructure ensures continuous service delivery while significantly simplifying future expansions and maintenance across GIFT City.



(g) Automated Waste Management System

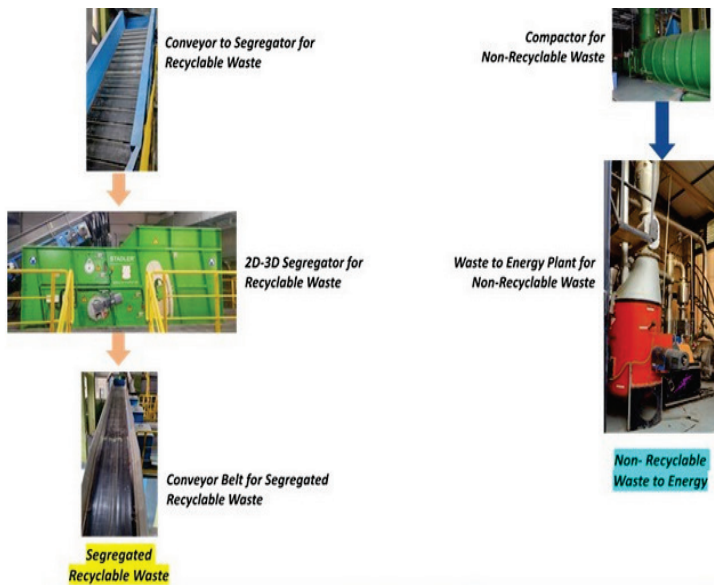
GIFT City is home to India's first fully automated waste management system, setting a new benchmark in urban sanitation and sustainability. At its core is a vacuum chute network that efficiently collects and transports waste through underground pipelines, eliminating the need for traditional collection vehicles. This system significantly reduces noise, air pollution, and public health risks, while promoting effective waste segregation. It manages the entire waste cycle from generation and storage to transport, processing, and disposal without requiring manual handling, thereby improving the working conditions of waste collectors. With a planned capacity of over 150 tonnes per day and current operations handling 5 tonnes per hour, the system integrates indoor chutes, outdoor bins, and centralized processing. This smart, eco-friendly infrastructure not only supports a cleaner and quieter environment but also enhances the overall urban experience. Future plans include waste-to-wealth initiatives, further aligning with GIFT City's commitment to sustainable urban development.





(h) Data Centre

GIFT City, strategically located between Ahmedabad and Gandhinagar in Gujarat, is home to STT Ahmedabad DC 1, the enterprise-grade data centre in the city's central business district. This state-of-the-art facility offers high service uptime and a full suite of cloud solutions including IaaS, PaaS, and SaaS. It is supported by connectivity from 15 major telecom operators, ensuring robust global access for businesses. GIFT City data centre building is a four-storey building whose floor area spans approximately 70,000 sq. ft. and is engineered with a reinforced concrete superstructure. It has a (Telecommunication Industry Association) TIA-942 Rated 4 certification. With a power capacity of 3MW IT load, floor loading of 1500 Kg/sq m, and slab-to-slab height of 4.45m, the data centre is designed for high-performance and operational efficiency. It offers a customer (Service Level Agreement) SLA of up to 99.999% availability, along with essential facilities such as a staging room, loading bay, and both passenger and freight lifts. STT Ahmedabad DC 1 holds multiple global certifications, including ISO/IEC 27001, ISO 20000-1, PCI DSS, and IGBC's LEED Gold, reflecting its commitment to security, sustainability, and operational excellence.



(i) Social Infrastructure

GIFT City is designed as a holistic urban ecosystem, with well-planned social infrastructure that supports a high quality of life alongside business growth. The city integrates residential zones, educational institutions, healthcare facilities, recreational spaces, and hospitality services within walkable proximity. Modern housing options, including high-rise apartments and serviced residences, cater to a diverse population of professionals and families. Schools, day-care centers, and upcoming universities ensure access to quality education, while hospitals and clinics offer essential healthcare services. Recreational amenities such as parks, clubs, sports facilities, and cultural centers promote a balanced lifestyle. With a focus on safety, sustainability, and smart city design, GIFT City's social infrastructure not only supports its working population but also fosters a vibrant, inclusive community.



(j) Operational buildings

GIFT City features a variety of operational commercial and residential buildings in both SEZ and DTA. Key commercial structures include the GIFT One and Two Towers (28 floors each), Signature Tower (16 floors), and Brigade Tower (14 floors). Pragya 1 & 2, flexone, is also operational, offering office space. There are various Temporary coworking spaces and incubation centers offering the Physical space and creating ease of doing in IFSCA. Residential options include apartments and affordable housing. Other notable operational facilities include Jamnabai Narsee School, GIFT City Club & Business Center, and the Grand Mercure Hotel (now JW Marriott). It will be having world class hospital called lilavati hospital in arena of GIFT city

5. GIFT City: A Preferred Location

GIFT City is rapidly emerging as a preferred destination for both national and international IT and ITeS (Information Technology and Information Technology Enabled Services) companies, thanks to its world-class infrastructure, strategic location, and progressive regulatory environment. Designed as a smart city with robust digital connectivity, energy-efficient buildings, and next-gen utility systems, GIFT City offers a future-ready ecosystem that supports seamless IT operations. Companies benefit from a

competitive cost structure, single-window clearances, and access to a growing talent pool. Additionally, the presence of the International Financial Services Centre (IFSC) allows tech firms with financial or fintech services to operate globally under a favorable tax regime. With its unique combination of domestic and international business zones, GIFT City provides an ideal platform for IT and ITeS firms to serve both Indian and global markets efficiently.



GIFT City offers a compelling ecosystem for IT and ITeS companies to establish a wide range of operations in both the Domestic Tariff Area and the Special Economic Zone (SEZ). With a business-friendly environment, state-of-the-art infrastructure, and policy-driven incentives, GIFT City enables companies to set up Operation Hubs, Back Offices, High-End Processing units, Shared Services, Global Delivery Centres, as well as KPO and BPO facilities. The city also promotes the development of sector-specific Vertical IT/ITeS Parks and hub exclusive for financial services and world class universities such as deakin university & stanford university & others , making it a comprehensive destination for technology-driven enterprises.

Furthermore, GIFT City supports advanced technology offerings and digital platforms, including Artificial Intelligence, Data Analytics, Robotics, E-commerce, and Tier IV Data Centres. It also fosters Research and Development, Innovation Centres, and services related to Data and Information Management. Companies engaged in ERP, software and

application development, and Web or Digital Content creation find a conducive environment to grow and scale operations. With a future-ready ecosystem and seamless integration of global standards, GIFT City stands out as a strategic location for IT/ITeS companies aiming to serve both domestic and international markets.

Benefits to Business Operations

GIFT City offers a highly conducive environment for business operations, delivering significant advantages that enhance both efficiency and profitability. One of the key benefits is its business cost efficiency, with companies experiencing up to a 20% reduction in operating costs compared to major metropolitan areas. This is driven by the city's modern infrastructure, integrated utilities, and lower real estate and service costs. Additionally, the Government of Gujarat provides attractive incentives under its dedicated IT/ITeS policy & GCC Policy, including EPF reimbursement, lease rental subsidies, and power subsidies, which further reduce the financial burden on companies during setup and operations. GIFT City also offers strong talent availability, with a skilled workforce in IT/ITeS & GCC, fintech, and financial services readily accessible to meet evolving business needs. The presence of renowned educational institutions in the region ensures a continuous talent pipeline. Importantly, GIFT City benefits from low attrition rates, which help businesses reduce costs related to frequent recruitment, onboarding, and training. This stability supports long-term growth and allows companies to build experienced, efficient teams, making GIFT City an ideal location for sustainable and scalable business operations.

6. IFSC at GIFT City

Introduction

An International Financial Services Centre (IFSC) is designed by The International Financial Services Centres Authority Act, 2019 to cater primarily to customers located outside the jurisdiction of the domestic economy, facilitating the flow of finance, financial products, and services across international borders. In the Indian context, an IFSC is defined as a jurisdiction that offers financial services to both non-resident clients and eligible resident institutions, in any currency other than the Indian Rupee (INR). The core objective of establishing an IFSC in India is to bring back

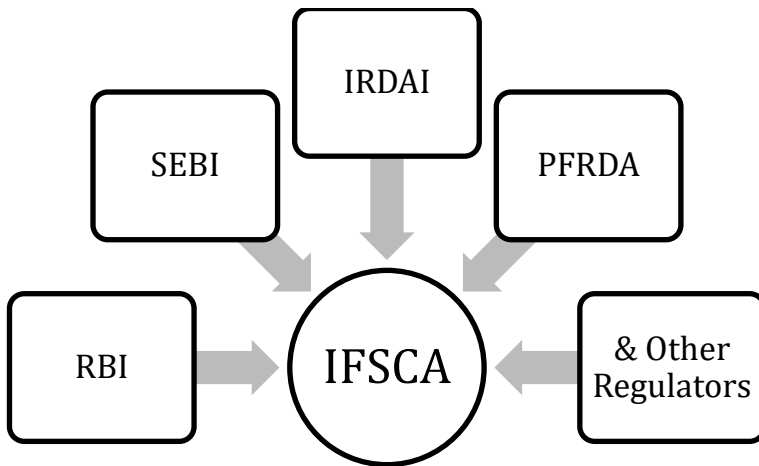
financial transactions and services that are currently being conducted outside the country by overseas financial institutions and the foreign branches or subsidiaries of Indian financial entities. By doing so, the IFSC aims to position India as a global hub for international finance, enabling seamless cross-border transactions under a robust and globally aligned regulatory framework.

IFSC in GIFT City

In India, an International Financial Services Centre (IFSC) is approved and regulated by the Government of India under the Special Economic Zones Act, 2005 & The International Financial Services Centres Authority Act, 2019. GIFT City has been designated as a Multi Services Special Economic Zone (GIFT SEZ) and officially notified as the country's first IFSC. The establishment of the IFSC at GIFT City marks a significant milestone in India's efforts to repatriate international financial service transactions that are currently carried out abroad, thereby strengthening the country's position in the global financial ecosystem. Under the prevailing Foreign Exchange Management regulations, an IFSC unit is treated as a non-resident entity, allowing it to operate in foreign currencies and engage in cross-border financial activities with greater flexibility.

IFSCA: Unified Regulator

The International Financial Services Centres Authority (IFSCA) is the unified regulator for all financial activities in the GIFT IFSC. It was established under The International Financial Services Centres Authority Act, 2019 to streamline and consolidate the regulatory responsibilities of India's four key financial sector regulators RBI (Reserve Bank of India), SEBI (Securities and Exchange Board of India), IRDAI (Insurance Regulatory and Development Authority of India), and PFRDA (Pension Fund Regulatory and Development Authority) within the IFSC. IFSCA is vested with the combined regulatory powers of these bodies for overseeing financial institutions, financial services, and financial products operating in the IFSC. This unified regulatory framework ensures consistency, reduces compliance burdens, and fosters ease of doing business in the IFSC, making it more attractive for global investors and institutions.



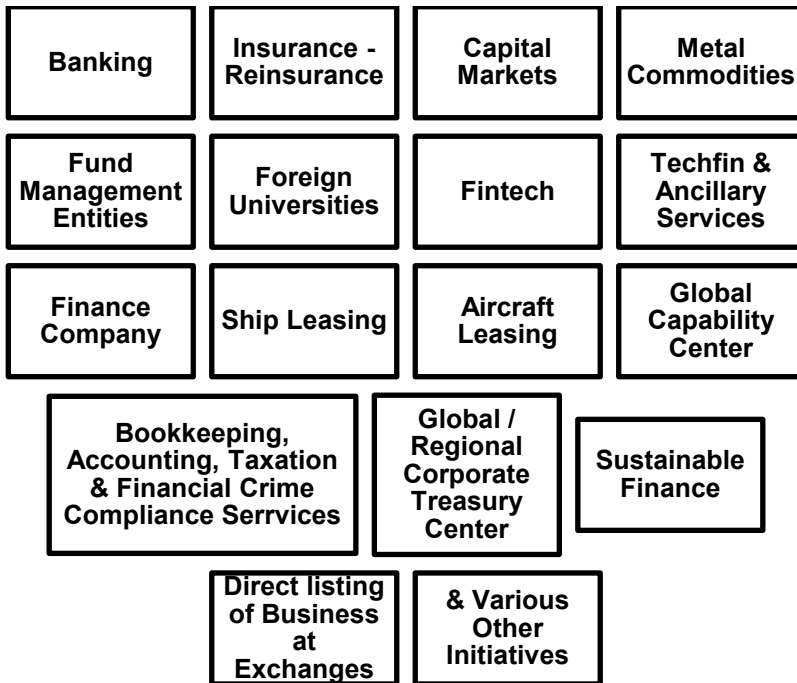
Unlocking the Potential of IFSC in India

GIFT IFSC holds immense potential to transform the country into a global financial powerhouse. By offering a globally competitive regulatory environment, world-class infrastructure, and attractive tax incentives, IFSC aims to attract international financial institutions, investors, and fintech firms. It provides a platform for conducting offshore financial transactions within India, reducing the outflow of capital to foreign financial hubs. With unified regulation under the IFSCA and increasing participation from global players, IFSC has the potential to boost foreign investment, create high-value jobs, and position India as a leading destination for international banking, capital markets, insurance, and asset management. Unlocking this potential will not only strengthen India's financial ecosystem but also contribute significantly to the country's economic growth and global financial integration.

The potential of IFSC in India can be seen through the following key reasons:

- India ranks among the top users of cross-border financial services
- IFSC can drive self-reliance by enabling offshore capital raising and INR-USD derivatives trading within India.
- The IFSC can position itself as a key conduit for channeling global investments into and out of India.
- Leasing and financing of aircraft for major Indian airlines is currently carried out through overseas markets

7. Major Sectors in GIFT-IFSC



Industries operating in the IFSC:

The IFSC is established with the objective of boosting the financial services in India. The government has prescribed that certain industries that deal with financial products and financial services can establish a unit in the IFSC. The following industries can establish their unit in the IFSC:

- **Banking**

Both Indian and foreign banks can establish a unit or company in the International Financial Services Centre (IFSC). The IFSC serves as a dynamic marketplace for global financial services. Banking units and companies within the IFSC enjoy the same privileges as foreign branches, while being integrated into India's first smart financial hub.

- **Book-keeping, Accounting, Taxation and financial crime compliance (BATF) services:**

The global demand for BATF services is significant, driven by advancements in information technology and communication. India's advantages, such as its robust technology outsourcing capabilities, extensive skilled workforce in accounting, law, and taxation, competitive pricing, and high standards of service, provide GIFT IFSC with a unique chance to establish itself as an international offshore centre for BATF services.

- **Bullion Exchange:**

India's first international bullion exchange has been established in the IFSC. Qualified jewellers can import gold through the bullion exchange, and eligible overseas entities can participate in the bullion exchange even through remote access mode. The bullion exchange promotes efficient price discovery while ensuring standardization, quality assurance, and sourcing integrity. Additionally, it supports the financialization of gold in India.

- **Insurance:**

Domestic and foreign insurance businesses are allowed to establish their insurance offices or intermediary offices in GIFT IFSC in order to offer international insurance services. These businesses can provide both direct insurance and reinsurance services within the IFSC. The recognised categories for insurance intermediaries include insurance brokers, corporate agents, surveyors and loss assessors, third-party administrators for health services, and any other categories approved by the IRDAI.

- **Capital Market:**

BSE and NSE have set up their exchanges in GIFT City. The capital market intermediaries, such as broker-dealers, portfolio managers, depository participants, credit rating agencies, custodians, etc., can be set up in the IFSC. The IFSC Authority has issued 'IFSCA (Capital Market Intermediaries) Regulations, 2021' to provide a comprehensive regulatory framework for various capital market intermediaries based on internationally recognised principles.

- **Aircraft Leasing:**

The operating lease, finance lease or hybrid lease of the providing aircraft or helicopter and engines of aircraft or helicopter or any other part thereof and ease of ground support/ramp handling equipment is considered as a 'financial product' under the IFSCA regulatory framework.

The entity that is desirous of an aircraft transaction can set up a finance company or finance unit in the IFSC.

- **Fund Management:**

The Fund management entities can be established in the IFSC for providing the service related to managing funds, including venture capital funds, private equity funds, exchange-traded fund mutual funds, and portfolio management services. The Government has introduced the IFSCA (Fund Management) Regulations, 2022, to provide the regulatory framework for fund management in the IFSC

- **Ship leasing:**

The ship leasing business is covered in the IFSC through the IFSCA regulatory framework. The operating lease, finance lease or hybrid of ship leasing is considered a finance product under the IFSC regulatory framework. The lessor can set up a finance unit or a finance company to provide ship lessor transactions.

- **Other Services:**

A Global-In-House Centre can be established to provide the support services directly or indirectly, to entities within its financial services group, including banks and non-banking financial companies, financial intermediaries, investment banks, insurance companies, re-insurance companies, actuaries, brokerage firms, funds, stock exchanges, clearing houses, depositories, and custodians, for carrying out a financial service in respect of a financial product.

A FinTech unit can be established to provide FinTech services such as

FinTech solutions that result in new business models, applications, processes or products in financial services

A finance company can be set up in the IFSC to undertake certain activities permitted as core or non-core activities. As a core activity, a finance company can lend in the form of loans, commitments and guarantees, securitisation, and sale and purchase of portfolios, undertake investments, including subscribing, acquiring, holding, or transferring securities, etc. The non-core activities include merchant banking, trusteeship services, investment advisory, portfolio management services, operating leases, etc.

A unit can be established in the IFSC to provide ancillary services that are permitted by the government. The Government has prescribed permissible ancillary services in the IFSC as follows:

- Legal services,
- Compliance and Secretarial services,
- Bookkeeping services,
- Accounting, Auditing services
- Taxation services,
- Professional services,
- Management Consulting services,
- Administration services,
- Asset Management support services,
- trusteeship services

8. Summary

Gujarat International Finance Tec-City (GIFT City) has India's first operational International Financial Services Centre (IFSC) in the Special Economic Zone, envisioned as a world-class hub for global financial and fintech services. Strategically located between Ahmedabad and Gandhinagar, GIFT City offers cutting-edge infrastructure, including smart buildings, high-speed connectivity, integrated utilities, and a walk-to-work ecosystem, all designed to international standards. At the heart of GIFT City's regulatory ecosystem is the International Financial Services Centres Authority (IFSCA), established under the IFSCA Act, 2019, as a unified

regulator for all financial services in the IFSC. IFSCA provides a progressive, principles-based regulatory framework supporting a wide range of activities, including banking, insurance, capital markets, fund management, fintech, aircraft leasing, and more. By combining advanced physical infrastructure with a robust and forward-looking regulatory environment, GIFT City, under IFSCA's leadership, is rapidly emerging as a preferred destination for international financial services, offering a compelling alternative to global financial hubs.

International Financial Service Centre (IFSC)

1. Introduction

The International Financial Services Centre (IFSC) represents a designated zone aimed at facilitating the conduct of financial services and transactions that are typically carried out in offshore financial centers. Established under the Special Economic Zones (SEZ) Act, IFSCs are intended to bring financial services transactions relating to foreign currency into India's jurisdiction, with a regulatory framework conducive to global business. FEMA plays a critical role in governing the cross-border flow of foreign exchange in and out of the IFSC, ensuring compliance with India's broader foreign exchange policy objectives. Within this framework, financial institutions and entities operating in an IFSC are provided with specific relaxations and exemptions from certain FEMA provisions, thereby enhancing the ease of doing business in foreign currency-denominated activities. These include simplified procedures for capital account transactions, liberalized norms for foreign investment, and streamlined compliance requirements. The goal is to create an ecosystem that aligns with international standards while maintaining the regulatory oversight necessary to safeguard India's financial stability.

2. IFSC journey so far

The International Financial Services Centre (IFSC) in GIFT City, India, has seen significant developments since its inception in April 2015 when the government announced its establishment. Key milestones include the enactment of the IFSCA Act in December 2019, and the formal operationalization of the first IFSC in October 2020. IFSCA, the regulatory body, then took over regulatory powers from various Indian financial authorities.

3. IFSC regulatory setup

The International Financial Services Centres Authority (IFSCA) is a unified regulatory body established under the IFSCA Act, 2019, to oversee and promote financial products, services, and institutions within India's International Financial Services Centre (IFSC) at GIFT City, Gujarat. IFSCA integrates the regulatory powers of key domestic regulators including RBI, SEBI, IRDAI, and PFRDA, creating a single-window framework for activities spanning banking, capital markets, insurance, asset management, and fintech. It operates within the broader framework of the Foreign Exchange Management Act (FEMA), 1999, under which transactions in IFSC are treated as though they occur outside India, enabling free flow of capital and foreign currency dealings. This alignment with FEMA provisions allows entities in IFSC to engage in cross-border financial activities with minimal restrictions. IFSCA also supports innovation through regulatory and fintech sandboxes, and provides a globally competitive environment through tax incentives, liberalised compliance norms, and streamlined regulatory processes.

4. IFSCA Act

The primary purpose of the International Financial Services Centres Authority Act, 2019 (IFSCA Act) is to establish an authority to develop and regulate the financial services market in International Financial Services Centres (IFSCs) in India. It aims to create a unified regulatory environment for financial activities within IFSCs, promoting ease of doing business and attracting global investment.

The IFSCA Act consolidates the regulatory oversight of financial services in IFSCs, which were previously overseen by multiple regulators like SEBI, RBI, IRDAI, and PFRDA. The act empowers the IFSCA to develop and regulate all financial products, financial services, and financial institutions within the IFSC. The IFSCA aims to position India as a global financial hub, attracting foreign investors and facilitating international financial transactions. By establishing a single regulatory body, the act seeks to simplify compliance for businesses operating within the IFSC and promote transparency. The IFSCA Act is intended to boost economic growth by attracting foreign investment,

creating employment opportunities, and fostering innovation in the financial sector.

Important Definitions under IFSCA Act

- (a) Appropriate Regulator: means any financial sector regulator specified in the First Schedule to the IFSCA Act.
- (b) Financial Institution: means a unit set up in an International Financial Services Centre and which is engaged in rendering financial services in respect of any financial product.
- (c) Financial Product: means
 - (i) securities;
 - (ii) contracts of insurance;
 - (iii) deposits;
 - (iv) credit arrangements;
 - (v) foreign currency contracts other than contracts to exchange one currency for another that are to be settled immediately;
 - (vi) any other product or instrument that may be notified by the Central Government from time to time;
 - 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 and
 - Specifies an operating lease, including an hybrid of operating and financial lease, in respect of the following equipment,as financial product, Aircraft, ships, vessels , Yachts,engines of ship or ocean vessel, Aircraft Training & stimulation devices, engines of aircraft, helicopter engines , Aircraft Ground Support Equipment.
- (d) Financial Service: means-
 - buying, selling, or subscribing to a financial product or agreeing to do so;

- acceptance of deposits;
- safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so;
- effecting contracts of insurance;
- offering, managing or agreeing to manage assets consisting of financial products belonging to another person;
- exercising any right associated with a financial product or financial service;
- establishing or operating an investment scheme;
- maintaining or transferring records of ownership of a financial product;
- underwriting the issuance or subscription of a financial product;
- providing information about a person's financial standing or creditworthiness;
- selling, providing, or issuing stored value or payment instruments or providing payment services;
- making arrangements for carrying on any of the services in sub-clauses (i) to (xi);
- rendering or agreeing to render advice on or soliciting for the purposes of—
 - A. buying, selling, or subscribing to, a financial product; or
 - B. availing any of the services in sub-clauses (i) to (xi); or
 - C. exercising any right associated with a financial product or any of the services in clauses (i) to (xi);
- any other service that may be notified by the Central Government from time to time.
 - A. Global in -House Centres (GIC),
 - B. Foreign Universities or foreign institutions

C. Book-keeping, Accounting, Taxation, and Financial Crime Compliance Services

- (e) Foreign currency: shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999;

Powers and Functions of Authority

As per Section 12

- (1) Subject to the provisions of IFSCA Act, it shall be the duty of the Authority to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres, by such measures as it deems fit.
- (2) Without prejudice to the generality of the provisions in sub-section (1), the powers and functions of the Authority shall include—
 - (a) regulating the financial products, financial services and financial institutions in an International Financial Services Centre which have been permitted, before the commencement of this Act, by any regulator for any International Financial Services Centre;
 - (b) regulating such other financial products, financial services or financial institutions in the International Financial Services Centres as may be notified by the Central Government from time to time;
 - (c) recommending to the Central Government such other financial products, financial services and financial institutions which may be permitted in an International Financial Services Centre by the Central Government;
 - (d) perform such other functions as may be prescribed.

As per section 13

- (1) Notwithstanding anything contained in any other law for the time being in force, all powers exercisable by an appropriate regulator, specified under column (2) of the First Schedule, under the respective Acts as specified in the corresponding entry under column (3) of the said

Schedule shall, in the International Financial Services Centres, be exercised by the Authority in so far as it relates to the regulation of the financial products, financial services or financial institutions, as the case may be.

- (2) The Central Government may, by notification, amend the First Schedule by including therein any financial sector regulator and the law administered by it, or omitting therefrom any financial sector regulator or any law specified therein, and on the publication of such notification, such regulator and the law shall be deemed to be included in, or omitted from, the First Schedule.
- (3) Every notification issued under sub-section (2) shall be laid before each House of Parliament.
- (4) For the purposes of sub-section (1), the provisions of the respective Acts specified under column (3) of the First Schedule relating to-
 - (a) the manner of filing an application for recognition or registration or withdrawal of recognition or registration or furnishing of information or reports;
 - (b) the procedure of inspection, investigation or prosecution of offences, settlement of civil and administrative proceedings, compounding or adjudication of any offence or penalty, or actions to be taken in furtherance of such inspection, investigation, or adjudication or filing of appeals arising therefrom;
 - (c) the determination or settlement, as the case may be, of any fee or fine or penalty or any other sum of amount or punishment for the contravention of any provisions of respective Acts specified in the First Schedule and recovery of such fine or penalty,

shall, *mutatis mutandis*, apply to financial products, financial services and financial institutions under this Act, as they apply to the financial products, financial services and financial institutions under such respective Acts.

- (5) The penalties, fines, fees and settlement amounts shall be collected or realised in the foreign currency equivalent of the penalty or fine imposed.

Explanation- The rate of exchange for computing the foreign currency equivalent to Indian rupees shall be such as are as notified by the Reserve Bank of India on the date of the order imposing the penalty or fine, as the case may be.

- (6) All sums realised by way of penalties or fines under this Act shall be credited to the Consolidated Fund of India in Indian rupees.
- (7) The Authority may, in addition to the above, specify by regulations the manner in which the functions may be performed by the Authority for carrying out the provisions of this section.

The First Schedule of IFSCA Act is placed here:

THE FIRST SCHEDULE

[See sections 3(1)(a), 13(1), (2) and (4)]

APPROPRIATE REGULATORS

Sl.No.	Appropriate Regulator	Name of Acts
(1)	(2)	(3)
1.	The Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).	1. The Reserve Bank of India Act, 1934 (2 of 1934). 2. The Banking Regulation Act, 1949 (10 of 1949); 3. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961); 4. The Foreign Exchange Management Act, 1999 (42 of 1999); 5. The Credit Information Companies (Regulation) Act, 2005 (30 of 2005); 6. The Government Securities Act, 2006 (38 of 2006); 7. The Payment and Settlement Systems Act, 2007 (51 of 2007).

- | | | |
|----|--|---|
| 2. | The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992) | 1. The Securities Contracts (Regulation) Act, 1956 (42 of 1956);
2. The Securities and Exchange Board of India Act, 1992 (15 of 1992);
3. The Depositories Act, 1996 (22 of 1996). |
| 3. | The Insurance Regulatory and Development Authority of India constituted under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999). | 1. The Insurance Act, 1938 (4 of 1938);
2. The General Insurance Business (Nationalisation) Act, 1972 (57 of 1972);
3. The Insurance Regulatory and Development Authority Act, 1999 (41 of 1999). |
| 4. | The Pension Fund Regulatory and Development Authority constituted under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013). | The Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013). |

As per Section 20, Transactions in foreign currency

Every transaction of financial services in an International Financial Services Centre shall be in such foreign currency as may be specified by regulations in consultation with the Central Government.

Chapter 3

Introduction to SEZ unit and Developer in GIFT City

1. Introduction

This chapter will cover the broader understanding of the Special Economic Zones (SEZs) units and SEZ developers in the context of GIFT City. The chapter will provide a comprehensive overview of the SEZ and its significance in promoting economic growth, attracting investment, and fostering innovation in a rapidly evolving global market. The chapter will outline the Development of the SEZ, the role of the Developer in the establishment of the SEZ. The Chapter shall cover the incentives available to both developers and units, and the strategic benefits of operating within GIFT City. This chapter will explore the regulatory and governing framework for the SEZ in the GIFT City and its roles and responsibilities with respect to the SEZ and the GIFT City perspective.

This chapter will assess the strategic benefit available for the business. The chapter will also address the challenges and limitations involved in the establishment and operation of the unit in the GIFT SEZ.

By the end of this chapter, readers will have a comprehensive understanding of the GIFT SEZ ecosystem and the key considerations involved in setting up and managing a unit within it.

2. Evolution of the SEZ in India

The globalisation of the economy made the whole world a global market where the cross-border trade of goods, services, investment, ideas, technology and the movement of people, etc. became easy. This led to the economic interlinking of the nation worldwide and created the interdependency of the world.

Embracing this global shift, India embarked on a new economic journey in the early 1990s by liberalising its economy and opening its doors to the

global markets. This marked a pivotal transition from a closed economy to an active participant in the global economic order. To integrate more effectively into the international system, India prioritized boosting exports, attracting both domestic and foreign investments, improving industrial productivity, and building world-class infrastructure.

In response, India made several strategic decisions to integrate with the global economy. One of the key strategic steps in this transformation was the establishment of Special Economic Zones (SEZs). Designed as hubs of economic activity.

However, the concept of the SEZ in India was structured with the establishment of the first Export Processing Zone (EPZ) at Kandla in the year 1965. Despite this early initiative, EPZs struggled to achieve their intended purpose due to excessive regulatory hurdles, inadequate infrastructure, and an unstable fiscal framework.

Therefore, India, with a view to overcoming the challenges and the limitations involved in the EPZ, introduced the formal SEZ policy in April 2000.

The intention of the policy was to make the SEZ an engine for economic growth with quality infrastructure facilities complemented by attractive fiscal benefits, with minimum regulations.

3. An Overview of the SEZ:

The Special Economic Zone is a designated area within the country where the rules and regulations differ from the rest of the country, with quality infrastructure for promoting exports, attracting foreign investment, generating employment, etc., to align India's economic growth with the global economy.

The SEZ primarily focuses on facilitating trade, reducing regulatory burden and providing the business with necessary support to grow in the global market.

To achieve this goal, the SEZ is considered as the deemed foreign territory for the purpose of undertaking the authorised operation and the SEZ as the port, inland container depot, land station and land customs stations under section 7 of the Customs Act, 1962.

4. Framework of the SEZ:

Initially, from the period of 1.11.2000 to 09.02.2006, the SEZ functioned under the Foreign Trade policy, and fiscal incentives were made through the provision of relevant statutes.

However, the absence of a formal legal structure led to several operational and regulatory challenges, including delays in clearances, a lack of uniformity in administration, and limited investor confidence. Recognising these limitations, the Central Government, with the intention of comprehensive legal reforms, introduced the SEZ Bill in May 2005,

The SEZ Bill received the presidential consent on the 23rd of June 2005 and came into force on the 10th of February 2006.

The SEZ Act establishes a legal framework for the development, promotion, and regulation of Special Economic Zones (SEZs). It also offers fiscal incentives, simplified procedures, single-window clearances, and clearly defined roles for Developers, Units, and regulatory authorities.

The Central Government has also introduced the SEZ Rule 2006 to simplify the procedure for the development, operation, and maintenance of the Special Economic Zones and units in SEZs. The rule provides a single window clearance for the setting up of an SEZ and the setting up of a unit in an SEZ.

5. Objectives of the SEZ:

The Central Government shall notify the Special Economic Zone with the objective of:

- Generation of additional economic activity
- Promotion of exports of goods and services.
- Promotion of investment from domestic and foreign sources.
- Creation of employment opportunities.
- Development of infrastructure facilities; and
- Maintenance of sovereignty and integrity of India, the security of the State and friendly relations with foreign States.

6. Establishment of the SEZ

A Special Economic Zone (SEZ) may be established either individually or jointly by the Central Government, State Government, or any private person. These zones can be developed for manufacturing, providing services, or as Free Trade and Warehousing Zones (FTWZ) under the provisions of the SEZ Act.

The person or state government that intends to set up the SEZ unit shall identify the area. The person shall make the proposal to the state government, and the state government shall make the recommendation to the Board of Approval.

However, the proposal can be made directly to the Board, but shall obtain the concurrence of the State Government within six months from the approval of the Board.

Where the State Government has the intent to set up the SEZ, it shall make the proposal to the Board for setting up the SEZ.

The Board shall approve the proposal, and the same shall communicate with the Central government. The central government shall grant the letter of approval to the Developer, being the person or the state government, for the development of the SEZ.

The Board may modify the proposal before giving its approval, and the same shall be communicated to the Central Government and the person who made the proposal.

Also, the Central Government may prescribe certain conditions for the establishment of the SEZ, such as the minimum land requirement and other conditions as it thinks fit.

The developer shall submit the particulars of the identified area to the Central Government after obtaining the letter of approval. The Central Government shall notify such area as the Special Economic Zone after satisfying that all the requirements of the SEZ have been fulfilled

7. Minimum Land Requirement for the SEZ:

The SEZ is set up by the developer after receiving the letter of approval from the Central Government. The Central Government prescribes certain conditions for the approval of the establishment of the SEZ. One of those conditions is the minimum land requirement for the establishment of the SEZ.

The minimum land requirement for the Special Economic Zone and the free trade warehousing Zone is a contiguous land area of fifty hectares or more.

However, the Special Economic Zone that is to be set up in the States of Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttarakhand, Sikkim, Goa or in a Union territory, the minimum land requirement is twenty-five hectares or more.

Also, where the SEZ is exclusively for the manufacturing of semiconductors or electronic components, the contiguous land area shall be ten hectares or more.

There is no minimum land requirement for the setting up of SEZ for the IT/ITES, Biotech or Health (other than hospital) services, but the Government has prescribed the minimum land requirement for such SEZ.

8. Processing and Non-Processing Area:

The area in the Special Economic Zone is demarcated by the Central Government or any authority as:

- a) Processing area
- b) Trading or warehousing purposes
- c) Non-processing area

The area is demarcated by the development commissioner as the processing or non-processing area and issues the demarcation order, which specifies the survey number and the boundary of the Special Economic Zone.

The processing area within the Special Economic Zone (SEZ) is specifically designated for the establishment of units engaged in the manufacturing of goods or the rendering of services. This area serves as the core of economic activity, serves as industrial growth, and productivity. The free trade and

warehousing operations can be established within the Processing Zone, which facilitates seamless trade and efficient logistics.

The non-processing area is set up with the intent of providing support services and may include the social and commercial infrastructure.

The non-processing area is further divided into two parts:

- Where the social and commercial infrastructure developed in the non-processing area is accessible to both the Domestic Tariff Area and the Special Economic Zone
- Where the social or commercial infrastructure and other facilities are accessible only by Special Economic Zone entities

The social or commercial infrastructure that is used by both DTA and SEZ entities, the concessions, drawbacks, and tax benefits, shall not be available for such infrastructure development.

The infrastructure that is exclusively utilized by the SEZ and receives approval from the Board of Approval (BoA) is eligible for concessions, drawbacks, and tax benefits aimed at promoting its establishment. However, it is important to note that while these benefits apply to the creation of such infrastructure, they do not extend to the ongoing operation and maintenance costs associated with these facilities.

9. Requirement for the Processing and Non-Processing Area

The processing area and the Free Trade and Warehousing Zone have separate entry and exit points, and both are secured according to the rules set by the Board of Approval.

For Special Economic Zones (SEZs) that are established for information technology, IT-enabled services, electronic hardware, or biotechnology, the Development Commissioner gives approval, which is then reported to the Approval Committee.

If the developer sets up barbed wire fencing that is 60 centimetres high and has a single entry and exit point, they do not require separate approval.

10. The Salient Features of the SEZ

The salient features of the SEZ are as follows:

- Duty-free import/procurement of goods and services for authorised operations as well as for development, operation and maintenance.
- All Goods and services supplied by SEZ units to DTA are treated as imports into India and are subject to all procedures and rules applicable in case of normal imports into India.
- SEZs are deemed to be an airport, port, Land customs stations, and an Inland Container Depot under the Customs Act. There is thus an in-house customs clearance.
- SEZs ensure ease of doing business by reducing procedural complexities, bureaucratic hassles and barriers raised by monetary, trade, fiscal, tariff and labour policies.
- Economic laws are generally more liberal than the rest of the country's general economic laws.
- No routine examination by customs authorities of export/import cargo.

11. An overview of the GIFT SEZ:

Gujarat International Finance Tec-City (GIFT City) is India's first operational smart city. It features world-class infrastructure and sustainable master planning. GIFT City serves as a hub for financial and IT companies from around the globe, providing an ideal ecosystem for both local and international businesses

The GIFT city encompasses the Multi-Service SEZ that provides a favourable regulatory environment and incentives for business operations and makes it favourable for international businesses. The total of 261 acres has been demarcated for the SEZ in GIFT City.

The GIFT City also includes the exclusive Domestic Tariff Area for domestic businesses and provides quality infrastructure with other benefits. The total of 625 acres has been demarcated as the DTA in GIFT City.

India's first International Financial Services Centre (IFSC) was established in the GIFT Special Economic Zone (SEZ) to restore financial services and transactions that Indian corporations and overseas branches or subsidiaries of financial institutions currently conduct in offshore financial centres. The IFSC is designed to promote the development of financial markets in India.

12. Developer

The Developer plays the foundational role in the creation and functioning of the SEZ. The Developer is responsible for the establishment of the Special Economic Zone.

The role of the Developer begins with obtaining formal approval from the Central Government, based on detailed project proposals that include land availability, investment commitments, and development timelines.

Once the LoA is received, the developer becomes the primary executor of the infrastructure development, which includes business and social amenities such as the development of land, roads, sewerage, solid waste management facilities, ports, airports, railway transport systems, etc.

The role of Developer is not limited to the establishment of the SEZ but also includes the operation and maintenance of the SEZ.

The Developer shall have a minimum of twenty-six per cent of the equity in the entity that is proposing to create business, residential or recreational facilities in the SEZ, where the development is proposed to be carried out through a separate entity or special purpose vehicle, being a company.

The Developer has the right to allot the land in the processing area on a lease basis for the creation of the infrastructure facility for the use by the prospective unit. The Developer provides the space to the entrepreneur for setting up the unit in the SEZ.

The role of a Developer is far beyond just building infrastructure; it includes the responsibility that involves legal compliance, creating and maintaining essential facilities, coordinating with government authorities, and helping businesses set up and thrive within the zone.

13. Roles & Responsibilities of the Developer in SEZ:

The Developer plays a vital role in the SEZ from Development to the operation and maintenance of the SEZ. The Developer has significant roles and responsibilities as follows:

1. Obtain the Letter of Approval:

The Developer who intends to establish the SEZ is required to submit their proposal to the Board of Approval and is required to obtain the Letter of Approval from the Central Government to establish the SEZ.

The Developer also needs to obtain the concurrence from the State Government, where the proposal for establishing the SEZ is made directly to the Board of Approval.

2. Development and the maintenance of the Infrastructure Facility:

The Developer is responsible for developing the infrastructure facility in the SEZ. The Developer provides the infrastructure and the amenities, such as the internal roads, power distribution, water supply, drainage, waste management, and security systems.

The Developer constructs social and commercial facilities such as educational institutions, hospitals, hotels, residential and/or business complexes, leisure and entertainment facilities or any other facilities in the non-processing area of the Special Economic Zone.

The Developer makes the built-up area in the SEZ within ten years from the notification of the SEZ.

3. Land Acquisition and Planning:

The Developer is responsible for identifying the area for establishing the Special Economic Zone (SEZ). The Government has prescribed the minimum conditions for the SEZ's establishment. The Developer acquires the land designated for the SEZ and plays a significant role in its planning. Since the Developer has the primary responsibility for providing infrastructure within the SEZ, their involvement in the planning process is essential.

4. Leasing and Allotment of Plots to SEZ Units:

Developers are authorised to lease out land, built-up space, and other facilities to SEZ Units. The Developer provides the provisional offer for the space availability and the other infrastructure support services in the SEZ. The entrepreneur, after obtaining the provisional offer letter, can apply to set up a unit in the SEZ. The Developer enters into the lease agreement to give possession to the entrepreneur after issuance of the letter of approval to the entrepreneur.

5. Attract the Investor:

The Developer plays a critical and strategic role in attracting investment into a Special Economic Zone (SEZ). The Developer promotes the SEZ and attracts the investor by providing a quality level infrastructure and support services.

14. Benefits for the Developer:

SEZ acts provide several incentives to the Developer for establishing the SEZ. The following are the benefits to the Developer:

1. Benefit under the Customs:

The Developer is entitled to exemption from the duty of customs, under the Customs Act 1962 or the Customs Tariff Act 1975, on the import of goods or services provided in the SEZ.

The Developer is entitled to an exemption from the duty of customs if any applicable under the Customs Act 1962 or the Customs Tariff Act 1975 on the export of the goods or services provided from the SEZ outside India.

2. Benefit under GST:

The supply of goods or services from the DTA to the SEZ developer for the authorised operation is considered the zero-rate supply, and the same GST shall not be liable on such supply. Further supply made by the SEZ unit will also be treated as a zero-rated supply and will not be taxed.

3. Benefit under the Income Tax Act:

There is a 100% deduction of the profit or gain in the gross total income derived from any business developing the SEZ for the ten consecutive years.

out of fifteen years from the date when the Central Government notifies SEZ. (the benefit shall not, where the development of the SEZ begins on or after the 1st of April 2017).

An exemption from capital gain arising due to shifting the industrial undertaking into an urban area to an SEZ area up to the expenses incurred on the purchase of machinery, acquisition of land or building or any purpose specified by the Government.

4. Benefit under the Central Excise tax:

Exemption from the Central Excise duty on the goods supplied from the DTA to the SEZ developer for the authorised operation, where the goods are not covered under the GST Act.

5. Benefit under the Sales:

Exemption from the sale or purchase of the goods for the authorized operation from the sales tax where the goods are not covered in the GST Act.

6. Other Benefits:

Exemption from the state and local taxes, levies and duties, including stamp duty and taxes levied by the local authority on the goods required for the authorized operation.

Exemption from electricity duty or taxes on the sale of self-generated or purchased electric power for use in the processing area of a Special Economic Zone.

15. Compliance for Developer under the SEZ

The developer is required to comply with the following compliance for the SEZ:

1. Obtaining approval for the authorised operation:

The exemption, drawback and concession in SEZ are only available for the activities that are carried out for authorized operation; therefore, the developer is required to submit the details of their operations, which are intended to be undertaken in the SEZ.

The details of the operations are submitted in Form C7 to the Development Commissioner.

2. Execution of the BOND:

The Developer is required to execute the Bond-cum undertaking with the Development Commissioner and the specified officer for proper accounting and utilisation of the goods used for the authorised operation within the period of one year.

3. Maintaining the Proper Accounts

The Developer is required to maintain accurate and proper records regarding the importation or procurement, consumption, and utilisation of goods and services.

4. Submission of the Return:

The Developer is required to submit the quarterly and half-yearly returns to the Development Commissioner for their imports and procurement of goods or services, their utilisation and consumption in the SEZ.

16. SEZ Unit

A Unit in a Special Economic Zone (SEZ) is a legal entity established for undertaking authorised operations, which may include the manufacture of goods, provision of services, or trading activities

The act defines a unit as the unit set up by the entrepreneur in the SEZ Zone and includes an existing unit, an offshore banking unit and a unit in the International Finance Service Centre.

A unit in SEZ can be set up for the manufacturing of goods or the rendering of services, including trading activity.

A unit in the Foreign Trade Warehousing Zone set up in the Special Economic Zone can hold the goods on the account of the foreign supplier for the dispatches as per the owner's instruction and is permissible to trade with or without labelling, packing or repacking without any processing.

17. Setting up a SEZ unit

A unit in a Special Economic Zone (SEZ) shall be established to carry out authorised operations. The procedure for establishing the unit is given below:

Step 1: The applicant first identifies the area for establishing the unit within a notified Special Economic Zone.

Step 2: Obtain a valid Letter of Consent (LOC) or Provisional Allotment Letter from the SEZ Developer indicating provisional approval for allocation of space.

Step 3: Visit the SEZ Online portal at <https://www.sezonline-ndml.com>. and register as a new applicant by creating a User ID and Password under the “New Registration” section.

Step 4: Submit an application in Form H through the SEZ online portal and file and upload all necessary annexures and supporting documents as specified in the application checklist.

Step 5: Once the application is filled SEZ online, the applicant needs to submit the printout of the application filled and annexure as applicable in hard copy to the Development Commissioner of the concerned SEZ. Ensure submission is done within the stipulated timeframe from the date of online filing.

Step 6: The Development Commissioner’s office will verify the application and accompanying documents. The applicant may be asked to submit additional documents or clarifications as part of the verification process

Step 7: DC shall forward the application to the Unit Approval Committee (UAC) for its consideration. Applicants are required to attend the UAC meeting, the date of which will be notified through the SEZ Online portal.

Step 8: The UAC shall scrutinize the application in terms of validity and completeness of the proposed activity and operational feasibility status of the achievement of positive Net Foreign Exchange (NFE) projections. Based on this, the UAC may either approve or reject the

Step 9: If the application is approved by the UAC, the applicant will receive the Letter of Approval (LoA) for authorizing the commencement of the

authorised operation. The LoA shall be sent to the registered e-mail address of the applicant.

If rejected, the applicant has the right to file an appeal with the Board of Approval (BoA):

- Within 30 days from the date of receipt of the rejection order
- May be extended to 45 days depending upon the facts of the case

Step 10: Upon UAC approval, a payment link will be activated on the SEZ Online portal. The applicant must make the payment of the applicable registration **fees** through the designated payment gateway.

The NSDL/NDML (portal service provider) will verify and authorise the payment.

Step 11: Upon authorisation of payment, the applicant can create administrator and operational user IDs in SEZ Online.

The procedure for setting up a unit in the IFSC is discussed in a later chapter.

18. Post Approval Compliances:

Upon obtaining the LOA, the applicant needs to follow further approval procedures such as:

1. Bond Cum Legal Undertaking

The Unit is required to execute a Bond-cum-Legal Undertaking in Form H, in respect to its obligations regarding proper utilization and accountability of goods that are imported or procured duty-free and in respect to the achievement of positive net foreign exchange earnings.

2. Lease Deed

On receipt of the LOA, it must execute the lease deed with the SEZ developer and submit a copy of the registered lease deed to the concerned Development Commissioner within 6 months from the issuance of the LOA.

3. Import Export Code (IEC)

An IEC (Importer Exporter Code) is a 10-digit number assigned to an entity. It is a mandatory certificate required for all export and import activities. Therefore, the SEZ unit has to obtain the IEC for Import and Export transactions.

4. Registration cum membership certificate (RCMC)

After the issuance of the Letter of Authorization (LOA), the unit must approach the Export Promotion Council to obtain the Registration Cum Membership Certificate (RCMC). This certificate is a mandatory requirement for availing any SEZ exemptions and drawbacks.

5. GST registration

The SEZ unit is required to obtain a separate registration under the GST Act, distinct from its place of business located outside the SEZ in the same state or union territory.

6. Intimation of the Commencement

The unit shall commence the production/provision of the service within one year from the date of the LOA and intimate the date of the production/provision of the services.

19 SEZ unit Compliance:

1. Net Foreign Exchange (NFE) maintenance:

The Unit shall have to achieve a Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production.

2. Annual Performance Report (APR):

The Unit shall submit the Annual Performance Reports in Form I to the Development Commissioner, and the Development Commissioner shall place the same before the Approval Committee for consideration.

3. Monthly Performance Report (MPR):

The Unit shall submit the Monthly report on the SEZ online portal where the SEZ unit shall provide the data for exports, investment made, employment details, procurement details and others as specified.

4. Service Export Report Form (SERF):

The unit exporting the service shall report monthly on all service exports via the SEZ online portal. The details are submitted in four categories of service as: IT & ITeS, Software Exports (Onsite), Royalty from Software Service Exports, and Other than IT & ITeS services.

5. DTA Sales Compliance:

The DTA sale is allowed where the unit achieves positive Net Foreign Exchange (NFE) as prescribed under Rule 53. The unit must obtain prior permission from the Development Commissioner for such sales, and valuation shall be as per Section 14 or 15 of the Customs Act, 1962.

6. Separate record maintenance:

A unit is required to maintain accurate and proper records regarding the importation or procurement, consumption, and utilisation of goods and services including by-products, waste or scrap or remnants, disposal of goods manufactured or produced, by way of exports, sales or supplies in the domestic tariff area or transfer to Special Economic Zone or Export Oriented Unit or Electronic Hardware Technology Park or Software Technology Park Units or Biotechnology Park Unit

20. Benefits of Setting up a Unit in SEZ

The primary objective of setting up a unit in SEZ is to export goods and services and attract investment; therefore, the Central Government and State governments offer various incentives and benefits to the SEZ.

1. Exemption from the duty:

Any goods or services imported into the SEZ unit for the authorized operation shall be exempted from the customs duty leviable at the time of import.

Any goods or services exported from the SEZ unit to any place outside India shall be exempted from the customs duty leviable, if any, at the time of export.

Any goods brought from the Domestic area to SEZ for the authorised operation shall be exempted from the central excise duty if any leviable on the goods.

2. Exemption under the GST Act:

The supply from the DTA to SEZ unit for the authorised operation is considered a zero-rated supply under the GST Act; therefore, the goods or services or both that shall be imported are exempt from payment of the IGST.

3. Exemption under the Income-tax:

100% Income tax exemption on the profit or gain from the export for the period of 5 consecutive years, 50 % for the next five years and 50% for the next five next three years subject to conditions related to “Special Economic Zone Re-investment Allowance Reserve” to SEZ unit established on or after 1st April 2006 and **before April 2021**.

4. Exemption from the Central Sales Tax:

The exemption from the central sales tax on the sale or purchase of goods for the authorised operation that are not covered by the GST Act.

5. Exemption from the state tax:

The exemption from the state and local tax includes the stamp duty and other local body taxes.

The exemption from the electricity duty or taxes on the sale of self-generated or purchased electric power used in the processing area of the Special Economic Zone.

6. Concession under the Companies Act:

The managerial remuneration of Rs 2.4 crore per annum is allowed.

Regional office of the Registrar of Companies in the SEZs.

Exemption from the requirement of domicile in India for the 12 months prior to the appointment as director.

7. Other Benefits:

SEZ is allowed 100% foreign direct investment in the manufacturing sector, other than certain sectors related to national concerns, as notified by the Government.

21. Business Opportunities in SEZ

The Special Economic Zone (SEZ) creates a supportive environment for business development, growth and sustainability in an increasingly complex economic landscape by offering various incentives. The following are the business opportunities that SEZ offers:

1. Taxation Benefits:

SEZ provides a range of tax incentives to encourage the establishment of business units within it. Businesses operating in the SEZ benefit from significant exemptions on various central and state taxes, which substantially decrease their overall operational costs. This favourable tax environment allows businesses to enjoy higher profit margins.

2. Quality Infrastructure:

SEZ (Special Economic Zones) offer a high-quality infrastructure that is specifically designed to meet the diverse needs of businesses. This well-planned environment includes modern facilities, advanced logistics, and streamlined administrative processes, all of which contribute to enhancing operational efficiency. By creating an ideal setting for commerce, SEZs empower businesses to maximise productivity and reduce operational challenges.

3. Access to Global Market:

SEZ encourages the export of goods and services and provides businesses with the opportunity to establish connections with international customers, facilitating access to the global market. SEZs empower businesses to expand their reach beyond domestic borders, promoting innovation and competitiveness worldwide.

4. Single window clearance:

The Special Economic Zone (SEZ) provides a streamlined platform by providing a single-window clearance process for business units. This comprehensive approach simplifies the complex licensing and approval requirements, enables businesses to efficiently navigate regulatory challenges, and so they can focus on their operations and growth.

5. Capital Investment:

SEZ attracts both domestic and foreign investment by offering liberal investment norms. This creates a favourable business environment that simplifies the process for investors and allows enterprises to raise funding.

6. Other Incentives:

The Central and State Government provides several incentives, such as a subsidy for the establishment of the unit, exemption from state and local taxes, relaxation in environment-related laws, and other laws. These supportive incentives help businesses grow in a competitive environment.

22. Challenges Involved for Businesses in SEZ

1. High operational Cost:

The initial cost to establish the unit in the SEZ poses several challenges for the businesses. The establishment of the unit in the SEZ requires a high capital expenditure, which involves significant expenses on the leasing of built-up space in the SEZ and specific infrastructure requirements and other expenses such as registration expenses, legal and consultancy fees, approval fees etc.

2. Regulatory and compliance issues:

To establish a unit in SEZ requires multiple approvals, which involve the approval from the Development commissioner, the Unit approval committee, and other regulatory bodies.

The unit also requires compliance with certain requirements, such as the fulfilment of the positive NFE, filing the performance report, etc.

3. Limited Domestic Access:

The SEZ unit has limited access to the domestic market as domestic sales are permitted to the SEZ, but it is subject to certain conditions and restrictions on such sales.

23. Regulatory & Governmental Authority:

The administration of Special Economic Zones (SEZs) in India is managed by a three-level setup. At the apex is the Board of Approval, which is headed by the Secretary of the Department of Commerce. At the zone level, the Approval Committee handles the approval of units and addresses all other related issues. Each Zone is headed by a Development Commissioner, who is the ex-officio chairperson of the approval committee

1. Board of Approval:

The Board of Approval consists of an officer not below the rank of Additional Secretary from the Department or Ministry of Commerce, two officers not below the rank of Joint Secretary from the Department or Ministry of Revenue, one officer not below the rank of Joint Secretary from the Department or Ministry of Economic Affairs, the officer appointed by the Central Government representing various sectors, a nominee from the State Government, the Director General of Foreign Trade or his nominee, the Development Commissioner, an officer not below the rank of the Joint secretary dealing with the SEZ in the Ministry or Department of the Commerce nominated by Central Government and the person appointed by the Central Government.

Any proposal for the establishment of an SEZ is granted by the Board of Approval, the board also has the power to grant approval to proposals for the infrastructure facilities in the SEZ.

Any proposal for setting up a unit or SEZ where foreign collaboration and foreign direct investment are involved is approved by the Board of Approval.

The Board also grants the license to an industrial undertaking for the setting of a whole or part thereof in the SEZ.

2. Approval Committee:

The approval committee is composed of the Developer Commissioner, two officers of the Central Government, two officers from the Ministry or Department of Revenue, one officer from the Central Government from the Department of Economic Affairs, and two officers, representatives of the state. The Developer Commissioner would be the chairperson of the approval committee.

Any proposal for setting up the unit in the SEZ is approved at the Zone level by the approval committee, and the import or procurement from the DTA to the SEZ for the authorised operation by the developer is approved by the approval committee.

The performance of the SEZ unit and other compliance conditions, such as the utilisation of goods or services in the SEZ unit, conditions for the letter of approval, etc., are periodically monitored by the approval committee.

3. Development Commissioner:

The Development Commissioner is appointed by the Central Government to officers, not below the rank of the Deputy Secretary in the Government of India.

All post-approval clearances, including the grant of importer-exporter code number, change in the name of the company or implementing agency, broadbanding diversification, etc., are given at the Zone level by the Development Commissioner.

4. IFSCA authority

The Central Government enacted the International Financial Service Centres Authority (IFSCA) Act to develop and regulate the financial service market in the IFSC.

The IFSC Authority has been established under the IFSCA Act with the intention to regulate the financial products, financial services and financial institutions in the IFSC, and all regulatory powers previously held by the RBI, SEBI, PFRDA, and IRDAI have been transferred to the IFSCA.

Each Special Economic Zone (SEZ) is managed by a Development Commissioner, who is responsible for the overall administration and

supervision of the zone under the SEZ Act. To establish a unified regulatory framework for the International Financial Services Centres (IFSC) units, the powers of the Development Commissioner have been assigned to an officer from the International Financial Services Centres Authority (IFSCA) designated as the 'Administrator (IFSCA).'

The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India.

The IFSCA consists of a chairperson, one member each as nominated by the SEBI, RBI, IRDAI, PFDA, two members from the Ministry of Finance nominated by the Central Government and two members appointed by the Central Government on the recommendation of a selection committee.

24. Conclusion

In conclusion the SEZ framework is a strategic policy decision with the aim to promote export & economic growth, attract foreign investment and enhance domestic manufacturing and service capabilities. The regulatory framework, established under the SEZ Act, 2005 and SEZ Rules, 2006, which provides a well-defined structure for developer, and units to operate efficiently while availing various fiscal and operational incentives. However, to avail the benefit of SEZ scheme, businesses must strictly follow compliance requirements, complete necessary procedures, and stay updated with changing government policies. As India becomes more integrated with global trade, the SEZ policy is also being updated to align with broader economic reforms, A key example is the development of GIFT City as a specialized International Financial Services Centre (IFSC), which reflects the government's vision to create focused, high-efficiency zones that cater to emerging sectors.

Chapter 4

The Legal Framework of India's International Financial Services Centre - Major Sectors, Framework and Activities in IFSC

The International Financial Services Centres Authority (IFSCA) is the unified regulator for all financial products, financial services, and financial institutions in India's International Financial Services Centre at GIFT City, Gujarat. Created under the **International Financial Services Centres Authority Act, 2019**, IFSCA brings together the regulatory powers of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), and Pension Fund Regulatory and Development Authority (PFRDA) for the IFSC.

Unlike India's **Domestic Tariff Area (DTA)**, GIFT IFSC functions under a **special offshore framework** — while legally part of India, it benefits from specific carve-outs under various financial laws, enabling globally competitive operations.

The comparison below captures the unique positioning of GIFT IFSC against foreign jurisdictions and the domestic Indian framework:

Jurisdiction	Foreign jurisdiction (rest of the world)	GIFT IFSC (India)	Domestic Tariff Area (India)
FEMA	Offshore Non-Resident	Offshore Non-Resident	Onshore Resident
Currency	Respective Int'l Currency	15 Currencies (INR Not Permitted)	INR denominated
Tax	Offshore	Tax Holiday (Tax Resident)	Taxes as applicable
Law	Resident's Jurisdiction	Indian Jurisdiction with <i>carveouts under various Laws</i>	Indian Jurisdiction
Regulators	Different for different jurisdictions	IFSCA – Unified Regulator	RBI, SEBI, IRDAI, PFRDA

Figure: Comparative Snapshot of Foreign Jurisdiction, GIFT IFSC, and Domestic Tariff Area – highlighting FEMA treatment, currency options, taxation, legal framework, and regulators.

From this table, it is evident that GIFT IFSC offers:

- **FEMA Status:** Offshore non-resident treatment for transactions.
- **Currency Flexibility:** Permission to operate in 15 specified foreign currencies (INR prohibited).
- **Tax Benefits:** Income tax holiday for qualifying units.
- **Law:** Indian jurisdiction with carve-outs to align with global best practices.
- **Regulation:** Single unified regulator (IFSCA) instead of multiple sectoral regulators.

1. Applicable Acts in GIFT IFSC

The legal foundation for IFSCA's jurisdiction is drawn from multiple Indian Acts, extended to the IFSC with necessary modifications. These Acts define the permissible activities, licensing requirements, prudential norms, and enforcement powers. Key statutes include:

1. **The International Financial Services Centres Authority Act, 2019** – Constitutes the IFSCA and vests it with powers over all IFSC operations.
2. **The Banking Regulation Act, 1949** – Governs banking business, licensing, capital requirements, and supervision of banks in the IFSC.
3. **The Securities Contracts (Regulation) Act, 1956** – Regulates securities trading, exchanges, and contracts within the IFSC.
4. **The Securities and Exchange Board of India Act, 1992** – Provides the framework for capital market regulation, intermediaries, and investor protection.
5. **The Depositories Act, 1996** – Governs dematerialisation, depositories, and beneficial ownership in the IFSC.
6. **The Insurance Act, 1938** and **Insurance Regulatory and Development Authority Act, 1999** – Regulate insurance companies, intermediaries, and reinsurance in the IFSC.
7. **The Foreign Exchange Management Act, 1999 (FEMA)** – Manages foreign exchange transactions and capital account convertibility in the IFSC.
8. **The Payment and Settlement Systems Act, 2007** – Regulates payment systems, clearing houses, and settlement institutions in the IFSC.
9. **The Government Securities Act, 2006** – Governs issuance and dealing in government securities.
10. **The Credit Information Companies (Regulation) Act, 2005** – Provides for the regulation of credit information services.
11. **The Reserve Bank of India Act, 1934** – Monetary authority powers adapted for IFSC operations.

2. Regulatory Instruments Used by IFSCA

IFSCA issues several instruments to govern and operationalise the legal framework:

- **Regulations** – The primary operational rules for setting up and conducting business in the IFSC.
- **Rules** – Prescribed under the IFSCA Act or extended Indian Acts, often procedural in nature.
- **Notifications** – Formal legal instruments extending or modifying the applicability of Indian laws to IFSC units.
- **Circulars** – Operational clarifications and procedural guidelines for industry participants.
- **Guidelines** – Detailed explanations of regulatory intent to aid compliance.
- **FAQs** – Plain-language clarifications for quick industry reference.
- **AML/CFT Guidelines** – Specific anti-money laundering and counter-terrorist financing requirements applicable to IFSC entities.

3. Conclusion

The International Financial Services Centres Authority (IFSCA) has created a distinctive and robust regulatory environment for GIFT IFSC, blending Indian jurisdictional foundations with global best practices. By consolidating oversight under a single regulator, adopting multiple financial sector laws with strategic carve-outs, and issuing targeted regulations, IFSCA enables a seamless operating framework for international and domestic participants. Its focus on clarity through circulars, guidelines, and FAQs — coupled with sector-specific rules ranging from banking and capital markets to bullion and fintech — positions GIFT City as a competitive global financial hub. Understanding this regulatory landscape is essential for any entity or professional seeking to operate in or advise on GIFT IFSC activities.

Business Opportunities at GIFT City

The **Gujarat International Finance Tec-City – International Financial Services Centre (GIFT IFSC)** is redefining how India engages with global finance and investment. Strategically positioned as a bridge between India and international markets, it offers a world-class ecosystem for **financial service providers, fund managers, fintech innovators, insurers, and global investors**. Backed by the progressive **International Financial Services Centres Authority (IFSCA)**, GIFT IFSC combines regulatory flexibility with robust governance, making it a preferred jurisdiction for cross-border financial activities.

Businesses here can operate in areas such as **banking, capital markets, asset management, insurance, fintech solutions, global trading platforms, and professional advisory services** all within a tax-efficient and globally compliant environment. For Indian companies, GIFT IFSC opens the door to raising capital through **global debt, equity listings, bonds, and alternative investment funds**, while for overseas entities, it serves as a cost-effective, strategically located hub to access India's growth story.

What makes GIFT IFSC exceptional is its **zero capital gains on certain securities transactions, exemptions from stamp duty, and liberalised foreign exchange rules**, alongside seamless outbound and inbound investment structures. Investors, both resident and non-resident, can participate in opportunities ranging from **global stocks, foreign AIFs, insurance products, to commodities trading** — all from within India's borders but under global market conditions.

In short, GIFT IFSC is not just a special economic zone, it is a **launchpad for global ambitions**, designed for businesses and investors who want to scale beyond boundaries while benefiting from India's competitive edge.

1. Existing, Emerging and Proposed Business Opportunities

Existing	Emerging
Banking	Global in-house Centres
Insurance	Payment Service Providers
Capital Markets	Foreign Universities
Fund Management	Global and Regional treasury centres
Aircraft Leasing	Remote broker dealers
Ship Leasing	Book-keeping, accounting, taxation and financial crime compliance services
Bullion	
Finance Company	
FinTech	
Ancillary Service Providers	

2. Business Opportunities for Banking Units at GIFT IFSC

Banking Sector: Relevance for Economy

The banking sector holds a pivotal and multidimensional role in driving economic development across the globe. As a cornerstone of modern economies, it facilitates financial intermediation, promotes economic activity, ensures financial stability, and supports sustained growth.

In the Indian context, the sector's responsiveness to changing market conditions and its efforts toward advancing financial inclusion have been instrumental in shaping the country's economic progress.

Moreover, the banking industry plays a foundational role in the development of international financial centres (IFCs). Its active engagement is essential for these centres to evolve into competitive, globally integrated financial hubs. By offering diverse financial services, leveraging technological

innovation, and enhancing cross-border connectivity, the banking sector significantly contributes to the vitality, resilience, and global appeal of such financial ecosystems.

Background, Regulatory Framework & Licensing Banking Units at GIFT IFSC

In 2015, the Reserve Bank of India (RBI) introduced the IFSC Banking Unit (IBU) Guidelines, laying down the regulatory framework for Indian and foreign banks to establish banking units within India's International Financial Services Centre (IFSC). To further consolidate and streamline the regulation of financial activities in the IFSC, the Government of India enacted the International Financial Services Centres Authority (IFSCA) Act in 2019, leading to the establishment of the IFSCA as a unified regulator. Effective from 1 October 2020, the IFSCA assumed regulatory authority from the RBI, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), and Pension Fund Regulatory and Development Authority (PFRDA), with a mandate to oversee financial products, services, and institutions within the IFSC.

Subsequently, on 18 November 2020, the IFSCA (Banking) Regulations, 2020 (further amended in 2023), were notified, which provide a regulatory framework for banking and investment activities within the IFSC and replaced the earlier RBI-issued IBU Guidelines. Building on this, in 2021 (further amended in 2024), the IFSCA released the IFSCA Banking Handbook, a detailed compilation of regulatory directions for IBUs operating in the IFSC. The Handbook is structured into three core components, offering extensive operational guidance and compliance requirements for banking units in the IFSC:

General Directions

It outlines the licensing requirements for IFSC Banking Units (IBUs), establishes the broad principles governing banking operations, and details the supervisory roles, powers, and regulatory approach of the IFSCA.

Conduct of Business Directions

It aims to ensure that IBUs adhere to minimum standards of conduct, especially in their interactions with clients, counterparties, and other market participants.

Prudential Directions

Prescribes the non-qualitative prudential requirements applicable on an IBU

Regulatory Framework

Banking Sector: Banking sector is one of the important sector, plays a role in Indian growth history. To regulate these banking activities and investment activities in IFSC, the Authority makes International Financial Services Centres Authority (Banking) Regulations, 2020. Indian banks and foreign banks are allowed to undertake banking activities in GIFT City after setting up IFSC Banking unit (IBU), IFSC Banking Company (IBC), Global Administrative Office (GAO) and Representative Office (RO) as per banking regulations issued by the Authority. Indian Bank means any bank incorporated or established under any Act, and includes a wholly owned subsidiary of a foreign bank incorporated in India, but does not include a co-operative bank. Foreign Bank means a banking company incorporated and established outside India.

Parent banks desirous to undertake activities in IFSC through a branch may establish an IFSC Banking Unit (IBU) in IFSC. IBU means a Banking Unit licensed or permitted by the Authority to operate in an IFSC as a branch of the Parent Bank.

Parent bank to operate in IFSC to get licensed as an IFSC Banking Company as a subsidiary of the Parent bank.

If the parent bank desirous to do Global Administrative Office activities from International Financial Services Centre, may set-up a financial institution in IFSC. Global Administrative Office activities includes managing, administering, or coordinating operations of the Parent Bank or any of the Group entities either in IFSC or outside IFSC and providing support services to Parent Bank or any of the Group entities for execution of the permitted activities either in IFSC or outside IFSC.

A parent bank may set up a Representative Office, which means a financial institution set up for undertaking any of the following activities i.e. collection of data, marketing of financial products and carrying out outreach operations.

Eligibility Criteria and Minimum Capital Requirement for IBU

Any Indian and foreign bank can set up an IBU in the IFSC by obtaining license or permission from IFSCA. Eligibility requirement for the same is:

- (a) The Parent Bank shall provide necessary capital for the IBU, subject to a minimum of USD 20 million or such other level of capital that may be specified by the IFSCA. Such capital shall be maintained at the Parent Bank in the manner as specified by the IFSCA.
- (b) The Parent Bank shall obtain a No Objection Letter from its home regulator regarding setting up of the Banking Unit in the IFSC as a branch of the Parent Bank.
- (c) The Parent Bank shall submit an undertaking that it shall provide liquidity to its IBU whenever needed for the operations of the IBU.
- (d) Any other requirement as may be specified by the IFSCA

Further, the applicant bank shall submit an undertaking to the IFSCA to the effect:

- (a) that it shall ensure that the IBU shall have access to liquid assets and financial resources which are adequate in relation to the nature, size and complexity of the business of the IBU to ensure that there is no significant risk that liabilities cannot be met as and when they fall due.
- (b) that it complies and shall continue to comply with its home regulator's prudential requirements.
- (c) that it will share with the IFSCA reports pertaining to capital adequacy, liquidity risk and leverage ratio that it submits to its home regulator, within such time as may be specified by the IFSCA.
- (d) that, in case of breach of prudential requirements relating to Capital to Risk Weighted Asset Ratio (CRAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio (s) set by its home regulator, it shall notify the IFSCA forthwith with relevant documents.

Permissible Activities for IBU

The IBU is permitted to undertake activities:

- mentioned under section 3(1)(e) of the IFSC Act, 2019; or

- mentioned under section 6 of the Banking Regulations Act, 1949, except those expressly prohibited either by the Home regulator of the Parent Bank or by the IFSCA.

Accordingly, an IBU is authorized to engage in a broad range of activities typically permitted for commercial banks in India, along with those specifically approved by the IFSCA. However, IBUs are restricted from undertaking any activities explicitly prohibited by the IFSCA:

- effecting contracts of insurance
- any other activity expressly prohibited under any regulation/direction issued by the IFSCA

The IFSCA Banking Handbook provides the following indicative list of permissible activities (non-exhaustive):

Acceptance of Deposits	Borrowing and Lending
Providing trust services	Credit enhancement
Equipment leasing and Hire purchase	Referral Services
Factoring and Forfaiting services	Underwriting
Acting as a portfolio manager	Providing Investment Advisory service
Trading and Clearing member of a stock exchange	Bullion Trading Member and Clearing Members in GIFT-IFSC
Acting as a custodian of assets/securities	Undertaking Over-the-Counter (OTC) derivative contracts
Acting as FX Prime Brokerage	Undertaking remittances
Undertaking foreign exchange transactions	Trading & Clearing in Precious Metals Spot and OTC Derivatives Contract
Global Administrative Office (GAO)	Operating as a Foreign Portfolio investor (FPI)
Operating as an Eligible Foreign	Investing in securities issued outside

GIFT IFSC: New opportunities for Chartered Accountants

Investor (EFI)	IFSC (other than Indian securities)
Operating unallocated accounts in Bullion	Operating as an Investment Banker
Undertaking transfer of loan assets	Undertaking negotiation of Letters of Credit (LC) of its constituents
Distribution of capital market products	Participating in an authorised payment system
Offering Payment services	

Governing Framework of IBU

- The Banking company shall, prior to the commencement of the IBU's operations at IFSC, appoint a Governing Body of the IBU and inform the IFSCA about the same in writing.
- The Banking company (of which the IBU is a branch) that have already started their operations at IFSC prior to the date of commencement of directions, shall appoint a Governing Body of the IBU within 3 months from such date of commencement and inform the IFSCA about the same in writing.
- The governing body of an IBU shall have at least 3 members.
- The governing body of an IBU shall meet at least once each quarter and at least 6 times a financial year.

Prudential Requirements of IBU

Prudential requirements applicable to IBU:

Sr. No.	Particulars	Requirements
1	Liquidity Coverage Ratio (LCR)	at a level that is higher of (a) and (b) below: (a) minimum LCR prescribed by the Home Regulator of the Banking Company of which the IBU is a branch or (b) the minimum LCR prescribed by the IFSCA from time to time. The

		minimum LCR as prescribed by the IFSCA is 100%, The IBUs may approach the IFSCA for seeking permission to maintain the LCR at the Banking Company level.
2	Net Stable Funding Ratio (NSFR)	at a level that is higher of (a) and (b) below: (c) minimum NSFR prescribed by the Home Regulator of the Banking Company of which the IBU is a branch or (d) the minimum NSFR as and when prescribed by the IFSCA, from time to time. At present, the IFSCA has not implemented the requirement for NSFR. The IBUs may approach the IFSCA for seeking permission to maintain the NSFR at the Banking Company level.
3	Leverage Ratio	A minimum Leverage ratio (LR), as defined under the Basel framework, for an IBU shall be maintained by its Banking Company at the level and subject to the regulations specified by the respective Home Regulator applicable on the Banking Company, unless otherwise specified by the IFSCA.
4	Retail deposit reserve ratio (RDRR)	IBUs shall be required to maintain a Retail Deposit Reserve Ratio (RDRR) on daily basis at 3% of the deposits raised from individuals who may be categorised as Retail clients or Professional clients, and outstanding as at the end of the previous working day. The RDRR may be maintained in a specified foreign currency and in the form of balance the Nostro account of the

		IBU 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	Reserve requirements	The liabilities of an IBU, other than the deposits raised from individuals resident in India or outside India shall be exempted from Cash Reserve Ratio or such other requirements as may be specified by the IFSCA. The deposits raised by an IBU from individuals resident in India or outside India shall be subject to such Reserve Ratios as may be specified by the IFSCA.

FEMA Relaxations:

Banking business at GIFT IFSC have received a significant boost from recent relaxations under the Foreign Exchange Management Act (FEMA) and related frameworks. Here's an enhanced overview focused on these regulatory developments and what they mean for banks:

Expanded Foreign Currency Account (FCA) Access for Residents

- Relaxation in Liberalised Remittance Scheme rules: Indian residents can now open FCAs in GIFT's IFSC for all current and capital account transactions, including overseas investments via these accounts removing prior restrictions. This enables smoother cross-border banking services, ATM access, forex loans, overseas insurance payments, educational fees, trade settlements, all through GIFT IFSC banking units.

Non applicability of FEMA: Undertaking remittances

IBUs may permit remittances by their clients to persons resident outside India (including residents of Nepal and Bhutan).

- Remittance between a financial institution (as defined in Section 3 (1)(c) of the International Financial Services Centres Authority Act,

2019) and a person resident outside India, being a transaction between persons resident outside India, the prohibition on drawal of foreign exchange vide Section 3 (c) of the FEMA (Current Account Transaction) Rules, 2000 shall not be applicable to such transactions.

- Further, as such transactions do not involve conversion from INR to foreign exchange or vice-versa, the concept of authorised person (as defined in section 2(c) of the Foreign Exchange Management Act, 1999) shall not be applicable to BUs.

3. Business Opportunities for Insurance & Re-insurance at GIFT IFSC

(a) IFSC Insurance Office (IIO)

Introduction

As part of the initiative to establish India's first International Financial Services Centre (IFSC), both Indian and foreign entities are allowed to set up and operate IFSC Insurance Offices (IIOs) within GIFT City, post obtaining the required regulatory approvals. These IIOs benefit from the unique advantage of conducting insurance business in freely convertible foreign currencies in offshore markets, while remaining physically located within India.

Before IFSCA assumed authority to regulate financial activities in GIFT IFSC, the Insurance Regulatory and Development Authority of India (IRDAI) issued the regulatory framework for IIOs through its IRDAI IIO Guidelines. Subsequently, with the enactment of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority (IFSCA) was established as the unified regulator, effective from October 1, 2020. IFSCA assumed broad powers to regulate and develop financial products, services, and institutions within IFSCs, including IIOs.

Regulatory Framework

Insurance Sector: For registration and operations of insurer and Re-insurer in an International Financial Services Centre under regulatory purview, Authority issued IFSCA (Registration of Insurance Business) Regulations, 2021.

IFSC Insurance Office (IIO): Means a financial institution setup a unit in an International Financial Services Centre and which is engaged in rendering financial services as per regulations in respect of any financial product.

IFSC insurance intermediary office (IIIO): a unit set up in an International Financial Services Centre and which is engaged in rendering financial services in respect of any financial product and to carry on the activities of an intermediary or insurance intermediary as may be specified by the Authority.

Composite Broker: an insurance broker registered with the Authority who for a remuneration and/or a fee, solicits and arranges insurance and/or re-insurance for its clients with insurers and/or reinsurers, and/or provide risk management services, as permitted under IFSCA (Insurance Intermediary) regulations.

Corporate Agent: A person registered with the Authority who undertakes solicitation and servicing of insurance business.

Direct Broker: Means an insurance broker registered with the Authority who for a remuneration and/or a fee, solicits and arranges insurance business for its clients with insurers, and/or provides risk management services as permitted under IFSCA (Insurance Intermediary) regulations.

Reinsurance Broker: Means an insurance broker registered with the Authority who for a remuneration and/or a fee, solicits and arranges reinsurance for its clients with insurers and/or reinsurers, and/or provide risk management services, as permitted under IFSCA (Insurance Intermediary) regulations.

Surveyor and Loss Assessor: A person registered with the Authority under IFSCA (Insurance Intermediary) regulations for providing services relating to losses under contracts of insurance.

Third Party Administrator (TPA): A person who has been registered with the Authority, as such and has been engaged by an insurer, for a fee or remuneration, for providing health services as per IFSCA (Insurance Intermediary) regulations.

Insurance Web Aggregator (IWA): An insurance intermediary registered by the Authority under IFSCA (Insurance Web Aggregator) Regulations, 2022 to assist a prospect in purchasing an insurance policy, using a website or portal maintained by IWA.

Authorised verifier: A person employed by the insurance intermediary for insurance solicitation and procurement through telemarketing and distance marketing mode.

Any person who wants to commence business of insurance and re-insurance shall obtain registration from the IFSCA.

Further, for obtaining registration following eligibility criteria to be fulfilled by the person.

Indian Insurer and Re-insurer

- duly registered with IRDAI for undertaking the business of insurance or re-insurance in India;
- a No Objection Certificate has been granted by the IRDAI to set up place of business in an IFSC;
- the Board of the Applicant shall submit reporting structure of the officials as mentioned at Regulation 17(7) of IFSCA Insurance Regulations;
- has satisfactory track record in respect of regulatory and supervisory compliance;
- the Board of the Applicant undertakes to meet all liabilities arising out of IIOs insurance or re-insurance business, as the case may be;
- The Board of the Applicant undertakes to comply with the assigned capital, solvency and other requirements as may be specified by the IFSCA from time to time.

Foreign Insurer or Foreign Re-insurer or (Managing General Agent) MGA or Lloyd's: setting up branch in an unincorporated form in an IFSC

- the Applicant is registered or licensed for transacting insurance or re-insurance business, or both, in its home country or country of its incorporation or domicile;
- the Applicant has been granted No Objection Certificate by the regulatory or supervisory authority of its home country or country of its incorporation or domicile, to set up an IIO in an IFSC;

- the Applicant desirous to transact re-insurance business, shall comply with Net Owned Fund requirement specified under sub-section (3) of section 6 of the Insurance Act, 1938;
- the Board of the Applicant undertakes to comply with the assigned capital, solvency and other requirements as may be specified by the IFSCA from time to time;
- the Board of the Applicant undertakes to meet all liabilities arising out of IIO insurance or re-insurance business, as the case may be;
- the Applicant has satisfactory track record in respect of regulatory or supervisory compliance in its home country or country of incorporation or domicile and also in any other country in which it is functioning;
- the Applicant is registered or certified in a national regulatory environment with whom the Government of India has signed Double Taxation Avoidance Agreement;
- the Board of the Applicant shall submit reporting structure of the officials as mentioned at Regulation 17(7) of IFSCA Insurance Regulations;
- The Applicant has a minimum credit rating having at least good financial security characteristics from any of the internationally renowned credit rating agencies for the last three years.
- the Applicant shall submit all the details and information as may be required and shall comply with any additional requirements as may be specified by the IFSCA.

‘Branch Office of foreign insurer’ or ‘Lloyd’s India’ registered by the IRDAI: setting up an office in an unincorporated form in an IFSC

- No Objection Certificate has been granted by the regulatory or supervisory authority of its country of incorporation, to set up an IIO in India;
- the Board of the Applicant shall undertake to comply with the assigned capital, solvency and other requirements as may be specified by the IFSCA from time to time;

- the Board of the Applicant undertakes to meet all liabilities arising out of business undertaken by the IIO;
- the Board of the Applicant shall submit to the IFSCA reporting structure of the officials as mentioned at Regulation 17(7) of IFSCA Insurance Regulations;
- the Applicant shall submit all the details and information as may be required and shall comply with additional conditions as may be specified by the IFSCA.

A public company or a wholly owned subsidiary of an insurer or a re-insurer: setting up an IIO in an IFSC

- shall be a company limited by shares, which is formed and registered under the Companies Act, 2013.
- An insurance co-operative society: setting up an IIO in an IFSC
- shall be a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State relating to co-operative societies or under the Multi-State Cooperative Societies Act, 1984 (51 of 1984);

A Body corporate incorporated under the law of any country outside India, not being of the nature of a private company: setting up its place of business in an IFSC

- it establishes its place of business in an IFSC, under the provisions of the Companies Act, 2013; and
- it is registered or certified in a national regulatory environment with whom the Government of India has signed a Double Taxation Avoidance Agreement.

Regulatory Requirements

An IIO shall follow following basic regulatory requirements or such other requirements as may be specified by the IFSCA:

- (a) Net Owned Fund (NOF): a foreign company engaged in re-insurance business through a branch established in an IFSC shall require to

maintain net owned funds of not less than Rs. 1000 crore, in any freely convertible foreign currency.

- (b) **Assigned Capital:** a minimum assigned capital in any freely convertible foreign currency equivalent to USD 1.5 million is required to be maintained by Indian Insurer, Foreign insurer, MGA and Lloyd. Such assigned capital may be maintained in the home country, country of incorporation or domicile and shall be invested as per the requirements of its home country's regulatory or supervisory authority.
- (c) **Paid-up Equity Capital:** A Public Company, a Wholly Owned Subsidiary of an insurer or a re-insurer, an insurance co-operative society or a Body Corporate shall maintain minimum paid-up equity capital of Rs. 100 crore in case of direct insurance business and Rs. 200 crore in case of re-insurance business.
- (d) **Solvency Margin Requirement:**
 - An Applicant registering an IIO as 'place of business' of Indian Insurer, 'branch office' of the foreign insurer, foreign re-insurance, MGA or Lloyd's shall maintain such solvency margin for its IIO, as stipulated by its home country regulatory or supervisory authority. Further, such solvency margin may be maintained in the home country, country of incorporation or domicile, and the asset backing such solvency margin shall be invested as per the requirements of its home country's 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.
- (e) **Commencement of Business Operations:** An IIO shall commence business, for which it has been registered, within twelve (12) months from the date of grant of Certificate of Registration by the IFSCA;

However, if an IIO is not able to commence business within 12 months, it can, before the time limit expires, but at least thirty days in advance, shall make an application, for extension of time, to the Chairperson of the IFSCA.

Permissible Activities

An IIO registered with the IFSCA may carry any of the following class of businesses as may be permitted by the IFSCA subject to such conditions as may be specified:-

- (a) Life Insurance Business;
- (b) General Insurance Business;
- (c) Health Insurance Business; or
- (d) Re-insurance Business

However, the IIO registered as a place of business of Indian Insurer or Branch Office of Foreign Insurer or Re-insurer shall be permitted to transact such class of business which is permitted to the Applicant by its home country regulatory or supervisory authority.

However, at the time of making the application, the applicant shall opt for category as specified in clause (A) of sub-regulation (2) of Regulation 5 of the Insurance Regulatory and Development Authority of India (Re-insurance) Regulations, 2018, under which it intends to participate in reinsurance business emanating from the DTA.

Insurance Opportunities in GIFT IFSC

IFSC can become an attractive destination for the all the insurance products such as life, general, health & Reinsurance, including but not limited to:

- Global life insurance policies for resident Indians
- Insurance investment plans for non-resident Indians ("NRI") or non-Indians
- General insurance for industry
- Trade credit insurance
- Cross border reinsurance

(b) IFSC insurance intermediary office

Regulatory Framework

Any person shall make an application to obtain registration to act as an insurance intermediary with the IFSCA under any one of following categories:

- (a) Insurance distributor:
- Composite Broker;
 - Corporate Agent;
 - Direct Broker;
 - Reinsurance Broker;
- (b) Insurance claim service provider:
- Surveyor and Loss Assessor;
 - Third Party Administrator

Further, for obtaining registration following eligibility criteria to be fulfilled by the person.

Intermediary or insurance intermediary registered with IRDAI- setting up branch office in an unincorporated form in an IFSC

- It holds a valid certificate of registration issued by IRDAI, which is not withdrawn, cancelled or suspended;
- It has acted as an insurance intermediary in such category for which it is registered; and
- It has obtained a “No-objection Certificate” from IRDAI to establish a branch office in IFSC.

Insurance intermediary registered or licensed in a jurisdiction outside India and desirous of setting up branch office in an unincorporated form in an IFSC

- It holds a valid certificate of registration issued by its home country regulatory or supervisory authority, which is not withdrawn, cancelled or suspended;

- It has acted as an insurance intermediary in such category for which it is registered;
- It is from a FATF compliant jurisdiction or country;
- It is registered or certified in a National Regulatory Environment with whom the Government of India has signed Double Taxation Avoidance Agreement; and
- It has obtained a “No-objection certificate” from its home country regulatory or supervisory body to establish a branch office in IFSC.

An Entity not falling in both above categories, and which is a company incorporated under the Companies Act, 2013 or a firm or a co-operative society or a body corporate incorporated under the law of any country outside India

- The applicant shall have minimum net worth or paid up equity capital, whichever is applicable, as prescribed below;
- The applicant is from a FATF compliant jurisdiction or a country, and
- The applicant is registered or certified in a National Regulatory Environment with whom the Government of India has signed a Double Taxation Avoidance Agreement.

Above Mentioned entities may establish an IIIO in the following legal form:

Composite Broker, Direct Broker, or a Reinsurance broker	Corporate Agent	Third Party Administrator	Surveyor and loss assessor
Company	Company	Company	Company
Co-operative society	Co-operative society	Any other legal form specified by IFSCA	Limited liability partnership
Limited liability	Limited liability		Any other legal

GIFT IFSC: New opportunities for Chartered Accountants

partnership	partnership		form specified by IFSCA
Any other legal form specified by IFSCA	Banking company		
	Banking unit		
	Regional rural bank		
	Micro lending finance organization or NBFC		
	Any other legal form specified by IFSCA		

Regulatory Requirements

Minimum Capital/ Net-Worth Requirements for Insurance Intermediary

Category	Capital/contribution Requirement (USD)	Net Worth Requirements (USD)
Direct Insurance broker	100000	80,000
Reinsurance Broker	550,000	60% of min capital requirement
Composite broker	675,000	60% of min capital requirement
Corporate agent	75,000	75,000
Surveyor and Loss Assessor	NIL	NIL
Third Party Administrator	550,000	150,000

Minimum Capital Requirements for Insurance Intermediary Registered as a Branch in the IFSC

Category	Capital/contribution Requirement (USD)
Direct Insurance broker	10,000
Reinsurance Broker	55,000
Composite broker	67,500
Corporate agent	7,500
Third Party Administrator	55,000

- Even an Actuarial Valuation Service Provider can register under the Techfin & Ancillary Services Regulations, 2025 and provide Actuarial services to the Insurance Companies.

4. Business Opportunities for Capital Markets Intermediaries in GIFT IFSC

Introduction

The IFSCA established a comprehensive regulatory framework for the registration, regulation, and supervision of capital market intermediaries operating within International Financial Services Centres (IFSCs) in India under International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025. These regulations aim to safeguard investor interests and uphold the integrity of the securities market, thereby fostering a transparent, efficient, and globally aligned financial ecosystem within IFSCs.

Capital Market: IFSCA regulates the capital market in IFSC majorly by Regulations i.e. the IFSCA (Market Infrastructure Institutions) Regulations, 2021 and IFSCA (Capital Market Intermediaries) Regulations, 2025. The capital market ecosystem consists of Market Infrastructure Institutions (MIIs) and Capital Market Intermediaries (CMIs).

Market Infrastructure Institutions comprises Stock Exchanges, Clearing Corporations and Depository. Capital Market Intermediaries includes Broker Dealer, Clearing Member, Credit Rating Agency, Custodian, Depository

Participant, Debenture Trustee, Distributor, ESG Ratings and DATA Products Provider, Investment Advisor, Investment Banker, Research Entity. Brief of these capital market activities:

Recognised Stock Exchange: Means a stock exchange in an IFSC recognised by the Authority. 3 Exchanges recognised by the Authority are India International Exchange (IFSC) Ltd, NSE IFSC Limited and India International Bullion Exchange (IFSC) Limited

Clearing Corporation: An entity that is established to undertake the activity of clearing and settlement of trades in securities or other permitted financial products and includes a clearing house. In GIFT the main clearing corporations recognised by the Authority are NSE IFSC Clearing Corporation Limited (NSEICC) and India International Clearing Corporation (IFSC) Limited (India ICC).

Depository: Means a depository recognised by the authority in IFSC. A recognised depository eligible to hold securities defined in SCRA and permitted financial products. Presently, India International Depository IFSC Limited is the first and only recognised depository in IFSC.

Further The authority allowed direct listing activities in IFSC by issuing a notification in January 2024. A public Indian company may issue equity shares or offer equity shares of existing shareholder subject to the conditions as given below:

Such issue or offer of equity shares of existing shareholders shall be permitted and such shares shall be listed on any of the specified International Exchange.

Such issue or offer of equity shares of existing shareholders shall be subject to prohibited activities, and sectoral caps prescribed;

Such equity shares to be issued by the public Indian company or offered by its existing shareholders on an International Exchange shall be in dematerialised form and rank pari passu with equity shares listed on a recognised stock exchange in India.

Regulatory Framework

An Entity in IFSC intending to undertake the following activities must obtain a certificate of registration from the IFSCA:

- (a) **Broker dealer:** means a person which is in the business of buying and selling securities and other permitted financial products for its own account or on behalf of its customers and includes a trading member of a recognised stock exchange, and is registered as a broker dealer with the IFSCA under IFSCA Capital Market Intermediaries Regulations;
- (b) **Clearing member:** means a person having clearing and settlement rights in a recognised clearing corporation and is registered as a clearing member with the IFSCA under IFSCA Capital Market Intermediaries Regulations;
- (c) **Credit rating agency:** means a person which is primarily engaged in rating of securities, financial products, issuers or sovereigns;
- (d) **Custodian:** means a person who carries on or proposes to carry on the business of providing custodial services and is registered as a custodian with the IFSCA under IFSCA Capital Market Intermediaries Regulations;
- (e) **Debenture Trustee:** means a trustee appointed in respect of any issue of debentures;
- (f) **Depository participant:** means a participant of a recognised depository and is registered as a depository participant with the IFSCA under IFSCA Capital Market Intermediaries Regulations;
- (g) **Distributor:** means a person who for a commission or fee engages with clients to facilitate investment or subscription into “capital market products” or “capital market services”;
- (h) **ESG Ratings and Data Products Provider:** means an entity engaged in the activity (ies) of providing services relating to ESG Rating or ESG Data Product and is registered with the IFSCA under IFSCA Capital Market Intermediaries Regulations;

- (i) **Investment adviser:** means a person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called, and is registered with the IFSCA as investment advisor under IFSCA Capital Market Intermediaries Regulations;
- (j) **Investment banker:** means a person who is in the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management, and is registered with the IFSCA as investment banker under IFSCA Capital Market Intermediaries Regulations; and
- (k) **Research Entity:** means a person registered as a research entity with the IFSCA under IFSCA Capital Market Intermediaries Regulations and who is responsible for publishing or providing research report with respect to securities and includes:
- preparation or publication of the content of the research report;
 - providing research report;
 - making 'buy/sell/hold' recommendation;
 - giving price target; or
 - offering an opinion concerning public offer.

Exemption from separate Registration

- (a) A Banking Unit may act as:
- A banker to an issue
 - An investment banker
- (b) Research Entity: if an investment adviser or credit rating agency or Fund Management Entity registered with the IFSCA which issues, circulates or distributes a research report to the public.

(c) investment adviser: if-

- a person who gives general comments in good faith in regard to trends in the financial or securities market or the economic situation where such comments do not specify any particular securities or investment product;
- an insurance agent or an insurance broker registered with the IFSCA, who offers investment advice solely in insurance products;
- a distributor of funds providing any investment advice to its clients incidental to its primary activity;
- a member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India, the Institute of Cost Accountants of India, the Institute of Actuaries of India or any other professional body as may be specified by the IFSCA, who provides investment advice, either independently or as an employee of an entity, to his clients, incidental to his professional service;
- a broker dealer or an investment banker who offers investment advice to its clients, incidental to its primary activity;
- a fund manager, by whatever name called, providing advice to a mutual fund, retail fund, alternative investment fund or any other fund registered or regulated by the IFSCA or any other securities market regulator;
- any person providing investment advice to investors such as: (a) central and state governments; (b) developmental agencies set up under the aegis of government(s); (c) multilateral agencies; (d) sovereign wealth funds; (e) intermediaries registered with the IFSCA; (f) banking companies; (g) insurance companies; (h) pension funds; (i) provident funds; (j) public financial institutions; and (k) any other category of investors, as may be specified by the IFSCA from time to time.
- any person who provides investment advice exclusively to its associates or group entities; and

- any other person as may be specified by the IFSCA;
- (d) a credit rating agency, arranger, distributor, debenture trustee, ESG rating agency, ESG data products providers or registrars to an issue or share transfer agents or such other intermediaries as may be specified by the IFSCA located outside IFSC and providing services to an entity in an IFSC or an issuer whose securities are listed or proposed to be listed on a recognised stock exchange.

However, for the avoidance of doubt, it is hereby clarified that the requirement of obtaining registration under IFSCA Capital Market Regulations shall be applicable, in case an entity located outside IFSC sets up a unit in an IFSC for providing aforementioned services.

Net Worth Requirement

An entity seeking registration as a capital market intermediary shall comply with the net worth requirements as specified below and shall be maintained at all times:

Sr. No.	Category	Net Worth
1	Broker dealer (Trading member)	As specified by recognised stock exchange
2	Clearing Member	As specified by recognised clearing corporation
3	Credit Rating Agency	USD 200,000
4	Custodian	As specified by the IFSCA USD 6 Million
5	Debenture Trustee	USD 1.5 million
6	Depository Participant	As specified by depository
7	Distributor	USD 50,000
8	ESG Ratings and Data Products Provider	USD 25,000
9	Investment Adviser	USD 25,000
10	Investment Banker	USD 100,000
11	Research Entity	USD 25,000

Entity shall maintain abovementioned net worth requirements separately and in addition to minimum net worth requirements applicable for other activities outside IFSC or within IFSC under any other regulations or framework.

For all Capital Market Intermediaries entities other than Broker dealer, Clearing Member or Investment Banker, "net worth" means the aggregate value of the paid-up share capital (or capital contribution) and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation:

*Provided that where an entity is a **broker dealer, clearing member or investment banker**, the 'net worth' shall mean the aggregate value of its liquid assets: Explanation: Liquid assets for the purpose of this clause shall mean cash and bank balance, fixed deposits, Government Securities and other instruments as may be specified by the Authority;*

Further, if an entity intends to operate as a capital market intermediary in multiple categories covered under IFSCA Capital Market Intermediary Regulations, it shall maintain the highest of the applicable minimum net worth requirements, unless otherwise specified by the IFSCA & Shall obtain registration as Non Core Finance Company in IFSCA..

Permissible Activities:

Entities operating in the IFSC are permitted to undertake a wide range of capital market activities, including:

- Facilitating the buying and selling of securities;
- clearing and settling trades;
- dematerialisation, rematerialisation and pledge and hypothecation of securities, portfolio management etc.;
- safekeeping of financial products and related services;

5. Business Opportunities for FinTech in GIFT IFSC

Key Enablers for FinTech in GIFT IFSC

- (a) FinTech Entity Framework (One of its kind unified regulatory framework for FinTechs)
- (b) IFSCA FinTech Incentive Scheme, 2022 ((First ever Incentive Scheme for FinTech's by an Indian financial sector regulator)
- (c) FinTech Ecosystem Enablers (Creating synergies by bringing together Investors, Mentors, Accelerators, Financial Institutions, etc.)

Introduction to FinTech Entity Framework

FinTech means “financial technology solutions which result in new business models, applications, processes or products in financial services regulated by the Authority or advanced/innovative technology solutions which aid and assist activities in relation to financial products, financial services and financial institutions”. To promote ideas & solutions in financial services in IFSC, Authority issued a “Framework for FinTech Entity in the International Financial Services Centres (IFSCs)” in April 2022.

Applicants who satisfy the required condition(s) shall be eligible to make an application to IFSCA for Authorization and permitted to undertake above mentioned activities.

Framework allows all eligible domestic entities and foreign entities to obtain authorisation as a FinTech entity and participate in one or more permissible activities.

IFSCA permits sandbox activities provides to applicants a testing/live environments where FinTech Entities can test their ideas and solutions in isolation from the live market, these activities includes: (a) Test FinTech ideas or solutions in IFSCA FinTech Regulatory Sandbox; or (b) Develop and test FinTech ideas or solutions in IFSCA FinTech Innovation Sandbox; or (c) Test FinTech ideas or solutions in Inter- Operable Regulatory Sandbox (IoRS) ; or (d) Provide FinTech ideas or solutions in the Overseas Regulatory Referral mechanism/FinTech Bridge offered by IFSCA.

Recognizing the critical role of financial technology (FinTech) in driving innovation within the financial services sector at the International Financial Services Centre (IFSC) in India, the International Financial Services Centres Authority (IFSCA) has introduced a framework for the authorization of FinTech entities.

This framework is applicable to all eligible domestic and foreign entities seeking authorization as a FinTech Entity (FE) from IFSCA, enabling them to participate in or undertake one or more permissible activities as outlined under this framework.

Regulatory Framework

Eligibility Condition

In case of Indian applicant:

- (a) An entity registered with Department for Promotion of Industry and Internal Trade (DPIIT) as a start-up entity relating to FinTech; or
- (b) An entity incorporated as a company under the Companies Act 2013, or as a Limited liability Partnership (LLP) under the Limited liability Partnership Act, 2008 or a 'Branch' of an Indian company or LLP in IFSC; or
- (c) An entity working directly or indirectly in the ecosystem regulated by a domestic financial sector regulator.

In case the Applicant is from Outside India - An entity from FATF compliant countries/jurisdictions.

Further, the Applicant proposes to use technology in its core product or service, business model, distribution model or methodology to solve the problem being targeted and the Applicant must have: (a) a deployable solution/working product; and (b) a revenue earning track record in at least one of the last three financial years.

IFSCA Fintech Incentive Scheme, 2022

The primary objective of the scheme is to support the development of a world-class FinTech hub at the International Financial Services Centre (IFSC) in India, on par with leading global International Financial Centres

(IFCs). This will be achieved by offering financial assistance in the form of specific grants to eligible FinTech initiatives, subject to specified terms, conditions, and criteria outlined in the scheme.

The Scheme aims to provide financial incentives to following category of FinTechs:

- Domestic FinTechs seeking access to overseas markets
- Domestic FinTechs seeking listing on IFSCA recognised stock exchanges
- Foreign FinTechs seeking market access to IFSCs in India and work within the IFSCA's regulatory framework
- Foreign FinTechs seeking access to domestic market under Inter-Operable Regulatory Sandbox (IORS) framework
- Domestic FinTechs extend business to the IFSCs either by way of authorisation or registration or through the regulatory sandbox.

Eligibility criteria

If the Applicant is from India:

- (a) An entity registered with DPIIT (Department for Promotion of Industry and Internal Trade) as a start-up entity relating to FinTech;
- (b) An entity incorporated as a company under the Companies Act 2013, or as a Limited liability Partnership (LLP) under the Limited liability Partnership Act, 2008 or a 'Branch' of an Indian company or LLP in IFSC;
- (c) An Individual who is a resident citizen; or
- (d) An entity working directly or indirectly in the ecosystem regulated by RBI, SEBI, IRDAI or PFRDA.

If the Applicant is from Outside India - A Non-resident Individual or an entity from FATF compliant countries/jurisdictions. However, if the applicant is a body corporate incorporated outside India, the shareholding of non- resident Individuals in the applicant, shall, at all times, be more than 51%.

Different types of Grants available under the Scheme

- (a) **FinTech Start-up grant-** This grant shall be utilized for developing a product or a service and related 'go- to-market' initiatives for a start-up with a novel FinTech idea or solution. An eligible (FinTech Entity) FE may receive up to Rs. 15 lacs under this scheme. The grant is expected to meet expenses towards product development, manpower costs, IT costs, etc. At this stage the focus is on converting the idea into an MVP (Minimum Viable Product).
- (b) **Proof of Concept (PoC) grant-** This grant shall be utilized for the purpose of conducting a PoC by an early or mature FE in the domestic market or overseas. An amount of up to Rs. 50 lacs may be provided to an eligible FE for the purpose of conducting a PoC either in Indian markets or overseas and shall cover expenses towards manpower costs, IT costs, marketing, prototyping costs etc.
- (c) **Sand-box grant-** This grant shall be utilized by FEs to experiment with innovative products or services in a sandbox. An amount of upto Rs. 30 lacs may be provided to an eligible FE to cover the costs of developing a software, prototyping, manpower costs, consulting, tech-related, IT related, admin costs, etc.
- (d) **Green FinTech Grant-** This grant shall be utilized towards developing solutions facilitating sustainable finance and sustainability linked finance, including 'Environmental, Social and Governance (ESG)' investments. An amount of up to Rs. 75 lacs of grant may be provided to an eligible FE focussed on sustainable finance.
- (e) **Accelerator Grant-** This grant shall be utilized for supporting accelerators at the IFSC. An amount of up to Rs. 10 lacs of grant may be provided to an eligible Accelerator applicant for capacity building, build capabilities around mentors, bringing investors, bringing more projects or PoC, tie ups, etc.
- (f) **Listing Support Grant -** The grant shall be utilized for supporting Domestic FEs aspiring to go for listing on stock exchanges recognised by the IFSCA. An amount of up to Rs. 15 lacs may be provided to an

eligible Domestic FE for meeting expenses pertaining to road shows, international travel and listing requirements, etc.

6. Business Opportunities for Aircraft leasing and financing in GIFT IFSC

Regulatory Framework

Aircraft leasing is governed by the IFSCA (Finance Company) Regulations, 2021, as amended in 2022, under which entities can register as aircraft lessors in accordance with the 'Framework for Aircraft Lease'.

An entity desirous of registering itself shall comply with the eligibility criteria:

- (a) The applicant shall set-up operations in IFSC in the form of a Company or a Limited Liability Partnership (LLP) or a Trust or in any other form as may be specified by the IFSCA from time to time.
- (b) In case the applicant is a company, the 'promoter', as defined in the Companies Act, 2013, of the applicant shall be located in a Financial Action Task Force compliant jurisdiction. In case the applicant is an LLP or a Trust, the partners or the trustees, as the case may be, shall also comply with this requirement.
- (c) An entity in IFSC, intending to undertake aircraft lease only through its wholly owned subsidiary(ies) setup in IFSC for the purpose, shall also be deemed to be a Lessor under this framework and it may make application for registration accordingly.

Permissible Activities under Aircraft Operating Lease

A Lessor shall be permitted to undertake all or any of the following activities:

- (a) Operating lease for an aircraft lease arrangement;
- (b) Operating lease for an aircraft ground support equipment;
- (c) Operating lease for an aviation training simulation device;
- (d) 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;

- (e) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (a) to (c) above, subject to such restriction as specified in clause O.2 of IFSCA Aircraft leasing framework i.e, transactions with person(s) resident in India, and
- (f) any other related activity with the prior approval of the IFSCA.

Capital Requirement undertaking operating lease

- (a) 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 as specified in item no. 1 of Schedule of the Finance Company Regulations.

“Owned fund” for a Lessor under this framework shall mean the paid-up-capital and free reserves balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

- (b) In addition to above, the IFSCA may specify maintenance of additional capital, as a risk management measure, based on the nature and scale of business of the Lessor.

Permissible Activities under Aircraft Financial & Hybrid Lease

A Lessor shall be permitted to undertake all or any of the following activities:

- (a) Financial lease or a hybrid of financial and operating lease for an aircraft lease arrangement;
- (b) Financial lease or any hybrid of financial and operating lease for an aircraft ground support equipment;
- (c) Financial lease or any hybrid of financial and operating lease for an aviation training simulation device;
- (d) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (a) to (c) above, subject to such restriction as specified in

clause O.2 of IFSCA Aircraft leasing framework i.e, transactions with person(s) resident in India;

- (e) Permitted activities as stated above in Aircraft Operating Lease; and
- (f) any other related activity with the prior approval of the IFSCA.

Capital Requirement for Lessors undertaking financial lease

- (a) 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 as per item no. 2 of Schedule to the Finance Company Regulations.
- (b) In addition to above, the IFSCA may specify maintenance of additional capital, as a risk management measure, based on the nature and scale of business of the entity.

Note: Aircraft lesser Units are Predominantly allowed to Share Manpower & Office their Multiple Structure in one office.

7. Business Opportunities for Ship leasing and financing in GIFT IFSC

Regulatory Framework

Ship leasing is governed by the IFSCA (Finance Company) Regulations, 2021, as amended in 2022, under which entities can register as Ship lessors in accordance with the 'Framework for Ship Leasing'.

An entity desirous of registering itself shall meet the eligibility criteria and other requirements as specified under the Finance Company Regulations, including the following:

- (a) The applicant shall set up operations in an IFSC in the form of a Company or a Limited Liability Partnership (LLP) or a Trust or a Branch under IFSCA Ship Leasing Framework or in any other form as may be specified by the IFSCA from time to time.

The branch set up in IFSC may also be of a wholly owned subsidiary (including a subsidiary incorporated outside IFSC) of the IFSC registered entity, for the purpose.

- (b) In case the applicant is a company, the 'promoter', as defined in the Companies Act, 2013, of the applicant shall be located in a Financial Action Task Force compliant jurisdiction. In case the applicant is a LLP or a Trust, the partners or the trustees, as the case may be, shall also comply with this requirement.

An applicant desirous of undertaking 'Asset Management Support Services related to ship lease' for an asset other than as mentioned at Clause (c) in Permissible activities under operating lease, shall obtain a separate authorisation under the Framework for enabling ancillary services at IFSC.

Permissible Activities under operating lease

A lessor in IFSCs shall be permitted to undertake all or any of the following activities:

- (a) Operating lease
- (b) Voyage Charters, Contract of Affreightments, employment in shipping pools and all other legal commercial transactions for employment of ships;

A lessor may undertake these activities only if such a lessor has absolute or leasehold right over the ship/ocean vessel.

- (c) Asset Management Support Services for assets owned or leased out by the lessor or by any of its Group Entities set up in IFSCs in India;

'Group Entities' shall mean an arrangement involving two or more entities related to each other through any of the relationships, viz. Subsidiary –parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), a related party (defined in terms of AS 18) Common brand name and investment in equity shares (of 20% and above).

- (d) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to ship lease;
- (e) any other related activity with the prior approval of the IFSCA.

Capital Requirement undertaking operating lease

- (a) 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 as specified in item no. 1 of Schedule of the Finance Company Regulations.

“Owned fund” for a Lessor under this framework shall mean the paid-up-capital and free reserves balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;

- (b) In addition to above, the IFSCA may specify maintenance of additional capital, as a risk management measure, based on the nature and scale of business of the Lessor.

Permissible Activities under financial lease and hybrid of operating and financial lease:

A lessor in IFSCs shall be permitted to undertake all or any of the following activities:

- (a) Financial lease;
- (b) Hybrid of financial and operating lease;
- (c) Permitted Activities as stated above at Permissible Activities under operating lease;
- (d) any other related activity with the prior approval of the IFSCA.

A transaction shall be classified as a lease if it is in accordance with the Indian Accounting Standards (Ind AS 116) on Leases.

Capital Requirement for Lessors undertaking financial lease

- (a) 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 as per item no. 2 of Schedule to the Finance Company Regulations.

- (b) In addition to above, the IFSCA may specify maintenance of additional capital, as a risk management measure, based on the nature and scale of business of the entity.

Note: Ship lesser Units are Predominantly allowed to Share Manpower & Office their Multiple Structure in one office.

8. Business Opportunities for Finance Company and Finance Unit in GIFT IFSC

An entity may commence operations as a Finance Company or Finance Unit in an International Financial Services Centre (IFSC) only upon obtaining a certificate of registration from the IFSCA to undertake such activities.

Finance Company - can be set up either as a subsidiary or a joint venture, or as a newly incorporated company under the Companies Act, 2013, or in any other form as may be specified by the IFSCA from time to time. However, if the parent of a Finance Company is carrying out a regulated financial activity in its home jurisdiction, it shall obtain a No-objection Certificate from its home country regulator for setting up a Finance Company in the IFSCs, wherever applicable.

A Finance Unit can be set up if the applicant is an incorporated entity in its home jurisdiction. However, a Finance Unit can be set up for undertaking core activities only if the applicant, being an incorporated entity in its home jurisdiction, is engaged in the business of financial services and is regulated by a financial sector regulator in its home jurisdiction and has obtained a No-Objection Certificate from the home regulator for setting up a Finance Unit in the IFSCs, wherever applicable. Further, the conditions stated above shall not apply to an incorporated entity which desires to set up a Global/Regional Corporate Treasury Centre as a Finance Unit in the IFSCs for undertaking treasury activities or treasury services in accordance with the relevant regulatory framework specified by the IFSCA.

Permissible Activities

Permitted Core Activities	Permitted Non-Core Activities
Lend in the form of loans, commitments and guarantees,	Merchant Banking

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credit enhancement, securitisation, financial lease, and sale and purchase of portfolios	
Factoring and forfeiting of receivables	Authorised person
Undertake investments, including subscribing, acquiring, holding, or transferring securities or such other instruments, as may be permitted by the IFSCA	Registrar and Share Transfer Agent
Buy or Sell derivatives	Trusteeship Services
Global/Regional Corporate Treasury Centres	Investment Advisory Services
Any other core activity as may be permitted by the IFSCA	Portfolio Management Services
	Operating lease of any products, including aircraft lease, ship lease or any other equipment as may be specified by the IFSCA from time to time
	International Trade Financing Services Platform
	Distribution of financial products (including mutual fund units and insurance products)
	Function as trading and clearing members or professional clearing member of exchanges and clearing corporations set up in IFSCs
	Asset Management support services permitted under the

	Framework for Enabling Ancillary Services as specified by the IFSCA
	Undertaking to act as facilitators of permissible activities as and when permitted by the IFSCA
	Any other activity without involving a customer interface, as may be permitted with the prior approval of the IFSCA, that is classified as a non-core activity by the IFSCA, under IFSCA Finance Company Regulations
	any other activity, as may be permitted and classified as a non-core activity by the IFSCA, under IFSCA Finance Company Regulations

Core Activities includes Factoring and forfaiting of receivables, Lend in the form of loans, commitments and guarantees, credit enhancement, securitisation, financial lease, and sale and purchase of portfolios, Undertake investments, including subscribing, acquiring, holding, or transferring securities or such other instruments, as may be permitted by the Authority, Buy or Sell derivatives, Global/Regional Corporate Treasury Centres; and Any other core activity as may be permitted by the Authority.

Non-core Activities are Registrar and Share Transfer Agent, Merchant Banking, Portfolio Management Services, Authorised person, Trusteeship Services, Investment Advisory Services, Operating lease of any products, including aircraft lease, ship lease or any other equipment as may be specified by the Authority from time to time, Function as trading and clearing members or professional clearing member of exchanges and clearing corporations set up in IFSCs, International Trade Financing Services Platform, Distribution of financial products (including mutual fund units and insurance products), Asset Management support services permitted under

the Framework for Enabling Ancillary Services as specified by the Authority, Undertaking to act as facilitators of permissible activities as and when permitted by the Authority, Any other activity without involving a customer interface, as may be permitted with the prior approval of the Authority, that is classified as a non-core activity by the Authority, under regulations.

Conditions for Registration

- (a) The applicant seeking registration as a 'Finance Company' shall have and maintain minimum owned fund, depending on the category of activity(ies) or a combination of activities classified under different categories, and shall maintain the higher of the minimum capital or owned funds or net worth prescribed for each activity or category of activities specified below or under any of the relevant regulatory framework issued by the IFSCA, as applicable.
- (b) In case the applicant, being an incorporated entity in its home jurisdiction, is seeking to set up and register a 'Finance Unit', it shall provide and maintain minimum owned fund on unimpaired basis at all times, depending on the category of activity(ies) or a combination of activities classified under different categories, and shall maintain the higher of the minimum capital or owned funds or net worth prescribed for each activity or category of activities specified below or under any of the relevant regulatory framework issued by the IFSCA, as applicable.

Sr. No.	Activity	Minimum Owned Fund Requirement (in USD or equivalent amount in any other freely convertible currency)	Exempted Regulations, if Any
1	Undertaking one or more of the non-core activities only – without any core activity(ies).	(1) Higher of USD 0.2 million or any such amount as may be required to seek specific registration for a proposed non- core	Regulation (4) Prudential Regulatory Requirements and Regulation (8) Corporate

		activity under the respective Framework/Regulation for that particular activity; or (2) Any higher amount as may be specified by the IFSCA.	Governance and Disclosure Requirements subject to the following: (i) To have a Board approved prudential policy (ii) Fit and Proper criteria set out by the IFSCA.
2	Undertaking one or more core activities with or without non-core activities, except for Global/Regional Corporate Treasury Centres	(1) Higher of USD 3 million, minimum regulatory capital for core activities as specified by the IFSCA; or any such amount as may be required for a non-core activity(ies) under the respective Framework/Regulation for that particular activity; or (2) Any higher amount as may be specified by the IFSCA.	None
3	Undertaking activities of Global/Regional Corporate Treasury Centres.	Higher of USD 0.2 million or any such amount as may be required under the relevant regulatory framework specified by the IFSCA	Regulation (4) Prudential Regulatory Requirements subject to the following: (i) To have a Board

			approved prudential policy (ii) Fit and Proper criteria set out by the IFSCA.
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Prudential Regulatory Requirements mandatory for Core Finance Companies**(a) Capital Ratio (CR)**

A Finance Company or a Finance Unit, as the case may be, shall maintain a minimum capital ratio at 8% of its regulatory capital to its risk-weighted assets or at such percentage as may be specified by the IFSCA.

(b) Liquidity Coverage Ratio (LCR)

A Finance Company or a Finance Unit as the case may be, shall maintain LCR on stand- alone basis, at all times, as may be determined by the IFSCA. However, in the case of a Finance Unit, the LCR may be allowed to be maintained by the parent entity, with specific approval of the IFSCA.

(c) Exposure Ceiling (EC)

The sum of all the exposures of a Finance Company or a Finance Unit, as the case may be, to a single counterparty or group of connected counterparties shall not exceed 25% of its available eligible capital base without the approval of the IFSCA.

9. Business Opportunities for Global In-House Center (GIC) in GIFT IFSC

Global In-House Centre means a unit set up in the International Financial Services Centre for providing support services, directly or indirectly, to entities within its financial services group, including but not limited to banks and non-banking financial companies, financial intermediaries, investment banks, insurance companies, re-insurance companies, actuaries, brokerage firms, funds, stock exchanges, clearing houses, depositories, and custodians, for carrying out a financial service in respect of a financial product.

Where Financial Services Group shall mean any entity which is regulated by a financial services regulator or any other competent body regulating financial services activities in its home jurisdiction and include its holding, subsidiary or associate companies, branch, or subsidiary of a holding company to which it is also a subsidiary.

An applicant desirous of being registered as a Global In-House Centre shall be required to meet eligibility criteria as specified in International Financial Services Centres Authority (Global In-House Centres) Regulations.

Registration

Any entity which fulfills the eligibility criteria and desires to act as a global in-house center shall register itself with the IFSCA.

Mode of Setting up Business and Currency

An entity can set up a GIC business as a company or a LLP or a Branch or any other form of legal entity.

Further, a GIC shall deal in freely convertible foreign currency only. However, it may defray its administrative expenses in INR by maintaining an INR account as may be specified by the IFSCA.

Eligibility Criteria

- (a) It shall exclusively cater to its financial services group wherein the entities served must be located in Financial Action Task Force compliant jurisdictions; and
- (b) The support services provided to its financial services group should be for the purpose of carrying out a financial service in respect of a financial product.

Permissible services and activities

- (a) A Global In-House Centre shall provide services to non-resident entities only.
- (b) Relocation of employees from an existing entity in the domestic area in India shall be permissible with respect to supervisory personnel only, which may be allowed with prior approval of the IFSCA up to a maximum of twenty percent of the strength in such category.

Key Benefits for GIC in GIFT IFSC

Lower Operating Cost	Competitive Tax Regime
Availability of Skilled Talent Pool	Special Incentives for GIC Industry
India's First Fully Operational Greenfield Smart City	Ease of Living
State of Art Physical and Social Infrastructure	Robust Air, Rail and Road Connectivity

10. Business Opportunities for Bullion Exchange/ Bullion Clearing Corporations / Bullion Trading & Physical Delivery from GIFT IFSC

Regulatory Framework

An entity which is desirous of being recognised as a bullion exchange or bullion clearing corporation shall apply to the IFSCA for the same which is accompanied with such particulars as may be specified by the IFSCA, and copy of the memorandum of association, articles of association, bye-laws and such other documents for the regulation and control of bullion contracts including:

- (a) with regard to the governing board of such bullion exchange or bullion clearing corporation, its constitution and powers of management and the manner in which its business is to be transacted;
- (b) the powers and duties of the office bearers of the bullion exchange or bullion clearing corporation;
- (c) the admission of various classes of members into the bullion exchange or bullion clearing corporation, the qualifications for membership, and the exclusion, suspension, expulsion and re- admission of such members;
- (d) such other matter(s) as may be specified by the IFSCA.

Conditions for grant of recognition as a Bullion Exchange or Bullion Clearing Corporation

General Conditions

- (a) the applicant is a company limited by shares;
- (b) the applicant is demutualised;
- (c) the applicant, its directors and shareholders who hold or intend to hold shares, are fit and proper persons as specified in IFSCA Bullion Market Regulations;
- (d) the applicant satisfies the conditions relating to ownership and governance structure, as specified in IFSCA Bullion Market Regulations;
- (e) the applicant satisfies the net worth requirements, as specified in IFSCA Bullion Market Regulations;
- (f) the applicant has the requisite capability including financial capacity, functional expertise and infrastructure.

Explanation: For the purposes of sub-clause (b), the term “demutualised” shall mean that the ownership and management of the applicant is segregated from the trading rights or clearing rights, as the case may be, in terms of IFSCA Bullion Market Regulations.

Conditions specific to Bullion Exchange

- (a) the applicant has necessary infrastructure for the orderly execution of trades;
- (b) the applicant has an online screen-based trading system;
- (c) the applicant has an online surveillance capability which monitors positions, prices and volumes in real time so as to ensure market integrity;
- (d) the applicant has adequate infrastructure to list bullion depository receipts for trading on its platform, wherever applicable;

- (e) the applicant has necessary capability to have a comprehensive network of bullion trading members and has adequate facility to admit and regulate its members;
- (f) the applicant has made necessary arrangements to establish connectivity with its bullion trading members and bullion clearing corporation;
- (g) the applicant has adequate consumer grievance redressal mechanism and arbitration mechanism to resolve disputes arising out of trades and their settlement;
- (h) the applicant has the facility to disseminate information about trades, quantities and quotes in real time to at least two information vending networks which are accessible to consumers;
- (i) the applicant has adequate systems' capacity supported by a business continuity plan including a disaster recovery site;
- (j) the applicant has in its employment, sufficient number of persons having adequate professional and other relevant experience; and
- (k) any other conditions as may be specified by the IFSCA.

Conditions specific to Bullion clearing corporation

- (a) the applicant has necessary infrastructure to ensure timely clearing and settlement of trades;
- (b) the applicant has an adequate risk management mechanism;
- (c) the applicant has a settlement procedure including netting, novation and guarantee for settlement of trades in place, which is in accordance with the manner specified by the IFSCA;
- (d) the applicant has the capacity to establish a fund to guarantee settlement of trades;
- (e) the applicant has necessary capability to have a wide network of bullion clearing members and adequate facility to admit and regulate its members;

- (f) the applicant has necessary capability to establish connectivity with bullion depository, clearing banks, bullion exchange and bullion clearing members;
- (g) the applicant has adequate systems' capacity for on-line/real time risk management of trades cleared and settled and is supported by a suitable business continuity plan including a disaster recovery site;
- (h) the applicant has in its employment, sufficient number of persons having adequate professional and other relevant experience to the satisfaction of the IFSCA;
- (i) the applicant has necessary arrangements in place for resolving disputes and redressal of grievances arising out of clearing and settlement of trades;
- (j) the applicant has an agreement with a bullion depository and with a bullion exchange in respect of clearing and settlement of the trades; and
- (k) any other conditions as may be specified by the IFSCA.

Functions of Bullion Exchange

- (a) regulating the bullion contracts;
- (b) regulating the working of the bullion trading members, and such other intermediaries who may be associated with the bullion exchange;
- (c) establishing and enforcing good delivery standards;
- (d) prohibiting fraudulent and unfair trade practices in the bullion market;
- (e) promoting consumers' education and training of intermediaries of bullion market;
- (f) calling for information from, undertaking inspection, conducting inquiries and audits of the bullion trading members, intermediaries and other persons associated with the bullion exchange;
- (g) levying fees or other charges for carrying out the purposes of these regulations;

- (h) setting standards of quality, quantity and other parameters and means of verification of such standards;
- (i) setting standards for vaulting and transport of bullion in consultation with the bullion depository; and
- (j) performing such other functions as may be specified by the IFSCA.

Net worth requirements

Bullion Exchange- minimum net worth of USD 10 million at all times

Bullion Clearing Corporation- minimum net worth of USD 10 million at all times

General Obligations of Bullion Exchange and Bullion Clearing Corporation

- (a) Consumer Education and Protection Fund: to promote consumer education and provide compensation to consumers in case of defaults by the bullion trading members.
- (b) Settlement Guarantee Fund: to guarantee the settlement of trades executed on a bullion exchange and the corpus of the Fund shall be adequate to meet the settlement obligations arising on account of failure of bullion clearing member(s). Further, the sufficiency of the corpus of the Fund shall be tested by way of periodic stress tests, in a manner as may be specified by the IFSCA. The Fund shall have a corpus equivalent to at least the minimum required corpus as arrived from the monthly stress test value or USD 1 million, whichever is higher.

Bullion Depositories

Regulatory Framework

The provisions related to grant of recognition, commencement of business, net worth, ownership and governance norms for a bullion depository are governed by the norms applicable to depository, as specified in the IFSCA (Market Infrastructure Institutions) Regulations, 2021.

Additional Requirements applicable for Bullion Depositories

Following other requirements are applicable to bullion depositories applying for registration to the IFSCA:

- (a) bye-laws and legal documents that are consistent with the objective of the bullion depository and for protection of the interest of consumers; and
- (b) entered into an agreement with a vault manager which has necessary infrastructure and standards for safe storage of the bullion;

Vault Managers

Regulatory Framework

A Vault Manager needs to obtain registration with IFSCA for operating in GIFT IFSC.

Vault Managers need to maintain net worth and infrastructure for operating a Vault for storing the bullions as specified by the IFSCA.

Further, the Vault Manager is liable for any loss of or injury caused to the bullion stored in a vault managed by it. However, if the bullion is damaged or lost, in spite of taking all reasonable care and precautions by the vault manager, a compensation equal to the value of bullion at the time of its deposit shall be payable by the vault manager to the beneficial owner or the depositor, as the case may be, also if the bullion is damaged or lost due to the negligence of the vault manager, a compensation equal to the value of the bullion, on the date of such damage or loss, shall be payable by the Vault Manager to the beneficial owner or the depositor, as the case may be.

However, a vault manager shall not be responsible for any loss, destruction, damage or deterioration of the bullion attributable to any force-majeure event.

Maintenance of records by Vault Manager

Every vault manager shall maintain a complete and accurate set of records and accounts of all transactions in electronically retrievable form, pertaining to the operations of a vault, including records and accounts of all bullion

received in the vault and withdrawn therefrom; and all bullion depository receipts issued in this respect through the bullion depository.

The vault manager shall keep all the records and accounts of the vault business in numerical sequence, separate and distinct from the records and accounts of any other business, in such form, manner and for such period as the IFSCA or the bullion depository, with which such vault or vaults are empanelled, may specify.

The vault manager shall make available the records and accounts of the vault business for inspection at any time, as may be desired by the IFSCA, bullion exchange or bullion depository.

Key Stake Holders in Bullion Trading

Qualified Jewellers: Can import gold and silver seamlessly.

Qualified Suppliers: Can Export Gold and approved by IIBX

Valid TRQ Holders: Allowed to import gold directly through IIBX.

IFSC Banking Units: Act as Trading Members (TM) and Clearing Members (CM).

International Clients and IFSC Trading Members: Allowed to freely trade on IIBX.

Nominated Banks: Authorized to import gold and silver into India as Special Category Clients.

Unified Regulator: Ensures compliance and smooth operations.

International Bullion Banks, Refineries, and Traders: Being on board to enhance liquidity and market depth.

Evolution of IIBX

The journey of establishing India's first International Bullion Exchange at GIFT IFSC began in February 2020, when the Finance Minister announced plans for its creation. This was followed in April 2020 by the establishment of the International Financial Services Centres Authority (IFSCA) to regulate and develop financial services within the IFSC. In August 2021, the India International Bullion Exchange (IIBX) was incorporated, and IFSCA issued its

operational framework. The vision came to fruition on July 29, 2022, when the Hon'ble Prime Minister of India formally launched IIBX. Further strengthening the regulatory framework, on May 10, 2023, IFSCA notified the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020.

Market Hours and Fund Settlement

- Market operates from **9:00 AM to 6:30 PM IST**.
- **T+0 Settlement Contracts** with 100% early pay-in of funds and securities.
- **Delivery is compulsory in the form of Bullion Depository Receipts (BDR).**
- **BDR Settlement occurs every 30 minutes.**

Gold Contracts

- GOLD 995 T+0
- GOLD MINI 999 T+0
- UAEGD GOLD 995 T+0
- UAEGD GOLD 999 100 Grams T+0
- UAEGDTRQ GOLD 995 T+0
- UAEGDTRQ GOLD 999 100 Grams T+0
- Gold 1 KG
- Gold Futures (Proposed)

Silver Contracts

- SILVER GRAINS T+0 (LBMA)
- UAEGD SILVER GRAINS T+0
- UAEGDCEPA SILVER GRAINS T+0
- SILVER BARS T+0 (LBMA)
- UAEGD SILVER BARS T+0
- Silver Bars (30Kg)
- Silver Grains (20Kg)

Products Types Advantages for TRQ (Tariff rate Quota) Holders

Removal of IGCR (Import of Goods at Concessional Rate of Duty) Compliance

- **IGCR (Import of Goods at Concessional Rate of Duty) rule no longer applies** if the importer and TRQ holder are the same entity.
- **TRQ holders importing through IIBX become direct importers**, exempting them from IGCR compliance.

Reduced Customs Duty

Only 14% Custom Duty applicable.

No need to block 1% of Custom Duty as Bond.

No requirement to deposit 1% Custom Duty value with intermediaries.

Additional Benefits for TRQ Holders

Transparent Pricing: Fair and democratic pricing available to all stakeholders.

Efficient Capital Management: No upfront customs duty payments, allowing for better fund allocation.

Flexibility in Quantity: Ability to purchase TRQ gold in smaller quantities (100 grams or 1 kg).

Low Transaction Charges: Cost-effective trading experience.

Quality Assurance: Gold sourced from UAE Good Delivery accredited refiners.

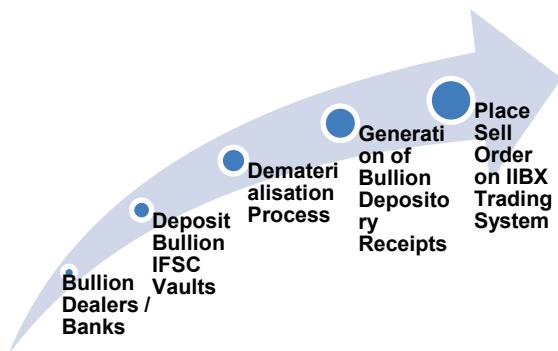
Secure Storage: Vaulting partners approved by IFSCA and IIDI.

Fast Settlement: BDR credited to Demat accounts every 30 minutes.

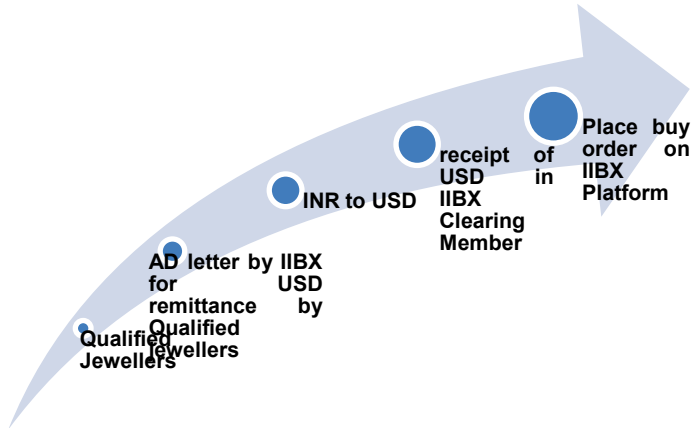
Nationwide Delivery: Physical bullion delivered across India within 24 hours.

Process Flow for Trading on IIBX

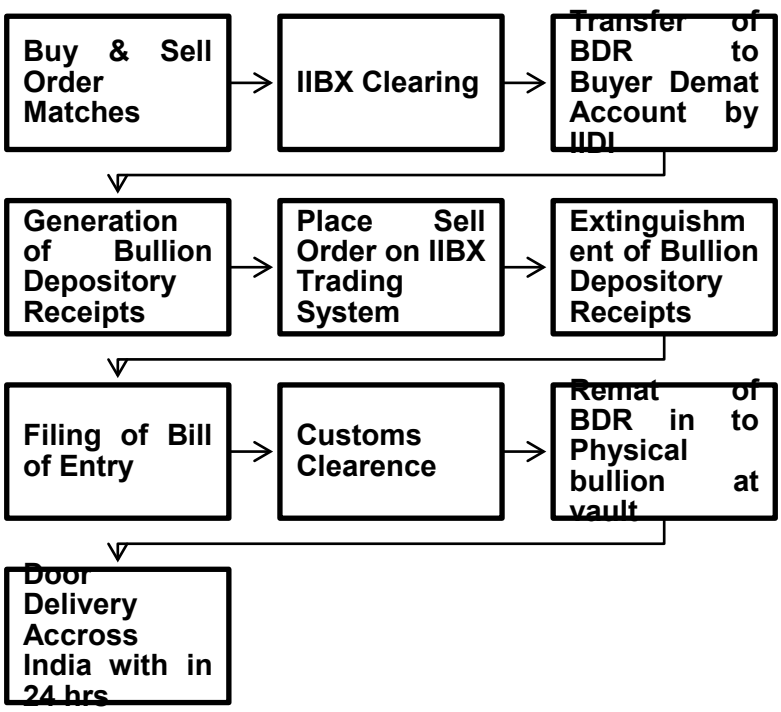
FOR SELLERS



FOR BUYERS



Process Flow:



At the India International Bullion Exchange (IIBX), the transaction process begins with sellers who are typically bullion dealers or banks depositing bullion at IFSC-approved vaults. The bullion undergoes the dematerialisation process, following which a Bullion Depository Receipt (BDR) is generated. Sellers then place a sell order on the IIBX trading system. Buyers, usually qualified jewellers, start by obtaining an Authorised Dealer (AD) letter from IIBX to enable USD remittance. They convert INR to USD and ensure the remitted funds reach IIBX Clearing before placing a buy order on the trading platform. Once buy and sell orders are matched, the India International Depository IFSC (IIDI) transfers the BDR to the buyer's demat account, cancels the receipt, and facilitates customs clearance upon submission of the Bill of Entry. Finally, the physical gold is delivered to the buyer at the vault.

IIBX Knowledge Center

IIBX has launched a **knowledge Centre** on its website to educate traders, investors, and market participants on bullion trading processes, regulations, and advantages of using the IIBX platform.

11. Business Opportunities for Book-keeping, Accounting, Taxation and Financial Crime Compliance Services (BATF) in GIFT IFSC

Regulatory Framework

BATF Services: The IFSCA issued "The IFSCA Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024" regulatory framework relating to registration, development, and operations of Book-keeping, Accounting, Taxation and Financial Crime Compliance Services from International Financial Services Centres.

A BATF Service Provider shall provide these services after obtaining a certificate obtaining certificate of registration from Authority. A BATF Service Provider shall undertake any or all of the following services under Regulations:

1. Accounting Services:

This includes compilation of financial statements from information provided by the client, without giving any attestation or assurances regarding the accuracy of the resulting statements, preparation of financial statements, compilation of income statements, balance sheets or other financial information, analysis of financial statements, reviewing annual and interim financial statements or other accounting information without any attestation or assurance thereof and other related accounting support services in relation to any of the above including valuation support services but accounting services do not includes auditing services.

2. Bookkeeping Services:

These services involve classifying and recording transactions, including payroll ledgers, in terms of money or other units of measurement in the books of account and related documents. Payroll and taxation services are excluded.

3. Taxation Services:

This encompasses tax consultation, tax preparation, and tax planning, including providing advice on taxes, preparing, and filing tax returns of all kinds. It covers all forms of direct or indirect taxes, cesses, duties, or levies.

4. Financial Crime Compliance Services:

These services Means services rendered in relation to compliance of Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT) measures and Financial Action Task Force (FATF) recommendations, and other related activities.

Permissible Clients

- (i) Any Non-Resident
- (ii) Not a resident of certain jurisdictions declared by the Financial Action Task Force as **"High Risk Jurisdictions— subject to call for action."**

BATF service provider need to set up unit in IFSC either in the form of a Company or Limited Liability Partnership and the promoter of the entity shall be from a jurisdiction which has not been identified in the public statement of

Financial Action Task Force (FATF) as “High Risk Jurisdiction- subject to call for action”.

Further, the entity shall ensure that their business in IFSC is not set up either by:

- (a) splitting up of business already in existence in India; or
- (b) reconstructing of business already in existence in India; or
- (c) reorganising of a business already in existence in India

For the purpose of determination of splitting up, reconstruction and reorganization of any business already in existence in India, the applicant shall adhere to the requirements specified in Part-A of First Schedule of IFSCA BATF Regulations, mentioned below:

(a) Workforce Requirement: The number of employees transferred/ relocated from any of its Group Entities in India as at the end of the financial year do not exceed 20% of the total employees employed with the BATF Service Provider.

- An employee shall be treated as a new employee if he was not employed in any of its Group Entities in India for a period of twelve (12) months immediately preceding his date of employment with the BATF Service Provider.
- The condition(s) specified above shall be complied with every year for ten (10) consecutive financial years from the date of issuance of certificate of registration. The first such compliance shall be examined at the end of the first full financial year.

(b) Asset Requirement: There should not be any transfer of assets from any of the Group Entities in India to the BATF Service Provider.

The BATF Service Provider shall not offer BATF Services by way of transferring or receiving of existing contracts or work arrangements from their Group Entities in India.

The interpretation of “transferring or receiving of existing contracts or work arrangements from their group entities in India” shall be as per Part B of First Schedule of IFSCA BATF Regulations, mentioned below:

- (a) Transferring of existing contracts or work arrangements in India:**
When an existing contract or work arrangement, by whatever name called, between any of the Group Entities of BATF Service Provider in India with its non-resident client is shifted or transferred to the BATF Service Provider during the subsistence of such contract or work arrangement.
- (b) Termination of existing contracts or work arrangements in India:**
When an existing contract or work arrangement, by whatever name called, between any of the Group Entities of the BATF Service Provider in India with its non-resident client is prematurely terminated and a new contract or a work arrangement is signed between the BATF Service Provider with the same service recipient, directly or indirectly.
- (c) Other scenarios, as may be specified by the IFSCA, from time to time.**

Minimum office space criteria

The BATF Service Provider shall ensure office space in IFSC of minimum carpet area computed at 60 sq. ft. per employee.

Currency of Operations

The BATF Service Provider shall carry out its operation in any Specified Foreign Currency. However, the BATF Service Provider shall be permitted to have an INR account to defray their administrative and statutory expenses and for such other purposes as may be permitted under the applicable laws.

12. Business Opportunities for Ancillary Service Provider in GIFT IFSC

Regulatory Framework

Ancillary services are governed by the Ancillary Services Framework 2021, as amended in 2025. This framework enables both Indian and foreign entities to offer a range of professional and technical services within the IFSC, facilitating seamless support for banking, insurance, asset management, capital markets, and fintech businesses operating in the zone.

Ancillary Services: IFSCA issued a framework for enabling Ancillary Services in IFSC to provide permissible ancillary services pertaining to activities in relation to financial products, financial services and financial institutions in the IFSC. Ancillary service providers can provide services includes the following services:

Legal, Compliance and Secretarial Services: Includes legal advisory services, legal documentation and certification services and other legal advisory and information services.

Professional & Management Consulting Services: Compliance Services means providing advice, consultancy, assistance or other related services and Secretarial services in relation to any applicable law including laws of foreign jurisdictions

Auditing: Auditing Services.

Administration, Assets Management Support Services: Includes General management consulting services, Marketing management consulting services, Financial management consulting services (except business tax), Marketing management consulting services, Professional Services, Assets Management Support Services, Administration Services, Trusteeship Services.

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:

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

The entity may be set up in the IFSC in the form of a company or a limited liability partnership or a registered partnership firm, their branch thereof or any other form as may be approved by the IFSCA

Service Recipient

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

- (a) Entity(ies) set up in the IFSC;
- (b) Entities from foreign jurisdictions for various permissible ancillary services in the IFSCs in India or overseas;
- (c) 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.

Permissible Activities: Ancillary services includes a broad spectrum of services that support the financial ecosystem including:

- Legal, Compliance & Secretarial Services
- Accounting, Taxation, Auditing Services and Book-keeping services
- Professional & Management Consulting Services
- Administration, Assets Management Support Services and Trusteeship Services;
- Others as approved by the IFSCA

Currency for conduct of business:

Service providers shall transact in freely convertible foreign currency only. However, the service providers may defray their administrative expenses in INR by maintaining an INR account.

Note: New registrations under the Ancillary Services framework will now be governed by the TechFin and Ancillary Services Regulations, 2025, as outlined below. Any entity seeking to establish an office in GIFT IFSC must apply under the new regulations, choosing to register as a TechFin service provider, an Ancillary service provider, or both, in accordance with the provisions of the TechFin and Ancillary Services Regulations, 2025 with effect from 8th July 2025.

13. Business Opportunities for Foreign Universities in GIFT IFSC

Introduction

Every year, thousands of Indian students leave our shores to pursue world-class education in finance, technology, and emerging disciplines like sustainable finance, longevity finance, and quantum computing. This steady outflow of talent, while enriching global institutions, often comes at a high personal and economic cost to Indian families. As the body for financial services in India's International Financial Services Centres, the International Financial Services Centres Authority (IFSCA) is determined to reverse this trend with an intent to enable Foreign Universities to establish International Branch Campuses in GIFT IFSC either on stand-alone basis, or in such other form as may be permitted by the IFSCA and to enable a Foreign Educational Institution other than a Foreign University to establish an Offshore Educational Centre in the GIFT IFSC, IFSCA enacted International Financial Services Centres Authority (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022.

In addition to above, other objectives of above mentioned Regulations are, to make the GIFT IFSC an international educational centre catering to both Indian and foreign students in the specified disciplines, to encourage research in Banking, Insurance, Capital Market, Funds Management, FinTech, Longevity Finance, Sustainable Finance, Quantum Computing, etc., to provide high-end human resources in finance, technology and related fields, to encourage executive education in the specified disciplines and related areas, to ensure world-class education in GIFT IFSC, to safeguard the interests of the student community pursuing such courses in GIFT IFSC and to put in place an objective and transparent process for registration of a Foreign University/ Foreign Educational Institution for offering courses including research programmes in the permissible subject areas and executive education programmes, that are accredited in their respective home jurisdiction, and duly recognized by the IFSCA for being offered in the GIFT IFSC. This will deliver globally recognised qualifications at home in India, and cultivate a large, highly skilled talent pool ready to serve India's growing finance and technology ecosystem.

These regulations shall be applicable to an International Branch Campus (“IBC”) or an Offshore Educational Centre (“OEC”) of a Foreign University or a Foreign Educational Institution respectively.

Universities and Educational Institutions in GIFT IFSC: To ensure world class education in GIFT IFSC and encourage research in Banking, Insurance, Capital Market, Funds Management, FinTech, Longevity Finance, Sustainable Finance, Quantum Computing, etc., to provide high-end human resources in finance, technology and related fields. To enable Foreign Universities to establish International Branch Campuses and Foreign Educational Institutions other than a Foreign University to establish an Offshore Educational Centre, authority issued IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022. Key activities in IFSC are as follows:

International Branch Campus (IBC): A campus set up as a branch by a Foreign University on stand-alone basis, or in such other form as may be permitted by the Authority in the GIFT IFSC for the purpose of delivering courses including research programmes in the permissible subject areas, that are duly accredited under the relevant framework in their respective home jurisdiction, and is registered with the Authority.

Offshore Education Centre (OEC): Mean a centre set up as a branch by a Foreign Educational Institution (other than a Foreign University) in the GIFT IFSC on stand-alone basis or in such other form as may be permitted by the Authority for the purpose of delivering courses including research programmes in the permissible subject areas, that are duly accredited under the relevant framework in their respective home jurisdiction, and is registered with the Authority.

Academic Infrastructure Service Providers (AISP): mean a service provider providing services to an IBC/OEC, which shall include providing built up campus facility, research and development facility, library, laboratories, incubation centres, teaching classroom, and such other related services.

In addition to above AISP may provide following incidental support services: Student onboarding, Admissions and Student Welfare services, Campus Facility Management services, Branding and Marketing services, Services for recruitment and management of non-academic staff, Payroll services and

Any other service directly or indirectly supporting or assisting the delivery of courses by IBCs and OECs in IFSC.

Eligibility Criteria

Following eligibility criteria need to be fulfilled for obtaining registration with IFSCA:

- In case of a Foreign University, it should have secured a position within Top 500 in global overall ranking and / or subject ranking in the latest QS World Universities ranking.
- In the case of Foreign Educational Institution, the Applicant should be a reputed Institution in its home jurisdiction.
- shall satisfy the IFSCA about its financial capability to establish and ensure the continuity of the proposed activities in GIFT IFSC.
- shall undertake to put in place suitable infrastructure and facilities to conduct the courses including research programmes in the permissible subject areas.

Permissible Subject Areas

Courses including research programmes in Financial Management, FinTech, Science, Technology, Engineering and Mathematics shall be permitted in GIFT IFSC.

Non Permissible Activities

An IBC or OEC shall not act as representative office of the Parent Entity for the purposes of undertaking promotional activities for their programmes in their home jurisdiction or any other jurisdiction outside GIFT IFSC.

Other Conditions to be fulfilled

- (a) The IBC or OEC shall use the same or similar name as that of the Applicant, unless permitted otherwise by the IFSCA.
- (b) The IBC or OEC shall provide the IFSCA with a copy of the Memorandum of Understanding between the Parent Entity and its IBC or OEC, in the GIFT IFSC.

- (c) The student and faculty selection plan and process followed by the IBC or OEC shall be identical and similar to that of the process followed by the Applicant and any relaxation or deviation from it shall require prior approval of the IFSCA, subject to adequate justification.
- (d) The policies and internal regulations of the IBC or OEC, in relation to the student complaint and grievance redressal shall be in accordance with the approved policy of the Applicant.
- (e) The IBC or an OEC shall undergo quality assurance audit as specified, and submit the report to the IFSCA at the time of renewal of registration.
- (f) All activities conducted by IBC or OEC shall be in accordance with the Applicant's mission, vision and objectives.
- (g) All marketing communications or advertisements placed by the IBC or OEC shall be factual with accurate mentions of the roles and purpose of accreditations and shall not be misleading or exaggerated.
- (h) The IBC or OEC shall adhere to the dispute resolution policy as specified by the IFSCA.

Registration Process

Any Foreign University or a Foreign Educational Institution which intends to operate in GIFT IFSC needs to obtain registration by making an application to the IFSCA.

Registration application by the foreign university or a foreign educational institution shall be accompanied with the following:

- (a) a resolution passed by the Applicant's Board of Trustees, Senate or other Governing Body, by whatever name called, resolving establishment of IBC or OEC;
- (b) details regarding infrastructural facilities, facilities available for instruction, faculty, prescribed fee, academic plan, courses, curricula and requisite funds to operate for a minimum period of 5 years, along with other relevant details as may be specified;

- (c) details of the alternative arrangements for students in the event of discontinuation of the course or program for any reason;
- (d) an undertaking by the Applicant declaring that the degrees, diplomas or certificates issued to the students in the GIFT IFSC shall be recognized in the home jurisdiction of the Parent Entity and shall be treated equivalent to the corresponding degrees, diplomas or certificates awarded or issued, as the case may be, by the Parent Entity in its home jurisdiction; and
- (e) the latest Quality Assurance Audit report from a recognized Quality Assurance Agency in the home jurisdiction of the Applicant.

IBC / OEC avail Infrastructure services from Academic Infrastructure Service Providers (AISPs)

An Academic Infrastructure Service Provider shall mean a service provider providing services to an IBC/OEC, which shall include providing built up campus facility, research and development facility, library, laboratories, incubation centres, teaching classroom, and such other related services.

An IBC/OEC may avail services of Academic Infrastructure Service Providers (AISPs) satisfying following conditions:

- (a) The AISP is incorporated as a separate company in GIFT SEZ;
- (b) The AISP have a minimum net worth of 1 million USD or equivalent for providing AIS and the same shall be maintained at all times while providing services to IBC/ OEC;
- (c) The AISP or any of its group companies shall have at least three years of prior experience of providing similar services to recognized universities/ educational institutions in India or overseas.

Further, the IBC and/or OEC availing services from the AISP shall comply with the following provisions:

- (a) The IBC or the OEC shall enter into a formal written agreement with AISP.
- (b) The agreement shall, inter-alia, contain provisions relating to indemnity, intellectual property protection, conflict of interest, financial guarantee, confidentiality and privacy, force majeure, insurance, governing law & jurisdiction, dispute resolution mechanism,

responsibility matrix with clear delineation of roles and responsibilities between the IBC and/or OEC and the AISP. The agreement shall also provide adequate mechanism for a smooth transition in case of its termination or expiry ensuring that the interests of students are safeguarded.

- (c) The IBC/ OEC shall submit a copy of the agreement to the IFSCA immediately after its execution and inform the IFSCA if such agreement is modified or terminated for any reason before its expiry. IBC/ OEC shall however, at all times be responsible for the protection of the interest of the students or other stakeholders, to the satisfaction of the IFSCA.
- (d) The IBC/ OEC shall provide an undertaking to the IFSCA that the academic functions of the IBCs and/or OECs, are not outsourced in any manner whatsoever, to the AISP directly or indirectly.

Incidental Support Services from the AISP

- (a) Campus Facility Management services including services such as campus security, internet facilities, IT infrastructure, day-to-day management and maintenance of campus infrastructure facilities and other related services.
- (b) Student onboarding, Admissions and Student Welfare services including facilitating entrance examinations, student counselling, facilitating tie-ups and collaborations for hostel facilities, dorms, laundry services, canteen, recreational amenities such as sports grounds, gymnasium, parks, indoor and outdoor activities, swimming pool, necessary helpline(s) such as but not limited to information dissemination, mental health and emotional well-being and other related services.
- (c) Services for recruitment and management of non-academic staff including providing staffing solutions, recruitment and management of non-academic staff, and other related services. Such services may also include providing necessary training and on-going management and supervision support for such non-academic staff.
- (d) Branding and Marketing services including strategy, planning and operations for branding and marketing of courses and programmes,

conducting promotional activities and awareness campaigns, brand building activities, outreach activities through business development partners and other related services.

- (e) Payroll services including assisting or providing end-to-end payroll services for the staff employed by the IBC and/or OEC. Necessary technical solutions for payroll administration, compliances, benefits administration, grievance redressal and payroll management and other related services may also form part of these services.
- (f) Any other service directly or indirectly supporting or assisting the delivery of courses by IBCs and OECs in IFSC, on a case-to-case basis, upon necessary approval obtained by IBC and/or OEC from the IFSCA.

14. Business Opportunities for Fund Management in GIFT IFSC

Introduction

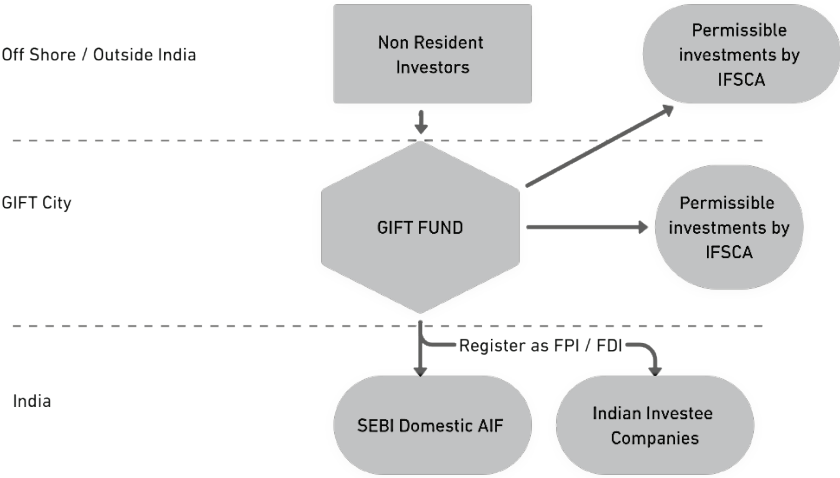
To establish a robust and globally competitive fund management ecosystem, IFSCA issued IFSCA (Fund Management) Regulations with the objective to simplify regulations and reduce compliance. Regulations includes the provisions related to registration of fund management entities, launching of permitted schemes etc. as mentioned below:

FME Use cases:

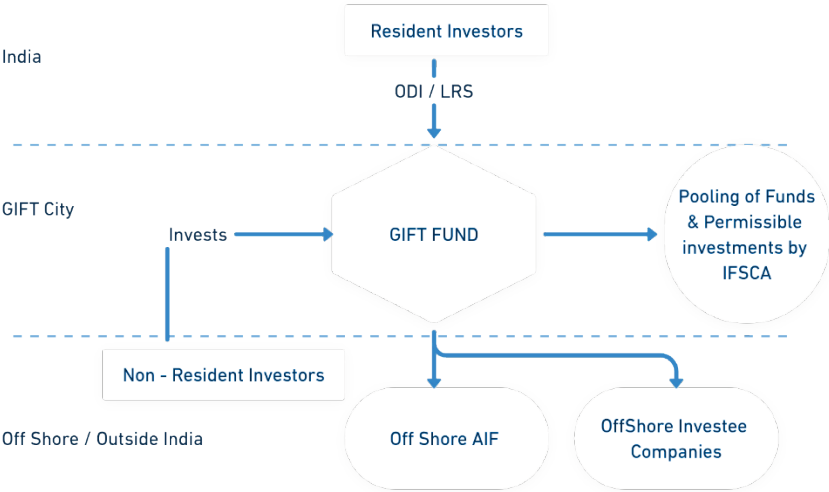
Generally Fund Management has two use cases of Pooling of Funds and Utilising it.

1. **Inbound Investment Fund:** The Fund that Pools the funds from Non resident Individuals & Institutions and invests in the Growth Story of India.
2. **Outbound Investment Fund:** The Fund that Pools the funds from Resident Individuals & Institutions (Subject to FEMA Restrictions) and Invest in the Growth Emerging sectors or Industries across the world (Except India) or any other alternate funds or Assets.

Inbound Investment Fund



Outbound Investment Fund



Regulatory Framework

Any entity desirous to undertake fund management business in IFSC shall obtain certificate of registration from Authority under IFSCA (fund management) Regulations, 2025. Registration shall be obtained in any of the

three category i.e. Authorised FME, Registered FME (Non-Retail) and Registered FME (Retail).

Categories of Fund Management Entity (FME)

Particulars	Permissible Activities
Authorised FME	These FMEs pool money from accredited investors or investors investing via private placement and invest it in start-ups or early-stage ventures through- · Managing venture capital schemes. · Managing family investment funds investing in securities, financial products, and other permitted asset classes.
Registered Non-Retail FME	These FMEs pool money from accredited investors or investors investing via private placement and invest it in securities, financial products, and other permitted asset classes through- · Managing restricted schemes · Acting as an investment manager for private placement REITs and InvITs. · Providing portfolio management services, including for multi-family offices. · All activities permitted to authorised FMEs.
Registered Retail FME	These FMEs pool money from all investors or a section of investors under one or more schemes and invest it in securities, financial products, and other permitted asset classes through- · Managing retail or restricted schemes. · Acting as an investment manager for public REITs and InvITs. · Launching exchange-traded funds (ETFs). · All activities permitted to authorised FMEs and registered (non-retail) FMEs.

Fund Management Entities shall undertake activities as per their category of registration obtained from IFSC Authority. FMEs are allowed to manage following scheme/fund:

- Venture Capital Scheme including Angel Schemes
- Restricted Schemes(Non Retail Schemes): Includes Category I Alternative Investment Fund, Category II Alternative Investment Fund, Category II Alternative Investment Fund
- Retail Scheme
- Exchange Traded Funds
- Portfolio Management Services
- Special Situation Fund
- Investment Trust(REITs & InvITs): Public Issue of Units, Private Placement of Units
- Family Investment Funds

Legal Form

The legal form of the applicant shall be the company, LLP or branch thereof. However, in case of Registered FME Retail, LLP or branch thereof is not permitted.

If a FME is operating in branch structure then in that case the parent entity shall adequately ring fence the operation of the branch and maintain the minimum capital as specified by the IFSCA.

Further, the parent entity shall maintain such minimum capital as may be specified by the IFSCA, which shall at all times be earmarked for its branch in IFSC and may be held in the jurisdiction where the parent entity is incorporated and any other requirements as may be specified by the IFSCA.

Additionally, Fund Management activities shall be permitted by LLP agreement in case of a LLP or memorandum of association in case of a company and Registered FME shall have at least 4 directors with at least 50% of them to be independent directors and not associates of Fund Management Entity.

Track Record and Reputation of Fairness

An applicant desirous to register as a FME shall have sound track record and general reputation of fairness and integrity in its business transactions. Registered FME Retail, its holding company, or their subsidiaries, shall have minimum 5 years of experience in collectively managing Assets under Management (AUM) of minimum USD 200 million with more than 25,000 investors; or Person(s) in control of the Registered FME Retail holding at least 25% shareholding in the FME be carrying on activities related to fund management, including wealth management, distribution of financial products, portfolio management, and investment advisory, for a minimum period of 5 years, collectively for at least 1,000 investors on assets of at least USD 50 million, and such FME has a net worth of at least USD 2 Million.

Further, FMEs shall appoint principal officers and key managerial personnel(s) for fund management, risk management and compliance as required in IFSCA Fund Management Regulations. The principal officer and key managerial personnel(s) shall fulfil specified professional qualification and experience criteria.

Further, the applicant(Fund) and its principal officer, directors/ partners/ designated partners, key managerial personnel and controlling shareholders shall be fit and proper persons, at all times.

Net worth requirements

The Fund Management Entity shall comply with the Net worth requirements specified in the Schedule of IFSCA Fund Management Regulations i.e. at least USD 75,000 for Authorised FME, USD 5,00,000 for Registered FME (Non-Retail) and USD 10,00,000 for Registered FME (Retail) or such other amount as may be specified by IFSCA, at all times. An entity operating in branch structure shall maintain net worth at all time, which may be maintained at parent level and parent entity shall ensure sufficient funds for day to day operations of the branch. Above mentioned minimum net worth requirement shall be in addition the requirements applicable to other activities within or outside IFSC.

Additionally, Entity shall have necessary infrastructure to discharge its operations in IFSC i.e. adequate office space, manpower, equipment,

communication facility etc. Registration certificate of fund management entity shall be valid for a period as specified by the IFSCA. After registration of FME with IFSCA, entities may launch various scheme(s)/fund(s) as per IFSCA Fund Management Regulations.

Venture Capital Scheme(s)

Any FME may launch “Venture Capital Fund” as category I alternative investment fund by submitting private placement memorandum and other applicable documents with the Authority along with applicable fee. The scheme shall be set up in IFSC as a Company, LLP or Trust as per applicable law of India.

Venture capital scheme filing scheme documents under green channel whereby schemes filed shall be open for subscription by investors immediately upon communication from the Authority that the placement memorandum has been taken on record. Validity of placement memorandum shall be 12 months from communication received from the Authority and FME shall declare first close during the above period and also achieve minimum size of corpus. If FME fails to achieve a minimum corpus may extend the validity of PPM by 6 months by paying 50% of fees which is paid at the time of application. Disclosures in placement memorandum shall include investment objective, proposed corpus, investment style or strategy, the targeted investors, investment methodology, risk management practices, KMPs of the FME, proposed tenure of the scheme, fees and expenses, and other relevant details of the scheme and the FME.

The scheme shall be a close ended scheme with a tenure as mentioned in private placement memorandum subject to minimum of 3 years. Tenure of scheme may be extended up to 2 years with approval of 2/3 of investors by value. Further extension of beyond 2 years shall be with express consent of willing investors and exit opportunities being made available to the dissenting investors.

Corpus of a Venture Capital scheme shall be at least USD 3 million and total corpus shall not exceed USD 200 million.

Eligible investors in a Venture Capital Scheme shall not have more than 50 investors. Investors investing at least USD 2,50,000 and accredited investors

are permitted to invest in a scheme. Minimum investment value for employees or directors or designated partners of the FME shall be USD 60,000. Individuals shall invest at least USD 2,50,000 when they act as joint investors. The minimum investment threshold specified above shall not apply to an Accredited Investor.

A Venture capital scheme may invest in entities in India, IFSC or foreign jurisdiction. Instruments in which a scheme may invest are unlisted securities, money market instruments, securitised debt instruments, which are either asset-backed or mortgage-backed securities, securities listed or to be listed or traded on stock exchanges, debt securities, units of other Venture Capital schemes subject to appropriate disclosure in the placement memorandum, units of retail schemes and restricted schemes or alternative investment funds subject to appropriate disclosure in the placement memorandum, limited liability partnerships. Scheme may invest pending deployment of money in units of investment schemes such as overnight, liquid or money market schemes, certificates of deposit, money market instruments, or bank deposits.

FME or its associates shall invest minimum 2.5% of the targeted corpus and not exceeding 10% of the targeted corpus in a scheme if targeted corpus up to USD 30 Million. Minimum USD 750,000 and not exceeding 10% of the targeted corpus in a scheme if targeted corpus more than USD 30 Million. FME or its associates minimum contribution requirements not applicable if relocated schemes established or incorporated or registered outside India to IFSC. Above 10% limit not applicable if FME and its associates with their ultimate beneficial owners not residing in India and not invested more than 1/3 of the corpus of the scheme in an investee company and its associates. Venture capital schemes may be exempted from contribution requirements if 2/3 of the investors are accredited investors, or 2/3 of the investors by value permits or scheme is fund of funds scheme invest in scheme(s) with similar requirements.

For investment in associates scheme shall obtain approval of 75% investors of scheme by value. Scheme shall obtain approval of 75% of investors by value to buy or sell securities from associates, other scheme of the FME or its associates or an investor who has committed to invest at least 50% of corpus of the scheme, however voting process exclude investor(s) who has

committed to invest at least 50% of the corpus of scheme and buying or selling securities, from or to the scheme. Venture capital scheme shall invest at least 80% of corpus in investee companies which have not completed 10 years since incorporation.

A Venture capital scheme is allowed to borrow funds or engage in leveraging activities but maximum amount of leverage with method of calculation of leverage shall be disclosed in memorandum. If deviation from placement memorandum required approval of 2/3 of investors by value. In case of leverage FME shall have appropriate comprehensive risk management framework.

Valuation of scheme assets by an independent service provider, such as a custodian, fund administrator, a credit rating agency registered with the Authority or a valuer registered with Insolvency and Bankruptcy Board of India but these requirements are not applicable in case of fund of funds scheme regulated by a financial sector regulator. FME shall disclose NAV to the investors at least on yearly basis as disclosed in private placement memorandum.

Co-investment is allowed to a Venture capital scheme either through a special purpose vehicle or through a segregated portfolio by issuing a separate class of units.

Restricted Schemes (Non-Retail Schemes)

These scheme(s) may be launched by registered FMEs (Retail or Non Retail). The scheme shall be filed with the Authority as Category I AIF, Category II AIF or Category III AIF. Venture capital schemes filed under the provisions of Restricted Scheme shall not comply with conditions specified in earlier venture capital scheme parts. The scheme shall be set up in IFSC as Company or LLP or Trust under the applicable laws of India.

Restricted scheme filing scheme documents shall be under green channel whereby schemes filed shall be open for subscription by investors immediately upon communication from the Authority that the placement memorandum has been taken on record. Placement memorandum shall be valid for 12 months from communication received from SEBI and FME shall declare first close during the above period and also achieve minimum size of

corpus. In case FME fails to achieve a minimum corpus may extend the validity of PPM by 6 months by paying 50% of fees which is paid at the time of application. Disclosures in placement memorandum shall include investment objective, proposed corpus, investment style or strategy, the targeted investors, investment methodology, risk management practices, KMPs of the FME, proposed tenure of the scheme, fees and expenses, and other relevant details of the scheme and the FME.

The Restricted Schemes shall be open ended or close ended schemes with a tenure as mentioned in placement memorandum subject to minimum tenure of close ended scheme shall be 1 years. Tenure of close ended scheme may be extended up to 2 years with approval of 2/3 of investors by value. Further extension of close ended restricted scheme beyond 2 years shall be with express consent of willing investors and exit opportunity being made available to the dissenting investors.

Minimum size of corpus of a restricted scheme shall be USD 3 million. However in case of open-ended schemes may commence activities by raising USD 1 million and achieve corpus USD 3 million in 12 months from communication received from the Authority about placement memorandum taken on record.

Eligible investors in the Restricted Scheme shall not have more than 1000 investors. Investors investing at least USD 1,50,000 and accredited investors are permitted to invest in a restricted scheme. Minimum investment value for employees or directors or designated partners of the FME shall be USD 40,000. However FME may accept investment from multiple investors acting as joint investors. For Individuals (maximum 2) acting as joint investors, their investment shall be at least USD 1,50,000.

A Restricted scheme may invest in entities in India, IFSC or foreign jurisdiction as per regulations. Instruments in which a scheme allowed to invest are unlisted securities, money market instruments, securitised debt instruments, which are either asset-backed or mortgage-backed securities, securities listed or to be listed or traded on stock exchanges, debt securities, units of other investment schemes subject to appropriate disclosure in the placement memorandum, Derivatives including commodity derivatives subject to suitable disclosures in the placement Memorandum, limited liability

partnerships. Scheme may invest due to pending deployment of money in units of investment schemes such as overnight, liquid or money market schemes, certificates of deposit, money market instruments, or bank deposits.

In case of close ended restricted schemes FME or its associates shall invest minimum 2.5% of the targeted corpus and not exceeding 10% of the targeted corpus in a scheme if targeted corpus up to USD 30 Million. Minimum USD 750,000 and not exceeding 10% of the targeted corpus in a scheme if targeted corpus more than USD 30 Million. In case of open ended restricted schemes FME or its associates shall invest minimum 5% of the targeted corpus and not exceeding 10% of the targeted corpus in a scheme if targeted corpus up to USD 30 Million. Minimum USD 15,00,000 and not exceeding 10% of the targeted corpus in a scheme if targeted corpus more than USD 30 Million. FME or its associate minimum contribution requirements are not applicable if relocated schemes established or incorporated or registered outside India to IFSC. Above 10% limits are not applicable to restricted schemes if FME and its associates with their ultimate beneficial owners not residing in India and not invested more than 1/3 of the corpus of the scheme in an investee company and its associates. Restricted schemes may be exempted from contribution requirements if 2/3 of the investors are accredited investors, or 2/3 of the investors by value permits or scheme is a fund of funds scheme invested in scheme(s) with similar requirements.

For investment in an associate, a restricted scheme shall obtain approval of 75% investors of the scheme by value. Scheme shall obtain approval of 75% of investors by value to buy or sell securities from associates, other scheme of the FME or its associates or an investor who has committed to invest at least 50% of corpus of the scheme, however voting process exclude investor(s) who has committed to invest at least 50% of the corpus of scheme and buying or selling securities, from or to the scheme. Open ended restricted scheme maximum investment in unlisted securities should be up to 25% of the corpus of the scheme. However, the 25% limit is not applicable for open ended fund of funds schemes investing in other open ended schemes which follow these 25% requirements.

Restricted schemes allowed to borrow funds or engage in leveraging activities but maximum amount of leverage with method of calculation of

leverage shall be disclosed in memorandum. If deviation from placement memorandum required approval of 2/3 of investors by value. In case of leverage, FME shall have appropriate comprehensive risk management framework.

Valuation of scheme assets shall be ensured by FME and fiduciaries. Valuer shall be an independent service provider, such as a custodian, fund administrator, a credit rating agency registered with the Authority or a valuer registered with Insolvency and Bankruptcy Board of India but these requirements not applicable in case of fund of funds scheme regulated by a financial sector regulator. FME shall compute NAV to the investors at least on a monthly basis. However in case of close ended restricted scheme compute at least on half-yearly basis as disclosed in placement memorandum.

Co-investment allowed a restricted scheme either through a special purpose vehicle or through a segregated portfolio by issuing a separate class of units.

Retail Schemes:

Registered FME Retail are allowed to launch Retail Schemes. Schemes pool money from all investors as per investment objective of the scheme. Constitution of Retail scheme shall be as a Company or Trust as per applicable law of India. FME may launch the scheme by filing a draft offer document with Authority at least 21 working days before launch of scheme. FME shall disclose the disclosure in the offer document regarding investment objective, the targeted investors, proposed size, investment style or strategy, investment methodology, proposed tenure of the scheme fees and expenses, risk management practices, KMPs of the FME and other relevant details of the FME and the scheme. Different investment strategies allowed to a Retail Scheme are investment in Infrastructure, Social Ventures, certain themes such as infrastructure (thematic schemes), certain asset class (equity schemes, debt schemes, etc.), towards ESG objectives, specific sectors (sectoral schemes), or a combination thereof or towards certain solution (retirement schemes, schemes for children education, etc.) subject to such terms and conditions as may be specified by the Authority.

Retail Schemes may be open ended or close ended. Tenure of close ended schemes shall be as disclosed in offer document subject to minimum 3 years.

Tenure of close-ended scheme may be extended up to 2 years with approval of Authority and 2/3 of the investors by value in the scheme.

FME shall launch Retail Schemes with a minimum size of USD 3 million. The open- ended scheme allowed to commence activities upon receiving at least USD 1 Million from investors and shall achieve required size in 12 months from communication received from the Authority that offer document has been taken on record. If FME fails to achieve minimum size, it may extend the validity of the offer document by 6 months by paying 50% of the fees.

A Retail Scheme shall have a minimum 20 investors and single investor shall not invest more than 25% of the scheme. Scheme shall comply with these requirements in 6 months from closure of offer.

Retail scheme allowed to invest in India, IFSC or foreign jurisdictions. FME through Retail Scheme may invest in securities includes unlisted securities, money market instruments, debt securities, securities listed or to be listed or traded on stock exchanges, securitised debt instruments, which are either asset backed or mortgage-backed securities, units of other investment schemes subject to appropriate disclosure in the offer documents, derivatives including commodity derivatives only for the purpose of hedging subject to suitable disclosures in the offer document. Due to pending deployment of money FME may invest in certificates of deposit, units of investment schemes such as overnight, liquid or money market schemes, money market instruments, bank deposits.

FME or its associates in a Retail Scheme shall invest at least lower of 1% of AUM or USD 2,00,000. FME or its associate minimum contribution requirements are not applicable if relocated schemes established or incorporated or registered outside India to IFSC and fund of funds scheme investing in scheme(s) with similar requirements.

An open- ended scheme shall not invest more than 15% of the AUM of the scheme in unlisted securities. However, restriction shall not be applicable in case of investment in unlisted securities issued by an investment fund which is open-ended in nature, regulated by the concerned regulatory authority in its home jurisdiction, and is permitted for offering to retail investors in its home jurisdiction. In the case of a close ended scheme, the scheme may invest more than 15% of AUM in unlisted securities if each investor invests at

least USD 10,000. However closed ended schemes shall not invest more than 50% in unlisted securities. However above 50% and USD 10,000 cap are not applicable if investment in unlisted securities issued by an investment fund regulated in home jurisdiction and permits retail investors in home jurisdiction.

A Retail Scheme can invest up to 10% of AUM in a single company. However with the approval of fiduciaries may invest up to 15% of AUM. In case of sectoral or thematic or Index schemes maximum limit of investment in single company shall be higher of, weight of company in independent representative benchmark index or 15% of scheme AUM. Above single company limits are not applicable for fund of funds schemes that invest in schemes which meet requirements. Retail schemes are allowed to invest up to 25% of AUM in a single sector, but the financial sector limit shall be 50% of AUM. Sectoral caps not applicable in case of sectoral or thematic or an Index Scheme and also on a fund of funds scheme if the underlying scheme complies with these requirements. Retail scheme allowed to invest in associates up to 25% of AUM, however restriction not applicable in case of fund of funds scheme which have made disclosure in offer document regarding the details of the underlying scheme(s) wherein the investments are intended to be made and the nature of association, if any, that the FME has with the manager(s) of the underlying scheme(s).

Retail Scheme not allowed to borrow except for temporary liquidity needed for redemption. For the above temporary need may borrow up to 20% of the AUM and duration shall not exceed 6 months. FME shall comply with valuation requirements similar to the restricted schemes. FME shall compute NAV of open ended scheme on a daily basis and in case of close ended scheme on weekly basis. NAV computation shall be as per methodology and procedure disclosed in verified documents.

Special Situation Funds (SSF)

A Special Situation Fund means a scheme that invests only in special situation assets and may act as a resolution applicant under IBC 2016. Special situation assets include stress loan, security receipts issued by Assets Reconstruction Company registered with RBI and specified securities of investee companies. The legal form of SSF shall be a company, LLP or

Trust. Registered FME (Retail and Non retail) allowed to launch scheme through filing a private placement memorandum with the authority along with fees. Documents filing for restricted schemes shall be under green channel. Communication received from the Authority that placement memorandum taken on record, shall be considered as Certificate of Registration.

Tenure of scheme shall be minimum 3 years and maximum as disclosed in placement memorandum. With the approval of 2/3 investors by value may extend tenure up to 2 years. A special situation fund shall be a close ended fund. Scheme not allowed borrowing and leveraging activities except to meet day to day operational requirements. Special situation funds shall be considered under restricted scheme and valuation, disclosure, NAV computation, FME contribution in scheme same as applicable to restricted schemes as described earlier.

Exchange Traded Funds (ETFs)

These funds are compulsorily listed and traded on a recognized stock exchange. A Registered FME Retail can launch different types of fund and shall include: Equity Index based ETFs, Debt Index based ETFs, Hybrid ETFs, commodity based ETFs and actively managed ETFs. Registered FME (Retail) shall file a draft offer document with the Authority at least 21 working days before launch of the ETF. An ETF in IFSC shall use "IFSC ETF" as an identifier.

Equity index based ETF shall replicate an equity index of India, IFSC or foreign jurisdiction and such index shall have at least 10 stocks; in case of sectoral/thematic indices single stock weightage in index shall be maximum 35% and for other than sectoral/thematic indices single stock maximum limit shall be 25%. ETFs shall replicate the underlying index at least 95% of total assets.

Debt index based ETF shall replicate an Debt index of India, IFSC or foreign jurisdiction and such index shall have at least 5 issuers. Rating shall be of investment grade and single issuer maximum weightage in index shall be 25%. Debt ETF shall replicate the underlying index at least 90% of total assets.

Gold ETF shall invest minimum 90% of AUM in bullion depository receipts (BDR) and in Exchange Traded Commodity Derivatives (ETCD) with underlying gold. ETCD exposure shall not exceed 10% of AUM except taking delivery of physical gold. Physical gold should be supplied by certified refiner and stored in a vault registered with the Authority. Silver ETF requirements shall be similar to Gold ETFs.

In case actively managed ETFs FME may at its own discretion manage the portfolio as per investment objectives. Draft offer document shall be filed by the FME with RSE(s) and Authority.

NAV of each ETF shall be computed by FME on a daily basis and full documentation required for calculation methodology of NAV. For liquidity in trading of ETFs, FME shall appoint market makers and ensure two ways quotes. Market makers are allowed to create units and redemption directly from FME.

FME shall disclose all material disclosure to investors. Disclosure required in the offer document includes investment style or strategy, proposed fees and expenses, investment objective, the targeted investors, investment methodology, risk management practices and KMPs of the FME.

Portfolio Management Services

Registered FME may provide these services to NRI, person resident outside India, non-individual resident in India eligible in FEMA to invest fund offshore up to outward investment permitted and individual resident in India eligible in FEMA to invest fund offshore as per liberalised remittance scheme (LRS) of RBI. FME may invest in financial products and services in IFSC, India or foreign jurisdictions.

FME shall enter into a written agreement with clients. In case of portfolio management agreement each client shall provide funds or securities at least USD 75000 except for accredited investors. Agreement shall clearly include rights, liabilities and obligations. Periodically reporting by FME to clients as per agreement. FME shall keep securities of each client separately and shall not derive any direct and indirect gain from client funds or securities. FME is not allowed to borrow funds or securities on behalf of clients.

FME as part of its portfolio management services shall enter into an agreement with prospective clients for providing advisory services. In the case of advisory services portfolio value shall be at least USD 75,000. FME may provide services to multi-family offices under a portfolio management agreement.

Family Investment Funds (FIFs)

Family Investment Funds (FIFs) in GIFT City by IFSCA officials offer a unique vehicle for families to manage and grow their wealth. These funds are specifically designed for pooling money from a single family, defined as lineal descendants of a common ancestor, including their spouses and children. The IFSCA has introduced a tailored framework specifically designed for Family Investment Funds (FIFs) within the GIFT-IFSC. This framework is focused on enabling FIFs to function exclusively as investment vehicles, rather than addressing broader family needs such as succession planning.

Eligibility Conditions:

FIFs are permitted to operate as **self-managed pooling vehicles**, eliminating the need for a separate fund manager entity. This significantly reduces administrative overhead, as well as associated costs and compliance requirements.

Eligible Legal structures include a Company, a Trust (contributory trust only)*, an LLP, or any other form approved by the IFSCA.

For trusts, specific conditions apply to ensure identifiable beneficiaries, determinable shares, and transparency in contributions.

Permissible Activities and Investments:

1. Securities – Unlisted entities, listed/traded securities on IFSC, Indian, or foreign exchanges.
2. Money Market Instruments / Debt Securities – Securitized debt instruments, asset-backed securities, or mortgage-backed securities.
3. Other Investment Schemes – Set up in IFSC, India, and foreign jurisdictions.
4. Derivatives – Including commodity derivatives.

5. Units of Mutual Funds and Alternative Investment Funds – In India and abroad.
6. Limited Liability Partnerships & Physical Assets – Such as real estate, bullion, or arts, etc.
7. Other Securities / Assets – Financial or physical products.

Importantly, FIFs are exempt from the net worth and legal form requirements applicable to other Fund Management Entities (FMEs). However, it required a minimum corpus requirement given below-

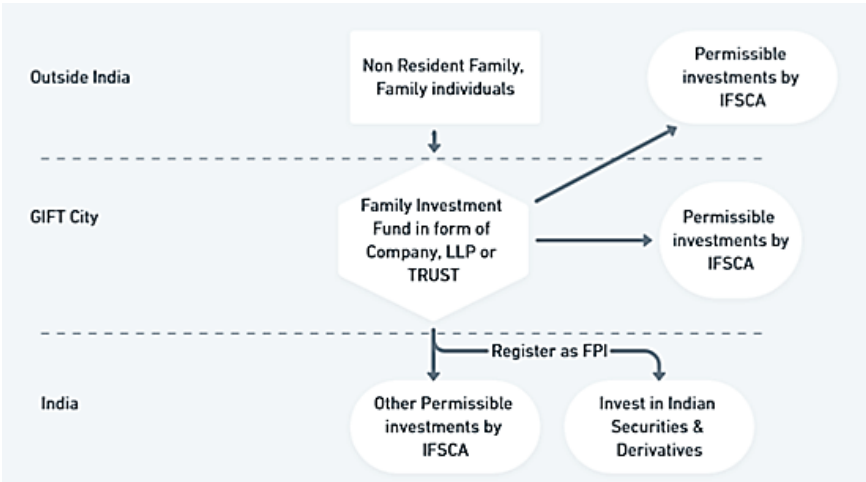
Minimum Corpus: They must maintain a minimum corpus of **USD 10 million** within three years of registration and can be either open-ended or close-ended.

Family Investment Fund Use cases:

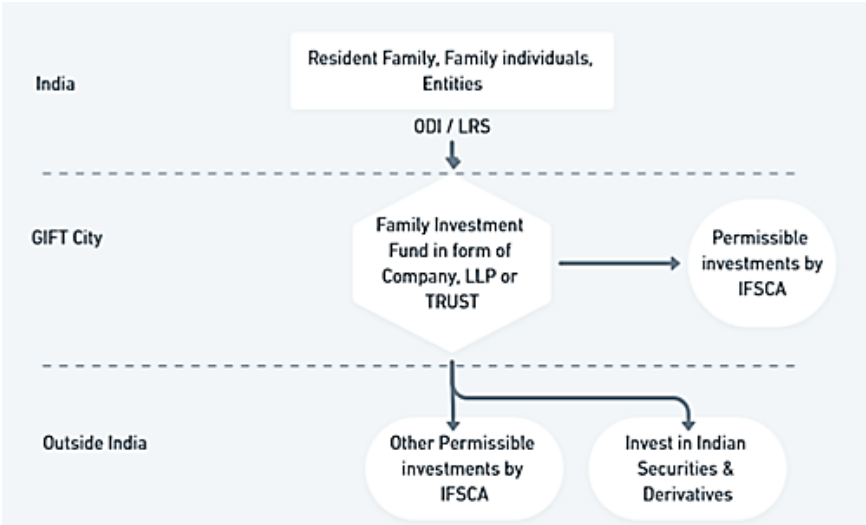
Generally **Family Investment Fund** has two use cases of Pooling of Funds and Utilising it for single and Multi Family where relatives are 90% Beneficial Owners.

1. **Inbound Investment Fund:** The Fund that Pools the funds from Non resident Family Individuals & Institutions and invests in the Growth Story of India or Outside India in the Growth Emerging sectors or Industries across the world (Except India) or any other alternate funds or Assets..
2. **Outbound Investment Fund:** The Fund that Pools the funds from Resident Family Individuals & Institutions (Subject to FEMA Restrictions) and Invest in the Growth Emerging sectors or Industries across the world (Except India) or any other alternate funds or Assets.

Inbound Investment Fund (Currently Permitted)



Outbound Investment Fund (Currently On Hold)



Comparative snapshot — fund platforms

Description	Mauritius	Cayman	GIFT IFSC	Singapore
Fund Structure Types	GBC (Global Business Corporation); CIS (Collective Investment Scheme)	Mutual Fund and Company	Trust / LLP (Category I, II & III AIFs)	Variable Capital Company (VCC); Limited Partnership; Unit Trust
Tax for Fund Management Entity	Effective rate: 3%	Nil	Nil for 10 years in a block of 15 years	17%
Withholding / Capital Gain Tax for Funds investing in India (<i>plus applicable surcharge & cess</i>)	Dividend: 15%; Interest: 7.5%; Derivative Gain: Nil; Capital Gain (MFs): Nil; Capital Gain (Debt): Nil (<i>Subject to tax treaty</i>)	Dividend: 20%; Interest: 20%; Derivative Gain: 30%; Capital Gain (MFs): 10%/30%; Capital Gain (Debt): 10%/30% (<i>No tax treaty</i>)	Dividend: 10%; Interest: 10%; Derivative Gain: Nil; Capital Gain (MFs): Nil; Capital Gain (Debt): Nil (<i>As per Domestic Tax Law</i>)	Dividend: 15%; Interest: 15%; Derivative Gain: Nil; Capital Gain (MFs): Nil; Capital Gain (Debt): Nil (<i>Subject to tax treaty</i>)
FATF Status	FATF Compliant	FATF Compliant	FATF Member	FATF Member
Possible FPI Category	Cat 1 / Cat 2	Cat 1 / Cat 2	Cat 1	Cat 1 / Cat 2
Minimum Investment per investor	USD 100k	USD 100k	USD 150k	USD 100k
Capitalisation of Investment Manager	USD 30,000	USD 120,000	USD 500,000	USD 200,000 + risk-based capitalisation
Investment Manager Requirements	In Mauritius	Anywhere subject to CIMA approval	In GIFT	In Singapore

Business Opportunities at GIFT City

Setup Time	3.5–4 months	1–2 months	1–1.5 months	6–8 months
Approx Cost for setting up Fund and IM (including office and employee)	Set up: USD 60k; Annual: USD 40k	Set up: USD 70k; Annual: USD 80k	Set up: USD 50k; Annual: USD 65k	Set up: USD 150k; Annual: USD 200k
Investor Base	Strong for Africa and Asia-focused investments	Primarily U.S. and global institutional investors	Increasingly popular among SWFs, NRIs, and Asia-focused funds	Strong base across Asia-Pacific, Europe, and global investors
Summary	Known for tax treaties and regional influence in Africa & Asia, but may face scrutiny due to recent changes in tax agreements, especially with India.	A globally renowned jurisdiction, especially for hedge funds and institutional investors, with low regulatory and tax burdens.	An emerging hub for global funds, favorable for SWFs, NRIs, and India-inbound investors; offers tax exemptions and unified regulatory oversight.	Known for strong governance standards and attractive fund tax exemptions; popular among Asia-Pacific investors, though setup and compliance costs can be high.
PE / POEM risk	High Risk	Low Risk	No risk	High Risk
GST on management fees	Not applicable	Not applicable	Not applicable	Not applicable
Investment diversification norms	Not applicable	Not applicable	Not applicable	Not applicable
Treaty benefits denial risk + GAAR / MLI	High Risk	Not applicable (no treaty)	No risk	High Risk
Offshore borrowings	Allowed	Allowed	Allowed	Allowed
KYC process	Less Stringent	Less Stringent	Less Stringent	Stringent

GIFT IFSC: New opportunities for Chartered Accountants

Setup and recurring costs	Medium	Medium to High	Low	High
Bank account & Admin	Difficult	Difficult	Relatively Easy	Relatively Easy
Investors PAN and ITR	Not required	Not required	Not required	Not required
Thin capitalization norms	Applicable	Not applicable	Not applicable	Applicable

Particulars	Singapore	Mauritius	AIF in IFSC
PE / POEM risk	High Risk	High Risk	No risk
GST on management fees	Not applicable	Not applicable	Not applicable
Investment diversification norms	Not applicable	Not applicable	Not applicable
Treaty benefits denial risk + GAAR / MLJ	High Risk	High Risk	No risk
Offshore borrowings	Allowed	Allowed	Allowed
KYC process	Stringent	Less Stringent	Less Stringent
Setup and recurring costs	High	Medium	Low
Bank account & Admin	Relatively Easy	Difficult	Relatively Easy
Investors PAN and ITR	Not required	Not required	Not required
Thin capitalization norms	Applicable	Applicable	Not applicable

15. Business Opportunities for TechFin Service Provider in GIFT IFSC

Meaning of TechFin Services

“TechFin Services” means technology solutions or services provided, directly or indirectly, to aid, help or assist in making arrangements for carrying on any of the financial services listed in sub- clauses (i) to (xi) of Section 3(1)(e) of the International Financial Services Centres Authority Act, 2019. An entity desirous of providing either TechFin Services, shall not commence its operations in the IFSC unless a certificate of registration is granted by IFSCA.

Regulatory Framework

Framework for TechFin Service Provider has been revamped by IFSCA by introducing the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025. An existing TechFin Entity authorised under IFSCA Circular dated April 27, 2022, titled as “Framework for FinTech Entity in the International Financial Services Centres”, shall within a period of 12 months from the date of commencement of these new regulations, obtain a certificate of registration under the new regulations. Such existing TechFin Entity shall continue to be regulated and governed by the existing framework, till the time it is granted a certificate of registration under the new regulations. Further, the provisions related to TechFin Entity mentioned under clause 7 and Annexure-I of the IFSCA Circular dated April 27, 2022, titled as “Framework for FinTech Entity in the International Financial Services Centres (IFSCs)”, shall stand repealed after 24 months from the commencement of these new regulations.

Permitted TechFin Services

List of permitted TechFin Services as prescribed under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025 are mentioned below.

- (i) Accelerators;
- (ii) Agri Tech;
- (iii) Big data & analytics;
- (iv) Climate, Green and/or Sustainable Tech;
- (v) Cloud computing services;
- (vi) Cyber security, cyber security architecture and cyber risk management services;
- (vii) Application development and maintenance;
- (viii) Automation and robotic process automation;
- (ix) Enterprise resource planning (ERP) systems;

- (x) Implementation of enterprise Governance, Risk and Compliance (eGRC) software platforms;
- (xi) Information Technology infrastructure & cloud insurance;
- (xii) Management of IT infrastructure and technology services associated with payment system ecosystem;
- (xiii) Outsourced services, which are not covered in this Schedule but are permitted to be outsourced by the entity regulated by any financial sector regulator of its home jurisdiction;
- (xiv) Regulatory Tech;
- (xv) Services and operations related to data centres;
- (xvi) Solutions or services provided by leveraging:
 - (a) Artificial Intelligence or Machine Learning,
 - (b) Biometrics or Chatbots,
 - (c) Digital Identity /KYC/AML/CFT,
 - (d) Fraud detection/prevention,
 - (e) Distributed Ledger Technology (DLT),
 - (f) Internet of Things (IoT),
 - (g) Longevity finance,
 - (h) Metaverse including Augmented Reality (AR) and /or Virtual Reality (VR),
 - (i) Quantum tech,
 - (j) Web 3.0.
- (xvii) Space Tech;
- (xviii) Supervisory Technology;
- (xix) Technology solution aiding trade finance;
- (xx) Technology solution supporting digital banking;

- (xxi) Technology solutions including IT related development, enhancement, maintenance and support services;
- (xxii) Tokenization support services;
- (xxiii) Centre of excellence, Offshore development centre, Technology capability centre to provide R & D support in technology;
- (xxiv) Any other services as may be permitted by IFSCA from time to time.

Registration as FinTech Entity

An applicant desirous of obtaining certificate of registration as TechFin Entity shall submit the application to the IFSCA through Single Window IT Systems ('SWIT'), along with the requisite documents and application fees. On consideration of the application, IFSCA may grant in-principle approval to the applicant, subject to such conditions as deemed fit. On being satisfied that the applicant has fulfilled the conditions of the in-principle approval, IFSCA may grant a certificate of registration, subject to such conditions as it deemed fit. The certificate of registration granted by IFSCA shall be valid, unless suspended or cancelled by IFSCA or voluntarily surrendered by the TechFin Entity.

The applicant seeking registration as a TechFin Entity shall be an entity incorporated as a company or limited liability partnership in the IFSC, or a branch of a company or of a limited liability partnership incorporated outside the IFSC, or in any other form as may be permitted by the IFSCA. A partnership firm registered under the Indian Partnership Act, 1932, wherein all its partners are members of a professional body or institute constituted under any Act of Parliament, shall also be eligible to make an application under these regulations.

All the promoters or partners of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdictions subject to call for action".

Appointment of Principal Officer and Compliance Officer

The TechFin Entity shall ensure that the entity and its principal officer, compliance officer, directors/ partners/ designated partners, and controlling shareholders are 'fit and proper' persons, at all times.

The TechFin Entity shall appoint a principal officer or designate one of its existing officers as a principal officer, who shall be responsible for its overall activities. In the case of a TechFin Entity providing services exclusively to its group entities located in the IFSC, the appointment of a principal officer is optional subject to the approval of IFSCA.

The TechFin Entity shall appoint a compliance officer or designate one of its existing officers as a compliance officer, who shall be responsible for the compliance of policies, procedures, maintenance of records, implementation of the requirements under these regulations, other applicable laws, and reports to the Board of Directors or head of the organisation, as the case may be.

The principal officer and compliance officer shall be full-time employees of TechFin Entity and shall be based out of the IFSC.

Eligible Customers

The TechFin Entity may provide the services only to an Intermediary or a Service Recipient, who is a Non-resident and from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdiction subject to call for action". For this purpose, "Intermediary" refers to entities that obtain services from a TechFin Entity for delivering services to a Service Recipient directly without any layers. Further, "Service Recipient" means an entity that receives services, directly from TechFin Entity or through an Intermediary for the purpose of carrying on any of the financial services listed in sub-clauses (i) to (xi) of Section 3(1)(e) of the International Financial Services Centres Authority Act, 2019.

A TechFin Entity may also provide the services to a Resident, for the limited purpose of setting up their office in the IFSC or Overseas.

Currency of operations and Reporting Requirements

A TechFin Entity shall carry out its operation in any of the Specified Foreign Currency. However, a TechFin Entity may open an INR account to defray its administrative and statutory expenses and for such other purposes as may be permitted under the applicable laws.

Every TechFin Entity shall maintain its balance sheet in any of the Specified Foreign Currencies.

Any financial reporting by the TechFin Entity to IFSCA shall be in US Dollar, unless otherwise specified by IFSCA. "Specified Foreign Currency" means the currencies specified in the First Schedule of the International Financial Services Centres Authority (Banking) Regulations, 2020, as amended from time to time.

16. Business Opportunities for Ancillary Service Provider in GIFT IFSC

Meaning of Ancillary Services

"Ancillary Services" means those services which, directly or indirectly, aid, help or assist in making arrangements for carrying on any of the financial services listed in sub- clauses (i) to (xi) of Section 3(1)(e) of the International Financial Services Centres Authority Act, 2019. An entity desirous of providing either Ancillary Services, shall not commence its operations in the IFSC unless a certificate of registration is granted by IFSCA.

Regulatory Framework

Framework for Ancillary Service Provider has been revamped by IFSCA by introducing the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025. An existing Ancillary Service Provider authorised under IFSCA Circular dated February 10, 2021, as amended from time to time, titled as "Framework for enabling Ancillary services at International Financial Services Centres, shall within a period of 12 months from the date of commencement of these new regulations, obtain a certificate of registration under the new regulations. Such existing Ancillary Services Providers shall continue to be regulated and governed by the existing framework, till the time it is granted a certificate of registration under the new regulations. Further, the Circular dated February 10, 2021 as

amended from time to time, titled as “Framework for enabling Ancillary services at International Financial Services Centres” and any other circulars issued thereunder shall stand repealed after 24 months from the commencement of these new regulations.

List of permitted Ancillary Services

List of permitted Ancillary Services as prescribed under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025 are mentioned below.

- (i) Actuarial services;
- (ii) Advisory services;
- (iii) Assets management support services;
- (iv) Auditing services;
- (v) Business process outsourcing;
- (vi) Compliance management support services covering assessment of internal control system, integrated reporting, financial reporting, non-financial reporting, corporate sustainability reporting, board reporting, annual report, other regulatory reporting;
- (vii) Customer care support services;
- (viii) Enterprise governance related support services namely, assessment of the corporate governance principles, assessment of board effectiveness, board processes, board committees, preparation and review of corporate policies & disclosures, performance evaluation of board and management, review of related party transactions, execution of shareholders' rights;
- (ix) Fund administration services including fund accounting;
- (x) Human resource & payroll processing;
- (xi) Insolvency professional services and liquidation related support services;
- (xii) Knowledge process outsourcing;
- (xiii) Legal process outsourcing;

- (xiv) Legal services;
- (xv) Management consulting services;
- (xvi) Marketing support services;
- (xvii) Outsourced services, which are not covered in this Schedule but are permitted to be outsourced by the entity regulated by any financial sector regulator of its home jurisdiction;
- (xviii) Risk management related services, namely providing support services to risk identification, risk analysis, risk measurement, risk mitigation, risk elimination, support to internal audit, risk audit, risk related disclosures;
- (xix) Secretarial services;
- (xx) Broking services for leasing activities permitted in the IFSC;
- (xxi) Supply chain management support;
- (xxii) Trusteeship services including facility agent functions, except debenture trustee services permitted under the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025;
- (xxiii) Valuation services;
- (xxiv) Voice broking for banking services;
- (xxv) Family office support services;
- (xxvi) Global mobility services (Immigration support services) for students and employees of foreign countries intending to study and work at IFSC respectively;
- (xxvii) Centre of excellence / offshore development centre/ financial capability centre to provide research and development support services (excluding R&D support in technology); skill development, training and certification services to employees working in the IFSC and individuals/entities from foreign country;
- (xxviii) Any other services as may be permitted by IFSCA from time to time.

Registration as Ancillary Service Provider

An applicant desirous of obtaining certificate of registration as Ancillary Services Provider shall submit the application to the IFSCA through Single Window IT Systems ('SWIT'), along with the requisite documents and application fees. On consideration of the application, IFSCA may grant in-principle approval to the applicant, subject to such conditions as deemed fit. On being satisfied that the applicant has fulfilled the conditions of the in-principle approval, IFSCA may grant a certificate of registration, subject to such conditions as it deemed fit. The certificate of registration granted by IFSCA shall be valid, unless suspended or cancelled by IFSCA or voluntarily surrendered by the Ancillary Services Provider.

The applicant seeking registration as an Ancillary Services Provider shall be an entity incorporated as a company or limited liability partnership in the IFSC, or a branch of a company or of a limited liability partnership incorporated outside the IFSC, or in any other form as may be permitted by the IFSCA. A partnership firm registered under the Indian Partnership Act, 1932, wherein all its partners are members of a professional body or institute constituted under any Act of Parliament, shall also be eligible to make an application under these regulations.

All the promoters or partners of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdictions subject to call for action".

Appointment of Principal Officer and Compliance Officer

The Ancillary Services Provider shall ensure that the entity and its principal officer, compliance officer, directors/ partners/ designated partners, and controlling shareholders are 'fit and proper' persons, at all times.

The Ancillary Services Provider shall appoint a principal officer or designate one of its existing officers as a principal officer, who shall be responsible for its overall activities. In the case of an Ancillary Services Provider providing services exclusively to its group entities located in the IFSC, the appointment of a principal officer is optional subject to the approval of IFSCA.

The Ancillary Services Provider shall appoint a compliance officer or designate one of its existing officers as a compliance officer, who shall be responsible for the compliance of policies, procedures, maintenance of records, implementation of the requirements under these regulations, other applicable laws, and reports to the Board of Directors or head of the organisation, as the case may be.

The principal officer and compliance officer shall be full-time employees of Ancillary Services Provider and shall be based out of the IFSC.

Eligible Customers

The Ancillary Services Provider may provide the services only to an Intermediary or a Service Recipient, who is a Non-resident and from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as “High-Risk Jurisdiction subject to call for action”. For this purpose, “Intermediary” refers to entities that obtain services from an Ancillary Services Provider for delivering services to a Service Recipient directly without any layers. Further, “Service Recipient” means an entity that receives services, directly from Ancillary Services Provider or through an Intermediary for the purpose of carrying on any of the financial services listed in sub-clauses (i) to (xi) of Section 3(1)(e) of the International Financial Services Centres Authority Act, 2019.

An Ancillary Services Provider may also provide the services to a Resident, for the limited purpose of setting up their office in the IFSC or Overseas.

Currency of operations and Reporting Requirements

An Ancillary Services Provider shall carry out its operation in any of the Specified Foreign Currency. However, an Ancillary Services Provider may open an INR account to defray its administrative and statutory expenses and for such other purposes as may be permitted under the applicable laws.

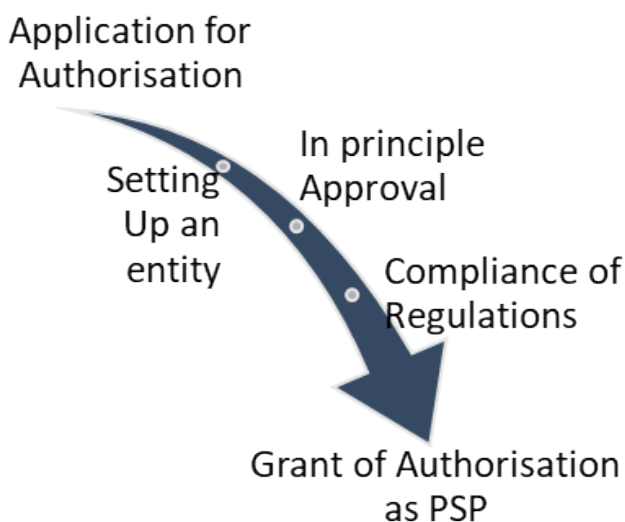
Every Ancillary Services Provider shall maintain its balance sheet in any of the Specified Foreign Currencies.

Any financial reporting by the Ancillary Services Provider to IFSCA shall be in US Dollar, unless otherwise specified by IFSCA. “Specified Foreign Currency” means the currencies specified in the First Schedule of the International Financial Services Centres Authority (Banking) Regulations, 2020, as amended from time to time.

17. Business Opportunities for Payment Service Provider in GIFT IFSC

Registration as Payment Service Provider

Any person seeking to provide Payment Services in or from IFSC shall require a certificate of authorisation under the International Financial Services Centres Authority (Payment Services) Regulations, 2024 ('PSP Regulations'). An Applicant making an application for authorisation under these regulations shall be required to be incorporated as a company with its registered office in IFSC. A Payment Service Provider will be designated as a Significant Payment Service Provider if the thresholds and conditions prescribed under Part C of Schedule I of the PSP Regulations are met by a Payment Service Provider.



A Payment Service Provider is permitted to be set up only in the form of a company. Such a company is however not required to be set up at the time of application. The application may be submitted by the Parent company wishing to set up a Payment Service Provider as a subsidiary or any group company of the Parent company.

The Applicant shall ensure that its directors, Key Managerial Personnel and persons exercising control over it satisfy the “fit and proper requirements”.

After considering an application for authorisation, if IFSCA is satisfied that the said application, prima facie, satisfies the conditions for granting authorisation, IFSCA may issue an “in-principle approval” letter to the applicant and shall require the applicant to satisfy such conditions as may be specified by IFSCA in the “in-principle approval” letter before grant of authorisation. IFSCA may, on being satisfied that the applicant has complied with the conditions laid down in PSP regulations and is eligible to act as a Payment Service Provider, grant a Certificate of Authorisation to the applicant subject to such conditions as IFSCA may deem fit. The Certificate of Authorisation granted by IFSCA shall be valid unless revoked by IFSCA or surrendered by the Payment Service Provider.

The Payment Service Provider shall commence its operations within 6 months from the date of issuance of Certificate of Authorisation or such extended time as permitted by IFSCA.

Payment Services vs. Payment Systems: What’s the Difference?

Understanding the difference between payment services and payment systems is essential for anyone exploring the world of digital payments.

Payment Systems: These are the behind-the-scenes frameworks that enable money transfers. They include tools (cards, cheques), rules & procedures, processes, and participants like banks and clearinghouses.

Think of it as the “Back End” of payments, working behind the scenes to ensure money transfers are secure, accurate, and efficient.

The entities running these systems are called Payment System Operators (PSOs), and they collaborate with banks, payment service providers, and clearing systems to make everything work smoothly.

Payment Services: These are what customers use directly, like bank accounts, cards, or payment apps. They include tools for payments (cash, e-wallets) and platforms (POS terminals, apps) that connect payers and payees.

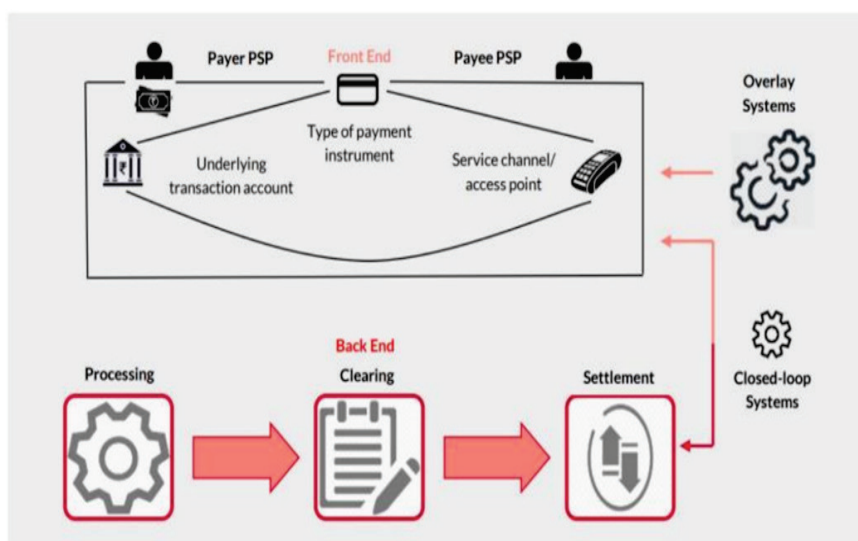
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In simple terms, payment services operate at the "Front End", directly interacting with customers to help them make payments.

How They Work Together

Payment services and payment systems are interconnected.

- Payment services (Front End) provide the tools for customers to initiate transactions.
- Payment systems (Back End) ensure those transactions are processed and completed efficiently.



Permitted activities that can be undertaken by Payment Service Provider

Payment services permitted to be undertaken by Payment Service Provider (PSP) in IFSC are described below.

Sr. No.	Services permitted	Description of services permitted
1	Account issuance service	(a) Service of issuing a payment account to a payment service user and includes e-money account issuance service

		(b) Service required for operating a payment account, and includes – - the service (other than a cross-border money transfer service) that enables money to be placed in a payment account; or - the service (other than a cross-border money transfer service) that enables money to be withdrawn from a payment account Payment account means an account or facility (either in physical or electronic form) held in the name of one or more payment service users and is used for initiation of a payment order or execution of payment transactions or both. The term “payment account” includes bank account, debit card, credit card and charge card.
2	E-money issuance service	Service of issuing e-money to a payment service user for the purpose of allowing a payment service user to make payment transactions E-money means any electronically stored monetary value that — i. is denominated in any specified foreign currency; ii. has been paid for in advance to enable the making of payment transactions through the use of a payment account; iii. is accepted by a person other than its issuer; and iv. represents a claim on its issuer The term “e-money” does not include deposit from any person
3	Escrow service	Service provided by a payment service provider, under an agreement, whereby money is held by

		such payment service provider in an escrow account with an IFSC Banking Unit ('IBU') or an IFSC Banking Company ('IBC') for and on behalf of one or more parties that are in the process of completing a transaction.
4	Cross border money transfer service	(a) Service of accepting money from a person in IFSC, whether as principal or agent, for the purpose of transmitting, or arranging for the transmission of, the money to any person outside IFSC (b) Service of receiving money from a person outside IFSC or arranging for the receipt of money from a person outside IFSC whether as principal or agent, for the purpose of transmitting or arranging for the transmission of the money to any person in IFSC or any person outside IFSC
5	Merchant acquisition service	Service of accepting and processing a payment transaction for a merchant under an agreement between the payment service provider and the merchant, which results in a transfer of money to the merchant pursuant to the payment transaction, regardless of whether the payment service provider comes into possession of any money in respect of the payment transaction. Merchant means and includes all persons, in or outside IFSC, who accept payments for goods and services provided by them, through electronic/online payment modes.

Net-worth requirement

A Payment Service Provider shall, inter-alia, comply with the minimum net worth requirements, as specified below, on an ongoing basis.

Particulars	Minimum net-worth on date of commencement	Minimum net-worth by the end of the third financial year from the year of commencement / from the year of designation as a Significant Payment Service Provider
Regular Payment Service Provider	USD 100,000	USD 200,000
Significant Payment Service Provider	USD 250,000	USD 500,000

Identification of Nodal Bank

A Payment Service Provider shall identify an IFSC Banking Unit or an IFSC Banking Company as its Nodal Bank and intimate the same to IFSCA along with a concurrence of the said bank to act as the “Nodal Bank” at the time of filing application for obtaining registration under PSP Regulations.

Governance

A Payment Service Provider shall comprehensively and clearly document its governance arrangements i.e., the framework under which its Board and senior management shall function.

A Payment Service Provider shall formulate clear and comprehensive rules and procedures for the Payment Services provided by it and shall provide sufficient information to enable Payment Service Users to have an accurate understanding of the risks, fees and other material costs they shall incur by availing such Payment Service(s).

A Payment Service Provider shall develop a policy for management of risks including risk management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by it while providing payment service(s).

A Payment Service Provider shall establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.

A Payment Service Provider that establishes a link, with one or more Payment Systems, shall identify, monitor and manage link-related risks.

Risk management of third-party service relationships

A Payment Service Provider shall put in place a risk-based framework to assess the criticality of services that they receive or plan to receive from a Third-party Service Provider.

A Payment Service Provider shall conduct appropriate planning and due diligence before entering into a Third-Party Service Relationship arrangement for a critical service while ensuring that the level of due diligence is proportionate to the criticality of the relevant service.

The services being received by a Payment Service Provider shall be procured through legally binding arrangements between the Payment Service Provider and a Third-party Service Provider and such arrangements shall, inter-alia, include a provision of sharing of information by the Third-party service provider with IFSCA.

A Payment Service Provider shall establish processes for ongoing monitoring of the Third-party Service Provider's ability to deliver the critical services in line with its contractual obligations.

A Payment Service Provider shall identify, document and to the extent practically feasible, test their strategy for exiting Third-party Service Relationship involving critical services.

The Payment Service Provider shall require the Third-party Service Providers to have clearly defined processes for identifying, investigating, remediating and notifying Payment Service Providers in a timely manner of incidents that impact the Third-party Service Provider's ability to deliver agreed-upon services.

The Payment Service Provider shall maintain complete, up-to-date records of their Third-Party Service Relationship.

Duties of Payment Service Provider

The Payment Service Provider shall safeguard Applicable Funds and shall at all times, keep Applicable Funds segregated from any other types of funds that it holds. 'Applicable Funds' for this purpose means –

- (a) funds received by a payment service provider from, or for the benefit of, a payment service user for the execution of a payment transaction; and
- (b) funds received by a payment service provider from another payment service provider for the execution of a payment transaction on behalf of a payment service user.

The Payment Service Provider shall ensure compliance with AML, CTF & KYC Guidelines and other provisions of Prevention of Money Laundering Act, 2002 and the rules made thereunder. The Payment Service Provider using agents for providing its services shall maintain an up-to-date list of such agents and include such agents in their AML/CTF programmes and monitor them for compliance with these programmes. A Payment Service Provider shall be responsible and accountable for the transactions/actions undertaken by their authorised agents. A Payment Service Provider shall maintain a log of all the transactions undertaken for at least 10 years.

A Payment Service Provider shall comply with the disclosure requirements as specified in Schedule VII of PSP Regulations.

A Payment Service Provider shall secure its information technology systems and other infrastructure used for providing Payment Services from unauthorised access and manipulation. A Payment Service Provider shall prepare and maintain a written document outlining the security policies and procedures put in place for this purpose.

A Payment Service Provider shall depute adequate staff at its permanent place of business or registered office in IFSC to address any queries, complaints or grievances from a Payment Service User that uses one or more of the payment services provided by the Payment Service Provider and shall do so within a period of 30 days from receipt of a complaint or a grievance.

18. Business Opportunities for Global Regional/ Corporate Treasury Centers in GIFT IFSC

What are Global Regional/ Corporate Treasury Centers GRCTCs?

GRCTCs operate as in-house banks for multinational corporations (MNCs), centralizing treasury activities such as fund management, liquidity optimization, and financial advisory. By serving group entities across jurisdictions, GRCTCs enhance financial efficiency and minimize risks.

Framework

The IFSCA has introduced a revised framework to streamline operations for Global/Regional Corporate Treasury Centers (GRCTC) in the IFSC. This comprehensive framework aligns with global best practices to attract multinational corporations while ensuring robust oversight and governance.

- “Group Entities” means an arrangement involving two or more entities related to each other through any of the following relationships: (i) subsidiary – parent (as defined in Ind-AS 110/Accounting Standard 21); (ii) joint venture (as defined in Ind-AS 28/Accounting Standard 27); (iii) associate (as defined in Ind-AS 28/Accounting Standard 23); (iv) related party (as defined in terms of Ind-AS 24/ Accounting Standard 18), (v) common brand name or (vi) investment in equity shares of 20 per cent and above;
- “Holding company” means a Finance Company which carries on the business of acquiring equity shares or preference shares of its group entities or investing in the bonds, debentures, debt or loans of its group entities, or such other activity as permitted by the Authority;
- “Owned Fund” means the paid-up-capital and free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of assets, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any;
- “Parent” means: (i) in relation to a Finance Company, any entity or a group of entities, being group entities, desirous to set up a Finance Company to undertake the activity of GRCTC; (ii) in relation to a

Finance Unit, an entity desirous to set up a branch to undertake the activity of GRCTC;

- “Permissible activities” means activities specified under clause 13 of the Framework;

Activity	Detailed Description (as per IFSCA Framework)
Raising capital by issuance of equity shares	Centralised issuance of equity shares to raise capital for group entities.
Borrowing including in the form of inter-company deposits	Terms (tenor, cost, etc.) decided by the GRCTC itself or in consultation with service recipients.
Credit arrangements	Includes lending (by any name), providing credit guarantees, performance bonds, and other credit facilities.
Transacting or investing in financial instruments issued in IFSC or outside IFSC	“Financial instruments” as defined in Ind AS 32; allows investment and trading in various securities.
Undertaking derivative transactions (OTC and exchange traded)	May undertake permitted OTC derivatives in IFSC; non-permitted OTC derivatives outside IFSC; exchange-traded derivatives in IFSC or abroad; can hedge own or service recipients’ risks or take proprietary positions; must follow board-approved derivative policy.
Foreign exchange transactions in specified currencies	FX operations in currencies specified by the Authority, for centralised group forex management.
Factoring and forfaiting	Must obtain separate registration under IFSCA (Registration of Factors and Assignment of Receivables) Regulations, 2024 before offering factoring/forfaiting

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	services.
Acting as a re-invoicing centre	Finance purchase/sale of goods for service recipients without physical possession; at least one party to each transaction must be a service recipient.
Liquidity management	Includes pooling of funds (header/master account with IBU/IBC), optimising cash flows, interest payments, and tax payments via netting and cash concentration; confirming/reconciling receipts; processing vendor payments; negotiating supplier terms; managing group liquidity and surplus funds; designing pooling mechanisms.
Maintaining relationships with financial counterparties	Covers performance/risk analytics, managing banks and rating agencies, valuing financial instruments, accounting treasury transactions, implementing risk policies, covenant testing, providing compliance data to regulators, maintaining transaction/audit trails, liaising with auditors.
Management of obligations of service recipients towards insurance and pension commitments	Includes negotiating, managing, and monitoring pension/insurance structures; managing relationships with internal/external providers; pension planning.
Advisory services related to financial management including financial risk management	Financial management advisory: cash flow forecasting, group financial management, investment appraisal, tax planning, operational risk management. Risk management advisory: identifying natural hedges, managing interest rate/FX/commodity/counterparty/credit/liquidity risks, advising on hedging strategies,

	monitoring risk positions.
Advisory services related to funding and capital market activities	Advice on capital structure optimization, managing short/medium/long-term investments and SPVs, ensuring adequate liquidity, ensuring market competitiveness, diversifying capital sources, managing credit ratings, portfolio management of debt/derivatives/investments, negotiating/managing funding from receivable/payable solutions.

Owned Fund requirements:

A Finance Company/Finance Unit undertaking the activity of GRCTC shall have and maintain a minimum owned fund of USD 0.2 million at all times. Provided that in case of a Finance Unit undertaking the activity of GRCTC, the required owned fund may be maintained at the parent level.

Service Recipient :

- (1) A Finance Company/Finance Unit undertaking the activity of GRCTC may undertake permissible activities for its Group Entities and/or for the Group Entities of its Parent and/or for the branch(es) of such Parent or Group Entities (hereinafter collectively referred to as "Service Recipients"), where such Parent and/or Group Entities may either be a person resident in India or a person resident outside India within the meaning of Foreign Exchange Management Act, 1999.
- (2) A Finance Company/Finance Unit undertaking the activity of GRCTC shall maintain an updated list of its Service Recipients and provide such list to the Authority, when called for.
- (3) The Service Recipients shall be registered under any law with any competent or statutory body in its home jurisdiction. Explanation.- A Finance Company/Finance Unit undertaking the activity of GRCTC and undertaking permissible activities with Service Recipients, who are persons resident in India, shall comply with the provisions of the Foreign Exchange Management Act, 1999, as applicable.

Direct Tax Implications in GIFT City

1. Background

The Government has enacted various provisions in the Income-tax Act, 1961 ('IT Act') to provide exemptions and deductions to units in the International Financial Services Centre ('IFSC'). Certain relaxations have also been provided under the IT Act in order to provide a boost to the IFSC ecosystem. This chapter contains discussion on the relevant provisions of the IT Act with respect to IFSC.

2. Residential status of an IFSC unit under the IT Act

Regulation 3 of Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 provides that any financial institution or branch of a financial institution set up in the IFSC and permitted/recognised as such by the Government of India or a Regulatory Authority shall be treated as a person resident outside India. Thus, a unit in IFSC will be regarded as a non-resident of India for the purpose of the provisions of the Foreign Exchange Management Act, 1999 ('FEMA').

However, the residential status of a unit in IFSC under FEMA does not have any bearing on its residential status under the IT Act. A company / limited liability partnership / partnership firm ('entity') set up in IFSC is regarded as a resident of India for the purpose of IT Act. Thus, all provisions of the IT Act will apply to entities set up in IFSC in the same manner as other Indian entities subject to specific carve-outs provided in the IT Act for units in IFSC. Accordingly, an entity set up in IFSC will be required to obtain Permanent Account Number (PAN) in India and also file return of income in India just like any other Indian entity.

Similarly, a branch of an Indian entity in IFSC will be treated at par with the branch office of an Indian entity in India for the purpose of IT Act subject to specific carve-outs provided in the IT Act for units in IFSC. Further, a branch

of a foreign entity in IFSC will be regarded as a non-resident of India for the purpose of IT Act.

3. Deduction under section 80LA of the IT Act

Section 80LA of the IT Act contains provisions regarding deductions in respect of certain incomes of units of IFSC. This is the most significant tax benefit introduced under the IT Act for units of IFSC.

Section 80LA(1A) of the IT Act provides that where the gross total income of an assessee, being a unit of an IFSC, includes income from its business for which it has been approved for setting up in IFSC, such unit shall be allowed a deduction from such income,

- of an amount equal to 100% of such income
- for any 10 consecutive assessment years, at the option of the assessee, out of 15 years
- beginning with the assessment year relevant to the previous year in which the permission or registration from Reserve Bank of India under section 23(1)(a) of the Banking Regulation Act, 1949 or permission or registration under the Securities and Exchange Board of India Act, 1992 or permission or registration under the International Financial Services Centres Authority Act, 2019 ('IFSCA Act') was obtained.

Thus, the provisions of section 80LA of the IT Act can be summarised as under –

- (a) The assessee is a unit of IFSC.
- (b) The assessee has income from its business for which it has received approval in IFSC.
- (c) Deduction equal to 100% of income referred to in (b) above is available to the assessee for a period of 10 consecutive years out of 15 years beginning from the year in which relevant permission or registration was received to operate in IFSC.

Currently, all applications for setting up a unit in IFSC are approved by the IFSCA under the provisions of the IFSCA Act. The reference to the Banking Regulation Act, 1949 and the Securities and Exchange Board of India Act,

1992 is for units in IFSC that were granted permission or registration by the Reserve Bank of India or the Securities and Exchange Board of India before the IFSCA was established.

Deduction under section 80LA of the IT Act is available in respect of income of the assessee from the business for which it has received approval in IFSC. For instance, an aircraft leasing company set up in IFSC can avail deduction in respect of its leasing income earned from its business of aircraft leasing. A broker dealer in IFSC can avail deduction from its brokerage income earned from business of broking.

In addition to deduction of income from business, section 80LA(1A) of the Act also provides for deduction of income arising from the transfer of an aircraft or a ship, which was leased by a unit in IFSC on or before 31 March 2030.

In order to avail deduction under section 80LA of the IT Act, the assessee needs to furnish along with the return of income, a report in Form 10CCF of an accountant as defined in the Explanation below section 288(2), certifying that the deduction has been correctly claimed in accordance with the provisions of section 80LA of the IT Act.

4. Exemptions under section 10 of the IT Act

1. Exemption under section 10(4D) of the IT Act

Income exempt under section 10(4D)

Section 10(4D) of the IT Act provides that below mentioned income accrued or arisen to, or received by a specified fund shall be exempt from tax –

- a) Income as a result of transfer of capital asset referred to in section 47(viia), on a recognised stock exchange located in any IFSC and where the consideration for such transaction is paid or payable in convertible foreign exchange;
- b) Income as a result of transfer of securities (other than shares in a company resident in India);
- c) Income from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India; and

- d) Income from a securitisation trust which is chargeable under the head "Profits and gains of business or profession".

The above income is exempt from tax to the extent such income accrued or arisen to, or is received, is attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) or is attributable to the investment division of offshore banking unit, as the case may be, computed in the manner prescribed under Rule 21A1 and Rule 21AJA of the Income-tax Rules, 1962 ('IT Rules').

Such attribution shall be determined by computing the ratio of aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund. In case of exempt income arising from transfer of capital asset, such ratio shall be calculated from the date of acquisition of such capital asset to the date of transfer of such capital asset. In case of other exempt income, such a ratio shall be computed as on the date of receipt of such income.

Meaning of specified fund

The term 'specified fund' has been defined in Explanation to section 10(4D) of the IT Act as a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate –

- (I) (a) which has been granted a certificate of registration as a Category III Alternative Investment Fund ('AIF') and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ('SEBI AIF Regulations'), or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2025; or
- (b) which has been granted a certificate as a retail scheme or an Exchange Traded Fund and satisfies the conditions laid down for such schemes or funds under the International Financial Services Centres Authority (Fund Management) Regulations, 2025.
- (II) which is located in IFSC; and

- (III) of which all the units other than unit held by a sponsor or manager are held by non-residents; or

investment division of an offshore banking unit, which has been granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 and which has commenced its operations on or before the 31 March 2030 and fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed.

The condition regarding all units being held by non-residents shall not apply where –

- (i) Any unit holder(s), being non-resident during the previous year when such unit(s) was issued, becomes resident under section 6(1) or 6(1A) in any previous year subsequent to that year, if the aggregate value and number of the units held by such resident unit holder(s) do not exceed 5% of the total units issued.
- (ii) Such unit holder(s) shall cease to be a unit holder of such specified fund within a period of 3 months from the end of the previous year in which he becomes a resident.
- (iii) The specified fund shall maintain documents as prescribed under Rule 21AIA of the IT Rules in respect of such unit holders.

2. Exemption under section 10(4E) of the IT Act

Section 10(4E) of the IT Act exempts any income accrued or arisen to, or received by a non-resident as a result of –

- (i) transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or
- (ii) distribution of income on offshore derivative instruments or over-the-counter derivatives,

entered into with an offshore banking unit of IFSC or any Foreign Portfolio Investor being a unit of IFSC, which fulfils prescribed conditions.

3. Exemption under section 10(4F) of the IT Act

Section 10(4F) of the IT Act exempts any income of a non-resident by way of royalty or interest, on account of lease of an aircraft or a ship, paid by a unit of IFSC, if the unit has commenced its operations on or before 31 March 2030.

4. Exemption under section 10(4G) of the IT Act

Section 10(4G) of the IT Act exempts any income received by a non-resident from portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of such non-resident in an account maintained with an Offshore Banking Unit in IFSC, to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.

5. Exemption under section 10(4H) of the IT Act

Section 10(4H) of the IT Act exempts any income of a non-resident or a unit of IFSC, engaged primarily in the business of leasing of an aircraft or a ship, by way of capital gains arising from the transfer of equity shares of domestic company, being a unit of IFSC engaged primarily in the business of leasing of an aircraft or a ship which has commenced operations on or before 31 March 2030.

The above exemption will apply for capital gains arising from the transfer of equity shares of such domestic company in a previous year relevant to an assessment year falling within the—

- (a) period of 10 assessment years beginning with the assessment year relevant to the previous year in which the domestic company has commenced operations; or
- (b) period of 10 assessment years beginning with the assessment year commencing on 1 April 2024, where the period referred to in clause (a) ends before 1 April 2034.

6. Exemption under section 10(10D) of the IT Act

Section 10(10D) of the IT Act exempts any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy provided the amount of premium does not exceed prescribed threshold limits.

The restriction of the amount of premium being lower than the threshold limits shall not apply to any sum received on death of a person or under a life insurance policy issued by the International Financial Services Centre Insurance Office ('IIO'). IIO refers to a financial institution that undertakes the business of insurance or reinsurance in IFSC.

7. Exemption under section 10(15) of the IT Act

Clause (ix) of section 10(15) of the IT Act exempts any income by way of interest payable to a non-resident by a unit located in IFSC in respect of monies borrowed by it on or after 1 September 2019.

8. Exemption under section 10(34B) of the IT Act

Section 10(34B) of the IT Act exempts any income of a unit of IFSC primarily engaged in the business of leasing of an aircraft or a ship, by way of dividends from a company being a unit of IFSC primarily engaged in the business of leasing of an aircraft or a ship.

5. Non-chargeability of capital gains tax in case of transfer of specified capital assets on recognised stock exchange in IFSC

Section 45 of the IT Act provides that any profits or gains arising from the transfer of a capital asset effected in the previous year shall be chargeable to income-tax under the head "Capital gains", and shall be deemed to be the income of the previous year in which the transfer took place. Section 47 of the IT Act provides that nothing contained in section 45 of the IT Act shall apply to certain transfers. Thus, transfers referred to in section 47 of the IT Act should not be subjected to capital gains tax liability. Clause (viiab) of section 47 of the IT Act contains an important exemption with respect to IFSC. Section 47(viiab) of the IT Act provides that section 45 of the IT Act will not apply to transfer of a capital asset, being –

- a) bond or Global Depository Receipt referred to in section 115AC(1); or
- b) rupee denominated bond of an Indian company; or
- c) derivative; or
- d) such other securities as may be notified by the Central Government,

made by a non-resident on a recognised stock exchange located in IFSC and where the consideration for such transaction is paid or payable in foreign currency.

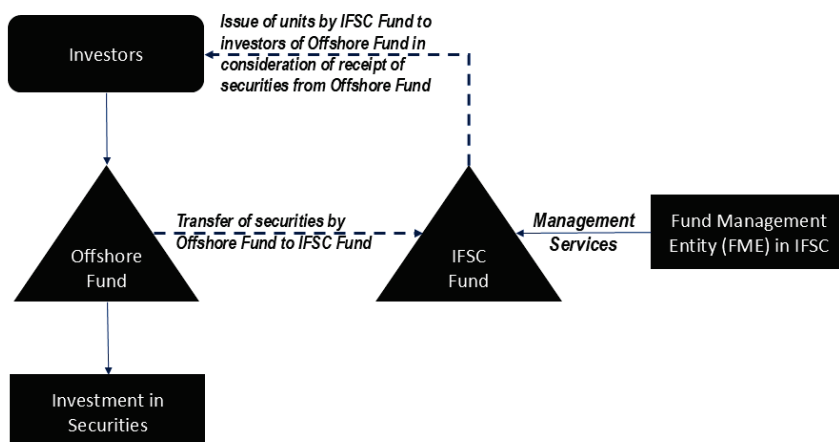
CBDT has issued notifications¹ from time to time notifying the following securities under sub-clause (d) of section 47(viiab) of the IT Act. Thus, transfer of below securities on a recognised stock exchange in IFSC by a non-resident should not attract capital gains tax liability where the consideration for such transaction is paid or payable in foreign currency.

- a) Foreign currency denominated bond;
- b) Unit of a Mutual Fund;
- c) Unit of a business trust;
- d) Foreign currency denominated equity share of a company;
- e) Bullion Depository Receipt with underlying bullion;
- f) Unit of investment trust;
- g) Unit of a scheme of a Fund Management Entity / unit of AIF;
- h) Unit of Exchange Traded Fund launched under International Financial Services Centres Authority (Fund Management) Regulations, 2022.

6. Relocation of offshore fund to IFSC

IFSC's dedicated framework for fund management entities has prompted many offshore funds to shift their base to IFSC. As a result, funds set up in offshore jurisdictions (like Mauritius, Luxembourg) are contemplating to relocate to IFSC. A pictorial presentation of relocation of offshore funds to IFSC is depicted below.

¹ CBDT Notification No. 71/2023, dated 12 September 2023; CBDT Notification No. 89 of 2022 dated 3 August 2022; CBDT Notification SO 986(E) dated 5 March 2020



Such relocation of offshore funds could result in capital gains tax liability for the transferor offshore fund and its investors and tax implications under section 56(2)(x) of the IT Act. Certain relaxations have been provided in the IT Act to address these tax concerns that could arise on relocation of offshore funds to IFSC which are discussed below.

1. Non-chargeability of capital gains tax on relocation

Relocation of offshore funds to IFSC would entail transfer of securities by offshore fund to fund set up in IFSC and issue of units by fund set up in IFSC to investors of offshore fund in lieu of the units held by them in offshore fund. Such transfer of securities and issue of units could result in capital gains tax implications for offshore funds and its investors. In order to facilitate tax neutral relocation of offshore funds to IFSC, clause (viiac) and (viid) have been introduced in section 47 of the IT Act.

Section 47(viiac) of the IT Act provides that section 45 of the IT Act shall not apply to any transfer of a capital asset by the original fund to the resulting fund in a relocation. Thus, any transfer of securities by offshore fund to fund in IFSC pursuant to relocation should not be chargeable to capital gains tax under the IT Act.

Further, section 47(viiad) of the IT Act provides that section 45 of the IT Act shall not apply to any transfer by a shareholder or unit holder or interest holder of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund in a relocation.

The term 'original fund' refers to offshore fund i.e. a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions, namely:

- the fund is not a person resident in India;
- the fund is a resident of a country or a specified territory with which double taxation avoidance agreement has been entered into, or is established or incorporated or registered in a country or a specified territory as may be notified by the Central Government in this behalf;
- the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident; and
- aggregate participation or investment in the original fund, directly or indirectly, by persons resident in India shall not exceed 5% of the corpus of such fund at the time of such transfer.

Resultant fund means a a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership and located in IFSC which has been granted a certificate of registration as a Category I or Category II or Category III AIF or a certificate as a retail scheme or as an Exchange Traded Fund and is regulated under the SEBI AIF Regulations or IFSC Act.

Relocation is defined in Explanation to section 47(viiad) of the IT Act as a transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund, where consideration for such transfer is discharged in the form of share or unit or interest in the resulting fund to –

- shareholder or unit holder or interest holder of the original fund, in the same proportion in which the share or unit or interest was held by such

shareholder or unit holder or interest holder in such original fund, in lieu of their shares or units or interests in the original fund; or

- the original fund, in the same proportion as referred to (i) above, in respect of which the share or unit or interest is not issued by the resultant fund to its shareholder or unit holder or interest holder.

Such transfer should take place on or before 31 March 2030 in order to avail the benefit of tax neutral relocation.

2. Non-applicability of section 56(2)(x) of the IT Act in case of relocation of offshore fund to IFSC

Non-applicability for resultant fund and investors of original fund

First proviso to section 56(2)(x) of the IT Act provides that the provisions of section 56(2)(x) of the IT Act shall not apply to any sum of money or any property received by way of transaction not regarded as transfer under section 47(viiac) and section 47(viiad) of the IT Act.

Thus, section 56(2)(x) of the IT Act will not apply in case of –

- a) Receipt of any capital asset by the resulting fund from the original fund pursuant to relocation; and
- b) Receipt of share or unit or interest in the resultant fund by the investor in lieu of its share or unit or interest in the original fund.

Non-applicability for fund management entity of the resultant fund

Rule 11UAC(5) of the IT Rules provides that the provisions of section 56(2)(x) of the IT Act shall not apply to receipt of any movable property, being shares or units or interest in the resultant fund received by the fund management entity of the resultant fund, in lieu of shares or units or interest held by the investment manager entity in the original offshore fund, pursuant to the relocation, subject to the following conditions –

- a) At least 90% of shares or units or interest in the fund management entity of the resultant fund should be held by the same entity(ies) or person(s) in the same proportion as held by them in the investment manager entity of the original fund; and

- b) At least 90% of the aggregate of shares or units or interest in the investment manager entity of the original fund was held by such entity(ies) or person(s).

7. Applicability of MAT and AMT provisions

1. Applicability of MAT provisions at a reduced rate for IFSC Units

Where the income-tax payable by a company as per the provisions of the IT Act is lower than 15% of book profit of the company computed as per section 115JB of the IT Act, the company shall be required to pay amount equal to 15% of its book profit as minimum alternate tax (MAT). The rate of MAT is reduced to 9% of book profit in case of a unit located in IFSC that derives its income solely in convertible foreign exchange.

2. Applicability of AMT provisions at reduced rate for IFSC Units

In case of an assessee other than a company, where the regular income-tax payable is less than 18.5% of adjusted total income, the assessee shall be liable to pay alternate minimum tax ('AMT') at the rate of 18.5% of the adjusted total income as per section 115JC of the IT Act. Adjusted total income for this purpose has been defined as total income of the assessee as increased by inter alia deductions claimed if any, under any section (other than section 80P) included in Chapter VI-A under the heading "C.—Deductions in respect of certain incomes". The rate of AMT is reduced to 9% in case of a unit located in IFSC which derives its income solely in convertible foreign exchange.

3. Interplay of AMT/ MAT with Section 115 BAA (New Regime for Companies) & Section 115BAC

The provisions of section 115JB of the IT Act requiring payment of MAT are not applicable in case of a domestic company that opts for tax regime under section 115BAA of the IT Act. While a company opting for tax regime under section 115BAA of the IT Act is not eligible to avail the benefit of specified deductions and exemptions, deduction under section 80LA of the IT Act shall still be available. Thus, a domestic company set up in IFSC which has opted for tax regime under section 115BAA of the IT Act will be eligible to claim deduction under section 80LA of the IT Act. Further, such companies will not be required to pay MAT under section 115JB of the IT Act.

As per section 115JC(5) of the IT Act, the provisions of AMT contained in section 115JC of the IT Act shall not apply to a person, inter alia, where income-tax payable is computed under section 115BAC(1A) of the IT Act. Section 115BAC(1A) of the Act is applicable in case of individual, Hindu undivided family, association of persons (other than a co-operative society), body of individuals or an artificial juridical person.

Since section 115BAC(1A) is not applicable in case of a partnership firm or limited liability partnership ('LLP'), the provisions of section 115JC(5) of the IT Act providing exemption from AMT liability shall not be applicable to a unit in IFSC set up as a partnership firm or LLP. Thus, a unit in IFSC set up as a partnership of LLP will be required to pay AMT @ 9% on its adjusted total income even though its regular income-tax liability may be NIL due to tax holiday under section 80LA of the IT Act. Credit for AMT paid shall be allowed to the IFSC unit against its regular income-tax liability after expiry of tax holiday period in accordance with the provisions of section 115JD of the IT Act.

4. Comparative Analysis: Company vs LLP

A comparative analysis of tax liability applicable in case of a company vis-à-vis LLP set up in IFSC is provided below.

Particulars	Company	LLP
Income earned	100	100
Less: Deduction under section 80LA of IT Act	100	100
Income liable for income-tax under normal provisions of the IT Act	-	-
Income-tax payable under normal provisions of the IT Act	-	-
MAT payable in case of company (NIL - assuming company has opted for tax regime under section 115BAA of the IT Act)	-	NA
AMT payable in case of LLP @ 9%	NA	9
Profit available after payment of tax	100	91

The taxability of profits earned by the IFSC entity distributed to its shareholders / partners is summarised below.

In case of IFSC entity being a company

Particulars	Resident Shareholders of IFSC Company	Non-resident Shareholders of IFSC Company
Taxability of dividend in India	As per applicable tax rates	10% (as per Section 115A) of the IT Act

In case of IFSC entity being an LLP

Particulars	Resident Partners of IFSC LLP	Non-resident Partners of IFSC LLP
Taxability of share of profit in India	Exempt from tax under section 10(2A) of the IT Act	Exempt from tax under section 10(2A) of the IT Act

Further, in case of non-resident shareholders / partners, dividend / share of profit distributed by the IFSC Company / LLP will be liable to tax in the country of residence of such non-resident shareholders / partners as per the domestic tax laws of that country.

8. Taxation of alternative investment fund in IFSC

1. Category I and II AIF

Taxability of Category I and II AIF set up in IFSC will be governed by the provisions of section 115UB of the IT Act r.w. section 10(23FBA) of the IT Act in the same manner as SEBI registered AIF. Category I and II AIF set up in IFSC are eligible for pass-through status under the IT Act whereby all income of the AIF other than the income chargeable under the head "Profits and gains of business or profession" is taxable at investor level instead of AIF. Income of AIF chargeable under the head "Profits and gains of business or profession" is however chargeable to tax at AIF level and not at investor.

2. Category III AIF

The IT Act contains specific provisions for taxability of a Category III AIF set up in IFSC as a 'specified fund'. As discussed in para 6.4.1 above, a specified fund is a category III fund set up in IFSC of which all the units other than units held by a sponsor or manager are held by non-residents.

As per the provisions of section 115AD of the IT Act, a specified fund is required to pay tax on income in respect of securities (for instance, interest, dividend) at a lower rate of 10%. Such lower tax rate shall apply only to the extent of income that is attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) calculated in the prescribed manner.

All other income earned by the specified fund will be taxable as per the applicable provisions of the IT Act except in case of income where exemption is available under section 10(4D) of the IT Act as discussed in paragraph 6.4.1 above.

A Category III AIF set up in IFSC which does not satisfy the definition of a 'specified fund' will be taxable in the same manner as a SEBI registered AIF. Thus, the taxation of such AIF will depend upon its status, i.e. taxability will be as per a company, LLP or trust depending upon the manner in which the AIF has been set up.

9. TDS provisions

1. Relaxation from TDS provisions

Where a unit in IFSC claims deduction under section 80LA of the IT Act, deduction of tax at source on payments to such IFSC unit will result in cash flow leakage requiring the IFSC unit to claim refund of tax deducted at source. In order to avoid such scenario, CBDT has issued notifications² to provide that no deduction of tax shall be made in case of specified payments to a person being an IFSC unit. Such payments which are not subject to TDS are tabulated below.

² CBDT Notification S.O. 1135(E) dated 7 March 2024 (applicable from 1 April 2024) and CBDT Notification S.O. 2768(E) dated 20 June 2025 (applicable from 1 July 2025)

Sl. No.	International Financial Services Centre (IFSC Unit) (Payee)	Nature of receipt	Relevant TDS provisions as per Income-tax Act, 1961
1.	Banking Unit	Interest income on External Commercial Borrowings /Loans	Section 195
		Professional fees	Section 194J
		Referral fees	Section 194H
		Brokerage income	Section 194H
		Commission income on factoring and forfaiting services	Section 194H
2.	IFSC Insurance Intermediary office	Insurance commission	Section 194D
3.	Finance Company	Interest income on External Commercial Borrowings /Loans	Section 195/ 194A
		Dividend income	Section 194
		Commission income on factoring and forfaiting services	Section 194H
4.	Finance Unit	Interest income on External Commercial Borrowings /Loans	Section 195/ 194A
		Dividend income	Section 194
		Commission income on factoring and forfaiting services	Section 194H
5.	Fund Management Entity	Professional fee	Section 194J

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6.	Broker Dealer	Dividend	Section 194
7.	Investment advisor	Investment advisory fee	Section 194J
8.	Registered Distributor	Distribution fee and Commission fee	Section 194H
9.	Custodian	Professional fee	Section 194J
		Commission fee	Section 194H
10.	Credit rating agency	Credit rating fee	Section 194J
11.	Investment banker	Investment banker fee	Section 194J
12.	Debenture trustee	Trusteeship fee	Section 194J
13.	International Trade Finance Service or "ITFS"	Commission income	Section 194H
14.	FinTech Entity	Technical fee/Professional fee	Section 194J
		Commission income	Section 194H
	BATF Service Provider	Professional or Consulting or Advisory fees	Section 194J
15.	Broker-Dealers	Payment made by Recognised Stock Exchanges	194J
		Commission Incentives	194H or 194C
16.	Finance Company	Interest on account of lease	194A
		Freight Charges or Hire Charges	194C

17.	Fund Management Entity	Portfolio management fees	194J
		Investment advisory fees	194J
		Management Fees	194J
		Performance Fees	194J
18.	Recognised Clearing Corporation	Professional or Technical Services fees	194J
		Interest Income	194A
		Penalty levied on clearing members	194J
19.	Recognised Depository	Professional or Technical or Contractual fees	194J or 194C
20.	Recognised Stock Exchange	Professional or Technical Services fees	194J
		Rent for Data Centres	194I
		Interest Income	194A
		Penalty levied on Members by Stock Exchanges	194J

Non-applicability of TDS on above payments is subject to following conditions –

- The payee shall furnish a statement-cum-declaration in Form No. 1 to the payer giving details of previous years relevant to the 10 consecutive assessment years for which the payee opts for claiming deduction under section 80LA of the IT Act; and
- Form 1 shall be furnished and verified for each previous year relevant to the 10 consecutive assessment years for which the payee opts for claiming deduction under section 80LA of the IT Act.

The payer shall not deduct tax on payment made or credited to the payee after the date of receipt of copy of Form No. 1 from the payee. The payer shall furnish the particulars of all the payments made to payee on which tax

has not been deducted in view of aforesaid CBDT notifications in quarterly TDS return filings.

The above relaxation from TDS shall be available only during the said previous years relevant to the ten consecutive assessment years as declared by the payee in Form No. 1 for which deduction under section 80LA is being opted by the payee. The payer shall be liable to deduct tax on payments as referred above for any other year.

2. Rate of exchange for the purpose of TDS on income payable in foreign currency to or by a unit in IFSC

Rule 26 of IT Rules provides that in case of deduction of tax at source on any income payable in foreign currency to a unit in IFSC, the rate of exchange for the calculation of the value in rupees of such income payable shall be the telegraphic transfer buying rate of such currency as on the date on which tax is required to be deducted at source by the person responsible for paying such income.

Further, such exchange rate shall also be applied while calculating the rate of exchange for the calculation of the value in rupees of income payable in foreign currency by a unit in IFSC to an assessee in India.

10. Compliance requirements for IFSC units

The compliance requirements that need to be satisfied by an IFSC unit under the provisions of the IT Act are summarised below.

Form to be filed on income-tax portal	Form to be filed by	Description of the form	Timeline for filing the form
Form 10CCF	Accountant as defined in section 288(2)	Details of tax holiday claimed under section 80LA of the IT Act	No timeline specified – The form should be filed before filing of return of income.

Form to be filed on income-tax portal	Form to be filed by	Description of the form	Timeline for filing the form
Form 1	IFSC Unit	Details of previous years relevant to 10 consecutive assessment years for which the IFSC Unit opts for claiming deduction under section 80LA of the IT Act	No timeline specified – The IFSC Unit will be eligible to receive specified payments without TDS only after Form 1 is furnished.
Form 10-IG	IFSC Unit being Specified Fund	Details of exempt income under section 10(4D) of the IT Act	Same due date as applicable for filing return of income
Form 10-IH	IFSC Unit being Specified Fund	Details of income eligible for concessional tax under section 115AD of the IT Act	Same due date as applicable for filing return of income
Form 10-IK	IFSC Unit being Specified Fund being investment division of an offshore banking unit	Details of exempt income of specified fund attributable to the investment division of an offshore banking unit	Same due date as applicable for filing return of income
		Details of income eligible for concessional tax under section 115AD of the IT Act	Same due date as applicable for filing return of income

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Form to be filed on income-tax portal	Form to be filed by	Description of the form	Timeline for filing the form
Form 49BA	Category I and II AIF set up in IFSC Category III AIF being Specified Fund defined u/s 10(4D)	Details of non-resident investors in AIF who have not obtained PAN along with declaration from such investor that he is a resident of a country or specified territory outside India	Within 15 days from the end of each quarter
	Stock Broker being member of recognised stock exchange in IFSC	Details of non-resident investors transacting in capital assets referred to in section 47(viiab) on recognised stock exchange in IFSC who have not obtained PAN along with declaration from such investor that he is a resident of a country or specified territory outside India	
Form 15CD	IFSC Unit	Details of remittances made outside India	Within 15 days from the end of each quarter

Exemption from filing Part D of Form 15CA

Section 195(6) of the IT Act read with Rule 37BB of the Income-tax Rules, 1962 requires a person responsible for paying any sum which is not chargeable under the provisions of the IT Act to a non-resident to furnish details thereof in Part D of Form 15CA. However, a unit in IFSC is not required to furnish such details.

11. Transfer Pricing

Specified Domestic Transactions under section 92(2A) of the IT Act

Section 92(2A) of the IT Act requires any allowance for an expenditure or interest or allocation of any cost or expense or any income in relation to the specified domestic transaction to be computed having regard to the arm's length price. Further, transfer pricing will apply in case of specified domestic transactions only where aggregate of such transactions entered into by the assessee in the previous year exceeds INR 20 crore.

The term 'specified domestic transaction' is defined under section 92BA of the IT Act to mean inter alia any transaction referred to in section 80A of the IT Act. It is therefore important to understand the scope of provisions of section 80A of the IT Act.

Applicability of section 80A of the IT Act

Section 80A(6) of the IT Act is applicable where following conditions are satisfied –

- (a) There is transfer of goods or services held for the purposes of the undertaking or unit or enterprise or eligible business ('tax holiday unit') to any other business carried on by the assessee (non-tax holiday unit'); or
- (b) Where any goods or services held for the purposes of non-tax holiday unit carried on by the assessee are transferred to tax holiday unit; and
- (c) Consideration, if any, for such transfer as recorded in the accounts of the tax holiday unit does not correspond to the market value of such goods or services as on the date of the transfer.

Where the conditions specified above are satisfied, section 80A(6) of the IT Act stipulates that the profits and gains of the tax holiday unit shall be computed as if the transfer of goods or services between tax holiday unit and non-tax holiday unit had been made at the market value of such goods or services. The expression “market value” –

- (a) in relation to any goods or services sold or supplied by tax holiday unit, means the price that such goods or services would fetch if these were sold by tax holiday unit in the open market, subject to statutory or regulatory restrictions, if any;
- (b) in relation to any goods or services acquired by tax holiday unit, means the price that such goods or services would cost if these were acquired by tax holiday unit from the open market, subject to statutory or regulatory restrictions, if any;
- (c) in relation to any goods or services sold, supplied or acquired by tax holiday unit means the arm's length price as defined in section 92F(ii) of the IT Act of such goods or services, if it is a specified domestic transaction referred to in section 92BA of the IT Act.

Thus, in cases where the transactions between tax holiday unit and non-tax holiday unit of an assessee do not fall within the purview of ‘specified domestic transactions’ under section 92BA of the IT Act (due to the threshold of INR 20 crores not being met), the market value for such transactions shall be measured with reference to price prevailing in open market. However, in cases where transfer pricing under section 92BA of the IT Act is applicable, market value shall be measured with reference to arm's length pricing as applicable under transfer pricing provisions under the IT Act.

Applicability of transfer pricing in case of international transactions

Transfer pricing provisions under the IT Act will apply in case of transactions between an IFSC entity and its associated enterprise that is non-resident of India in the same way as applicable in case of any other international transaction between associated enterprises.

12. Other relaxations

Relevant Provisions of IT Act	Relaxation for IFSC unit
Section 2(22) – Definition of dividend	The term 'dividend shall not include any advance or loan between two group entities, where, – (a) one of the group entity is a "Finance company" or a "Finance unit" in IFSC set up as a global or regional corporate treasury centre for undertaking treasury activities or treasury services; and (b) The parent entity or principal entity of such a group is listed on stock exchange in a country or territory outside India other than the country or territory outside India as may be specified by CBDT on this behalf.
Section 9A – Fund management activity carried out through an eligible fund manager acting on behalf of eligible investment fund not to constitute business connection in India of the said fund	The provisions of section 9A of the IT Act are subject to certain conditions prescribed therein. The Central Government may however by a notification specify that one or more of these conditions shall not apply or shall apply with modifications in case the fund manager is located in IFSC and has commenced its operations on or before 31 March 2030.
Section 94B – Thin capitalisation provisions	Not applicable to a Finance Company located in IFSC (provided debt issued by non-resident to Finance Company is in foreign currency)
Section 111A – Concessional tax rate of 20% in respect of short-term capital gains on	Requirement of transfer being chargeable to STT not applicable to a transaction undertaken on a recognised stock exchange located in IFSC where the consideration for

Relevant Provisions of IT Act	Relaxation for IFSC unit
transfer of listed securities available provided such transfer is chargeable to securities transaction tax (STT)	such transfer is received or receivable in foreign currency.
Section 112A – Concessional tax rate of 10% in respect of long-term capital gains on acquisition and/or transfer of listed securities available provided such acquisition and/or transfer is chargeable to STT	Requirement of acquisition and/or transfer being chargeable to STT not applicable to a transaction undertaken on a recognised stock exchange located in IFSC where the consideration for such transfer is received or receivable in foreign currency.
Section 115A – Dividend chargeable to income-tax for non-residents @ 20%	Tax rate of 10% (instead of 20%) applicable on dividend income received by a non-resident from a unit in IFSC.
Section 115VP – Application for tonnage tax scheme to be filed by a qualifying company within 3 months of the date of its incorporation or the date on which it became a qualifying company	An IFSC unit which has availed deduction under section 80LA may make an application within 3 months from the date on which such deduction ceases.
Section 139 – Filing of return of income in India	A non-resident investor having income from Category I AIF, Category II AIF and Category III AIF being a Specified Fund defined u/s 10(4D) set up in IFSC shall not be required to file return of income in India provided –

Relevant Provisions of IT Act	Relaxation for IFSC unit
	(a) appropriate tax, as applicable, has been deducted and remitted to Central Government by the AIF; and (b) there is no other income during the previous year for which such investor is otherwise liable to file return of income. A non-resident investor who has made transaction only in capital asset referred to in section 47(viiab) which are listed on a recognised stock exchange located in IFSC during a previous year shall not be required to file return of income in India provided – (a) consideration on transfer of such capital asset is paid or payable in foreign currency; and (b) such investor does not earn any other income in India during such previous year.
Section 139A – Requirement to obtain PAN	A non-resident investor of Category I AIF, Category II AIF and Category III AIF being a Specified Fund defined u/s 10(4D) set up in IFSC who does not earn any income in India, other than the income from investment in such AIF, is not required to obtain PAN.
	A non-resident investor is not required to obtain PAN if he does not earn any income in India other than income from transfer of capital asset referred to in section 47(viiab) which is listed on recognised stock exchange in IFSC and consideration on transfer of such capital asset is paid or payable in foreign currency.
	A foreign company that does not have any

Relevant Provisions of IT Act	Relaxation for IFSC unit
	income chargeable to tax in India is not required to obtain PAN for opening an account or making a time deposit with IFSC banking unit. Such foreign companies shall however make a declaration in Form No. 60.
Section 194LC – TDS on interest payable to a non-resident in respect of money borrowed by an Indian company from a source outside India by way of long-term bond or rupee denominated bond,	Below mentioned concessional TDS rates to apply instead of 20% rate in case the bond is listed only on a recognised stock exchange located in IFSC – (a) 4%* - In case of bond issued on or after 1 April 2020 but before 1 July 2023 (b) 9%* - In case of bond issued on or after 1 July 2023

* to be increased by applicable surcharge and cess

13. Concluding Remarks

The IT Act contains various incentives and relaxations for IFSC units as well as investors in IFSC in order to promote the IFSC ecosystem and to ensure that IFSC has a competitive tax regime on similar lines as other offshore financial service centres. It is also imperative to ensure that specific compliance requirements stipulated for IFSC units under the IT Act are adhered to in order to ensure availability of benefits provided under the IT Act.

Indirect Tax Implications on GIFT City

1. Introduction

SEZs are very critical for a country's economic growth and countries often establish SEZs to facilitate rapid economic growth by leveraging tax incentives to attract foreign investment and spark technological advancement. The GIFT SEZ is established to attract world-class financial institutions, fintech firms, and technology service providers, which will facilitate positioning India as a global hub for financial and IT services.

One of the unique features of GIFT City is that it is a Special Economic Zone (SEZ) which is treated as a territory outside of the rest of India for specific regulatory and fiscal purposes.

From an indirect tax perspective, the distinct legal status of the GIFT SEZ has important implications. It is regarded as a territory outside the customs territory of India for authorised operations and enables supplies to or from the SEZ to qualify as zero-rated under the Goods and Services Tax (GST) regime. This offers substantial tax efficiency and operational advantages to businesses operating within GIFT City.

While examining the indirect tax framework within the GIFT SEZ, it is crucial to take into consideration a variety of taxes and duties that may impact the business operations of a unit in this region. The essential elements of indirect taxation include Goods and Services Tax (GST), Customs duties & Stamp Duty.

Each of these indirect taxes has specific implications for trade and commerce, influencing operational costs and overall financial planning for enterprises. Understanding their applicability and complexities is vital for stakeholders to navigate compliance and optimize operational efficiencies within the GIFT SEZ.

Let's now understand the structure of indirect tax in India.

2. Indirect Tax Structure in India

The Indirect Tax is levied on goods and services. While in the Direct tax, the burden and liability to pay taxes lie with the same person, on the other hand, in case of the Indirect tax, the burden of tax lies with another person, generally with the end consumer, and the liability to pay those taxes lies with another person.

Prior to 1st July, 2017, there were various taxes and duties levied by both the central and state governments, such as the Central Excise Duty, Service tax, Central Sales tax(CST), etc, levied by the central government and Value Added Tax (VAT), Entry/Octroi, Luxury tax, Entertainment tax, etc, levied by the state government.

There were numerous problems in the erstwhile taxation framework which includes problems such as the cascading effect, double taxation, multiple registrations & compliances, high litigation costs, etc.

To resolve these problems, both the centre and the state government came together and formed a new Indirect tax structure by integrating various central and state taxes into GST and implemented the GST framework from 1st July, 2017.

The Parliament along with the state legislatures implemented the GST framework from 1st July, 2017 by enacting various Acts, which include the Central Goods and Services Act, 2017, Integrated Goods and Services Tax Act, 2017, Union Territory Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, and various State Goods and Services Tax Act, 2017 enacted by respective state legislatures.

Post GST, the Indirect framework in India has been completely changed and various complexities and problems that were in the earlier taxation framework have now been resolved.

Currently, the various Indirect taxes that are being levied in India are GST (CGST & IGST), customs duty, and excise duty by the central government, and GST (SGST or UTGST), state excise, stamp duty, electricity duty, and entertainment tax by the state government.

3. GST Implication on GIFT City

One of the major pillars of the Indirect taxation is the Goods and Services Tax (GST), introduced by the Parliament of India by amending the Constitution of India through the Constitution (One Hundred and First Amendment) Act, 2016.

Under the GST framework, the supply of Goods or Services or both to the SEZ unit or SEZ developer is treated as a zero-rated supply, where the supplier can claim the refund of tax paid or accumulated ITC. In order to gain more insights of how various transactions are being treated under GST, it becomes essential for us to evaluate the transactions and the provisions applicable to them. We will now evaluate the same.

1. Provisions applicable to transactions with SEZ

According to the definition given in section 7 of the CGST Act, 2017, supply includes all forms of supply of goods or services or both. The supply could be by way of sale, transfer, barter, exchange, licence, rental, lease or disposal and the supply can be made at the present date or at any future date. The supply should be made for a consideration by a person and it should be in the course or furtherance of business.

Further, the government has notified the supply of various goods and services on the recommendations of the GST council as exempt from the levy of the GST.

In light of Section 16 of the IGST Act, 2017, export of goods or services or both and the supply of goods or services or both for authorised operations to a SEZ unit or a SEZ developer is treated as a zero-rated supply. Furthermore, Rule 89 of the CGST Rules lays down the procedural framework for claiming a refund of tax paid on supplies made to a SEZ unit or SEZ developer, as well as in the case of exports of goods or services. This rule specifies the documentary requirements, timelines, and conditions under which such refunds can be claimed.

Moreover, Rule 96A of the CGST Rules prescribes the procedure for export of goods or services, or supply to a SEZ unit or developer, without payment of integrated tax under bond or Letter of Undertaking (LUT). This rule

facilitates zero-rated supplies by allowing the supplier to claim a refund of unutilized input tax credit (ITC) accumulated on account of such supplies.

2. GST Implications on various scenarios in GIFT SEZ

The SEZ area of the GIFT City is divided into certain parts, i.e. Processing area and the non-processing area. Moreover, the non-processing area of GIFT SEZ is also further divided into two parts. First, where the social or commercial infrastructure and other facilities are permitted to be used by both the SEZ and DTA units, which is also known as the Dual-use non-processing area, and second, where the social or commercial infrastructure and other facilities are permitted to be used only by SEZ units also known as SEZ use only non-processing area.

In order to understand various scenarios of GST implications on GIFT SEZ, we are required to know the difference in the treatment of the dual-use non-processing area and the SEZ use only non-processing area.

In light of Rule 11A of the SEZ Rules, 2006, the dual use non-processing area of a SEZ is not entitled to any exemptions, concessions or drawbacks under customs, central excise or CGST & SGST. Further, according to the same rule, the SEZ uses only non-processing areas that are eligible for exemptions, concessions and drawbacks.

The following are the various scenarios that can occur among the Processing area, Non-processing (SEZ only) area, Non-processing (Dual use) area, and the Domestic Tariff Area (DTA):

S. No.	Supplier (SEZ unit, developer, or DTA unit)	Recipient (SEZ unit, developer, or DTA unit)	GST Applicability	Type of Supply
1	SEZ- Processing area	SEZ- Processing area	Zero-rated Supply	Inter-state - Zero-rated
2		SEZ- Non Processing area (SEZ Only)	Zero-rated Supply	Inter-state - Zero-rated
3		SEZ- Non Processing area (Dual Use)	Taxable Supply	Inter-state - IGST

S. No.	Supplier (SEZ unit, developer, or DTA unit)	Recipient (SEZ unit, developer, or DTA unit)	GST Applicability	Type of Supply
4		Domestic Tariff Area (DTA)	Taxable Supply	Inter-state - IGST
5	SEZ- Non Processing area (SEZ Only)	SEZ- Processing area	Zero-rated Supply	Inter-state - Zero-rated
6		SEZ- Non Processing area (SEZ Only)	Zero-rated Supply	Inter-state - Zero-rated
7		SEZ- Non Processing area (Dual Use)	Taxable Supply	Inter-state - IGST
8		Domestic Tariff Area (DTA)	Taxable Supply	Inter-state - IGST
9	SEZ- Non Processing area (Dual Use)	SEZ- Processing area	Zero-rated Supply	Inter-state - Zero-rated
10		SEZ- Non Processing area (SEZ Only)	Zero-rated Supply	Inter-state - Zero-rated
11		SEZ- Non Processing area (Dual Use)	Taxable Supply	Inter-state - IGST
12		Domestic Tariff Area (DTA)	Taxable Supply	Inter-state - IGST
13	Domestic Tariff Area (DTA)	SEZ- Processing area	Zero-rated Supply	Inter-state - Zero-rated
14		SEZ- Non Processing area (SEZ Only)	Zero-rated Supply	Inter-state - Zero-rated
15		SEZ- Non Processing area (Dual Use)	Taxable Supply	Inter-state - IGST
16		Domestic Tariff Area (DTA)	Taxable Supply	Inter-state or Intra-state

3. Registration requirement for a unit in SEZ under GST:

Under the GST framework, the monetary limit for a person to become liable for registration is prescribed in section 22(1) of the CGST Act, 2017. In light of which any person engaged in the exclusive supply of Goods and having an aggregate turnover exceeding 40 lakhs (20 lakhs and 10 lakhs for the Special category states as specified in Article 279A(4)(g) of the Constitution of India) is liable to take registration.

Similarly, any person engaged in the exclusive supply of Services or engaged in the supply of Goods and Services and having an aggregate turnover exceeding 20 lakhs (10 lakhs for the Special category states) is liable to take registration.

Further, Section 24(i) of the CGST Act, 2017 mandates compulsory registration for any person making inter-State taxable supplies, irrespective of the threshold limit specified under Section 22.

Additionally, any supply of goods or services or both to or by a SEZ unit or SEZ developer is classified as an inter-state supply under section 7(5)(b) of the IGST Act, 2017.

Accordingly, since supplies made to or by SEZ units or developers are treated as inter-State supplies, such persons are mandatorily required to obtain GST registration under Section 24(i) of the CGST Act.

However, section 23(2) of the CGST Act empowers the Government, on the recommendation of the council, to exempt certain categories of persons from taking registration, even if they fall under the ambit of Sections 22 or 24.

In exercise of this power, the Government, vide Notification No. 10/2017-Integrated Tax, exempts any person making inter-State supplies of taxable services from taking registration whose aggregate turnover does not exceed 20 lakhs (10 lakhs for special category states as specified in clause (iii) of the explanation to section 22).

Therefore, any person engaged in the inter-State supply of goods or supply of both goods and services is liable for taking registration under section 24(i). Further, a person is liable to take registration under the GST if:

- He is engaged in the inter-State supply of services only; and

- Its annual aggregate turnover on a PAN level basis is exceeding 20 lakhs or 10 lakhs as the case may be in a year.

For example: a person supplying goods and services in intra-state and supplying only services in the inter-state with an aggregate turnover of 18 lakhs.

It is also pertinent to note that in light of the 2nd proviso to section 25(1) of the CGST Act, 2017, a person having a unit in a SEZ or being a SEZ developer shall have to apply for a separate registration, as distinct from his place of business located outside the SEZ in the same State.

4. Refund of tax on supply to SEZ

A supplier making zero rated supplies to a SEZ unit or developer is provided with two options for claiming a refund under the GST framework. The supplier may either (a) supply the goods or services without payment of IGST under a Letter of Undertaking (LUT) and subsequently claim a refund of the unutilized input tax credit (ITC), or (b) supply with payment of IGST and claim a refund of the tax paid on such supplies.

The refund application for both options can be filed online in Form GST RFD-01. Further, the application for refund shall be filed by the-

- (a) supplier of goods after such goods have been admitted in full in the SEZ for authorised operations, as endorsed by the specified officer of the Zone;
- (b) supplier of services along with such evidence regarding receipt of services for authorised operations as endorsed by the specified officer of the Zone.

Additionally, the following documents and evidence must be submitted to claim a refund on the supply to SEZ:

- A declaration to the effect that tax has not been collected from the SEZ unit or the developer
- A statement containing the number and date of invoices, along with the evidence regarding the endorsement that goods have been admitted in full in the SEZ or services have been received by SEZ by the specified officer of the Zone

In case where the supplier opts to make supplies to SEZ without payment of tax, then the supplier is mandatorily required to furnish a LUT in Form GST RFD-11 prior to such supply.

Furthermore, it is pertinent to note that the Hon'ble Madras High Court in a case³ held that where a SEZ unit has, by mistake, paid GST on supplies received from a DTA unit despite such supplies being zero-rated and not liable to tax, then in that case the SEZ unit is entitled to claim a refund of the tax so paid. However, the SEZ unit must establish that (i) no refund has been claimed by the supplier, and (ii) the tax amount has in fact been remitted to the government treasury through statutory returns.

For further guidance on the detailed procedure for refund, one may refer to the official user manuals issued by GSTN for claiming refunds in case of supplies to SEZ:

→ With payment of tax:

<https://tutorial.gst.gov.in/userguide/refund/index.htm#t=Refund on Account of Supplies made to SEZ Unit WPT manual.htm>



→ Without payment of tax:

<https://tutorial.gst.gov.in/userguide/refund/index.htm#t=Refund on Account of Supplies made to SEZ Unit wipt manual.htm>



3 Platinum Holdings Pvt. Ltd. Vs Additional Commr. of GST & C. Ex. (Appeals-II), Chennai 2022 (58) G.S.T.L. 3 (Mad.) [11-08-2021]

5. Benefits to GIFT SEZ under GST

There are various benefits given to SEZ units and SEZ Developers under the GST framework. Some of the key benefits to the SEZ units and SEZ Developers are listed below:

- Supplies made to SEZ units or SEZ developers are treated as zero-rated, for which no GST is charged.
- In case of supplies made by a SEZ unit to a DTA unit, the tax liability rests with the DTA recipient, not the SEZ supplier.
- In case of export, i.e. supplies made by SEZ units to outside India, even then this supply will also be treated as a zero-rated supply and will not be taxed.
- SEZ units in GIFT City can also import goods freely without payment of IGST.
- When SEZ receives supplies from the DTA, it can claim a refund of the GST paid by it to the DTA unit on such supplies.

4. Applicability of Customs on GIFT SEZ

Customs duty is a tax levied on the movement of goods across international borders. In the Indian context, it becomes applicable when goods are imported into the country, serving as a key regulatory mechanism and source of revenue. For exports, customs duty is generally not imposed on all goods but is selectively applied to certain specified items, as notified by the government.

A unit operating within an SEZ may engage in a range of activities, each requiring a distinct examination of the applicability of customs provisions. The following are the key transactions that a unit in a SEZ may be involved in:

- (a) **Supply by DTA to SEZ:** As per section 53(1) of the SEZ Act, the area of the SEZ shall be deemed to be a territory outside the customs territory of India for the purposes of undertaking the authorised operations.

Since a SEZ area is deemed to be outside the customs territory of India for authorised operations, therefore, any supply of goods from a DTA unit to a unit located within an SEZ is treated as an export under the Customs law.

Accordingly, such transactions are subject to export-related procedures and benefits as applicable under the Customs Act. A DTA unit supplying goods to a unit in an SEZ is required to comply with all applicable provisions of the Customs law. This includes the mandatory filing of a Bill of Export for such supplies by the DTA unit.

Further, in view of rule 30(3) of the SEZ Rules, the goods procured by a Unit or Developer shall be permitted for the admission into the SEZ on the basis of a Bill of Export filed by the supplier or instead by the Unit or Developer on behalf of the supplier, which must be assessed by the Authorised Officer prior to the arrival of the goods.

Thus, whenever the DTA unit supplies goods to a unit in a SEZ, it must adhere to all procedural requirements applicable to the export of goods under Customs law.

- (b) Supply by SEZ to DTA:** As discussed above SEZ area is deemed to be outside the customs territory of India for authorised operations. Hence, the supply of goods from a SEZ unit to a DTA unit will be an import of goods under the Customs laws.

Further, in light of Section 30 of the SEZ Act, any supply of goods from a SEZ to the DTA shall attract the same customs duties as applicable on the import of goods into India. This includes the levy of basic customs duty and other duties such as anti-dumping duty, countervailing duty, and safeguard duty, as applicable under the prevailing customs laws at the time of such supply.

Therefore, the DTA unit importing goods would be required to pay the applicable customs duty on those goods along with the IGST, before clearing for home consumption and is also required to comply with all compliance and procedures for importing under the customs laws.

Moreover, according to Rule 48 of the SEZ Rule, when SEZ sells goods to the DTA, then the DTA unit shall be required to file a Bill of

Entry (BOE) for home consumption. Alternatively, the DTA unit can also give authorization to the SEZ unit to file a BOE on its behalf on such sale.

Furthermore, when procured goods from a DTA unit are supplied back to the DTA unit by a SEZ unit, then such supply from SEZ to DTA shall be treated as re-imported goods and all procedures & conditions shall apply to it, as applicable to normal re-import of goods from outside India.

- (c) **Import by SEZ from a person outside India:** Section 26(1)(a) of the SEZ Act provides exemption from the levy of customs duty to a SEZ unit or developer when importing the goods for carrying out the authorised operations.

As per Rule 29 of the SEZ Act, the SEZ importer is required to file a Bill of Entry for home consumption in five copies, specially stamped and endorsed as "Special Economic Zone Cargo," along with essential documents like invoice, packing list, and Bill of Lading or Airway Bill. The Authorized Officer shall register and assess the Bill of Entry without the need for a counter signature of the Specified Officer, based on transaction value.

Further, special procedures are also laid down for imports via courier, post, personal baggage, or data communication (e.g., software imports), ensuring simplified clearance while maintaining traceability and control. Notably, SEZ units may also re-import goods earlier exported, subject to identification and within permissible timelines.

- (d) **Export by SEZ to a person outside India:** In terms of section 26(1)(b) of the SEZ Act, the SEZ unit exporting goods outside India is exempt from any duty of customs under the Customs laws.

SEZ unit exporting goods should be as per the terms and conditions of the Letter of Approval (LOA), except prohibited items under the Import Trade Control (Harmonized System) Classification of Export and Import Items.

However, a unit can export prohibited items with prior approval of the Board of Approval (BOA), but such prohibited items cannot be procured from DTA.

Further, the SEZ unit is required to file a Shipping bill in five copies with the Authorized Officer of Customs in the SEZ along with the invoice, packing list, and currency declaration form (GR) in duplicate.

According to the Foreign Trade Policy (FTP) 2023, any entity engaged in the export or import of goods must mandatorily obtain an Importer-Exporter Code (IEC), which is a 10-character alphanumeric number issued by the DGFT upon submission of an online application. Subsequent to the implementation of GST, the IEC has been aligned with the entity's PAN to ensure a uniform and unique identification across regulatory systems. Although the IEC now mirrors the PAN, it continues to be separately issued by the DGFT through online application.

Consequently, whenever a DTA unit undertakes export or import of goods from an SEZ unit, it is mandatorily required to obtain an IEC by filing an online application on the DGFT portal. Similarly, an SEZ unit engaged in the export or import of goods to or from a person located outside India is also required to obtain an IEC.

GIFT City SEZ operates under a Single Window Clearance System, often referred to as the SESW Mechanism, which streamlines customs clearance processes and reduces procedural delays. This system integrates the SEZ Online platform with the Indian Customs Electronic Data Interchange System (ICES).

Through this integration, SEZ units and developers in GIFT City can electronically file and track various customs documents such as the Bill of Entry and Shipping Bill, without needing to approach multiple authorities or submit physical paperwork. The system facilitates seamless data exchange between customs and SEZ authorities, allowing for real-time approvals, quicker assessment, and faster cargo movement.

For a more detailed understanding of the customs procedures and documentation requirements applicable to SEZ units, stakeholders are encouraged to refer to the various operational manuals and guidance documents available on the SEZ Online Portal. The manuals can be accessed at: <https://www.sezonline-ndml.com/downloads.htm>

5. Central excise on GIFT SEZ

Central Excise Duty was historically one of the most significant indirect taxes in India prior to the introduction of the GST. The imposition and administration of this duty were governed by the Central Excise Act, 1944 and the Central Excise Tariff Act, 1985. It applied to all goods manufactured within the territory of India, except for alcoholic liquor for human consumption. As a major source of revenue for the Central Government, this levy formed a critical component of the indirect tax regime.

Following the implementation of GST, the scope of central excise duty has been significantly curtailed. It now applies only to a limited set of products such as petroleum crude, high-speed diesel, motor spirit (petrol), natural gas, Aviation Turbine Fuel (ATF), and tobacco and tobacco products. These goods fall outside the purview of GST and continue to be subject to excise duty due to constitutional and policy considerations.

The GIFT SEZ is predominantly focused on service-oriented sectors such as financial services, insurance, fintech, and ship leasing, the applicability of Central Excise laws becomes largely irrelevant. Central Excise primarily governs the manufacture of goods, whereas the operations within GIFT SEZ are largely non-manufacturing in nature. As a result, Central Excise provisions do not typically apply to units operating in GIFT SEZ.

6. Difference between the treatment of SEZ, IFSC, and DTA units under GST, customs, and central excise

The following are the different treatments among the SEZ, IFSC, and DTA units under the GST, Customs, and Central Excise:

Basis	SEZ Units	IFSC Units (in SEZ)	DTA Units
GST	Supply by DTA to SEZ is treated as zero-rated supply under IGST Act,	Supply to IFSC unit is also zero-rated supply	GST is applicable on intra/inter-state supply between two DTA units and must

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Basis	SEZ Units	IFSC Units (in SEZ)	DTA Units
	2017		be required to comply with all GST compliances
	Supply by SEZ to DTA is treated as an import for DTA – IGST payable	Same treatment as SEZ when the IFSC supplies to DTA	DTA unit is required to pay IGST under RCM and in case of import of goods IGST needs to be paid before clearing them for home consumption under customs
	No GST on import of goods/services by SEZ units	IFSC enjoys the same GST treatment as SEZ on import	GST applicable on all taxable imports
Customs Duty	Goods imported into SEZ are exempt from customs duty	Same exemption applies to IFSC	Customs duty applies on imports
	Supply from SEZ to DTA is treated as an import into India – duty applies	Customs duty applicable when IFSC supplies to DTA	No exemption; regular duty/tariff applies
	Supply by DTA to SEZ is treated as export and thus, no custom duty applies	Same treatment under customs for supply by DTA to IFSC	Normal customs laws apply for export/supply to SEZ/IFSC

Basis	SEZ Units	IFSC Units (in SEZ)	DTA Units
Central Excise Duty	Applicable only on some specific products (e.g., petroleum, tobacco) post-GST	Applicable only on some specific products (e.g., petroleum, tobacco) post-GST	Applicable only on some specific products (e.g., petroleum, tobacco) post-GST
	SEZ manufacturer enjoys excise duty exemptions on the manufacture of the goods	Not applicable	DTA liable for excise on notified goods if engaged in manufacture of those goods
	DTA manufacturer supplying specific goods to SEZ is not liable to pay excise on the manufacture of those goods as manufacturing of those goods is exempt from the levy of excise	Central Excise also does not apply to DTA manufacturers whenever they manufacture and supply specific goods to IFSC	Central Excise applies to all DTA manufacturers whenever they manufacture specific goods to supply them to another DTA unit, and they are required to comply with the provisions of the various central excise rules and regulations
Law	SEZ Act, IGST Act, and Customs Tariff Act	SEZ Act, IFSCA Act, and IFSC notifications	GST Acts, Customs Act, Central Excise Act, and all other central & state laws

Basis	SEZ Units	IFSC Units (in SEZ)	DTA Units
Territory	Deemed to be outside India for supply of goods/services under tax laws	Treated as outside the territory of India under taxation laws	Considered within taxable territory of India

7. Key issues for a unit in a GIFT sez

1. In the case of supply of services by a SEZ unit to a DTA unit, who is liable to pay GST, whether the SEZ unit under the Forward Charge Mechanism (FCM) by treating it as an outward supply, or the DTA unit under the Reverse Charge Mechanism (RCM) by treating it as an import?

Ans: Although a SEZ is considered to be outside the customs territory of India for certain purposes, the supply of services by an SEZ unit to a DTA unit is treated as an inter-State supply under the GST law. While there has been debate over whether the DTA unit should discharge GST under RCM, in practice and to avoid disputes, it is advisable for the SEZ unit to treat such service as an outward supply and discharge IGST under the FCM, thereby ensuring compliance and reducing litigation risk.

2. Whether the E-way bill is required to be generated when moving goods from a DTA unit to a SEZ unit or from one SEZ unit to another SEZ unit?

Ans: Yes, when goods are moved from a DTA unit to a SEZ unit, the registered DTA supplier is required to generate an E-way bill as per Section 68 of the CGST Act read with Rule 138 of the CGST Rules. Similarly, if goods are moved from one SEZ unit to another, an E-way bill must be generated if the movement meets the prescribed threshold or conditions, ensuring compliance with GST transit regulations.

3. When an SEZ unit receives services from a DTA unit that are subject to tax under reverse charge, is the SEZ unit liable to discharge the tax under RCM?

Ans: No, when an SEZ unit receives services from a DTA unit that are subject to RCM, the SEZ is not liable to pay GST under RCM. Since supplies to SEZs are treated as zero-rated, there is no tax liability on such inward supplies, even if they fall under the RCM category.

4. When one SEZ unit supplies goods or services to another SEZ unit, whether such supply is treated as an inter-State supply or intra-State supply, and whether GST is applicable on this transaction?

Ans: When one SEZ unit supplies goods or services to another SEZ unit, such supply is treated as an inter-State supply in accordance with Section 7(5) of the IGST Act. Accordingly, the supplier SEZ unit can make the supply with or without payment of IGST, as SEZ-to-SEZ supplies are also eligible for zero-rating. In case of goods, Rule 30(15) of the SEZ Rules, 2006 requires the recipient SEZ unit to file a Bill of Entry (Home Consumption – “V” Type) and the supplier SEZ unit to file a re-warehousing certificate within 45 days. However, if the supply is between **units within the same SEZ, such compliance is not mandatory.**

8. Conclusion

In conclusion, the indirect tax framework applicable to GIFT City, particularly its SEZ area, offers a strategic advantage to businesses through significant tax benefits, regulatory exemptions, and streamlined compliance mechanisms. The classification of GIFT SEZ as a territory outside the customs territory of India allows for zero-rated treatment of supplies under GST, duty exemptions under customs laws, and minimal application of central excise, given the services-oriented nature of the zone. Supplies to and from SEZs are governed by detailed provisions under the GST and Customs laws, including specific rules on registration, refund procedures, e-way bill requirements, and documentation for imports and exports. Moreover, the Single Window Clearance System and integration with ICES enhance the operational ease for units within GIFT SEZ. While certain complexities such as treatment of dual-use areas, applicability of RCM, and inter-unit SEZ transactions exist, a clear understanding and diligent compliance with the relevant statutory provisions ensure optimal tax efficiency. Overall, the indirect tax regime applicable to GIFT City SEZ is a well-structured framework designed to incentivize investment, promote global trade, and position India as a premier destination for financial and technology-driven services.

Relevant Provisions of the Companies Act, 2013 for IFSC Company

1. Background

A unit in IFSC incorporated as a company is required to comply with the provisions of the Companies Act, 2013 ('the Companies Act') like any other Indian company. However, there are certain relaxations notified by the Ministry of Corporate Affairs ('MCA') for companies set up in IFSC in order to provide a boost to the IFSC ecosystem. This chapter contains discussion on such relevant provisions of the Companies Act for a company set up in IFSC, relaxations available to IFSC company and specific accounting requirements applicable to IFSC company.

2. Incorporation of IFSC Company

A unit in IFSC set up as a company is required to be incorporated under the provisions of the Companies Act. The process for incorporation remains the same as any other Indian company. Every IFSC company needs to comply with the provisions of the Companies Act subject to the exceptions, modifications and adaptations as specified by MCA in the following notifications –

- (a) Notification no. GSR 9(E) dated 4 January 2017 applicable for a private limited company in IFSC
- (b) Notification no. GSR 8(E) dated 4 January 2017 applicable for an unlisted public company in IFSC

MCA has specified in its above-mentioned notifications that an IFSC company shall be required to have the suffix "International Financial Service Company" or "IFSC" as part of its name. Further, an IFSC company needs to have its registered office in IFSC at Gandhinagar.

MCA has issued an Office Memorandum⁴ dated 24 June 2025 providing recommendations for streamlining the incorporation of IFSC companies. The key recommendations outlined in the Office Memorandum are stated below –

- (a) IFSC companies are required to use the industrial codes such as 65, 66 and 67. The Office of Central Registration Centre (CRC) shall not raise objections in such cases.
- (b) If a company intends to incorporate a subsidiary in IFSC with the same name except for addition of the word 'IFSC', a No Objection Certificate ('NOC') from the parent company may be provided at the time of incorporation / name approval application. The CRC shall consider the same and no objections shall be raised by it.
- (c) It is not necessary that the details of the registered office of the IFSC company are disclosed at the time of filing of application for incorporation. The registered office details shall be notified to the Registrar of Companies ('RoC') in e-Form INC 22 within 60 days from the incorporation.
- (d) Considering the challenges in obtaining rent receipts, IFSC company may attach provisional letter of allotment ('PLOA') and NOC from the co-developer while filing e-Form INC 22.

3. Relaxations for Private Limited Company in IFSC

A private limited company in IFSC is entitled for various relaxations as specified by MCA vide its notification no. GSR 9(E) dated 4 January 2017. The key relaxations specified by MCA in the aforesaid notification are tabulated below.

⁴ e-File No. Policy/11/2025-CL-V-MCA

Relevant provision of the Companies Act	Relaxation for IFSC Private Limited Company
Section 2(41) – Definition of financial year	In case of an IFSC company which is a subsidiary of foreign company, the financial year of the subsidiary may be the same as the financial year of its holding company and no separate approval of National Company Law Tribunal ('NCLT') shall be required for the same.
Section 12(2) – Verification of registered office	An IFSC company shall be required to ROC verification of its registered office within a period of 60 days in e-Form INC 22 (instead of 30 days prescribed under section 12(2) of the Companies Act).
Section 12(4) – Change in registered office	Notice of change in registered office by an IFSC company shall be given to ROC in e-Form INC 22 within 60 days (instead of 15 days prescribed under section 12(4) of the Companies Act).
Section 21 – Authentication of Documents, Proceedings and Contracts	A document or proceeding requiring authentication by a company or contracts made by or on behalf of a company may be signed by any person duly authorised by the Board of Directors in this behalf and not necessarily by an employee of the company.
Section 42 – Private Placement	- Requirement of issuing private placement offer and application in Form PAS-4 not applicable to IFSC company. - Restriction regarding release of any public advertisements or utilising any media, marketing or distribution channels or agents to inform the public at large about issue by way of private placement not applicable to an IFSC

Relevant Provisions of the Companies Act, 2013 for IFSC Company

Relevant provision of the Companies Act	Relaxation for IFSC Private Limited Company
	company. Longer time period of 90 days (as against 60 days) available for allotment of securities
Section 89(6) – Declaration in Respect of Beneficial Interest in any Share	Longer time period of 90 days (instead of 60 days) available to IFSC company for filing Form MGT-6 with RoC in respect of declaration received by it from the beneficial owner of shares.
Section 92(3) – Annual Return	Requirement of placing a copy of annual return on the company's website, if any, and disclosure of web-link of such annual return in the report of Board of Directors not applicable to an IFSC company.
Section 100(1) – Extraordinary General Meeting	Extraordinary General Meeting may be convened by the Board of Directors, subject to the consent of all shareholders, at any place within or outside India.
Section 117(1) – Filing of resolutions	Longer time period of 60 days (instead of 30 days) available to IFSC companies for filing Form MGT-14 with ROC.
Section 118 – Minutes of Board meeting	- Minutes of meeting of Board of Directors or of its committees in case of IFSC company to be prepared and signed at or before the next Board or - committee meeting (instead of 30 days of conclusion of the meeting) - IFSC company is not required to observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India.

Relevant provision of the Companies Act	Relaxation for IFSC Private Limited Company
Section 135 – Corporate Social Responsibility (CSR)	• CSR provisions shall not apply for a period of 5 years from the commencement of business in case of an IFSC company.
Section 138 – Internal Audit	• Provisions of section 138 requiring internal audit shall apply to an IFSC company only if the Articles of Association ('AoA') of the company provide for the same.
Section 139 – Auditor appointment	• Longer time period of 30 days (instead of 15 days) available to an IFSC company for filing Form ADT-1 with RoC for auditor appointment. • Provisions of section 139(2) relating to rotation of auditors shall not apply to an IFSC company.
Section 140 – Removal of auditor	• In case of an IFSC company, where no decision is communicated by the Central Government to the company within 60 days from the date of submission of the application by the company for auditor removal, it would be deemed that the Central Government has approved the application and the company shall appoint new auditor at a general meeting convened within 3 months from the date of expiry of 60 days period.
Section 149(3) – Requirement of resident director	• The requirement of having at least 1 director who has stayed in India for a total period of not less than 182 days during the financial year shall not apply in case of an IFSC company for the first financial year from the date of its incorporation.
Section 170(2) –	• Longer time period of 60 days (instead of 30

Relevant Provisions of the Companies Act, 2013 for IFSC Company

Relevant provision of the Companies Act	Relaxation for IFSC Private Limited Company
Register of Directors and Key Managerial Personnel	days) available for filing Form DIR-12 with ROC for furnishing details of appointment of / change in directors and Key Managerial Personnel ('KMP')
Section 173(1) – Frequency of board meetings	• An IFSC company is required to hold its first meeting of the Board of Directors within 60 days (instead of 30 days) of its incorporation. • Thereafter, it shall hold at least one meeting of the Board of Directors in each half of a calendar year (instead of holding a minimum number of 4 meetings in a year).
Section 174 – Quorum in case of interested directors being present at Board meeting	• Where at any time the number of interested directors exceeds or is equal to 2/3rd of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than 2, shall be the quorum during such time. • However, in case of an IFSC company, an interested director may participate in such a meeting provided the disclosure of his interest is made by the concerned director either prior or at the meeting.
Section 179(3) – Passing of board resolution	• Section 179(3) lists down certain matters wherein the powers can be exercised by the Board of Directors only by means of resolutions passed at board meetings. • However, in the case of an IFSC company, the Board of Directors can exercise the powers by means of resolutions passed at the meetings of the Board or through resolutions passed by circulation.

Relevant provision of the Companies Act	Relaxation for IFSC Private Limited Company
Section 185 – Loan to directors, etc.	• Explanation to section 185(1) defines the expression “any person in whom any of the director of the company is interested”. • Clause (c) of the aforesaid Explanation provides that such expression will mean any body corporate, the Board of Directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or Directors, of the lending company. • However, in case of an IFSC company, clause (c) shall be read to mean any private company of which any such director is a director or member in which director of the lending company do not have direct or indirect shareholding through themselves or through their relatives and a special resolution is passed to this effect.
Section 186 – Loan and investment by company	• Section 186(1) restricting investment through more than 2 two layers of investment companies shall not be applicable to an IFSC company. • The requirement of obtaining approval of shareholders by way of special resolution in case of loan, investment, guarantee and security being in excess of prescribed limits shall apply to an IFSC company if it passes a resolution either at meeting of the Board of Directors or by circulation.

Further, in addition to the above relaxations, an IFSC private company will also be eligible for the exemptions/ relaxations notified by MCA for all private companies vide notification no. G.S.R. 464(E) dated the 5 June 2015 read with notification no. G.S.R. 583(E) dated 13 June 2017.

4. Relaxations for Public Company in IFSC

In addition to the relaxations provided for a private limited company in IFSC vide MCA notification no. GSR 9(E) dated 4 January 2017 as specified in the table provided in paragraph 11.3 above, an unlisted public company in IFSC is entitled for additional relaxations notified by MCA that are tabulated below.

Relevant provision of the Companies Act	Relaxation for an unlisted IFSC Public Company
Section 2(76)(viii) – Definition of related party	• Section 2(76)(viii) defines related party, with reference to a company, to mean holding, subsidiary or associate company of such company, subsidiary of holding company, an investing company or the venturer of the company. • However, for an IFSC public company, the above definition will not apply with respect to the provisions of related party transactions under section 188 of the Companies Act.
Section 43 – Kinds of share capital	• Section 43 is not applicable to an IFSC public company where the memorandum or articles of association of such company provide for it.
Section 47 – Voting rights	• Section 47 is not applicable to an IFSC public company where the memorandum or articles of association of such company provide for it.
Section 62(1)(a) – Rights issue	• The duration of offer period may be lesser than that specified in section 62(1)(a) in case of an IFSC public company provided 90% of the members have given their consent in writing or in electronic mode.

Relevant provision of the Companies Act	Relaxation for an unlisted IFSC Public Company
Section 62(1)(b) – ESOP	• Issue of shares to employees under ESOP shall be permissible in case of an IFSC public company through ordinary resolution (instead of special resolution).
Section 67 – Restrictions on Purchase by Company or Giving of Loans by it for Purchase of its Shares	• Section 67 is not applicable in case of an IFSC public company – (a) in whose share capital no other body corporate has invested any money; (b) if the borrowings of such company from banks or financial institutions or any body corporate is less than twice of its paid-up share capital or INR 50 crore, whichever is lower; and (c) such a company is not in default in repayment of such borrowings subsisting at the time of making transactions under section 67.
Clauses (a) to (e) of Section 73(2) - Prohibition on acceptance of public deposits	• Clauses (a) to (e) of Section 73(2) shall not apply to an IFSC public company which accepts from its members, monies not exceeding 100% aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to ROC in Form DPT-3.
Section 101 to 107 and 109 – provisions relating to meeting of members	• These provisions shall apply in case of an IFSC public company, unless otherwise specified in the articles of association of the company.
Section 117(3)(g) – Filing of specified board resolutions	• Requirement to file board resolutions specified under section 179(3) in Form MGT-14 not applicable to ISFC public company.

Relevant Provisions of the Companies Act, 2013 for IFSC Company

Relevant provision of the Companies Act	Relaxation for an unlisted IFSC Public Company
Section 149(1) – Minimum 1 woman director	• Not applicable to an IFSC public company.
Sub- sections (4) to (11), clause (i) of subsection (12) and sub-section (13) of section 149 – Board of Directors	• Not applicable to an IFSC public company.
Section 152(5) – Filing of DIR-2	• Longer period of 60 days (instead of 30 days) available for filing Form DIR-2 for furnishing details of appointment of director
Section 152(6) and 152(7) – Retirement of directors by rotation	• Not applicable to an IFSC public company.
Section 160 – Right of Persons Other than retiring Directors to Stand for Directorship	• In case of an IFSC public company, these provisions shall apply as per the articles of association framed by the company.
Section 162 – Appointment of Directors to be Voted Individually	• Not applicable to an IFSC public company.
Section 177 – Audit Committee	• Not applicable to an IFSC public company.

Relevant provision of the Companies Act	Relaxation for an unlisted IFSC Public Company
Section 178 - Nomination and Remuneration Committee and Stakeholders Relationship Committee	• Not applicable to an IFSC public company.
Section 180 – Restrictions on Powers of Board	• Not applicable to an IFSC public company, unless the articles of association of the company provides otherwise.
Section 184(2) – Disclosure of Interest by Director	• In case of an IFSC public company, section 184(2) shall apply with the exception that interested directors may participate in the meeting provided the disclosure of his interest is made by the concerned director either prior or at the meeting.
Second proviso to section 188(1) – Related party transactions	• A member of a company being a related party is not permitted on a resolution to approve any contract or arrangement which may be entered into by the company. • The above restriction shall not apply in case of an IFSC public company.
Section 196(4) – Appointment and remuneration of managing director, whole-time director or manager	• Subject to the provisions of section 197 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the

Relevant provision of the Companies Act	Relaxation for an unlisted IFSC Public Company
	Central Government in case such appointment is at variance to the conditions specified in Part I of Schedule V. • However, the above provisions are not applicable to an IFSC public company.
Section 197 – Managerial remuneration	• The provisions relating to maximum managerial remuneration in case of absence or inadequacy of profits shall not be applicable in case of an IFSC public company.

5. Listing by an indian company on stock exchange in ifsc – relevant provisions of the companies act

Companies (Amendment) Act, 2020 has amended section 23 of the Companies Act by inserting sub-section (3) as under –

“(3) Such class of public companies may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.”

In exercise of powers conferred under section 23(3) of the Companies Act, the MCA has framed the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024. The provisions of these rules shall apply to –

- (a) unlisted public companies;
- (b) listed public companies, so far as they are in accordance with regulations framed or directions issued in this regard by the Securities and Exchange Board of India or IFSCA,

which issue their securities for the purposes of listing on permitted stock exchanges in permissible jurisdictions.

As of now, IFSC is the permissible jurisdiction and India International Exchange (India INX) and NSE International Exchange (NSE IX) are the

permitted stock exchanges for the purpose of section 23(3) of the Companies Act r.w. the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024. Thus, an Indian public company can list its equity shares on India INX and NSE IX in IFSC. As of now, the framework allows unlisted public Indian companies to list their equity shares on India INX and NSE IX. SEBI is in the process of issuing the operational guidelines for listed public Indian companies.

As per rule 4(4) of Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024, the concerned unlisted public company shall file the prospectus in e-Form LEAP-1 within 7 days after the same has been finalised and filed in the permitted stock exchange.

6. Accounting by IFSC Company

Section 20 of IFSCA Act, 2019 mandates that every transaction of financial services in an IFSC shall be in foreign currency. A company in IFSC is required to maintain its books of accounts in freely convertible foreign currency other than INR. Most of the regulations / frameworks issued by IFSCA for specific activities expressly provide for this requirement. For instance, framework for FinTech Entity in IFSC dated 27 April 2022 provides that every fintech entity shall maintain its records, documents and books of accounts in such freely convertible foreign currency other than INR, as may be declared by the applicant at the time of making an application for obtaining registration from IFSCA. IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 provides that every BATF Service Provider shall maintain its balance sheet in foreign currency.

IFSCA has also submitted a report of the Working Group on Financial Reporting and Capital Structure of IFSC Companies in Freely Convertible Foreign Currency to MCA on 7 November 2022. In its report, the Working Group has recommended that a company in IFSC should be permitted to issue share capital in freely convertible foreign currency ('FCFC') and to begin with, the capital structure and their reporting and various filings may be facilitated in USD. The Working Group has also stated that since the share capital of the IFSC companies will be in FCFC and their financial services related transactions will also be in FCFC, it would be logical for the IFSC

companies to prepare and maintain their books of accounts and financial statements in the same foreign currency.

Presently, all the disclosures and filings by IFSC companies under the provisions of Companies Act are being done in INR. Once the share capital of the IFSC companies is issued in FCFC, it is recommended by the Working Group that the same foreign currency be used as the currency of disclosures for various filings under Companies Act.

The provisions of the Companies Act have however not been amended till date to incorporate the above recommendations of the Working Group. The Working Group has also deliberated on whether there is any need to change the Accounting Standards under the Companies Act to facilitate issue of share capital by IFSC companies in FCFC and maintenance of books of accounts and financial statements in such foreign currency. The Working Group has noted that no changes may be required in the Accounting Standards, for the following reasons:

- (a) As required by Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, an entity is normally expected to use currency of the country in which it domiciled and if a different currency is adopted, reasons for the same need to be disclosed. Hence a different currency can be adopted by an entity in IFSC.
- (b) Indian Accounting Standard 21 on The Effects of Changes in Foreign Exchange Rates ('Ind AS 21') also provides for presentation of financial statements in functional currency which could be different from the currency of the country in which the entity is domiciled. It may be noted that though Ind AS 21 does not prescribe as to which currency should be the presentation currency but if presentation currency is different from the entity's functional currency, the entity needs to translate its financial statements into presentation currency. Again, it is clear that a currency, different from that of the domiciled country currency, can be used.

A company in IFSC therefore will be required to prepare its financial statements in FCFC. At the same time, such a company is also required to comply with various other Indian laws such as GST, Income Tax etc. and the financial reporting requirements under these laws are in INR. Hence, such a

company needs to present its financial statements in INR also for the purpose of compliance with these laws. The financial statements prepared in FCFC need to be converted into INR for this purpose in accordance with the applicable accounting standards.

7. Concluding Remarks

The Companies Act contains various relaxations for companies in IFSC thereby easing compliance requirements. The amendment to the Companies Act enabling listing of equity shares by Indian public companies on stock exchanges in IFSC is also a welcome move allowing such companies to access global capital beyond the domestic exchanges. Maintenance of books of accounts in FCFC and preparation of financial statements in FCFC would require IFSC companies to make appropriate changes in their accounting systems to capture and record the transactions in FCFC.

Chapter 9

FEMA Perspective for IFSC Company

Transactions conducted within an International Financial Services Centre (IFSC) in India, such as GIFT City, are governed by the Foreign Exchange Management Act (FEMA), 1999, but are treated with a unique status. Under FEMA, IFSCs are considered as deemed foreign jurisdictions for the purpose of facilitating international financial transactions. This special treatment allows entities operating in IFSCs to undertake foreign exchange transactions, both current and capital account in nature, with significant regulatory flexibility compared to the domestic regime. Entities in IFSCs can maintain foreign currency accounts, engage in cross-border lending and borrowing, and conduct transactions in freely convertible currencies without many of the restrictions applicable elsewhere in India. FEMA notifications and circulars issued by the Reserve Bank of India provide specific exemptions and relaxed norms for IFSCs, enabling them to serve as competitive global financial hubs.

1. FEMA Relevance

The Foreign Exchange Management Act (FEMA) holds significant relevance in the functioning and regulatory framework of GIFT IFSC (Gujarat International Finance Tec-City International Financial Services Centre). As GIFT IFSC is designed to facilitate international financial services and attract global capital, FEMA provides the legal foundation for managing cross-border financial transactions. FEMA's provisions are crucial in defining permissible capital and current account transactions, enabling a clear distinction between domestic and offshore operations. The Reserve Bank of India (RBI), in consultation with the Government of India, has issued several FEMA notifications and circulars that offer regulatory relaxations and special dispensations for entities operating in GIFT IFSC. These include exemptions from certain foreign exchange regulations, easier repatriation of funds, and permission to deal in foreign currencies without many of the restrictions

applicable in the domestic economy. By aligning GIFT IFSC operations with FEMA's liberalized regime, India aims to create a globally competitive financial hub while maintaining prudential controls to safeguard macroeconomic and financial stability. Thus, FEMA serves as a critical enabler in balancing regulatory flexibility with oversight in GIFT IFSC.

2. Overview of FEMA

Historical background: Transition from FERA to FEMA (1999)

The Foreign Exchange Management Act, 1999 (FEMA) is an Act of the Parliament of India which was adopted during the tenure of Prime Minister Atal Bihari Vajpayee. It was introduced with the primary aim of consolidating and amending the laws governing foreign exchange in the country. The Act aims to simplify and support external trade and payments, while ensuring the structured development and effective regulation of India's foreign exchange market.

The Foreign Exchange Management Act (FEMA) was passed by the Indian Parliament on 29 December 1999, replacing the earlier Foreign Exchange Regulation Act (FERA). Unlike FERA, which treated violations as criminal offenses, FEMA reclassified foreign exchange-related violations as civil offenses, marking a shift towards a more facilitative and liberal regulatory approach. The Act applies across the entire country and was introduced to align India's foreign exchange laws with its liberalization agenda. It established a modern regulatory framework that supports a more open economy and is consistent with the global trade norms set by the World Trade Organization (WTO).

The Act also laid the groundwork for the enactment of the Prevention of Money Laundering Act, 2002, which came into force on 1 July 2005. Additionally, FEMA incorporated provisions for the Liberalised Remittance Scheme (LRS), enabling simplified outward remittance of funds. This scheme is accessible to all resident individuals, including minors and students, thereby facilitating greater flexibility in the transfer of funds abroad.

Key Objectives of FEMA

- **Ease of Trade:** FEMA facilitates seamless cross-border transactions for individuals and businesses in India, enabling the smooth transfer of

funds for purposes such as travel, education, business operations, and investments.

- **Money Flow Control:** FEMA monitors all foreign exchange inflows and outflows, helping the government regulate and stabilize the value of the Indian rupee.
- **Reserve Management:** FEMA ensures the proper utilization of foreign currency, preventing misuse and helping the country maintain adequate foreign exchange reserves to meet international trade requirements and handle economic emergencies.
- **Boost to the Economy:** FEMA promotes foreign investment in India and supports Indian businesses in expanding globally, all within a legal and transparent regulatory framework.
- **Global Alignment:** FEMA aligns India's foreign exchange policies with international standards and practices, enhancing the country's credibility and fostering stronger relationships with global partners and institutions.

FEMA Transactions as per FEMA Act, 1999

Capital Account Transaction

As per section 2 (e) of FEMA Act, Capital account transactions means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India, and includes transactions referred to in section 6(3).

As per Section 6

- (1) Subject to the provisions of sub-section (2), any person may sell or draw foreign exchange to or from an authorised person for a capital account transaction.
- (2) The Reserve Bank may, in consultation with the Central Government, specify-
 - (a) any class or classes of capital account transactions, involving debt instruments, which are permissible;

(b) the limit up to which foreign exchange shall be admissible for such transactions:

(c) any conditions which may be placed on such transactions;

Provided that the Reserve Bank shall not impose any restriction on the drawal of foreign exchange for payments due on account of amortization of loans or not depreciation of direct investments in the ordinary course of business.

(2A) The Central Government may, in consultation with the Reserve Bank, prescribe-

(a) any class or classes of capital account transactions, not involving debt instruments, which are permissible;

(b) the limit up to which foreign exchange shall be admissible for such transactions; and

(c) any conditions which may be placed on such transactions.

Current Account Transactions

As per section 2(j) "current account transaction" means a transaction other than a capital account transaction and without prejudice to the generality of the foregoing such transaction includes,—

(i) payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business,

(ii) payments due as interest on loans and as net income from investments,

(iii) remittances for living expenses of parents, spouse and children residing abroad, and expenses in connection with foreign travel, education and medical care of parents, spouse and children;

Further as per section 5 Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction:

Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed.

Key Concepts under FEMA

- **Currency:** it includes all currency notes, postal notes, postal orders, money orders, cheques, drafts, travellers cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the Reserve Bank.
- **Foreign Exchange:** it means foreign currency and includes, (i) deposits, credits and balances payable in any foreign currency, (ii) drafts, travellers cheques, letters of credit or bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency, (iii) drafts, travellers cheques, letters of credit or bills of exchange drawn by banks, institutions or persons outside India, but payable in Indian currency.
- **Person resident in India:** it means (i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include, (A) a person who has gone out of India or who stays outside India, in either case, (a) for or on taking up employment outside India, or (b) for carrying on outside India a business or vocation outside India, or (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period; (B) a person who has come to or stays in India, in either case, otherwise than, (a) for or on taking up employment in India, or (b) for carrying on in India a business or vocation in India, or (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period; (ii) any person or body corporate registered or incorporated in India, (iii) an office, branch or agency in India owned or controlled by a person resident outside India, (iv) an office, branch or agency outside India owned or controlled by a person resident in India.
- **Repatriate to India:** it means bringing into India the realised foreign exchange and, (i) the selling of such foreign exchange to an authorised person in India in exchange for rupees, or (ii) the holding of

realised amount in an account with an authorised person in India to the extent notified by the Reserve Bank, and includes use of the realised amount for discharge of a debt or liability denominated in foreign exchange and the expression “repatriation” shall be construed accordingly.

Liberalised Remittance Scheme (LRS)

As per A.P. (DIR Series) Circular No. 11, Dated 16th February 2021, RBI has reviewed the guidelines issued on Liberalised Remittance Scheme (LRS) with a view to deepen the financial markets in International Financial Services Centres (IFSCs) and provide an opportunity to resident individuals to diversify their portfolio and it has been decided to permit resident individuals to make remittances under LRS to IFSCs set up in India under the Special Economic Zone Act, 2005, as amended from time to time. Accordingly, AD Category - I banks may allow resident individuals to make remittances under LRS to IFSCs in India, subject to the following conditions:

- (i) The remittance shall be made only for making investments in IFSCs in securities, other than those issued by entities/companies resident (outside IFSC) in India.
- (ii) Resident Individuals may also open a non-interest bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS. Any funds lying idle in the account for a period upto 15 days from the date of its receipt into the account shall be immediately repatriated to the domestic INR account of the investor in India.
- (iii) Resident Individuals shall not settle any domestic transactions with other residents through these FCAs held in IFSC.

Further, in April 2023, the condition no (ii) is withdrawn from immediate effect with an objective to align the LRS for IFSCs set up under the International Financial Services Centres Authority Act, 2019 vis-à-vis other foreign jurisdictions, by issuing notification in A.P. (DIR Series) Circular No.03 on 26th April, 2023. Thus, the condition of repatriating any funds lying idle in the account for a period up to 15 days from the date of its receipt is withdrawn with immediate effect, which shall now be governed by the provisions of the

scheme as contained in the Master Direction No. 7/2015-16 on Liberalised Remittance Scheme (LRS) as amended from time to time.

Additionally on June 22nd, 2023 RBI issued A.P. (DIR Series) Circular No. 06, which in view of the gazette notification no. SO 2374(E) dated May 23, 2022 issued by the Central Government, directed that Authorised Persons may facilitate remittances by resident individuals under purpose 'studies abroad' as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification *ibid*.

The Master Direction No. 7/2015-16 on LRS dated January 01, 2016 (as amended from time to time) also provides that, Authorised Persons may facilitate remittances to International Financial Services Centres (IFSCs) in India for all permissible purposes under LRS for (i) availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and (ii) all current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through a foreign currency account held in IFSCs. Resident individuals may open Foreign Currency Account (FCA) in IFSCs for these permissible purposes. Resident individuals shall not settle any domestic transactions with other residents through these FCAs held in IFSC.

3. Foreign Exchange Management (International Financial Services Centre) (Amendment) Regulations, 2020

The Reserve Bank makes the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 relating to financial institutions set up in International Financial Services Centres Overseas Investment Rules, 2022.

Some important definitions from the FEM (IFSC) Regulations are as follows:

- (a) Financial Institution' shall include
 - (i) a company, or
 - (ii) a firm, or

- (iii) an association of persons or a body of individuals, whether incorporated or not, or
- (iv) any artificial juridical person, not falling within any of the preceding categories engaged in rendering financial services or carrying out financial transactions.

Explanation: For the purpose of this sub-regulation, and without any loss of generality of the above, the expression 'financial institution' shall include banks, non-banking financial companies, insurance companies, brokerage firms, merchant banks, investment banks, pension funds, mutual funds, trusts, exchanges, clearing houses, and any other entity that may be specified by the Government of India or a Financial Regulatory Authority.

- (b) Financial service shall mean activities a financial institution is allowed to carry out as specified in the respective Act of the Parliament or by the Government of India or by any Regulatory Authority empowered to regulate the concerned financial institution.
- (c) Financial transaction shall mean making any payment to, or for the credit of any person, or receiving any payment for, by order or on behalf of any person, or drawing, issuing or negotiating any bill of exchange or promissory note, or transferring any security or acknowledging any debt.

As per Regulation 3, any financial institution or branch of a financial institution set up in the IFSC and permitted/recognised as such by the Government of India or a Regulatory Authority shall be treated as a person resident outside India.

As per Regulation 4, a financial institution or branch of a financial institution shall conduct such business in such foreign currency and with such persons, whether resident or otherwise, as the concerned Regulatory Authority may determine.

However, Provided that, the Reserve Bank may, through a general or specific permission, allow a financial institution or a branch of a financial institution to conduct such business in Indian Rupee with such persons, whether resident or otherwise as it may determine.

4. Overseas Investment Rules, 2022

The Foreign Exchange Management Act (FEMA), Overseas Investment Rules, 2022, introduced by the Government of India, marked a significant reform in India's foreign investment framework. These rules are enacted, aiming to simplify and consolidate various provisions governing overseas direct investment (ODI) and overseas portfolio investment (OPI) by Indian entities and individuals. The 2022 rules distinguish more clearly between ODI and OPI, providing clearer definitions and compliance procedures. Indian entities can now invest in foreign companies with less ambiguity, subject to sectoral caps and government approvals in certain sensitive areas. Notably, the rules allow for round-tripping with specific restrictions and clarify the treatment of financial commitments, guarantees, and acquisition of immovable property abroad. They also expand investment opportunities for resident individuals under the Liberalised Remittance Scheme (LRS), promoting global financial engagement. Overall, overseas investment Rules and Regulations 2022 overhaul has enhanced transparency, eased procedural burdens, and aligned Indian policy with evolving global investment practices.

With regard to investments by Indian investors in overseas funds, the Ministry of Finance (Department of Economic Affairs) and the Reserve Bank of India (RBI) have recently introduced the Overseas Investment Rules and the Foreign Exchange Management (Overseas Investment) Regulations, 2022 (collectively referred to as the 'OI Regulations').

In addition to the Overseas Investment Rules ('OI Rules') and the Overseas Investment Regulations ('OI Regulations'), the Reserve Bank of India (RBI) has also issued the Foreign Exchange Management (Overseas Investment) Directions, 2022 ('OI Directions'), which are to be read in conjunction with the OI Rules and OI Regulations. Collectively, these form the 'Overseas Investment Framework' ('OI Framework'). The OI Directions serve as guidance primarily for Authorised Dealer Banks, providing interpretative clarity, but do not override the provisions set out in the laws issued by the Government and the RBI.

Under the OI Framework, overseas investments by individual resident Indians are now classified as permissible capital account transactions,

specifically as (a) Overseas Direct Investment ('ODI') and (b) Overseas Portfolio Investment ('OPI'). Such investments must be undertaken in compliance with the provisions of the OI Framework.

The OI Rules have permitted overseas investment by resident Indians in the International Financial Services Centre ("IFSC"), subject to certain conditions.

Key definitions covered in Overseas Investment Rules, 2022:

- (a) As per Rule 2(g) "Financial Service Regulator" means a financial service regulator established under any law in force in India and includes the Reserve Bank, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority.
- (b) As per Rule 2(j) "Indian entity" means—
 - (i) a company defined under the Companies Act, 2013 (18 of 2013);
 - (ii) a body corporate incorporated by any law for the time being in force;
 - (iii) a Limited Liability Partnership duly formed and incorporated under the Limited Liability Partnership Act, 2008 (6 of 2009); and
 - (iv) a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932).
- (c) As per Rule 2(k) "International Financial Services Centre" or "IFSC" shall have the same meaning as assigned to it in clause (g) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019).
- (d) As per Rule 2(q) "Overseas Direct Investment" or "ODI" means investment by way of acquisition of unlisted equity capital of a foreign entity, or subscription as a part of the memorandum of association of a foreign entity, or investment in ten per cent, or more of the paid-up equity capital of a listed foreign entity or investment with control where

investment is less than ten per cent. of the paid-up equity capital of a listed foreign entity.

Explanation– For the purposes of this clause, where an investment by a person resident in India in the equity capital of a foreign entity is classified as ODI, such investment shall continue to be treated as ODI even if the investment falls to a level below ten per cent. of the paid-up equity capital or such person loses control in the foreign entity.

- (e) As per Rule 2(r) “Overseas Investment” or “OI” means financial commitment and Overseas Portfolio Investment by a person resident in India.
- (f) As per Rule 2(s) “Overseas Portfolio Investment” or “OPI” means investment, other than ODI, in foreign securities, but not in any unlisted debt instruments or any security issued by a person resident in India who is not in an IFSC:

Provided that OPI by a person resident in India in the equity capital of a listed entity, even after its delisting shall continue to be treated as OPI until any further investment is made in the entity.

Explanation– For the purposes of this clause, the expression “debt instruments” means the instruments specified as such in clause (A) of rule 5.

Key rules that are applicable to IFSC Framework are as follows:

Rule 4: Non-applicability of rules and regulations relating thereto in certain cases

Nothing in Foreign Exchange Management (Overseas Investment) Rules, 2022 or the Foreign Exchange Management (Overseas Investment) Regulations, 2022 shall apply to–

- (a) any investment made outside India by a financial institution in an IFSC;

Explanation.– For the purposes of this rule, the expression “financial institution” shall have the same meaning as assigned to it in the International Financial Services Centres Authority Act, 2019 (50 of 2019).

Rule 8: Prohibition on investment outside India

Save as otherwise provided in the FEMA Act or Overseas Investment Rules or the Regulations made or directions issued under the FEMA Act, no person resident in India shall make or transfer any investment or financial commitment outside India.

Rule 9: Overseas Investment

As per sub rule 2(ii) the Reserve Bank may, on an application made to it through the designated Authorised Dealer bank and for sufficient reasons, permit a person resident in India to make or transfer any investment or financial commitment outside India subject to such conditions as may be laid down by it.

Rule 11: Manner of making Overseas Direct Investment by Indian entity

An Indian entity may make Overseas Direct Investment in the manner and subject to the terms and conditions prescribed in Schedule I.

Rule 12: Manner of making Overseas Portfolio Investment by an Indian entity

An Indian entity may make Overseas Portfolio Investment in the manner and subject to the terms and conditions prescribed in Schedule II.

Rule 13: Manner of making Overseas Investment by resident individual

A resident individual may make Overseas Investment in the manner and subject to the terms and conditions prescribed in Schedule III.

Rule 14: Overseas Investment by person resident in India other than Indian entity and resident Individual

A person resident in India, other than an Indian entity and a resident individual, may make Overseas Investment in the manner and subject to the terms and conditions prescribed in Schedule IV.

Rule 15: Overseas Investment in IFSC by person resident in India

A person resident in India may make Overseas Investment in an IFSC in India in the manner and subject to the terms and conditions prescribed in **Schedule V.**

Rule 21: Restriction on acquisition or transfer of immovable property outside India

- (1) Save as otherwise provided in the Act or this rule, no person resident in India shall acquire or transfer any immovable property situated outside India without general or special permission of the Reserve Bank:

Provided that nothing contained in this rule shall apply to a property—

- (i) held by a person resident in India who is a national of a foreign State;
- (ii) acquired by a person resident in India on or before the 8th day of July, 1947 and continued to be held by such person with the permission of the Reserve Bank;
- (iii) acquired by a person resident in India on a lease not exceeding five years.

- (2) Notwithstanding anything contained in sub-rule (1):

- (i) a person resident in India may acquire immovable property outside India by way of inheritance or GIFT or purchase from a person resident in India who has acquired such property as per the foreign exchange provisions in force at the time of such acquisition;
- (ii) a person resident in India may acquire immovable property outside India from a person resident outside India—
 - (a) by way of inheritance;
 - (b) by way of purchase out of foreign exchange held in (Resident Foreign Currency) RFC account;
 - (c) by way of purchase out of the remittances sent under the Liberalised Remittance Scheme instituted by the Reserve Bank:

Provided that such remittances under the Liberalised Remittance Scheme may be consolidated in respect of

- relatives if such relatives, being persons resident in India, comply with the terms and conditions of the Scheme;
- (d) jointly with a relative who is a person resident outside India;
 - (e) out of the income or sale proceeds of the assets, other than ODI, acquired overseas under the provisions of the Act;
- (iii) an Indian entity having an overseas office may acquire immovable property outside India for the business and residential purposes of its staff, as per the directions issued by the Reserve Bank from time to time;
 - (iv) a person resident in India who has acquired any immovable property outside India in accordance with the foreign exchange provisions in force at the time of such acquisition may–
 - (a) transfer such property by way of GIFT to a person resident in India who is eligible to acquire such property under these rules or by way of sale;
 - (b) create a charge on such property in accordance with the Act or the rules or regulations made thereunder or directions issued by the Reserve Bank from time to time.
- (3) The holding of any investment in immovable property or transfer thereof in any manner shall not be permitted if the initial investment in immovable property was not permitted under the Act.

Let us further look into Schedules under FEMA Overseas Investment Rules, required to be focused on for understanding IFSCA from FEMA perspective.

Schedule 1:

ODI in financial services activity

- (1) An Indian entity engaged in financial services activity in India may make ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, subject to the following conditions, namely:--

- (i) the Indian entity has posted net profits during the preceding three financial years;
 - (ii) the Indian entity is registered with or regulated by a financial services regulator in India;
 - (iii) the Indian entity has obtained approval as may be required from the regulators of such financial services activity, both in India and the host country or host jurisdiction, as the case may be, for engaging in such financial services:
- (2) An Indian entity not engaged in financial services activity in India may make ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, except banking or insurance, subject to the condition that such Indian entity has posted net profits during the preceding three financial years:

Provided that an Indian entity not engaged in the insurance sector may make ODI in general and health insurance where such insurance business is supporting the core activity undertaken overseas by such an Indian entity.

- (3) If an Indian entity does not meet the net profits required under sub paragraph (1) & (2) of this paragraph due to the impact of Covid-19 during the period from 2020-2021 to 2021-2022, then the financial results of such period may be excluded for considering the profitability period of three years:

Provided that such period may be extended by the Reserve Bank in consultation with the Central Government, as it may deem necessary:

- (4) Notwithstanding anything contained in this paragraph, Overseas Investment by banks and non-banking financial institutions regulated by the Reserve Bank shall be subject to the conditions laid down by the Reserve Bank under applicable laws in this regard.

Schedule 2:

Manner of making Overseas Portfolio Investment by an Indian entity

- (1) OPI by an Indian entity– (1) An Indian entity may make an OPI which shall not exceed fifty percent of its net worth as on the date of its last

audited balance sheet, in the manner and subject to the conditions laid down in this Schedule.

- (2) A listed Indian company may make an OPI make OPI including by way of reinvestment.
- (3) An unlisted Indian entity may make an OPI make OPI only under clauses (iii), (iv), (v) and (vi) of sub-paragraph (2) of paragraph 1 of Schedule I.

Schedule 5:

Overseas Investment in IFSC by person resident in India

- (1) Overseas Investment in IFSC by person resident in India– (1) Subject to the provisions of these rules and the Foreign Exchange Management (Overseas Investment) Regulations, 2022, a person resident in India may make Overseas Investment in an IFSC in India within the limits provided in these rules.
- (2) A person resident in India may make Overseas Investment in an IFSC in the manner as laid down in Schedule I or Schedule II or Schedule III or Schedule IV:

Provided that –

- (i) in the case of an ODI made in an IFSC, the approval by the financial services regulator concerned, wherever applicable, shall be decided within forty-five days from the date of application complete in all respects failing which it shall be deemed to be approved;
- (ii) an Indian entity not engaged in financial services activity in India, making ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, except banking or insurance, who does not meet the net profit condition as required under these rules, may make ODI in an IFSC.
- (iii) a person resident in India may make contribution to an investment fund or vehicle set up in an IFSC as OPI;

- (iv) A resident individual may make an ODI in a foreign entity, including an entity engaged in financial services activity, (except in banking and insurance), in IFSC if such entity does not have a subsidiary or step down subsidiary outside IFSC where the resident individual has control in the foreign entity.
- (3) A recognised stock exchange in the IFSC shall be treated as a recognised stock exchange outside India for the purpose of these rules.

Overseas Investment Rules for Funds Management Entities

In line with this, the International Financial Services Centres Authority (Fund Management) Regulations, 2025 ('FME Regulations') stipulate that any Fund Management Entity ('FME') operating in GIFT City must maintain a minimum net worth, as outlined in those regulations. To comply with this requirement, Indian investment managers must transfer funds to the FME, which may be structured either as a company or a limited liability partnership (LLP). Such remittances could be made under the automatic or approval route, as provided under the previous ODI framework. An Indian party has to satisfy certain conditions for remittance through the automatic route, as listed below:

- (i) Indian Entity is registered with or regulated by a financial services regulator in India;
- (ii) Indian Entity has posted net profits during the preceding three financial years;
- (iii) Indian Entity has obtained approval as may be required from the regulators of such financial services activity, both in India and the host country or host jurisdiction, as the case may be, for engaging in such financial services.

A significant challenge faced by most Indian investment managers in remitting funds to the IFSC stemmed from a condition requiring the manager to be registered with a domestic regulatory authority. However, under the AIF Regulations, only the Alternative Investment Fund (AIF) is required to be registered with SEBI, while the investment manager is merely considered to be regulated by SEBI. As a result, these managers were compelled to route

remittances through the approval route. The introduction of the OI Rules has brought much-needed relief by allowing entities that are either registered with or regulated by an Indian regulatory body to remit funds to the IFSC, provided they meet the prescribed conditions.

As per the OI Rules, any entity with limited liability that is established, registered, or incorporated in an International Financial Services Centre (IFSC), including investment funds or vehicles, as clarified under the OI Directions, is considered a foreign entity ('IFSC Entity'). While the general investment conditions applicable to overseas investments by Indian residents into foreign entities also extend to investments in IFSC Entities, the OI Rules introduce certain distinct provisions that apply exclusively to IFSC Entities involved in financial services activities. These provisions do not extend to other foreign entities.

Special provisions for (Overseas Investment) OI into IFSC foreign entities (in addition to the Indian entity engaged in financial services activity investing in a non-IFSC foreign entity engaged in financial services) are listed in Schedule 5 of OI Rules.

The streamlining of timelines for obtaining No Objection Certificates (NOCs) offers much-needed relief to Indian fund managers, who previously had to await approvals from both SEBI and IFSCA before remitting funds to their manager entity in the IFSC. In particular, SEBI's NOC process has historically taken 4 to 5 months, resulting in substantial delays in capitalizing the IFSC-based fund manager and launching the fund. This procedural improvement marks a positive step toward enhancing the ease of doing business in India and is expected to facilitate faster establishment of offshore structures within the IFSC. Additionally, the relaxation of the Profitability Criteria provides long-awaited support for first-time general partners (GPs), who often lack existing Indian entities through which they can set up a presence in the IFSC. Together, these changes significantly improve the appeal of the IFSC for Indian GPs exploring offshore fund structures especially when compared to jurisdictions like Mauritius or Singapore, where strict profitability requirements continue to apply.

Incentives and Benefits in GIFT IFSC

1. Background

There are various incentives and benefits available to units in the International Financial Services Centre ('IFSC'). Fiscal incentives coupled with ease in regulatory compliances aim to provide a competitive and conducive environment for units in IFSC. This chapter contains discussion on such incentives and benefits available to units operating in IFSC.

2. Incentives and Benefits in GIFT IFSC

Income-tax benefits	• A unit in IFSC is eligible for tax holiday in respect of income from its business for a period of 10 consecutive years out of first 15 years starting from the year in which such unit has obtained registration from IFSC. • The tax holiday provisions and other income-tax incentives and relaxations have been discussed in detail in Chapter 6 – Direct Tax Implications in GIFT City.
Incentives under GST law	• A unit in IFSC is entitled to procure goods and services from Domestic Tariff Area ('DTA') in India without levy of goods and service tax ('GST'). • Further, a unit in IFSC is not required to charge GST on services provided by it to its offshore customers. • The benefits available to IFSC units under GST law are detailed in Chapter 7 – Indirect Tax Implications in GIFT City.
Custom duty benefits	• No customs duty on goods imported in IFSC from outside India

Exemption from STT and CTT	• Finance Act, 2016 has amended section 113A of Finance (No. 2) Act, 2004 to provide that securities transaction tax (STT) shall not apply to transactions entered into by a person on a recognised stock exchange located in IFSC where the consideration for such transaction is paid or payable in foreign currency. • Similarly, commodities transaction tax (CTT) will also not apply to transactions entered into by a person on a recognised stock exchange located in IFSC where the consideration for such transaction is paid or payable in foreign currency.
Incentives under stamp duty law	• Since IFSC is located in the Special Economic Zone in Gujarat, the stamp duty incentives granted under Gujarat Special Economic Zone Act, 2004 ('Gujarat SEZ Act') will be available to a unit in IFSC. • Section 21 of Gujarat SEZ Act provides that all sales and transactions within the processing area of SEZ or in the demarcated area or between the units in the processing area and the demarcated area ('specified area in SEZ') shall be exempt from stamp duty to the extent specified below: (a) Stamp duty and registration fees payable on transfer of land meant for approved Units in the specified area of SEZ; and (b) Levy of stamp duty and registration fees on loan agreements, credit deeds and mortgages executed by the Unit, industry or establishment set up in the specified area of SEZ. • Thus, a unit in IFSC would be eligible for above mentioned stamp duty exemption. • Also, no stamp duty on transactions executed on recognised stock exchanges in IFSC

Exemption from other levies	Section 21 of Gujarat SEZ Act provides that all sales and transactions within the specified area of SEZ shall be exempt from Sales Tax, Purchase Tax, Motor Spirit Tax, Luxury Tax, Entertainment Tax and other taxes and cess payable on such sales and transactions.
Non-Resident status under FEMA	- Regulation 3 of Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 provides that a unit in IFSC will be regarded as a non-resident of India for the purpose of the provisions of the Foreign Exchange Management Act, 1999 ('FEMA'). - Thus, any transaction entered into by an IFSC unit with a non-resident will not be subjected to the provisions of FEMA.
Opening of foreign currency account under LRS	An Indian resident can open a bank account with an International Banking Unit in IFSC under the Liberalised Remittance Scheme (LRS).
Relaxation for FPIs	- An alternative investment fund ('AIF') set up in IFSC that intends to invest in listed securities under portfolio investment route (and not as foreign direct investment) will have to obtain registration with SEBI as a Foreign Portfolio Investor (FPI). - As per SEBI (Foreign Portfolio Investors) Regulations, 2019, the aggregate contribution of Non-Resident Indians (NRIs)[1], Overseas Citizens of India[2] ('OCIs') and Resident Indians ('RIs') in its corpus shall be below 50%. - However, this condition shall not be applicable to an FPI set up in IFSC subject to certain conditions prescribed by SEBI[3]. Thus, an AIF set up in IFSC which has obtained registration with SEBI as

	FPI shall be permitted to have aggregate contribution of NRIs, OCIs and RIs in its corpus amounting to 50% or more.
FEMA Relaxations for overseas investment	Investment in AIF set up in IFSC by Indian residents - Investment in units of an offshore investment fund can be made only by Indian resident individuals and listed Indian companies under Overseas Portfolio Investment (OPI) route. - However, in case of an investment fund set up in IFSC, in addition to Indian resident individuals and listed Indian companies, even unlisted Indian entity can invest in units of such fund. Overseas Investment by an Indian entity engaged in financial services activity in an IFSC entity engaged in financial services activity - Overseas Investment by an Indian entity engaged in financial services activity in an overseas entity engaged in financial services activity requires requisite approval of concerned financial services regulator. - However, in case of investment in IFSC, the requisite approval by the concerned financial services regulator shall be decided within 45 days from the date of receipt of application complete in all respects failing which it shall be deemed to be approved. Overseas Investment by an Indian entity not engaged in financial services activity in an IFSC entity engaged in financial services activity - Overseas Investment by an Indian entity not engaged in financial services activity in an overseas entity engaged in financial services activity is permitted provided Indian entity has posted net profits during the preceding 3 financial

	years. • However, in case of investment in IFSC, an Indian entity not meeting 3-year profitability condition is also permissible. Overseas Investment by a resident Indian individual in IFSC • The restriction of making ODI only in an operating foreign entity or not making ODI in a foreign entity engaged in financial services activity by resident individuals, shall not apply to an investment made in IFSC. • Such investment, however, shall not be made in any foreign entity engaged in banking or insurance. • Such foreign entity in IFSC may have subsidiary/step-down subsidiary in IFSC. It may also have subsidiary/step-down subsidiary outside IFSC where the resident individual does not have control in the foreign entity.
Relaxations under the Companies Act, 2013	• MCA has notified certain relaxations for companies incorporated in IFSC with respect to compliance of provisions of the Companies Act, 2013. • The relaxations available to companies incorporated in IFSC under the Companies Act, 2013 are detailed in Chapter 8 – Relevant provisions of the Companies Act, 2013 for IFSC Company.
State Subsidies	• State subsidies available under Gujarat IT/ITES policy 2022-27 for prescribed eligible activities, including incentives for capital expenditure, operational expenditure, contributions to provident funds, and employee upskilling • Incentives available for Global Capability Centres

	under Gujarat Global Capability Center Policy 2025-30, including support for capital expenditure and operational expenditure, employment generation incentive, interest subsidy, reimbursement of employer's contribution to provident fund and electricity duty.
Incentives for fintech entities	• Incentives available to following fintech entities under the IFSCA (FinTech Incentive) Scheme, 2022 – (a) Entities which are part of IFSCA's Regulatory or Innovative Sandbox (b) Entities which participate in IFSCA's supported Accelerators or Cohorts or Special Programs (c) Entities which are referred to by the entity(ies) including regulatory or supervisory bodies having Memorandum of Understanding (MoU) or collaboration or special arrangement with IFSCA for strengthening identified area of common interest • Following incentives available to fintech entities under the incentive scheme – (a) FinTech Start-up grant (b) Proof of Concept (PoC) grant (c) Sand-box grant (d) Green FinTech Grant (e) Accelerator Grant (f) Listing Support Grant
Incentives for import of bullion through IIBX for Indian jewellers	• Indian entities holding India – UAE Comprehensive Economic Partnership Agreement (CEPA) Tariff Rate Quota (TRQ) license/authorisation and notified as 'India-UAE

	TRQ holder' by the IFSCA are eligible to import bullion under India-UAE CEPA through India International Bullion Exchange (IIBX) in IFSC • Under the India-UAE CEPA, TRQ holders can import bullion through IIBX at 1% lower custom duty
Listing on stock exchange in IFSC	• Comprehensive framework for listing of securities on stock exchanges in IFSC that are benchmarked with global best practices • Offers flexibility to Indian companies to access both markets i.e. domestic market for raising capital in INR and the international market at IFSC for raising capital in foreign currency from the global investors • Provides access to a broader, more diverse pool of investors, including specialized investors with industry specific interests which can lead to higher valuation • Transactions on the stock exchanges in IFSC are in foreign currency, thereby eliminating the currency risk for the foreign investors • In case of a company incorporated outside India seeking to list its securities on stock exchange in IFSC, the minimum offer and allotment to public shall be at least 10% of the post issue capital and such issuer shall also maintain the minimum public shareholding of 10% of the post issue capital on a continuous basis which is less than the threshold of 25% prescribed for Indian companies under the Securities Contracts (Regulation) Rules, 1957 • Extended trading hours on stock exchanges in IFSC

3. Concluding Remarks

The tax incentives as well as regulatory relaxations aim to enable IFSC units to function with reduced transaction and tax cost and facilitate ease of doing business. A comprehensive understanding of benefits available to units in IFSC will ensure that they avail such incentives in a regulatory compliant manner and able to function in a world-class infrastructure with lower cost of operations.

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- [1] Non-resident Indian (NRI) means an individual resident outside India who is a citizen of India.
 - [2] Overseas Citizen of India (OCI) means an individual resident outside India who is registered as an Overseas Citizen of India Cardholder under section 7A of the Citizenship Act, 1955.
 - [3] SEBI Circular SEBI/HO/AFD/AFD-POD-2/P/CIR/2024/89 dated 27 June 2024

Procedure for Setting up Unit in GIFT City

1. Introduction

Setting up the International Financial Services Centre (IFSC) in GIFT City requires a comprehensive understanding of both regulatory frameworks and practical implementation steps. GIFT City offers a globally competitive ecosystem with fiscal incentives, ease of doing business, and modern infrastructure, making it an ideal location for financial services, fintech, capital markets, and global business operations. However, to harness these benefits effectively, a business must follow a structured approach—from evaluating the feasibility under the applicable GIFT City framework and identifying suitable space, filing applications with authorities, and obtaining the necessary approvals. This chapter provides a detailed walkthrough of each stage in the setup process, combining regulatory insights with on-ground procedural know-how.

2. Eligibility criteria for establishing IFSC unit

For applicants application process is detailed herein below:

A. Initial Inquiry & Engagement

Interested entities should first reach out to IFSCA's Development team and obtain information on available opportunities at GIFT IFSC, process for setting up business in GIFT IFSC and obtain time for presenting their business plan by connecting at development@ifsc.gov.in. The development team will provide a broad overview and guidance on procedures, tax rules, business regulations, etc.

B. Choose Appropriate Regulatory framework

Applicant Entity shall choose a vertical depending on their business type such as banking, fintech, insurance, funds and commodities etc.

C. Connect with Regulatory Team

Applicant entities may connect with the concerned regulatory team as per the verticals they have chosen for conducting their business in GIFT IFSC, for any query with respect to the regulatory framework or application process. The regulatory teams are available for a short Video or Tele-call during the working hours.

3. Identify the office space

One of the foundational steps in setting up a unit in GIFT City involves the identification and acquisition of appropriate office space. As per the GIFT City guidelines and SEZ Act, the unit must have a defined, demarcated space to commence operations and apply for statutory approvals. The location and nature of the premises play a vital role in determining operational feasibility, regulatory classification, and ease of approval from authorities such as the Development Commissioner and IFSCA.

Choosing the right location within GIFT City is of strategic importance, especially depending on the nature of the business whether it's banking, capital markets, fintech, insurance, or global services. The units intending to operate under the IFSC framework must opt for space located within the notified IFSC zone.

Before applying for unit approval, the entity is typically required to enter into an agreement with a co-developer or developer (like GIFT SEZ Ltd., GIFT IFSC Ltd., or other notified co-developers) for allotment of office space⁵. Depending on the commercial arrangement, the unit may either enter into a long-term lease agreement or purchase the premises outright. In both cases, the transaction must be in line with the guidelines prescribed under the SEZ Rules, 2006.

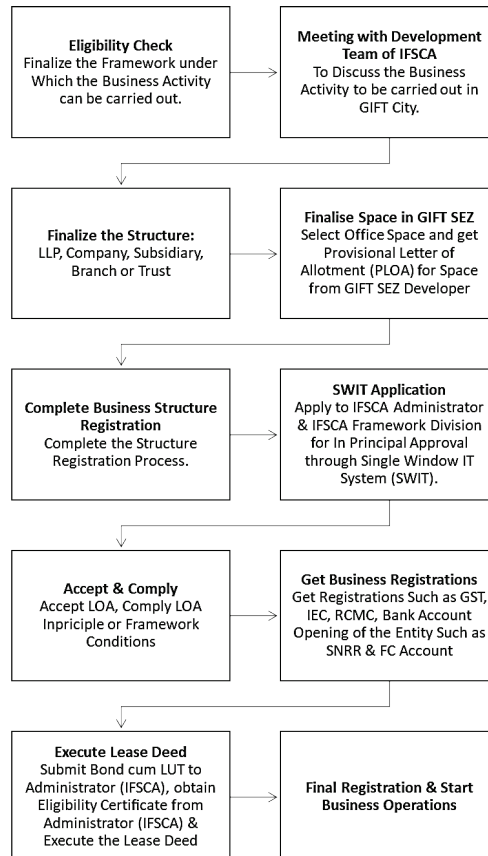
Upon finalizing the premises and executing the initial agreement (typically a Letter of Intent or lease commitment), the developer/co-developer issues a Provisional Letter of Allotment (PLoA). This document is critical and is generally required to be submitted as part of the unit application to the Development Commissioner (for SEZ Units) or IFSCA (for IFSC units). The

⁵ The Government of India Notification No. SO 2794(E) dated 18.09.2015

PLoA serves as prima facie evidence of the applicant's commitment to establish a physical presence in the GIFT ecosystem and supports the evaluation of space utilization compliance under Rule 18(2) of the SEZ Rules, 2006.

Moreover, the provisional allotment is usually time-bound and subject to confirmation through a final lease deed or sale deed within a stipulated timeframe. Applicants are advised to ensure that the documentation of the space (PLoA, lease deed, and layout plan) is aligned with the minimum built-up area norms and the functional requirements defined in the GIFT SEZ/IFSC Unit Approval Guidelines.

4. Application Process



After getting the PLoA from the developer/co-developer, the applicant has to apply to the IFSC authority & SEZ authority for setting up the unit at GIFT City. The government vests the powers of the Development Commissioner under the SEZ Act 2005 to “Administrator (IFSCA)” for IFSC Unit in GIFT SEZ via Public Notice⁶, also through this public notice IFSC authority has introduced the Single Window IT System (SWIT System) by consolidating various approvals required from multiple government agencies and regulations into a single digital interface.

The IFSCA has developed a Single Window IT System (SWITS), which, inter alia, contains a Common Application Form (CAF) created by merging several existing forms, including business-specific Annexure Forms. The SWITS aims to harmonise and simplify the process of submission of applications under various Acts administered by IFSCA, in addition to the Special Economic Zones (SEZ) Act, 2005. The Application Form (Form-FA) for seeking a Letter of Approval (LoA) from the Administrator (IFSCA) under the SEZ Act, 2005 is also part of the SWITS and is integrated with the SEZ Online System.

Apart from this, the SWITS also integrates a No Objection Certificate (NoC) processing module within itself, which will ease the process of obtaining NoCs, wherever necessary, from the appropriate regulators, viz. RBI, SEBI, and IRDAI. In addition, SWITS also provides the facility for an entity to apply for Goods and Services Tax Number (GSTN), thereby simplifying the tax registration for businesses. Furthermore, SWITS also enables the online payment of fees in USD for entities wishing to set up operations in an IFSC.

The applicant shall submit/file their applications exclusively⁷ (Except those covered below) through SWITS for seeking –

- (i) license, registration or authorisation from IFSCA;
- (ii) Approvals from SEZ Authorities and registration from GSTN; and,
- (iii) No objection Certificate (NoC)/requisite approval from appropriate regulators.

6 Public Notice No. 01/2024-25 dated 04.10.2024

7 Circular e-F.No. IFSCA-ITIn0WEB/1/2023-IT Infrastructure and Fintech- Part (1) dated 30.09.2024

The activities for which online application on SWITS has not yet been enabled are as follows:

- Delivering courses including research programmes in the permissible subject
- areas by International Branch Campuses and Offshore Education Centres;
- Book-keeping, Accounting, Taxation and Financial Crime Compliance Services;
- Providing Payment Services;
- Bullion Clearing, Trading Members and Qualified Jewellers;
- Activities undertaken by Market Infrastructure Institutions;

1. Common Application Form

All entities (Except few entities discussed above) must file a common application form at the SWIT Portal to register as an IFSC Unit. For applications, the entity registered itself at the SWIT Portal and provides authorized person details for creating an account in the “Entity Registration” Field. The applicant provides basic information about the entity & authorized person, and thereafter the portal will verify the accounts through email & mobile number and the portal will create an account.

IFSCA

Home Entity Registration Office Login Entity Login Query form Entity User Manual

Registration

Name of Entity*
Entity Name

Authorised Person Name

First Name*	Middle Name	Last Name*
First Name	Middle Name	Last Name

Phone Code*
Select

Mobile Number*
Mobile Number

Email Address*
Email Address

Registration No. [2] Entity from: Inside India Registered on: [2]

Password [2] Confirm password [2]

Enter Security code [2]

Submit

What's New

- International Carbon Markets | February 26, 2024
- Import of UAE20 Gold through IMEX by valid IMEX-INE
- TQO holders | February 26, 2024
- 'Qualified Suppliers' for supply of bullion in India
- International Bullion Exchange | February 26, 2024
- Time Limit for Disposal of Applications | February 26, 2024
- Press Release on Expert Committee on Transition Finance | February 26, 2024
- FAQs on IFSC Insurance Office | February 26, 2024
- Press Release - IFSCA Round Table Conference on International Carbon Markets | February 26, 2024
- Investment of IIRFPI in Public Shareholder VOW has created another IIRF

Owned by IFSCA | for IT support contact: To contact us reach out at: contactus@ifscaindia.com

GIFT IFSC: New opportunities for Chartered Accountants

After logging, the dashboard will be populated and provide a summary of various applications filed by the applicant. The applicant clicks the Common Application Form tab to apply.



International Financial Services
Centres Authority



Viren Ashok Varjani
Entry

Last Login: 11-06-2024 10:46:36

Session will expire in: 73:46

Dashboard

Common Application Form

Apply for GST Registration

My Account

Dashboard

Search Your Application Here

Select

CAF Quick Action Applications (1)

Hide Application

Show

1/1

entries

No	Application No	Entry Type	Applicant Name	Licence Type	IFSCA Status	Action
1	20245804	Branch In IFSC	Dev It	Registration of Insurance Business	COR Raise Query	

Total 1 Entries

1

1

Common Application Form

Total Applications

23



On Going Applications

17



Approved Applications

5



Rejected Application

0



Closed Applications

1



GST Applications

GST Application Submitted

3



GST Application Under Process

3



GSTN Generated

0



On Going CAF Applications With Regulators

1

Pending with RBI

0

Pending with SEBI

0

Pending with IRDAI

1

Total on going CAF applications with regulators

The CAF is divided into the 13th sections, which cover the following;

- (i) Section A: General Information for setting up unit at the IFSC
- (ii) Section B: Corporate Information
- (iii) Section C: Information on Business Plan for the IFSC Unit
- (iv) Section D: SEZ Specific Information
- (v) Section E: The Relevant IFSCA Regulations/Framework is Sought
- (vi) Section F: Declaration by the Applicant
- (vii) Section G: Information of Management
- (viii) Section H: Fit and Proper Criteria
- (ix) Section I: Fees
- (x) Section J: Document Checklist
- (xi) Annexure
- (xii) No Objection Certificate from the Regulators
- (xiii) Fees Payment

The Section A is for the general information about the company and the group entities details which includes the details of Entity's name, Legal form of entity, Incorporation details, Head/Corporate office details (In case of branch), details of authorised person, provisional address of proposed IFSC Unit (attach copy of the provisional letter of allotment), financial sector regulations details, whether all key managerial personnel of applicant and applicant's group entities are from a country identified in the statement of Financial Action Task Force.

Section B: Corporate Information

In this section, the applicant provides a copy of the Resolution passed by the Applicant authorizing its Director(s)/Partner(s)/Authorized Person(s) to enable them to make application, to incorporate/set up a unit, and provide necessary documentation and the applicant provides the details of shareholding pattern / List of major shareholders (for all holding 10% or more of shares or voting rights or distributable dividend) / Persons exercising Control of Applicant.

The applicant provides the Net Worth Certificate along with the last three-year personal tax returns in case the direct shareholder is a natural person and provides audited financial statements (Balance sheet, P&L and Cash flow statement) for the last three years in case the shareholder is a body corporate. The Net Worth Certificate of the applicant also needs to be provided.

Net worth Certificate should not be older than six months as on the date of application (As certified by CA/CS or their equivalent in foreign jurisdiction).

Section C: Information on Business Plan for the IFSC Unit

The applicant provides the details of their overall business plans, which include the following types of details;

- **Activities to be carried out:** Provides the applicant's business plan highlighting their proposed business activities to be carried out in IFSC as per relevant regulations/framework and describes the procedures and measures that will be taken to ensure that the client's assets and/or funds are adequately protected.

- **Organisation structure and corporate governance:** Describe any intra Group business ties and transactions (such as guarantees, loans, cash flows, or services), briefly describe the scope of interactions of IFSC Unit with other regulators/supervisors, describe the detailed organizational structure of the IFSC Unit outlining the roles and reporting lines of key personnel, describe any conflicts of interest envisaged and how the Applicant's corporate governance structure and mechanisms will reduce or resolve them etc.
- **Human resources in the IFSC:** Provide details of the Applicant's proposed human resource deployment in IFSC. Also describe various business activities (including front and back-office operations) to be carried out in the IFSC, identify any key-person risk for the Applicant and describe the measures in place (such as succession planning or retention policies) for tackling them.
- **IT System:** Describe (functions, capability, location etc.) the IT systems (Hardware, Software and Network) that the Applicant will use to support its business activities regarding (Risk management, Compliance monitoring, Financial accounting, Suspicious transactions surveillance and reporting, Recordkeeping of customer information and execution of transactions, Data back-up and redundancy, IT security and other cyber-related risks.)
- **Risk Management:** Describe the key internal and external risks that the applicant's planned business will face, as well as how it plans to mitigate those risks. Indicate the policies that will be implemented to identify and reduce these risks.
- **Compliance Arrangements:** Describe the Applicant's compliance functions. Indicate the persons responsible and their interactions with risk management, internal audit, and group compliance functions, culture of compliance, scope and periodicity of compliance audits, measures proposed to be adopted for resolving complaints.
- **Financial Projections:** Applicants proposing to set up an IFSC Banking Unit, Insurance Companies, Finance Companies are required to provide annual financial projections (including assumptions made) for a 5-year period.

Section D: SEZ Specific Information

This section is for the SEZ requirements under the SEZ Act. The information provided in this section will be verified by the SEZ authority. The applicant provides the details of Bank Accounts, Digital Signature identifier Number, Constitution of applicant firm, Areas of the business proposed to be undertaken as per the IFSCA regulations, Investments, Infrastructure requirements, undertakings etc.

Section E: The relevant IFSCA Regulations/ Frameworks/ Circulars under which Registration/ Authorization/ License is sought by the Applicant

The Applicant specifies under which framework or under which regulations the business is operating or falls.

Section F: Declaration by Authorized Signatory of the Applicant

The applicant provides the declarations stated in Section F of the application and prepares the declarations on the letterhead of the company and uploads them along with the application.

Section G: Information on Management (IOM)

This section is to be filled by the applicants who are willing to establish a unit in the IFSC in an incorporated form. The applicant only provides the details of natural person who are acting in the capacity of the Promoters/ Key Managerial Personnel/ Founders/ Shareholder(s) holding 10% & above shares and/or voting rights and/or distributable dividend/ Designated Partners/ Authorised Representatives/ Directors/ Principal Officer/Persons in control. The information contained in Information on management is about the Name of person, Designation in Company, Personal information, and official information of such person, No of share / % of shareholding in the applicant and is he associated with any other entity in any capacity.

Section H: Fit and proper Criteria

The applicant must confirm that neither the functionaries nor any associated entities have been refused, suspended, or revoked of any registration, authorization, or license by IFSCA or any other regulatory authority. It must be declared that none of the functionaries have been disqualified from acting

as promoters, directors, or key managerial personnel under any applicable law, and are not involved in any legal, regulatory, disciplinary, or criminal proceedings. Furthermore, it must be confirmed that there are no insolvency, bankruptcy, recovery, or winding-up proceedings against them, and they have not been convicted of offences involving moral turpitude, economic crimes, or securities law violations. Additionally, they must not be declared insolvent, unsound of mind, willful defaulters, or fugitive economic offenders, and must not be subject to any regulatory orders restraining or debarring them from the financial markets.

Section I: Fees Payment

The applicable penalty should be paid by the applicant while applying for the application. The applicant can refer the circular issued⁸ to check applicable penalties to their business.

Section J: Document Checklist to be attached with CAF

The following documents are required for applications:

- Certificate of Incorporation / Registration / equivalent certificate
- MOA/AOA
- LLP Agreement/Trust Deed/Partnership Agreement
- Provisional Letter of Allotment
- NOC from Home Regulator
- Board Resolution
- Ownership and Group Structure Chart
- Net Worth Certificate and Personal Tax Returns & Last 3 years Audited Financial Statements (Balance Sheet, P&L Statement, Income Statement).
- Business Plan and Financial Projections
- Affidavit as required in Undertaking in Section D

⁸ F. No.865/IFSCA/Banking/Fee Revision/2022-23 dated 17th May 2023

- Declaration on the letter head of the company duly signed by the authorized signatory
- Director /Designated Partner Identification Number (DIN/DPIN) and Passport
- Detailed Resume/CV
- Copy of proof of payment of application fees

Annexure

The applicant along with the Common Application Form file the vertical specific annexures for specific business division which includes Capital Market Intermediaries, Sustainable Finance, Market Infrastructure Institutions, Angel Funds, Family Investment Funds, Fund Management Entities (FME), Funds, Pension, Banking Regulation, Fintech, Aircraft Leasing and Ship Leasing, Ancillary, Global In-house Centres and Foreign University, Insurance, Metals and Commodities. The details of the same are given at the IFSCA Website⁹.

No Objections Certificate

The Applicant must get the NoC from the respective regulator for establishing the unit at the GIFT City (Example For Banking Company, the NoC is required to be taken from the Reserve Bank of India). This section is reviewed by the respective regulator for verifying this section.

2. Processing of the Application by the Authority

Upon Submission of the application, the concerned authorities shall verify the application and reach out to the applicant for any further queries based on the application submitted within 7 working days.

The concerned officer raised the query/deficiency against the application, and the appellant provided the reply against the same within a reasonable time. The IFSC Authority will strive to take final decision on all the applications within 45 days and grant or reject the application and issue the Certificate of Registration.

⁹ <https://ifsc.gov.in/Pages/Contents/HowToApply>

5. Regulatory Compliance & Operational Cost

Establishing a unit in the International Financial Services Centre (IFSC) at GIFT City is not merely a matter of registration; it entails ongoing regulatory compliance and cost considerations that are crucial for the smooth and lawful operation of the unit. Once the unit receives approval from the International Financial Services Centres Authority (IFSCA), it enters a regulated framework that ensures transparency, financial stability, and alignment with global best practices.

(i) Post Approval Regulatory Compliance

After getting the approval from the IFSCA, the unit shall commence production or services within one year or extended by the authority from the date of Letter of Approval as per the requirements of Rule 19(3) of the SEZ Act. Apart from this the IFSC unit required following regulatory compliance;

1. **GST Registration:** After receipt of approval, the entity must apply for GST registration. The facility of registration available at the SWIT Portal, the entity can directly apply for GST registration through SWIT Portal.
2. **Bank Account Opening:** Opening of Foreign Currency Account for Regular Transaction of IFSC Unit and SNRR Account for Administrative purpose of IFSC Unit
3. **IEC:** It is Mandatory for SEZ Unit to Obtain Import Export Code of the IFSC Unit.
4. **RCMC for EOU & SEZ:** - It is mandatory for SEZ units to get registered with the Export Promotion Council of EOU & SEZ .
5. **Bond Cum Legal Undertaking:** The Unit is required to execute a Bond-cum-Legal Undertaking in Form H, as per Rule 22 of SEZ Rules, the BLUT is required to be executed by a SEZ unit about its obligations and compliances under the SEZ Act/Rules. Once executed, the BLUT is required to be approved jointly by the Specified Officer of Customs and the Administrator (IFSCA).

6. **Lease Deed:** On the receipt of the LOA, a copy of the registered Lease Deed is required to be furnished to the Administrator (IFSCA) within six months from the issuance of LOA.
7. Every IFSC needs to Comply with Framework Requirements & then apply for the Final Certificate of Registration with IFSCA.

(ii) Periodic Reporting

IFSC units are obligated to file various periodic returns and reports, which may include:

1. **Monthly Performance Report (MPR):** MPR is a snapshot of the units' data such as Employment, Investments, etc. for each month. All IFSC units regulated by IFSCA who have obtained the LOA must submit the MPR every month without fail, in the SEZ Online portal. The deadline for submission of MPR is 5th of the succeeding month¹⁰.
2. **Service Exports Reporting Form (SERF):** SERF is the summary of details of invoices generated/issued by the unit in a particular month. All IFSC units regulated by IFSCA whose intimation of commencement has been taken on record in the SEZ Online portal by Administrator (IFSCA) must submit the SERF every month without fail in the SEZ Online portal. The deadline for submission of MPR is 5th of the succeeding month.
3. **Annual Performance Report (APR):** As per Rule 22(3) of SEZ Rules, the unit must submit Annual Performance Report (APR) in the Form-I to the Administrator (IFSCA). The information given in the formats for Annual Performance Reports should be authenticated by the authorised signatory of the unit and duly certified by an independent Chartered Accountant (or) Cost Accountant.

(iii) Additional Compliance & Operational Cost

The Units are subject to following additional compliance & operational cost;

¹⁰ Public Notice No. 03/2024-25 dated 03.12.2024

1. After getting the approval, the LOA is issued to the unit which is valid for only 1 year. Hence, the unit is required to renew their LOA for another 5 years.
2. Regulatory license fees, initial and annual, payable to IFSCA (e.g., registration fees for funds, intermediaries, etc.).
3. Technology and cybersecurity investments, which are critical in a financial centre handling cross-border transactions.
4. IFSC-specific inspections or thematic reviews by the IFSCA.

6. Conclusion

Setting up an IFSC unit in GIFT City involves a strategic blend of regulatory understanding, operational readiness, and commercial planning. Businesses must first assess the permissible entity types and choose the most suitable framework—be it SEZ, IFSC, BATF, or Ancillary—based on the nature of their proposed activities. The step-by-step application process, including documentation, space identification, and portal-based filings, must be executed with precision, keeping in mind the defined timelines and approval stages. Post-approval, regulatory compliance becomes critical, with monthly, quarterly, and annual reporting obligations to IFSCA and other authorities, alongside sector-specific audits. Operational costs, including real estate, personnel, compliance, and technology infrastructure, must be factored in from the outset. While challenges such as navigating dual regulations or adapting to evolving guidelines may arise, these can be mitigated through robust planning and expert support. Overall, GIFT City offers a globally competitive environment for financial and professional services, and a well-executed setup process lays the foundation for long-term success.

Chapter 12

Standard Fees and Charges Structure

1. Introduction

This chapter contains discussion on fees and charges applicable in IFSC. It covers fees payable at the time of seeking registration as well as recurring fees payable by units in IFSC. Since IFSC is situated in Gujarat International Finance Tec-City, Special Economic Zone ('GIFT SEZ'), the fees are payable under the framework of International Financial Services Centres Authority (IFSCA) as well as under the framework of Special Economic Zone (SEZ). Each framework prescribes its own fee structure applicable to respective regulated entities operating within the IFSC.

2. Regulatory Fee Structure under IFSC Framework

Legal Framework

Section 12(1) of the International Financial Services Centres Authority Act, 2019 ('IFSCA Act') provides that it shall be the duty of IFSCA to develop and regulate the financial products, financial services and financial institutions in the IFSC, by such measures as it deems fit.

Section 13(5) of the IFSCA Act provides that the penalties, fines, fees and settlement amounts shall be collected or realised in the foreign currency equivalent of the penalty or fine imposed. The rate of exchange for computing the foreign currency equivalent to Indian rupees shall be such as are as notified by the Reserve Bank of India on the date of the order imposing the penalty or fine, as the case may be.

As per section 13(6) of the IFSCA Act, all sums realised by way of penalties or fines under the IFSCA Act shall be credited to the Consolidated Fund of India in Indian rupees.

IFSCA had earlier issued separate circulars from time to time specifying the fees applicable for different activities. Subsequently, it has issued a single circular consolidating the fees applicable for different activities at one place. Circular no. I FSCA-DTFA/1/2025 dated 8 April 2025 is the latest circular issued by IFSCA in exercise of the powers conferred by section 12 and 13 of the IFSCA Act to specify the consolidated fee structure applicable for entities undertaking or intending to undertake permissible activities in the IFSC. IFSCA has also issued circular no. IFSCA-DTFA/2/2025 dated 23 April 2025 providing clarifications and amendments to circular issued on 8 April 2025. The circulars dated 8 April 2025 and 23 April 2025 issued by IFSCA are hereinafter collectively referred to as 'fee circular'.

Types of fees payable to IFSCA

The various fees applicable under the fee circular are listed below –

- a) Application fees;
- b) Licence/Registration/Recognition/Authorization fees;
- c) Annual Recurring fees;
- d) Activity based fees;
- e) Processing fees;
- f) Late fees;
- g) Informal Guidance fees.

The above fees are discussed in detail in the subsequent paragraphs.

(a) Application Fees

Application fee is the fee payable by the applicant entity at the time of submitting the application to IFSCA for obtaining registration to undertake a particular activity in IFSC. Where in case an application is not accompanied by the mandated application fee, such an application shall not be considered by the Authority.

It is therefore mandatory to enclose supporting evidence for the payment of application fees whether it be bank statement, SWIFT MT104 or any other equivalent documentary evidence along with the application form.

Multiple applications from a single entity for rendering different financial services shall be treated as separate applications and shall attract separate specified application fees, as indicated in the fee circular.

Further, in case of certain services, the applicant may seek registration for more than one activity. In such a case, the application fees will be payable on a per activity basis. For instance, in case of Book-keeping, Accounting, Taxation and Financial Crime Compliance Services (BATF Services), if the applicant intends to obtain registration for book-keeping and taxation services, it will be required to pay total application fees of USD 2,000 i.e. USD 1,000 for book-keeping and USD 1,000 for taxation service. Similarly, registration fees will also be payable on a per activity basis.

(b) License/Registration/ Authorization Fees:

The applicant shall be required to pay the applicable licence, registration, recognition or authorization fees, as specified in the fee circular within 15 days from the date of intimation of the decision by IFSCA to grant provisional or in-principle approval to the applicant. Typically, such intimation by the IFSCA is issued in the form of provisional registration or in-principle approval for the applicant. In the instance where the license, registration, recognition or authorization is to be granted directly, the applicant shall pay the fees within the period specified by IFSCA, before grant of final licence, registration, recognition or authorization.

In case, the applicant fails to pay the requisite licence, registration, recognition or authorization fees within the specified time, it shall be presumed that the applicant does not wish to continue the process, and IFSCA may reject the application at its discretion.

In cases where such fees are paid, but for any reason IFSCA decides not to grant the licence, registration, recognition or authorization to the applicant to whom a provisional / in-principle approval has been granted, the fees paid by such applicant towards obtaining the licence, registration, recognition or authorization fee shall not be refunded.

(c) Recurring Fees:

Upon obtaining licence, registration, recognition or authorization, the entities that have obtained registration with IFSCA ('Registered Entities' / 'RE') shall

be required to pay recurring fees to IFSCA as specified in the fee circular. Such recurring fees are of two types:

(i) Recurring Fees - Conditional:

The amount of fees payable vary on the basis of turnover or the employee strength of the RE.

For the financial year in which the license, registration, recognition or authorization has been granted, the conditional recurring fee shall be determined on a pro rata basis. For the purpose of calculation of such fees, the lowest slab applicable to the RE shall be considered. Such a fee shall be payable within 15 days of grant of license, registration, recognition or authorization. For the purpose of calculation of the recurring fees, a part of a month shall be considered as a full month.

Further, at the end of the financial year, the conditional recurring fee shall be calculated based on the actual turnover/number of employees of that financial year and shall be payable, latest by 30th April of the next financial year, after adjustment of the fees paid earlier.

For the financial years, after the financial year in which the license, registration, recognition or authorization has been granted, the conditional recurring fee shall be payable by 30th April of such financial year, to which the fee pertains, as under:

- The fee shall be calculated based on the turnover or number of employees of the preceding financial year. **[A]**
- At the end of the financial year, the conditional recurring fee shall be calculated based on the actual turnover or number of employees of such Financial Year **[B]**

The difference of **[B]** and **[A]** shall be paid by April 30th of next financial year.

The payment of recurring fees on a conditional basis is illustrated below with the help of examples.

Illustration 1:

In case of a Stock Exchange which has been granted the recognition first time on May 20, 2025, the applicable fee shall be calculated as under:

- Fee applicable for lowest slab [As per fee circular] = USD 1,500
- Pro rata fee to be paid = $\text{USD } 1,500 \times 11/12 = \text{USD } 1,375$ [by June 04, 2025]
- Turnover of FY 2025-26 (assumed) = USD 20 Billion
- Conditional recurring fee based on turnover of FY 2025-26 = USD 75,000
- Fee paid earlier in advance = USD 1,375
- Remaining Fee to be paid for FY 2025-26 by April 30, 2026 = $\text{USD } 75,000 - \text{USD } 1,375 = \text{USD } 73,625$

Accordingly, the total conditional recurring fee payable for FY 2025-26 i.e. USD 75,000 is payable as under:

- USD 1,375 on or before June 04, 2025; and
- USD 73,625 on or before April 30, 2026

Illustration 2:

The case explained in Illustration 1 is being considered again as under:

- Date of grant of recognition of stock exchange: May 20, 2025
- Total conditional recurring fee payable for FY 2025-26 as explained at Illustration 1 above: USD 75,000
- Turnover of FY 2026-27 (assumed) = USD 110 Billion
- Conditional recurring fee payable for FY 2026-27 by April 30, 2026 based on turnover of preceding FY = USD 75,000 [Please refer to Schedule-I of this circular for slabs]
- Total conditional recurring fee Payable for FY 2026-27 based on actual turnover: USD 1,50,000
- Fee paid earlier in advance = USD 75,000
- Remaining Fee to be paid for FY 2026-27 before April 30, 2027 : $\text{USD } 1,50,000 - \text{USD } 75,000 = \text{USD } 75,000$

Accordingly, the total conditional recurring fee payable for FY 2026-27 i.e. USD 1,50,000 is payable as under:

- USD 75,000 on or before April 30, 2026; and
- USD 75,000 on or before April 30, 2027

(ii) *Recurring Fees - Flat:*

These are the amount of fees to be paid at a flat rate irrespective of turnover or number of employees working in the RE.

For the financial year in which the license, registration, recognition or authorization has been granted, recurring fee shall be calculated on a pro rata basis for every remaining month in that financial year. The REs shall pay the applicable recurring fees within 15 days from the grant of license, registration, recognition or authorization. For the purpose of calculation of the recurring fees, a part of a month shall be considered as a full month.

For the ongoing financial year, after the financial year in which the license, registration, recognition or authorization has been granted, a flat recurring fee shall be payable by 30th April of such financial year to which the fee pertains. For e.g. a flat recurring fee for FY 2025-26 shall be payable by April 30, 2025.

(d) *Processing fees:*

Processing fee is a special type of fee payable the RE for below matters:

(i) *Relaxation from strict enforcement of any requirements:*

Every application from the RE seeking relaxation from strict enforcement of any requirement specified in the applicable regulation, circular, guideline or framework, shall be accompanied with the processing fees of USD 2,500, unless otherwise specified in the fee circular.

(ii) *Modification to the terms and conditions of the licence, registration, recognition or authorization (of substantive nature):*

Every application from the RE requesting for modification to the terms and conditions of the licence, registration, recognition or authorization, which in the opinion of IFSCA is of a substantive nature, shall be accompanied with a

processing fee which shall be equivalent to 20% of the license, registration, recognition or authorization fees, or such fee as may be specified by IFSCA.

Further, such fees shall also be applicable in cases where specific activity-wise fees have not been specified in the corresponding regulations, circulars, guidelines, etc.

(iii) Processing fee for application related to utilization of office space or manpower or both (resources) by the Finance Company/Unit undertaking aircraft leasing or ship leasing activities:

An application received from a Finance Company / Unit engaged in undertaking aircraft leasing or ship leasing activity, in accordance with IFSCA (Finance Company) Regulations, 2021, to be read with circular F. No. 535/IFSCA/FC/ALF/2023-24/02 dated April 18, 2023, and circular F. No. 496/IFSCA/FC/SLF/2024-25/003 dated October 04, 2024, as applicable, shall be accompanied with a one-time fee of USD 2,500.

(iv) Modifications to scheme documents:

In case of Scheme(s) launched by the Fund Management Entity (FME), any modifications to the scheme documents shall be accompanied with a fee of USD 500.

(e) Late Fees:

In case an RE fails to pay the outstanding dues or fees, in part or full, to IFSCA within the specified time, then such dues or fees shall increase by a simple interest of 0.75% per month.

While, in cases where an RE fails to submit the periodic returns to IFSCA within the specified deadline, then a late fee of USD 100 per month on a per activity basis shall be paid by the RE for each such instance of default.

For the purpose of calculation of late fees, a part of a month shall be considered as a full month.

(f) Other fees:

- (i) Activity based fee:** An activity-based fee is payable to IFSCA, as specified in the fee circular. For example, fees payable at the time of filing placement memorandum / offer documents with IFSCA or for

issuance and listing of securities on recognised stock exchanges in IFSC.

- (ii) **Fees under Informal Guidance Scheme:** An application or request received under the Informal Guidance Scheme, for seeking guidance from IFSCA either under the no-action letter or interpretative letter, as the case may be, shall be accompanied by a fee of USD 1,000.

Informal Guidance Scheme provides a mechanism for seeking clarity and guidance from IFSCA inter-alia on various issues pertaining to potential business activity and transactions, which are under the regulatory ambit of the IFSCA and on other legal issues emanating from the acts administered by IFSCA.

- (iii) **Additional or Supplementary Fees:** IFSCA may, in exceptional circumstances, at its discretion, levy additional or supplementary fees on an applicant entity or an RE, if it is of the opinion that such an additional or supplementary fee is justified by the resources allocated or to be allocated by IFSCA towards processing the license, registration, recognition or authorization application of the applicant or regulating the RE.

- (iv) **Fees relating to request for approval for change of Key Managerial Personnel:**

Any request for change in Key Managerial Personnel (KMP), Director, Designated Partner, Trustee or any person holding an equivalent position in the RE, by whatever name called, shall be accompanied with a fee of USD 250 or as specified in the fee circular, whichever is lower.

Further, in case of FME, such fee shall also be payable in case of intimation for change in KMP, Director, Designated Partner, Trustee or any person holding an equivalent position in the RE, by whatever name called.

Mode of payment of fees to IFSCA

The fees as specified in the fee circular shall be paid in USD to the following bank account of IFSCA –

Account Name: International Financial Services Centres Authority

Account Number: 970105000174

Type of Account: USD Current Account

Bank Name: ICICI Bank Limited

SWIFT Code: ICICINAAXXX

NOSTRO Details: CHASUS33XXX

JP MORGAN CHASE BANK NA, NEW YORK, USA

Account no: 833999532

An applicant from India (other than an entity already set up in GIFT-IFSC) desirous of obtaining licence, registration, recognition, or authorization from IFSCA, shall have the option to remit only the application fee and registration fees, as specified in the fee circular, in equivalent INR, to the following bank account of IFSCA:

Account Name: IFSCA FUND 2

Account Number: 39907189884

Name of the Bank: State Bank of India

Type of Account: INR Current Account

IFSC Code: SBIN0060228

For the entities remitting the fees in INR, the RBI reference rate for USD-INR, for the date on which the remittance is being made, shall be applicable. The RBI reference rate is available at the URL:

<https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>.

All applicable charges towards remittance of the amount, shall be borne by the applicant / RE.

After payment of any IFSCA fees, the entity is required to provide such fee related details to IFSCA in the form and manner specified in Schedule II of the fee circular along with the bank statement or equivalent documentary evidence for payment.

All dues or fees payable to IFSCA shall be paid by the applicant or RE either from the bank account of the entity or that of its KMPs. In case the payment

has been made from the account of the KMPs, the same shall be informed to IFSCA during submission of the documentary evidence for fee payment. However, in case of an initial payment of application and registration fee, such amount can be paid either by the parent or the promoter of the applicant.

Fees paid once by the applicant to IFSCA shall not be refunded under any circumstances. In case the amount remitted exceeds the amount of fees due for the concerned period or purpose, the excess amount shall be adjusted against any other applicable fee.

Activity wise details of various fees payable to IFSCA at different stages are provided in **Annexure 1**.

3. Regulatory Fee Structure under SEZ Framework

Since IFSC is a part of GIFT SEZ, a unit in IFSC will also be required to adhere to the fee structure under the SEZ framework. The fees payable under SEZ framework are listed below.

a) Application fee:

A unit in IFSC intending to apply for registration with IFSCA needs to also file an application with the Development Commissioner, Special Economic Zone.

Ministry of Finance vide notification F. No. 3/4/2022-EM dated 28 February 2024 has specified that in case units requiring recognition, registration, license or authorisation by IFSCA, the powers and functions of the Development Commissioner under section 12 of the Special Economic Zones Act, 2005 [except sub-section (3)] shall be discharged by an officer nominated by IFSCA to be designated as “Administrator (IFSCA)”. Accordingly, any person intending to set up a unit, requiring recognition, registration, license or authorisation by IFSCA, shall be required to submit a proposal to the Administrator (IFSCA) for issue of Letter of Approval (‘LOA’) for setting up a unit in SEZ.

Under the aforesaid notification, it has been clarified that the application to the Administrator (IFSCA) should be submitted along with relevant payment details for a sum of rupees five thousand made to the Pay and Accounts

Officer of the Kandla Special Economic Zone as per the details mentioned below.

Name of the Bank: CENTRAL BANK OF INDIA

Account No: 3561135529

IFSC Code: CBIN0282169

MICR Code: 110016060

Branch Code: 282169

Branch Location: Udhyog Bhawan, New Delhi

b) Other fees

A unit in SEZ needs to register itself on SEZ Online portal (<https://sezonline-ndml.co.in>). SEZ Online has been developed and implemented as per the directive of Department of Commerce, Ministry of Commerce & Industry and the system enables electronic filing and processing of important SEZ related transactions that SEZ Developers, Co-Developers and Units have with SEZ administration.

Department of Commerce (SEZ Division), Ministry of Commerce, vide circular no. K-43014(22)/32/2020-SEZ dated 2 December 2021 has laid down the user charges for SEZ Online services which are discussed below.

(i) Registration fees

After issue of LOA by the Administrator (IFSCA), the unit shall be required to pay INR 25,000 as registration fees through the SEZ Online portal. During registration fee payment, IGST is charged on the total amount as the applicant entity doesn't have GSTIN at that point of time. However, post receipt of GSTIN, no GST is levied on payment of any other fees on SEZ portal since the unit is in SEZ.

(ii) Annual Maintenance Fees ('AMC fees')

AMC fees of INR 5,000 are required to be paid by a unit in SEZ through the SEZ Online portal on an annual basis. In the event of failure to pay AMC fees, the SEZ unit would not be able to access the SEZ Online portal.

(iii) Form filing fees

Filing of certain forms on SEZ Online portal requires payment of fees on a transaction/invoice basis. For instance, transaction charge of INR 50 is applicable per transaction for filing of DTA Procurement; transaction charge of INR 15 per invoice is applicable in case of Software Export (SOFTEX) filings. It is therefore imperative to ensure that there is sufficient balance maintained on SEZ Online portal to enable filing of these forms.

4. Concluding Remarks

It is imperative for units in IFSC to ensure payment of fees to IFSCA, Administrator (IFSCA) and SEZ Online within statutory timelines to avoid any adverse consequences in form of payment of late fees / cancellation of registration by the authority / discontinuation of services on SEZ Online portal. Compliance with the provisions relating to payment of statutory fees should therefore be strictly adhered to and monitored on a regular basis.

Annexure 1 – Details of fees payable to IFSCA for various activities permitted to be carried out in IFSC

1. Banking and Finance Companies

S. No.	Type of Entities	Application Fees	License/Registration/ Authorization Fees		Recurring Fees			Activity based fee
			Type of Fee	Amount	Flat	Conditional	Amount	
					Type of Fee	Amount	Basis of Fee	
A.	Banking							
i.	IFSC Banking Units	\$1,000	License	\$25,000	N.A.	Nil	Annual Turnover ⁽²⁾	Nil
							<=\$1 Bn.	\$50,000
							>\$1 Bn. & <=\$5 Bn.	\$1,00,000
							>\$5 Bn. & <=\$10 Bn.	\$1,50,000
ii.	Global Administrative Office	\$1,000	License	\$25,000	Annual	\$10,000	>\$10 Bn.	\$2,00,000
							N.A.	Nil
iii.	Representative Office	\$1,000	License	\$12,500	Annual	\$5,000	N.A.	Nil

B. Payment Service Providers (PSP)									
i. For PSP designated as Regular Payment Service Provider (RPSP)									
	(a). Account issuance service (including e-money account issuance service)	\$1,000	Authorization (one-time)	\$25,000	Annual	\$5,000	N.A.	Nil	Nil
	(b). E-Money issuance service	\$1,000				\$5,000			
	(c). Escrow service	\$1,000				\$5,000			
	(d). Cross border money transfer service	\$1,000				\$5,000			
	(e). Merchant acquisition service	\$1,000				\$5,000			
(ii) For PSP designated as Significant Payment Service Provider (SPSP), the Annual fee shall be \$10,000 for each activity undertaken as per B.(i). (a) to (e) above									
C. Payment System Operators (PSO)									
	(a). Real time or deferred large value	\$1000		\$15000		\$10000			

Standard Fees and Charges Structure

	payment system		Authorization		Annual		N.A.	Nil	Nil
	(b). Trade Repository	\$1000							
	(c). Issuers of Legal Entity Identifier (LEI)	\$1000		\$5000		\$5000			
	(d). Card Payment Networks	\$1000		\$10000		\$15000			
	(e). TREDs platforms authorised under the Payment and Settlement Systems Act, 2007	\$1000		\$15000		\$10000			
	(f). Any Other	\$1000		\$15000		\$10000			
D.	Finance Companies/Units								
i.	Aircraft Lessors								
	(a). Aircraft Operating Lessors	\$1,000	Registration	\$12,500	Annual	\$5,000	N.A.	Nil	Nil
	(b). Aircraft Financial Lessors	\$1,000	Registration	\$12,500	Annual	\$12,500			
ii.	Ship Lessors								
	(a). Ship Operating Lessors	\$1,000	Registration	\$12,500	Annual	\$5,000	N.A.	Nil	Nil
	(b). Ship Financial Lessors	\$1,000	Registration	\$12,500	Annual	\$12,500			

iii.	ITFS Operators	\$1,000	Registration	\$10,000	N.A.	Nil	Annual Turnover (3)			Nil
							<=\$25 Mn.		\$3,000	
							> \$25 Mn. & <= \$50 Mn.		\$5,000	
							> \$50 Mn. & <= \$100 Mn.		\$7,000	
							> \$100 Mn. & <= \$200 Mn.		\$10,000	
							> \$200 Mn.		\$15,000	
iv.	Undertaking permissible activities without interface (As per Regulation 5(1)(iii)(m) of IFSCA (Finance Company) Regulations, 2021	\$1000	Registration	\$12500	Annual	\$12500	N.A.		Nil	Nil
v.	Finance Companies/Units undertaking permissible core activities (i.e. for each activity under	\$1,000	Registration	\$12,500	Annual	\$12,500	N.A.		Nil	Nil

	Regulation 5(1)(ii) (a) to (d) of the IFSCA (Finance Company) Regulations, 2021)											
vi.	Finance Companies/ Units undertaking Global/ Regional Corporate Treasury Centres (Regulation 5(1)(ii)(e))	\$1,000	Registration	\$12,500	Annual	\$25,000	N.A.	Nil				Nil

2. Capital Markets

S. No.	Type of Entities	Application Fees	License/Registration/ Authorization Fees		Recurring Fees			Activity based fee
			Type of Fee	Amount	Flat		Conditional	
					Type of Amount	Basis of Amount		
A.	Fund Management Entities (FMEs) & Funds							
i.	Authorised FME (except Family Investment Fund)			\$5,000				
ii.	Family			\$15,000				

	Investment Fund	\$2,500	Registration		Annual	\$2,000	N.A.	Nil	Nil
iii.	Registered FME (Non-retail)			\$7,500					
iv.	Registered FME (Retail)			\$10,000					
	Fee for filing placement memorandum / offer document with the Authority								
v.	Venture Capital Scheme	N.A.							\$7,500
vi.	Angel Fund	N.A.				Filing of intimation regarding investment	\$500		\$3,000
vii.	Restricted Scheme								
	(a). Category – I AIF	N.A.							\$7,500
	(b). Category – II AIF								\$15,000

Standard Fees and Charges Structure

	(c). Category – III AIF		\$22,500
viii.	Retail Scheme		\$22,500
ix.	Exchange-Traded Fund (ETF)		\$22,500
x.	Investment Trust		0.05% of offer size
xi.	Provision of Portfolio Management Services	N.A.	\$5,000
xii.	Applications for Regulatory / Innovation Sandbox, Fund lab, etc.		\$2,500
	Notes:		
	a.	Registered FMEs filing ESG schemes with the Authority in terms of Chapter V of the IFSCA (Fund Management) Regulations, 2025, will be waived the scheme filing fee as specified above if the disclosures in	

		the scheme are in line with the disclosures provided by the Authority for such schemes. The waiver of fee shall be applicable to only the first 10 ESG schemes registered with the Authority and each FME shall be permitted to avail the waiver only once.				
	b.	Registered FMEs filing ETFs with the Authority in terms of Chapter IV of the IFSCA (Fund Management) Regulations, 2025, will be waived the filing fee as specified above for the first 3 ETFs filed by such FME with the Authority. The waiver of fee shall be applicable only to the first 30 ETFs registered with the Authority.				
B.	Market Infrastructure Institutions					
i.	Stock Exchange	\$1,000	Recognition	\$25,000	Annual	\$1,000
					Renewal	\$1,000
Annual Turnover (4)						

Standard Fees and Charges Structure

									0.000024% of annual turnover in excess of \$150 Bn.	
ii.	Clearing Corporation	\$1,000	Recognition	\$15,000	Annual Renewal	\$1,000 \$1,000	N.A.	Nil	Nil	Nil
iii.	Depository	\$1,000	Recognition	\$10,000	Annual	\$5,000	Turnover ⁽⁵⁾	2% of annual custody charges collected from Issuers	Nil	
Fee for issuance and listing of securities on the recognised stock exchanges in IFSC										
Type of listing										
iv.	IPOs and FPOs	N.A.								0.05% of the offer size
v.	Listing without public offer									Nil

Debt Securities									
vi.	Primary Listing	N.A.						\$1,000	
vii.	Secondary listing							Nil	
In case of primary listing simultaneously on both the exchanges in IFSC, the total fee of USD 1,000 shall be applicable)									
Capital Market Intermediaries									
C.									
i.	Investment Bankers	\$1,000	Registration	\$3,500	Annual	\$3,500	N.A.	Nil	Nil
ii.	Investment Advisors	\$750	Registration	\$1,500	Annual	\$1,500	N.A.	Nil	Nil
iii.	Debenture Trustees	\$500		\$3,500	Annual	\$1,500			
iv.	Depository Participants	\$500		\$500	Annual	\$500			
v.	Clearing Members	\$500		\$1,000	Annual*	\$1,000			
vi.	Custodians	\$1,000		\$3,500	Annual	\$3,500			

Standard Fees and Charges Structure

vii.	Credit Rating Agencies	\$1,000		\$3,500	Annual	\$3,500			
viii.	Research Entity	\$750		\$1,500	Annual	\$1,500			
ix.	Distributors of Capital Market Products and Services	\$750		\$2,000	Annual	\$2,000			
x.	Broker Dealers ⁽¹²⁾	\$500		\$1,000	N.A.	Nil	Turnover ⁽⁶⁾	Monthly** @0.00010% of turnover	
xi.	ESG Ratings and Data Products Providers	\$1,000		\$3,500	Annual	\$3,500	N.A.	Nil	
	Shall be payable for membership of each clearing corporation. E.g. A clearing member having membership of two clearing corporations shall be liable to pay the annual fee of \$2,000. *Shall be deposited on a monthly basis by the fifth working day of the subsequent calendar month.								

3. Metals and Commodities

S. No.	Type of Entities	Application Fees	License/Registration/ Authorization Fees		Recurring Fees			Activity based fee
			Type of Fee	Amount	Flat	Type of Fee	Basis of Fee	
i.	Bullion Exchange	\$1,000	Recognition	\$25,000	\$1,000	Annual	Annual Turnover ⁽⁷⁾	Nil
							<=\$1.5 Bn.	\$1,500
							> \$1.5 Bn. & <= \$15 Bn.	\$15,000
							> \$15 Bn. & <= \$75 Bn.	\$75,000
							> \$75 Bn. & <= \$150 Bn.	\$1,50,000
							> \$150 Bn.	\$1,50,000
							plus 0.000024% of annual turnover in excess of	

4. Insurance

A. Fee Applicable for IFSC Insurance Offices (IIOs)

Sr. No.	Type of Fee	Applicable for	Amount in USD	Due Date	Frequency
1	Application Fee	Applicant Entity	1000	At the time of making application	One time
2	Registration Fee	Applicant Entity	5000	Within 15 days of demand from the IFSCA, unless specified otherwise	One time
3	Annual Fee	Registered Entity	11,500, or 1/20th of 1% of total gross premium written (GPW) by IIO, whichever is higher	On or before 30 th April of each financial year.	Annual
	Note: for calculation of payment of annual fee of any particular financial year, the IIO shall consider the audited GPW of preceding to the preceding financial year.				

Illustration for payment of annual fee by IIOs

ABC Insurer is granted registration as IIO on 12-Feb-2025 (i.e. in the FY 2024-25).

FY wise annual fee payable by ABC IIO will be as under –

For FY2024-25, the IIO shall pay annual fee on pro rata basis for two months i.e. February and March 2025. Hence, amount payable is USD 1,917 [11,500*2/12] to be paid within 15 days of grant of CoR.

For FY 2025-26, the IIO shall pay minimum annual fee of USD 11,500 to be paid on or before 30th April 2025.

For FY 2026-27, the IIO shall pay minimum annual fee of USD 11,500 or as per specified formula using GWP based on Audited Financials of FY 2024-25, whichever is higher, to be paid on or before 30th April 2026.

Similarly, for FY 2027-28, the IIO shall pay minimum annual fee of USD 11,500 or as per specified formula using GWP based on Audited Financials of FY 2025-26, whichever is higher, to be paid on or before 30th April 2027.

B. Fee Applicable for IFSC Insurance Intermediary Offices (IIOs)

Sr. No.	Type of Fee	Applicable for	Category	Amount USD	Due Date	Frequency
1	Application Fee	Applicant Insurance Entity	Broker	500	At the time of making application	One time
			Corporate Agent	500		
			TPA	500		
			SLA	500		
2	Registration Fee	Applicant Insurance Entity	Broker	1000	Within 15 days of demand from the IFSCA, unless	One time
			Corporate Agent	500		
			TPA	500		

			SLA	500	specified otherwise	
3	Annual Fee	Registered Insurance Entity	Broker	2000	On or before 30 th April of each financial year.	Annual
			Corporate Agent	200		
			TPA	200		
			SLA	200		

C. Processing Fee Applicable for IIOs / IIIOs –

For processing of any request by an IIO or IIIO, IFSCA shall levy a processing fee of ten per cent (10%) of applicable annual fee, subject to maximum of USD two hundred fifty (250) and minimum of USD fifty (50), per request.

5. Others

S. No.	Type of Entities	Application Fees	License/Registration/ Authorization Fees		Recurring Fees			Activity based fee	
			Type of Fee	Amount	Flat	Amount	Conditional		
							Basis of Fee	Amount	
A. FinTech Entities (FE)									
i.	FE –	\$1,000	Authorization	\$2,500	Extension of Authorization	\$2,500	Annual Turnover	Nil	
							< \$1 Mn.		
							>= \$1 Mn. & < \$5 Mn.		

Standard Fees and Charges Structure

	Authorization							>= \$5 Mn. & < \$25 Mn.	\$5,000		
								>= \$25 Mn. & < \$50 Mn.	\$7,500		
								> \$50 Mn.	\$10,000		
B	Techfin & Ancillary Service Provider										
i	Techfin & Ancillary Service Provider	\$1,000	Authorization	\$2,500	Extension of Authorization	\$2,500		< \$1 Mn.	Nil	Nil	
								>= \$1 Mn. & < \$5 Mn.	\$2,500		
								>= \$5 Mn. & < \$25 Mn.	\$5,000		
								>= \$25 Mn. & < \$50 Mn.	\$7,500		
								> \$50 Mn.	\$10,000		
ii.	FE - Sandbox	\$500	Limited Use Authorization	\$1,000	Extension of Limited Use Authorization	\$1,000		N.A.	Nil	Nil	Nil

B. Ancillary Service Providers & Global In-House Centres

i.	Ancillary Service Providers ⁽⁹⁾ (per activity fees)	\$1,000	Registration	\$1,500	Annual	\$1,500	N.A.	Nil	Nil
ii.	Global In-House Centres	\$1,000	Registration	\$12,500	N.A.	Nil	No. of employees ⁽¹⁰⁾	Annual	Nil
							< 500	\$7,500	
							500 - 1000	\$10,000	
							> 1000	\$12,500	
C. International Branch Campus & Offshore Education Centre									
i.	International Branch Campus & Offshore Education Centre	\$1,000	Registration	\$25,000	Annual (2nd Year Onwards)	\$10,000	N.A.	Nil	Nil
D. Book-keeping, Accounting, Taxation and Financial Crime Compliance Services Providers ("BATF Service Providers")									
i.	BATF Service Providers ⁽¹¹⁾	\$1,000	Registration	\$5,000	N.A.	Nil	No. of employees ⁽¹⁰⁾	Annual	Nil
							< 500	\$5,000	
							500 - 1000	\$7,500	
							> 1000	\$10,000	

	(per activity fees)								
E.	KYC Registration Agency (KRA)								
i	KYC Registration Agency	\$1,000	Registration	\$5,000	Annual	\$5,000	N.A.	Nil	Nil

Clarificatory Notes

- (1) **The fees notified by the authority in respect of entities indicated above will be reviewed/revised once every three years.**
- (2) **Annual Turnover (IBUs):** Daily fund based and non-fund based turnover
- (3) Annual Turnover refers to the value of transactions on the **ITFS platform**.
- (4) Annual Turnover (**Stock Exchanges**) : "Turnover" shall mean the aggregate value of all transactions. It is clarified that in case of options contracts, the premium turnover shall be considered for calculation of turnover.
- (5) Turnover based fee (**Depositories**) : Annual custody charges collected by depositories from Issuers
- (6) Monthly Turnover based Fee (**Broker Dealers**) : "Turnover" shall mean the aggregate value of all transactions. It is clarified that in case of options contracts, the premium turnover shall be considered for calculation of turnover.
- (7) Annual Turnover (**Bullion Exchanges**) : Based on the volume of operations

- (8) Monthly Turnover based Fee (**Trading Dealers**) : Turnover based fee to be paid to IFSCA through the Bullion Exchange
- (9) The application fee, registration fee and recurring fee in respect of **Ancillary service providers** shall be calculated on "per activity" basis.
- (10) "No. of employees" in case of **Global In-house Centres** and **BATF Service Providers** shall be the employee strength as on March 31st of the previous financial year.
- (11) In case of **BATF Service Providers**, the application fee and registration fee shall be calculated on "per activity" basis.
- (12) **Broker-Dealers accessing global markets** shall continue to remit fees in accordance with the IFSCA circular ref. no. 865/IFSCA/Banking/Fee Revision/2022-23 dated May 17, 2023, (as amended) read with clarifications issued vide IFSCA circular no. IFSCA-PLNP/28/2024-Capital Markets/001 dated June 06, 2024, until the revised fee structure is specified for these activities.

Major Compliances after setting up of Unit in IFSC

1. Background

Once a unit has received approval from International Financial Services Centre Authority ('IFSCA') for carrying out the relevant activity in International Financial Services Centre ('IFSC') as well as Letter of Approval ('LoA'), it is required to undertake various compliances before commencing its business operations in IFSC. Further, such units are also required to comply with reporting requirements prescribed by IFSCA on a periodic basis. This chapter contains discussion on key compliances to be adhered to by a unit in IFSC after its set-up.

2. Pre-Commencement Compliances Under Sez Framework

Since an IFSC unit is set up in Gujarat International Finance Tec-City, Special Economic Zone ('GIFT-SEZ'), before commencing operations, such IFSC unit must fulfill several conditions stipulated under the Special Economic Zone Act, 2005 ('SEZ Act, 2005') and Special Economic Zone Rules, 2006 as well as the Letter of Approval (LOA) issued to the unit.

Each SEZ is headed by a Development Commissioner. However, with respect to IFSC, vide Gazette Notification S.O. 940(E) dated 28 February 2024 issued by the Government of India, the powers of the Development Commissioner under the SEZ Act, 2005, for IFSC units in GIFT-SEZ, have been vested with an officer of IFSCA designated as "Administrator (IFSCA)"

1. Payment of the registration fees

Obligation:

After issue of LOA by the Administrator (IFSCA), the unit shall be required to pay INR 25,000 as registration fees and INR 5,000 as AMC fees through the

SEZ Online portal. During registration and AMC fee payment, IGST is charged on the total amount as the applicant entity doesn't have GSTIN at that point of time. However, post receipt of GSTIN, no GST is levied on payment of any other fees on SEZ portal since the unit is in SEZ.

The LOA, once issued, needs to be accepted by the unit typically within forty-five (45) days. This acceptance can only be completed after payment of the registration and AMC fees.

Procedure:

- Payment of the registration and AMC fees can be made through both the modes i.e.
 - Online through the payment gateway while using the Net Banking/Credit Card/Debit Card/ UPI provided in the SEZ Online Portal; or
 - Offline through NEFT/RTGS/DD/Cheque through virtual bank account number.
- Virtual Bank Account details for payment through NEFT/RTGS/DD/Cheque:

Name of the Account	NSDL DATABASE MANAGEMENT LIMITED
Bank Name	ICICI BANK
Bank Virtual Account No	"NDMLSZ" followed by "Entity id". (Example: If your Entity id is 1046 then Virtual Bank Account Number will be: NDMLSZ1046)
SWIFT / IFSC Code	ICIC0000106
PAN No	AACCN0053F

2. Acceptance of the Letter of Approval

Obligation:

In accordance with the terms of the Letter of Approval, the unit must confirm acceptance to its terms and conditions in writing within the stipulated time

(usually within 45 days from the date of issuance). The LOA Acceptance needs to be made through SEZ Portal as well by the Approver of the entity.

Further, in accordance with the PUBLIC NOTICE No. 02/2024-25 dated 05.11.2024 issued by the office of Administrator (IFSCA), the Letter accepting the terms and conditions of the LOA is also required to be attached with the BLUT.

Procedure for acceptance through SEZ Portal:

The registration and AMC fees payment is required to be made after issuance of the LOA.

Once the registration and AMC fees are paid, the unit can create IDs and designate users in the SEZ Online Portal such as admin, maker and approver. Once an admin user is created, the admin user can further create ids and designate them as maker and approver.

The acceptance of LOA can be made on the SEZ Online Portal through the approver of the entity by using the digital signature certificate of the approver.

3. Goods and Service Tax (GST) Registration

Obligation:

In accordance with Section 24(ii) of the CGST Act, 2017, compulsory GST registration is required for persons making any inter-State taxable supply. Further in accordance with 7(5)(b) of the IGST Act, 2017, supply of goods or services to or by a SEZ developer or a SEZ unit shall be treated as a supply in the course of inter-State trade or commerce.

Accordingly, compulsory GST registration is required for a SEZ developer or a SEZ unit, irrespective of its aggregate turnover.

Procedure:

Once the LOA from IFSCA (Administrator) is received, the Unit can apply for the GST Registration. The GST Registration can be applied through GST Portal (<https://reg.gst.gov.in/registration>).

Submission of GSTIN on SEZ Online Portal:

The submission of GSTIN on the SEZ Online Portal can be made once the LOA of the unit is received. On the 'home' page, the Portal allows the option to update the GSTIN.

Failure to submit GSTIN:

Without GSTIN, the SEZ Online Portal does not allow the access of multiple functionalities of the portal. Hence, a unit should immediately obtain GSTIN after receipt of LOA, and update the same on the SEZ Portal.

4. Letter of Undertaking (LUT)

Obligation:

In accordance with Rule 96A(1) the CGST Rules, 2017, any registered person availing the option to supply goods or services without payment of IGST shall furnish, prior to export, a bond or Letter of undertaking (LUT) in FORM RFD-11 to the Jurisdictional Commissioner. Accordingly, a unit in GIFT SEZ must furnish LUT prior to the export.

Further, in accordance with Rule 96A(1) the CGST Rules, 2017, the provisions of Rule 96(1) shall apply, mutatis mutandis, in respect of zero-rated supply of goods or services or both to a SEZ developer or a SEZ unit without payment of IGST. Accordingly, persons supplying goods or rendering services to a unit in GIFT SEZ must furnish LUT prior to such supply of goods or rendering of services.

Procedure:

The LUT can be applied is through GST Portal using below steps:

- To access the GST Portal at www.gst.gov.in URL and login to the GST Portal with valid credentials.
- To Click the Services > User Services > Furnish Letter of Undertaking (LUT) command.
- Form GST RFD-11 is displayed. Select the financial year for which LUT is applied for from the LUT Applied for Financial Year drop-down list.

- To provide necessary details or documents, such as, the pdf of previous LUT, the declaration checkboxes, the Name, Address and occupation of the two independent and reliable witnesses section, the Place of Filing LUT field, and the name of authorized signatory.
- To click the SIGN AND FILE WITH DSC or SIGN AND FILE WITH EVC button.
- Then, the system generates an ARN and displays a confirmation message, the ARN can be downloaded there using the download button and shall also be sent to the registered email of the Taxpayer by e-mail.

To download the LUT ARN at the later stage. User, on the home page of the GST portal, can go to 'SERVICES' > 'User Services' > 'View my Submitted LUTs' > Select period > Check out the list of LUTs furnished during the selected period > Click 'VIEW' against the particular Letter of Undertaking to view the detail.

5. Bond-Cum-Letter of Undertaking (BLUT)

Meaning:

Bond-Cum-Letter of Undertaking (BLUT) is a legal document that SEZ units, including those in GIFT IFSC, are required to execute with the Development Commissioner (DC) / Administrator (IFSCA) and the Specified Officer of Customs. This document ensures compliance with the SEZ Act and Rules, particularly regarding the utilization and accountability of duty-free goods.

Obligation:

As per Rule 22 of SEZ Rules, 2006, the BLUT is required to be executed by a SEZ unit in prescribed Form (Form-H) with regard to its obligations and compliances including for availing exemption, drawbacks and concession under the SEZ Act/Rules. The BLUT executed by the unit shall be jointly accepted by the Development Commissioner / Administrator (IFSCA) and by the Specified Officer of Customs.

Procedure:

BLUT in prescribed form needs to be executed by the entity as per below guidelines, and to be submitted physically or by post with a covering letter to

the office of Administrator (IFSCA). A request for an eligibility certificate may be submitted along with BLUT documents.

Once the physical BLUT is approved by both the Specified Officer and the Administrator (IFSCA), the unit would receive a mail from ifsc-admin@ifsc.gov.in containing a copy of approved BLUT alongwith an Eligibility Certificate (EC). The original copy of the approved BLUT is retained by the office of Administrator (IFSCA).

Guidelines for executing BLUT:

In accordance with the PUBLIC NOTICE No. 02/2024-25 dated 05.11.2024 issued by the office of Administrator (IFSCA), the BLUT shall be executed and submitted along with below documents:

- (a) The BLUT shall be in the proper format, as specified in 'Form-H' of SEZ Rules, 2006 along with Instruction No. 2 dated 24.03.2006 of F. No. 5/1/2006-EPZ issued by the Ministry of Commerce & Industry (Department of Commerce).

As per this instruction, the BLUT is required to be executed on a non-judicial stamp paper of Rs. 300, notarized by a Notary Public registered in the concerned statue i.e. Gujarat for GIFT SEZ units.

- (b) Letter from the entity accepting the terms and conditions of the LOA may be attached with the BLUT.
- (c) Calculation Sheet showing the amount for which BLUT is executed shall be attached and the same shall be signed by the obligor. Care may be taken to ensure that the amount for which the BLUT is executed is not less than the amount shown in the calculation sheet.
- (d) Proper resolution authorizing the Obligor to sign/execute the BLUT under SEZ Act and Rules.
- (e) Name, address and photo of the Obligor are properly mentioned/pasted in the BLUT along with a proper ID proof attached.
- (f) Name and address of the witnesses are properly mentioned in the BLUT along with a proper ID proof attached.

Submission on SEZ Portal:

Once the approved BLUT is received by the unit, the unit is required to submit a request for '**New LUT**' on the SEZ Online Portal, attaching the pdf copy of the approved BLUT as a supporting document, along with a copy of the RCMC Certificate.

Once the 'New LUT' request is filed, the same is approved by Specified Officer and Administrator (IFSCA) in the SEZ Online portal.

Once approved, the Bond amount along with LUT validity dates will be automatically updated for the unit in the SEZ Online portal.

Why submission of LUT is required on the SEZ Online Portal?

The units will be able to execute any transaction in the SEZ Online portal related to procurement of any goods/services or SERF forms only once the 'New LUT' request is approved in the SEZ.

Further, vide the PUBLIC NOTICE No. 02/2024-25 dated 05.11.2024 issued by the office of Administrator (IFSCA), the units were advised as under:

"It has been noted that units upload the BLUT in the SEZ Online portal for approval several weeks/months after the physical copy of BLUT is approved by the DC/Administrator (IFSCA). The units are advised that, once the approved copy of the BLUT is received via email, the same may be submitted in the SEZ Online portal by filing a NEW LUT request without any delay."

Top-up BLUT

The unit must submit another fresh BLUT, in the same manner as explained above to the office of Administrator (IFSCA). Once the same is approved by both the Specified Officer and Administrator (IFSCA), the pdf copy of the approved BLUT is sent to the unit by email.

Then the unit must get the updated BLUT approved in the SEZ Online portal by filing an 'Update LUT' request following the same process as to be followed under 'New LUT' request.

6. Eligibility Certificate

Obligation:

As per section 21(1) and (2) of the Gujarat Special Economic Zone Act, 2004 ('Gujarat SEZ Act') and Rule 6 of the Gujarat Special Economic Zone Rules, 2005 ('Gujarat SEZ Rules'), the SEZ units shall obtain approval of the Development Commissioner [in case of IFSC units, the office of Administrator (IFSCA)] to avail exemption from all taxes, cess, duties, fees or any other levies under the State law, including the stamp duty as applicable for executing and registering the lease deed. This approval form is issued as an Eligibility Certificate.

Procedure:

A request for an eligibility certificate may be submitted by units along with BLUT documents. Once the physical BLUT is approved by both the Specified Officer and the Administrator (IFSCA), the unit would receive a mail from ifsc-admin@ifsc.gov.in containing a copy of approved BLUT alongwith an Eligibility Certificate (EC).

7. Execution of Lease Deed:

Obligation:

As per the second proviso to Rule 18 (2) of the SEZ Rules, 2006, every unit is required to furnish a copy of the registered Lease Deed to the concerned Development Commissioner [in case of IFSC units, Administrator (IFSCA)] within six months from the issuance of LOA. Accordingly, a unit must execute a lease deed with the Developer or Co-developer, and furnish the registered copy to the Office of Administrator (IFSCA) within six (6) months from the issuance of the LoA.

Pre-Requisites for Executing Lease Deed:

(1) Valid LOA:

As per the first proviso to Rule 18(2) of the SEZ Rules, 2006, the Developer (or Co-Developer) is permitted to enter into a lease agreement with the unit only after the issuance of LOA by the Development Commissioner [in case of IFSC units, Administrator (IFSCA)].

Hence, the lease deed cannot be registered on the basis of an expired LOA. Such registration, if carried out, would constitute a violation to Rule 18(2) on the part of both the unit and the Developer or Co-developer. In the event of an expired LoA, the unit must first apply for and obtain an extension of the validity of the LoA before proceeding with lease deed registration.

(2) Eligibility Certificate:

Under the provisions of the Gujarat SEZ Act and Gujarat SEZ Rules, the IFSC unit is required to obtain an Eligibility Certificate (EC) from the office of IFSCA (Administrator). The EC is a prerequisite for availing State-level incentives, including stamp duty exemption on the lease deed.

Procedure:

A 'Unit Lease Deed' request needs to be submitted in the SEZ Online portal. Simultaneously, the copy of the registered lease deed should be submitted by email to the office of Administrator (IFSCA) at ifsca-admin@ifsca.gov.in.

Failure to comply:

As per the second proviso to Rule 18 (2) of the SEZ Rules, 2006, failure to register and submit the lease deed within the prescribed timeline may result in withdrawal of the Letter of Approval by the Unit Approval Committee (UAC). However, such action can only be taken after giving the unit an opportunity of being heard.

Extension Mechanism:

Where the unit is unable to register and furnish the Lease Deed within the stipulated six-month period, it can file an application to the office of Administrator (IFSCA) by email at ifsca-admin@ifsca.gov.in requesting condonation of delay and extension of the timeline. Such requests are examined by the office of Administrator (IFSCA) and placed before the UAC for consideration, by including the application in the agenda for the UAC meeting. The unit is expected to appear before the UAC and present the justification for the delay in registering or furnishing the lease deed.

After hearing the unit's case:

- The UAC may Grant an extension of time, allowing the unit to register and submit the lease deed within the further extended deadline; or

- If the UAC is not satisfied with the reasons explained for the delay, the UAC may decide to Reject the request and may decide to withdraw the LOA and effective termination its existence in the SEZ Framework.

8. Importer-Exporter Code (IEC)

Obligation:

As per paragraph 1.13 and 2.05 the Foreign Trade Policy (FTP) 2023, an Importer-Exporter Code (IEC) is mandatory for undertaking any export or import activities.

Pre-Requisites for Applying the IEC:

Below before applying the IEC, the entity must have a PAN, bank account in its name and a valid address.

Procedure:

- An IEC is a 10-character alpha-numeric number same as Permanent Account Number (PAN) of the entity.
- Directorate General of Foreign Trade (DGFT) issues Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC, an application can be made through DGFT portal (<https://dgft.gov.in>).
- An IEC holder has to ensure that details in its IEC are updated electronically every year, during the April to June period. In cases where there are no changes in IEC details, the same also needs to be confirmed online. An IEC may be de-activated, if it is not updated within the prescribed period. An IEC so de-activated may be re-activated, on its successful update.

Submission on SEZ Portal:

Once the IEC is issued by DGFT, the unit is required to submit the IEC on the SEZ Online Portal. The submission request can be made through 'IEC Application' under 'Free Form' or 'Applications' tab. The pdf copy of IEC Certificate needs to be enclosed in the request. After approval of the Free Form request, the IEC is updated in the entity's profile data by the office of Administrator (IFSCA).

9. Registration-cum-Membership Certificate (RCMC):

Meaning:

Registration-Cum Membership Certificate (RCMC) is a certificate that validates an exporter dealing with products registered with an agency / organization that are authorised by the Indian Government.

Obligation:

Ministry of Commerce & Industry (Department of Commerce) introduced Gazette Notification G. S. R. (771-E) dated August 05, 2016 amending Rule 2 and Rule 22 of SEZ Rules providing that "RCMC means membership certificate issued by the Export Promotion Council for EOUs & SEZs (EPCES)" and that "Units or the developer including co-developer shall obtain a Registration-cum-Membership Certificate (RCMC) for availing exemptions, drawback and concessions".

Pre-Requisites for Applying the RCMC:

For submitting the RCMC application, the entity must have a valid IEC, an updated IEC profile in the DGFT Portal, linked Digital Signature token or Aadhaar E-Signature, payment of RCMC membership fees and a valid GSTIN.

Procedure:

- DGFT has created a common digital platform (<https://dgft.gov.in>) for application of issuance, renewal, amendment and related processes pertaining to Registration Cum Membership Certificate (RCMC).
- The application can be made with applicable membership fees for a period ranging from 1 year to 5 years, and shall be valid upto 31st March of that year. The RCMC should be renewed before 31st March of the previous financial year.

Fees:

- Payment of the membership fees can be made through both the modes i.e.
 - online through the payment gateway while using the Net Banking/Credit Card/Debit Card/ UPI provided in the portal; or

GIFT IFSC: New opportunities for Chartered Accountants

- offline through NEFT/RTGS/DD/Cheque, etc.
- The applicable membership fees are as under:

S. No.	Membership Category of Renewal / New for SEZs	Annual Membership Fees
1	For members having exports upto Rs. 5 crore	Rs. 6,000/-
2	For members having exports between Rs.5 crore to 25 crore	Rs. 12,500/-
3	For members having exports above Rs. 25 crore	Rs. 19,500/-

- For making payment through NEFT/RTGS/IMPS, below account details have been notified by EPECS:

Name of the Beneficiary	Export Promotion Council for EOUs & SEZs
Name of Bank	ICICI Bank
Bank Address	Karol Bagh Branch, 2692, Desh Bandhu Gupta Road, Karol Bagh, New Delhi
Code No. of Bank	6291
Saving Account No	629101102838
RTGS/NEFT IFSC Code	ICIC0006291
PAN No.	AAATE1565C
GST No.	07AAATE1565C1Z5

Submission on SEZ Portal:

The submission request shall be made along with the request 'New LUT'. The RCMC number needs to be mentioned in the 'New LUT' request and the Certificate needs to be attached along with the copy of BLUT.

3. Commencement of Operations

The LOA is initially valid for one year (extendable up to 2–3 years) and is renewable for 5-year blocks once operations commence. The unit is expected to commence operations and intimate the Development Commissioner in writing within the original or extended validity of the LOA.

Obligation:

As per Rule 19(4) of the SEZ Rules, 2006, every unit must commence operations within one year from the date of issue of its Letter of Approval (LOA). The unit is required not only to commence the operations but also to intimate the date of commencement to the Development Commissioner (Administrator, IFSCA) in writing.

There is no explicit definition of “commencement of service” in the Act/Rules, but generally the issuance of the first invoice or equivalent business transaction is taken as the start date. For certain IFSCA business verticals such as Funds, Broker-Dealers, etc. invoice is not issued in the normal course of business and in such cases, commencement is decided based on the specific nature of the business.

Pre-Requisites:

The prerequisites are not explicitly stated as part of Rule 19(4) of the SEZ Rules, 2006, but the unit should have completed all the foundational compliances that are necessary to commence operations. Practically, this means the unit should have:

- executed and received approval of the BLUT so that it can legally engage in SEZ activities (like import of equipment, etc.);
- obtained the eligibility certificate to avail exemption from all taxes, cess, duties, fees or any other levies under the State law, including the stamp duty as applicable for executing and registering the lease deed;
- executed and registered its lease deed for the premises so that it has a legal space to operate;
- obtained the sectoral license or registration required for its business in the IFSC; and

- obtained requisite registration as required under laws i.e. GST registration, IEC registration, RCMC registration and FIU registration.

Procedure:

The request for commencement intimation can be made through 'Unit – Intimation of DCP' under 'Free Form' or 'Applications' tab on the SEZ Online Portal. In the request, the date of commencement of production (DCP) needs to be entered and along with documents showing proof of commencement. Below documents are usually submitted through this application:

- a) Documents showing proof of Commencement (the date of this document shall be construed and submitted the DCP, date of commencement of production, discussed in detail in the ensuing para);
- b) Copy of the IFSCA Letter of Authorisation (or) Certificate of Registration/Recognition (or) approval in any other form; and
- c) Copy of the registered Lease Deed.

Indicative List of Documents for Proof of Commencement:

Below is the indicative list of documents provided in SEZ Compliance FAQ Booklet (v 1.0), March 2025 issued by IFSCA (Administrator), which may be considered as the Documents for Proof of Commencement for different business verticals:

Sr No	Business Vertical	Documents showing proof of Commencement (In addition to the Authorisation issued by IFSCA and the registered Lease Deed)	Date of Commencement
1	Fund Management Entity	○ Management Fees Invoice raised to the Fund ○ Bank statement evidencing payment against the invoice	Date of Management Fees Invoice raised to the Fund
2	Fund	○ Contribution Agreement (with proper date) signed	Date of Contribution

Major Compliances after setting up of Unit in IFSC

		with Investor ○ Bank Statement showing receipt of investment based on the said Contribution Agreement	Agreement signed with Investor
3	Broker Dealer	○ Letter from the Exchange showing proof of First Trade executed by the Broker Dealer ○ In case of Global Access – Agreement signed with the foreign Securities broker and letter from the foreign Securities broker communicating the Date of First Trade	Date of First Trade
4	Aircraft Leasing	○ Lease Agreement for leasing-in the aircraft ○ Invoice raised by Lessor to IFSC unit for leasing-in the aircraft ○ Bill of Entry filed by IFSC unit for import of the Aircraft from Lessor through any designated port ○ DGCA NOC for the aircraft ○ Lease Agreement for leasing-out the aircraft ○ Invoice raised by IFSC unit to Lessee for leasing-out the aircraft ○ Bill of Entry/Shipping Bill filed by IFSC unit/Lessee	Date of Bill of Entry filed by IFSC unit for import of the Aircraft from Lessor

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		for Leasing-out of the Aircraft	
5	Ship Leasing	○ Lease Agreement for leasing-in the ship ○ Invoice raised by Lessor to IFSC unit for leasing-in the ship ○ Bill of Entry filed by IFSC unit for import of the Ship from Lessor at any designated port ○ Lease Agreement for leasing-out the ship ○ Invoice raised by IFSC unit to Lessee for leasing-out the ship ○ Bill of Entry/Shipping Bill filed by IFSC unit/Lessee for leasing-out the ship	Date of Bill of Entry filed by IFSC unit for import of the Ship from Lessor
6	IBU (IFSC Banking Unit)	○ Proof of first transaction - disbursal of loan, account opening, etc. ○ Agreement signed with client, if any, for disbursal of loan	Date of first transaction
7	IIO (IFSC Insurance Office)	○ First Invoice raised by the unit to their client ○ Policy Certificate/Document issued to their client ○ Bank statement evidencing payment against the invoice	Date of first invoice
8	Ancillary / BATF Unit	○ First Invoice raised by the unit to their client	Date of first invoice

Major Compliances after setting up of Unit in IFSC

		○ Service Agreement signed with their client ○ Bank statement evidencing payment against the invoice	
9	FinTech / TechFin Entity	○ First Invoice raised by the unit to their client ○ Agreement signed with their client ○ Bank statement evidencing payment against the Invoice	Date of first invoice
10	Global Administrative Office	○ First Invoice raised by the unit to their parent office ○ Bank statement evidencing payment against the invoice ○ Service Level Agreement signed with the parent office	Date of first invoice
11	University	○ First Invoice raised to student for admission/receipt of fees ○ Offer Letter/Admission Letter issued to the student for said fees ○ Bank statement evidencing payment of fees by the student	Date of first invoice raised to the student
12	Factoring and Forfaiting	○ Disbursement Advice issued by the Unit to their client ○ SWIFT Transaction regarding the above-stated disbursement made to their client ○ Bank statement showing	Date of Disbursement Advice

		receipt of money from the other party	
13	Global Treasury Centre	○ Facility Agreement signed with Borrower ○ Bank statement evidencing disbursement against the Facility Agreement	Date of Disbursement

LOA Validity after Commencement:

As per Rule 19(6) of the SEZ Rules, 2006, the validity of the LOA is considered to be extended for five (5) years only after the office of Administrator (IFSCA) takes on record the commencement of service activity in the SEZ Online portal. The approval letter for a period of five (5) years from the commencement date is generated on the SEZ Online Portal. It is important to note here that mere submission of intimation does not extend the validity of the LOA.

As per Rule 19(6A) of the SEZ Rules, 2006, the unit must seek renewal of the LOA through application in Form F1, before two (2) months of expiry of the five (5) years period, and the IFSCA (Administrator) may further renew the LOA in Form F2 for a period of five (5) years or for a shorter period.

Failure to commence the business operations:

Rule 19(5) of the SEZ Rules, 2006, explicitly states that if the unit has not commenced production or service activity within the period of validity (or any extended period granted), the LOA is deemed lapsed upon expiry of its term. In other words, the approval to operate in the SEZ ceases to exist after that date.

4. LOA Validity and Its Extension Mechanism

LOA Validity:

The LOA validity and its extension mechanism has been prescribed under Rule 19 of the SEZ Rules, 2006.

- As per Rule 19(1), the Letter of Approval is valid for a period of one (1) year initially;

- As per Rule 19(4), the LOA can be further extended by IFSCA (Administrator) or board of approval;
- As per Rule 19(6), the validity of the LOA is considered to be extended for five (5) years when the office of Administrator (IFSCA) takes on record the commencement of service activity in the SEZ Online portal. The approval letter for a period of five (5) years from that commencement date is generated on the SEZ Online Portal. It is important to note here that mere submission of intimation does not extend the validity of the LOA.
- As per Rule 19(6A), the unit must seek renewal of the LOA through application in Form F1, before two (2) months of expiry of the five (5) years period, and the IFSCA (Administrator) may further renew the LOA in Form F2 for a period of five (5) years or for a shorter period.

Initial Extension (upto two years) (LOA + 3 years):

As per the first proviso to Rule 19(4), the Administrator (IFSCA), on request by the entity, may grant further extension for a further period not exceeding two (2) years.

Further Extension (for one more year) (LOA + 4 years):

Scenario 1: More than two third of the commencement activities completed

As per the second proviso to Rule 19(4), beyond two years from the expiry of the LOA, further extension of one year, may be granted by the Administrator (IFSCA) in case it is satisfied that two-thirds of activities for setting up the business has been completed by the unit.

These activities include the compliances under SEZ Act such as executing Lease Deed, etc. and also the milestones towards the IFSC operations such as securing capital, executing Contribution agreements, executing lease agreements for aircrafts/vessels, etc. as the case may be.

Scenario 2: Where Administrator (IFSCA) is not satisfied with two-third of activities; or where the extended timeline under Scenario 1 has also been expired

In case the unit has not completed various activities for setting up the business, then the power to grant further extension of LOA rests with the

Board of Approval (BoA) set up by the Ministry of Commerce, Govt. As per the second proviso to Rule 19(4), the Board of Approval may, upon being satisfied, grant further extension for a further period not exceeding one year, at a time.

Procedure:

A unit must submit an 'LOA Extension' request on SEZ Online Portal, along with below documents:

1. *Covering Letter:*

Detailing the reasons why the Unit was unable to commence operations before the expiration of the LOA and the steps taken so far to commence operations;

2. *IFSCA Authorisation:*

Copy of the IFSCA Letter of Authorisation (or) Certificate of Registration/Recognition (or) approval in any other form.

3. *Lease Deed:*

Copy of the registered Lease Deed. Where the same is not registered, reasons for non-registering the lease deed needs to be explained and the same needs to be taken up in the UAC meeting and be condoned in accordance with Rule 18(2) of SEZ Rules, 2006.

It is advised to submit the 'LOA Extension' request at least one month prior to the expiry of the LOA. In other cases, the unit must clearly mention in their covering letter the reasons for delay in filing of the LOA Extension request.

Failure to comply:

- Rule 19(5) of the SEZ Rules, 2006, explicitly states that if the unit has not commenced production or service activity within the period of validity (or any extended period granted), the LOA is deemed lapsed upon expiry of its term. In other words, the approval to operate in the SEZ ceases to exist after that date.
- Rule 11 (5) of SEZ Rules, 2006, states that the validity of the Lease Deed and the lease rights to the premises shall cease to exist upon the expiry of the LOA.

- Further, one of the necessary pre-conditions for an IFSC unit is being an SEZ unit with a valid LOA. An entity without a valid SEZ LOA cannot do any business, raise invoices, receive money, in a SEZ, which will directly impact their IFSC operations. Further, if the LOA expires and the unit does not take any steps to extend it, monetary penalties may follow.

5. Periodic Compliances Under Sez Framework

1. Monthly Performance Report (MPR):

Obligation:

All units operating in GIFT IFSC (SEZ) are required to submit a Monthly Performance Report (MPR) to the Office of the Administrator (IFSCA). This is mandated through the powers under Section 12(2)(d) of the SEZ Act, 2005, which empowers the Development Commissioner to monitor unit performance and has been formalized via Public Notice.

The MPR is essentially a snapshot of the unit's key performance data for the month, including metrics such as employment numbers, investment figures, imports/procurement and other operational details.

Deadline:

In terms of the powers provided by Section 12 of the SEZ Act, 2005, the Office of IFSCA (Administrator) has issued Public Notice No. 03/2024-25 on 23.12.2024, directing every IFSC unit in GIFT SEZ must provide an MPR for each month by 5th of the succeeding month.

Failure to Comply:

Failure to submit monthly reports is considered a compliance violation. The Public Notice dated 23.12.2024 (as mentioned vide earlier paras) warns that non-filing of MPR (or SERF, discussed later) will be “viewed seriously” and may invite appropriate penal action.

2. Service Export Reporting Form (SERF)

Obligation:

Service Export Reporting Form (SERF) is a monthly report that details the unit's service export invoices raised during a month. In September 2018, the

Ministry of Commerce and Industry introduced a module in SEZ Online system viz. Service Exports Reporting Form (SERF) for capturing data on Service Exports of all SEZ Units engaged in Service activities.

While the above notice requires SERF to be filed by all IFSC units, the SEZ Compliance FAQ Booklet (v 1.0), March 2025 issued by IFSCA (Administrator) vide FAQ no. 100, clarifies that, all IFSC units regulated by IFSCA whose intimation of commencement has been taken on record in the SEZ Online portal by Administrator (IFSCA) must submit the SERF every month without fail in the SEZ Online portal. (Note: 'Commencement of Operations' is explained in detail under paragraph ____ of this chapter.)

Deadline:

In terms of the powers provided by Section 12 of the SEZ Act, 2005, the Office of IFSCA (Administrator) has issued Public Notice No. 03/2024-25 on 23.12.2024, directing every IFSC unit in GIFT SEZ must submit the SERF on the SEZ Online Portal each month by 5th of the succeeding month.

Pre-Requisites:

Below are pre-requisites without which the unit may not be able to file the SERF:

- i) The GST has been submitted on the SEZ Online Portal;
- ii) The AMC of the Unit has been paid;
- iii) The LOA of the Unit has not been expired; and
- iv) The LUT of the unit has been filed and approved on the SEZ Online Portal.

Failure to Comply:

Failure to submit monthly reports is considered a compliance violation. The Public Notice dated 23.12.2024 (as mentioned vide earlier paras) warns that non-filing of SERF (or MPR, discussed earlier) will be "viewed seriously" and may invite appropriate penal action.

3. Annual Performance Report (APR)

Obligation:

As per Rule 22(3) of the SEZ Rules, 2006, every SEZ unit is required to submit an Annual Performance Report (APR) in 'Form I' to the Development Commissioner (Administrator, IFSCA) for each financial year.

The APR is a comprehensive report of the unit's financial and operational performance during the year, and it is used to monitor the unit's fulfillment of its obligations. The APR needs to be authenticated by the unit's authorized signatory of the unit and duly certified by an independent Chartered Accountant or Cost Accountant.

Deadline:

Vide condition 7 to the 'Form H' i.e. the BLUT form prescribed under SEZ Rules, 2006, the SEZ unit undertakes to submit the Annual Performance Report (APR) in 'Form I' annually within 180 days following the end of the Financial Year, beginning after commencement of its operations.

Accordingly, the Form APR needs to be submitted annually within 180 days from the end of the Financial Year.

Failure to Comply:

The condition 7 to the 'Form H' i.e. the BLUT form prescribed under SEZ Rules, 2006 states that the wrongful submission of the information in Form APR or failure to submit Form APR within the stipulated timeline (of 180 days), the permission granted to the unit for carrying out the authorised operations may be withdrawn and / or the permission for further imports and sales in the Domestic Tariff Area may be stopped.

6. Event Based Compliances under SEZ Framework

1. LOA Renewal

Obligation:

As per Rule 19(6) of the SEZ Rules, 2006, the validity of the LOA is considered to be extended for five (5) years (from the date of

commencement) when the office of Administrator (IFSCA) takes on record the commencement of service activity in the SEZ Online portal.

After completion of this five (5) years period, the LOA is required to be renewed vide '**Form F1**' for every five (5) years by the unit in accordance with Rule 19(6A) and 19(6B) of the SEZ Rules, 2006.

Deadline:

As per Rule 19(6A), the unit has to apply for LOA renewal in 'Form F1' before two months from the date of expiry of the LOA. As per proviso to Rule 19(6A), if the LOA renewal is applied after the above deadline, the reasonableness of the delay shall be examined by the IFSCA (Administrator) on merits and circumstances of the case. Hence, in case of the delay in submitting the LOA Renewal request, the justification of the delay should be submitted by the unit.

Criteria:

As per Rule 19(6B), the process of renewal of LOA shall be taken into account by the IFSCA (Administrator) considering the following criteria:

- a) Export performance of the Unit in the completed block of 5 years;
- b) Employment generated;
- c) Instance of violation of applicable statutes related to the functioning of the Unit;
- d) Cases of default, if any, of statutory payments; and
- e) Undertaking of any activity not sanctioned (or) approved by the Development Commissioner.

2. Change of Address/Addition of premises of premises

Obligation:

Vide condition 13 to the 'Form H' i.e. the BLUT form prescribed under SEZ Rules, 2006, the SEZ unit undertakes not to change the location of the premises except with the written permission of the Administrator (IFSCA).

Accordingly, prior approval of the Administrator (IFSCA) is required for changing or adding the premises of the unit.

Pre-Requisites:

The Provisional Letter of Allotment (PLOA) of space should be obtained from the developer or co-developer for the new premises.

Post Approval Compliances:

Once the change or addition of address is approved,

- The unit has to submit a copy of the registered Lease Deed for the new changed premises/added premises as required under Rule 18 (2) of SEZ Rules, 2006.
- In case of change of address, if the unit has registered a Lease Deed in the old address, then the same has to be cancelled and a copy of the cancelled Lease Deed is required to be submitted to the office of Administrator (IFSCA).

3. Intimations under Instruction 109

Obligation:

Instruction No. 109 issued by the Ministry of Commerce on 18/10/2021 deals with the reorganization including change of name, change of shareholding pattern, business transfer arrangements, court approved mergers and demergers, change of constitution, change of Directors, etc. Such changes may be undertaken by the Unit Approval Committee (UAC) concerned subject to the condition that the Developer / Co-developer / Unit shall not opt out or exit out of the Special Economic Zone and continues to operate as a going concern. All liabilities of the Developer / Co-developer / Unit shall remain unchanged on such reorganization.

Procedure:

The Intimation under Instruction 109 is submitted through 'Factsheet and UAC Applications' tab on the SEZ Online Portal. The mail with relevant documents should also be sent by an email to ifsc-admin@ifsc.gov.in.

The Administrator (IFSCA) after reviewing the intimation, shall include it in the agenda for the UAC Meeting. The Intimation under Instruction 109 is placed before the UAC Meeting for approval by Circulation i.e. the Unit need not to appear before the UAC meeting for approval. Once the intimation is

approved by the UAC, the approval shall be reflected in the Minutes of the UAC Meeting.

In case of change in name or address, an approval letter shall also be issued to the Unit by Administrator (IFSCA).

7. FIU Registration

IFSCA has issued circular No. F. No. IFSCA/2/2025-AMLCFT/01 dated 25 February 2025 stipulating that an IFSC entity shall ensure the registration on FIU-IND portal is completed prior to commencement of business and in case of an urgency to commence business, the registration shall be completed within 30 days from the date of commencement of business. This is crucial for compliance with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines.

In the event of any difficulty in registration, including technical issues, the Regulated Entities shall intimate the same via email to the FIU-IND helpdesk (helpdesk-re@fiuindia.gov.in) with a copy to following email addresses:

- a) dydirector-24@fiuindia.gov.in
- b) dydirector7@fiuindia.gov.in
- c) consultant-20@fiuindia.gov.in

Additionally, a copy shall also be marked to the Division of AML & CFT, International Financial Services Centres Authority at email-id: aml-cft-div@ifsc.gov.in on a weekly basis until such registration is completed.

Where an IFSC entity is unable to complete the registration due to reasons beyond its control or an update on the FIU-IND portal prior to commencement of business, it shall make all necessary filing under the Prevention of Money Laundering Act, 2002 with FIU-IND through email, stating the reason for not reporting through FINGate 2.0 portal.

8. Compliances under IFSCA Framework

A unit in IFSC is required to submit periodic reports with IFSCA in order to provide the details prescribed by IFSCA. The IFSCA framework for each business activity contains compliances to be undertaken by an IFSC unit

Major Compliances after setting up of Unit in IFSC

specific to that vertical. The below table depicts the gist of key periodic compliances to be undertaken by different business verticals.

Type of Entity	Description	Frequency	Deadline
Fund Management Entity	Annual report of accounts Abridged summary to IFSCA	Annual	31 st July
	Abridged summary of annual reports to investors	Annual	31 st July
	Quarterly report containing details of Scheme Compliance Report	Quarterly	Within 21 days from end of respective quarter
Finance Company - Aircraft Leasing Entities	Report on aviation assets and financial information	Monthly	Within 4 days from end of respective month
	Report on aviation assets, source and deployment of funds	Half Yearly	Within 15 days from end of respective half year
	Certificate of compliance with IFSCA Ship Leasing Framework	Half Yearly	-
Finance Company - Ship Leasing Entities	Report on shipping assets and financial information	Monthly	Within 4 days from end of respective month
	Report on shipping assets, source & deployment of funds	Half Yearly	Within 15 days from end of respective half year

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	Certificate of compliance with IFSCA Ship Leasing Framework	Half Yearly	-
Core Finance Company	Report on Source of Funds, Application of Funds, P&L statement, Net Owned Funds, Off Balance Sheet & On Balance Sheet Items	Monthly	Within 15 days from end of respective month
Fintech Entities	Supervisory report on AML / CFT / KYC – Annexure 1	Half Yearly	Within 15 days from end of respective half year
	Supervisory report on AML / CFT / KYC – Annexure 2	Quarterly	Within 15 days from end of respective quarter
Capital Market Intermediaries	Quarterly Report	Quarterly	Within 15 days from end of respective quarter
Investment Banker	Half Yearly Report	Half Yearly	Within 45 days from end of respective half year
Ancillary Service Providers	Monthly Report	Monthly	Within 7 days from end of respective month
	Annual Return	Annual	31 st May
Life Insurance	Statement of admissible assets in FORM ALSM-L-A	Annual	-

Major Compliances after setting up of Unit in IFSC

	Statement of the amount of liabilities in FORM ALSM-L-L Statement of solvency margin in FORM ALSM-L-SM1, FORM ALSM-L-SM2 and FORM ALSM-L-SM3 Annual Actuarial Report prepared by the Appointed Actuary to IFSCA Valuation of Assets & Liabilities and the computation of solvency margin duly certified by Appointed Actuary		
General Insurance	Statement of admissible assets in FORM ALSM-GI-A Statement of the amount of liabilities in FORM ALSM-GI-L Statement of solvency margin in FORM ALSM-GI-SM1 Annual Actuarial Report prepared by the Appointed Actuary to the IFSCA Valuation of Assets & Liabilities and the computation of solvency margin duly certified by Appointed Actuary	Annual	-

9. Concluding Remarks

The SEZ framework and applicable IFSCA regulations contain various compliance requirements including periodic filings / submissions with the regulatory authorities. It is pertinent that a unit set up in IFSC should ensure timely adherence with these compliance requirements in order to ensure smooth operations and to avoid any penal consequences.

Chapter- 14

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

The International Financial Services Centres Authority (IFSCA) issues various legal documents, including circulars, guidelines, notifications, rules and FAQs etc., to regulate and develop financial products, services, and institutions within India's International Financial Services Centres (IFSCs). These documents cover a wide range of topics, from finance company regulations to fund management and capital market activities etc.

Let us further dwell into this by going entity specific application forms, circulars, guidelines, notifications and FAQs.

1. Capital Market Intermediaries

Regulation	
IFSCA (Capital Market Intermediaries) Regulations, 2025	
Circulars applicable on Capital Market Intermediaries	
04-01-2017	Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in International Financial Services Centre (IFSC)
11-07-2017	Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in IFSC – Amendment
26-09-2017	Participation of Foreign Portfolio Investors (FPIs) in Commodity Derivatives in IFSC
26-11-2018	Operating Guidelines for Alternative Investment Funds in International Financial Services Centres
10-10-2019	Framework for issue of Depository Receipts
28-11-2019	Framework for issue of Depository Receipts

GIFT IFSC: New opportunities for Chartered Accountants

09-01-2020	Operating Guidelines for Investment Advisers in International Financial Services Centre
09-12-2020	Alternative Investment Funds in IFSC
13-04-2021	Fee structure for Market Infrastructure Institutions (MIIs) and participants
25-11-2021	Global Access to Broker Dealers
03-12-2021	Investment banking in the IFSC
25-02-2022	Fee structure for Debenture Trustees in the IFSC
29-04-2022	Market Access through Authorized Person
28-06-2022	Refund of security deposit to Broker Dealers on surrender of membership
21-12-2022	Distribution of Capital Market Products and Services under IFSCA (Capital Market Intermediaries) Regulations, 2021
09-05-2023	Status of operations at Disaster Recovery (DR) Site of the Broker Dealers and Clearing Members registered with IFSCA
21-06-2023	Direct Market Access (DMA) facility
23-06-2023	Co-location facility offered by the Stock Exchanges
25-01-2024	Accredited Investors in IFSC
08-02-2024	Reporting Norms for Capital Market Intermediaries
09-02-2024	Monitoring of investments from countries sharing land border with India.
14-03-2024	Ease of doing business: Settlement of Client's Funds lying with Broker Dealer
06-06-2024	Global Access-Clarification
25-07-2024	Valuation of Assets of Schemes under IFSCA (Fund Management) Regulations 2022 by Credit Rating Agencies at IFSC

25-07-2024	Credit Rating Agencies in the IFSC
31-07-2024	Enabling Credit Rating Agencies to undertake additional activities relating to ESG Ratings and Data Products Providers
05-09-2024	Maintenance of Net Worth by Capital Market Intermediaries
11-09-2024	Listing of Debt Securities on the recognised Stock Exchanges in the IFSC
24-09-2024	Trading and Settlement of Sovereign Green Bonds (SGrBs) in IFSC
01-10-2024	Master Circular for Credit Rating Agencies
30-10-2024	Framework for ESG Ratings and Data Products Providers in the IFSC
07-03-2025	Contribution to Settlement Guarantee Fund (SGF)

- a) Additional Information to be filled by Capital Market Intermediary Applicant

If applicant entity is listed, provide names on stock exchanges on which it is listed and Date of commencement of business of the applicant.
Additional information for the various categories of intermediaries:
Broker dealer / Clearing Member: Name of Member with Code No., Trade name of member, Name of the stock exchange/ clearing corporation of which the applicant is the member, Date of admission to exchange / clearing corporation and The application form for broker dealer / clearing member shall be accompanied by a recommendation of the stock exchange / clearing corporation
Depository Participant: Name of Depository in which the applicant will be acting as participant, details regarding safekeeping and security systems and procedures: i. risk control and operations manuals; ii. details of independent internal control

mechanisms for monitoring evaluation and review of accounting, and reporting systems and procedures, details regarding automatic data processing systems and record keeping: i. details of hardware, software and communications systems, their capability, function and location; ii. details of data storage and back up procedures and sites, their capability, function and location; iii. details of disaster recovery systems and procedures, Details of insurance cover to be taken up, a declaration from the depository in which the applicant is to act as participant that: i. the applicant is eligible to act as depository participant and meets with the eligibility criteria specified in regulations and in the depository's bye- laws; and ii. The applicant has adequate automatic data processing systems, adequate and competent staff, risk management systems, procedures and manuals, disaster recovery procedures, secure data storage and off site back up facilities, adequate communications links and insurance to fulfil its obligations as participants to the satisfaction of the depository. The application form for depository participants shall be accompanied by a recommendation of the depository.

Investment bankers:

Details of infrastructure shall include details regarding computing facilities, equity research and other relevant information relating to investment banking activities, Experience in handling the activities relating to investment banking during the last 3 years, if applicable., Details of Banking Unit, Name and address of the auditors.

Investment Advisers:

Number of principal officers and persons who propose to render investment advice under regulations on behalf of the applicant, details regarding qualification, work experience and certification of persons associated with investment advice along with a copy of the relevant certifications, Details about business plan shall include information about: i. Type of products/ securities on which investment advice is proposed to be rendered; ii. Process for risk profiling of the client and for assessing suitability of advice, Additional Declarations: i. Declaration by the applicant that its principal officer and persons associated with investment advice shall comply with qualification and certification requirements specified in regulations; ii. Declaration that the applicant shall not obtain any consideration by way of

remuneration or compensation or any other form whatsoever, from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided to the client.

Credit Rating Agencies:

Details about infrastructure shall include details regarding computing facilities, facilities for research and databases available with the applicant.

Custodian:

Details about infrastructure shall include details regarding automatic data processing systems and record keeping, back up procedures and disaster recovery systems and procedures and details regarding safekeeping and security systems and procedures.

2. Sustainable Finance

a) Details to be filled in common application form

Same details required as mentioned in 1(a) above. However, for Section E refer details mentioned below:

Section E: The relevant IFSCA Regulations/ Frameworks/ Circulars under which Registration/ Authorization/ License is sought by the Applicant.	
Regulation	
International Financial Services Centres Authority (Finance Company) (Amendment) Regulations, 2022	
Circulars applicable on Sustainable Finance	
09-07-2021	Framework for setting up of International Trade Financing Services Platform ('ITFS') for providing Trade Finance Services at International Financial Services Centres ('IFSCs')
17-08-2021	Guidelines on Factoring and Forfeiting of Receivables
23-08-2021	Invitation for applications to set up International Trade Financing Services Platform ('ITFS') at International Financial Services Centre('IFSC'), GIFT SEZ, GIFT City, Gujarat

GIFT IFSC: New opportunities for Chartered Accountants

22-05-2023	Clarification on 'Guidelines on Factoring and Forfeiting of Receivables'
23-12-2024	Guidelines on setting up and operation of International Trade Finance Service Platform
13-01-2025	Extension of timeline for implementation of the Circular titled "Complaint Handling and Grievance Redressal by Regulated Entities in the IFSC" dated December 02, 2024"
07-03-2025	Fee structure for ITFS operators/ Applicants desirous to set up an ITFS in IFSC
04-04-2025	Guidelines on Corporate Governance and Disclosure Requirements for a Finance Company (updated as on April 04, 2025)
11-04-2025	Guidelines on setting up and operation of International Trade Finance Service Platform - updated as on April 11, 2025
11-04-2025	Amendment to the circular titled "Guidelines on setting up and operation of International Trade Finance Service Platform" dated December 23, 2024.

- b) Additional Information to be filled by Applicants desirous to setup an ITFS Platform as a Finance Company

General Information: Mention the name of the proposed activity/ activities, indicating as per the list provided under 'Non-Core Activities' in the framework.
Basic Information and structure of the Applicant: Date of commencement of business of the Applicant, Credit rating of the Applicant, if any (wherever applicable), Name of statutory auditors of the Applicant with address (es), telephone numbers, fax, email (if applicable), Name, address and telephone number of the bankers of the Applicant where it maintains its current account
Business Plan: Particulars of the ITFS platform sought to be set up (full details to be furnished) including process flow, technology to be used, security features,

inter-operability etc. (details can be given in a separate note, if required) – Project Report to be attached, Whether other companies/ firms/LLP/ entities will be associated with the applicant in setting up electronic platform. If Yes, furnish full particulars of this association, Description of previous experience of the Applicant and associated companies in the electronic platform or related areas, Description of method of settlement of payment claims, namely whether gross, net or a hybrid method combining both gross and net methods, detail of day on which the account credited / funds will be made available to the beneficiary?
Financial Information: Worth of the Applicant (Amount in USD), details of amount of funds required for executing ITFS platform, Sources of finances for executing ITFS- (a) Amount of own capital proposed to be deployed: (b) Amount of borrowings expected from banks; (c) Amount of borrowing expected from sources other than banks
Supervisory arrangement in Home jurisdiction: details of consolidated and comprehensive supervision of the regulator on the applicant entity, including the manner in which it supervises your entity, its subsidiaries and associates to assess the applicant entity's overall financial condition and compliance with laws and regulations.
Track Record: Details of Whether the Applicant has ever accepted deposits in the past, If yes, specify under which provisions of law of home jurisdiction it has been accepted along with the period and the quantum of deposits outstanding as on the date of Application, Declaration that: I Mr./ Ms. _____ authorized person of (Name of the applicant) confirm on behalf of the applicant that the applicant owns electronic infrastructure and is capable to electronically submit data/returns through internet as and when required by IFSCA.
List of Additional Documents to be submitted by the Applicant: • Board Resolution stating that: a. The company has not accepted any public deposit, in the past (specify period)/does not hold any public deposit as on the date and will not accept the same in future without the prior approval of IFSCA. b. The Unincorporated body in the group

where the directors'/key persons/ promoters hold substantial interest or otherwise has not accepted any public deposit in the past /does not hold any public deposit as on the date and will not accept the same in future.

- Undertaking by the applicant that it will provide the required minimum Owned Fund depending on the activity proposed to be undertaken by it, before commencement of operations along with source of minimum Owned Funds with documentary evidence
- KYC documents of the authorized signatories of the Applicant
- A Declaration cum Undertaking by the Applicant that: An undertaking by the applicant that it shall fulfill the owned fund requirement before entering into any permissible activity as mentioned in the IFSCA (Finance Company) Regulations, 2021, or within such timeline as may be prescribed by the Authority, whichever is earlier.
- Board Resolution stating that: The Unincorporated body in the group where the directors / key persons/promoters hold substantial interest or otherwise has not accepted any public deposit in the past/ does not hold any public deposit as on date and will not accept the same in the future.

3. Market Infrastructure Institutions

Common application form is not applicable to Market Infrastructure Institutions (MII). Application form for MII is available on IFSCA web portal. Applicant can find application form on IFSCA Portal—Market—Market Infrastructure Institutions.

Regulations	
IFSCA (Market Infrastructure Institutions) Regulations, 2021, as amended up to November 01, 2024.	
Circulars	
22-06-2021	Status of transactions executed at Disaster Recovery (DR) Site of the MIIs
22-06-2021	Introduction of Negotiated Large Trade (NLT) facility on Stock Exchanges

13-09-2021	Circular for the Code of Conduct and Code of Ethics for the Directors and Key Managerial Personnel of the MIIs GIFT-IFSC
21-09-2021	Application Forms for Recognition and Renewal of Market Infrastructure Institutions (MIIs)
30-11-2021	Clarification regarding disclosure of dealing in securities by Directors and Key Management Personnel of the all recognized MIIs in GIFT-IFSC
16/12/2021	Settlement for all trades executed on Stock Exchanges in IFSC: At least once in a day
11/03/2022	Negotiated large trade facility on stock exchanges
31/03/2022	Guidelines for Liquidity Enhancement Scheme on Stock Exchanges
28-06-2022	Committees at Market Infrastructure Institutions (MIIs) in IFSC
09-09-2022	Amendment to guidelines for Liquidity Enhancement Scheme
16-11-2022	Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) for Market Infrastructure Institutions (MIIs)
21-06-2023	Direct Market Access Facility
23-06-2023	Co-location facility offered by the Stock Exchanges
03-04-2024	Remote Trading Participants on Stock Exchanges in the IFSC
17-10-2024	Listing of Commercial Paper and Certificates of Deposit on the recognised Stock Exchanges in the IFSC
11-02-2025	The Stock Exchanges in the International Financial Services Centre (IFSC)
07-03-2025	Contribution to Settlement Guarantee Fund (SGF)

4. Angel Funds, Family Investment Funds

a) Details to be filled in common application form

Same details required as mentioned in 1(a) above. However, for Section E refer details mentioned below:

Regulations	
IFSCA (Fund Management) Regulations, 2025	
Circulars	
19-05-2022	Fee structure under the IFSCA (Fund Management) Regulations, 2022
01-07-2022	Angel Funds under IFSCA (Fund Management) Regulations, 2022
18-01-2023	Disclosures by Fund Management Entities for Environmental, Social or Governance (ESG) Schemes
06-02-2023	Scheme Application Form for Scheme or Fund for registered FMEs
01-03-2023	Clarifications in relation to Family Investment Funds
31-05-2023	Reporting Norms for Fund Management Entities under IFSCA (Fund Management) Regulations, 2022
03-11-2023	Amendment to Circular on Reporting Norms for Fund Management Entities under IFSCA (Fund Management) Regulations, 2022
16-02-2024	Maintenance of net worth by Fund Management Entity
05-04-2024	Ease of doing business - Filing of Schemes or funds under IFSCA (Fund Management) Regulations 2022.
25-07-2024	Valuation of Assets of Schemes under IFSCA (Fund Management) Regulations 2022 by Credit Rating Agencies at IFSC
20-02-2025	Appointment and Change of Key Managerial Personnel by a Fund Management Entity
03-04-2025	Revision in reporting formats for Fund Management Entities in IFSC
08-04-2025	Transition to IFSCA (Fund Management) Regulations, 2025
21-05-2025	Framework to facilitate Co-investment by Venture Capital Scheme and Restricted Scheme

5. Fund Management Entities (FME), Funds, Pension

a) Details to be filled in common application form

Same details required as mentioned in 1(a) above. However, for Section E refer details mentioned below:

Regulations	
IFSCA (Fund Management) Regulations, 2025	
Circulars	
19-05-2022	Fee structure under the IFSCA (Fund Management) Regulations, 2022
01-07-2022	Angel Funds under IFSCA (Fund Management) Regulations, 2022
21-12-2022	Distribution of Capital Market Products and Services under IFSCA (Capital Market Intermediaries) Regulations, 2021
18-01-2023	Disclosures by Fund Management Entities for Environmental, Social or Governance (ESG) Schemes
06-02-2023	Scheme Application Form for Scheme or Fund for registered FMEs
01-03-2023	Clarifications in relation to Fund Management Entities and Schemes set up in IFSCs by Sovereign Wealth Funds
01-03-2023	Clarifications in relation to Family Investment Funds
31-05-2023	Reporting Norms for Fund Management Entities under IFSCA (Fund Management) Regulations, 2022
15-09-2023	Authorisation of Scheme file under IFSCA (Fund Management) Regulations 2022
03-11-2023	Amendment to Circular on Reporting Norms for Fund Management Entities under IFSCA (Fund Management) Regulations, 2022
25-01-2024	Accredited Investors in IFSC

GIFT IFSC: New opportunities for Chartered Accountants

06-02-2024	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC, as amended up to February 6, 2024
16-02-2024	Maintenance of net worth by Fund Management Entity
11-03-2024	Clarifications in relation to Fund Management Entities and Schemes set up in IFSCs by Sovereign Wealth Funds
05-04-2024	Ease of doing business - Filing of Schemes or funds under IFSCA (Fund Management) Regulations 2022.
02-05-2024	Facilitating investments by NRIs and OCIs into Indian securities through Schemes / Funds in an IFSC
25-07-2024	Valuation of Assets of Schemes under IFSCA (Fund Management) Regulations 2022 by Credit Rating Agencies at IFSC
29-10-2024	Clarifications in relation to Investment Restrictions on Retail Schemes set up in IFSCs
20-02-2025	Appointment and Change of Key Managerial Personnel by a Fund Management Entity
03-04-2025	Revision in reporting formats for Fund Management Entities in IFSC
08-04-2025	Transition to IFSCA (Fund Management) Regulations, 2025
21-05-2025	Framework to facilitate Co-investment by Venture Capital Scheme and Restricted Scheme
24-05-2025	Extension of timeline for appointment of Custodian under Regulation 132 of the IFSCA (Fund Management) Regulations, 2025

- b) Additional Information to be filled by Fund Management Entity Applicants

Category of Application:

- a) Application for Authorised Entity, b) Application for Registered Entity (Non-Retail), c) Application for Registered Entity (Retail)

Details of the Applicant:
a) Founding Persons, b) Details of listing, if any
Details of the Business Activities of Associate entities in IFSC, If any
Details of business plan for various activities in IFSC under FME:
a) Details of activities over Short, Medium and Long Term,
b) Target Investors,
c) Details for ring-fencing operations, in case of branch

6. Banking Regulation

- a) Details to be filled in common application form

Same details required as mentioned in 1(a) above. However, for Section E refer details mentioned below:

Regulations	
International Financial Services Centres Authority (Banking) Regulations, 2020 As amended up to 14th July, 2023	
Circulars	
04-07-2016	Applicability of 197A(1D) and Section 10(15) of Income Tax Act, 1961 to interest paid by IFSC Banking Unit (IBU)
27-04-2017	Securities Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - IFSC Banking Units (IBUs) acting as Trading Member or Professional Clearing Member on Stock Exchanges/clearing corporations in IFSC
03-02-2020	Currency Future and Options Contracts (involving Indian Rupee) on Exchanges in International Financial Services Centres (IFSC)
04-12-2020	Directions on business in foreign currency at IFSCs
04-12-2020	IFSCA (Deposits) Directions, 2020 (last updated on February 19, 2021)
04-12-2020	OTC Derivatives at IFSCs (last updated on December 24,

GIFT IFSC: New opportunities for Chartered Accountants

	2020)
04-12-2020	IFSC (Banking) Regulation, 2020 – Directions for implementation (last updated on December 24, 2020)
11-12-2020	Guideline on manner of determining net worth for individuals under IFSCA Banking Regulations
11-12-2020	IFSC (Banking) Regulations, 2020 – Prudential Regulatory Requirements (last updated on February 19, 2021)
24-12-2020	Instructions and Clarifications on Circulars issued under the IFSC (Banking) Regulations, 2020 (last updated on February 11, 2021)
30-12-2020	Transfer of assets through loan participation agreement
02-02-2021	Reporting of data on OTC derivatives undertaken by the Bus
02-02-2021	IFSC (Banking) Regulations, 2020 – Directions for implementation – Use of Electronic Trading Platforms (ETP) and Brokers
03-02-2021	Reporting of structured deposits
11-02-2021	Transactions with residents of Nepal and Bhutan- Clarification
16-02-2021	Definition of Constituent
19-02-2021	Net worth criteria for persons resident in India to open account with Banking Unit (BU) for the purpose of investing in securities – Clarification
03-03-2021	Enabling Dealings by IFSC – Banking Units in Bullion Unallocated Accounts
26-04-2021	Offering of Portfolio Management Service and Investment Advisory Service by BUs – Guidelines
11-05-2021	Fee Structure for IFSC Banking Units
17-05-2021	IFSC (Banking) Regulation, 2020- Directions for implementation – Criteria for BUs to become trading/clearing members of IFSCA recognized Stock Exchanges- clarification
21-05-2021	Guidelines for issuance of Certificate of Deposits- withdrawal

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

20-07-2021	Guidelines for issuance of Certificate of Deposits
30-07-2021	Accounting Standard to be followed by IBUs for the purpose of IFSCA regulatory reporting and compliance
13-08-2021	Circular- Issue of the IFSCA Banking Handbook
13-08-2021	The IFSCA Banking Handbook- Prudential Directions
13-08-2021	The IFSCA Banking Handbook- Conduct of Business Directions
13-08-2021	The IFSCA Banking Handbook- General Directions
17-08-2021	Guidelines on Factoring and Forfaiting of Receivables
05-10-2021	OTC derivatives at IFSC – Amendment- OTC derivatives on Indian Government Bonds (IGBs) and State Development Loans (SDLs)
11-11-2021	Minimum Holding Period on Sale /Transfer of loan assets
12-11-2021	The IFSCA Banking Handbook COB Direction- Version 2
12-11-2021	The IFSCA Banking Handbook GEN Directions- Version 2
12-11-2021	The IFSCA Banking Handbook PRU Direction-Version 2
12-11-2021	Amendments and additions to IFSCA Banking Handbook and other issues
03-12-2021	Investment banking in the IFSC
31-12-2021	Non-applicability or withdrawal of some circulars / directions previously issued / adopted by the Authority
04-01-2022	SWIFT Operations in IBU
26-04-2022	Guidance framework on Sustainable and Sustainability linked lending by financial institutions
26-04-2022	SWIFT Operations in IBU
06-06-2022	The IFSCA Banking Handbook Prudential Directions- V 3.0 (PRU)
06-06-2022	The IFSCA Banking Handbook General Directions- V 3.0 (GEN)

GIFT IFSC: New opportunities for Chartered Accountants

06-06-2022	The IFSCA Banking Handbook Conduct of Business Directions- V 3.0 (COB)
06-06-2022	Amendments and additions to IFSCA Banking Handbook
17-06-2022	Clarification on investment in Bullion Depository Receipts (BDR) on India International Bullion Exchanges (IFSC) Limited (IIBX) through the Liberalized Remittance Scheme (LRS) route
13-07-2022	IFSCA Banking Handbook Conduct of Business Directions- v 4.0 (COB)
13-07-2022	Additions to Conduct of Business (COB) directions of IFSCA Banking Handbook
25-08-2022	Issuance of Debit Cards by IFSC Banking Units (IBUs)
19-09-2022	Reporting of Foreign Exchange Transactions by IBUs for India's External Account Statistics
03-11-2022	Notification of the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022
21-12-2022	Distribution of Capital Market Products and Services under IFSCA (Capital Market Intermediaries) Regulations, 2021
31-03-2023	Sensitising Authorised Dealer (AD) branches of Indian banks about facilities in IFSC
20-04-2023	Clarification on 'Guidance framework for sustainable and sustainability linked lending by financial institutions'
22-05-2023	Clarification on 'Guidelines on Factoring and Forfeiting of Receivables'
10-07-2023	Amendments and additions to the IFSCA Banking Handbook
10-07-2023	The IFSCA Banking Handbook COB Direction- Version 5.0
10-07-2023	The IFSCA Banking Handbook GEN Direction- Version 4.0
10-07-2023	The IFSCA Banking Handbook PRU Direction- Version 4.0
30-08-2023	IFSCA Banking Handbook - Opening of SNRR account with AD Bank in India

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

02-11-2023	Amendments to conditions for opening a GAO or RO
28-11-2023	Allocation of Indian Financial System Code (IFSC code) to IBUs
08-01-2024	Improving processing timelines of cross border payments - Advisory
22-01-2024	Avoiding rerouting of transactions to IBUs that have been wrongly credited in the parent AD bank's Nostro account – Reporting in R-Return
22-03-2024	Issuance of Indian Financial System Code (IFSC code) to IFSC Banking Units (IBUs)
05-04-2024	The IFSCA Banking Handbook PRU Directions v5.0
05-04-2024	The IFSCA Banking Handbook COB Directions v6.0
05-04-2024	The IFSCA Banking Handbook GEN Directions v5.0
05-04-2024	Amendments and additions/deletions to the IFSCA Banking Handbook
22-04-2024	Internet banking services to clients of IBUs
14-06-2024	Interest on Current account - Amendment to ACDE Module (Module No.11) of COB Directions v6.0 (IFSCA Banking Handbook)
27-06-2024	Permission to offer OTC derivatives on Gold and Silver: Amendment to OTDE Module (Module no. 13) of IFSCA Banking Handbook COB Directions v6.0
11-07-2024	Permitting IBUs to participate in the synthetic securitisation program of Parent bank
24-09-2024	Trading and Settlement of Sovereign Green Bonds (SGRBs) in IFSC
10-10-2024	Directions to IBUs for operations of the Foreign Currency Accounts (FCA) of Indian resident individuals opened under the Liberalised Remittance Scheme (LRS)
17-10-2024	Listing of Commercial Paper and Certificates of Deposit on the recognised Stock Exchanges in the IFSC

GIFT IFSC: New opportunities for Chartered Accountants

13-12-2024	Directions to IBUs for operations of the Foreign Currency Accounts (FCA) of Indian resident individuals opened under the Liberalised Remittance Scheme (LRS)
17-01-2025	List of Public Holidays and banking business hours for IBUs
29-01-2025	Internet banking facilities for the Special Non-Resident Rupee (SNRR) accounts of IFSC units - Amendment
08-04-2025	Revision to the requirement of meetings of the governing body of the IBUs in IFSC - Amendment to Governance Directions Module of GEN Directions - V 5.0 (IFSCA Banking Handbook)
11-04-2025	Amendment to circular dated January 17, 2025 on the subject- 'list of public holidays and banking business hours for IBUs'
22-05-2025	Participation of IFSC Banking Units in international payment systems

- b) Additional Information to be filled by Applicants desirous to setup IFSC Banking Units (IBU)

Section A: General Information:

Previous application: (particulars of any application previously made to the Reserve Bank of India /IFSCA in this connection), detailed reasons for the floatation of the IBU, State whether the IBU fulfils the conditions laid down in sub-section (3) of Section 11, of the BR Act and whether it is agreeable to permit the Authority to satisfy itself by an inspection of the books of the applicant bank or otherwise that the prescribed conditions are being fulfilled by the applicant Bank, Any additional facts which the bank may wish to adduce in support of its application.

Section B: Parameters

I. General Information:

a) Any previous presence in India? If so, the reasons for discontinuation (applicable to non-Indian Banks) b) Presence of any other group entity in India/IFSC, if so details thereof. (applicable to non-Indian Banks) c) Name & designation of senior official at Headquarters who will be responsible for the bank's operations in IBU.

II. Structure:

a) Organizational chart showing subsidiaries and associated companies, including activities they carry out b) Countries in which the bank and its subsidiaries operate c) Number of domestic and overseas branches d) Number/name of domestic banking subsidiaries e) Number/name of overseas banking subsidiaries f) Number/name of major overseas non-banking financial subsidiaries g) Number/name of major non-financial subsidiaries h) Total number of financial subsidiaries i) Total number of subsidiaries/joint ventures and other affiliates consolidated in the applicant bank's balance sheet j) Details of overseas operations of the applicant bank (percentage of overseas assets vis-à-vis the total assets of the bank) k) Details of operations in India (if any) including operations of wholly or partly owned subsidiaries, Joint ventures, branches, representative office or in any other form.

III. Listing in stock exchanges

IV. Domestic standing in home country (Ranking by assets size and/or systemically important)

V. International standing (Ranking by asset size and/or systemically important)

VI. Credit ratings

VII. Financial position of the bank (for the last three years and current position)

a) Total Assets (USD million) b) CRAR (%)* c) Tier 1 capital ratio (%)* d) Return on assets (%) e) Return on equity (%) f) Profit (USD million) g) NPLs ratio (Gross) (%) h) NPLs ratio (Net) (%) i) Provisioning coverage Ratio (%)
*vis a vis requirement under home country regulation

VIII. Supervisory Arrangement in home country

a) Home regulatory/supervisory authority b) Details of supervisory arrangements to which the bank is subjected to including prudential norms c) Consolidated and comprehensive supervision of the regulator on the holding bank, including the manner in which it supervises the bank, its subsidiaries and associates to assess the bank's overall financial condition and compliance with laws and regulations. d) Declaration on whether any observation under the supervisory plan pursuant to supervisory review is not outstanding. In case outstanding, kindly provide details of the same.

IX. Other Details

a) Accounting year that will be adopted by IBU. If not April 1 to March 31, specific requests may be submitted. b) Whether all penalties/ fines levied on applicant banks over the last five years are resolved /accepted or are there any penalties/fines pending with any regulatory or government authority? c) Whether the applicant bank's application for setting up a branch or subsidiary in another jurisdiction has been rejected over the last five years. Further is there any refusal or restriction placed on the right to carry on business or profession requiring a license, registration or other permission? d) Whether the processes, practices and policies (IT Policy, Risk Management Policy, Corporate Governance Policy, Manpower Planning Policy) apply mutatis mutandis to the operations of the IBU in IFSC?

X. Whether the home country is a member of the Basel Committee on Banking Supervision (BCBS)?

XI. Adoption of Basel standards by the home jurisdiction (based on Regulatory Consistency Assessment Programme report published by BIS)

Risk Based Capital, Countercyclical Capital Buffers, LCR, Leverage ratio, Liquidity, Large Exposure Framework, Bank shall provide a brief write up on the level of implementation of the Base Accord in the country.

XII. Adoption of Basel standards by the bank (to be answered in (Yes/No) Whether Bank has adopted Basel norms/standards implemented by the Home Country Regulator in home jurisdiction at minimum. Bank may provide a brief write up on the capital and other measures indicated therein.

XIII. Transfer Risk and Record of Home Country Support A. Whether the applicant bank's home country failed in handling bank failure in the last 10 years. B. Any capital account convertibility restrictions in the applicant bank's home country? C. Sovereign Credit Rating of the applicant bank's home country.

XIV. Documents to be enclosed a) Letter of Comfort from the parent bank to maintain a minimum capital of USD 20 million for the IBU from the date of commencement of operations of the IBU. (para 3 (i)(a) of Module 1 of the General Directions of Banking Handbook) b) Undertaking from the parent bank of conditions in para 3(i)(b) of Module 1 of the General Directions (Banking Handbook) c) Composition of governing body

N.B (nota bene) - If a bank is unable or unwilling to supply full details in respect of any of the items, reasons for the omission may be given.

7. Fintech

Framework	
Framework for FinTech Entity in the International Financial Services Centres (IFSCs)	
Notification & Circulars	
12-09-2022	IFSCA (FinTech Incentive) Scheme 2022
12-09-2022	Guidelines for implementation of the IFSCA (FinTech Incentive) Scheme, 2022

- a) Additional Information to be filled by FinTech Entity Authorization Applicant

General Information: Does the Applicant have a deployable solution/working product, Does the Applicant have a revenue making track record in at least one of the last three financial years from the proposed solution
Details about ongoing FinTech/ TechFin Activity (if any): Is the Applicant's FinTech business already active in India or IFSC or overseas? If yes then please provide details, brief description of the FinTech/ TechFin activities being undertaken by the Applicant and its core businesses including but not limited to: a) Accreditations/ achievements b) Revenue model of the Applicant c) Marketing details (market size, demand – supply and marketing strategy) d) Business Plan (as an attachment) including financial projections
Details about the Proposed Solution Which of the following permissible area/activity has the Applicant applied for Direct Authorization at IFSC: a) FinTech b) TechFin (PI refer to illustrative list of Allied activities under Annexure-I of the FinTech Framework), short summary of the proposed solution including but not limited to: a) Objective of the proposed FinTech / TechFin solution or the statement of purpose b) Key benefits to the users and markets c) Business Model, including asset deployment and sources of revenue d) Target users, Summary of the technical solution (along with relevant documents) including but not limited to: a) Technical architecture including deployment diagram b) Technology

stack for Front-end, Back- end, Middleware and database c) Usage of Artificial Intelligence, Machine Learning or Decentralized Ledger Technology / Blockchain if any d) VAPT report and the results from an Auditor who is empanelled by CERT-In or an equivalent nodal Agency tasked with performing Cyber Security related functions (for the International Jurisdiction) e) System Audit report, f) Copies of ISO Certifications(s) like ISO 27001:2013/2015, etc. if any g) Details of any Intellectual Property Rights (whether applied/granted) with relevant documents h) Other relevant certifications / reports/ assessments if any, Awareness of similar offering in India or other countries. Details, if any, Legal opinion sought on the proposed FinTech solution, if any, Pitch Deck of the Applicant including the details of solution / product

b) Application Form for Accelerators:

This contains two sections that are Applicant's information and declaration. Applicants information contains details such as Name, complete address of the registered office and principal place of business, Legal form, Date of Incorporation and date of commencement of business, Country(ies) in which the Applicant operates, Shareholding pattern, Financial Standing, including any funding raised and avenues for funding, Name, address and profile of Directors/Chief Executives/Key Manager Personnel, Corporate identification number or any document of similar nature and Registration no. (if registered with a regulator), Details of the Authorized Representative: Name, Designation, Contact No, Email id, Details on following, if any: MoUs/Affiliation to prominent societies, Accreditations, Significant achievements, Number of Startups supported/ incubated, Number of FinTechs supported/incubated, Funds raised by the supported/ incubated startups cumulatively, Whether the applicant is a recognized TBI by DST, Whether the applicant has received grants from DST/MEITY/BIRAC/ NITI Aayog or similar institutions in other jurisdictions.

c) Application Form for IFSCA FinTech Regulatory / Innovation Sandbox

The Application Form for the IFSCA FinTech Regulatory/Innovation Sandbox requires comprehensive information to assess the eligibility and potential impact of the proposed innovation. Key details include the applicant's information that is its organizational profile, nature of the business, Country

(ies) in which the Applicant operates, shareholding pattern and financial background. The form also seeks a clear description of the FinTech solution, its novelty, the problem it aims to address, and the expected benefits to consumers or the financial ecosystem. Applicants must outline the Business model and Use Cases and proposed testing plan, including objectives, target users, timeline, and exit strategy. Additionally, the form requires Sandbox Readiness: Details of the proposed Sandbox Design and Deployment post-testing and details of the applicable IFSCA legal/regulatory requirements and the relaxation sought to deliver the proposed FinTech solution. This thorough information enables IFSCA to evaluate the feasibility, risk, and regulatory implications of the innovation within the sandbox environment.

List of Supporting Documents to be attached with the form-

1.	Incorporation and Commencement of Business documents
2.	Constitutional Documents
3.	Copy of the Resolution passed by the Applicant authorizing Director(s)/Designated Partner(s)/ Authorized Person(s) as applicable to make an application to IFSCA
4.	Application form and all the relevant Annexures
5.	Self-Attested Proof of Identity and Proof of Address (KYC) of Founder/ Directors, Authorised Signatory and Persons exercising Control
6.	Details of the Application Fees paid by the Applicant:
7.	Latest Shareholding pattern
8.	Technical Documents
9.	Additional Documents
10.	Certificate of Good Standing
11.	Declaration on the letterhead
12.	Fit and proper Declaration and fit and proper criteria

8. Finance Company, Aircraft Leasing and Ship Leasing

Regulations	
International Financial Services Centres Authority (Finance Company) (Amendment) Regulations, 2022	
Circulars	
26-04-2021	Computation of Regulatory Capital
26-04-2021	Fee structure for Finance Company/Unit
03-05-2021	Information on various guidelines/circulars/directions applicable for undertaking non-core activities by FC/FU
03-05-2021	Guidelines on distribution of Mutual Funds and Insurance Products by Finance Company/Finance Unit
03-05-2021	Prudential Regulations and activity specific guidelines
06-05-2021	Corrigendum - Computation of Regulatory Capital
25-05-2021	Framework on computation of Exposure Ceiling for Finance Companies (FC) / Finance Units (FU)
24-06-2021	Guidelines on Liquidity Risk Management for a Finance Company/Finance Unit
25-06-2021	Global Regional Corporate Treasury Centre
09-08-2021	Guidelines on Corporate Governance and Disclosure Requirements for a Finance Company
09-08-2021	International Financial Services Centres Authority (Finance Company) Regulations, 2021- Clarification
17-08-2021	Guidelines on Factoring and Forfeiting of Receivables
26-04-2022	Guidance framework on Sustainable and Sustainability linked lending by financial institutions
18-05-2022	Framework for Aircraft Lease
16-08-2022	Framework for Ship Leasing - Finance Company/Unit

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

21-12-2022	Distribution of Capital Market Products and Services under IFSCA (Capital Market Intermediaries) Regulations, 2021
22-03-2023	Amendment to the Circular titled 'Framework for Ship Leasing'
18-04-2023	Utilisation of office space or manpower or both by entities undertaking aircraft leasing activity in the IFSC
20-04-2023	Clarification on 'Guidance framework for sustainable and sustainability linked lending by financial institutions'
26-04-2023	Amendment to the IFSCA circular titled 'Framework for Aircraft Lease' - Enabling lease of Aviation training simulation devices
22-05-2023	Clarification on 'Guidelines on Factoring and Forfeiting of Receivables'
23-06-2023	Framework for Ship Leasing, updated as on June 23, 2023
15-11-2023	Framework for Aircraft Lease, updated as on November 15, 2023.
05-01-2024	Inclusion of 'Finance Company' and 'Finance Unit' as 'Credit Institution' under clause (f) of section 2 of the Credit Information Companies (Regulation) Act, 2005
02-04-2024	Clarifications in relation to permissible activities undertaken by a lessor specified under "Clarification on Framework for ship leasing"
08-05-2024	Additional requirements for carrying out the permissible activities by Finance Company as a Lessor under 'Framework for Ship Leasing'
04-10-2024	Guidelines for utilisation of office space or manpower or both by Finance Company(ies)/ Unit(s) undertaking ship leasing activity in the International Financial Services Centre ("IFSC")
30-10-2024	Framework for Aircraft Lease' updated as on October 30, 2024
30-10-2024	Amendment to the 'Framework for Aircraft Lease' with regard to transactions with person (s) resident in India

GIFT IFSC: New opportunities for Chartered Accountants

26-02-2025	Amendment to the 'Framework for Aircraft Lease' with regard to transactions with person (s) resident in India.
26-02-2025	Framework of Aircraft Lease updated as on February 26, 2025
04-04-2025	Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres
04-04-2025	Amendment to the 'Guidelines on Corporate Governance and Disclosure Requirements for a Finance Company
04-04-2025	Guidelines on Corporate Governance and Disclosure Requirements for a Finance Company (updated as on April 04, 2025)
07-04-2025	Framework for Ship Leasing, updated as on April 07, 2025
07-04-2025	Amendment to the 'Framework for Ship Leasing' and relevant circulars
09-06-2025	Amendment to the 'Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres'
09-06-2025	Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres - updated as on June 09, 2025'

- a) Additional Information to be filled by Finance Company (FC)/ Finance Unit (FU) Applicant

General Information:

- Application for registration in IFSC: a) Finance Company b) Finance Unit
- Name of the proposed activity/ activities, indicating whether it is core/ non-core activity. a) Core Activity b) Non-Core Activity
- In case of FU, name and designation of senior official/key personnel of parent entity (at the Headquarters), who will be responsible for the operations

Supervisory arrangement in home country

- In case of FU proposing to carry out core activity from IFSC, details of

supervisory arrangements to which the applicant entity is subject to including prudential norms as applicable in home country
Other information Whether the applicant entity has accepted public deposits (defined under Chapter 1 section 2, sub-section 1(j) of IFSCA Finance Company Regulations) in the past? If yes, please specify a) The provisions of law for acceptance of public deposit b) Period and the quantum of public deposits outstanding as on the date of this application c) Whether it defaulted in the repayment of the public deposits, if yes the amount of default
Additional information (to be submitted by Global/ Regional Corporate Treasury Centre applicants only) Details of the Group Entities to be served: Name and Address of Group Entity and Jurisdiction of Incorporation
Declaration cum Undertaking by the Applicant
Board Resolution

9. Ancillary, Global In-house Centres and Foreign University

Ancillary Service Providers

Regulations	
General professionals (legal, secretarial, consulting, trusteeship, etc.) - register under the Ancillary Services Framework 2021, as amended in 2025. BATF providers (book-keeping, accounting, taxation, AML/CFT compliance) - register under the International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024	
Circulars	
10-02-2021	Framework for enabling Ancillary Services at International Financial Services Centres

GIFT IFSC: New opportunities for Chartered Accountants

10-06-2021	Clarificatory Circular on Framework for enabling Ancillary Services
06-04-2023	Framework for enabling Ancillary services at International Financial Services Centres
28-06-2024	Form and Manner for seeking registration and other requirements under International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024.
03-07-2024	Fee structure for the entities undertaking or intending to undertake permissible activities under IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 in IFSC
17-04-2025	Amendment to the circular titled "Framework for enabling Ancillary Services at International Financial Services Centres"

Global In-house Centres

Regulations	
International Financial Services Centres Authority (Global In-House Centres) Regulations, 2020	
Circulars	
18-11-2020	Global In-House Centres (GIC) in International Financial Services Centre (IFSC)

Foreign Universities

Common Application Form is not for Foreign Universities. Application Form for foreign universities desirous to setting up campus in IFSCA is available on IFSCA web portal in circulars. Refer circular dated 23rd February, 2025 Application form for setting up of International Branch Campus or Offshore Education Centre in IFSC for the same.

Regulations
IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022

Circulars	
23-02-2023	Application form for setting up of International Branch Campus or Offshore Education Centre in IFSC
14-12-2023	Permitting International Branch Campuses (IBCs) and Offshore Educational Centres (OECs) at GIFT-IFSC to avail infrastructure services from Academic Infrastructure Service Providers (AISPs).

- a) Additional Information to be filled by Ancillary Service Provider Applicant

Details of ring-fencing of operations, in case of Branch
Details of Associate entities in IFSC, if any (under the Common Control of the Promoters and KMPs)
Whether the proposed activities are currently being undertaken by the applicant or its associate entity in India.

- Additional Information to be filled by Global Administrative Office (GAO) Applicant

General Information: Any previous presence in India? If so, the reasons for discontinuation (applicable to non-Indian Banks), Presence of any other group entity in India/IFSC, If so details thereof (applicable to non-Indian Banks), Name and Designation of senior official at HQ who will be responsible for the GAO at GIFT-IFSC
Standing of the bank: Domestic standing of the bank in home country (Ranking by assets size and/or systemically important), International standing (Ranking by assets size and/or systemically important)
Supervisory Arrangement in home count Details of supervisory arrangements to which the bank is subjected to including the prudential norms, Consolidated and Comprehensive Supervision of the regulator on the Holding Bank, including the manner in which it supervises the bank, its subsidiaries and associates to assess the

bank's overall financial condition and compliance with laws and regulations, Declaration on whether any observation under the supervisory plan pursuant to supervisory review is not outstanding. In case outstanding, kindly provide details of the same, Whether applicant bank's application for setting up branch or subsidiary or Representative Office in other jurisdiction has been rejected over the last five years. Further is there any refusal or restriction placed on the right to carry on business or profession requiring a license, registration or other permission?

Reasons for opening a GAO and Business plan:

Purpose of opening GAO in GIFT-IFSC, Activities to be provided by the GAO under the following heads including the geographic locations to which such activities shall be provided: i. managing, administering, or coordinating the operations of the Parent Bank or any of the Group entities either in IFSC or outside IFSC ii. providing support services to Parent Bank or any of the Group entities for execution of the permitted activities either in IFSC or outside IFSC

Additional documents to be enclosed:

Undertaking to the effect that the application complies with the laws of the applicant's home country

10. Insurance

a) Details to be filled in common application form

Same details required as mentioned in 1(a) above. However, for Section E refer details mentioned below:

IFSC Insurance Office (IIO)

Regulations
IFSCA (Registration of Insurance Business) Regulations, 2021
IFSCA (Manner of Payment of and Receipt of Premium) Regulations, 2022
IFSCA (Insurance Products and Pricing) Regulations, 2022
IFSCA (Preparation and Presentation of Financial Statements of IIOs) Regulations, 2022
IFSCA (Appointed Actuary) Regulations, 2022

IFSCA (Investment by IIO) Regulations, 2022, as amended in 2023 IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022 IFSCA (Re-insurance) Regulations, 2023 IFSCA (Assets, Liabilities, and Solvency Margin of General, Health and Re-insurance business) Regulations, 2023 IFSCA (Assets, Liabilities, and Solvency Margin and Abstract of Actuarial Report for Life Insurance Business) Regulations, 2023 IFSCA (Management Control, Administrative Control and Market Conduct of insurance business) Regulations, 2023	
Circulars	
18-01-2021	Maintenance of Solvency Margin for IFSC Insurance Offices (IIOs)
24-05-2021	Fee Structure for IFSC Insurance Offices
08-04-2025	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking guidance under the Informal Guidance Scheme

IFSC Insurance Intermediary Office (IIO)

Regulations	
IFSCA (Insurance Intermediary) Regulations, 2021 IFSCA (Insurance Web Aggregator) Regulations, 2022 IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022 IFSCA (Management Control, Administrative Control and Market Conduct of Insurance Business) Regulations, 2023	
Circulars	
24-05-2021	Fee Structure for IFSC Insurance Intermediary Offices
08-04-2025	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking guidance under the Informal Guidance Scheme

- b) Additional Information to be filled by applicants for Grant of Certificate of Registration as an Insurance Web Aggregator (IWA), Indian Insurer applicant or Indian Re- Insurer applicant for Grant of Certificate of Registration as IIO and Grant of Fresh and Renewal of Certificate of Registration of Insurance Intermediaries.

Grant of Fresh and Renewal of Certificate of Registration of Insurance Intermediaries

Category Applied For Insurance Intermediary: 1. Direct Broker, 2. Reinsurance Broker, 3. Composite Broker, 4. Third Party administrator, 5. Surveyor and Loss assessor, 6. Corporate Agent
Particulars of the Applicant: Details of the proposed/ existing branch office(s)
Organisation – Structure: names of Stock Exchanges and latest share price(if listed), details of associate company of applicant is interested in the applicant's business, Name and Address of the Principal bankers, Name and address of the statutory auditors and Any other information
Financial Information: Capital Structure (in USD in million), Deployment of Resources (Not applicable for Corporate Agent) (in USD in million)
Undertaking: 1. Maintain an Arm's length relationship, 2. No person, directly or indirectly connected to the applicant has been refused for the license/certificate of registration in the past.

Fresh/Renewal Certificate of Registration by an Insurance Intermediary for Establishing IIO in the Form of Branch

Company Profile: Current lines of insurance intermediary: a. Broker-Direct/Composite/Reinsurance, b. Corporate Agent, c. Third Party Surveyor, d. Surveyor and loss assessor, Amount of Authorised capital, Subscribed

capital and Issued Capital & Face value of shares and their numbers/ Total contribution by partners/members and individual contribution by each partner/member, Certificate from CA, Annual Reports, additional capital to be infused, Particulars of Previous Application, shareholders of insurance intermediary

Regulatory Compliance in the home country:

Name, Address and contact details of the Regulatory Authority, Professional Indemnity policy requirements in home country, Minimum capital requirements prescribed by home country regulator, Capital maintained by the applicant for five years preceding the date of application

IIO Business Strategy:

Geographic Spread, Market Research and Analysis, Information Technology, Recruitment and Training, Technical skills and Conclusion

Indian Insurer applicant or Indian Re- Insurer applicant for Grant of Certificate of Registration as IIO

Company Profile:

Date of first registration, Line of business currently handled, Solvency margin of the Indian insurer for three years preceding the date of application

IIO Business Strategy:

Types of Insurance or Re-insurance arrangements to be offered, Underwriting, Recruitment and Training, Internal Controls, Expenses of Administration, Technical skills, Financial Projections and Conclusion

Foreign Insurer applicant or Foreign Re-Insurer applicant for Grant of Certificate of Registration as an IIO

Company Profile:

Date of first registration, Line of business currently handled, Net Owned Funds of the Applicant as at close of immediately preceding financial year, Credit rating for the last 3 years from internationally renowned credit rating agencies (minimum of 'BBB' or its equivalent), Certificate from CA / CS,

Amount of Assigned Capital and the form in which it is maintained, Particulars of Previous Application, Details of shareholders of foreign (re)insurer

Regulatory Compliance in the home country:

Regulatory Architecture, Minimum Solvency Margin prescribed by the regulator in the country of domicile, Solvency margin of the Applicant for three years preceding the date of application

IIO Business Strategy:

Types of Re-insurance arrangements to be offered, Underwriting, Retention Limits and Re-insurance, Internal Controls, Expenses of Administration, Financial Projections and Conclusion

Joint Application by a Managing General Agent (MGA) and Foreign Insurer or Foreign Re-Insurer for Grant of Certificate of Registration as an IIO

Company Profile:

Name, Address of registered office, Date of incorporation, Registration No separately for Foreign Insurer or Foreign Re-insurer and MGA, Current lines of insurance business, Amount of Authorized capital, Subscribed capital and Issued Capital & Face value of shares and their numbers of the relevant Foreign Insurer/s or Foreign Re-insurer/s or both, Net Owned Funds of the relevant Foreign Insurer or Foreign Re-insurer, at close of immediately preceding financial year, Credit rating for the last 3 years from internationally renowned credit rating agencies (minimum of 'BBB' or its equivalent) of the Foreign Insurer or Foreign Re-insurer, Board Resolution, Certificate from CA/CS, Annual Reports, Amount of Assigned Capital and the form in which it is maintained, Particulars of Previous Application, Details of shareholders of foreign (re)insurer

Regulatory Compliance in the home country:

Regulatory Architecture, Minimum Solvency Margin prescribed by the regulator in the country of domicile, Solvency margin of the Applicant for five years preceding the date of application

IIO Business Strategy:

Types of Re-insurance or Insurance arrangements to be offered, Underwriting, Retention Limits and Re-insurance, Internal Controls, Expenses of Administration, Financial Projections and Conclusion

Public Company, Wholly Owned Subsidiary of Insurer or Re-Insurer, Insurance Co-operative Society, Body Corporate incorporated outside India for Grant of Certificate of Registration as IIO

Company Profile:

classes of insurance business for which registration is sought, Amount of Authorized capital, Subscribed capital and Issued Capital & Face value of shares and their numbers, Amount of Paid-up Capital & Number of equity shares, Classification of Shares, Voting Rights of each class of Shareholders, Details of Promoters, Investors, Applicant, Particulars of the partners in the joint venture (e.g. company name, address, names of directors, etc.), Constitution of the promoter companies – details of shareholders holding in excess of 1% of the paid up capital, Nature of business, years in business of promoter companies, Constitution of the Investors – details of shareholders holding in excess of 1% of the paid-up capital, Nature of business, years in business of investors' companies, Past record of regulatory interventions/restrictive directions in respect of promoter / investor companies, reasons for entering the insurance market, Financial statements for the last five years, Strengths of the partners, Indication of the degree of commitment to the Indian market place, Agreement among the shareholders promoting the company, obligations undertaken by the Foreign Investors, obligations of the applicant company to the Foreign Investors, Sources for meeting the initial and future capital needs, In cases of non-corporate promoters / investors, information on the above lines, suitably modified, may be given, Details of promoters and investors, Key aspects of the Indian Promoters and Foreign Investors, Branch locations, Company's Mission Statement, Allocation of responsibilities between the head office and the operational units, Capital Structure, Name and Address of Bank, Details of other business interests of the Key Management Person during the preceding 5 years in the form of holding equity shares in excess of 2% or Directorships in any other entity, Relationship of KMP with the Insurer and related parties of insurer, any company or organization with which the Key

Management Person was associated as a director, officer, manager, has ever been wound up, gone into receivership or ceased trading either whilst the Key Management Person was associated with it; or within one year after the Key Management Person so ceased to be associated, Key Management Person is also an Insurance Corporate Agent, employee of Insurance Broker, Director or Employee of any other insurance intermediaries or Insurer or Re-insurer in India or in any foreign country or director of any other company in India or in any foreign country, Key Management Person is in the full time employment of the insurer (no-full details of other employment/ engagement), Key Management Person is on deputation / secondment from

any other organization, Key Management Person is into the full time / part time employment of any group company / associated company or the promoting partner of the insurer, External Auditors, Business to be transacted, Particulars of Previous Application, Sensitivity Analysis, Solvency margin of the Indian insurer for three years preceding the date of application

IIO Business Strategy:

Types of Re-insurance or Insurance arrangements to be offered, Underwriting, Recruitment and Training, Internal Controls, Expenses of Administration, Technical skills, Financial Projections and Conclusion

Insurance Web Aggregator (IWA)

Organisation Structure:

Names of Stock Exchanges and latest share price (if listed), Name and activities of associate companies/concern, Name and Address of the Principal bankers and Name and address of the statutory auditors

Business Information:

Particulars of Websites proposed / used for the IWA business and Any other information considered relevant to the nature of services rendered

Financial Information:

If minimum capital requirement has been met after last audited annual accounts, audited statement of accounts for the period ending on a later date to be submitted

Other Information:

Details of all settled and pending disputes

Insurance Telemarketing/Insurance Outsourcing work

Name, Certificate of registration No along with Validity Period, TRAI Registration along with validity period, List of Authorised Verifiers and any other information necessary for processing of application and declaration as given in application form.

Existing Insurance Web Aggregator (IWA) or Insurance Broker for establishing an IWA in the form of Branch

Company Profile:

Date of first registration, Certificate from CA / CS / CMA or any other person as approved by the Authority, Details of Compliance with training and experience requirements, details of any additional capital to be infused, Particulars of Previous Application, Details of shareholders of insurance intermediary

Regulatory Compliance in the home country:

Professional Indemnity policy requirements in home country, Minimum capital requirements prescribed by home country regulator, Capital maintained by the applicant for five years preceding the date of application

IWA Business Strategy:

Market Research and Analysis, Types of services to be offered and Conclusion (viability of the operations)

11. Metals and Commodities

Under metals and commodities following entities are registered/notified with the IFSCA: Bullion Exchange and Clearing Corporation, Bullion Depository, Vault Manager, Qualified Jewellers, Bullion Trading/ Clearing Members, Valid India-UAE CEPA TRQ Holders for FY 2024-25, Valid India-UAE CEPA TRQ Holders for FY 2023-24.

Application Forms for registration/recognition/renewal are available on IFSCA web portal. Application forms can be accessed by visiting the IFSCA website in the downloads section. You can find Downloads by going to the Publications section on the IFSCA portal.

GIFT IFSC: New opportunities for Chartered Accountants

Regulation and circulars applicable to metals and commodities are as follows:

Regulations	
IFSCA (Bullion Exchange) (Amendment) Regulations, 2021	
Circulars	
03-03-2021	Enabling Dealings by IFSC – Banking Units in Bullion Unallocated Accounts
26-08-2021	Operating Guidelines on Bullion Exchanges, Bullion Clearing Corporation, Bullion Depository & Vault Manager
13-09-2021	Circular for the Code of Conduct and Code of Ethics for the Directors and Key Managerial Personnel of the MIIs GIFT-IFSC
17-09-2021	Bullion Trading Member and Clearing Members in GIFT-IFSC
30-11-2021	Clarification regarding disclosure of dealing in securities by Directors and Key Management Personnel of the all recognized MIIs in GIFT-IFSC
19-01-2022	Qualified Jewellers importing gold through India International Bullion Exchanges
17-06-2022	Clarification on investment in Bullion Depository Receipts (BDR) on India International Bullion Exchanges (IFSC) Limited (IIBX) through the Liberalised Remittance Scheme (LRS) route
05-08-2022	Standard Operating Procedure for Qualified Jewellers importing gold through India International Bullion Exchanges
18-08-2022	'Qualified Suppliers' for supply of bullion on India International Bullion Exchanges (IIBX)
16-11-2022	Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) for Market Infrastructure Institutions (MIIs)

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

20-12-2022	Monthly Development Report (MDR) for the Bullion Exchanges in IFSC
11-01-2023	Tariff Rate Quota (TRQ) holders under the India-UAE CEPA to be deemed as Qualified Jewellers for import of UAEGD Gold through IIBX
27-01-2023	Bullion Trading Members and Clearing Members in IFSC
01-03-2023	Circular prescribing net worth for Bullion Exchanges and bullion clearing corporation
03-03-2023	Guidelines for execution of block deals on Bullion Exchanges
07-08-2023	Bullion Trading Members and Clearing Members in IFSC
11-12-2023	'Qualified Suppliers' for supply of bullion on India International Bullion Exchanges
11-12-2023	Import of gold and silver by Qualified Jewellers through India International Bullion Exchanges
13-12-2023	Import of UAEGD Gold through IIBX by valid India-UAE TRQ holders
22-02-2024	Bullion Trading Members and Clearing Members in GIFT-IFSC
19-04-2024	Import of gold and silver by Indian Banks through India International Bullion Exchanges IFSC Limited (IIBX)
01-05-2024	Qualified Suppliers' for supply of bullion on India International Bullion Exchanges IFSC Limited (IIBX)
04-05-2024	Import of UAEGD Gold through IIBX by valid India-UAE TRQ holders
08-07-2024	Direct Market Access and Sponsored Access facilities for participants in Bullion Exchanges
09-08-2024	Bullion Trading and Clearing Members
04-02-2025	Liquidity Enhancement Scheme for Bullion Exchanges

22-04-2025	Clarification on conducting Customer Due Diligence (CDD) and Maintenance of Supply Chain Integrity by the Vault Managers
29-04-2025	Amendment to the "IFSCA Operating Guidelines on Bullion Exchanges, Bullion Clearing Corporation, Bullion Depository and Vault Manager – Dispensation of net-worth requirement for 'Customers'"
02-06-2025	Amendments to the ITC(HS) codes for the import of Gold and Silver through IIBX

12. Payment and Settlement Systems

Format of application form and additional information is given in circular dated 06th of February, 2024: Format and manner of seeking authorisation as Payment Service Provider.

It requires following information including but not limited to: Name of the applicant, legal form, date of incorporation, registered and principal place of business address, details of authorised person etc.

Regulations	
Consolidated IFSCA (Payment Services) Regulations, 2024	
Circulars	
06-02-2024	Format and manner of seeking authorisation as Payment Service Provider
08-10-2024	Format for providing information by a Payment Service Provider
23-10-2024	Format and manner of seeking authorisation to commence or carry on a Payment System in an International Financial Services Centre
02-04-2025	Fee structure for Payment System Operators/ Applicants desirous to setup an PSO in IFSC
06-06-2025	Participation of Payment Service Providers ("PSPs") in international payment systems

Guidelines, Notifications, Circulars & FAQs issued by IFSCA

The International Financial Services Centres Authority (IFSCA) issues guidelines, notifications, circulars and FAQs to provide clarity and guidance on regulations, facilitate compliance, and promote the development of financial services within India's International Financial Services Centres (IFSCs). These documents serve to explain the regulatory framework, outline operational procedures, and address common queries related to various aspects of IFSC operations.

Circulars

Entity specific circulars are stated above with respective entities in part E of Common Application Form. Further, a list of circulars issued by the authority for all regulated entities and IFSCA internal circulars are listed here.

28-01-2016	Issues Pertaining to Opening of Offices in IFSC, GIFT City, Gujarat
17-03-2016	Securities Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Inclusion of Commodity Derivatives
28-11-2016	Guidelines for functioning of Stock Exchanges and Clearing Corporations in International Financial Services Centres (IFSC)
13-04-2017	Inclusion of "Derivatives on Equity shares"-IFSC
17-05-2017	Position limits for cross-currency futures and options contracts (not involving Indian Rupee) on exchanges in International Financial Services Centres (IFSC)
23-05-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Permissible investments by Portfolio Managers, Alternate Investment Funds and Mutual Funds operating in IFSC
27-07-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Amendments

GIFT IFSC: New opportunities for Chartered Accountants

10-08-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015-Liquidity Enhancement Scheme.
31-08-2017	Issuance, listing and trading of debt securities on exchanges in International Financial Services Centres (IFSC)
31-08-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments
21-09-2017	Clarification to SEBI (IFSC) Guidelines, 2015 - Liquidity Enhancement Scheme (LES)
17-10-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments
14-11-2017	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments
20-02-2018	Acceptance of Bank Guarantees by Clearing Corporations in International Financial Services Centre
21-05-2018	Investment of own funds (excluding funds lying in Core Settlement Guarantee Fund) by Clearing Corporations in International Financial Services Centre (IFSC)
24-05-2018	Segregated Nominee Account Structure in International Financial Service Centre (IFSC)
18-03-2019	Clarification on participation of Eligible Foreign Investors (EFIs) in Commodity Derivatives in IFSC
26-04-2019	Net worth Requirements for Clearing Corporations in International Financial Services Centre (IFSC)
03-07-2019	Taxability of Income earned by a Non-Resident investor from off-shore investments through AIFs

09-08-2019	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015-Permissible investments by Alternative Investment Funds operating in IFSC
20-01-2020	Introduction of Rupee derivatives at International Financial Services Centres (IFSC)
27-02-2020	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015-Amendments
28-02-2020	Operating Guidelines for Investment Advisers in International Financial Services Centre (IFSC) – Clarifications
27-03-2020	Risk Management and Inter-bank Dealings- Participation of Banks in Offshore Non-deliverable Rupee Derivative Markets
09-07-2020	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Amendments
07-08-2020	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Amendment
21-08-2020	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Amendments_155
21-08-2020	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Amendments_154
09-09-2020	Operating Guidelines for Portfolio Managers in International Financial Services Centre
16-09-2020	Listing and trading of units of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts

GIFT IFSC: New opportunities for Chartered Accountants

	(REITs) on recognized Stock Exchanges in International Financial Services Centres (IFSC)
07-10-2020	Liquidity Enhancement Scheme
14-10-2020	Market Access through Authorized Persons
19-10-2020	Framework for Regulatory Sandbox
21-10-2020	Real Estate Investment Trusts in International Financial Services Centres
21-10-2020	Infrastructure Investment Trusts in International Financial Services Centres
28-10-2020	Depository Receipts in the International Financial Services Centre
11-12-2020	Membership of Stock Exchanges and clearing corporations in IFSC by foreign entities
19-02-2021	Framework for Aircraft Operating Lease
24-02-2021	Framework for Recognition of a Custodian of Assets/Securities
02-06-2021	Application form for Alternative Investment Funds
25-06-2021	Alternative Investment Funds (AIFs) in International Financial Services Centres (IFSC)
25-06-2021	Fee structure for Merchant Bankers in IFSC
27-07-2021	Fee structure for Depository Participants (DP) in the GIFT-IFSC
25-08-2021	Participation in financial products linked to Indian Rupee (INR)
08-09-2021	Account Details for fee to be remitted to IFSCA
15-09-2021	Fee structure for issuance and listing of securities on the recognised Stock Exchanges in the IFSC
15-09-2021	Clearing Membership for non-bank Custodians

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

23-12-2021	Regulatory fee structure for recognised Stock Exchanges in the IFSC
06-01-2022	RBI Master Directions enabling qualified jewellers to Import Gold through India International Bullion Exchanges IFSC Ltd
04-04-2022	SWIFT Code amendment: USD Current Account of IFSCA
25-05-2022	Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)
12-10-2022	Standard Operating Procedure for Inter-operable Regulatory Sandbox (IoRS)
12-10-2022	Application form for Inter-operable Regulatory Sandbox (IoRS)
14-12-2022	Format of MDR and MAR for Stock Exchanges
26-05-2023	Guidance to the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.
01-09-2023	Additional AML measures under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
05-09-2023	Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967- modification-regarding
13-10-2023	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 for specifying additional AML/CFT/KYC measures and clarifications

GIFT IFSC: New opportunities for Chartered Accountants

25-10-2023	Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
26-10-2023	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
22-11-2023	Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" and Section 51A of Unlawful Activities (Prevention) Act, 1967
28-11-2023	Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" and Section 51A of Unlawful Activities (Prevention) Act, 1967
04-12-2023	Framework For Grant Of Funds For Research Studies By IFSCA
26-12-2023	Time Limit for Disposal of Applications
06-02-2024	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC As amended up to February 6, 2024
01-03-2024	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC
14-03-2024	Registration on FIU-IND FINNET 2.0 portal for compliance with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
01-04-2024	Amendment to the IFSCA (Vault Manager) Circular, 2021 dated August 25, 2021
02-05-2024	Issuance of Derivative Instruments against Indian securities by non-bank entities in GIFT-IFSC

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

03-07-2024	Fee structure for the entities undertaking or intending to undertake permissible activities under IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 in IFSC
11-07-2024	Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)
30-09-2024	Single Window IT System inter-alia for registration and approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI.
18-11-2024	Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967- Change in the details of the Central [Designated] Nodal Officer.
18-11-2024	Exempting certain entities/activities from the applicability of International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
21-11-2024	Principles to mitigate the Risk of Greenwashing in ESG labelled debt securities in the IFSC
22-11-2024	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.
02-12-2024	International Financial Services Centres Authority (Informal Guidance) Scheme, 2024
02-12-2024	Complaint Handling and Grievance Redressal by Regulated Entities in the IFSC
29-01-2025	Permissible transactions through the Special Non-Resident Rupee (SNRR) accounts of IFSC units – Amendment
06-02-2025	Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems

GIFT IFSC: New opportunities for Chartered Accountants

	(Prohibition of Unlawful Activities) Act, 2005" and Section 51A of "The Unlawful Activities (Prevention) Act, 1967"- Change of Nodal Officer -regarding.
18-02-2025	Amendment to the Circular on permissible transactions through the SNRR accounts of IFSC units
26-02-2025	Interest on late payment of fee by entities undertaking permissible activities in IFSC
26-02-2025	Registration on FIU-IND FINGate 2.0 portal for compliance with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
10-03-2025	Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs
03-04-2025	Direction for all Regulated Entities
08-04-2025	Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking guidance under the Informal Guidance Scheme
23-04-2025	Clarifications on the Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking guidance under the Informal Guidance Scheme
05-06-2025	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
13-06-2025	Fee structure for KYC Registration Agencies in IFSC

Guidelines

Here is the list of guidelines issued by the IFSCA or other regulators related to IFSCA

To see these guidelines logon to IFSCA web-portal, go to About Us – Legal Framework – Guidelines.

27-03-2015	Securities Exchange Board of India (International Financial Services Centres) Guidelines, 2015
06-04-2015	Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015
21-12-2017	Insurance Regulatory and Development Authority of India {Registration and Operations of International Financial Service Centre Insurance Offices(IIO)} Guidelines, 2017
16-01-2019	Insurance Regulatory and Development Authority of India (International Financial Service Centre Insurance Intermediary Office) Guidelines, 2019
27-10-2021	International Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021
01-11-2021	International Financial Services Centres Authority (Operations of International Financial Services Centres Insurance Intermediary Offices) Guidelines, 2021
01-11-2022	IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022

Notifications

Here is the list of Notifications issued by the IFSCA or other regulators related to IFSCA

To see these notification logons to IFSCA web-portal, go to About Us – Legal Framework – Notifications.

02-03-2015	Foreign Exchange Management (International Financial Services Centre) Regulations, 2015
08-03-2015	Procedure for Setting up an IFSC units in Special Economic Zone

GIFT IFSC: New opportunities for Chartered Accountants

27-03-2015	Specific Provisions of Insurance Act not to apply in Special Economic Zone
01-04-2015	Setting up of IFSC Banking Units (IBUs) (Updated as on January 21, 2020)
08-04-2015	Setting up of IFSC units in Special Economic Zone
03-01-2017	Amendment to Rule 76 of Special Economic Zone Rules, 2006
04-01-2017	Exceptions, Modifications and Adaptations to specified IFSC Public Company under Companies Act, 2013
04-01-2017	Exceptions, Modifications and Adaptations to specified IFSC Private Company under Companies Act, 2013
13-07-2018	NSE IFSC limited notified as Recognized stock exchange
31-07-2018	India Inx-India International Exchange IFSC Ltd. notified as Recognized stock exchange
26-07-2019	Exemption from filing return of income for investors of Category I and II AIF in IFSC
26-07-2019	Exemption to Non Resident and Foreign Company u/s 139(1) of Income Tax Act, 1961
18-09-2019	Amendment to Prevention of Money-laundering (Maintenance of Records) Rules, 2005
28-11-2019	Jurisdictions under Prevention of Money Laundering Act, 2002
31-12-2019	Special Economic Zone(4th Amendment) Rules, 2019 - Exemption to Alternate Investment Fund & Mutual Funds
07-01-2020	Foreign Exchange Management (International Financial Services Centre) (Amendment) Regulations, 2020
13-02-2020	Amendment to Companies (Issue of Global Depository Receipts) Rules, 2014
05-03-2020	Additional list of securities notified for section 47(viiab)

05-03-2020	Securities u/s 47 of Income Tax Act, 1961 listed of Rec. Stock Exchange in IFSC
13-03-2020	EFI deemed as an FPI
13-03-2020	Non-Resident Eligible Foreign Investor in IFSC as FII u/s 115AD of Income Tax Act, 1961
27-04-2020	Notification for Establishment of International Financial Services Centres Authority and its Head office
10-08-2020	Classes of person to whom provisions of section 139A shall not apply
21-08-2020	Notification on Commencement of Provisions of IFSCA Act, 2019
31-08-2020	Powers and functions of the IFSCA to include bullion spot delivery contract and bullion depository receipt
29-09-2020	Non applicability of section 194-O and section 206C(1H)
29-09-2020	Notification on Commencement of section 13 and section 33 of IFSCA Act, 2019
16-10-2020	Central Government notifies Aircraft Lease and Global in-House Centres in IFSCA Act, 2019
05-02-2021	Notification of Qualified Financial Contracts under the Bilateral Netting of Qualified Financial Contracts Act, 2020
04-05-2021	Exemption from obtaining PAN to EFIs for investment made in capital assets referred in clause 47(viia)
06-08-2021	Notification on the Companies (Specification of definitions details) Third Amendment Rules, 2021
06-08-2021	Notification on the Companies (Registration of Foreign Companies) Amendment Rules, 2021
06-08-2021	Notification on exemptions given to Foreign Companies offering their securities for subscription in IFSCs

GIFT IFSC: New opportunities for Chartered Accountants

11-10-2021	Exemption to non-resident investors from filing return of income.
10-12-2021	Notification on Grant of Recognition to India International Bullion Exchange IFSC Limited as the Bullion Exchange and Bullion Clearing Corporation
14-12-2021	Notification for enabling operating lease of product or equipment as financial product in IFSC
24-12-2021	Notification on Bullion Depository Receipts (BDR) & Bullion Spot Delivery Contract as Securities as per Securities Contracts (Regulation) Act, 1956
05-01-2022	DGFT Notification on amendment in import policy conditions of gold to enable Qualified Jewellers to import gold through India International Bullion Exchange IFSC Limited
05-01-2022	International Financial Services Centres Authority (Insurance Intermediary) (Amendment) Regulations, 2021
05-01-2022	International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations 2021
10-01-2022	Notification on enabling ship lease as a financial product in the IFSC
12-04-2022	Notification on enabling Aircraft Ground Support Equipment as a financial product in IFSC
27-04-2022	Corrigendum - Notification on enabling Aircraft Ground Support Equipment as a financial product in IFSC
23-05-2022	Central Government notifies courses offered by foreign universities or foreign institutions in IFSC as "Financial Services" in IFSCA Act 2019
16-06-2022	TDS exemption for lease rental received by Aircraft leasing unit at IFSC

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

03-08-2022	Notification of Bullion Depository Receipt under section 47(viiab) of Income Tax Act, 1961
12-09-2022	IFSCA (FinTech Incentive) Scheme 2022_Gazette Notification
09-12-2022	Notification for renewal of recognition to India International Bullion Exchange IFSC Limited
11-04-2023	Enabling lease of 'Aviation training simulation devices' as a financial product in IFSC
12-07-2023	Clarification regarding taxability of income earned by a non-resident investor from off-shore investments routed through Category I or II AIF
14-07-2023	Amendment to CBDT notification 55/2019 to include funds regulated by IFSCA
01-08-2023	TDS exemption for lease rental received by Aircraft leasing unit at IFSC
12-09-2023	Notification of investment trust, scheme and ETF under section 47(viiab) of Income Tax Act, 1961
10-10-2023	Exemption from obtaining PAN for opening of bank account by non-resident with IFSC Banking Unit
16-10-2023	Relaxation from furnishing of Form 15C for remittances made by IFSC units
18-01-2024	Notification of Book-keeping, accounting, taxation and financial crime compliance services under as financial service under the IFSCA Act, 2019
24-01-2024	The Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024
24-01-2024	Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme - Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024

GIFT IFSC: New opportunities for Chartered Accountants

04-03-2024	Section 31 notification pertaining to modifications under SEZ Act and rules
07-03-2024	TDS exemption for receipts of various payments by IFSC units
30-04-2024	Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024
30-04-2024	Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024
11-07-2024	CAR Section 2 - Airworthiness Series - F Part VII Issue II regarding Special Flight Permits
11-07-2024	CAR Section 2 - Airworthiness Series - F Part I Issue II regarding Registration/De-registration of aircraft
15-07-2024	IFSCA (Banking) (Amendment) regulations 2024
28-08-2024	Securities Contracts (Regulation) Amendment Rules, 2024

FAQs

The primary purpose of FAQs issued by IFSCA is to clarify the regulations and guidelines issued by the International Financial Services Centres Authority (IFSCA) and to provide guidance on various aspects of operations within the GIFT International Financial Services Centre (IFSC). They aim to help entities understand the requirements for registration, operations, and compliance within the IFSC framework

01-01-2019	FAQs for International Financial Services Centre
20-09-2021	FAQs on International Bullion Exchange
09-12-2022	FAQs on IFSCA (Fund Management) Regulations, 2022
14-02-2023	FAQs on Milestones & Illustrative Permissible Expenses for Reimbursement under IFSCA (FinTech Incentive) Scheme, 2022

IFSCA Legal Framework: Guidelines, Notifications, Circulars & FAQs

22-02-2023	FAQs on 'Guidance framework on Sustainable and Sustainability linked lending by Financial Institutions' (SL Framework) dated April 26, 2022
27-09-2023	FAQs on 'Guidance framework on Sustainable and Sustainability linked lending by Financial Institutions' (SL Framework) dated April 26, 2022
21-12-2023	FAQs on IFSC Insurance Office
10-01-2024	FAQs on IFSC Insurance Intermediary Offices (IIIOs)
17-01-2024	FAQs on Registration of a Fund Management Entity (FME) and Authorisation of a Scheme or Fund under IFSCA (Fund Management) Regulations, 2022
24-01-2024	FAQs issued by Central Government of India on Direct Listing Scheme
28-02-2024	FAQs on IFSCA (Payment Services) Regulations, 2024
30-05-2024	FAQs on IFSC Insurance Office
11-06-2024	FAQs on Registration of a Finance Company/ Finance Unit
11-06-2024	Frequently Asked Questions (FAQs) on International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing And Know Your Customer) Guidelines, 2022
23-07-2024	FAQs on Circular titled "Additional requirements for carrying out the permissible activities by Finance Company as a Lessor under 'Framework for Ship Leasing
13-08-2024	FAQs for the International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024
06-02-2025	FAQs on IFSCA (Setting up and operation of International Branch Campus and Offshore Education Centre) Regulations, 2022
28-03-2025	SEZ Compliance FAQs Booklet

AML, CFT and KYC Compliance Guidelines

Further, The IFSCA issues AML, CFT, and KYC guidelines to prevent money laundering, terrorist financing, and other financial crimes within the GIFT IFSC (Gujarat International Finance Tec-City International Financial Services Centre). These guidelines aim to ensure a safe and secure financial environment for investors and promote the integrity of the financial system.

Guidelines are issued by IFSCA for AML, CFT and KYC are listed below:

01-11-2022	IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022
26-05-2023	Guidance to the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.
01-09-2023	Additional AML measures under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
11-09-2023	Guidance to the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
13-10-2023	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 for specifying additional AML/CFT/KYC measures and clarifications
26-10-2023	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
14-03-2024	Registration on FIU-IND FINNET 2.0 portal for compliance with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

11-06-2024	Frequently Asked Questions (FAQs) on International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing And Know Your Customer) Guidelines, 2022
21-10-2024	UAPA Order - Gazette Notification 4391(E) dated 10.10.2024
18-11-2024	Exempting certain entities/activities from the applicability of International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
22-11-2024	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.
26-02-2025	Registration on FIU-IND FINGate 2.0 portal for compliance with International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022
05-06-2025	Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

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