



# International Financial Services Centre

**A Financial & Technology Gateway of India**

# Hon'ble Prime Minister of India vision for GIFT City



*“GIFT City is not merely a premise, it represents India. It represents India’s democratic values, demand, demography & diversity. It represents India’s openness to ideas, innovation & investment. GIFT City is a gateway to the global fintech world.”*

- **Hon'ble Prime Minister of India**

At InFINITY Forum - India's Beyond Boundaries FinTech Event

December 03, 2021

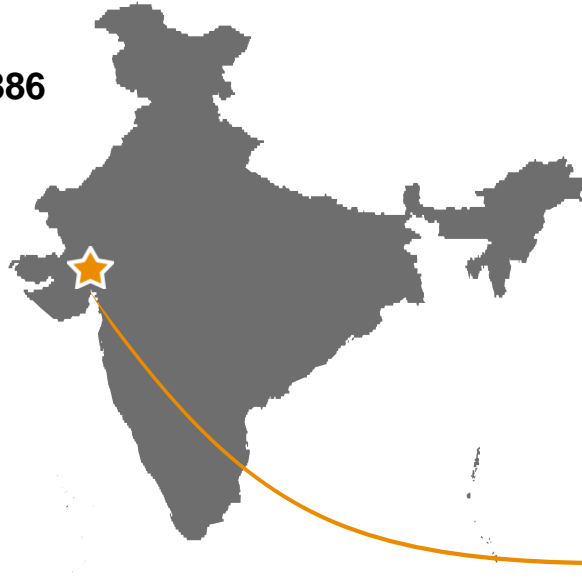
[www.giftgujarat.in](http://www.giftgujarat.in)

# About: GIFT City and IFSC

**A Greenfield Smart City developed on 886 Acres of land**

**Developed by Government of Gujarat and supported by Govt. of India**

**The financial gateway of India for inbound & outbound investment**



**“GIFT City IFSC– Gujarat, ranked 1<sup>st</sup> amongst top 15 Global Financial Centre that will become more significant and 1<sup>st</sup> in Reputational Advantage” based on the report issued by The Global Financial Centres Index, 28 September 2020 Issue**

**Government of India operationalized GIFT City as an IFSC in 2015**



**Global Benchmarking**



**Integrated Development**



**Strong Promoters**



**Central Business Hub**



**India's 1st IFSC**



**State of the Art Infrastructure**



**Strategic Location**

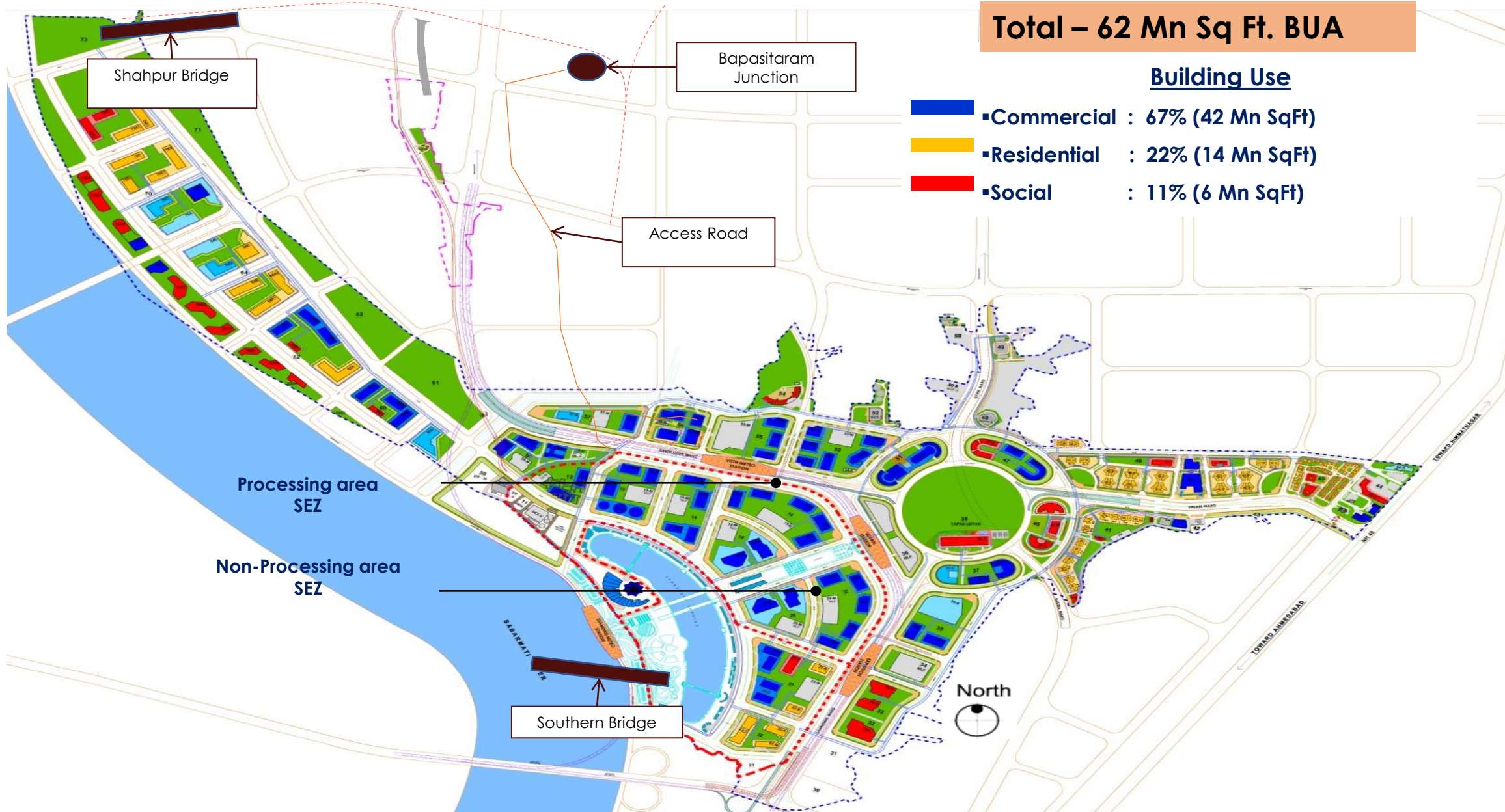


**Ease of Doing business**

**India's 1st Operational Smart City & IFSC**



# Master Plan





# State of Art Infrastructure



Water Treatment Plant



District Cooling Plant



Utility Tunnel

Automated Waste Collection & Segregation Plant







# INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

# Vision for GIFT City



- ❑ “To enable Indian firms to compete on an equal footing with offshore financial centres”
- ❑ “Regulations comparable to any other leading international finance centres”
- ❑ “To become price setter for at least few of the largest traded financial instruments in the world (commodities, currencies, equities....)”
- ❑ “Companies from Asia, Africa and Europe should be able to raise funds from IFSC”

**Hon’ble Prime Minister of India**

January 2017

# GIFT IFSC - Objectives

- ☐ To onshore significant financial services business from offshore financial services centres carried out by residents and non-residents
- ☐ To become the gateway for inbound and outbound international financial services for India
- ☐ To create a Global Financial Hub with large number of direct and indirect jobs

*“If India builds an International Financial Centre, with suitable rules and regulations, **the earnings out of financial sector exports will surpass that of IT**”\**



# BUSINESS ACTIVITIES - IFSC



## BANKS

- Indian banks
- Foreign banks



## CAPITAL MARKET

- Stock/Commodity Exchanges
- Clearing Corporation
- Depository
- Broker Dealer



## ASSET MANAGEMENT

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



## INSURANCE

- Indian Insurer
- Indian Reinsurer
- Indian Broker
- Foreign Insurer
- Foreign Reinsurer



## Other Financial Institutions

- Finance Company
- Global Corporate Treasury Centre
- International Trade Finance Services Platform



## Emerging Activities

- Global Fintech Hub
- Global inhouse centres
- International Bullion Exchange
- Aircraft Leasing & Financing
- Ancillary Services/Professional Service Providers
- Foreign University

# IFSC Ecosystem and Business growth

Sr No	Participants	Key business activities and features	Volume and No. of players
1	International Stock exchanges	<ul style="list-style-type: none"> <li>Dollar denominated products</li> <li>No transaction cost (other than brokerage)</li> <li>Trading - 22 hours</li> </ul>	<ul style="list-style-type: none"> <li>India INX and NSE IFSC stock exchange</li> <li>Avg. Daily volume USD 14 Bn+</li> </ul>
2	IFSC Banking units	<ul style="list-style-type: none"> <li>External Commercial Borrowing (ECB) Lending</li> <li>Loan syndication and trade finance</li> </ul>	<ul style="list-style-type: none"> <li>22 IBUs</li> <li>Banking Asset size – USD 33 Bn+</li> </ul>
3	Brokers & Intermediaries	<ul style="list-style-type: none"> <li>Broking services</li> <li>Proprietary trading</li> </ul>	<ul style="list-style-type: none"> <li>50+ brokers, Depository</li> <li>Clearing corporations, Custodian</li> </ul>
4	Insurers & Intermediaries	<ul style="list-style-type: none"> <li>Non-life, Reinsurance business</li> <li>Insurance intermediaries</li> </ul>	<ul style="list-style-type: none"> <li>19+ Companies</li> <li>Sum insured - USD 30 Bn+</li> </ul>
5	Ancillary services	<ul style="list-style-type: none"> <li>Legal, Accounting, Bookkeeping and Taxation Services</li> <li>Management Consulting and Trusteeship Services</li> </ul>	<ul style="list-style-type: none"> <li>32+ entities</li> </ul>

**Dispute resolution -**  
Singapore International  
Arbitration Centre (SIAC)

Connectivity - 20 min.  
from Ahmedabad Airport, well  
connected thru public  
transport

Social amenities –  
Business club, school, hotels,  
residential apartments, etc.

~15,000 employees in  
GIFT City

# COMPETITIVE TAX REGIME

- 100% Tax Exemption (for 10 out of 15 years)
- Minimum Alternate Tax\* @ 9%
- No CTT\*\*/STT\*\*/GST\*\*/Stamp Duty
- No Capital Gain Tax
- Withholding tax @4% on interest paid on Debt Instruments
- Competitive AIF Tax Regime
- Incentives under Gujarat IT/ITes Policy (2022-27)

\* MAT provisions not applicable for companies opting for concessional tax rate under Sec. 115 BAA of Income Tax Act, 1961

\*\*CTT- Commodity Transaction Tax, STT- Securities Transaction Tax, GST- Goods and Service Tax





# Fintech ecosystem in GIFT City, Gujarat

# FinTech Hub in GIFT IFSC:

## Key initiatives for Development of FinTech Hub:

1. “Regulatory & Innovation Sandbox framework” notified
2. 1<sup>st</sup> FinTech **Accelerator- Finx Labs** operational
3. **Bloomberg Lab** for FinTech innovators set up
4. “I-Sprint’ 21” Four FinTech Hackathons launched: **BankTech, Quant Camp, InsureTech & MarketTech.**
5. IFSCA FinTech Incentive Scheme 2021
6. Proposed International Fintech institute

**Digital  
lending**

**Crowd  
funding**

**GreenTech &  
RegTech**

**Robo  
advisory**

## Fintech regulatory framework:

Can undertake **any one** of the following activities:

- Provide **FinTech** solutions which results in new business model, applications, process or products in **financial services**
- Provide **Tech Fin** services / solutions in form of advanced or emerging technology solutions in allied areas/ activities which **aids and assists activities** in relation to **financial products / services / institutions**

# Knowledge Corridor near GIFT City

A **knowledge corridor** has developed within a short distance of GIFT City that houses premier institutes encompassing many streams of education and creating an ecosystem for employment.

**Over ~6.31L Graduates pass from Gujarat every year**

**India's about 10% of the engineering talent supply comes from Gujarat**



**IIT Gandhinagar**



**DAICT – Gandhinagar**



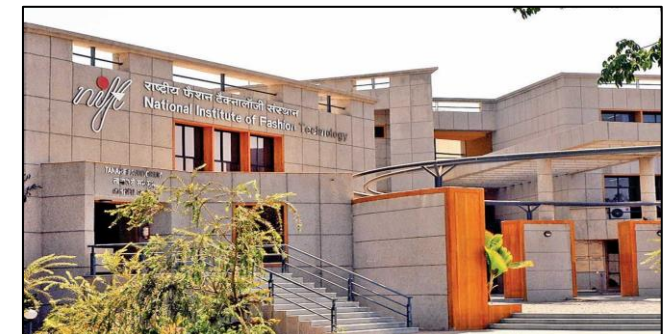
**Gujarat National Law University**



**PDEU**



**Gujarat Biotech University**

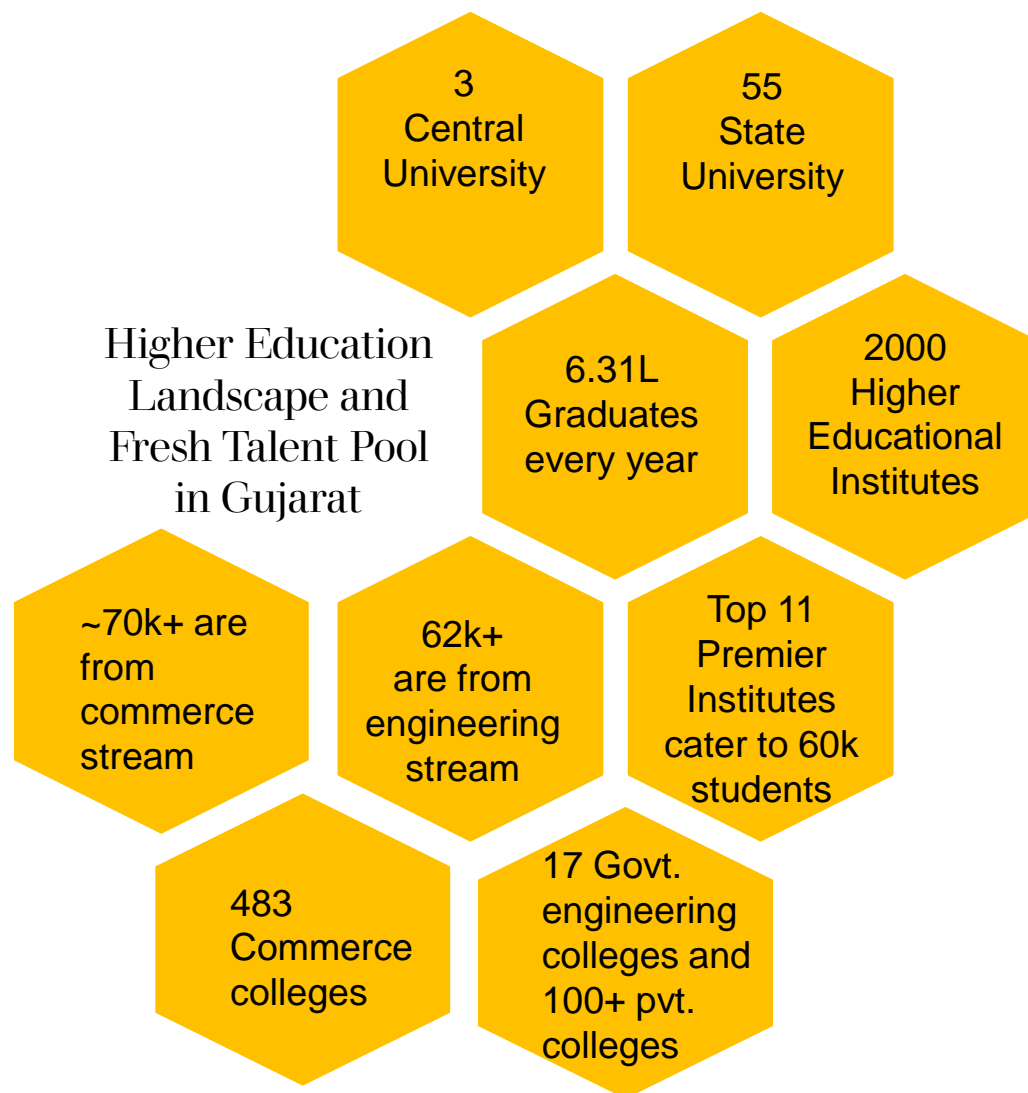


**NIFT**



# Talent Pool

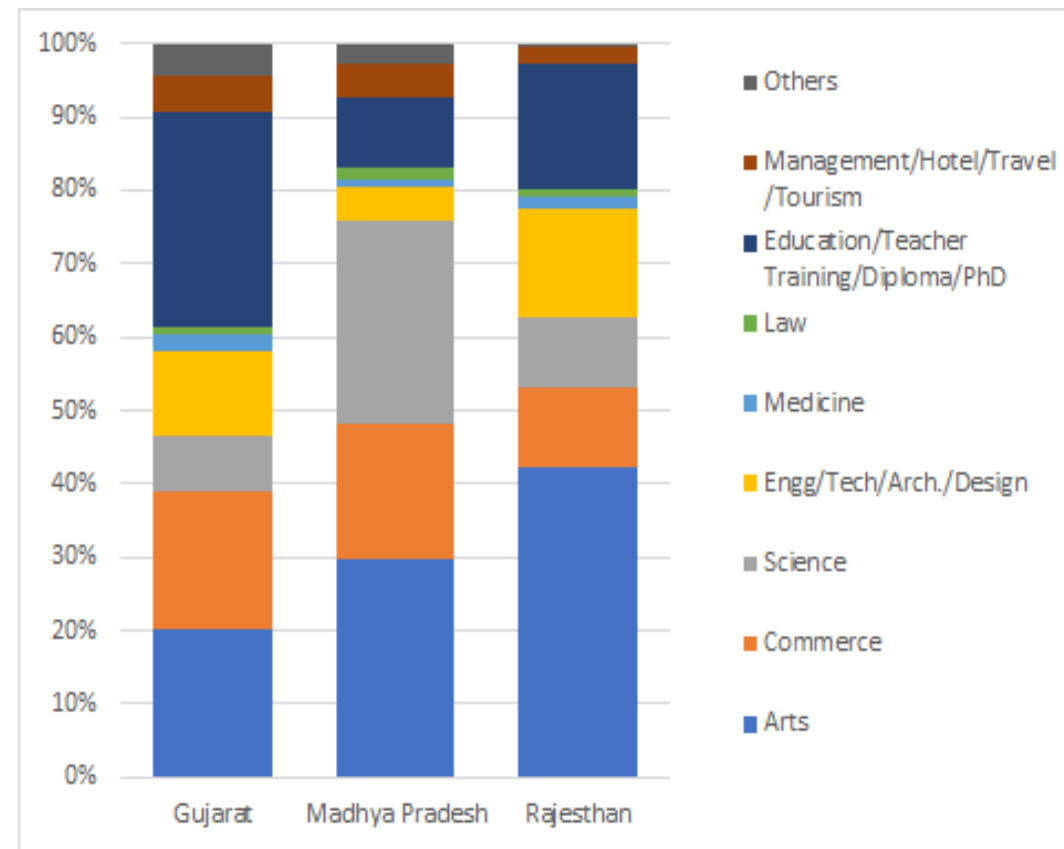
**India's about 10% of the engineering talent supply comes from Gujarat**



Source: DST Gujarat; Netscribes Analysis

Source: Accenture Research Educational Statistics 2010-11 MHRD

**Talent from Varies Streams in the Catchment Area**



Rajasthan

Source: NASSCOM report

*Talent from industrially less advanced areas are open for migrating to Surat, Ahmedabad, Kutch and Bhavnagar within Gujarat for better employment prospects.*

[www.giftgujarat.in](http://www.giftgujarat.in)

Source: India Skill Report \_ 2021\_ <https://indiaeducationforum.org/pdf/ISR-2021.pdf>

## Section 02

# Framework for FinTech & Techfin Entities



## Overview

- The Framework on FinTech/ TechFin enabled through a circular dated April 27, 2022
- The Framework is aimed at giving boost to the establishment of a world class FinTech Hub at GIFT IFSC comparable with other International Financial Centres
- This Framework is broadly divided in following **two** parts:
  - Direct Authorization of FinTechs and TechFins;
  - FinTech Sandbox

## Permissible activities under this framework



Can undertake **any one** of the following activities:

- Provide **FinTech** solutions which results in new business model, applications, process or products in **financial services** (Illustrative list highlighted in the subsequent slide);
- Provide **Tech Fin** services / solutions in form of advanced or emerging technology solutions in allied areas/ activities which **aids and assist activities** in relation to **financial products / services / institutions** (Illustrative list highlighted in the subsequent slide)



# FinTech Framework

An illustrative list of permissible FinTech areas/activities linked to financial services regulated by IFSCA is given below:

<b>I. Banking Sector</b>	<b>II. Capital Markets and Funds Management</b>	<b>III. Insurance sector</b>
(a) Remittance and payments	(a) Crowd funding	(a) InsurTech
(b) Digital lending	(b) Personal finance	(b) Innovative technologies for insurance life cycle (underwriting, claims management of life/health products etc.)
(c) Buy Now Pay Later	(c) Wealth Tech	(c) Digital innovation for global health insurance cover
(d) Crowd Lending	(d) Robo Advisory	(d) Innovation in commercial insurance
(e) Digital Bank (Neo Banking/Challenger bank)	(e) Sustainable Finance products	(e) Digital platform for settlement of balances between insurance companies
(f) Open banking	(f) Alternate trading platforms	(f) Open insurance (g) Embedded insurance (h) Cyber insurance

# TechFin Framework – Illustrative list of area/ activities

An illustrative list of allied areas/activities aiding and assisting activities in relation to financial product, financial services and financial institutions (TechFin) is given below:

(a) Agri Tech

(b) Accelerators

(c) Climate/Green/Sustainable Tech

(d) Defence Tech

(e) Regulatory Tech

(f) Space Tech

(g) Supervisory Tech

(h) Technology solution supporting Digital Banking (example Core Banking etc.)

(i) Technology solution aiding Trade Finance

(j) Solutions/services for BFSI domain leveraging:

(i) Artificial Intelligence/Machine Learning

(ii) Big Data

(iii) Biometrics

(iv) Chatbots

(v) Cyber security

(vi) Digital Identity/KYC/AML/CFT

(vii) Distributed Ledger Technology

(viii) Fraud detection/prevention

(ix) Internet of Things (IoT)

(x) Longevity Finance

(xi) Metaverse including Augmented Reality and /or Virtual Reality

(xii) Quantum Tech

(xiii) Web 3.0

# FinTech Framework – Eligibility & Requirements

## Eligibility for Applicant



- Indian applicant:
  - An entity registered with DPIIT as start-up related to FinTech; or
  - A company or LLP incorporated in India; or
  - Branch of Company/ LLP in IFSC; or
  - An entity working directly or indirectly in the ecosystem regulated by RBI / SEBI/ IRDAI/ PFRDA
- Foreign applicant - entity from FATF compliant jurisdiction

## Mandatory requirements for Applicant



- use technology in the core product or service, business model, distribution model or methodology; or
- have presence of deployable solution/working product; and
- have Revenue earning track record in at least 1 of the last 3 financial years

On authorization, the applicant can setup as a new Company/ LLP or as a subsidiary or branch of its parent



The IFSCA allows applicants under this framework to **test and develop** their FinTech ideas or solutions in the sandbox by providing a testing environment **with or without live testing on real customer/ investors**

### IFSCA Fintech Regulatory Sandbox

This Sandbox allows applicants to test their FinTech Ideas or solutions in a live environment with real customers / investors with a Limited Use Authorization.

### Inter-operable Regulatory Sandbox (IORS) with IFSCA as Primary Regulator

Foreign FinTechs seeking entry to India shall be considered for IORS provided they have a financial technology or product / service whose business model/activities/features falls within the regulatory purview of more than one domestic financial sector regulator



### IFSCA FinTech Innovation Sandbox

This Sandbox allows applicants to develop and test their FinTech Ideas or solutions in an isolation from the live market with a Limited Use Authorization

### Overseas Regulatory Referral Mechanism Sandbox

An applicant seeking to access the overseas regulatory referral mechanism shall be governed as per the provisions of the MoU or collaboration or special arrangement between the IFSCA and corresponding overseas financial sector regulator (s).

There is no requirement of deployable solution/working product and revenue earning track record of at least 1 year

## Application Process



Submitting the application to IFSCA in the prescribed format through email at [fe-sandbox@ifsc.gov.in](mailto:fe-sandbox@ifsc.gov.in)

Pre- Screening (eligibility, relevance, priority, etc.)

Initial Screening (includes Pitch by FinTech applicant)

Evaluation Committee (recommends to final approving authority)

Approval process within Sandbox

Limited Authorization for Testing at Sandbox

Successful testing will result into authorization as FinTech Entity/ qualification to apply for regulatory sandbox in IFSC, as the case may be

Note: An applicant needs to qualify at each of the above levels to obtain final authorization



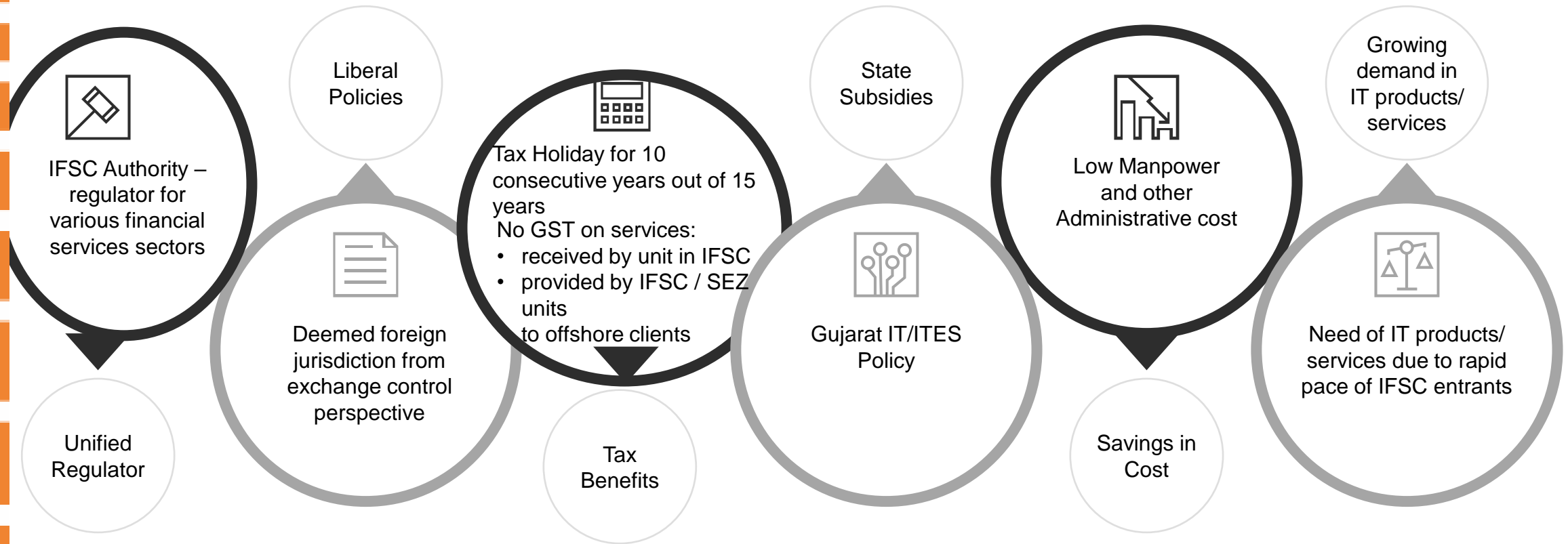
## Section 03

# Opportunities for FinTechs in IFSC





# FinTech at GIFT IFSC?



**Enabling Flow of finance, financial products and services across borders**

**State of the art infrastructure**

**Skilled Talent Pool**

# Opportunities for FinTechs in GIFT IFSC

## Offshore investments & fractionalization

- Offshore investment opportunities for Indian diaspora in multiple asset classes such as equity, gold, AIFs etc.
- Fractionalisation helps increase participation of retail investors.

## NeoBanks for NRIs

- Virtual bank for NRIs, in partnership with IBUs
- CASA and other financial product enablement for NRIs to seamlessly operate and transact in the Indian market

## Trade Finance Optimization

- Ease of doing business for both offshore and onshore entities
- Enablement of services such as seamless cross-border payments, escrow account, credit enablement

## Green Finance

- Sustainability has become a ubiquitous ask across industries
- Environment-friendly products like green bonds and social bonds which can be enabled & catalyzed through tech

## Digital Asset Exchange for alternative investments

- Digital asset exchange for alternative assets such as art, precious stones, real estate, etc.
- Capabilities include securitisation, tokenisation, real time settlements, custodian services

## Longevity Finance

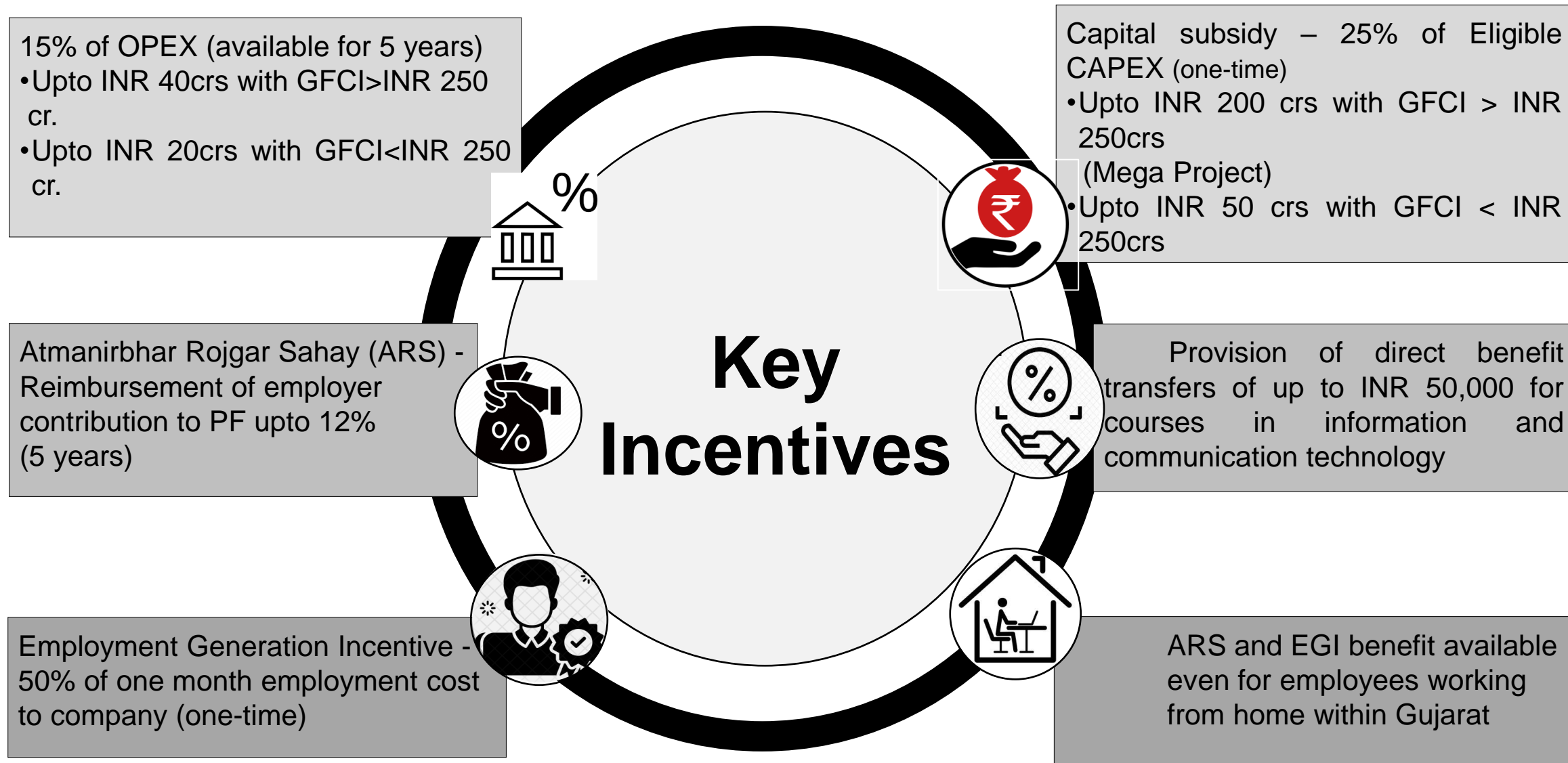
- Changes in demographics and life expectancy driving new opportunities
- Tailored investments, insurance solutions and support ecosystems like pension schemes & innovative reverse mortgage solutions

## Insurance solutions

- IFSC opportunities for domestic and international insurance and reinsurance firms as well as insurance intermediaries
- Innovations in product design, distribution and tech-led value chain solutions

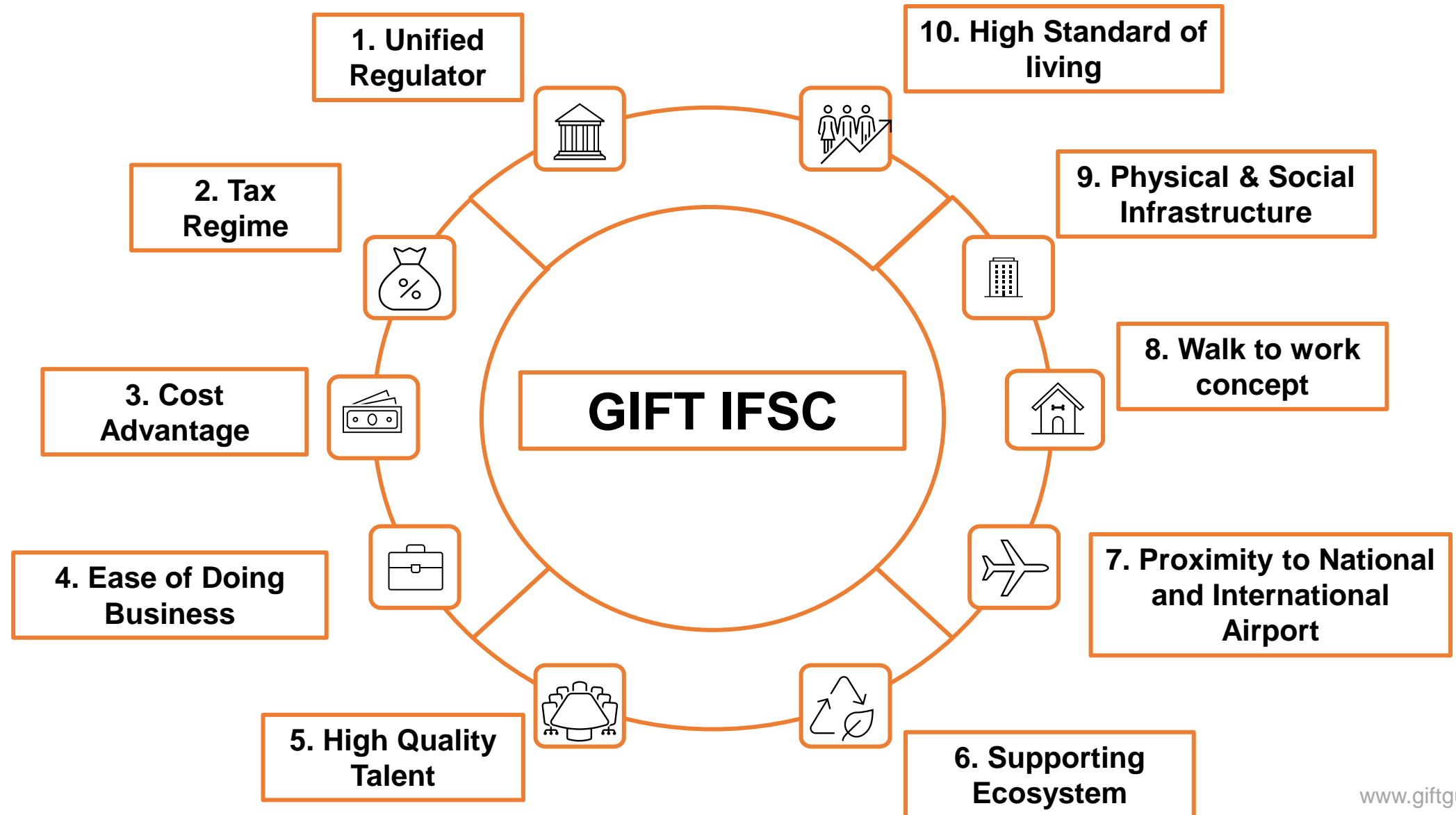
Cross border facilitation
  Business enablement
  Investment promotion and participation

# Government of Gujarat IT/ITeS Policy (2022-27)





# Key Benefits of office at GIFT City



# *Thank you*

## **CONTACT US:**

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Visit us: <http://www.giftgujarat.in>



## **GIFT SEZ LTD.**

### **IFSC Department**

Gift House, Block -12, Road 1-d, zone-I,  
Gift SEZ, GIFT City, Gandhinagar  
Gujarat - 382355