

IFSCA Chairperson's speech in VIRTUAL GLOBAL INVESTOR ROUNDTABLE, 2020

Good afternoon to our esteemed guests from the Global investor community.

2. Today, I feel privileged to interact with you in the presence of the Hon'ble Finance Minister and other dignitaries.

3. I am conscious of the fact that you are familiar with the India growth story, but I would like to take this opportunity to brief you about the International Financial Services Centres Authority (IFSCA), which was established in April this year to regulate international financial services centres set up in the country. At present, the maiden IFSC in India is located at the Gujarat International Finance Tec-City at Gandhinagar in the state of Gujarat.

4. The Parliament of India, through a statute, has empowered IFSCA, to exercise the powers of the existing financial sector regulators, namely, RBI, SEBI, IRDAI and PFRDA in so far as the development and regulation of IFSC are concerned. This has ensured greater certainty and consistency in the regulatory framework for IFSCs. Apart from enjoying the status of a foreign jurisdiction under FEMA, the IFSC enjoys special dispensation under several other domestic laws, including Companies Act, making it competitive with other international financial centres. Most importantly, the tax regime has also been made highly competitive with a ten-year tax holiday, no GST, no capital gains tax, etc.

5. The GIFT IFSC has several USPs such as the presence of a single unified regulator with the dual role of development and regulation, a huge domestic economy, a 30 million strong Indian diaspora, and a huge financial talent pool. These advantages make the IFSC in India a strong candidate to become a Global Financial Centre in due course.

6. Our vision is to develop the GIFT IFSC into a leading global financial centre having strong connects with global financial and commodity markets across the world. We would

like to develop it into a dominant gateway for global capital flows into and out of the country. We believe that this would be possible by creating a well-diversified, efficient and globally competitive financial platform which is duly supported by the best-in-class regulatory framework, state-of-the-art infrastructure, robust market institutions and talented financial professionals. Our focus is on the entire spectrum of financial services, including banking, insurance, asset management and other financial market activities.

7. As a unified financial regulator, we consider it our foremost duty to conform to global standards with respect to financial stability, anti-money laundering and countering financing of terrorist activities. But at the same time, we shall adopt global best practices so as to strike a healthy balance between financial regulation and financial innovation, as financial efficiency and inclusiveness cannot be achieved without financial innovation.

8. To conclude, I would like to highlight a few of our recent initiatives. We have come out with regulations for setting up of an International Bullion Exchange, which will be integrated with the domestic economy. The bullion exchange will help India play an important role in the global bullion market. We have also approved regulations for setting up of finance-related Global In-house centres (GICs). This is expected to create at least 50,000 jobs in the IFSC in the next three years. In the new banking regulations, which are on the anvil, we propose to allow participation of high net worth individuals subject to certain conditions. Separately, aircraft leasing, including operating lease has been approved as a financial activity. India is poised to become the 3rd largest aviation market in the world very soon. The number of aircrafts is expected to double to 1600 in the next few years. Much of this business, which is currently concentrated in Ireland can be brought to India. Another major priority is to set up a Fintech hub for which a regulatory sandbox framework has already been notified. India with the third largest startup ecosystem in the world is well-positioned to succeed in this sector. Lastly, the GIFT IFSC is also being promoted as a major international hub for Alternate Investment Funds, with special focus on green finance and social impact capital. We would be keen to host all major sovereign funds, pension funds and endowment funds apart from other funds in the IFSC in India.

9. Friends, I take this opportunity to invite all of you to partner with us in harnessing the unlimited potential of the IFSC in India. We assure you of our fullest cooperation and support in promoting international financial services in India in a big way. Thank you.
