



File No. IFSCA-EcPA/3/2023-Economic Policy and Analysis

May 27, 2024

## **Call for Proposals-2024**

under

### **“Framework for Grant of Funds for Research Studies by IFSCA”**

1. IFSCA is pleased to invite research proposals under the circular on **“Framework for Grant of Funds for Research Studies by IFSCA”** (hereafter, circular) with the objective to aid IFSCA in designing policies and in evaluating the impact of implemented policies in GIFT IFSC by undertaking effective research backed by strong analytical and empirical analysis. The detailed circular can be accessed [here](#).
2. The research should also aim, wherever possible, in the development of emerging and promising financial discipline for IFSC and mitigating regulatory challenges faced by IFSCA. The scope of the Research Studies is provided at clause 2 of the Circular.
3. The topic of the research under the Framework is ***“Impact of IFSC on International Financial Services Business*** (Empirical analysis utilizing data from 2015 to 2024)”. A brief overview of the Background on the topic, objectives and expected deliverables from Research is **enclosed at Annexure-A**.
4. The research proposals shall be submitted as per clause 12 of the circular along with declaration cum undertaking as per Annexure II of the circular, by email at [dept-epa@ifsc.gov.in](mailto:dept-epa@ifsc.gov.in) latest by June 28, 2024, with subject line **“Research Proposal under Call for Proposals - 2024”**
5. No deviation in terms & conditions of the framework is allowed except at the discretion of IFSCA.

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## Brief Overview

### RESEARCH TOPIC

Impact of IFSC on International Financial Services Business [Empirical analysis utilizing Historical Data from 2015 to 2024]

### BACKGROUND:

An International Financial Service Centre (IFSC) is a jurisdiction offering top-tier financial services to both non-residents and residents, within the limits set by regulations, using currencies other than INR.

With India being one of the largest and fastest-growing economies, there has been significant demand for International Financial Services (IFS). A report commissioned by the Ministry of Finance in 2007, commonly known as the Percy Mistry Committee Report, projected substantial growth in IFS consumption by Indian households and firms, reaching nearly USD 50 billion by 2015 and potentially exceeding USD 120 billion by 2025. Consequently, the Government of India initiated its inaugural IFSC at GIFT Multi Services SEZ in April 2015, aiming to repatriate international financial service activities related to India and gradually establish itself as a prominent hub for international financial services regionally and globally.

The GIFT IFSC in Gujarat, according to the latest Global Financial Centers Index report (March 2024), ranks 57 globally and placed among 15 centers globally expected to gain significance in the next two-three years. Operating as a special financial zone, it falls under offshore territory classification within Indian foreign exchange regulations, offering world-class financial services in various foreign currencies to both residents and non-residents. This pioneering IFSC in India presents diverse business opportunities spanning Banking, Capital Markets, Fund Management, Aircraft Leasing, Insurance, and more, rapidly becoming a preferred conduit for capital flows into and out of India.

### OBJECTIVES:

After almost 10 years of its inception, it is pertinent to conduct impact analysis of IFSC on International Financial Services Business. The objectives of the study are as below:

1. Literature survey on benchmarking of International Financial Centres, especially greenfield centres - Identify Primary and Secondary Data sources for the purpose of the Research (Period 2015-2024)
2. Identify, quantify, and analyse import of financial and other commercial services by India
3. Establish methodology to assess impact of GIFT IFSC in India's Financial Sector.

4. Carry out impact assessment of GIFT IFSC in on-shoring International Financial Services Business at Regional and Global level (quantifying import substitution of financial services facilitated IFSC with regards to consumption of IFS by Indian households and firms)
5. To identify potential areas which may need attention by IFSCA based on empirical analysis/evidence in order that GIFT IFSC plays a significant role in the financial sector in order to realise ViksitBharat@2047 agenda.

**DELIVERABLES:**

1. Submission of Research Proposal as per Annexure-I of the Framework
2. An Interim Report to be submitted to IFSCA. (Refer Clause 7 of the Framework)
3. The final report of the study shall be submitted by the lead researcher to IFSCA along with Presentation. (Refer clause 9 of the Framework)
4. The report shall endeavor to incorporate following aspects amongst others
  - a. Undertaking benchmarking exercise with regards to Global Financial Centres
  - b. Statistics and trends of financial and commercial services imported by India and with potential for onshoring in GIFT IFSC
  - c. Statistics and trends of global financial services that can be exported out of GIFT-IFSC
  - d. Statistics and trends of onshoring the offshore financial services (i.e. *financial services transactions that were carried on outside India by global financial institutions, Indian financial institutions/ entities, and overseas branches/subsidiaries of Indian financial institutions in foreign jurisdictions and that is being or can be brought to India by GIFT-IFSC in India*)
  - e. Statistics and trend on consumption of International Financial Services by Indian residents and firms from IFSC (hinterland advantage aspect)
  - f. Outlook/perspectives on quantum of international financial services being obtained by Indian Diaspora from IFSC.
  - g. Impact of IFSC in deepening Indian financial markets, attracting foreign capital for India's needs, etc.
  - h. Researching mega-trends in international financial services landscape influencing the global and Indian economy and having opportunity for being tapped by GIFT-IFSC

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