



International Financial Service Centers Authority (IFSCA)

IFSC - GIFT City: The Emerging Hub for Aircraft Leasing & Financing Business

April 8, 2021

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY



International Financial Services Centres Authority (IFSCA)

1

IFSCA has been established as a unified financial regulator by the Government of India under the IFSCA Act, 2019

2

The Authority is mandated to develop and regulate Financial Institutions, Financial Services and Financial Products in the International Financial Services Centre (IFSC) in India

3

To develop and regulate IFSC's in India, IFSCA has been vested with powers of four sectoral regulators namely- RBI*, SEBI*, IRDAI* & PFRDA*



INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

Vision

To be a leading Global Financial Centre, connected to global markets, with focus on India's economic development

Mission

To promote economic growth through a globally competitive and well diversified financial platform, which is both a price setter for traded financial instruments and an attractive source to mobilize international capital and financial services, besides emerging as the most important global hub for international financial services

Overview - Opportunities



International Financial Services
Centres Authority (IFSCA)

The latest Global Financial Centers Index, London, (Sep 2020) puts IFSC at GIFT City at the top amongst 15 centers globally, which are likely to gain greater significance in next 24 months

- Access to large hinterland economy
- Connecting ~30 Mn strong Indian diaspora globally to India through IFSC
- Inbound and outbound gateway for International financial services
- Access to Global Investors to participate in India growth story
- Opportunity to Global investors to set up business in the areas of banking, investments, insurance and asset management
- IFSC to emerge as a leading fund destination for both Indian and Foreign centric funds and as a global hub for fintech startups



Overview - IFSC

BUSINESS ACTIVITIES

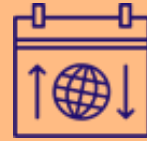


International Financial Services
Centres Authority (IFSCA)



BANKS

- Indian banks
- Foreign banks



CAPITAL MARKET

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



ASSET MANAGEMENT

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



INSURANCE

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



Emerging Activities

- Global Fintech Hub
- Global inhouse Centres
- International Bullion Exchange
- Aircraft Leasing & Financing
- Ancillary Services

Overview - IFSC



International Financial Services
Centres Authority (IFSCA)

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

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



GIFT IFSC: Business Highlights

S. No.	Participants	Key Business Activities and Features	Volume and No. of players
1	IFSC Banking units	<ul style="list-style-type: none"> External Commercial Borrowing (ECB) Lending Loan syndication and trade finance USD-INR Non-Deliverable Forwards (NDF) 	<ul style="list-style-type: none"> Total 15 Banks (Foreign & Domestic Banks) Banking transactions - USD 50 Bn+
2	International Stock exchanges	<ul style="list-style-type: none"> Dollar denominated products including Index Derivatives, Currency Derivatives, Equity and Commodity Derivatives, etc. Lower transaction cost Trading - 22 hours 	<ul style="list-style-type: none"> Two Exchanges: <ol style="list-style-type: none"> India INX NSE IFSC International Avg. daily trading volume around USD 15 Bn+
3	Brokers & Intermediaries	<ul style="list-style-type: none"> Broking services Proprietary trading 	<ul style="list-style-type: none"> 45+ Stockbrokers Clearing members, Trustee
4	Insurers & Intermediaries	<ul style="list-style-type: none"> Non-life, Reinsurance business Insurance intermediaries 	<ul style="list-style-type: none"> 19+ Companies Sum insured - USD 30 Bn+

IFSC- New Business Opportunities



International Financial Services
Centres Authority (IFSCA)

Global FinTech Hub

International Bullion Exchange

**Mutual Fund &
Alternate Investment Funds**

Aircraft leasing & Financing

**Listing of GDR / Bonds &
REITs**

Ancillary Services

Global Inhouse Centers (GIC)

**Insurance & Reinsurance
business**

Aircraft Leasing Business at GIFT IFSC

Vision for Aircraft Leasing Business in GIFT-IFSC

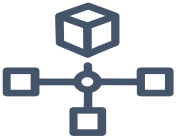
“The Government is committed to make the International Financial Services Centre (IFSC) in GIFT City a global financial hub. In addition to the tax incentives already provided, I propose to include, among others, tax holiday for capital gains for aircraft leasing companies, tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC; and to allow tax exemption to the investment division of foreign banks located in IFSC”

Hon'ble Finance Minister of India during
Budget Speech 2021-22

Vision for Aircraft Leasing Business in GIFT-IFSC

“India has created a highly effective system for aircraft leasing and financing which is comparable to that of Ireland, China, Singapore, Hong Kong and elsewhere. The purpose is to grow India’s financing market which is critical to the development of aviation industry, creating high aspirational jobs in the sector and in turn propelling India’s growth.”

Hon’ble Civil Aviation Minister during India
Aircraft Leasing Summit 2021



IFSCA: Framework for Aircraft Operating Lease

Permissible Activities:

- Operating lease for an aircraft lease arrangement including sale and lease back, purchase, novation, transfer, assignment, and any such other similar transactions in relation to aircraft lease.
- Any other activity with prior approval of IFSCA.

Eligibility of Applicant:

- The entity shall set up operations in IFSC in India by way of a company or a LLP or a trust or any other form as may be specified by the IFSCA.
- The person controlling the entity shall be located in a FATF compliant jurisdiction or jurisdiction permitted by the Government of India.
- The entity shall deploy resources commensurate with the business operations in IFSC.

Capital Requirement:

- A minimum capital of **USD 200,000** or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity.
- The capital is to be brought in before entering into any permissible activity or 12 months from the date of grant of registration.

Currency:

- To deal in freely convertible foreign currency only.
- The entity is permitted to defray its administrative expenses in INR by maintaining an INR account.



IFSCA: Framework for Aircraft Operating Lease

Submissions of Report/ Information:

- Annual financial statements
- Confirmation of compliance with regulations issued by the IFSCA.
- Details of material regulatory action against the entity or person(s) controlling the entity, if any.

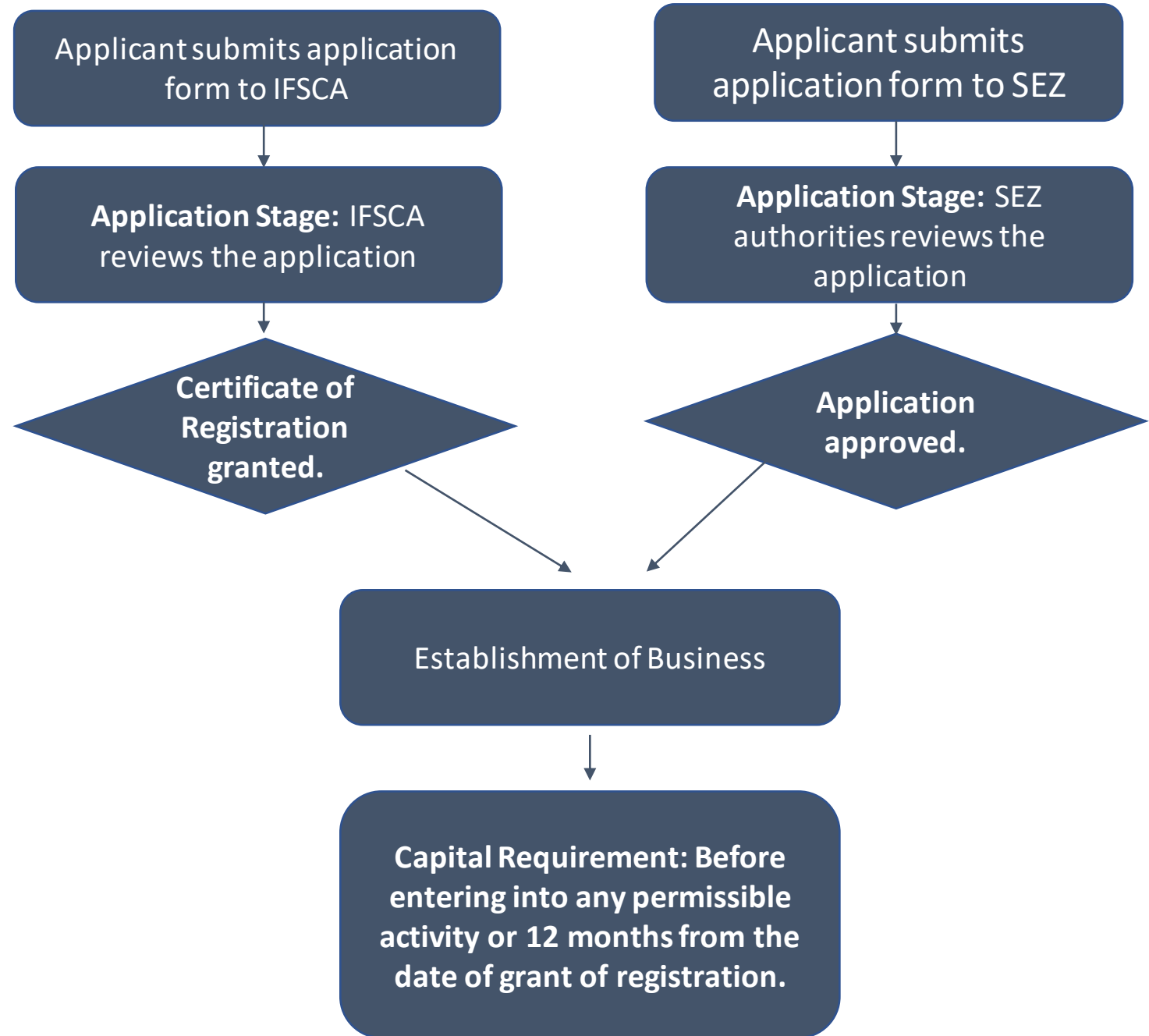
Fees:

- Application Fee: USD 1,000 (one time)
- Registration Fee: USD 5,000 (one time)
- Annual Fee: 3,000 (second year onwards)

Documentary Requirements:

- Copy of the incorporation certificate/ registration document of the Applicant, Parent, Controlling person (s) as may be applicable.
- Constitutional documents (such as Memorandum and Articles of Association/ Partnership Deed) of the Applicant, Parent, Controlling person(s) as may be applicable.
- Last 3 years audited consolidated financial statements of the Applicant, Parent, Controlling person(s) as may be applicable.

Flowchart: Application and Approval Process for Aircraft Leasing At IFSC.



The End