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US road show to market IFSC on global stage

Indian fund managers may increasingly see GIFT IFSC as an alternative for feeder or offshore structures as it provides a competitive tax and regulatory framework.

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The fund manager set up in IFSCA does away with complex cross-border tax issues like permanent establishment or place of effective management for the fund or manager entity, given the set tax regime for these entities in India

Officials from the [International Financial Services Centre](#) (IFSC) at GIFT City, Gujarat, and the government, along with a number of industry leaders from India, will embark on road shows in the US this month to woo investors and showcase opportunities available at the IFSC.

A series of roundtables have been lined up in New York to facilitate meeting with industry participants that include foreign portfolio investors, banks, insurance firms, asset management companies, global universities and global capability centres, among others. The authorities will also meet their counterpart regulators and policymakers in Washington.

Some of the officials that will be part of the India delegation include IFSCA chairman Injeti Srinivas, IFSCA executive director Dipesh Shah and Department of Economic Affairs director Pawan Kumar.

“The IFSC has come a long way in the past two years and we are expecting a lot of interest from potential participants looking at investments into the IFSC,” said Siddharth Shah, senior partner, Khaitan & Co, and one of the delegates.

The aircraft leasing framework has been revised. There are 32 funds that have been given the license by the IFSCA and another 15-20 have applied for one. A significant number of domestic and foreign banks have set up units in GIFT and increasing number of ECBs are being given out of these units. MNCs are setting up global in-house centres, which is expected to create thousands of jobs for Indians.

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“The norms for relocation of offshore funds have been eased and this may encourage several existing funds in jurisdiction, such as Mauritius and Singapore, to look at GIFT IFSC. Global LPs are slowly getting comfortable with the idea of investing into structures set up at GIFT. We are also seeing a lot of interest from family offices wanting to set up shops after the new ODI regulations accorded a special status to IFSC,” said Shah.

Indian fund managers may increasingly see GIFT IFSC as an alternative for feeder or offshore structures as it provides a competitive tax and regulatory framework.

“Indian fund managers no longer need to flock to overseas jurisdictions to set up complex cross-border fund structures. The new fund management entity framework provides for regulation of fund managers, as is the global norm. Overseas investments into IFSCA by Indian residents are also permitted more easily as compared to investments in overseas jurisdictions,” said Parul Jain, head of fund formation and international tax practice, Nishith Desai Associates.

The fund manager set up in IFSCA does away with complex cross-border tax issues like permanent establishment or place of effective management for the fund or manager entity, given the set tax regime for these entities in India, added Jain.

“IFSC is all set to emerge as a preferred destination for India-focused “inbound or outbound” financial services spanning banks, capital markets, asset management or insurance. The remit of opportunities in IFSC also extends to back offices of financial services entities, fintech/techfin entities and foreign universities. The new fund regime offers interesting opportunities, especially for investment strategies involving derivatives, fixed income or distressed assets,” said Tushar Sachade, partner, PwC India.

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The IFSCA has been making efforts to boost global investments in the GIFT City and to make the IFSC a global financial hub at par with other IFSCs in the world over the past two years.

“GIFT IFSC, though relatively a new kid on the block, is fast emerging as a serious contender to more matured IFSCs. Infrastructure is a bit of a constraint at the moment, but we are seeing several new buildings and social infrastructure coming up. The authorities are also in talks with global universities to set up campuses here, and once that fructifies, we could see a good influx of domestic and potentially international students at GIFT,” said Shah.

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