

INTERNATIONAL FINANCIAL SERVICE CENTER-IFSC



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IFSC businesses are organized in the nation itself but work outside the company's original jurisdiction. The central government recognizes IFSC companies under section 18(1) of the [SEZ Act, 2005](#). It is an unlisted business, operating in Special Economic Zones. It essentially serves citizens outside the country's domestic economic jurisdiction to extend the world-class infrastructure to both residents and non-residents. It serves as a facilitation hub to improve export services.

The Gujarat International Finance Tec-City (also called GIFT City), inaugurated in April 2015 and it is India's first IFSC.

In current trend, corporates are expanding their business or services by incorporating an IFSC company in a GIFT city at Gujarat.

IFSC serves as an Indian-ruled overseas territory. It helps companies incorporated outside India to raise money in foreign currencies by listing

their shares on IFSC stock exchange where an individual or institutional investors from abroad, including NRIs, are permitted to trade. Mutual and alternative investment funds founded in an IFSC may also invest in securities listed here. GIFT City has two areas: domestic and regional. All rupee-denominated transactions can be made from domestic GIFT.

In this article we will see process of setting up of unit as IFSC company and its regulatory framework.

What is SEZ?

- » Duty free enclave
- » Deemed to be a foreign territory
- » Economic laws more liberal
- » To attract foreign investments into India
- » Deemed to be a airport, port, Land Custom stations, and Inland container depot under the Customs Act.

» Financial Services, Manufacturing, Servicing, trading, re-conditioning, repair etc are allowed Govern by SEZ Act and Rules.

What is IFSC?

- » IFSC:As per Section 2(q) of SEZ Act, 2005,
- » Approve IFSC-As per Sub section(1) of Section 18 of SEZ Act
- » Section 18(2) of SEZ Act – IFSC Policy made by Regulator
- » Deal with Financial Products and services across borders
- » London, New York and Singapore can be counted as global financial centers.
- » Many emerging IFSCs around the world, such as Shanghai and Dubai
- » IFSC Unit will be treated as Person resident outside India.
- » Financial institution or branch of a financial institution in the IFSC is equal to branch Outside of India

Procedure for Setting up of SEZ unit:

- » Apply for name availability for incorporating new company

with ROC for setting up IFSC unit including (IFSC) word as a part of name.

- » After name availability confirmation from ROC (Registrar of companies), obtain NOC from GIFT SEZ or any co-developer for usage of GIFT address for incorporation.
- » After provisional allotment of space, apply for company formation with ROC and obtain certificate of Incorporation and also apply for PAN Card allotment.
- » After obtaining certificate of incorporation, company needs to open separate bank account.
 1. Foreign Currency account for all remittances with IBU (IFSC Banking Units) located in GIFT City SEZ
 2. INR account with domestic branch of same bank or other bank for all expenses
- » After obtaining certificate of incorporation from the Ministry of Corporate Affairs, the company needs to file e Form INC 20A within 180 days for declaration of commencement

of business.

- » Post formation of company an application is to be made to the concerned Development Commissioner of SEZ for unit.
- » Representation before unit approval committee, if no query found on scrutiny of application.
- » Issuance of Letter of Approval ('LOA') as per SEZ Act, 2005 and Rules, 2006 and submission of acceptance letter.
- » Application to be made to Regulatory authority such as RBI, SEBI, IRDA of India as the case may be for setting up operations in IFSC.
- » Execution of Bond Cum Legal undertaking in accordance to SEZ Act and Rules for availing various types of benefits available under SEZ policy.
- » Payment of SEZ Online Fees to NSDL and Regularized your IFSC Approval in SEZ On Line system for filling of all Compliances in SEZ Online System.

Conclusion:

In order to carry offshore financial transactions to the Indian Territory, IFSC companies play a key role. The main objective was to bring back the financial services and transactions carried out by the Indian corporations in offshore financial centers. At the moment, IFSC is entitled to create institutions within the financial sector, such as banks, insurance companies, stock exchanges, mutual funds, alternative capital funds, and other registered SEBI institutions. With the aid of these tax incentives, SEBI, IRDA, benefits, and exemptions provided by various regulations, IFSC is given the necessary impetus to succeed in India. RBI opened up opportunities for IFSC units for all Indian and foreign banks operating in India. IFSC provides easier access for Indian companies to global financial markets and also opens the door to financial sector jobs.