

Financial Service Centre at GIFT City crosses \$250-million business mark

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A unit at GIFT IFSC is equivalent to a foreign branch and facilitates the firm to function as such from within India. File Photo

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Aims to touch \$1-billion mark in next few months

Gandhinagar, April 25:

India's first International Financial Services Centre (IFSC) at Gujarat International Finance Tec-City (GIFT City) on Monday said it had crossed the \$250-million business transactions mark in the last six months.

In the next few months, the IFSC is expected to touch the \$1-billion mark.

Banking units

The first mark of \$100 million was crossed in early February. In two months' time, business transactions at IFSC have more than doubled. YES Bank, Federal Bank and ICICI Bank have already commenced operations with their IFSC banking units (IBUs).

State Bank of India is expected to commence operations soon while Punjab National Bank, Corporation Bank, Kotak Mahindra Bank, IDBI Bank and IndusInd Bank, among others, would begin operating at GIFT IFSC in the near future, Ajay Pandey, Managing Director and Group CEO, GIFT City, said here.

Budget incentives

Tax incentives announced in the Union Budget have made the IFSC at GIFT a globally competitive player. The IFSC Banking Unit (IBU) at GIFT is equivalent to a foreign branch and hence facilitates a bank to function as such from within India.

IBU offers facilities like buyers' credit, external commercial borrowing (ECB), accepting deposits and providing credit facilities to wholly-owned subsidiaries and joint ventures of Indian companies registered abroad.

IBUs can also undertake factoring/ forfeiting of export receivables, treasury activities like overseas money market operations, investments in overseas securities; and transactions in derivatives and structured products. The tax incentives have put the GIFT IFSC on the global financial map.

"After banks, we expect a few insurance companies to start operations soon at GIFT IFSC," Pandey said.

Focus areas

He said stock and commodity market operations are the other major focus areas and work is actively on to get this

started at GIFT IFSC. “Significant volumes of NSE’s Nifty derivatives trading are taking place on the Singapore Stock Exchange. We want GIFT IFSC to start trading in this segment so that this derivatives trading business can come back to India from Singapore.”

More than 10 banks have already started their operations from GIFT City where Phase-1 development has seen allotments of over 14 million square feet of built up area (BUA) in the SEZ and Non-SEZ area for development of office towers, residential apartments and social facilities to be developed at an estimated total investment of around ₹9,600 crore.

Phase 2 construction

As part of GIFT City’s Phase 2 development, a built-up area of 1.32 million square feet will be developed with a total proposed investments of ₹850 crore.

GIFT City is India’s First global financial hub, part of which is notified as a multi-service SEZ with IFSC status, catering to India's financial services potential by offering global firms, world-class infrastructure and facilities.

GIFT City is expected to provide 5 lakh direct and an equal number of indirect jobs which would require 62 million square feet of commercial, residential and social facilities with a total investment of about ₹78,000 crore over the next 10 years.

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