

# “Business in GIFT-IFSC - Banking”



**Date and Time :** 25<sup>th</sup> January, 2022 at 2.30 PM  
**Organizer :** Arun Jaitley National Institute of Financial Management  
**Venue :** Faridabad

**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

## **DR. AJAY GARG**

**Business Coach, Mentor and Practicing Professional**



**Dr. AJAY GARG is a Business coach, Mentor, Diversified Professional, Effective Speaker, Technical Author and Social Entrepreneur with total experience of 35 years. He is also MA(Eco), M.com, MBA, FCS, LLB, PhD, IBBI Registered Valuer, Qualified Insolvency Professional and Independent Director. He served as Director of Corporation Bank. He is Hony. Secretary General of NORMI (National Odour Research and Management Institute) for the year 2021 and 21-22. He has authored 4 books. Latest being “COME ON! START THE BUSINESS!!”. Presently, he is into corporate practice. He is mentor in Startup India portal and currently 56 Startups are under his mentorship. His initiative [www.myvaluationbank.com](http://www.myvaluationbank.com) is runaway success with more than 3,80,000 hits.**

[gargajay24@yahoo.co.in](mailto:gargajay24@yahoo.co.in)  
9811386723

# STORY TIME



**No contribution is too short**

**Lord Rama and the Squirrel**



# “Business in GIFT IFSC – Banking”



## Banks - GIFT IFSC – Opportunities

- Access to large hinterland economy**
- Access to International Markets**
- Connecting to 30 million Indian Diaspora with net worth of 3 trillion USD**
- Inbound and outbound gateway for International Financial Services**
- Potential to be a leading destination for Global Inhouse centers**
- Attracting Global talent**
- Emerging as Leading Hub for Funding**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**



# “Business in GIFT IFSC – Banking”



## Banking Business in GIFT IFSC

❑ **IBU >>> IFSC Banking Unit**

❑ **Parent Bank >>>**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Setting Up IBU in GIFT IFSC

- Necessary Capital >> 20 million USD**
- NOC from home regulator**
- Undertaking about liquidity whenever needed**
- One Bank – One IBU in one IFSC**
- Representative Offices – Technically possible**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## IBU in GIFT IFSC – Licensing Process

- Application for SEZ approval**
- Application for License to IFSCA**
- Grant of SEZ Approval**
- Grant of IFSCA License**
- Commencement of Business by IBU**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks in GIFT IFSC

- ❑ **Bank of Baroda, SBI, Indian Bank**
- ❑ **Axis, ICICI, IDBI, HDFC, Federal, RBL, Yes Bank, Kotak Mahindra, IndusInd Bank**
- ❑ **Standard Chartered Bank**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**



# “Business in GIFT IFSC – Banking”



## Banks in GIFT IFSC – Activities<sup>1</sup>

- ❑ **Wholesale Banking – ECB & Trade Finance, Factoring and Forfaiting Services, Equipment Leasing, Guarantee and Indemnity Business, Credit Enhancement/Insurance, Risk Participation, Participation in ITFS, Participation in Aircraft Leasing, Loan Syndication**
- ❑ **Retail Banking – Private Banking, Wealth Management, Few Products such as Certificate of deposit, deposit account, structured deposits**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks in GIFT IFSC – Activities2

- ❑ **Capital Market – Merchant Banking, Custodian of Securities, Trading and Clearing members of IFSC Exchanges, Funding of Alternative Investment Funds**
- ❑ **Treasury Management – Asset – Liability Management, Derivatives in Forex, credit and interest rates, consolidate group wise derivative trading (incl. non-deliverable in forwards in INR and other currencies) to manage risks**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks in GIFT IFSC – Activities3

- ❑ **Other Key Opportunities – Distributor of MF Units, Insurance and other financial products, investment advisory services, portfolio management services, trustee and fiduciary services, administrative regional office, representative office**
- ❑ **Next Stage Services1 – Prop trading in bullion, market making for International Bullion Exchange, interbank dealing through block trades, market making for bullion ETF,**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks in GIFT IFSC – Activities3

- ❑ **Next Stage Services 2 – Project Finance for Mines, Dore Financing , Hedging Solutions to Clients, Vaulting manager services,**
- ❑ **Next Stage Services 3 – Gold Saving Accounts, Gold accumulations Plans, Digital Gold**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

## “Business in GIFT IFSC – Banking”



### Banks in GIFT IFSC – Activities XXX

- ❑ **Foreign Banks – Not present in India are presently not allowed to open IBU**
- ❑ **Minimum Capital – and also LCR and NFSR**
- ❑ **Sources of Funds – Low cost sources of funds are beyond reach**
- ❑ **Transaction with Individuals – Not allowed with HNI and ROI**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**



# “Business in GIFT IFSC – Banking”



## Banks - GIFT IFSC -Recommendations

- Retail Deposits – NRI and Overseas banking at the IFSC.**
- FCY Operating Accounts – Onshore Indian individuals having overseas assets and also LCR and NFSR**
- Video KYC – Allowing Video KYC will increase outreach**
- Tenure Restrictions – 1 year need to be removed**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks - GIFT IFSC -Recommendations

- Interest on Deposits – Presently no interest. Should be allowed.**
- Overseas Borrowing – Need to be allowed against deposits in IFSC IBU**
- Participation in Secondary markets – Need to be allowed across markets**
- Alternate Asset Class – Need to be allowed across gold, metal, oil, agriculture, real estate, etc.**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

## “Business in GIFT IFSC – Banking”



### Banks - GIFT IFSC – Tax Attractions

- Corporate Tax Exemption 100%**  
**(10/15)**
- MAT (0%)**
- Capital Gains Tax (0%)**
- STT (0%)**
- CTT (0%)**
- Stamp Duty (0%)**
- GST (0%)**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## Banks - GIFT IFSC – Other Attractions

- EODB – Unified Financial Regulator**
- IFRS Accounting Standard**
- Minimum Capital, Net Stable Funding Ratio, Liquidity Coverage ratio can be maintained at parent level**
- Convenient platform for onboarding corporate and retail clients**
- Global Capital at competitive rates**
- Opportunity to participate in IBE**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## MCQ – 1

### IBU Refers to

- a) Indian Banking Unit
- b) International Banking Unit
- c) IFSC Banking Unit
- d) Indigenous Banking Unit



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**



## “Business in GIFT IFSC – Banking”



### MCQ – 2

**Parent Bank refers to  
(find odd one out)**

- a) Foreign Bank
- b) Indian Bank
- c) Reserve Bank of India
- d) Foreign / Indian Bank



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

## “Business in GIFT IFSC – Banking”



### MCQ – 3

Identify the Bank which does not have IBU in IFSCA

- a) Federal Bank
- b) Bank of Baroda
- c) Indian Bank
- d) RBL Bank



बैंक ऑफ़ बड़ौदा  
Bank of Baroda

## “Business in GIFT IFSC – Banking”



### MCQ – 4

**Forfaiting Services have a connect with**

- a) Export Sales**
- b) Bill Discounting**
- c) Packing Credit**
- d) Currency Barter**



**FORFAITING**

**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## MCQ – 5

### AIF refers to

- a) **Advisable Investment Funds**
- b) **Alternative Investment Funds**
- c) **Alternative Investment Finances**
- d) **Alternative International Funds**

**ALTERNATE  
INVESTMENT FUND**



## “Business in GIFT IFSC – Banking”



### MCQ – 6

**Dore Financing is related to**

- a) Gold**
- b) Foreign Currency**
- c) Crude Petroleum**
- d) Funding in Dirham Currency**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**



# “Business in GIFT IFSC – Banking”



## MCQ – 7

**CTT refers to**

- a) **Common Transportation Tax**
- b) **Cumulative Transportation Tax**
- c) **Crude Transaction Tax**
- d) **Commodity Transaction Tax**



**Commodity  
Transaction Tax**

## “Business in GIFT IFSC – Banking”



### MCQ – 8

#### GIFT refers to

- a) **Globally Integrated Finance TechCity**
- b) **Gujarat International Finance Tec-City**
- c) **Golden International Finance Technology**
- d) **Gujarat Integrated Finance Techcity**



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# “Business in GIFT IFSC – Banking”



## MCQ – 9

**What do you understand by 'Home Regulator'**

- a) Sectoral Regulator
- b) Sectoral Regulator in India
- c) Sectoral regulator in the country of parent Bank
- d) Wife at Home



**Dr. Ajay Garg**  
**Corporate Valuer, Counsel & Lawyers**

# STORY TIME



**No contribution is too short**

**Lord Rama and the Squirrel**







**Thank  
You**

*Dr. Ajay Garg,*

**IBBI Registered Valuer**

MA(E), M. Com, MBA, LLB, FCS, FICA, PhD, IPR Attorney,  
IBBI Registered Valuer, Qualified IP, Qualified ID

+91-9811386723 Email - [gargajay24@yahoo.co.in](mailto:gargajay24@yahoo.co.in)