Sarvaank

Law Decoded for *Entrepreneurs*

CITY OF OPPORTUNTIES

A GUIDE TO GIFT CITY

About Sarvaank Associates:

Sarvaank is a boutique law firm founded by seasoned professionals with extensive backgrounds in globally recognized angel networks, venture capital funds, and leading law firms. Our team brings a wealth of experience to the table, offering comprehensive start-up advisory services and guiding clients through corporate commercial transactions, investment structuring, taxation, and pre- and post-investment compliances.

Our Services Include:

Start-up Advisory Services: We provide end-to-end guidance to start-ups, ensuring they navigate legal complexities effectively from inception to growth stages.

Corporate Commercial Transactions: Sarvaank advises on a wide range of corporate commercial transactions, ensuring clients make informed decisions that align with their business objectives.

Investment Structuring: We assist clients in structuring their investments strategically, maximizing returns while ensuring compliance with relevant regulations.

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Our Approach:

At Sarvaank, we believe in providing multi-pronged services that add tangible value to our clients' businesses. Our approach is centred around helping clients build strong, legally optimized, and compliant enterprises, ensuring their long-term success in an increasingly complex regulatory environment.

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And, everyone else who has supported us through our journey!

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I. Introduction

> *"GIFT City is envisioned as a dynamic ecosystem that will redefine the landscape of international finance" – Shri Narendra Modi, Prime Minister of India*

The Government of India has established several avenues of investment, of which the most vital to open up the Indian Economy to the world is its Foreign Direct Investment ("**FDI**") policies.

An investment which is made directly into the production and services in a country by another company or person located in another country, falls under the purview of FDI. Such inter-continental investments can be in the form of foreign company purchasing an Indian company or investing in an Indian company through subscription of securities in the company. As seen in the table below, India has had a steady flow of FDI which is only projected to grow to USD 129 billion. [1]

FOREIGN DIRECT INVESTMENT FLOWS TO INDIA: COUNTRY-WISE AND INDUSTRY-WISE					
					(US$ billion)
Source/Industry	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24 (P)**
Total FDI	50.0	59.6	58.8	46.0	44.4
Country-wise Inflows					
Singapore	14.7	17.4	15.9	17.2	11.8
Mauritius	8.2	5.6	9.4	6.1	8.0
US	4.1	13.8	10.5	6.0	5.0
Netherlands	6.5	2.8	4.6	2.5	4.9
Japan	3.2	1.9	1.5	1.8	3.2
UAE	0.3	4.2	1.0	3.4	2.9
UK	1.3	2.0	1.6	1.7	1.2
Qatar	0.1	0.2	0.2	0.0	1.0
Cyprus	0.9	0.4	0.2	1.3	0.8
Canada	0.2	0.0	0.5	0.8	0.6
Germany	0.5	0.7	0.7	0.5	0.5
Luxembourg	0.3	0.3	0.5	0.5	0.4
France	1.9	1.3	0.3	0.4	0.4
South Korea	0.8	0.4	0.3	0.3	0.4
Australia	0.0	0.0	0.0	0.1	0.3
Others	7.0	8.5	11.2	3.5	3.0
Sector-wise Inflows					
Manufacturing	9.6	9.3	16.3	11.3	9.3
Electricity and Other Energy Generation, Distribution & Transmission	2.8	1.3	2.2	3.3	5.5
Computer Services	5.1	23.8	9.0	5.6	4.9
Financial Services	5.7	3.5	4.7	6.8	4.4

[1] Press Information Bureau, "India's External Sector Shows Resilience Amidst Geopolitical Headwinds," Government of India https://pib.gov.in/PressReleasePage.aspx?PRID=2034949

Retail & Wholesale Trade	5.1	3.9	5.1	5.3	4.1
Transport	2.4	7.9	3.3	1.7	3.8
Communication Services	7.8	2.9	6.4	4.5	3.7
Business services	3.8	1.8	2.5	2.0	2.6
Construction	2.0	1.8	3.2	1.4	2.2
Miscellaneous Services	1.1	0.9	1.0	1.2	1.9
Education, Research & Development	0.8	1.3	3.6	1.9	0.6
Restaurants and Hotels	2.7	0.3	0.7	0.2	0.4
Real Estate Activities	0.6	0.4	0.1	0.1	0.3
Mining	0.3	0.2	0.4	0.2	0.1
Trading	0.0	0.0	0.0	0.0	0.0
Others	0.2	0.2	0.4	0.5	0.7
P: Data are provisional.					
Note: Includes FDI through approval, automatic and acquisition of existing shares routes.					
Source: RBI.					

History of FDI in India

Pre-Independence

The historical background of FDI in India can be traced back to the establishment of East India Company, which came to India during the colonial era from England. Before independence, the majority of foreign investments in India came from British companies which were later joined by Japanese companies after the second world war. [2]

Post Independence

India was essentially a closed economy after achieving independence from British rule in 1947. It emphasized on self-reliance and state-led investment in heavy capital-intensive industries. Furthermore, the 'license raj' was introduced in which most imports, and investments required government approvals, and most foreign investments were barred. However, the requirement of Government approval was not the only barrier to imports, since India's average tariffs were extremely high for the level of the economy at that point in time. [3]

India succeeded in achieving industrialization under this regime, however inefficiencies and bureaucratic controls were rampant and economic growth was slow. The growth rate prior to

[2] R.B Teli, "Sustainable Development through Green Marketing: The Industry Perspective," *Procedia - Social and Behavioral Sciences* 133 (2014) 447-455 https://www.sciencedirect.com/science/article/pii/S1877042814031218.

[3] World Bank, *India: An Industrializing Economy in Transition*, Report No 15000-IN (10 Mar 1996) https://documents.worldbank.org/en/publication/documents-reports/documentdetail/674711468752705532/india-an-industrializing-economy-in-transition.

reforms i.e., Hindu rate of growth, was merely 4% (*Four percent*). As a result, poverty levels remained extremely high. [4]

Liberalization, Privatization, Globalization (LPG)

Before LPG, the Indian economy was largely insulated, with foreign entities facing significant barriers to entry into the domestic market. While some initial steps to open India's market occurred in the 1980s, the most drastic reforms were introduced in 1991 in response to the balance of payments crisis. The liberalisation measures undertaken by India ("**Liberalisation Policies**") were shaped by the vision of Dr. Manmohan Singh, a distinguished economist, who was appointed finance minister by then Prime Minister P.V. Narasimha Rao.

The Liberalisation Policies aimed to transform the Indian economy by embracing foreign investments and reducing regulatory constraints. A significant aspect of these policies was the dismantling of the 'license raj', which had previously hindered imports, weakened exports, and stifled domestic competition. Additionally, the policies facilitated the entry of foreign investment by easing the stringent controls that had previously limited India's economic potential.

Since the 1990s, India has continually reformed its policies to foster sustained economic growth. The reforms included reducing import tariffs and duties, deregulating industrial policies, and removing red tapeism. Several sectors were opened to private investment, reducing the public sector's dominance. Apart from the notable growth of the IT and BPO sectors, industries such as telecommunications, automobile manufacturing, and retail also saw significant expansion. In the telecommunications sector, deregulation allowed private companies and foreign players to enter, spurring competition and innovation. Similarly, the automobile sector witnessed a surge of foreign companies like Suzuki, Honda, and Hyundai setting up manufacturing plants in India, making the country a major hub for automobile production. Furthermore, the retail sector benefited from the entry of global giants, diversifying the consumer market and fostering growth. [5] The emergence of the IT and BPO sectors transformed cities such as Bangalore, Hyderabad, and Pune into global technology hubs, with the services sector contributing significantly to the country's GDP. [6]

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[4] Raghav Aggarwal, "Hindu Rate of Growth: Where Does the Term Come From and What It Means," *Business Standard* (6 Mar 2023) https://www.business-standard.com/article/economy-policy/hindu-rate-of-growth-where-does-the-term-come-from-and-what-it-means-123030600584_1.html.

[5] Sanket Ravan, "Impact of LPG on Indian Economy," *ResearchGate* (2016) https://www.researchgate.net/publication/299623274_Impact_of_LPG_on_Indian_Economy.

[6] Invest India, "Foreign Direct Investment," (2024) https://www.investindia.gov.in/foreign-direct-investment.

However, while liberalization set the stage for remarkable economic growth and modernization, it also brought with it several challenges. Addressing these challenges requires comprehensive and sustained policy efforts focused on inclusive growth, robust infrastructure development, effective governance, and social equity. [7]

After the LPG reforms the economic growth and global integration became a key to immediate success hence, in in the mid-2000s the India's first International Financial Services Centre ("**IFSC**") and was developed to create a global financial hub that could compete with cities like Dubai, Singapore, and London.

Gujarat International Finance Tech-City ("**GIFT City**")

The development of GIFT City in Gujarat, India's foremost international financial hub, took over a decade to materialise, bolstered by improved policies and regulatory clarity. It was designed to be a 'smart city' tailored to India's burgeoning finance and technology sectors. GIFT City was established in 2007 but faced uncertainties until 2014 when Prime Minister Narendra Modi assumed office. The approval of GIFT City as India's first operational IFSC in 2015 represented a pivotal moment, positioning it as a key contributor to the country's economic growth.

The establishment of the International Financial Services Centres Authority ("**IFSCA**" or "**Authority**") in 2020 and the introduction of specific regulations for fund management in 2022 further facilitated the expansion of key businesses within GIFT City. The IFSCA serves as the regulatory body responsible for overseeing and regulating financial activities within GIFT City, ensuring a conducive environment for international financial services.

II. Objective and Benefits of GIFT City

Objectives

The key objectives that GIFT city seeks to achieve are:

- To be a price setter for at least a few of the largest traded instruments in the world.
- To provide on-shore talent with an offshore technological and regulatory framework.
- To enable Indian firms to compete on an equal footing with offshore financial centres.

[7] *Supra* note 5

- To increase FDI without any extensive processes. [8]

Benefits

GIFT City envisions itself as a global financial and technology hub, attracting businesses across diverse sectors like banking, insurance, capital markets, fintech and IT. In order to achieve this vision, it provides entities established in it with several benefits which include but are not limited to:

- **Internationally benchmarked regulatory environment**: GIFT City operates under a specialized regulatory framework which has been designed to promote ease of doing business, facilitate financial transactions, and attract foreign investment. [9]

- **Ease of doing business**: The Regulatory powers of Reserve Bank of India ("**RBI**"), Securities and Exchange Board of India ("**SEBI**"), Insurance Regulatory and Development Authority of India ("**IRDAI**") and Pension Fund Regulatory and Development Authority of India ("**PFRDAI**") are vested in IFSCA which ensures a smooth and single window approval for setting up in GIFT City, which in turn will help entrepreneurs secure various clearances without going to department physically, streamlining regulatory processes, and reducing documentation requirements to make setting up and running a business smoother. [10]

- **State-of-the-art infrastructure:** GIFT City features world-class infrastructure, equipped with modern facilities and amenities designed to meet the needs of contemporary businesses. This infrastructure fosters innovation, collaboration, and growth, creating an environment conducive to business development. [11]

- **Strategic location**: GIFT City is strategically situated near major financial centres and economic hubs, offering exceptional connectivity and access to both domestic and international markets. Its proximity to key airports, seaports, and highways ensures seamless connectivity, making it an ideal location for businesses aiming to expand their global presence. [12]

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[8] Press Information Bureau, "English rendering of PM's address at foundation stone laying ceremony of IFSCA headquarters at GIFT City, Gandhinagar" Government of India (9 Mar 2023) https://www.pib.gov.in/PressReleasePage.aspx?PRID=1846330.

[9] Gujarat International Finance Tec-City, *GIFT City Brochure* (2024) https://api.giftgujarat.in/public/downloads/Gift%20City%20Brochure.pdf.

[10] *ibid*

[11] *ibid*

[12] Gujarat International Finance Tec-City, *Doing Business at GIFT IFSC* (2024) https://www.giftgujarat.in/downloads/Doing%20business%20at%20GIFT%20IFSC_booklet.pdf.

- **Consecutive Tax Exemption:** Units operating within the IFSC enjoy a 100% tax exemption for ten consecutive years out of a fifteen-year period. This translates to substantial savings that can be reinvested in growth and innovation.[13]

- **GST Exemption:** Units operating from GIFT City benefit from a complete exemption on Goods and Services Tax ("**GST**") for services received within the IFSC. This eliminates a layer of indirect taxation, further reducing operational costs.[14]

- **Tax Deduction at Source (TDS)**: Compliance with TDS regulations is simplified due to exemptions available for transactions within GIFT City, though careful management of obligations related to investments outside the SEZ is necessary. [15]

- **Other Tax Exemptions**: Units established in GIFT City benefit from lower minimum alternate tax ("**MAT**"), and exemption from capital gains tax on the sale of units within GIFT City. Additionally, dividend distribution tax and long-term capital gains tax on investments made in India from GIFT City are also exempt. [16]

III. A boon for the Major Stakeholders of GIFT City

GIFT City offers a range of substantial benefits to the various stakeholders incorporated within its framework. This section will present a detailed breakdown of these stakeholders, the advantages available to them, the eligibility criteria required to establish a unit in GIFT City, and the procedural steps they must undertake to achieve this status.

INVESTORS

Alternate Investment Funds ("**AIFs**")

An AIF is a privately pooled investment vehicle that invests in alternative asset classes such as private equity, venture capital, hedge funds, real estate, and commodities. Generally, high net worth individuals and institutions invest in the AIFs since AIFs provide such investors with the following benefits:

- **Higher Investment Amounts**: AIFs allow investors to invest larger sums of money than traditional investments.

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[13] *Supra* 12
[14] *ibid*
[15] *ibid*
[16] *ibid*

- **Potential for Higher Returns:** AIFs may offer higher returns than traditional investments due to their exposure to a broader range of assets and investment strategies. However, this higher return is accompanied with a higher risk.
- **Portfolio Diversification:** By giving investors access to alternative asset classes, they allow investors to diversify their portfolios.

AIFs are regulated by SEBI. As per the SEBI (Alternative Investment Funds) Regulations, 2012 an AIF can be set up as a trust, a company, a limited liability partnership, or a corporate body.

Types of AIFs in India

Particulars	Category I	Category II	Category III
Definition	This category of AIF invests in start-ups, early-stage ventures, social ventures, SMEs, or infrastructure or other sectors considered socially or economically beneficial by the government or regulators fall into this category.	These are the AIFs that do not fall under categories I and III. They do not use leverage or debts other than to cover their day-to-day operational expenses	These AIFs use complex trading strategies in their investment. It may use leverage or debt for investment in listed or unlisted derivatives.
Examples	**Venture capital funds (Including Angel Funds)** This fund specifically invests in start-up or early-stage ventures that have high growth potential.	**Private Equity Funds** It makes equity investments in unlisted companies and helps them to raise capital. As unlisted companies face problems in raising	**Private Investment in Public Equity Fund (PIPE)** This fund invests in the equity of companies that are listed on the stock exchange. This often happens when

	SME Funds: This fund invests in small and medium enterprises with a good track record in profitability and growth.	capital through debt or equity, private equity funds allow them to raise capital easily.	the value of the company's shares has dropped, and the company is looking to raise capital. Hence, in this case, AIFs receive the equity at a discounted price.
	Social Venture Funds This fund invests in companies that aim to make a positive impact on society or the environment, such as sustainability, clean energy, etc. It has also generated favourable returns in the past.	**Debt Funds** This fund invests in the debt securities of the unlisted companies via debt instruments such as bonds, debentures, and other fixed-income instruments.	**Hedge Funds** Hedge Funds use various investment strategies like short selling, derivatives, and margin trading to generate maximum returns for the investor.
Eligibility Criteria	Each scheme of the AIF must have the memorandum of association in case of a company; or the Trust Deed in case of a Trust; or the Partnership deed in case of a limited liability partnership which permits it to carry on the activity of an Alternative Investment Fund.		
	The applicant is prohibited by its memorandum and articles of association or trust deed or partnership deed from making an invitation to the public to subscribe to its securities.		
	In case the applicant is a trust, the instrument of trust is in the form of a deed and has been duly registered under the provisions of the Registration Act, 1908.		
	In case the applicant is a limited liability partnership, the partnership is duly incorporated, and the partnership deed has been duly filed with the Registrar under the provisions of the Limited Liability Partnership Act, 2008.		
	In case the applicant is a body corporate, it is set up or established under the laws of the Central or State Legislature and is permitted to carry on the activities of an Alternative Investment Fund.		

Investors	Indian residents, non-resident of India, foreign nationals and joint investors can invest in an AIF.		
Minimum Investment Amount	The minimum investment amount any investor is required to invest is USD 150,000 (*United States Dollar One Hundred Fifty Thousand Dollars*). For employees of the AIF, the minimum amount is USD 40,000 (*United States Dollar Forty Thousand*).[17]		
Taxation	They have been given the pass-through status i.e., any income (Other than business income) earned by the AIF is tax-exempted. These gains will be taxable in the hands of investors. Such income will be taxed as if the investor has personally made the investments, even though the AIF making the investments on their behalf. Additionally, it is important to note that that income to non-residential investors from offshore investments through AIFs are not taxable in India.	They have been given the pass-through status i.e., any income (Other than business income) earned by the AIF is tax-exempted. These gains will be taxable in the hands of investors. Such income will be taxed as if the investor has personally made the investments, even though the AIF making the investments on their behalf. Additionally, it is important to note that that income to non-residential investors from offshore investments through AIFs are not taxable in India.	Income earned by the AIF will be taxable in the hands of the AIF. However, the taxation will vary depending on the type of the fund (Company, LLP, trust, etc.). In this category, investors are not required to pay any taxes on their incomes.

[17] Gujarat International Finance Tec-City, "AIFs in GIFT IFSC" (October 2020) https://www.giftsez.com/documents/AIFs_in_GIFT_IFSC_Booklet_October_2020.pdf.

Registration Process for AIFs in GIFT City

Essential Documentation

The AIFs is required to have the following documentation:

a) Fund's investment strategy;
b) Details of fund managers; and
c) Risk management framework.

Additionally, AIFs are also required to comply with Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) standards. [18]

Steps to register AIF in GIFT City

Furthermore, the entity is required to comply with the following steps:

Step	Particular
1	**Name Availability**: Apply for availability of name for the AIF manager and/or sponsor. Submit an application for name approval to the Registrar of Companies ("**RoC**") or the relevant authority under the chosen structure. The name of proposed entity must include IFSC word as a part of the name.
2	**Identification of Office Space**: Identify office space in GIFT City and obtain NOC from GIFT SEZ. Identification includes entering into an agreement with the developer or co-developer of GIFT SEZ. The chosen location will serve as the location with the AIFs business operations.
3	**Application for Incorporation**: Apply for company/LLP incorporation for AIF Manager and/or Sponsor, obtain certificate of incorporation and open a bank account in one of the banks operating in GIFT City.
4	**Appointment of Trustee**: Appoint a trustee for AIF and register the trust deed.
5	**Application to SEZ**: Apply to the Development Commissioner of SEZ and obtain letter of approval from SEZ Authorities for AIF, AIF Manager and/or Sponsor.
6	**Additional Approvals**: Obtain SEBI/IFSC Authority approval for AIF, AIF Manager and/or Sponsor. [19]
	<u>IFSCA Approval</u> **Step 1: Pre-application Consultation**

[18] *Supra* 17
[19] *Supra* 17

	Engage with IFSCA to discuss the AIF's business model and investment strategy. This stage may involve preliminary meetings and the submission of a detailed business plan. **Step 2: Formal Application Submission** Complete and submit the application form along with required documents, such as the fund structure, investment strategy, and details of the fund management team. **Step 3: Review and Approval** IFSCA will review the application. This may include a detailed scrutiny of the documents submitted and possibly an interview or presentation before the regulatory panel. **Step 4: Obtain Approval and Registration** Once approved, the AIF will receive formal registration and can commence operations. [20]
	SEBI Approval **Step 1: Application Submission** The application is to be made in Form A along with prescribed fees to SEBI for registration as an AIF under the SEBI (Alternative Investment Funds) Regulations, 2012. Submission of the required forms and documents, including the private placement memorandum, trust deed/partnership agreement, and investment management agreement. **Step 2: Obtain Approval and Registration** SEBI will review the application. Once, approved, AIF will receive its formal registration with SEBI and can commence the operations.[21]
7	**RBI Approval**: Acquire RBI approval if required.

[20] International Financial Services Centres Authority, *IFSC Fund Management Regulations, 2022* (as amended up to April 11, 2023) https://ifsca.gov.in/Document/Legal/ifsca-fund-management-regulations-2022-as-amended-upto-april-11-202324042023105305.pdf.

[21] Securities and Exchange Board of India, *Guidelines for Alternative Investment Funds* (1 Feb 2013) https://www.sebi.gov.in/sebi_data/attachdocs/1339489217797.pdf.

Applicable Legal and Regulatory Frameworks

*SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**")*

- All AIFs whether operating as Private Equity Funds, Real Estate Funds, Hedge Funds, etc. must register with SEBI under the AIF Regulations as per their categories.

- An application for grant of certificate shall be made for any of the categories in Form A as specified in the First Schedule along with the non-refundable application fee as specified in Part A of the Second Schedule of the AIF Regulations.

- SEBI shall, on receipt of the registration fee, grant a certificate of registration in Form B.

- Units of close ended Alternative Investment Fund may be listed on stock exchange subject to a minimum tradable lot of INR 1,00,00,000 (Indian Rupees One Crore). [22]

Operating Guidelines for Alternative Investment Funds in International Financial Services Centres

- In addition to the eligibility criteria mentioned above, each scheme of the AIF must have a minimum value of USD 3,000,000 (United States Dollar Three Million), and the minimum investment value from an investor is USD 150,000 (United States Dollar One Hundred Fifty Thousand) or USD 40,000 (United States Dollar Forty Thousand) in case the investor is an employee of the AIF.

- Sponsors or Managers of AIFs are required to have a minimum continuing interest in the AIF to the tune of 2.5% (Two-point Five percent) of the total fund corpus or USD 750,000 (United States Dollar Seven Hundred Fifty Thousand), whichever is lower.

- For Category-III funds, the minimum continuing interest is 5% (Five person Only) or USD 1,500,000 (United States Dollar One Million Five Hundred Thousand), whichever is lower.

- For Angel Funds, the minimum continuing interest is 2.5% (Two-Point Five Percent) or USD 80,000 (United States Dollar Eighty Thousand) whichever is lower.

- For Angel Funds, the minimum corpus requirement is USD 750,000 (United States Dollar Seven Hundred Fifty Thousand), with the investor requirements being that an individual

[22] Securities and Exchange Board of India, *SEBI (Alternative Investment Funds) Regulations, 2012* (last amended on 6 Mar 2017) https://www.sebi.gov.in/legal/regulations/apr-2017/sebi-alternative-investment-funds-regulations-2012-last-amended-on-march-6-2017-_34694.html.

investor must have a minimum net worth of USD 300,000 (United States Dollar Three Hundred Thousand)

- A body corporate must have a minimum net worth of USD 1,500,000 (*United States Dollar One Million Five Hundred Thousand*). [23]

Benefits

Lower Operating Costs: Establishing operations within the IFSC facilitates reduces operational expenses for AIFs on account of the efficient infrastructure, coupled with a supportive ecosystem and beneficial tax regime, thereby optimizing resource allocation.

Absence of Diversification Limits with Risk-Appropriate Disclosures: AIFs in the IFSC enjoy the absence of regulatory restrictions on portfolio diversification. They are afforded the flexibility to diversify investments, provided such actions align with the investors' risk appetite.

No Restrictions on Outbound Investments: AIFs established in GIFT city also have the advantage of unrestricted outbound investments, allowing them to explore and capitalize on diverse global investment opportunities.

Authorization for Borrowing and Leveraging Activities: AIFs in the IFSC are authorized to engage in borrowing and leveraging activities. Granting AIFs financial flexibility, enabling them to optimize capital structures and potentially enhance returns through strategic financial manoeuvres. [24]

Accredited Investor (Individual)

Any individual can be an accredited investor provided they invest their own money to meet their own goals. Accredited investors can also help fund small businesses and entrepreneurs by investing in their companies. Small businesses and entrepreneurs may use personal investors, like friends or family members, to help fund their goals.

[23] Securities and Exchange Board of India, *Operating Guidelines for Alternative Investment Funds in International Financial Services Centres* (13 Oct 2020) https://ifsca.gov.in/web/viewer.html?file=/Document/Legal/30-sebi-_-operating-guidelines-for-alternative-investment-funds-in-international-financial-services-centres13102020023659.pdf.

[24] International Financial Services Centres Authority, *GIFT IFSCA Funds Management* (18 Dec 2021) https://ifsca.gov.in/Document/Slider/IFSCA_Funds_Digital_18122021.pdf.

Eligibility Criteria

The IFSCA has provided the following eligibility criteria for Individuals, sole proprietorships, one person companies, and any other legal form comprising of only a natural person, the eligibility criteria is as follows: [25]

Income Criteria	Net Assets Criteria	Joint Investments Criteria
Annual gross income not less than USD 200,000 (United States Dollar Two Hundred Thousand) in preceding financial year.	The Investor has not less than USD 1,000,000 (United States Dollar 1 million) net assets.	If by parent(s) and their child(ren) (including stepchildren, adopted children, ex nuptial children), then at least 1 person to independently fulfil eligibility criteria and such person should be responsible for making investment decisions.
Reasonable expectation of reaching similar income level in current financial year.	The Investor has at least USD 5,00,000 (Unites States Dollar Five Million) worth of net assets as financial assets	If by spouse then their combined income/ net worth should meet the eligibility criteria.
	The above details are based on the investor's financial position on a date not older than 6 months.	

[26]

Benefits of being an accredited investor

GST Exemption: Services provided within GIFT City are exempt from GST. This allows an individual investor to maximize their profits without needing to worry about the imposition of tax.

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[25] International Financial Services Centres Authority, *Consultation Paper on Regulatory Framework for Accredited Investors in IFSC* (23 Nov 2023) https://ifsca.gov.in/Document/ReportandPublication/consultation-paper-on-regulatory-framework-for-accredited-investors-in-ifsc23112023073837.pdf.

[26] Parul Jain, Nandini Pathak *et.al.*, *Opportunities in GIFT City* (2024) https://nishithdesai.com/fileadmin/user_upload/pdfs/research_Papers/Opportunities_in_GIFT_City_.pdf.

No Minimum Investment Threshold: The IFSCA (Fund Management) Regulations, 2022 provides that the minimum investment threshold specified in the Regulations for investing in venture capital schemes, restricted schemes and portfolio management services do not apply to accredited investors who are not the employees, directors, or partners of the issuers of such schemes.[27]

START-UPS

GIFT City offers a unique opportunity for startups, especially those operating in financial technology, international financial services, and related industries. Its primary aim is to serve as a global financial hub, with tax incentives, regulatory flexibility, and world-class infrastructure that can benefit startups in the financial services space.

Financial Technology ("**Fintech**") [28]

Fintech refers to new technology that seeks to improve and automate the delivery and use of financial services. At its core, Fintech is utilized to help companies, business owners, and consumers better manage their financial operations, processes, and lives.

Eligibility

Indian Entities

The company is required to either be recognized as startup operating in the Fintech sector by the Department for Promotion of Industry and Internal Trade ("**DPIIT**") or be an Indian company, or LLP, or a branch of a company/LLP in IFSC, or an entity which is working in an ecosystem which is directly/indirectly regulated domestic financial authorities like RBI, SEBI, IRDAI, and PFRDA.

Foreign Entities

The company is required to be based in a jurisdiction which is compliant with the Financial Action Task Force to ensure a global standard of financial security and integrity.

Additional Requirements

Any applicant is also required to fulfil the following conditions:

- They use technology in the core product or service, business model, distribution model or methodology;

[27] *Supra* 20
[28] Gujarat International Finance Tec-City, *Fintech in GIFT City* (2024) https://api.giftgujarat.in/public/downloads/ifsc/Fintech-GIFT-Booklet.pdf.

- They have a deployable solution/working product; and
- They have revenue earning track record in at least 1 of the last 3 financial years.

Registration Process

Registration as a Fintech Entity

It is important to note that an applicant will be required to qualify each of the below mentioned steps to obtain final authorization:

Step	Particular
1	Submit an application in the prescribed format to the IFSCA through email at fe-sandbox@ifsca.gov.in. This application will be pre-screened in the basis of eligibility, relevance, priority, etc.
2	Undergo initial screening which will include a pitch by the Fintech applicant.
3	The results of the screening are evaluated by the Evaluation Committee which makes recommendations for the final approval of the Authority.
4	An additional approval process is carried out within the sandbox.
5	Limited authorization is granted for testing inside the sandbox.
6	If the tests are considered successful then the applicant will receive authorization as a Fintech entity/ qualification to apply for regulator sandbox in the IFSC.

[29]

Registration for Company[30]

Step	Particular
1	**Name Availability**: The business must apply for availability of its name for which it must submit an application for name approval to the Registrar of Companies ("**RoC**") or the relevant authority under the chosen structure. The name of proposed entity must include IFSC word as a part of the name.
2	**Identification Of Suitable Office Space In GIFT SEZ**: The business must determine the appropriate office space within GIFT SEZ according to business needs and budget. GIFT City provides various office options, including plug-and-play offices, co-working spaces, and custom-built facilities, catering to a wide range of business requirements.

[29] International Financial Services Centres Authority, *Framework for Financial Ecosystem* (27 Apr 2022) https://www.ifsca.gov.in/Document/Legal/fe-framework_27-04-202227042022122844.pdf.
[30] Gujarat International Finance Tec-City, "*Start a Business at GIFT IFSC*" (2024) https://www.giftgujarat.in/business/ifsc?tab=Start%20a%20business.

3	**Obtain Provisional Letter of Allotment ("PLOA")**: Once office space agreement is finalized, the business must secure a PLOA to confirm the allocation of office space within GIFT SEZ. The PLOA acts as an official confirmation of the business's designated premises.
4	**Application In FORM F To SEZ Authorities**: The business must complete and submit Form F, along with the necessary annexures, to the Office of the Development Commissioner ("**ODC**") for approval. The required annexures generally include the PLOA, a detailed project report, entity identification documents, a board resolution, certificate of incorporation, and financial statements.
5	**Unit Approval Committee ("UAC") Meeting**: The ODC will arrange a meeting with the UAC to evaluate the application and the business proposal. The authorized representative of the business will present the business case, emphasizing the potential and merits of the venture.
6	**Letter of Permission ("LOP")**: If the UAC approves the application, the business will receive a LOP from the ODC, granting permission to establish and operate the business within GIFT City
7	**Execution of lease deed**: The business can then sign the lease agreement with the SEZ developer for the occupancy of the selected office space within GIFT SEZ.
8	**SEZ License and Registration with NSDL Portal**: Following receipt of the LOP, the business must apply for the SEZ license from the ODC and register on the NSDL portal for SEZ online registration. This step ensures compliance with SEZ regulations and enables access to services related to import, procurement, and taxation.
9	**Obtain Registration Certificates and Exemption Eligibility**: The business is required to obtain a GST registration certificate for sales and tax purposes. It must also apply for or a Registration-Cum-Membership Certificate for import-export activities, and an Import Export Code for international trade.
10	**Registration with IFSCA**: Before commencing operations, the business must formally register with the IFSCA for which it must submit its application and requisite fees to obtain a Certificate of Registration, which allows it to function within GIFT City's regulatory framework.
11	**Bank Account in IFSC Banking Unit:** The business must open a bank account in an IFSC banking unit.

Benefits

Sandbox Opportunities

GIFT City's sandbox mechanisms provide a safe environment for startups to test and develop their fintech innovations. This allows startups to refine their ideas and solutions before entering the market. These sandboxes include:

Regulatory Sandbox

Eligible Applicants can seek permission to test innovative technology solutions without full regulatory compliance. However, they must illustrate that such relaxations are necessary for the development of their solution/idea.

*Fintech Innovative Sandbox ("**FIS**")*

Applicants can apply to test and develop their ideas in isolation from the live market in the FIS. However, no relaxation from the regulatory environment is granted in this sandbox.

*Inter Operable Regulatory Sandbox ("**IORS**")*

IORS allows for testing innovative hybrid financial products/services that fall under the purview of multiple regulatory bodies however it is only available to foreign fintech entities seeking entry to India.

Other benefits

Regulatory Clarity: GIFT City offers a streamlined regulatory environment with IFSCA as the single regulator. This simplifies the regulatory process, making it easier for startups to navigate and ensure compliance.

Incentives and Grants: The FinTech Incentive Scheme provides financial incentives, which can significantly boost the financial health of startups. These grants can be used for research, development, and expansion. The IFSCA FinTech Incentive Scheme, 2022 introduced by IFSCA aims to provide grants which can range up to INR 75,00,000 (Indian Rupees Seventy-Five Lakh), depending on the category of operations. These grants are available to fintech entities in regulatory or innovative sandboxes, those referred to IFSCA under a FinTech bridge arrangement with another regulator, and those participating in special programs acknowledged by IFSCA. [31]

[31] International Financial Services Centres Authority, "*FinTech Hub*" (2023) https://ifsca.gov.in/FinTechHub2023/ifsca.gov.in/Pages/Contents/FinnTechHub.html#.

Commitment from Global Players: Google's decision to establish a global fintech operations centre in GIFT City underscores its potential as a global fintech hub. This move is likely to attract more global players and investors to the city.

Infrastructure Development: GIFT City is witnessing rapid infrastructure development, including commercial and residential spaces, making it an attractive location for both work and living.

Exemption on Stamp Duty: Units in GIFT city are exempt from paying stamp duty on the transfer of land, loan agreements, credit deeds and mortgages thereby reducing the costs payable by such units.[32]

Information Technology ("**IT**")

IT is the use of computer systems or devices to access information. The IT industry includes but is not limited to computer hardware and software development, computer repair, technical support, cybersecurity, cloud computing, artificial intelligence, data science.

IT enable Services ("**ITeS**") can be defined as any service that arises from the utilization of IT software, operating through a system of IT products, to deliver value-added services through the application of information technology.

Eligibility

Any preexisting IT/ITeS entity should have a minimum of 15 employees on its payroll. [33]

Registration Process

An entity is required to adhere to the following steps to become a unit in GIFT City:

Step	Particular
1	**Name Availability**: The business must apply for availability of its name for which it must submit an application for name approval to the RoC or the relevant authority under the chosen structure. The name of proposed entity must include IFSC word as a part of the name.
2	**Identification Of Suitable Office Space In GIFT SEZ**: The business must determine the appropriate office space within GIFT SEZ according to business needs and budget. GIFT City provides various office options, including plug-and-play offices,

[32] Gujarat Special Economic Zone Act, 2004, s 21.
[33] Gujarat International Finance Tec-City, *FAQs on Gujarat IT-ITeS Policy 2022-27* (2024) https://www.giftsez.com/documents/pagecontent/FAQs-on-Gujarat%20IT-ITeS-Policy%202022-27.pdf.

	co-working spaces, and custom-built facilities, catering to a wide range of business requirements.
3	**Obtain PLOA**: Once office space agreement is finalized, the business must secure a PLOA to confirm the allocation of office space within GIFT SEZ. The PLOA acts as an official confirmation of the business's designated premises.
4	**Application In FORM F To SEZ Authorities**: The business must complete and submit Form F, along with the necessary annexures, to the ODC for approval. The required annexures generally include the PLOA, a detailed project report, entity identification documents, a board resolution, certificate of incorporation, and financial statements.
5	**UAC Meeting**: The ODC will arrange a meeting with the UAC to evaluate the application and the business proposal. The authorized representative of the business will present the business case, emphasizing the potential and merits of the venture.
6	**LOP**: If the UAC approves the application, the business will receive a LOP from the ODC, granting permission to establish and operate the business within GIFT City
7	**Execution of lease deed**: The business can then sign the lease agreement with the SEZ developer for the occupancy of the selected office space within GIFT SEZ.
8	**SEZ License and Registration with NSDL Portal**: Following receipt of the LOP, the business must apply for the SEZ license from the ODC and register on the NSDL portal for SEZ online registration. This step ensures compliance with SEZ regulations and enables access to services related to import, procurement, and taxation.
9	**Obtain Registration Certificates and Exemption Eligibility**: The business is required to obtain a GST registration certificate for sales and tax purposes. It must also apply for or a Registration-Cum-Membership Certificate for import-export activities, and an Import Export Code for international trade.
10	**Registration with IFSCA**: Before commencing operations, the business must formally register with the IFSCA for which it must submit its application and requisite fees to obtain a Certificate of Registration, which allows it to function within GIFT City's regulatory framework.
11	**Bank Account in IFSC Banking Unit:** The business must open a bank account in an IFSC banking unit.

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Benefits [35]

IT/ITeS Companies will also be able to benefit from the state subsidies of Gujarat. These benefits are as follows:

**Note GFCI means the expenditure made in the construction of the building, computers, software, networking related hardware and other related fixed assets, excluding the cost of land and expenditure on purchase of the building required to produce products or services by the eligible unit.*

Investment Category	CAPEX Support	OPEX Support
GFCI > INR 25,00,00,000 (Indian Rupees Twenty-Five Crore only)	One time CAPEX support of up to 25% (Twenty-Five percent) per cent of the eligible CAPEX expenditure, subject to maximum ceiling of INR 50,00,00,000 (Indian Rupees Fifty Crore) and the disbursement will be done in twenty equal quarterly installments	OPEX support of up to 15% (Fifteen Percent) of the annual eligible OPEX expenditure, subject to maximum ceiling of INR 20,00,00,000 (Indian Rupees Twenty Crore) per year for a period of five years and the disbursement will be done in quarterly installments.
Mega Project	One time CAPEX support of up to 25% (Twenty Five Percent) of the eligible CAPEX expenditure, subject to maximum ceiling of INR 2,00,00,00,000 (Indian Rupees Two Hundred Crores) and the disbursement will be done in twenty equal quarterly installments.	OPEX support of up to 15% (Fifteen Percent) of the annual eligible OPEX expenditure, subject to maximum ceiling of INR 40,00,00,000 (Indian Rupees Forty Crore only) per year for a period of five years and the disbursement will be

[34] *Supra* 30

[35] Government of Gujarat, *Gujarat IT Policy 2022-2027* (2022) https://dstpolicy.gujarat.gov.in/public/assets/itpolicy/document/GR-IT-Policy-2022-2027.pdf.

		done in quarterly installments.
Cloud Ecosystem	One time support up to 25% (Twenty Five Percent) of the eligible CAPEX expenditure subject to maximum ceiling of INR 20,00,00,000 (Indian Rupees Twenty Crore) and the disbursement will be done in twenty equal installments.	Power tariff subsidy of INR 1 (Indian Rupees One) per unit for a period of five years.
Data Center	One time support up to 25% (Twenty-Five Percent) of the eligible CAPEX expenditure subject to maximum ceiling of INR 1,50,00,00,000 (Indian Rupees One Hundred Fifty Crore) and the disbursement will be done in twenty equal installments.	

[36]

The other benefits provided by the Government of Gujarat will be as follows:

*Employee Generation Incentive ("**EGI**")*

A one-time EGI equivalent to 50% of one month's Cost to Company, capped at INR 50,000 (Indian Rupees Fifty Thousand) for male employees and INR 60,000 (Indian Rupees Sixty Thousand) for female employees, is offered. This incentive is applicable only if a new local employee is hired and retained for at least one year.

*Atmanirbhar Rojgar Sahay ("**ARS**")*

Reimbursement of the employer's contribution to the Provident Fund is provided, up to 12% (Twelve Percent) for a period of 5 (Five) years. The reimbursement covers 100% (One Hundred Percent) for female employees and 75% (Seventy Five Percent) for male employees. This benefit is also available for employees working from home within Gujarat.

[36] *Supra* 35

Other benefits

Regulatory Clarity: GIFT City offers a streamlined regulatory environment with IFSCA as the single regulator. This simplifies the regulatory process, making it easier for startups to navigate and ensure compliance.

Infrastructure Development: GIFT City is witnessing rapid infrastructure development, including commercial and residential spaces, making it an attractive location for both work and living.

Exemption on Stamp Duty: Units in GIFT city are exempt from paying stamp duty on the transfer of land, loan agreements, credit deeds and mortgages thereby reducing the costs payable by such units. [37]

Insurance

Insurance is defined as a contract, i.e., a policy, in which an individual or organisation receives financial protection and reimbursement of damages from the insurer or the insurance company. At its very core, it is a form of protection from certain kinds of possible losses.

The IFSCA has played a key role in propelling the insurance sector forward in GIFT City. With the introduction of the IFSCA (Registration of Insurance Business) Regulations in 2021, a clear path has been established for insurers and reinsurers to set up shop within the city. These entities, known as IFSC Insurance Offices (**"IIOs"**), enjoy the unique advantage of conducting business in freely convertible foreign currencies, all within India's borders.

An IIO registered with the Authority may carry any of the given class of businesses:

- Life Insurance Business
- General Insurance Business
- Health Insurance Business
- Re-insurance Business [38]

An IIO is also allowed to conduct its business in any freely convertible foreign currencies.

[37] *Supra* 32

[38] International Financial Services Centres Authority, *IFSCA (Registration of Insurance Business) Regulations, 2021*, No IFSCA/2021-22/GN/REG010 (Dec 2021).

Eligibility

Entities are required to fulfil the following criteria to be eligible for registration as an insurance company in GIFT City:

Indian Insurer/Reinsurer	Foreign Insurer/Reinsurer	Branch office of Foreign Insurer
The Applicant has been granted a No Objection Certificate by the IRDAI to set up place of business in an IFSC	Applicant has been granted No Objection Certificate by the regulatory or supervisory authority of its home country or country of its incorporation or domicile, to set up an IIO in an IFSC	The Applicant of the Branch Office of foreign insurer has been granted No Objection Certificate by the regulatory or supervisory authority of its country of incorporation, to set up an IIO in India
The Board of the Applicant undertakes to comply with the assigned capital, solvency and other requirements as may be specified by the Authority from time to time.	The Board of the Applicant undertakes to comply with the assigned capital, solvency and other requirements as may be specified by the Authority	The Board of the Applicant of the Branch Office of foreign insurer shall undertake to comply with the assigned capital, solvency and other requirements as may be specified by the Authority from time to time
The Board of the Applicant undertakes to meet all liabilities arising out of the IIO insurance or re-insurance business	The Board of the Applicant undertakes to meet all liabilities arising out of IIO insurance or re-insurance business	The Board of the Applicant of the Branch Office of foreign insurer undertakes to meet all liabilities arising out of business undertaken business undertaken by the IIO in India.
Applicant is required to report reporting structure of their officials.	The Board of the Applicant is required to submit reporting structure of the officials	The Board of the Applicant of the Branch Office of foreign insurer is required submit to the Authority

		reporting structure of their officials.
The Applicant has satisfactory track record in respect of regulatory and supervisory compliance	The Applicant has satisfactory track record in respect of regulatory or supervisory compliance in its home country or country of incorporation or domicile and also in any other country in which it is functioning	
Applicant is duly registered with IRDAI for undertaking the business of insurance or re-insurance in India.	Applicant is registered or licensed for transacting insurance or reinsurance business, or both, in its home country or country of its incorporation or domicile.	
	Applicant desirous to transact re-insurance business and shall comply with Net Owned Fund requirement	
	The Applicant is registered or certified in a national regulatory environment with whom the Government of India has signed Double Taxation Avoidance Agreement	
	The Applicant has a minimum credit rating having at least good financial security	

	characteristics from any of the internationally renowned credit rating agencies for the last three years	

[39]

Registration Process

An applicant is required to follow the following steps to register as an IIO in GIFT City:

Step	Particular
1	**Name Availability**: The business must apply for availability of its name for which it must submit an application for name approval to the RoC or the relevant authority under the chosen structure. The name of proposed entity must include IFSC word as a part of the name.
2	**Identification Of Suitable Office Space In GIFT SEZ**: The business must determine the appropriate office space within GIFT SEZ according to business needs and budget. GIFT City provides various office options, including plug-and-play offices, co-working spaces, and custom-built facilities, catering to a wide range of business requirements.
3	**PLOA**: Once office space agreement is finalized, the business must secure a PLOA to confirm the allocation of office space within GIFT SEZ. The PLOA acts as an official confirmation of the business's designated premises.
4	**Application In FORM F To SEZ Authorities**: The business must complete and submit Form F, along with the necessary annexures, to the ODC for approval. The required annexures generally include the PLOA, a detailed project report, entity identification documents, a board resolution, certificate of incorporation, and financial statements.
5	**UAC Meeting**: The ODC will arrange a meeting with the UAC to evaluate the application and the business proposal. The authorized representative of the business will present the business case, emphasizing the potential and merits of the venture.
6	**LOP**: If the UAC approves the application, the business will receive a LOP from the ODC, granting permission to establish and operate the business within GIFT City

[39] *Supra* 38

7	**Execution of lease deed**: The business can then sign the lease agreement with the SEZ developer for the occupancy of the selected office space within GIFT SEZ.
8	**SEZ License and Registration with NSDL Portal**: Following receipt of the LOP, the business must apply for the SEZ license from the ODC and register on the NSDL portal for SEZ online registration. This step ensures compliance with SEZ regulations and enables access to services related to import, procurement, and taxation.
9	**Obtain Registration Certificates and Exemption Eligibility**: The business is required to obtain a GST registration certificate for sales and tax purposes. It must also apply for or a Registration-Cum-Membership Certificate for import-export activities, and an Import Export Code for international trade.
10	**Registration with IFSCA**: Before commencing operations, the business must formally register with the IFSCA for which it must submit its application and requisite fees to obtain a Certificate of Registration, which allows it to function within GIFT City's regulatory framework.
11	**Bank Account in IFSC Banking Unit:** The business must open a bank account in an IFSC banking unit. [40]
12	**File Form for Registration as IIO:** The Applicant is required to register to make an application under the relevant form as per the International Financial Services Centres Authority (Registration of Insurance Business) Regulations, 2021.
13	**Approval of application**: The Authority after if satisfied shall grant the applicant a certificate of registration to the Applicant.
13A	**Disapproval of application**: if the Authority is not satisfied with the application it may communicate the deficiencies in the application to the applicants giving them 30 (Thirty) days to cure such deficiencies. [41]

Benefits

Access Global Markets & Enhanced Risk Management: IIOs can operate in freely convertible benefit foreign currencies and access a wider range of reinsurance options. This powerful combination allows IIOs to tap into international clients and transactions while effectively managing risk exposure across global markets.

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[40] *Supra* 30
[41] *Supra* 37

Tax Advantages: IIOs can enjoy significant tax benefits, including a 10-year tax holiday which translates to substantial cost savings and increased profitability, making setting up an IIO a financially attractive proposition.

Operational Efficiency: IIOs can benefit from a streamlined regulatory environment under the centralized authority of the IFSCA. This simplifies procedures and expedites business operations, reducing administrative burdens and allowing for faster decision-making.

Exemption on Stamp Duty: Units in GIFT city are exempt from paying stamp duty on the transfer of land, loan agreements, credit deeds and mortgages thereby reducing the costs payable by such units. [42]

IV. Conclusion

In conclusion, GIFT City represents a transformative proposition for stakeholders across the entire startup ecosystem, combining regulatory flexibility, sector-specific advantages, and a world-class infrastructure in India. The city's strategic positioning as India's first IFSC offers a globally competitive platform that drives investment, innovation, and growth, making it a preferred choice for both domestic and international players.

For investors, GIFT City offers the unique ability to engage in unrestricted outbound investments, allowing them to access global markets without the limitations typically imposed by domestic regulations, enabling investors to diversify their portfolios across the world, hedge risks more effectively, and explore investment opportunities in high-growth sectors outside of India. Additionally, GIFT City's regulatory framework, aligns with international financial standards and provides a secure and predictable environment, attracting a broader range of sophisticated investors who seek to capitalize on emerging market potential while enjoying the stability of a well-regulated ecosystem.

AIFs in GIFT City are able leverage these benefits very effectively. The absence of diversification limits allows AIFs to adopt more flexible and tailored investment strategies, accommodating the specific risk appetites of their investors. This contrasts sharply with the more rigid regulations governing AIFs in the rest of India, which often impose restrictions on diversification. The ability to create more dynamic portfolios not only enhances the attractiveness of these funds to global investors but also allows fund managers to better align their strategies with market opportunities thereby maximizing returns. Additionally, the

[42] *Supra* 31s

competitive tax regime in GIFT City further boosts the financial viability of AIFs, reducing operational costs and improving overall returns on investment. This creates a compelling case for more fund managers to establish operations in GIFT City, contributing to its growth as a global financial hub.

Accredited investors also stand to benefit significantly from the advantages offered by GIFT City. One of the most noteworthy incentives is the GST exemption applicable to transactions and investments made within the city. This exemption reduces the overall transactional costs associated with venture capital investments, thereby increasing the net returns for investors. Additionally, the removal of a minimum investment threshold for venture capital schemes democratizes access to high-growth startups, allowing a broader range of investors to participate, opening up new opportunities for individual accredited investors, as well as smaller institutional investors, to invest in startups and emerging companies that have the potential for substantial returns, without the barriers that typically exist in other financial centres.

Startups are central to the success of GIFT City's ecosystem. It's sector-specific provisions for Fintech, IT, ITeS, and IIOs provide startups with unique advantages that are unavailable in other parts of India. For example, Fintech startups benefit from a more flexible regulatory environment that allows them to innovate and experiment with new financial products and services without the restrictive oversight they might encounter elsewhere. Similarly, IT and ITeS companies enjoy access to state-of-the-art infrastructure and reduced operational costs, thereby enhancing their scalability and competitiveness. The presence of such schemes not only attract startups to GIFT City but also helps them thrive by providing the necessary resources and regulatory freedom to innovate and expand rapidly.

Furthermore, the world-class infrastructure in GIFT City plays a pivotal role in its attractiveness. It boasts advanced physical and digital infrastructure, designed to meet the needs of modern businesses, particularly those in technology-driven sectors. This infrastructure, combined with streamlined regulatory processes and enhanced governance mechanisms, creates an environment where businesses can focus on growth without being bogged down by bureaucratic inefficiencies. The improved regulatory regime also ensures that businesses can operate with greater transparency and compliance, fostering trust among investors and stakeholders.

Collectively, these factors position GIFT City as a premier destination for establishing business units, whether they are investment funds, startups, or multinational corporations. Its ability to offer a comprehensive and supportive ecosystem—characterized by regulatory flexibility, infrastructural excellence, and sector-specific benefits—makes it a unique platform that is aligned with India's larger vision of becoming a global leader in innovation and entrepreneurship. As GIFT City continues to develop and attract more businesses, investors, and startups, it is set to play a critical role in shaping the future of India's financial and startup landscapes, driving job creation, economic growth, and technological advancement.

Ultimately, GIFT City is not merely a financial centre; it is a strategic enabler of India's ambitions to foster a dynamic, globally integrated ecosystem that supports high-growth industries and emerging startups. Its blend of world-class infrastructure, supportive regulations, and innovative financial mechanisms ensures that it will continue to be a pivotal location for businesses and investors seeking to capitalize on the opportunities presented by India's rapidly evolving economic landscape.

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