



## PRESS RELEASE

### **IFSCA issues 'Framework for Ship Lease'**

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Post successful enablement of the activity of Aircraft Leasing through the issuance of 'Framework for Aircraft Operating Lease' dated February 19, 2021, the International Financial Services Centres Authority (IFSCA) after evaluating the potential of ship leasing in the context of "Atma Nirbhar Bharat", aims to provide an enabling regulatory framework for promoting GIFT IFSC as an hub for international ship leasing and financing business.

2. IFSCA had constituted an expert committee on positioning IFSC as a global hub for Ship Acquisition, Financing and Leasing (SAFAL). The report of the committee was published on October 28, 2021 (SAFAL Report). One of the recommendations of the said report was to notify 'Ship lease' a financial product in the IFSC. It also recommended that the Authority may issue a Framework for Ship lease to enable ship leasing activity in the IFSC.
3. Based on the suggestions of the SAFAL report, the Authority vide notification No. IFSCA/2021-22/GN/021 dated January 7, 2022 published in the Gazette of India: Extraordinary, specified 'ship lease' including operating lease, and hybrid of operating and financial lease, of a ship or ocean vessel, engine of a ship or ocean vessel, or any other part thereof as a financial product under the IFSCA Act.
4. The activity of Ship Leasing is also one of the permitted activities under the IFSCA (Finance Company) Regulations, 2021. To operationalize the activity IFSCA issues the 'Framework for Ship Lease', vide Circular No. 496/IFSCA/SFL/2022-23/001, dated August 12, 2022. The Framework covers guidelines on operating lease, financial lease and a hybrid of operating and financial lease of a ship or ocean vessel, engine of a ship or ocean vessel, or any other part thereof.
5. As per the Framework, an entity intending to undertake ship lease in IFSC, shall be registered as a Finance Company / Unit, as per the IFSCA (Finance Company) Regulations, 2021. The Framework permits an entity to set-up operations in IFSC in the form of a Company or a Limited Liability Partnership (LLP) or a Trust or a Branch. The Framework requires a ship lease transaction to be classified as a lease such that it is in accordance with the Indian Accounting Standards (Ind AS 116) on Leases. Further, the Framework details out the requisite capital and

prudential requirements based on the nature of lease being undertaken by the entity i.e. operating lease or financial lease for ships or ocean vessels. The entity registered as Finance Companies / Units shall at all times be guided by the IFSCA (Finance Company) Regulations, 2021.

6. The Framework will help in furthering of the mandate of the Authority to develop and regulate financial products, financial services and financial institutions in the IFSC.

**Gandhinagar**  
**August 16, 2022**