



Press Release

Report of the expert committee on ‘Onshoring the Indian Innovation to GIFT IFSC’ submitted to IFSCA

A Committee of Experts to ‘Onshoring the Indian Innovation to GIFT IFSC’ constituted by International Financial Services Centres Authority (IFSCA) submitted its report to Chairperson, IFSCA on August 14, 2023. The committee was chaired by Shri G. Padmanabhan, Former Executive Director, RBI. The committee members comprised representatives from leading Venture Capital funds, Startups, Fintechs, Law firms, Tax firms and other domain experts and the constitution of committee can be accessed through the link: <https://ifsc.gov.in/IFSCACommittees>

The main focus areas of the committee were directed towards understanding the reasons for shifting of Indian startups outside India and suggestions to avoid externalization of startups in the future and also to persuade startups that are presently externalized to redomicile back.

The committee has provided its recommendation that are critical to the development of GIFT IFSC as a global Fintech Hub, besides suggesting measures to encourage new Fintechs to have global outlook to set up their commercial presence in GIFT IFSC. The committee also has identified challenges and recommended measures for the development of the International Innovation Hub at GIFT IFSC. The report has suggested various measures/ action points to be undertaken by various stakeholders including ministries, regulatory bodies and others in implementing the idea of onshoring the Indian innovation to GIFT IFSC.

The committee report offers a comprehensive comparison of India's approach to holding company setups with other leading jurisdictions like Singapore, the Netherlands, and Delaware, known for successfully implementing such setups. By highlighting the manifold advantages and addressing potential challenges associated with holding company regimes, the report unveils the immense potential of reverse flipping to drive India's economic development to great heights. The Committee has *inter-alia* recommended aligning the tax and regulatory laws within the IFSC with international best practices, to create an environment that actively incentivizes and supports holding company structures. The committee has also examined in the report several push-pull factors are responsible for Indian founders flipping to overseas jurisdictions.

The Committee is of the view that the insights presented in the report will help drive dialogue in the ministry and will contribute to achieving Hon’ble Prime Minister’s grand vision of making India a 5 trillion-dollar economy and a global powerhouse. The Committee Chair Shri G. Padmanabhan, on submission of the report expressed his gratitude to IFSCA for affording an opportunity to work on the extremely topical issue.



Chairperson, IFSCA thanked the committee of experts for their comprehensive recommendations.

The report of the committee can be accessed through the weblink:

<https://ifsc.gov.in/ReportPublication/index/aadg9ruDI%20M=>

August 21, 2023

Gandhinagar