

Viksit Bharat @2047: Role of IFSCA in Driving India's Economic Growth

India's ambition to become a developed nation by 2047, envisions India as a fully developed nation by the time it celebrates 100 years of independence that encompasses multifaceted objectives, including sustainable economic growth, technological innovation, inclusive development, and robust financial systems. This vision is rooted in the recognition that a strong and dynamic financial sector is essential for capital mobilization, efficient allocation of resources, and fostering innovation across industries. To achieve this vision, India must enhance its financial infrastructure, attract global investments, and integrate itself more deeply into the global financial system. This is where the IFSCA plays a pivotal role.



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INTRODUCTION

India, with its rich history, diverse culture, and robust economic potential, has set an ambitious goal for itself: to become a developed nation by 2047, marking the centenary of its independence. The vision of a “Viksit Bharat” (Developed India) emerges as a guiding light for policy makers, businesses, and citizens alike. A crucial player in this journey is the International Financial Services Centres Authority (IFSCA), which has the mandate to develop and regulate financial services, financial products, and financial institutions in the International Financial Services Centres (IFSCs) in India. The International Financial Services Centres Authority (IFSCA) stands at the forefront of this transformation, with the potential to drive significant economic growth and elevate India to a status of leading global financial powerhouse.

THE VISION OF VIKSIT BHARAT @2047

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To achieve this vision, India must enhance its financial infrastructure, attract global investments, and integrate itself more deeply into the global financial system. This is where the IFSCA plays a pivotal role. By creating a conducive environment for international financial services and products, the IFSCA is dignified to drive significant economic growth.

THE GENESIS OF INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

The International Financial Services Centres Authority (IFSCA) was established in April 2020 under the International Financial Services Centres Authority Act, 2019. Its mandate is to develop and regulate the financial services market in the International Financial Services Centres (IFSCs) in India. **GIFT City (Gujarat International Finance Tec-City) in Gandhinagar, Gujarat, is the first operational IFSC in India** and represents a strategic initiative to attract global financial services and businesses.

The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centre (IFSC) in India. At present, the GIFT IFSC is the maiden international financial services centre in India. Prior to the establishment of IFSCA, the domestic financial regulators, namely, Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Pension Fund Regulatory Development Authority of India (PFRDAI) and Insurance Regulatory Development Authority of India (IRDAI) regulated the business in IFSC.

As the dynamic nature of business in the IFSCs requires a high degree of inter-regulatory coordination within the financial sector, the IFSCA has been established as a unified regulator with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.

OBJECTIVES AND FUNCTIONS OF IFSCA

The International Financial Services Centres Authority (IFSCA) is dedicated to establishing India as a premier global hub for financial services. To achieve this, IFSCA focuses on several key objectives:

1. **Regulatory Excellence:** IFSCA aims to develop a robust and transparent regulatory framework that aligns with international best practices. By doing so, it ensures that the financial services provided within India's International Financial Services Centres (IFSCs) meet global standards, thereby attracting international stakeholders and fostering trust in the Indian financial system.
2. **Innovation and Competitiveness:** The authority is committed to fostering innovation in financial products and services. By encouraging the development of cutting-edge financial technologies and services, IFSCA enhances the competitiveness of Indian financial markets. This not only boosts the efficiency and attractiveness of the financial ecosystem but also elevates India to a status of leader in financial innovation.
3. **Investor Protection:** Ensuring investor protection is a cornerstone of IFSCA's regulatory approach. Through stringent regulations and robust enforcement mechanisms, the authority safeguards investors' interests, thereby enhancing confidence in the Indian financial markets. This protection is crucial for attracting and retaining both domestic and international investors.
4. **Sustainable Development:** IFSCA promotes sustainable and inclusive growth by integrating environmental, social, and governance (ESG) principles into its regulatory framework. This focus on ESG ensures that financial activities within IFSCs contribute to broader societal goals, including environmental sustainability, social responsibility, and ethical governance.
2. **International Bullion Exchange:** The IFSCA has launched the International Bullion Exchange, which allows for the trading of gold and other precious metals. This initiative positions India as a major player in the global bullion market and provides a platform for international investors to trade in a transparent and regulated environment.
3. **Fintech Regulatory Sandbox:** To promote innovation, the IFSCA has introduced a fintech regulatory sandbox. This initiative allows fintech startups to test their products and services in a controlled environment under the supervision of the IFSCA. The sandbox provides a platform for experimentation and helps in identifying and addressing regulatory challenges faced by fintech companies.
4. **Green Finance:** The IFSCA is committed to promoting sustainable finance and has launched initiatives to attract investments in green projects. It encourages the issuance of green bonds and facilitates the development of financial products that support environmental sustainability. By promoting green finance, the IFSCA contributes to India's efforts to combat climate change and achieve its sustainable development goals.
5. **Education and Training Programs:** To build a skilled workforce, the IFSCA conducts various education and training programs. These programs are designed to enhance the knowledge and skills of professionals in the financial services sector. The IFSCA collaborates with academic institutions, industry associations, and international organizations to provide high-quality training and certification programs.

By achieving these objectives, IFSCA aims to create a dynamic and resilient financial ecosystem that supports India's economic growth and establishes the country as a global financial services hub.

KEY INITIATIVES BY IFSCA

To fulfill its mandate and contribute to India's economic growth, the IFSCA has undertaken several key initiatives. Some of the notable ones include:

1. **IFSC Banking Units (IBUs):** The IFSCA has facilitated the establishment of IFSC Banking Units (IBUs) within the IFSCs. These units operate as branches of Indian and foreign banks and offer a wide range of financial services, including offshore banking, trade finance, and asset management. The presence of IBUs enhances the financial capabilities of the IFSCs and attracts global clients.
- **Capital Inflows:** IFSCs facilitate the inflow of foreign direct investment (FDI), portfolio investments, and other forms of capital, contributing to the deepening of financial markets and increasing the availability of funds for economic development.

DRIVING ECONOMIC GROWTH THROUGH IFSCs

The International Financial Services Centres Authority (IFSCA) has emerged as a pivotal institution in driving India's economic growth through the development of International Financial Services Centres (IFSCs). As IFSCA continues to shape the landscape of financial services in India, it faces several challenges and opportunities that will define its future trajectory.

ATTRACTING GLOBAL CAPITAL AND TALENT

The establishment of IFSCs under the aegis of IFSCA is instrumental in attracting global capital and talent to India. By offering a competitive regulatory environment, tax incentives, and world-class infrastructure, IFSCs are poised to become magnets for international financial institutions, investors, and professionals.

- **Talent Pool:** The presence of global financial institutions creates opportunities for Indian professionals to gain international exposure and expertise, fostering a skilled workforce capable of driving innovation and growth.

ENHANCING FINANCIAL INCLUSION AND INNOVATION

IFSCA's regulatory framework is designed to promote financial inclusion and innovation, crucial for sustainable economic growth.

- **Inclusive Banking:** By encouraging the establishment of diverse banking entities, including those focused on microfinance and fintech solutions, IFSCs can enhance access to financial services for underserved populations and sectors.
- **Fintech Ecosystem:** The support for fintech initiatives within IFSCs drives technological advancements in financial services, leading to more efficient, accessible, and customer-centric solutions.

STRENGTHENING INDIA'S POSITION IN GLOBAL TRADE AND FINANCE

IFSCs are positioned to enhance India's role in global trade and finance by providing a platform for international financial transactions and services.

- **International Trade:** IFSCs facilitate international trade finance, currency exchange, and cross-border transactions, supporting India's trade activities and integration into the global economy.
- **Financial Services Hub:** By hosting a range of financial services, including banking, insurance, asset management, and capital markets, IFSCs contribute to making India a global financial services hub, attracting businesses and investments from around the world.

OPPORTUNITIES FOR COMPANY SECRETARIES IN THE EVOLVING LANDSCAPE

1. Expanding Roles and Responsibilities

The growth and evolution of International Financial Services Centres (IFSCs) under the guidance of the International Financial Services Centres Authority (IFSCA) create significant opportunities for Company Secretaries (CS) to expand their roles and responsibilities.

- **Regulatory Compliance:** CS professionals will play a critical role in ensuring that organizations operating within IFSCs comply with IFSCA's stringent regulatory requirements. This includes strict adherence to licensing norms, prudential standards, and robust corporate governance

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practices. The IFSCA's regulatory framework is designed to align with international best practices, ensuring that IFSCs maintain high standards of transparency and accountability. CS professionals, with their expertise in regulatory compliance and governance, will be pivotal in guiding organizations through these requirements, thus helping to maintain the integrity and credibility of IFSC operations.

- **Corporate Governance:** The emphasis on corporate governance within IFSCs provides a fertile ground for CS professionals to contribute significantly. CS professionals will be instrumental in advising boards and management on best practices in governance, risk management, and compliance. Their role will extend beyond traditional compliance tasks to strategic advisory services, where they can provide insights into optimizing operational efficiencies and capitalizing on emerging opportunities within the IFSC ecosystem. By fostering a culture of good governance, CS professionals will help IFSCs attract international businesses and investors, thereby enhancing their global competitiveness.
- **Strategic Advisory:** CS professionals can leverage their expertise to provide strategic advisory services tailored to the unique needs of organizations within IFSCs. This includes navigating the complex regulatory landscape, optimizing operational processes, and identifying strategic growth opportunities. By offering specialized advice on financial structuring, mergers and acquisitions, and risk management strategies, CS professionals can help IFSC-based entities enhance their operational effectiveness and achieve sustainable growth.

2. New Avenues for Professional Growth

The dynamic environment of IFSCs offers numerous avenues for professional growth and development for CS professionals.

- **International Exposure:** Working within IFSCs provides CS professionals with exposure to international financial practices, regulatory



standards, and business environments, enhancing their skills and global competence.

- **Specialization Opportunities:** The diverse range of financial services and innovative products within IFSCs allows CS professionals to specialize in areas such as fintech, investment banking, compliance, and corporate governance.
- **Networking and Collaboration:** The concentration of global financial institutions and professionals within IFSCs fosters networking and collaboration opportunities, enabling CS professionals to build valuable relationships and expand their professional networks.

3. Contribution to National Development

By actively participating in the growth and governance of organizations within IFSCs, CS professionals contribute to the broader goal of national development.

- **Economic Growth:** Through their roles in ensuring regulatory compliance, fostering good governance, and advising on strategic initiatives, CS professionals help organizations operate efficiently and effectively, driving economic growth and development.
- **Skill Development:** The involvement of CS professionals in IFSCs contributes to the

development of a skilled and knowledgeable workforce, capable of supporting India's vision of becoming a global financial powerhouse.

- **Social Impact:** By promoting financial inclusion and supporting initiatives aimed at underserved populations, CS professionals contribute to social well-being and inclusive development, aligning with the vision of Viksit Bharat.

CHALLENGES AND THE WAY FORWARD

CHALLENGES

1. Regulatory Harmonization:

One of the primary challenges facing IFSCA is ensuring regulatory harmonization between itself and other domestic regulators. Given the unique regulatory environment of IFSCs, it is crucial to coordinate and integrate regulations to avoid overlaps and conflicts. This harmonization is essential for creating a seamless and attractive regulatory framework that encourages international players to establish operations within IFSCs.

2. Global Competitiveness:

Enhancing the global competitiveness of Indian financial markets is another significant challenge. While IFSCA has made strides in creating a conducive environment for financial activities, maintaining and

improving this competitiveness requires continuous effort. This includes streamlining regulations, reducing bureaucratic hurdles, and enhancing the ease of doing business within IFSCs. By doing so, IFSCA can attract more international players and investments, thereby bolstering India's position as a global financial hub.

3. Infrastructure Development:

Continuous development of world-class infrastructure within IFSCs, particularly in Gujarat International Finance Tec-City (GIFT City), remains a critical challenge. Infrastructure such as office spaces, connectivity, and supporting amenities must keep pace with the growing demands of financial institutions and service providers. This development is essential to support the expansion of financial services and attract global players looking for state-of-the-art facilities.

4. Talent Acquisition:

Attracting and retaining top talent in the financial sector is crucial for IFSCA. The availability of skilled professionals who can drive innovation and growth is essential for the sustainable development of IFSCs. IFSCA must collaborate with educational institutions and industry bodies to foster talent development programs and create a conducive environment that encourages professionals to work within IFSCs.

are essential for promoting best practices in financial regulation and fostering a globally integrated financial ecosystem that benefits all stakeholders.

4. **Enhancing Digital Infrastructure:** IFSCA to plan to invest in cutting-edge digital infrastructure to bolster fintech innovations, strengthen cybersecurity measures, and facilitate efficient financial transactions. This initiative underscores IFSCA's commitment to embracing technological advancements that enhance operational efficiency and safeguard the integrity of financial transactions. By leveraging technology, CS professionals can streamline corporate secretarial functions and ensure the security and integrity of corporate data.

5. **Talent Development Programs:** IFSCA should implement talent development programs in collaboration with educational institutions and industry bodies to cultivate a pipeline of skilled professionals. By equipping the workforce with specialized knowledge and expertise, IFSCA aims to meet the evolving demands of the international financial marketplace and support sustainable economic growth.

These strategic initiatives collectively underscore the strategic growth and scope of CS professionals in driving corporate governance excellence and supporting sustainable business practices. By pursuing these initiatives, CS professionals can strengthen their role as key contributors to corporate success, promote transparency and accountability, and enhance their value proposition in the global marketplace.

STRATEGIC INITIATIVES FOR THE FUTURE

In order to leverage emerging opportunities and address anticipated challenges, IFSCA has the potential to implement several strategic initiatives:

1. **Strengthening Regulatory Framework:** IFSCA should aim to fortify its regulatory framework to align with global standards, while maintaining the flexibility necessary to accommodate the introduction of innovative financial products and services. This initiative is crucial for enhancing the role of CS professionals in facilitating transparent and efficient corporate operations.
2. **Promoting Sustainable Finance:** IFSCA intends to establish a comprehensive framework for sustainable finance, encompassing guidelines for green bonds, ESG (Environmental, Social, and Governance) investments, and sustainability reporting. By promoting environmentally and socially responsible financial practices, IFSCA seeks to attract investments that support long-term sustainable development goals and CS professionals can support companies in achieving their sustainability goals by enhancing shareholder value.
3. **Fostering Global Collaborations:** IFSCA should enhance its collaborations with international financial institutions, regulatory bodies, and industry associations to facilitate knowledge exchange and expand market access. These partnerships

CONCLUSION

The International Financial Services Centres Authority (IFSCA) plays a pivotal role in driving India's economic growth, aligning closely with the vision of Viksit Bharat @2047. By fostering a robust and dynamic financial ecosystem, promoting innovation, and enhancing global integration, IFSCA significantly contributes to India's journey towards becoming a developed nation. With strategic initiatives and a forward-looking approach, IFSCA is poised to lead India into a new era of financial prosperity and sustainable development. By addressing the challenges and leveraging the opportunities, IFSCA and CS professionals together can play a crucial role in realizing the vision of a developed and prosperous India by 2047.

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