

Government Initiative to broaden the Investor base for Indian Companies in GIFT City through IFSC exchange

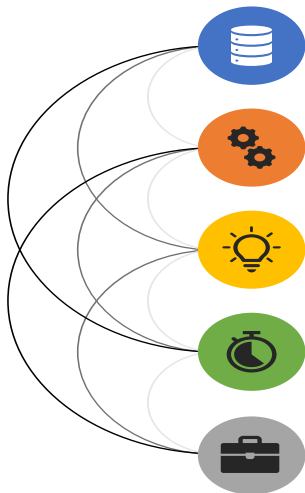
- To shore up India's position in the global financial arena, the Government of India has given go ahead for the direct listing of securities by Indian Companies on International Exchanges of GIFT IFSC. The initiative will boost the foreign investment flows, unlock growth opportunities, and shall broaden the investor base for Indian Companies.
- The Department of Economic Affairs, Ministry of Finance, amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and notified the "Direct Listing of Equity Shares of Companies Incorporated in India on International Exchange Scheme", to enable direct listing of Indian companies at GIFT-IFSC. The Companies (Listing of Equity Shares in Permissible Jurisdiction) Rules, 2024 have also been released by MCA as an extension of this policy change.

Highlights

- Foreign investors can further easily invest in India, thanks to the Government's initiative of GIFT City.
- Non-resident investors are the only ones whose shares will be listed on the IFSC exchange subject to foreign investment limits; existing shares that are not for sale will remain unlisted
- Resident investors are not permitted to own shares listed on the IFSC exchange
- The move to permit Indian companies to list their securities on the GIFT - IFSC market will significantly increase foreign investment in India, fostering the country's economic growth.
- New structure will facilitate easier access to a larger pool of foreign financing for startups and other companies.
- This is anticipated to increase foreign investment flows, open up growth opportunities, widen the investor base, promote better valuation of Indian companies in accordance with international norms of scale and performance.



Key Pointers



Indian Companies would be able to list their shares on International stock exchanges – India International Exchange and NSE International Exchange

Announcement was made by Finance Minister last year, that the government would allow direct listing of Indian Companies at GIFT-IFSC exchanges.

Part of the government's efforts to help Indian Startups raise money from global investors without leaving the country.

The eligible exchanges for this initiative include India International Exchange (INX) and NSE International Exchange (NSE IFSC)

SEBI to come up with the operational guidelines for listed public Indian Companies w.r.t listing on International Stock Exchange at GIFT-IFSC.

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Benefit to the Indian Companies

- ✓ This policy initiative will reshape the Indian capital market landscape and offer Indian Companies, especially startups and those in the sunrise and technology sectors, an alternative avenue to access the global capital beyond the domestic exchanges.
- ✓ The move will benefit the Indian Companies with global aspirations, offering them opportunities to expand their presence in other markets.
- ✓ The ability to access the global funds directly through GIFT City exchanges will align the India's vision of becoming a hub for International Finance and a preferred destination for global investors.

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Benefits to Foreign Investors

- ✓ No Capital gain tax from share transfer at GIFT-IFSC
- ✓ Foreign Investors will get potentially high returns with ease of Foreign Currency Transactions.
- ✓ There shall be extended trading hours at IFSC bourses.

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