

## International Financial Services Centre (IFSC) Banking Unit (IBU)- FAQs

Sr	Question	Answer
1	<b>Basic</b>	
	What is our IBU in GIFT City, Gandhinagar	Our branch set up in IFSC
	What is IFSC	International Financial Services Centre, a SEZ
	What is SEZ	Special Economic Zone set up under SEZ Act, 2005
	Key features of IBU	<ul style="list-style-type: none"> <li>-Treated as our foreign branch with ability to borrow and lend and deal in foreign currency also with attendant benefits of no CRR/ SLR, No Priority Lending Requirement, Tax Benefits etc</li> <li>-Treated as person resident outside India under FEMA</li> <li>-IBU can maintain a SNRAA with an AD bank outside IFSC, which account is to be funded only by foreign currency through proper channel and utilize amounts in it in keeping with FEMA</li> </ul>
	How many IFSCs exist in India	Only 1, GIFT City, Gandhinagar
	Which banking regulation would apply to IBU	RBI
	Which law will apply to IBU	<ul style="list-style-type: none"> <li>-Indian law as regards establishment etc</li> <li>-Foreign law (say- English) if chosen</li> <li>-Law of the country in which the customer is resident or property is situated</li> </ul>
	Jurisdiction/ Forum for disputes	<ul style="list-style-type: none"> <li>-Indian courts/ arbitration as regards establishment etc</li> <li>-Foreign courts/ arbitration (say- English) if chosen</li> <li>-Place/ Courts of the country in which the customer is resident or property is situated</li> </ul>
2	<b>Currency of Operation</b>	
	Currency in which IBU can transact	Only foreign currency i.e.in any currency other than INR
3	<b>Disallowed transaction</b>	No cash transaction is allowed
4	<b>Customers &amp; Counterparties disallowed</b>	
	Who IBU CAN'T deal with	<ul style="list-style-type: none"> <li>-Individual(s), Retail Customers, Indian residents</li> <li>-Exception: Indian non- individual borrowers and WoS/ JV abroad of Indian company</li> </ul>
5	<b>Accounts</b>	
	Term Deposit with IBU	Only Non- individual residents in India allowed subject to FEMA [Term Deposit accepted from a non- bank not to be prepaid within 1 year, but could be appropriated for recovery of dues]
	Savings Account	Not allowed
	Current Account	Allowed only in foreign currency for <ul style="list-style-type: none"> <li>-Non- individual customers operating in IFSC; and</li> <li>-Non- resident institutional investors</li> </ul>
	How current account could be operated	<ul style="list-style-type: none"> <li>-Only by bank transfer.</li> <li>-No cheque book/ No internet or mobile banking.</li> </ul>
	Who can lend to IBU	Non- individual residents outside India
	Who can borrow from IBU	<ul style="list-style-type: none"> <li>-Non-individuals not resident in India</li> <li>-Non- individuals resident in India subject to FEMA guidelines</li> </ul>
6	<b>Possible business at IBU*</b>	<ul style="list-style-type: none"> <li>-Factoring/ Forfeiting of export receivables</li> <li>-Derivatives/ Structured lending as allowed in India</li> <li>-Foreign Currency Escrow Accounts for temporarily holding GDR/ ADR issue proceeds in relation to Indian companies</li> <li>-Underwrite/ Arrange INR denominated overseas bonds issued (by Indian entities) in overseas markets</li> <li>-Derivative transactions (including structured products) as allowed to banks in India</li> <li>-Become a trading member of an exchange in the IFSC for trading in interest rate and currency derivatives segments as allowed to banks in India</li> <li>-Become a Professional Clearing Member (PCM) of an exchange in the IFSC for clearing and settlement in any derivative segments subject to certain conditions</li> <li>-Issue bank guarantee and short-term loans to IFSC stock broking entities, subject to t&amp;c per Master Circular on Statutory Restrictions on Loans and Advances</li> </ul>
7	<b>Target customers at IBU</b>	Units in IFSC & Indian/ Foreign non-individuals

Notes: This note is illustrative and not exhaustive. Please refer RBI circular dated 1.4.2015 updated on 17.5.2018 for full details per link: <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FNIBU010415CIRN.PDF>. IBU may also do other business with RBI's specific approval.

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