GIFT City as partner and competitor

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Origins and the IFSCA

Gujarat International Finance Tec-City, known as GIFT City, is a planned financial district on the Sabarmati river near Gandhinagar. After the Union cabinet had approved the project in 2008, the first office towers rose in the early 2010s.[1] Its core is an international financial services centre within a special economic zone, in which transactions are conducted in foreign currency and treated for exchange control purposes as taking place outside India. The India International Exchange, inaugurated by Prime Minister Modi on 9 January 2017, began trading on 16 January 2017, followed by the NSE International Exchange, established in June 2017.[2]

Regulation of the centre was at first divided between the Reserve Bank of India, the Securities and Exchange Board of India, the insurance regulator and the pension regulator. The International Financial Services Centres Authority Act 2019 replaced this division with a single regulator. The Authority was established on 27 April 2020 with its seat in GIFT City and adopted its first banking regulations in May 2020.[3] India thereby adopted for its offshore centre the model of the unified

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regulator, which Singapore has followed since MAS took over banking, insurance and securities supervision. The comparison is deliberate. Indian officials have openly cited Singapore and Dubai as models.

The Nifty futures: from SGX Nifty to GIFT Nifty

The most visible contest between the two centres concerned the futures contract on the Nifty 50 index of the National Stock Exchange of India. SGX began trading Nifty futures on 25 September 2000. For two decades the contract allowed foreign investors to hedge or take positions on Indian equities outside Indian hours, outside the Indian tax net and outside Indian margin rules. It became one of the most liquid equity index futures in Asia and an important source of revenue for SGX. Singapore's interest in the Indian market was older still: in March 2007 SGX bought 5 per cent of the Bombay Stock Exchange for 42.7 million US dollars.[4]

Indian authorities viewed the offshore contract as a drain of liquidity from the domestic market. In February 2018 the Indian exchanges announced that they would end the licensing of their indices for derivatives traded abroad. SGX responded with new contracts and arbitration followed, until the exchanges settled the dispute in 2020 by agreeing on a connection between Singapore and GIFT City.[5] Under the arrangement, SGX members route orders through the Connect to the NSE International Exchange, where the contracts are traded and cleared. After a pilot phase beginning in July 2022, the full transfer took place on 3 July 2023 and the contract was renamed GIFT Nifty.[6]

The result is a compromise that gives each side something. India obtained the liquidity in GIFT City, where turnover in GIFT Nifty reached a monthly record of 100.7 billion US dollars in September 2024 and a daily record of 22.7 billion on 24 September 2024.[7] Singapore kept its members, its clients and part of the fee income. The episode is instructive for the corridor as a whole. India uses its control over the underlying asset, here the index, to bring activity home, while Singapore secures its place by becoming a gateway to the Indian facility.

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Fund management in GIFT City

GIFT City has built a fund industry with remarkable speed. The IFSCA adopted fund management regulations in 2022 and replaced them with the IFSCA (Fund Management) Regulations 2025, notified on 19 February 2025. The framework covers venture capital schemes, angel funds, family investment funds, schemes of sovereign wealth funds, ESG schemes and third-party fund management.[8]

On 30 June 2025 the IFSCA counted 177 fund management entities and 272 funds. Cumulative commitments amounted to 22.11 billion US dollars, of which 10.49 billion had been raised. The funds had made investments of 9.81 billion US dollars, of which 8.37 billion went into India and 1.43 billion abroad. Investors came from more than 50 jurisdictions. Commitments almost doubled within a year, from 11.69 billion US dollars in the first quarter of the financial year 2024–25.[9] By mid-2025 the centre counted 939 registered entities in all, including 272 funds and 47 insurance firms.[10]

The numbers remain small compared with the flows through Singapore, but their composition is significant. Most of the money raised in GIFT City is invested in India, so that GIFT City funds compete directly with Singapore vehicles for the same mandates. Indian asset managers have begun to consider moving offshore funds to the centre. Tata Asset Management, for example, opened a branch in GIFT City in September 2025 and was reported to be exploring the transfer of 1.6 billion US dollars in offshore funds from Mauritius and Luxembourg.[11]

Tax incentives and the relocation of offshore funds

GIFT City competes primarily through tax. Units in the international financial services centre enjoy a deduction of their profits for ten consecutive years out of fifteen, exemptions for certain income of funds and non-resident investors, and the absence of goods and services tax on services provided within the centre. India has also created a regime for the tax-neutral relocation of offshore funds to GIFT City. Shareholders and unit holders of a fund domiciled abroad can exchange their interests for interests in an equivalent fund in the centre without triggering capital

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gains tax.[12] The regime is aimed at funds in Mauritius, Singapore and other centres. These concessions were enacted in the Income-tax Act 1961, which the Income-tax Act 2025 replaced on 1 April 2026, so that practitioners must now work with the corresponding provisions of the new Act.[13]

Where the competition bites, and where it does not

Competition with GIFT City is real in three areas. The first covers products whose underlying asset is Indian, such as the Nifty futures. The second covers funds whose investors and investments are largely Indian or drawn from the Indian diaspora, while the third concerns the treasury and booking activities of Indian banks and companies, which IFSC banking units can now perform onshore. In each of these areas India can use regulation and tax to tilt the balance, as it did with the Nifty.

In other respects GIFT City remains far behind. It occupies a development area of 359 hectares, a fraction of a city. In the Global Financial Centres Index it ranked 46th in 2025, while Singapore stood fourth in the edition of September 2026. Simon Wong, then Singapore's High Commissioner to India, described the city in a frequently quoted remark as quite a ghost town after working hours. Gujarat has allowed the controlled sale of alcohol in its hotels and clubs only since December 2023.[14] The centre cannot yet offer what Singapore offers to the regional head office of an international manager: a judiciary of international standing, a common law tradition applied in commercial courts with long experience, schools, housing, air connections and a city in which families want to live.

Above all, GIFT City remains within India. Its courts are the Indian courts, its regulator answers to the Indian government and its tax concessions depend on Finance Acts that can change each year. For foreign investors, much of the value of the Singapore channel lies precisely in this distance. The two centres are therefore likely to divide the work. GIFT City will capture business that is Indian in origin and destination, while Singapore remains the platform for international capital investing in India alongside other Asian markets.

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Partners as well as rivals

Cooperation between the two centres is as visible as competition. The Nifty Connect itself is a joint infrastructure. Singapore banks, law firms and fund administrators have opened offices in GIFT City to serve clients on both sides. In December 2011 GIFT officials invited Singapore companies that lacked space at home to expand there. The S&P Global Ratings entity established in GIFT City in 2025 was a Singapore company.[15] For Singapore, a strong GIFT City can increase the total volume of business that flows between India and the world, part of which will continue to pass through Singapore.

Notes

1. Wikipedia, "GIFT City" (accessed November 2026): Union cabinet approval and land acquisition of about 359 hectares in 2008; SEZ area notified in 2009; GIFT One tower in 2010 and further towers from 2013. The article's uncited timeline entries for a formal inauguration and the first bank in 2012 are not relied on. ↩
2. Wikipedia, "India International Exchange" (accessed November 2026): inaugurated by Narendra Modi on 9 January 2017; "The trading operations began on 16 January 2017."; Wikipedia, "National Stock Exchange of India" (accessed November 2026): NSE International Exchange (NSE IX) was established in June 2017 as a multi-asset exchange headquartered in GIFT City, the second international exchange in India after the India International Exchange. ↩
3. Wikipedia, "International Financial Services Centres Authority" (accessed November 2026): established on 27 April 2020 under the International Financial Services Centres Authority Act, 2019, with its headquarters in GIFT City; Banking Regulations of 27 May 2020, Regulatory Sandbox framework of 1 July 2020, Insurance Regulations of 1 September 2020 and Capital Market Intermediaries Regulations of 17 February 2021. ↩

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4. Wikipedia, “Singapore Exchange” (accessed November 2026): “In March 2007, SGX bought a 5% stake in Bombay Stock Exchange for 42.7 million dollars.”; Wikipedia, “GIFT Nifty” (accessed November 2026): SGX Nifty began trading on 25 September 2000; it was rebranded as GIFT Nifty and trading under the new name began on 3 July 2023 at the NSE International Exchange in GIFT City. ↩

5. Joint announcement of BSE, NSE and MSEI of 9 February 2018 on the termination of licensing arrangements; arbitration between SGX and NSE in Singapore; settlement announced in September 2020 with the agreement to establish the NSE IFSC–SGX Connect. ↩

6. Wikipedia, “GIFT City” (accessed November 2026): in July 2022 SGX’s Nifty futures launched in GIFT City; on 3 July 2023 SGX Nifty was renamed GIFT Nifty and trades from GIFT City as a collaboration between Singapore Exchange and NSE India. ↩

7. Wikipedia, “GIFT Nifty” (accessed November 2026): monthly turnover of US$ 100.7 billion in September 2024, described as an all-time high; highest single-day turnover of US$ 22.7 billion on 24 September 2024. ↩

8. IFSCA, “Fund Management” (ifsca.gov.in, accessed November 2026): IFSCA (Fund Management) Regulations, 2025, notified on 19 February 2025, as amended up to 10 September 2026; circulars on venture capital and restricted schemes, angel funds (1 July 2022), family investment funds (1 March 2023), schemes of sovereign wealth funds (11 March 2024), ESG schemes (18 January 2023) and third-party fund management (16 January 2026). ↩

9. IFSCA, “Statistics for Fund Management activities in GIFT IFSC as on June 30, 2025” (ifsca.gov.in): 177 FMEs and 272 funds as on 30 June 2025 (162 and 229 on 31 March 2025); commitments raised US$ 22,110.50 million; funds raised US$ 10,492.76 million; investments into India US$ 8,374.15 million, into foreign jurisdictions US$ 1,433.07 million, total US$ 9,807.22 million; 3,583 investors from more than 50 jurisdictions; cumulative commitments of US$ 11,693.91 million in Q1 FY25. ↩

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10. Wikipedia, "GIFT City" (accessed November 2026): as of June 2025, 939 registered entities, 47 insurance firms, 272 funds and more than 100 foreign companies. ↩
11. Wikipedia, "GIFT City" (accessed November 2026): Tata Asset Management opened an IFSC branch in September 2025 and is exploring moving US$ 1.6 billion in offshore funds from Mauritius and Luxembourg. ↩
12. Income-tax Act 1961, section 47(viiac) and (viiad), introduced by the Finance Act 2021 for relocations of offshore funds to IFSC, with the deadline extended by later Finance Acts (reported to 31 March 2030); section 80LA (deduction of 100 % for any ten consecutive years out of fifteen for IFSC units) and related exemptions in section 10; GST exemption for services received by IFSC units. ↩
13. Wikipedia, "Income Tax Act, 2025" (accessed November 2026): presidential assent on 21 August 2025; in force from 1 April 2026; repeals the Income-tax Act, 1961; 536 sections in 23 chapters. ↩
14. Wikipedia, "GIFT City" (accessed November 2026): total development area of 359 hectares, of which the SEZ is 106 hectares; 46th overall in the Global Financial Centres Index in 2025 out of 119 centres; Singapore's High Commissioner Simon Wong called the city "quite a ghost town after working hours"; in December 2023 the Gujarat government allowed controlled liquor service in restaurants, hotels and clubs, limited to permanent employees and their authorised visitors; Wikipedia, "Global Financial Centres Index" (accessed November 2026): GFCI 40, September 2026, Singapore 4th with 755 points out of 117 centres. ↩
15. Wikipedia, "GIFT City" (accessed November 2026): in December 2011 GIFT officials invited Singapore firms that lacked land at home to expand there; S&P Global Ratings Singapore Pte became the first foreign credit rating agency to set up a base in GIFT City in 2025. ↩

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