India: Investment Corridors and GIFT City

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Measured by the official statistics of New Delhi, no country has sent more direct investment to India in the past quarter-century than Singapore. Between April 2000 and March 2026 equity inflows recorded as coming from Singapore reached almost one quarter of the total, ahead of Mauritius, the United States, the Netherlands and Japan. A city-state of six million people does not generate such sums from its own savings alone. The figure records Singapore's function as a channel: global pension funds, private equity houses, sovereign investors, Indian entrepreneurs and multinational groups route their Indian investments through holding companies and funds established in Singapore. This chapter examines how that channel came into being, what keeps it open and what threatens to narrow it.

The chapter starts with the historical and community ties between Singapore and the subcontinent, which reach back to the founding of the settlement and to the decades in which the Straits Settlements were governed from Calcutta. It then follows the double taxation agreement between the two states from its conclusion in 1994 through the protocols of 2005, 2011 and 2016 to the principal purpose test of the multilateral instrument. A third section describes the funds and holding structures through which capital flows from Singapore into India. The fourth turns

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to GIFT City in Gujarat, the international financial services centre with which India hopes to bring part of that business onshore, and asks whether it is a partner of Singapore or a rival. The chapter closes with the instruments of regulatory cooperation, a section on practical consequences and a comparison with Geneva, Mauritius and Dubai.

Part I of the Geneva volume examined the relations between Geneva and Africa: the trade in commodities, the banking of African elites and the newer bridges built through funds, forums and fintech. That part ended with the observation that African centres such as Casablanca, Mauritius and Kigali had become both competitors and partners of Geneva, which should seek to be for them what London had long been for Geneva.[1] The relationship between Singapore and India presents the same pattern on a larger scale. Singapore is the gateway through which the world invests in India, while India builds its own international centre in GIFT City to capture part of the same business. How the two sides manage this tension will shape one of the most important corridors of the financial centre.

Essentials

Indians arrived with Raffles in 1819, the Straits Settlements were governed from Calcutta until 1867 and Chettiar moneylenders and Indian banks were part of the colonial credit system. The double taxation agreement of 24 January 1994 was amended in 2005 to exempt capital gains on shares in the state of residence, subject to a limitation of benefits clause and linked to the India–Mauritius treaty. A protocol of 2011 introduced the international standard for exchange of information, including banking information. The third protocol of 30 December 2016 restored source taxation of gains on shares acquired from 1 April 2017, while grandfathering earlier holdings, and the multilateral instrument added a principal purpose test, in force since October 2019 and applied from 2020. Singapore is the largest recorded source of Indian equity FDI since 2000 with about a quarter of the total, carried by funds, holding companies and state investors. GIFT City, regulated since 2020 by the International Financial Services Centres Authority, has taken over the Nifty futures

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formerly traded at SGX and is building a fund industry of its own. Cooperation runs through tax information exchange, a memorandum between MAS and the IFSCA, the UPI–PayNow payment link and ministerial roundtables.

Notes

1. Ressos, *Genève, place financière internationale*, partie I, chapitre V (« Les nouveaux ponts : forums, investissements, fintech, diaspora »), section « Casablanca, Maurice, Kigali : les places africaines » : ces places sont pour Genève « des concurrentes et des partenaires », la stratégie étant d'être la place de référence hors du continent « comme Londres l'a longtemps été pour Genève ». ↩

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Author contact: Dr Alexander Ressos, TEP · contact@ressos.com