

Companies Act to be relaxed for Gift IFSC ventures

Amendment Bill expected in current session of Parliament

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The government is amending [Companies Act](#) to relax provisions for Gujarat Gift City's international finance centre.

The amendments will relax compliance norms. The amendment bill is expected to be introduced in the ongoing Parliament session.

Companies operating in Gift IFSC set up by Indians will not be considered foreign companies but these will be provided several operational freedoms. These companies will have flexibility in formation of their boards and on independent directors.

Companies in Gift IFSC will be private limited companies or unlisted public limited companies and the new provisions will have a set of relaxations for them, according to a source.

A law expert said companies in Dubai's international finance centre operated under a separate law to help them make globally competitive. "India is still conservative, the tax holiday is shorter and there are hardly any waivers proposed," he added.

Banks have already started operating from Gift IFSC and brokers are setting up shop. Stock and commodity exchanges are in the company-formation stage and are waiting for clarifications about changes in the law.

So far, two important aspects have been cleared by the government, income tax and the agreement with the Singapore International Arbitration Centre (SIAC).

"SIAC may open a representative office in Gift IFSC and could become the preferred centre for resolution of disputes there. Administration of cases will take place from Singapore," said Vyapak Desai, partner, Nishith Desai and Associates.

Addressing an interactive session on emerging trends in international arbitration hosted by the All-India Association of Industries (AIAI) and the World Trade Centre, Mumbai, on Friday, Desai said, "India can become a global arbitration hub if we maintain consistency and choose an institutional framework over an ad hoc mechanism."

"Emergency arbitration is one area we have refused to acknowledge although the courts have not completely disregarded it," he added.