Cross-Border CSD Linkage & Cooperation

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Topics

- India Growth Story
- Investors Inclination towards Capital Market
- Inflow of Foreign Investments in India
- Outflow of Investments abroad
- IFSC - GIFT City
- CSD linkages

India Growth Story

India Growth Story

NSDL
Technology, Trust & Reach
Celebrating 20 Years

One of the world's fastest growing economy – GDP **7.4%**

Largest young population – **60%** of population below **35** years

95% of the population covered under Aadhaar (UIN)

India Growth Story

2^{nd}

Largest rail network in the world

2^{nd}

Largest road network in the world

3^{rd}

Largest

in Civil Aviation market

4^{th}

Largest mobile market. **1.2** billion Mobile users

India Growth Story

311 million bank accounts opened with savings amounting to **$5.64 bn** in a short span

Goods & Services Tax **(GST)**

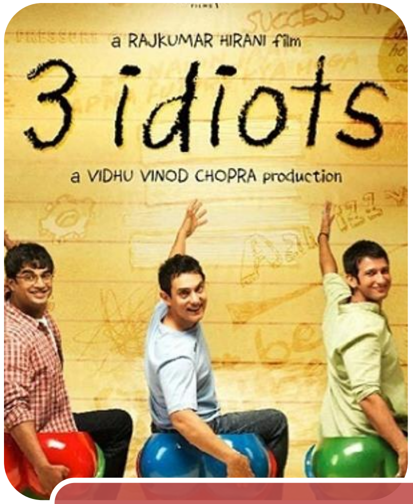
One Nation, One TAX

Upgradation of segments – Upper Middle Class, Middle Class

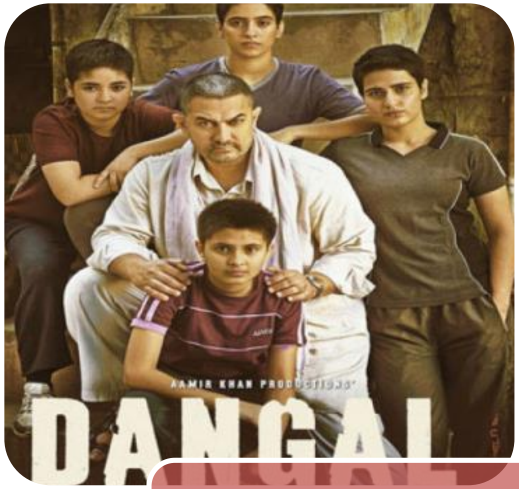
Entertainment Industry

Cultural awareness and people-to-people contact through Bollywood

Indian superhit blockbusters in China’s box office



3 idiots



Dangal

Baahubali

Investors Inclination Towards Capital Market

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$176 Bn

- Retail Investors Mutual Fund holding

$1Bn

- Monthly retail investment through SIP

$348 Bn

- Total AUM of Mutual Fund Industry

Inflow of Foreign Investments in India

Inflow of Foreign Investments in India

Foreign Portfolio Investors categories based on type of entity and risk profile viz., Category I, Category II & Category III.

Demat accounts opened with DDP for investments

KYC carried out by DDP

NSDL generates FPI Registration Number and monitors limits

NSDL holds 99% of custody holding of FPIs in India.

Inflow of Foreign Investments in India

Total cumulative net FPI investments

US $ 253652 million

Non-Resident Indian (NRI) and retail investment through Participants

Outflow of Investments abroad

Outflow of Investments abroad

- RBI allows abroad investment of US $250,000 per person per year
- Custody Account opened at the investment destination
- KYC carried out by the entity at investment destination
- Investors like to diversify their portfolio

GIFT-IFSC – Bridging the gap

GIFT (Gujarat International Finance Tec-City)-
IFSC (International Financial Services Centre)

GIFT-IFSC – Bridging the gap

High-tech financial hubs to cater as international financial services centres with state-of-the-art-technology

- Opportunity for exchanges to set up operations and offer services for a wide range of securities
- Provide a platform for Indian companies to raise foreign currency capital
- Provide a wide range of securities to Indian investors looking to invest in the exchanges that set up in the IFSC
- Provide a wide range of securities to foreign investors looking to invest in the exchanges that get set up in the IFSC

GIFT-IFSC – Bridging the gap

Investors of GIFT-IFSC

- A person resident outside India
- A non-resident Indian
- A financial institution resident in India (FEMA permissible limit)
- Person resident in India (FEMA permissible limit)

GIFT-IFSC – Bridging the gap

Permissible Securities

- Equity shares of a company incorporated outside India
- Depository receipt(s)
- Debt securities issued by eligible issuers
- Currency and interest rate derivatives
- Index based derivatives
- Such other securities as may be specified by the Board

CSD structure in India

CSD structure in India

- Beneficiary level holding
- Participants of CSD open beneficiary accounts
- CSD handle securities settlement
- Inter Depository transfers between CSDs
- Demat Account facilitates holding of securities

Challenges for CSD linkages

Challenges for CSD linkages

- Beneficiary level holding
- KYC
- Settlement in Rupees


Thank you