

IFSCA - A PILLAR FOR ATMANIRBHAR BHARAT

Abstract

The present article is a humble attempt to emphasize the role of IFSCA in fostering the growth of financial services in India and thereby attaining the Atmanirbhar Bharat goals. The article also underscores the role of CMAs in IFSCA regulated entities to help them achieve their potential.

Atmanirbhar Bharat (Self-Reliant India) is a vision to make India a self-sufficient and resilient economy, leveraging its strengths and reducing dependence on external factors for critical needs. The various pillars of Atmanirbhar Bharat include:

Economy: Aiming for a quantum jump rather than incremental growth, focusing on sustainable and inclusive development.

Infrastructure: Building modern infrastructure to support economic growth and enhance competitiveness.

System: Creating a technology-driven system that is efficient, transparent, and accountable.

Demography: Leveraging India's demographic dividend to drive growth through skill development and empowerment.

Demand: Fostering domestic demand and encouraging local production to meet needs.

The International Financial Services Centres Authority (IFSCA) plays a pivotal role in India's journey towards becoming Atmanirbhar in the financial services sector. Established in 2020, IFSCA regulates financial services in India, aiming to promote global financial services in a secure and regulated environment.

Vision and Objectives of IFSCA

The IFSCA is dedicated to establishing India as a premier global hub for financial services. Its key objectives include :



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Regulatory excellence: Develop a robust, transparent regulatory framework aligned with international best practices to foster trust and attract global participants.

Innovation and competitiveness: Encourage fintech, as well as the development of new financial products and services, to enhance market efficiency and competitiveness.

Investor Protection: Ensure stringent investor protection through regulations and enforcement to foster confidence among both domestic and international investors.

Sustainable development: Integrate ESG (Environmental, Social, and Governance) principles into the regulatory framework to promote responsible finance and long-term sustainability.

Ease of doing business: Simplify procedures and provide a business-friendly environment to attract firms and capital.

Significance for Atmanirbhar Bharat

IFSCA contributes to Atmanirbhar Bharat in several ways:

Boosting Financial Services Exports: IFSCA can enhance India's exports of financial services, contributing to economic growth.

Attracting Global Business: IFSCA aim to attract international financial institutions, creating opportunities for India to become a global financial hub.

Job Creation and Skill Development: IFSCA can lead to job creation and skill development in financial services.

Role of CMAs in the Context of IFSCA

Cost Management Accountants (CMAs) can contribute to Advisory, Ratings, and Compliance in IFSCA-regulated financial entities in several ways, leveraging their expertise in cost management, financial planning, and strategic decision-making.

i) Advisory Services: CMAs can provide advisory services to financial institutions on cost optimization, profitability analysis, and performance improvement. They can help firms make informed decisions on resource allocation, pricing strategies, and investment decisions.

ii) Risk Management, Compliance and Regulatory Reporting: CMAs can assist financial entities in ensuring compliance with regulatory requirements, including those related to financial reporting, risk management, and cost management. By providing insights on cost and financial management, CMAs can aid in risk management and ensure compliance with regulatory norms. It is pertinent to mention here that CMAs can support strategic decision-making in financial entities by providing data-driven insights on costs, profitability, and performance.

iii) Ratings and Credit Assessments: CMAs can contribute to internal credit assessments and ratings within financial institutions by providing insights on cost structures, financial health, and operational efficiency of clients or investees. This can help in making informed lending or investment decisions.

Apart from the above role, Cost Management Accountants (CMAs) can add value by contributing to various areas in IFSCA-regulated entities beyond advisory, ratings, and compliance, such as

a) Financial Planning and Analysis: CMAs can help financial institutions with financial planning, budgeting, and forecasting. They can provide insights on financial performance, helping firms make informed decisions. For example, CMAs help IFSCA-regulated asset management companies develop a financial plan to optimise costs for managing different investment portfolios.

IFSCA advances Atmanirbhar Bharat by creating a robust regulatory framework and attracting global investments

b) Operational Efficiency: By analysing cost structures and operational processes, CMAs can help financial entities to improve efficiency, reduce costs, and enhance productivity. For example, CMAs identify areas to reduce operational costs in an IFSCA-regulated bank's back-office operations, enhancing productivity.

c) Risk Management: CMAs contribute to risk management by identifying cost-related risks, analyzing financial risks, and providing recommendations to mitigate these risks. For example, a CMAs help IFSCA-regulated insurance companies assess risks related to cost fluctuations in claims processing.

d) Performance Management: CMAs can help design and implement performance management systems that focus on cost management, profitability, and overall financial performance of financial institutions. For example, CMAs implement a performance metric system for an IFSCA-regulated fintech firm to track the cost efficiency and profitability of digital payment services.

e) Business Strategy and Decision Support: Leveraging their expertise in cost and financial management, CMAs can support business strategy development and provide data-driven insights for decision-making in IFSCA-regulated entities. For example, CMAs analyse cost-benefit scenarios for an IFSCA-regulated financial institution considering expansion into new markets.

Other Aspects of Contribution by CMAs in IFSCA-regulated Entities:

CMAs can contribute to other aspects of IFSCA-regulated financial entities, including:

- ⦿ **Cost-Benefit Analysis of New Products/ Services:** CMAs evaluate the financial viability of new offerings. For example, a CMA evaluates costs versus potential returns for a new digital lending product in an IFSCA-regulated fintech company.
- ⦿ **Transfer Pricing and Inter-Entity Transactions:** CMAs ensure compliance and optimization in IFSCA entities with international operations. For example, a CMA helps an IFSCA-regulated entity determine

arm's length pricing for transactions with its parent company abroad.

- ⊙ **ESG (Environmental, Social, Governance) Reporting and Compliance:** CMAs help integrate cost management with ESG principles in reporting. For example, a CMA assists an IFSCA-regulated investment firm in analyzing costs associated with ESG-compliant investment strategies.

CMAs can further contribute to IFSCA-regulated financial entities through:

- ⊙ **Data Analytics for Cost Management:** Leveraging data analytics for insights on cost drivers and optimization.
- ⊙ **Benchmarking and Performance Comparison:** Comparing costs and performance against industry benchmarks.
- ⊙ **Strategic Cost Management for Digital Transformation:** Helping IFSCA entities manage costs during digital transformation initiatives.
- ⊙ **Compliance with International Financial Standards:** Assisting in ensuring compliance with international standards.

IFSCA's Regulatory Framework and Initiatives

IFSCA has been proactive in developing a regulatory framework conducive to the growth of financial services. Initiatives include:

- ⊙ **Regulations for Financial Services:** Framing regulations for various financial services like banking, insurance, and asset management.
- ⊙ **Ease of Doing Business:** Efforts to enhance ease of doing business in IFSCA, making them attractive for global financial players.

Challenges:

While IFSCA presents a plethora of opportunities for growth in India's financial services sector as depicted supra, challenges are there, such as

- ⊙ **Regulatory Alignment:** Ensuring regulatory alignment with global standards while catering to India's specific needs.
- ⊙ **Talent and Infrastructure:** Developing talent and infrastructure to support growth in financial services

IFSCA's Approach to Overcoming Challenges

IFSCA has been working to address challenges like Regulatory Alignment, Talent, and Infrastructure through various initiatives.

a) Regulatory Alignment:

- ⊙ **TechFin Regulations 2025:** IFSCA introduced regulations for TechFin and ancillary services in 2025, offering clear legal structures, global benchmarks, and perpetual licensing to attract firms.
- ⊙ **Informal Guidance Scheme 2024:** IFSCA launched this scheme to provide clarity on regulatory issues, helping businesses navigate complex frameworks and make informed decisions.

b) Talent

- ⊙ **Enhanced Training and Certification:** Fund Management Entities (FMEs) are expected to ensure employees meet mandatory certification requirements from IFSCA-approved institutions.
- ⊙ **Regulatory Clarity:** By simplifying regulations and offering guidance, IFSCA encourages innovation and participation potentially attracting skilled talent.

c) Infrastructure

- ⊙ **SWIT Portal for Seamless Applications:** IFSCA's Single Window IT System (SWIT) enables seamless applications, approvals, and compliance for entities.
- ⊙ **Focus on Digital and ESG Services:** IFSCA's regulations encourage foreign capital through USD billing and cover services like ESG analysis, AI, and legaltech.

Conclusion

IFSCA is a crucial pillar for Atmanirbhar Bharat in the financial services domain. By fostering growth in IFSCA, India can enhance its position in global financial services, contributing to economic growth and self-reliance. CMAs, with their expertise in cost and financial management, can play a vital role in this journey. **MA**

Reference

1. <https://www.ifsc.gov.in/>