

FAQs for Products/Services at HDFC Bank IBU, **GIFT City**



HDFC Bank Ltd., IFSC Banking Unit (IBU), 402,403, 404 4th Floor, Brigade International Financial Centre,
Block-14, Zone-1, GIFT SEZ, GIFT City, Gujarat, India -382 355

A. About GIFT

1. What is GIFT City?

- GIFT City is an emerging global financial and IT services hub, a first of its kind in India, designed to be at or above par with globally benchmarked business districts. GIFT City has India's maiden International Financial Services Centre (IFSC). It offers unique financial opportunities to Resident and Non-Resident Individuals.

The launch of the IFSC at GIFT City is the first step towards bringing financial services transactions relatable to India, back to Indian shores. IFSC unit is treated as a non-resident under extant Foreign Exchange Management regulations.

GIFT City has unified regulator, International Financial Service Centre Authority (IFSCA) having powers of all the regulators in India mainland and separately providing regulatory guidance to the units within GIFT IFSC.

HDFC Bank IFSC Banking Unit (IBU) commenced operation at GIFT City in June 2017. We are one of the premier banks providing banking services to non-resident individuals & corporate. For resident individuals and corporates, we provide services as permitted under FEMA.

2. What are the advantages of GIFT City IFSC?

- Below are the advantages of GIFT city compared to other overseas IFSCs:
 - Unified regulator for regulating banking, capital markets and insurance business in IFSC.
 - Access to a wide range of financial products – both in India and globally.
 - Option to transact in 15 varied freely convertible foreign currencies in IFSC.
 - Nomination facility as same as Indian jurisdiction is allowed in GIFT City.
 - Being an overseas jurisdiction GIFT City permits offering custody services.
 - IBU GIFT City provides various investment avenues, denominated in foreign currency.
 - IFSCA has permitted insurance companies to provide products denominated in FCY.
 - Various Income tax incentives and lesser tax compliances.

B. HDFC Bank IBU's Offerings to Resident Individuals

1. What Activities/nature of transactions are permissible for Resident Individuals in GIFT city?

- As per the "Master Direction - Liberalised Remittance Scheme (LRS)" to be read with "[RBI/2024-25/49 A.P. \(DIR Series\) Circular No. 15](#)", Resident Individuals can open FCA for remittances under LRS to IFSCs for
 - i. Making investments in IFSCs in securities except those issued by entities/companies resident in India (outside IFSC); and
 - ii. Payment of fees for education to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification no. SO 2374(E) dated May 23, 2022, issued by the Central Government.

iii. All permissible purposes under LRS for Availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and all current or capital account transactions#, in any other foreign jurisdiction (other than IFSCs) through an FCA held in IFSCs.

#For full list of permissible capital and current account transactions, customers are advised to refer "[Master Direction - Liberalised Remittance Scheme \(LRS\)](#)" issued by RBI.

For other FAQs on Liberalised Remittance Scheme, please refer this [link](#).

2. How much Resident individuals can remit through LRS

- As per the latest directions, Resident Individuals can remit up to USD 2,50,000 per Financial Year (April-March)

3. What products/services we are offering to resident individuals at HDFC Bank IBU?

- Resident Individuals can open **call account**.
Salient features of call account are as follows:
 - Call account is offered in all major global currencies. At present account can be opened in USD, GBP, EUR, AUD, CAD, JPY and CHF currencies.
 - Call account can be maintained with zero balance.
 - No charges for inward remittance.
 - Net Banking facility is available.
 - No interest on balance kept in call account
- Resident Individuals can invest in **Mutual Funds/AIFs and ETFs** which does not have any investment in entities resident in India.
 - HDFC bank has a license to distribute capital market products and services.
 - Client can request IBU for list of mutual funds/AIFs/ETFs, their brochures, NAVs and scheme documents to choose the fund which can meet their investment goals.
 - Offer of Scheme are subject to bank's own risk assessment of the customer.
 - Currently we are offering funds managed by Kotak, Aditya Birla and HDFC AMC. These funds differ based on market cap, sustainability, risk profile etc.
 - Client can invest in lumpsum or can opt for SIPs. Minimum amount and SIP instalments amount will be as per scheme documentation.
 - Instructions can be provided basis the Investment Application Form.
 - Management fee/ exit/ entry loads will be charged as outlined in the Fund documents.
 - Custody fees will be charged by bank over and above fund charges by HDFC bank IBU.
 - There might be placement fees which will be confirmed by branch RM.
- Resident Individuals can buy an **insurance in foreign currency**.
 - HDFC Bank has license from IFSCA to provide insurance products to its customers.
 - HDFC Bank IBU can offer foreign currency denominated insurance products only at the specific request from customers on behalf of insurance providers like HDFC life.
 - We have tied up with multiple insurers to offer variety of insurance products to cater all insurance needs of our clients.
 - Currently, customers are being offered below insurance policies issued by HDFC life.
 1. USD Global Education Plan
 2. USD Global Student Health Care Plan
 3. International Private Medical insurance

- Please note that insurance product offering is subject to client suitability and risk categorization criteria as prescribed by bank.
 - Resident Individuals can invest in securities and instruments except those issued by entities/companies resident in India (outside IFSC) through **demat account** maintained with us. GIFT City has two international exchanges namely INDIA INX and NSEIX where various overseas securities are listed and are open to invest by individuals. Transactions carried out on the stock exchanges in IFSC are exempt from stamp duty and Securities Transaction Tax (STT), reducing the overall cost of investment. To facilitate investment, we have launched Un-sponsored Depository Receipts (UDR), who wish to invest in the top 50 US shares trading at GIFT IFSC.
4. What is UDR? How to Invest in UDRs?
- Un-sponsored Depository Receipt (UDR) is an instrument to get exposure to the financial performance of the underlying shares and the benefit of certain rights attached to such underlying shares, without acquiring it directly. UDRs can be bought/sold and kept in demat account.
 - NSEIX offers 50 US stocks in the form of UDRs which are exclusively quoted on NSEIX exchange and delivers global opportunities for retail Investors. investors can diversify their portfolios and gain offshore exposure to US Equities.
 - One UDR represents certain fraction of a particular stock and can be traded through demat account. HDFC Bank IBU offers demat account to its customers through which they can deal in UDRs in US stocks.
 - For list of US stocks and UDR prices, please refer [this link](#).
5. Can Resident Individuals book fixed deposits at GIFT City?
- No, Resident Individuals are not allowed to book fixed deposit in GIFT IFSC as per current regulations.
6. Can Resident Individuals open savings account at HDFC Bank IBU?
- No, Resident Individuals can not open savings account. They can open call account.
7. What would be the treatment of the income earned on investments or funds lying idle in account at GIFT?
- Customer, who has remitted funds under LRS can retain, reinvest the income earned on the investments. The received/realised/unspent/unused foreign exchange, unless reinvested, shall be repatriated and surrendered to an authorised person within a period of 180 days from the date of such receipt/ realisation/ purchase/ acquisition or date of return to India, as the case may be, in accordance with Regulation 7 of Foreign Exchange Management (Realisation, repatriation and surrender of foreign exchange) Regulations, 2015 [Notification No. FEMA 9(R)/2015-RB]16. Please check with branch to understand the [guidelines](#) in detail.

C. HDFC Bank IBU's Offerings to Non-Resident Individuals

1. What products/services we are offering to Non-Resident individuals at HDFC Bank IBU?

- Non-Resident Individuals can open **call account**.
Salient features of call account are same as mentioned in Resident Individual section.
- Non-Resident Individuals can open **savings account**.
Salient features of savings account are as follows:
 - Savings account is to be opened in US dollar.
 - Average Monthly balance of USD 5000 needs to be maintained.
 - No charges for inward remittance.
 - Net Banking facility is available.
 - Interest rate is 2% p.a., and the interest is paid monthly. Interest rate is subject to change basis prevailing market levels. any change will be solely at the discretion of the bank.
- Non-Resident Individuals can book **Fixed Deposits**.
 - What are the interest rates offered for Offshore Deposits?
Client can book deposit in USD, GBP, EUR, AUD, CAD, JPY and CHF currency.

Currently interest rates are being published for 3 major currencies of the world, namely United States Dollar, Great Britain Pound and Euro.

Please [click here](#) for the latest interest rates. For deposit in any other foreign currency or in case of preferred rate for a large amount, you can reach out to Treasury (giftcitytreasury@hdfcbank.com) or GIFT City RM (Brinda.Shah@hdfcbank.com)

- What is the minimum amount required for deposits?
 - USD 5000/-
 - GBP 5000/-
 - EUR 5000/-
 - AUD 5000/-

For other currencies, please check with branch.
- Can customer prematurely withdraw the deposit?
Customers can opt to book the deposit either as withdrawable (can be prematurely withdrawn any time before the maturity) or non-withdrawable (can be withdrawn on or after maturity date).
In case of premature withdrawal, interest rate would be as follows:

Deposit Tenor	Interest Rate
Upto 6 Months	Applicable Rate for Run Tenor less 1%
6 Months to 1 Year	Applicable Rate for Run Tenor less 0.25%
Above 1 Year	Applicable Rate Run for Tenor

- Are the deposits of the IBU covered by deposit insurance in India?
Deposit insurance is not being offered to customers for deposit booked at HDFC Bank IBU.

- Is nomination facility available to customer?
Nomination facility is available for the customers booking the deposit at GIFT City which is a big advantage. In case anything unforeseen happens to the deposit holder, the nominee would receive the balance outstanding in the account as a trustee of legal heirs.
 - Can Customer opt for automatic renewal of deposit on maturity?
Yes, Customers need not send the maturity instructions each time. The deposit is renewed automatically without any hassle or inconvenience at the then prevailing rates if they opt to do so.
 - Customer can book deposit for which tenors?
We offer flexible maturity periods with different tenors. FD can be booked from 7days to 5 years tenor based on client's saving goals and liquidity requirements.
 - Is there sweep-in facility available?
No, currently there is no sweep-in facility available against deposit.
 - Is it mandatory to open account to place deposit with HDFC Bank IBU?
No, customer need not to open any account to book deposit with us. However, they have to complete KYC process.
- Non-Resident Individuals can avail **facilities (loan/overdraft) against withdrawable deposits** placed at HDFC bank GIFT city or any other location of HDFC Bank.
 - Non-Resident Individuals can invest in **Mutual Funds/AIFs and ETFs** having investments in entities resident in India or overseas entities.
 - HDFC bank has a license to distribute capital market products and services.
 - Client can request IBU for list of mutual funds/AIFs/ETFs, their brochures, NAVs and scheme documents to choose the fund which can meet their investment goals.
 - Offer of Scheme are subject to bank's own risk assessment of the customer.
 - Currently we are offering funds managed by Kotak, Aditya Birla and HDFC AMC. These funds differ based on market cap, sustainability, risk profile etc.
 - Client can invest in lumpsum or can opt for SIPs. Minimum amount and SIP instalments amount will be as per scheme documentation.
 - Instructions can be provided basis the Investment Application Form.
 - Management fee/ exit/ entry loads will be charged as outlined in the Fund documents.
 - Custody fees will be charged by bank over and above fund charges by HDFC bank IBU.
 - There might be placement fees which will be confirmed by branch RM.
 - Non-Resident Individuals can book various **derivative products**. HDFC Bank IBU has range of derivative products such as NDFs, FX options, Swaps etc.
Please note that derivative products offering is subject to client suitability and credit appraisal criteria as prescribed by bank.
 - Non-Resident Individuals can buy an **insurance in foreign currency**.
 - HDFC Bank has license from IFSCA to provide insurance products to its customers.
 - HDFC Bank IBU can offer foreign currency denominated insurance products only at the specific request from customers on behalf of insurance providers like HDFC life.
 - We have tied up with multiple insurers to offer variety of insurance products to cater all insurance needs of our clients.

- Please note that insurance product offering is subject to client suitability and risk categorization criteria as prescribed by bank.
- Currently, customers are being offered below insurance policies issued by HDFC life.
 1. USD Global Education Plan
 2. USD Global Student Health Care Plan
 3. International Private Medical insurance

- Non-Resident Individuals can invest in securities and instruments whether issued by entities/companies resident in India (outside IFSC) or overseas entities through **demat account** maintained with us.

GIFT City has two international exchanges namely INDIA INX and NSEIX where various overseas securities are listed and are open to invest by individuals.

Transactions carried out on the stock exchanges in IFSC are exempt from stamp duty and Securities Transaction Tax (STT), reducing the overall cost of investment.

Non-Resident individuals can invest in UDRs listed on NSEIX. UDRs have been covered in detail in point 4 of Section B.

2. Can returning Indians whose status changed from Non-Resident to Resident, park their funds in FD or investments at GIFT IBU?
 - Yes, as per [AP Dir 90 dated January 09, 2014](#) which covers provisions of Section 6 (4) of FEMA 1999, returning Indians (residents who were NRIs earlier) can create FDs or make fresh investments in GIFT IBU provided used funds are out of their income earned outside India and maintained outside India when they were NRIs. Operations team will have to verify this basis documents provided such as account statement and to ensure that LRS funds are not utilized for creation of investments.
 - Given the physical proximity of GIFT to India mainland, this is an advantage for customers.
3. Are FEMA rules applicable for Non-resident individuals?
 - Income accruing or arising or received by Non-Resident investors from off-shore investments not taxable in India

D. Other important points for Resident and Non-Resident individuals

1. What features are available through Net Banking for Customers?

Below is the snippet of the features

 - Self-Registration on NB Platform
 - View Account and Deposit Summary & Download Account and Deposit Statement.
 - View Access for Outstanding Loans at contract level
 - Book Offshore Deposits in USD, GBP & EUR.
 - Edit FD Maturity Instructions 7 days before maturity
 - Deposit Transaction Rights based on Mode of Operation for the account
 - Remittance requests (Drop on the Floor processing)
 - Self Account within HDFC Bank Gift City – Up to USD 25,000 equivalent per day limit
 - Self Account with Other Bank – Up to USD 5000 (equivalent) in first 24 hours and USD 20,000 (equivalent) thereafter.
 - This remittance request would be restricted to Self Account with Other bank. (No Third-Party Remittances would be allowed through Net Banking).

**Equivalent hereby refers to the amount post converting to USD at prevailing exchange rates for transfers initiated in currencies other than USD.*

2. Can we carry out rupee denominated domestic transactions from GIFT City?
 - GIFT City has two Zones: 1. Domestic Tariff Area (DTA) 2. Multiservice Special Economic Zone (SEZ) with International Financial Services Centre.
All the domestic (Rupee-denominated) transactions can be undertaken from DTA.
3. Other Important Links
 - [GIFT City IBU website](#)
 - [Schedule of Fees and Charges](#)
 - [Other Terms and Conditions](#)
 - [Correspondent Nostro Details](#)

E. Tax Implications

1. What are the tax implications for Resident Individuals?
 - Any income earned on account of transactions/activities done in GIFT IFSC may be liable to tax liability in Indian tax laws. We advise customers to consult their tax consultants.
 - Resident Individuals must furnish their PAN number for any transaction/activities.
2. What are the tax implications for Non-Resident Individuals?
 - For interest earned on fixed deposits, As per clarification provided by CBDT in its [circular no. 26/2016 dated 04th July 2016](#), in case of non-resident person, no tax will be deducted on interest income on fixed deposit made in GIFT City. Further, such interest income is not liable to income tax in Indian tax jurisdiction. No tax will be deducted from maturity proceeds by HDFC Bank IBU, GIFT City.
 - income from investment in a financial product in accordance with [CBDT Notification No. 4/2024 \[F. No. 370142/48/2023-TPL\] / SO 66\(E\)](#), will not be included in total income as per Indian income tax act.
 - For any other income generated at GIFT, we advise customer to consult with their tax consultant to ascertain their tax liability in Indian tax laws.
 - however, income may have tax implications in the country they are residing.
 - Non-Resident individuals need not to furnish PAN. They can instead file a declaration in Form 60 stating that they do not have any tax liabilities in India.