



**A BHATT & JOSHI PRACTITIONER HANDBOOK**  
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# **FOREIGN UNIVERSITIES AT GIFT IFSC**

*A Practitioner's Handbook on the IFSCA (IBC/OEC)  
Regulations 2022 and the UGC / IFSC Comparison*



IFSCA (IBC/OEC) REGULATIONS 2022 · NOTIFIED 12 OCT 2022  
MoF S.O. 2374(E) (23 MAY 2022) · MoF NOTIF 24 MAY 2023  
UGC ACT 1956 + AICTE ACT 1987 DISAPPLIED · TOP-500 QS/THE  
INCOME-TAX §80LA · CLAUSE 147 IT ACT 2025 (20/25 YEARS)  
FIRST ENTRANTS: DEAKIN (JAN 2024) · WOLLONGONG (JUL 2024)

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## **FOREWORD**

Booklet XVIII of the Practitioner Series addresses the regulatory and operational architecture for foreign universities setting up an International Branch Campus (IBC) or Offshore Educational Centre (OEC) at GIFT-IFSC. The operative instrument is the IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations 2022 (notified 12 October 2022), read with two foundational Ministry of Finance notifications — S.O. 2374(E) of 23 May 2022 declaring qualifying courses to be a 'financial service' under Section 3(1)(d) of the IFSCA Act 2019, and the notification of 24 May 2023 disapplying the University Grants Commission Act 1956 and the All India Council for Technical Education Act 1987 to that financial service. Deakin University (Australia) launched the first IBC in January 2024; the University of Wollongong followed with its second IBC in July 2024. India's outbound student-fee outflow exceeds USD 30 billion annually — this regime is the response.

## CHAPTER ONE

# Why GIFT-IFSC for Foreign Universities

*Citations: National Education Policy 2020 (Ministry of Education); GoI outbound education statistics 2024; PM Modi - PM Albanese joint statement on Australia-India education cooperation (Ahmedabad, March 2023); IFSCA Foreign University Initiative Presentation, March 2024.*

¶ **1. The structural problem.** Approximately 1.3 million Indian students were enrolled abroad for tertiary education in 2024, with an annual outflow of foreign exchange on tuition, accommodation and living costs estimated to exceed USD 30 billion per annum and rising. The aggregate represents both a foreign-exchange exposure and a structural brain-drain — the most academically capable Indian school-leavers increasingly study outside India, settle outside India, and contribute their productive years to foreign economies. The National Education Policy 2020 identified this dynamic as a first-order policy problem and articulated the 'internationalisation at home' response — bring the top-ranked foreign universities to India, rather than continue to send the students out.

¶ **2. The political momentum and the first entrants.** The political momentum has been bipartisan and sustained. The joint announcement by Prime Minister Modi and Prime Minister Albanese at Ahmedabad in March 2023 committed Australia's leading universities to early entry into GIFT-IFSC; Deakin University announced its inaugural intake within months; the University of Wollongong followed in July 2024. The Ministry of Education's parallel UGC Regulations of November 2023 (the mainland framework) created an alternative pathway, but the IFSC route has retained its competitive edge on three dimensions — regulatory autonomy, currency regime, and tax treatment.

¶ **3. The five-element value proposition.** The IFSC value proposition rests on five distinct elements. (i) Statutory autonomy from the University Grants Commission and the All India Council for Technical Education — degrees are conferred directly by the foreign Parent Entity under its home-jurisdiction academic regulations. (ii) Tuition fees may be denominated and collected in any freely convertible foreign currency. (iii) Profits may be repatriated to the Parent Entity without restriction. (iv) Section 80LA of the Income-tax Act 1961 grants a 100 per cent deduction of profits for any ten consecutive assessment years out of the first fifteen (with the proposed Clause 147 of the IT Act 2025 expanding the window to twenty out of twenty-five). (v) The November 2024 IFSCA circular carves IBC/OEC out of the IFSCA AML/CFT/KYC Guidelines 2022 — although the underlying PMLA, UAPA and WMD Act obligations remain.

## CHAPTER TWO

# The IFSCA IBC/OEC Architecture — Statutory Autonomy from UGC

*Citations: Section 13 of the IFSCA Act 2019; MoF Gazette Notification S.O. 2374(E) dated 23 May 2022; MoF Gazette Notification CG-DL-E-24052023-246030 dated 24 May 2023; IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations 2022 notified 12 October 2022.*

### **DECLARATION AS "FINANCIAL SERVICE" (VERBATIM, MoF NOTIFICATION S.O. 2374(E))**

Notification enabling courses offered in Financial Management, FinTech, Science, Technology, Engineering and Mathematics by foreign universities or foreign institutions in the International Financial Services Centre, as financial service.

*Source: Ministry of Finance Gazette Notification S.O. 2374(E) dated 23 May 2022, declaring qualifying courses to be a 'financial service' under Section 3(1)(d) of the IFSCA Act 2019.*

### **DISAPPLICATION OF UGC AND AICTE ACTS (VERBATIM, MoF NOTIFICATION 24 MAY 2023)**

Notification clarifying [that] the University Grants Commission Act, 1956 (3 of 1956) and the All India Council For Technical Education Act, 1987 (52 of 1987) shall not apply to the financial service specified in the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs number S.O.2374(E) dated the 23rd May 2022.

*Source: Ministry of Finance Notification CG-DL-E-24052023-246030 dated 24 May 2023.*

¶ **1. The three-step statutory architecture.** The statutory architecture proceeds in three steps. (i) Section 3(1)(d) of the IFSCA Act 2019 permits the Central Government to notify additional 'financial products' and 'financial services' within the IFSCA's perimeter. (ii) The May 2022 notification exercises that power to bring qualifying foreign-university courses within the perimeter, structurally re-classifying international higher education in IFSC as a financial service. (iii) The May 2023 notification disapplies the UGC and AICTE Acts to that financial service, creating the regulatory carve-out that distinguishes the IFSC pathway from the UGC mainland regime. The IFSCA (IBC/OEC) Regulations 2022 then operationalise the carve-out with a complete set of permissioning, eligibility, programme, faculty and reporting requirements.

¶ **2. The architectural choice and its implications.** The architectural choice — to route foreign higher education through the IFSC financial-services regulator rather than the education regulator — was contested at the time of notification. The policy intent is straightforward: financial-services-style regulation prioritises speed, certainty and registration-based supervision, against the UGC's prior-approval and curriculum-centric regulatory tradition. The Foreign University Parent Entity that operates an IBC at GIFT-IFSC is governed, on academic matters,

by its home-jurisdiction regulator — and on operational matters by IFSCA. The UGC has no jurisdiction over curriculum, faculty appointments, admission criteria or academic-collaboration arrangements within the IFSC.

## CHAPTER THREE

# Eligibility – Top-500 Ranking and Track Record

*Citations: Regulation 4 of the IFSCA (IBC/OEC) Regulations 2022; QS World University Rankings methodology; Times Higher Education World University Rankings methodology; IFSCA FAQ on Foreign Universities (8 February 2025).*

¶ **1. The Top-500 ranking test.** The headline eligibility test is the Top-500 ranking. Regulation 4 of the IFSCA (IBC/OEC) Regulations 2022 requires the applicant Foreign University to be ranked within the Top 500 in the latest QS World University Rankings — either overall or by subject. Alternative comparable rankings (notably Times Higher Education) are accepted at IFSCA's discretion. The 'subject-wise' alternative is significant: a university ranked outside the Top 500 overall but within the Top 500 for the discipline it proposes to teach at GIFT-IFSC may qualify. The applicant's home-jurisdiction accreditation, financial soundness and operational track record are independently assessed by IFSCA at the time of application.

¶ **2. The OEC alternative.** The OEC pathway is calibrated differently. Where an applicant wishes to operate a single-discipline programme — typically an executive-education or certificate suite rather than a full-degree-granting campus — the IFSCA may register the entity as an Offshore Educational Centre rather than as an IBC. The OEC carries a lighter infrastructure footprint, a narrower programme menu, and a correspondingly smaller capital and operational commitment. For Parent Entities testing the GIFT-IFSC market before committing to a full IBC build-out, the OEC pathway is the proof-of-concept route.

¶ **3. Subject-perimeter calibration.** Two subject restrictions warrant attention. First, the May 2022 notification confines the scope of permitted courses to Financial Management, FinTech and Science, Technology, Engineering and Mathematics. A foreign Liberal Arts, Law or Humanities university would, on a strict reading, fall outside the eligible perimeter — its qualifying courses must fit within the STEM or FinTech buckets. Second, the IFSCA retains discretion to expand the perimeter by subsequent notification; counsel advising a non-STEM university should examine whether its proposed programmes can be characterised as falling within the STEM perimeter (for example, a quantitative-finance programme, a data-science programme, or a computational-law programme).

## CHAPTER FOUR

# Programmes, Degrees, Faculty and Students

*Citations: Regulation 7 of the IFSCA (IBC/OEC) Regulations 2022; IFSCA FAQ on Foreign Universities, paragraphs on parent-equivalence and faculty parity; Bureau of Immigration X-visa and Employment-visa frameworks.*

¶ **1. The parent-equivalence rule.** The single most important academic rule is parent-equivalence. Regulation 7 of the IBC/OEC Regulations requires that courses conducted at the IFSC IBC must be identical with those conducted by the Parent Entity at its home campus; the degree, diploma or certificate is conferred directly by the Parent Entity in the same manner as it confers them to students at its home campus. There is no separate Indian degree; the Indian student who graduates from the GIFT-IFSC IBC of Deakin University receives a Deakin University degree, conferred by Deakin Senate under Australian academic regulations.

¶ **2. Faculty parity and the visa regime.** Faculty parity is the parallel rule. The Parent Entity must ensure that the academic faculty at the GIFT-IFSC IBC are of comparable quality to those at the home campus; at least a specified proportion of faculty must be drawn from the home campus, with a minimum one-semester in-country presence requirement. The IFSCA Foreign University Initiative Presentation of March 2024 contemplated faculty configurations with a mix of home-campus visiting faculty, IFSC-based permanent faculty, and Indian recruited faculty meeting home-jurisdiction credentials. The faculty visa regime — Employment visa for permanent posts, X-visa for visiting faculty and dependants — is administered by the Bureau of Immigration under Ministry of Home Affairs.

¶ **3. Student composition and admissions.** Student composition is open: Indian students, NRI students, foreign students and dependants of expatriate workers at GIFT City are all eligible. The IBC has discretion on admission criteria within the framework set by its Parent Entity at home. There is no reservation policy applicable — the Constitutional and statutory reservations that bind UGC-regulated Indian institutions do not apply to an IBC, because the IBC is not a UGC-regulated institution. This is a structurally important feature for foreign Parent Entities accustomed to merit-based admissions in their home jurisdictions.

## CHAPTER FIVE

# Fees, FCY Repatriation and Tax Treatment

*Citations: IFSCA FAQ on Foreign Universities, paragraphs on tuition and repatriation; Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations as amended (Seventh Amendment 2025); Section 80LA of the Income-tax Act 1961; Clause 147 of the proposed Income-tax Act 2025; GST exemption for educational services.*

¶ **1. Tuition in convertible foreign currency.** Tuition fees are collected by the IBC in any freely convertible foreign currency of the institution's choice — typically USD, GBP, EUR, AUD or CAD depending on the Parent Entity's convention. Indian students pay tuition in the chosen foreign currency, which under the Liberalised Remittance Scheme is treated as an outward remittance for education (an LRS-permitted purpose). The student or the student's parent obtains the foreign currency from an Authorised Dealer bank in the normal course; the IBC receives payment directly into its FCY account at the IFSC. There is no INR-denominated tuition obligation, no conversion friction, and no FEMA pre-approval requirement at the student level beyond the standard LRS framework.

¶ **2. Profit repatriation without restriction.** Profit repatriation to the Parent Entity is unrestricted. The IBC, as an IFSC unit, holds its operating cash in FCY; surplus after operating costs and tax can be remitted to the Parent Entity by the standard IFSC remittance route, without separate RBI or FEMA approval. The November 2024 IFSCA circular carving IBC/OEC out of the IFSCA AML/CFT/KYC Guidelines 2022 simplifies the operational AML overlay on the FCY flow — though, as discussed in Chapter Eight, the underlying PMLA / UAPA / WMD Act obligations continue to apply at the institutional level.

¶ **3. The four-element tax treatment.** The tax treatment combines four elements. (i) Section 80LA — 100 per cent deduction of profits and gains from the IFSC unit for any ten consecutive assessment years out of the first fifteen. (ii) Clause 147 of the proposed Income-tax Act 2025 expands the window to twenty consecutive years out of twenty-five, with a concessional 15 per cent rate thereafter — the longest tax-holiday window of any IFSC business head. (iii) GST exemption applies to educational services — both received by the IBC and provided by the IBC to its students. (iv) The FEM (Foreign Currency Accounts by a Person Resident in India) Regulations, Seventh Amendment 2025, integrated the IFSC IBC tuition flow expressly into the FCA permitted-uses framework.

## CHAPTER SIX

### Comparison with the UGC 2023 Mainland Framework

*Citations: University Grants Commission (Setting up and Operation of Campuses of Foreign Higher Educational Institutions in India) Regulations 2023; UGC FHEI FAQs; UGC FHEI Application Form; IFSCA (IBC/OEC) Regulations 2022 (for the IFSC comparator).*

¶ **1. The two parallel frameworks.** The UGC framework — notified in November 2023 — is the mainland-India alternative to the IFSC route. Both frameworks permit foreign universities ranked within the Top 500 globally (QS or subject) to operate campuses in India. The structural differences between the two routes are consequential for structuring decisions and should be examined side-by-side at the outset of any IBC planning exercise.

¶ **2. Six principal differences.** The principal differences are six. (i) Regulator — IFSCA (under the IFSCA Act 2019) versus UGC (under the UGC Act 1956 as supplemented by the 2023 Regulations). (ii) Geographic perimeter — GIFT-IFSC SEZ only (IFSC route) versus anywhere in India (UGC route). (iii) Permitted subjects — STEM, FinTech and Financial Management only (IFSC) versus all disciplines including humanities and law (UGC). (iv) Currency regime — FCY only with free profit repatriation (IFSC) versus INR with FEMA-mediated repatriation (UGC). (v) Tax treatment — Section 80LA tax holiday (IFSC only) versus standard education-services tax regime (UGC). (vi) Approval cadence — registration with five-year renewals (IFSC) versus initial ten-year approval renewable (UGC).

¶ **3. The structuring decision in practice.** The structuring decision is rarely binary. A foreign Parent Entity may take the IFSC route for its initial GIFT-IFSC campus, taking advantage of the tax holiday and FCY flexibility during the capital-deployment and ramp-up years, while keeping the option to scale into a mainland UGC campus once student demand and institutional reputation in India are established. Alternatively, a Parent Entity with strong humanities or law programmes — outside the IFSC subject perimeter — may take the UGC route from the outset. The Firm advises that the structuring decision be taken with a five-to-ten-year horizon and not on first-year economics alone.

## CHAPTER SEVEN

# Operational Set-up — SEZ Approval, Infrastructure, Single-Window

*Citations: SEZ Act 2005 Section 18; SEZ Rules 2006 Rule 21B; IFSCA Circular on AISP Infrastructure-Share for Foreign Universities dated 14 December 2023; IFSCA Application Form for IBC/OEC dated 23 February 2023; SWIT (Single Window IT System) portal.*

¶ **1. The four-track operational set-up.** The operational set-up runs through four parallel tracks. (i) SEZ unit approval — the applicant obtains approval from the Unit Approval Committee for SEZ, supported by a provisional infrastructure allotment. (ii) IFSCA application — filed through the SWIT (Single Window IT System) portal, with the application form prescribed under the IFSCA Circular of 23 February 2023, covering ranking evidence, parent-entity governance, programme specifications, faculty plan, financial plan and AML / fit-and-proper documentation. (iii) Physical infrastructure — either the IBC takes a long-lease office and teaching facility in GIFT City, or it operates under the AISP (Authorised IFSC Service Provider) infrastructure-share circular of 14 December 2023, which permits a shared-infrastructure model. (iv) Faculty and student onboarding — visa processing, student admissions, syllabus alignment with home campus.

¶ **2. The AISP infrastructure-share circular.** The 14 December 2023 IFSCA Circular on AISP Infrastructure-Share is the most operationally consequential ruling. It permits an IBC or OEC to operate under a shared-infrastructure model in the early years — sharing classroom, library and administrative facilities with an Authorised IFSC Service Provider — rather than committing to a full bespoke campus from day one. For a Parent Entity entering the GIFT-IFSC market on an experimental basis, the AISP option compresses initial capital deployment to below USD 2 million, with a phased build-out as student numbers grow. The financial-soundness assessment under Regulation 4 treats the AISP model as a credible operating configuration.

¶ **3. Registration validity and timeline planning.** Registration validity is five years, renewable for further five-year periods at IFSCA's discretion. The in-principle approval issued at the conclusion of the initial application review is valid for 180 days, extendable by 90 days, within which the applicant must satisfy the post-approval conditions (infrastructure commissioning, faculty appointments, fit-and-proper certifications). The full certificate of registration is issued on satisfaction. Counsel should plan the application timeline backward from the proposed first-cohort intake — typically a 12-to-15-month preparation cycle for a full IBC, compressible to 6-to-9 months for an OEC built on the AISP model.

## CHAPTER EIGHT

# Standard of Practice, AML and Sanctions Calibration

*Citations: IFSCA Circular dated 18 November 2024 carving IBC/OEC out of the AML/CFT/KYC Guidelines 2022; Prevention of Money Laundering Act 2002; Unlawful Activities (Prevention) Act 1967; Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act 2005; Foreign Contribution (Regulation) Act 2010; UN Security Council Resolutions; SCOMET export-control list.*

¶ **1. The November 2024 carve-out and its limits.** The November 2024 IFSCA Circular carved IBC/OEC entities out of the IFSCA AML/CFT/KYC Guidelines 2022 — a sensible calibration, recognising that a foreign university's principal transactions are tuition receipts from students (not financial-product flows) and that the standard financial-services AML overlay was structurally mismatched. The carve-out is not, however, a complete exemption from AML and sanctions discipline. Four parallel statutory perimeters continue to apply at the institutional level: PMLA 2002 (where qualifying cash thresholds are crossed), UAPA 1967 (Designated Lists), the WMD Act 2005 (Designated Lists) and the Foreign Contribution (Regulation) Act 2010 (if scholarships are foreign-funded).

¶ **2. Four operational risk fact patterns.** The operational risk surfaces in four distinct fact patterns. (i) Students from UN-, OFAC-, EU- or India-sanctioned jurisdictions — admission of a student whose home country, or whose family's beneficial-ownership chain, includes a sanctioned person triggers diligence obligations even though the IBC is not a financial institution. (ii) Donors and benefactors — foreign donors making scholarship or programme contributions trigger FCRA registration obligations (FCRA registration is itself a non-trivial undertaking). (iii) Dual-use research — STEM programmes touching on cryptography, biotechnology, materials science or aerospace engineering may engage the SCOMET export-control list. (iv) Cultural and political-content advisories — the freedom-of-speech ethics of the Parent Entity may diverge from Indian institutional practice; an internal policy framework is required.

¶ **3. Standard of Practice.** Standard of Practice. The Firm advises and assists clients exclusively in matters consistent with applicable U.S., European Union, United Kingdom, United Nations and Indian sanctions and anti-money-laundering regimes. The Firm does not advise on, structure or facilitate transactions whose principal purpose or principal effect is to bring a designated person into a regulated market in a manner that is foreseeably exposed to a sanctions perimeter the parties cannot lawfully discharge. In an IBC / OEC context, this Standard operates at the level of (i) the student admissions diligence, (ii) the donor and scholarship-funder screening, (iii) the research-collaboration partner screening, and (iv) the export-controls screening of dual-use research outputs.

¶ 4. **The Firm's three-phase engagement model.** The Firm's engagement model for IBC / OEC set-up proceeds in three phases. (i) Pre-engagement — Top-500 ranking verification and home-jurisdiction accreditation review; programme-perimeter screening (does the proposed curriculum fit within STEM / FinTech / Financial Management?); preliminary FATF and sanctions screening of the Parent Entity and its governing body. (ii) Structuring and documentation — SWIT application file, AISP infrastructure-share agreement (where applicable), tax memorandum, faculty visa plan, student admissions policy incorporating sanctions screening, FCRA scoping for donor flows. (iii) Post-execution — annual compliance refresh, five-year renewal preparation, expansion planning (mainland UGC campus as second-phase build-out where commercially indicated).



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