



PRESS RELEASE

Consultation paper on Regulatory Framework for differential distribution in Restricted Schemes and Venture Capital Schemes to facilitate blended finance and other fund structures

The vision of the Hon'ble Prime Minister of India, Shri Narendra Modi is to make GIFT IFSC, the global hub for sustainable finance. Hon'ble Finance Minister of India in her budget speech 2022-23 also mentioned that *"Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City"*.

As the unified regulator for financial services in GIFT IFSC, the International Financial Services Centres Authority (IFSCA) has been working towards realizing this vision by fostering a globally competitive and facilitative regulatory environment that promotes sustainable finance. Over the past five years, IFSCA has undertaken several measures to accelerate sustainable global capital flows, drawing from international best practices while remaining focused on the unique requirements of developing economies.

Recognizing the substantial capital requirements of India and other developing countries to achieve their climate and sustainable development goals, IFSCA continues to encourage innovative financial structures capable of mobilizing private capital at scale. Current estimates suggest that India alone would require investments in the range of USD 10–20 trillion to achieve its net-zero commitments and climate objectives. In this context, facilitating blended finance structures that strategically combine public or philanthropic capital with private investment to catalyse greater private sector participation emerges as a key policy priority,

To this end, IFSCA has proposed to enable differential distribution within fund structures under the existing IFSCA (Fund Management) Regulations, 2025, thereby

providing flexibility for fund managers to design blended finance vehicles and other innovative fund structures.

The fund management industry in GIFT IFSC has witnessed robust growth since the introduction of the regulatory framework. Within a span of just over three years, GIFT IFSC has attracted a diverse set of domestic and global Fund Management Entities (FMEs). As of June 30, 2025, a total of 177 FMEs have been registered with IFSCA, collectively launching 272 schemes with aggregate commitments of USD 22.11 billion and cumulative investments exceeding USD 11 billion.

In continuation of its efforts to promote sustainable and innovative financing mechanisms, IFSCA has today issued a “**Consultation Paper on the “Regulatory Framework for Differential Distribution in Restricted Schemes and Venture Capital Schemes to Facilitate Blended Finance and Other Fund Structures.”**”

The consultation paper proposes a framework to enable fund managers to structure and manage schemes with differentiated distribution mechanisms, thereby facilitating greater participation of diverse investor classes, including institutional, philanthropic, and impact investors, while mandating certain safeguards to ensure transparency and investor protection.

IFSCA invites comments and suggestions from stakeholders, market participants, and the general public on the proposed framework. The feedback may be submitted to IFSCA on or before November 11, 2025.

The consultation paper is available on the IFSCA website at www.ifsc.gov.in

Gandhinagar

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