



International Financial Services Centres Authority

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Why in News

The central government has established **International Financial Services Centres Authority** to regulate all financial services in International Financial Services Centres (IFSCs) with headquarters in **Gandhinagar (Gujarat)**.

Key Points

- **Functions:**

- The authority will **regulate financial products** such as securities, deposits or contracts of insurance, financial services, and financial institutions which have been **previously approved by any appropriate regulator such as Reserve Bank of India (RBI)**, the **Securities and Exchange Board of India (SEBI)** etc., in an IFSC.
- It will also regulate any other financial products, financial services, or financial institutions in an IFSC, which may be **notified by the central government**.
- It may also **recommend to the central government** any other financial products, financial services, or financial institutions, which may be permitted in an IFSC.

- **Members:**

- The International Financial Services Centres Authority will consist of **nine members, appointed by the central government**.
- They will include **chairperson** of the authority, **a member each from the RBI, SEBI, the Insurance Regulatory and Development Authority of India (IRDAI), and the Pension Fund Regulatory and Development Authority (PFRDA)**; and **two members from the Ministry of Finance**. In addition, two other members will be appointed on the **recommendation of a Selection Committee**.
- **Term:** All members of the IFSC Authority will have a **term of three years, subject to reappointment**.

- **Possible Benefits:**

- **Unification under one authority:** The banking, capital markets and insurance sectors in IFSC which are regulated by multiple regulators - the RBI, SEBI, and IRDAI will be unified under the IFSC authority.
- The single window regulatory institution would **accelerate the development of India's first IFSC at GIFT City, Gandhinagar.**
- **Both national and international institutions** dealing with international financial services would utilise the IFSC platform for **inbound and outbound investments with improved ease of doing business**, thereby making GIFT IFSC a **global financial hub.**

International Financial Services Centre:

- An IFSC enables **bringing back the financial services and transactions that are currently carried out in offshore financial centres** by Indian corporate entities and overseas branches/subsidiaries of Financial Institutions (such as banks, insurance companies, etc.) to India.
 - It offers a **business and regulatory environment** that is **comparable to other leading international financial centres** in the world like London and Singapore.
- IFSCs are intended to provide Indian corporates with **easier access to global financial markets**, and to complement and promote further development of financial markets in India.
- The first IFSC in India has been set up at the **Gujarat International Finance Tec-City (GIFT City) in Gandhinagar.**

Source: Tol