

The International Financial Services Centres Authority (IFSCA)

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In news

Recently, IFCA approved the draft banking regulations

About the International Financial Services Centres Authority (IFSCA)

- It is a statutory unified regulatory body under the Department of Economic Affairs, Ministry of Finance
- IFSCA was established in the year 2019 with its head office in Gandhinagar.
- In December 2019, Parliament passed a bill to set up a unified authority for regulating all financial activities at IFSCs in the country
- IFSCA has been established as a unified regulator with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.
- The main objective of the IFSCA is to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole.

Composition of IFSCA

The Authority will consist of nine members, appointed by the central government. These posts will have a term of three years, subject to reappointment. Members of the Authority will include:

1. The Chairperson
2. Four members to be nominated from the Reserve Bank of India, the Securities Exchange Board of India, the Insurance Regulatory and Development Authority of India, and the Pension Fund Regulatory and Development Authority
3. Two members from amongst officials of the Ministry of Finance, and
4. Two members to be appointed on the recommendation of a Selection Committee.

Functions of IFSCA

- It 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 RBI or SEBI), in an IFSC
- Regulating any other financial products, services, or institutions in an IFSC, which may be notified by the central government, and
- Recommending to the central government, any other financial services, products, or institutions which may be permitted in an IFSC.
- Further, all powers relating to the regulation of financial products, services, and institutions in IFSCs, which were previously exercised by the respective regulators will be exercised by the Authority