IFSCA Act: commodity trading notified as a 'financial service'

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News

Under the International Financial Services Centres Authority Act, 2019, the Department of Economic Affairs, Union Ministry of Finance, issued two Gazette notifications on 13 November 2026. S.O. 6195(E), under Section 3(1)(e)(xiv), notified 'commodity trading' as a 'financial service'. S.O. 6196(E), under Section 3(1)(d)(vi), notified a 'commodity trading contract' as a 'financial product'. A commodity trading contract is one under which an IFSC unit trades a commodity with another party; it covers shipment from one country to another, or within a foreign country, with or without touching Indian ports. Actionable claims, money, currency, securities, CITES-listed species and SCOMET items are excluded from the definition of 'commodity'. Both notifications took effect on their publication in the Gazette (13 November), and the activity remains subject to the laws in force in India. The aim is to draw international commodity trading now done in Singapore, Dubai, Hong Kong and Switzerland – with related financing, insurance and risk-management services – to GIFT City. IFSCA has yet to issue detailed rules on eligible commodities and permitted activities.

Key facts for the exam

Point	Details
Date	13 November 2026 – in force on Gazette publication
Issued by	Finance Ministry, Department of Economic Affairs (not IFSCA)

Point	Details
S.O. 6195(E)	'Commodity trading' = financial service – Sec 3(1)(e)(xiv)
S.O. 6196(E)	'Commodity trading contract' = financial product – Sec 3(1)(d)(vi)
Exclusions	Money, currency, securities, CITES species, SCOMET items
Feature	Covers shipments abroad, with or without touching Indian ports
Aim	Draw trade from Singapore, Dubai, Hong Kong, Switzerland to GIFT IFSC
Next	IFSCA to frame rules on eligible commodities

Background

- IFSCA: Set up in April 2020 under the International Financial Services Centres Authority Act, 2019, IFSCA is the unified regulator for International Financial Services Centres (IFSCs) in India. Earlier, four bodies – RBI, SEBI, IRDAI and PFRDA – regulated IFSC activities separately. India's only IFSC so far is at GIFT City, Gujarat. Section 3(1) lets the Centre notify new 'financial products' and 'financial services'.
- Domestic commodity market: The Forward Markets Commission (FMC), the Mumbai-based regulator of commodity futures since 1953, was merged with SEBI in September 2015. Since then SEBI regulates commodity exchanges such as MCX and NCDEX. The new notification is not for domestic trade but for international commodity trading by IFSC units.
- Behind the exclusions: CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) was signed in Washington in 1973, hence the 'Washington Convention'; it has been in force since 1975 and its secretariat is in Geneva. SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) is India's export-control list of dual-use (military–civil) items, notified by the Directorate General of Foreign Trade (DGFT) as Appendix 3 to Schedule 2 of ITC(HS).
- Economic significance: India is a large importer and exporter of oil, metals and farm goods, but the international trading houses for these mostly operate from Singapore, Dubai and Geneva. Allowing commodity trading at GIFT IFSC is expected to bring related services – trade finance, insurance, ship chartering and hedging – to India.

Tamil Nadu link: Tamil Nadu has no IFSC. To grow as a financial-technology hub, TIDCO is developing a 'FinTech City' at Nandambakkam, Chennai, under the Tamil Nadu FinTech Policy 2021; TIDCO's FinTech Tower is also located there (DT Next, TIDCO).

Frequently asked questions

What is this news about?

Under the International Financial Services Centres Authority Act, 2019, the Department of Economic Affairs, Union Ministry of Finance, issued two Gazette notifications on 13 November 2026.

What are the key facts to remember for the exam?

Date: 13 November 2026 – in force on Gazette publication; Issued by: Finance Ministry, Department of Economic Affairs (not IFSCA); S.O. 6195(E): 'Commodity trading' = financial service – Sec 3(1)(e)(xiv); S.O. 6196(E): 'Commodity trading contract' = financial product – Sec 3(1)(d)(vi).

What is the background to this news?

IFSCA: Set up in April 2020 under the International Financial Services Centres Authority Act, 2019, IFSCA is the unified regulator for International Financial Services Centres (IFSCs) in India.

Practice questions (with answers)

1. Before IFSCA, IFSCs were regulated by RBI, SEBI, IRDAI and which fourth regulator?

A) NABARD

B) CCI

C) PFRDA

D) SIDBI

Answer: C – Explanation: PFRDA – the pension regulator. IFSCA, set up in April 2020, is the unified regulator for IFSCs.

2. In which year was the Forward Markets Commission, India's commodity-futures regulator, merged with SEBI?

A) 2008

B) 2010

C) 2013

D) 2015

Answer: D – Explanation: September 2015 – since then SEBI regulates commodity exchanges such as MCX and NCDEX. The FMC was set up in 1953 in Mumbai.

3. The notification excludes CITES-listed species from 'commodity'. CITES is also known as the –

A) Washington Convention

B) Basel Convention

C) Ramsar Convention

D) Bern Convention

Answer: A – Explanation: Washington Convention – signed 1973, in force 1975; secretariat in Geneva. Basel covers hazardous wastes; Ramsar, wetlands.

4. Which body notifies India's SCOMET list of dual-use items, also excluded here, as part of export policy?

A) CBIC

B) DGFT

C) DRDO

D) MEA

Answer: B – Explanation: DGFT – Appendix 3 to Schedule 2 of ITC(HS). SCOMET = Special Chemicals, Organisms, Materials, Equipment and Technologies.

5. Where is TIDCO developing Chennai's 'FinTech City' as a financial-technology hub?

A) Siruseri

B) Nandambakkam

C) Taramani

D) Sholinganallur

Answer: B – Explanation: Nandambakkam – announced under the Tamil Nadu FinTech Policy 2021; TIDCO's FinTech Tower is also here.

Sources: Gazette of India S.O. 6195(E) (CG-DL-E-13112026-277890) and S.O. 6196(E) (CG-DL-E-13112026-277891), 13 Nov 2026; Gazette of India S.O. 6195(E) & 6196(E), 13.11.2026 – egazette.gov.in; Business Standard; DT Next; TIDCO. © Shanmugam IAS Academy.