



GIFT City and Bullion Exchange

For Prelims: IFSCA, IIBX, SEZ, RBI SEBI

For Mains: GIFT city and its Significance

Why in News?

Recently, the Prime Minister has laid the foundation stone of the headquarters building of the [International Financial Services Centers Authority \(IFSCA\) in GIFT City, Gandhinagar](#).

- The building has been conceptualized as an iconic structure, reflective of the growing prominence and stature of GIFT-IFSC as a leading International Financial Centre.
- He also launched the **India International Bullion Exchange (IIBX)**, India's first International Bullion Exchange in GIFT-IFSC the NSE IFSC-SGX Connect.

What is a Bullion Exchange?

- **Bullion**
 - Bullion refers to **physical gold and silver of high purity that is often kept in the form of bars, ingots, or coins.**
 - Bullion can sometimes be considered **legal tender and is often held as reserves by central banks** or held by institutional investors.
 - The Government had notified in August 2020 about the Bullion Spot Delivery Contract and Bullion Depository Receipt (BDR) with **underlying Bullion as Financial Product and related services as Financial Services.**
- **Bullion Exchange:**
 - A bullion Exchange is a market through which **buyers and sellers trade gold and silver as well as associated derivatives.**
 - There are various bullion markets around the world with the **London Bullion Market known as the primary global market** trading platform for gold and silver.

What is IIBX?

- **About:**
 - India International Bullion Exchange (IIBX) was first announced in the Union Budget 2020 for easing the Gold Import by Jewellers in India.
 - It is a **platform that not only enrolls jewellers to trade on the exchange, but has also set up necessary infrastructure** to store physical gold and silver.
 - IIBX will facilitate efficient price discovery with the assurance of responsible sourcing and quality, apart from giving impetus to the financialisation of gold in India.
 - IFSCA is entrusted with notifying the eligible qualified jewellers in India for directly

importing gold through IIBX.

- **Significance**
 - It will empower **India to gain its rightful place in the global bullion market and serve the global value chain** with integrity and quality.
 - IIBX also re-enforces the commitment of the Government of India towards enabling India to be able to influence global bullion prices as a principal consumer.

What is GIFT City?

- **GIFT (Gujarat International Finance Tec-City) City** is located in Gandhinagar, Gujarat.
- It consists of a **multi-service [Special Economic Zone \(SEZ\)](#)**, which houses India's first International Financial Services Centre (IFSC) and an exclusive **[Domestic Tariff Area \(DTA\)](#)**.
- GIFT city (Gujarat International Finance Tec-City) is envisaged as an **integrated hub for financial and technology services not just for India but for the world.**
 - IFSCA is the **unified regulator for the development and regulation of financial products**, financial services and financial institutions in International Financial Services Centers (IFSCs) in India.
- The social infrastructure in the city includes a school, medical facilities, a proposed hospital, GIFT City business club with indoor and outdoor sports facilities. It also includes integrated well-planned residential housing projects making GIFT City a truly "Walk to Work" City.

What is NSE IFSC-SGX Connect?

- It is a **framework between NSE's subsidiary in the GIFT International Financial Services Centre (IFSC)** and Singapore Exchange Limited (SGX).
- Under Connect, all orders on NIFTY derivatives placed by members of Singapore Exchange will be **routed to and matched on the NSE-IFSC order** matching and trading platform.
- Broker-Dealers from India and across international jurisdictions are expected to participate in large numbers for trading derivatives through Connect.
- It will **deepen liquidity in derivative markets at GIFT-IFSC**, bringing in more international participants and creating a positive impact on the financial ecosystem in the GIFT-IFSC.

What is the International Financial Services Centres Authority?

- **Establishment:**
 - It was established in April 2020 under the International Financial Services Centres Authority Act, 2019.
 - It is headquartered at GIFT City, Gandhinagar in Gujarat.
- **Functions:**
 - The Authority shall regulate all such financial services, financial products and Financial Institutions in an IFSC. It may also recommend to the Central Government such other financial products, financial services and financial institutions which may be permitted in the IFSCs.
- **Powers:**
 - All powers exercisable by the respective financial sector regulatory (**viz. [Reserve Bank of India](#), [Securities and Exchange Board of India](#), IRDAI, and [Pension Fund and Regulatory Development Authority](#) etc.)) under the respective Acts shall be solely exercised by the Authority in the IFSCs in so far as the regulation of financial products, financial services and FIs that are permitted in the IFSC are concerned.**
- **Processes and Procedures:**
 - The processes and procedures to be followed by the Authority shall be governed in accordance with the provisions of the respective Acts of Parliament of India applicable to such financial products, services or institutions, as the case may be.
- **Grants by the Central Govt:**
 - The Central Govt. may, after due appropriation made by Parliament by law on this behalf, make to the Authority grants of such sums of money as the Central Government may think fit for being utilized for the purposes of the Authority.
- **Transactions in Foreign Currency:**

- The transactions of financial services in the IFSCs shall be done in the foreign currency as specified by the Authority in consultation with the Central Govt.

Source: PIB

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