



PRESS RELEASE

Report of the Expert Committee on ‘Positioning GIFT IFSC as Global Commodity Trading Hub’ submitted to IFSCA

The global commodity trading landscape is a dynamic and integral part of the international financial ecosystem. For India, the strategic importance of commodity trading cannot be overstated. As one of the world’s largest importers of key commodities such as crude oil and metals, India remains highly exposed to global price volatility, supply chain disruptions, and geopolitical uncertainties. Unlike other major economies which actively mitigate these risks by investing in upstream assets and controlling significant portions of their supply chains, India has limited strategic leverage in international commodity markets.

2. Currently, India's commodity trading landscape operates in a fragmented and sub-optimal manner. The absence of a globally competitive trading ecosystem within the country forces many large transactions and financial services to be routed through offshore jurisdictions. This ‘**offshoring**’ of trade not only limits India’s ability to influence global commodity pricing and policy but also leads to loss of valuable economic activity, employment, and tax revenues.
3. The Government of India established the International Financial Services Centre (IFSC) at GIFT City with the vision to “**onshore the offshore**” by creating a globally competitive platform for cross-border financial services. Positioned as a strategic financial hub, **GIFT IFSC** offers a conducive environment characterized by liberalized capital flows, favourable tax regimes, and robust governance standards. This makes it an ideal location to develop into a **Global Commodity Trading Hub** like Singapore, Dubai, Hong Kong, and Switzerland.
4. To explore this potential, IFSCA had constituted an **Expert Committee on Positioning GIFT IFSC as a Global Commodity Trading Hub** in May 2024. The Expert Committee was tasked with examining the enablement of commodity trading in IFSC and related aspects which will facilitate business integration of IFSC financial ecosystem with global trade flows, capitalize on integration

opportunities with major commodity hubs and attract global investment flows into IFSC, and make recommendations in this regard.

5. The Expert Committee has submitted its report and the same has been placed on the IFSCA website today. This report is the culmination of the Committee's extensive deliberations, global benchmarking studies, and consultations with industry experts and stakeholders. It provides strategic recommendations aimed at building a world-class trading ecosystem in GIFT IFSC.

6. The recommendations of the Expert Committee include:

➤ **Regulatory Enablement**

- Notify commodity trading including merchanting trade as 'financial services' under the IFSCA Act, 2019.
- Permit issuance and trading of OTC derivatives on commodities
- Expand the list of commodities on which exchange-traded derivatives can be launched
- Permit re-invoicing in IFSC

➤ **Policy Alignment**

- Exemption of IFSCA-regulated commodity traders from RBI's merchanting trade restrictions.
- Amend FEMA regulations to enable centralized hedging for commodity price risk for Indian group entities.
- Offer a Right of First Refusal (ROFR) to entities in IFSC for procurement by government
- Permit commodity trading entities within the IFSC to engage ships solely on voyage charter basis

➤ **Banking & Tax Incentives**

- Making amendments in Banking Regulation Act to allow banks in IFSC to engage in broader commodity trading beyond bullion.
- Extend tax holiday for IFSC units from 10 to 25 years or till 2047.
- Introduce concessional tax regime for overseas professionals relocating to GIFT IFSC.

➤ **Infrastructure & Logistics**

- Establish warehousing and logistics infrastructure near key ports.
- Exempt IFSC entities from customs filings for offshore transactions.

➤ **Financial Innovation**

- Enable structured finance, securitization of commodity-based assets, and listing of trade finance bonds.
- Promote use of CBDCs for trade finance and enable funding against commodity collateral.

➤ **Ecosystem Development**

- Attract overseas banks and financial institutions to IFSC.
- Engage with Indian diaspora of commodity traders to establish presence in IFSC.
- Develop advanced trading platforms integrated with global markets.
- Promote workforce development through incentives, facilities, and training.

7. IFSCA believes that aligning these recommendations with India's broader economic vision of **Viksit Bharat 2047**—a developed India by the 100th year of its independence will transform GIFT IFSC into a globally competitive hub, catalysing growth across supply chains, exports, logistics, and finance.
8. IFSCA will examine the recommendations made by the Expert Committee and take up the proposals with the Government of India and other agencies within the next few months.
9. The Expert Committee Report can be accessed at this [link](#).

2nd August 2025

Gandhinagar