India's Price, India's Reference
Making the case for domestic benchmarks in a Global Commodity System



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> *In India, domestic commodity prices—driven by taxes, duties, and local supply-demand—serve as more accurate transactional references than global benchmarks, as evidenced by sector-specific trends in steel and gold. While industries like steel, gold, and agriculture rely on localized pricing mechanisms to reflect true transaction costs, crude oil remains a price-taker reliant on global rates due to high import dependence.*

THE PARADOX AT THE COUNTER

India produced 168.4 million tonnes of crude steel in FY2025-26, up 10.7 percent year on year, enough to hold its position as the world's second largest steel producer. It is also the world's largest single buyer of gold jewellery and among its largest importers of crude oil, importing more than 90 percent of what it refines and consumes. On paper, this is a country with genuine weight in three of the largest physical commodity markets on earth. Yet ask a steel trader in Raipur, a bullion dealer in Zaveri Bazaar, or a fuel retailer in Coimbatore what price actually governs their next transaction, and none of them will quote you the Shanghai rebar contract, the LBMA gold fix, or the Brent futures curve without a long list of adjustments first. What they quote is a domestically formed number: a BigMint assessed ex-works / yard price, an MCX or local Sarafa association rate net of duty and GST, a state-wise retail pump price set after tax and subsidy arithmetic that has nothing to do with what a barrel costs in Rotterdam.

This is not a peculiarity of Indian markets. It is the central fact the Yearbook's theme asks us to sit with. Global benchmarks are reference points, not settlement prices. The commodity price that actually clears a transaction inside India is layered with import duty, freight across a subcontinent-sized geography, GST and state levies, currency conversion at a depreciating rupee, quality specifications set by Indian regulators, and demand patterns shaped by festivals, sowing seasons, and construction cycles that no international index was built to capture. The question this article takes up is a narrower, more immediate one than whether India can someday set the London or Shanghai price: Is the price already being discovered inside India the more economically correct reference for Indian stakeholders, even when it diverges sharply from the global number? The argument here is that it is, and that recognising this explicitly, institutionally and statistically, is the more urgent task ahead of the harder ambition of shaping global benchmarks.

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THE ANATOMY OF AN INDIAN PRICE

Consider two case studies from the past eighteen months, one in steel and one in bullion, that illustrate how much work the word "local" is doing in every Indian commodity price.

In April 2025, India's Directorate General of Trade Remedies concluded that a sudden and sharp surge in imports of flat steel products, hot rolled coils, cold rolled coils, and metallic and colour coated sheets, was causing serious injury to domestic producers. The government responded with a three year, tapering safeguard duty: 12 percent from April 2025 to April 2026, stepping down to 11.5 percent and then 11 percent over the following two years. The effect was immediate and measurable. Landed import parity for Chinese and Vietnamese flat steel, priced off Platts' FOB China HRC assessment, was pushed structurally above where it would otherwise sit, while domestic HRC prices, tracked by BigMint's Indian indices, held comparatively stable even as global steel markets stayed oversupplied and soft through 2025. The Platts number and the BigMint number are describing two different

economic realities for the same physical grade of steel, and the gap between them runs to 12 percentage points of deliberate trade policy, plus whatever freight and BIS quality-certification costs sit on top.

Gold tells a sharper version of the same story. In May 2026, facing a rupee that had slid roughly 7 percent year to date and a gold import bill running near 8 percent of India's total merchandise imports, the government raised the customs duty on gold from 6 percent to 15 percent, the steepest single increase on record. Official quarterly imports had been running a steady 175 to 236 tonnes even through earlier duty regimes, evidence of how inelastic Indian gold demand really is. What happened to price in the days after the hike is the more telling number: the discount at which domestic gold traded relative to the official international-parity price widened from roughly 14 dollars an ounce before the announcement to nearly 150 dollars an ounce after it, as the market absorbed the duty change unevenly across the trade before it was fully reflected in retail tags. For a few weeks, the "Indian gold price" and the "London gold price adjusted for known duty" were simply not the same forecast, because the adjustment itself was a live, evolving variable that only domestic price discovery, not any global index, could capture in real time.

Contrast both of these with crude oil, where India has almost no domestic price-setting mechanism at all. Domestic crude production has fallen from a peak of 35.9 million tonnes in FY2012 to around 26 million tonnes in FY2026, even as consumption has grown, pushing import dependence past 90 percent. Here India is close to a pure price taker: Indian refiners buy at Brent or Dubai-linked formulas, and the only "domestic" layer is what oil marketing companies choose to pass through to the retail pump, a political and fiscal decision more than a market one. The contrast is instructive. Where India has scale, institutional infrastructure and policy instruments of its own, in Iron Ore, Coal, Steel and Gold, a clearly distinct domestic price emerges and holds. Where it does not, in crude, the domestic price is simply the global price plus a tax and subsidy wrapper decided in Delhi, not discovered in a market.

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Agriculture sits in a more complicated quadrant, and it belongs in this discussion because it is the commodity space where the largest number of Indians actually transact. The Minimum Support Price, set by the Cabinet on the Commission for Agricultural Costs and Prices' A2+FL cost formula across twenty-two notified crops, is often described as India's domestic reference price for agri commodities, though not in the way BigMint's steel data or MCX gold settlement prices are. MSP is a procurement floor announced for a small number of crops, actually paid to only a fraction of farmers who can physically reach a procurement centre, while the price that clears most real transactions is the mandi rate, negotiated locally under the Agricultural Produce Market Committee system and varying meaningfully across a few hundred kilometres depending on local arrivals, storage capacity and transport cost. India does not lack a domestic agri price. It has thousands of them; none aggregated into a single trusted reference the way BigMint or MCX aggregate steel and bullion. NCDEX was built to solve exactly this fragmentation problem, and where its contracts have real depth, guar seed, mustard, cotton, it does function as a real national reference. Where they do not, agri pricing remains the clearest illustration in the Indian commodity landscape of how much value is left on the table when a large, real domestic market has no single, credible, published number to anchor it.

WHY THE DOMESTIC PRICE IS THE MORE CORRECT REFERENCE, NOT A DISTORTED ONE

It is tempting to describe the gap between BigMint's domestic HRC index and Platts' FOB China assessment, or between MCX gold and the LBMA fix net of duty, as a distortion, a market inefficiency to be arbitraged away as India "matures." That framing gets the economics backwards. For an Indian steel buyer negotiating a contract, a rebar producer setting a sale price, or a jeweller quoting a customer, the relevant question is never "what does this commodity cost somewhere else." It is "what does this commodity cost me, landed, taxed, financed and delivered, right here." A global benchmark stripped of duty, freight, currency and specification differences is not a purer number, just an incomplete one, missing exactly the variables that determine whether a transaction is profitable in India.

This is precisely why India's steel trade balance flipped so decisively in FY2025-26. Exports rose 35.9 percent to 6.6 million tonnes while imports fell 31.7 percent, and India returned to net exporter status for the year. That shift did not happen because global steel prices moved in India's favour, they were broadly flat to soft through the period. It happened because the safeguard duty altered the domestic price relative to the landed import price enough to change real commercial decisions, on both the buy and sell side, inside India. The domestic price was the signal that actually governed 168 million tonnes of production and consumption decisions, not a distortion of some truer global one.

The same logic extends to how India should think about MCX and NCDEX's role. Market Insiders' comparison of CME, MCX and LME put it precisely: MCX prices "guide domestic Indian

commodity pricing, influencing inflation, imports and consumption" and "may diverge from global benchmarks due to currency and policy factors." That divergence is MCX's price discovery doing its job: pricing risk for Indian participants operating under Indian duty, tax, freight and currency conditions, not for a generic global participant who does not exist in this market. A domestic exchange whose prices tracked London or Chicago one-for-one would not be adding any information; it would be a currency-converted mirror, and Indian hedgers would have no reason to use it over the original.

None of this argues that India should ignore global prices. Global benchmarks remain the correct starting point, the pre-adjustment anchor, for any Indian price. But the Yearbook's core question, whether domestic prices can serve India's economic needs for a reference price, deserves a more confident answer than "eventually, once markets mature." The domestic price, properly constructed, transparently published and statistically robust, already is the economically correct reference for the vast majority of transactions that occur inside India's borders. The task ahead is less about proving this and more about building the institutional infrastructure, benchmark administration, index methodology, data transparency, and regulatory recognition. Those are administrative gaps, not economic ones.

INHERITING VERSUS DEFINING, AND THE GAP THAT REMAINS

Having a credible domestic reference price is not the same as shaping the global one, and it is worth being honest about the distance between the two. India inherits far more commodity prices than it defines, and three structural gaps explain why.

The first is liquidity depth. MCX and NCDEX serve Indian participants well within Indian trading hours, but global open interest and participation remain concentrated in London, Chicago and Shanghai. Foreign portfolio investors face meaningful restrictions on direct participation in Indian commodity derivatives, which caps the depth and diversity of the order book relative to CME or the LME. A benchmark used only by domestic hedgers, however accurate for them, cannot become a global reference price by definition, because a global price requires global participants willing to transact against it.

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The second is standards and fungibility. LME's warehouse and brand-approval system, and CME's delivery specifications, work as global benchmarks because a tonne of LME-registered Aluminium, Copper or a barrel against a CME contract is fungible anywhere in the world. Indian BIS quality specifications, by contrast, are calibrated for Indian construction and manufacturing codes, which is appropriate for their purpose but means Indian-graded steel or Indian-refined gold does not automatically clear as an equivalent global delivery unit. Until Indian product standards are mapped to, or accepted as equivalent to, international grading conventions in at least some categories, Indian exchange prices cannot function as global settlement references even where the underlying market is large.

The third is currency and capital account architecture. Every major price-setting benchmark, Brent, LBMA gold, LME copper, is dollar-denominated, which lets global participants transact without taking a currency view alongside a commodity view. Rupee-denominated contracts, even if the underlying commodity view is correct, force an international participant to also underwrite a currency and convertibility view, which most are simply not set up to do. This does not mean India should abandon rupee pricing domestically, but it does mark a real constraint on how far BigMint, MCX or NCDEX contracts can travel outward as global references, absent currency convertibility reform or dollar-settled contract variants for international participants.

A STRATEGIC AGENDA: WHAT WOULD CERTAINLY MOVE INDIA FROM INHERITING PRICES TO DEFINING THEM

Six moves would do more to advance India's pricing influence over the next cycle of this Yearbook than any general call for deeper markets.

1. Formalise domestic benchmark administration to international index standards. BigMint's assessed indices, and MCX and NCDEX settlement prices should be published under a transparent, audited methodology comparable to how Platts or Argus construct their assessments, with clear panel composition, outlier rules and revision policies. A benchmark that meets IOSCO-aligned principles for financial benchmarks is one that banks, courts, tax authorities and international counterparties can reference without a credibility discount. India already has the underlying data; it does not yet have the administrative rigor that turns data into a benchmark.
2. Widen participation in Indian commodity derivatives selectively, not universally. Rather than a blanket opening of MCX and NCDEX to all foreign participants, a calibrated expansion, starting with categories where India already has natural scale and a credible domestic reference, Iron ore, Coal Steel, Gold, select agri commodities, would deepen liquidity where it matters most without diluting regulatory control over more sensitive contracts.
3. Pursue standards convergence in the categories where India has a

genuine cost or scale advantage, rather than everywhere at once. Green and low-carbon steel is the clearest candidate, and ferrous, non-ferrous scrap, recycled copper, lead, zinc etc. are the following ones. India's National Steel Policy ambitions around a 300-million tonne capacity target by 2030–31 and its emerging green steel roadmap could be paired with an internationally recognised low-carbon steel certification, giving Indian producers a differentiated category to lead.

4. Use IIBX deliberately as a transparency and aggregation tool rather than overselling it as an immediate price-setting mechanism. The exchange has already improved import-side competition and disclosure for Indian jewellers; the honest next step is deepening its role as the reference point for South Asian and Middle Eastern jewellery trade corridors where India has real demand-side weight, before claiming influence over the LBMA-COMEX complex where it currently has very little influence since it sources its own bullion from those exchanges.
5. Treat currency policy as commodity policy. Rupee invoicing pilots for specific bilateral trade corridors, alongside continued RBI reserve management, would reduce how much of any Indian commodity price move is actually a currency story wearing a commodity mask, a distinction the gold duty episode of May 2026 made unusually visible.
6. Extend the BigMint and MCX model of published, methodology-backed pricing to agriculture, where it is needed most and exists least. A single, daily, arrival-weighted national mandi price series for India's major crops, published with the same rigor as a steel or bullion index and reconciled against MSP and NCDEX settlement data, would do more for farmer income and downstream food-processing investment than any single subsidy scheme, simply by giving both sides of every transaction a trusted number to negotiate around.

CONCLUSION

The Yearbook's theme asks whether India inherits commodity prices or defines them, and whether it is even necessary for India to shape global prices at all. The honest answer is that India does both, in different measures, across different commodities, and that the more useful ambition for the next several years is not a single sweeping claim to global price leadership but a disciplined, commodity-by-commodity build-out of what is already working. Where India has scale, policy instruments and institutional data, as it does in Iron Ore, Coal, Steel, Agri and, increasingly, in gold, the domestic price is not a discounted or distorted version of a truer global number. It is the correct number for Indian decisions, and it deserves to be treated, published and referenced as such, formally and with the same rigor the world extends to Platts or the LBMA fix. Where India remains structurally a price taker, as it does in crude, the honest strategy is hedging and diversification, not premature claims of influence. And where the domestic price exists but is fragmented, as in agriculture, the task is aggregation, not invention. Getting this distinction right, commodity by commodity, is what will let India stop asking whether its prices matter and start building the institutions that assume they already do.

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