From Price Takers to Price Makers: The Rise of 'Price in India'



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> ***Price in India" aims to transition from reliance on global benchmarks to establishing transparent, domestic reference prices for key commodities, enhancing market efficiency and risk management. This initiative, exemplified by developments in coal and bullion, focuses on incorporating local factors like import duties, logistics, and demand into India-specific price benchmarks.***

When the "Make in India" initiative was announced in 2014, our ambition was not just to produce more in India. The ambition was about building India as a strong platform and capability which can potentially give us best-in -class manufacturing standards, supply chains, financing, and with that, win global confidence. The analogous ambition to this in the world of commodities would be "Price in India" which gives us the ability to discover and disseminate credible reference prices that we as institutional investors and various other stakeholders can use with confidence, and that global participants can also refer to when they trade with India.

The theme of this year's annual magazine "Pricing in India: Central to Economic Growth and Market Development" perfectly frames a central question: *Why and how can commodity prices discovered and formed in India be adopted by stakeholders in India and abroad?* In many commodities for example gold and silver in which we as ETF Fund Managers invest in, the "final" price paid in India already differs meaningfully from the global benchmark because of regulation and import duties, logistics costs, currency, and most important – our local market behaviour based on the demand and supply. So, in some way we are already working with "Indian prices," but often without a formal "Indian Benchmark" that captures and communicates those prices transparently.

The power of "and" is always stronger than "or" so the idea is to complement global benchmarks with India-grounded reference prices that can potentially help to improve contracting, deepen risk management and strengthen market efficiency. Global trades and the demand-supply dynamics are most certainly very important. Hence the idea is not to reject or replace the global market prices but to make a complementary domestic reference prices.

Across many commodities, we frequently begin with imported price signals, for example, gold, silver, Brent and other global references. But India's economic decisions of procurement, contracting, consumer pricing, inflation management are often dependent on a different object: a delivered, policy-adjusted, INR-relevant price. For crude oil as an example, rather than only a global reference of Brent we have a formally published reference price of a derived basket reflecting the grades India actually imports, which gets reports systematically as a domestic reference series. Similar is the case for edible oils there are requisite measures which explicitly note that import duties and related levies materially affect landed cost and domestic prices which highlights that the price is not simply a global number translated into rupees.

This creates a practical framework which in some manner is already in place for certain commodities. We need credible reference prices that align with India's consumption reality, policy structure, and delivery ecosystem. This will ensure it reflects our actual economic needs and fair pricing in a better manner.

We have seen a recent example of benchmark pricing for coal. We have in some manner created a new benchmark by way of a market discovery via auctions anchored to domestic reference prices. And this also factors in various different metric-based pricing. We have seen that quality differentials can be pre-defined and published, so that price discovery becomes easier to interpret. What we have in place for coal can prove to be a useful example of how a large sector can move toward metric-based, transparent domestic price formation.

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When Indian firms hedge exposure using global benchmarks, they often carry a gap which comes from duties, freight, currency, domestic availability, and local premia can move independently. This "basis risk" makes hedging less effective. A domestic benchmark designed around India's delivered reality can reduce that wedge, improving risk management outcomes. In my view, the gradually emergence of domestic reference series like we have seen in crude and coal, is a recognition that India's

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exposure is not identical to headline global benchmarks.

Policy effectiveness often depends on how price signals transmit. In edible oils, the government explicitly observes that import duty impacts landed costs and domestic prices, meaning policy changes create measurable price effects. A credible domestic benchmark system allows policymakers to evaluate transmission more precisely, separating global shocks from domestic policy impulses.

Coal shows the path, but "Price in India" becomes transformative when replicated across other key commodities especially where India is structurally large as importer,

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consumer, or processor. A next step is not to replace Brent in Indian discourse, but to normalise India basket-linked contracting, budgeting, and risk metrics where relevant, because it expresses India's true import-cost exposure more faithfully. India remains highly import-dependent in edible oils, and domestic prices are strongly shaped by duty structures and policy choices.

This creates a clear "Price in India" agenda:

- Build transparent, India-specific reference series.
- Institutionalise predictable policy frameworks.
- Encourage contract referencing to domestic indices that incorporate duties and local premium or discount rather than relying only on overseas quotes.

Similar to crude, India is one of the large users and participant of bullion market i.e. gold and silver. We have a very large consumption, but it is benchmarked externally. Recent institutional developments aim to change that. The India International Bullion Exchange (IIBX) publishes daily market data and supports a structured platform for bullion trading in GIFT IFSC. Parallelly, a robust institutionalised process of polling-based prices on MCX and recent industry initiatives such as IBJA-IGM benchmark have made a superb start by providing an INR-denominated benchmark for gold with transparent governance and two daily fixings explicitly positioning the benchmark as "built for India, by India."

The bullion story matters because it highlights the broader "Price in India" direction. We have large institutional platforms, clearly published methodologies, standardised products and credible governance which can gradually shift markets from global price-taking to a combination of domestic reference adoption.

It is natural to ask whether India should aim to set global commodity prices. In some commodities, global price setting is shaped by historical trade and liquidity centres, which established delivery mechanisms and entrenched institutional networks. Attempting to "replace" those centres is neither needed nor immediately feasible. Hence in my view, the "Price in India" initiative does not require India to become the global benchmark setter. The pragmatic sequence would be:

- Domestic adoption first: Indian procurement, hedging, contracts, reference benchmarks, pricing of ETFs and SGBs or Sovereign Gold Bonds where India-specific factors dominate.
- Regional adoption next: counterparties trading with India adopt Indian references where they better reflect delivered reality.
- Selective global influence over time: where India is structurally significant in consumption or processing, credible domestic benchmarks can begin influencing global price conversation.

Coal already embodies this sequencing: develop metric-based pricing, create an index reflecting Indian channels, and allow competitive discovery via domestic auctions linked to Indian references. Very soon this can be feasible in gold and silver.

"Price in India" is not a slogan; it is a market infrastructure agenda. It is about building the institutional conditions under which India's prices, already shaped by Indian policy, logistics, currency, and behaviour, can become transparent, referenceable, and contract-ready. It is a positive agenda that can strengthen India's economic foundations by making prices clearer, contracts sturdier, and markets deeper.