Keynote Address by

Shri Tuhin Kanta Pandey, Chairman, SEBI

“Metals – From Mines to Markets”

September 17, 2025

Mr. Harsh Kumar Bhanwala, Chairman, MCX, Ms. Praveena Rai, MD & CEO, MCX, Mr. Sashi Krishnan, Director, NISM, colleagues, industry leaders, members of industry associations, participants from the commodity markets, and friends from the media.

It is a pleasure to speak on “***Metals - From Mines to Markets***”, which is fundamental to Commodity Derivatives market and in turn to our nation's economic journey.

The journey of a metal is a fascinating one. It begins deep within the earth's crust, as an inert mineral resource. Through mining, refining, and processing, it is transformed into a building block of modern civilization - powering our industries, constructing our cities, and enabling our technological progress. These metals have powered development, from the Bronze Age to today's electric vehicles.

But its journey doesn't end there. In the 21st century, metals also complete a financial journey - as a dynamic financial instrument traded in commodity markets across the globe.

Today, I want to talk about this very journey. This is India’s endeavour to shift - from price-taker to price-setter and from reliance to self-reliance.

India’s metals moment: from Mines to Markets

For decades, our physical metal markets were largely dependent on foreign price benchmarks to transact. The London Metal Exchange led the way for non-ferrous metals, setting the prices that our domestic producers and consumers had to follow. Our markets were fragmented with regional exchanges trading local commodities.

The new millennium, however, brought a seismic shift. In the early 2000s, private entities had established national-level online commodity exchanges. Another significant milestone was the merger of the FMC with SEBI in 2015, which brought the commodity derivatives market under a unified, modern regulatory framework.

We have taken deliberate and decisive steps to deepen our markets and make them truly reflective of India's economic reality. A crucial step was delivery settled metal contracts, which tightened the link between the physical and derivatives markets. It was a step towards self-reliance, allowing our market participants to reduce their reliance on international standards and adopt Indian benchmarks. Late-evening trading has helped domestic participants synchronise with active European and North-American trading hours.

Base metals underpin the story of our infrastructure, energy, and transport sectors. India’s real GDP growth is expected to remain as one of the highest among the major economies in the year ahead.

This brings me to my first question for you all to introspect on: ***How do we broaden the acceptance of Indian benchmarks - at home and abroad?***

The Alchemist's Secret: The Economic Utility of Derivatives

Why are robust commodity derivatives markets so essential?

The answer lies in their economic utility. They are the modern alchemist's crucible, transforming the risk of price volatility into a manageable variable.

First and foremost, these markets provide real-time price discovery. The price of a futures contract on an exchange is not arbitrary. It is a dynamic consensus that factors in all fundamental news from across the globe - from supply disruptions like strikes or floods to shifts in demand driven by industrialization or new technology.

Second, and perhaps most critically, they offer a powerful mechanism for price risk management. Volatility is a given fact in the world of metals. A producer needs to hedge against the risk of falling prices to protect their profitability. A consumer - say, a cable manufacturer or an auto component maker - needs to hedge against rising input costs that would otherwise erode margins. Our exchanges provide the tools for this price insurance, allowing businesses to focus on production and innovation. The value of this function cannot be overstated.

Third, our derivatives markets create a common benchmark for the entire physical value chain. The exchange-traded price becomes a transparent reference for negotiations on quality, quantity, and location, thereby benefiting the entire ecosystem.

This leads me to my next question for you: ***How can we increase awareness and participation, especially among SMEs, in these markets to truly de-risk our industrial backbone?***

Forging Resilience in a Turbulent World

We are living in an era of heightened geopolitical uncertainty. Trade tensions, supply chain disruptions, and tariff wars are no longer abstract concepts. These are daily realities that impact costs, production, and inflation. The recent doubling of tariffs on aluminium and copper imports by the US, for instance, is a development that directly affects India's export landscape.

In such a volatile environment, a robust derivatives market provides a powerful shield, allowing Indian producers and consumers to hedge against global price shocks.

This need for resilience is even more pronounced in the context of critical minerals. These minerals - like lithium, cobalt, nickel, and rare earth elements - are the building blocks of a green energy future. They are essential for building everything from solar panels and wind turbines to EV batteries and energy storage solutions. The Government of India has rightly recognized their strategic importance by launching the National Critical Mineral Mission to ensure a secure and self-reliant supply chain. Our markets will have an important role to play in achieving this critical national security objective. It is noteworthy that MCX has recently launched a deliverable Nickel contract. This contract was very much needed as Nickel is almost entirely imported into India.

My question to you is this: ***What can our markets do as India pursues its goal of self-reliance in critical minerals? Can we develop financial instruments that help finance and de-risk the exploration and mining of these vital resources?***

The Way Ahead

The journey from mines to markets is an ongoing one. Strengthening India's commodity markets is high on SEBI's regulatory agenda. We have already constituted a committee to recommend measures for deepening the agricultural commodities segment. We will also constitute a working group for developing the non-agricultural commodity space, including metals.

Our approach will be multi-pronged.

First, we will continue to strengthen the integrity and safety of our markets. Measures like real-time margin collection and continuous monitoring are non-negotiable.

Second, we will foster market development and innovation. This means encouraging our exchanges to constantly evolve. As metal derivatives grow, other peripheral services, e.g., advisory, intermediation, financing, warehousing, and logistics, are also likely to grow in parallel.

Third, we aim to deepen and widen participation. Our markets are for large corporations, traders, importers, and SMEs. They are also available for institutional investors like Mutual Funds and AIFs, who are increasingly recognizing metals as an asset class that improves risk-adjusted returns for investors. Enhanced institutional participation will bring in higher liquidity, making the market more attractive for hedging. We will keep working towards a regulatory framework to enable prudent institutional access to these markets. A proposal to allow FPIs to trade in non-cash settled non-agricultural commodity derivative contracts is currently under examination. We will also engage with the Government to consider banks, insurance companies, and pension funds to trade in these markets.

By December 2025 end, we will include commodity-specific brokers in the Samuhik Prativedan Manch, a common reporting mechanism for compliance reports. This will ease their compliance requirements. We have engaged and will continue to engage with the Government to resolve GST related challenges for participants who wish to receive or deliver commodities through the Exchange platform.

Fourth, we will run targeted awareness and education programs to make these markets more accessible and relevant to all.

The road ahead is exciting and challenging. We need to rapidly move from being price-takers to price-setters. We are aligning our markets with national priorities like 'Make in India' and the 'Critical Minerals Mission'. We are building an ecosystem that is resilient to global shocks and responsive to domestic needs.

Let us work together - regulators, exchanges, and market participants - to build a robust commodity derivatives market, with metals at its core, that truly creates value, manages risk, and will power India's journey to a brighter, more prosperous future.

Thank you. Jai Hind!