Address by
Shri Tuhin Kanta Pandey, Chairman, SEBI
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"Integrity, Innovation, Inclusion - Igniting Hypergrowth in Indian Commodities & Capital Markets"
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Shri Arjun Ram Meghwal ji, Hon'ble Union Minister of State for Law & Justice (Independent Charge) and Parliamentary Affairs, Shri Kamlesh Varshney, WTM, SEBI, Shri Ashok Agarwal, Chief Mentor, CPAI, Shri Rakesh Kumar Jain, National President, CPAI, MDs & CEOs of our MIIs, members of CPAI, distinguished guests, and friends - Good morning!

I am delighted to be here today to share my views on our capital markets, especially in the commodity derivatives space. Amidst global uncertainty, India stands out for its resilience and pace of growth. Our macroeconomic fundamentals remain strong - the economy expanded by 8.2% in the September 2025 quarter. The annual real GDP for FY26 is expected to grow at 7.3%, reinforcing India's position as the fastest-growing major economy.

Our capital markets have progressed rapidly during the last decade in terms of primary and secondary markets, derivatives - both equity and commodity - mutual funds, AIFs, REITs, InvITs, and corporate bonds.

The rise in number of unique investors is a vote of confidence in our regulatory architecture as well as a responsibility for all of us in terms of market stability and investor protection. There has been a structural shift in household financial behaviour, signalling democratisation of wealth creation. Today, capital markets are increasingly seen as a trusted pathway to prosperity.

Commodity derivatives markets have been under SEBI's oversight since 2015. Today, 104 distinct commodities and their variants have been notified for trading on recognized stock exchanges. A diverse range of 34 unique commodities are available for trading - 23 agricultural commodities and 11 non-agricultural commodities. The annual notional turnover in FY 2024-25 reached ₹580 trillion - almost doubling from FY 2023-24. As on October 31, 2025, the notional turnover has already reached ₹628 trillion[1].

Economic Utility of Derivatives

The World Bank, in its October 2025 outlook for commodity markets, has predicted a decline in commodity prices this year. The market faces downside pressures (weak growth, policy uncertainty) and upside risks (geopolitics, sanctions, weather shocks, data-centre demand)[2]. Robust commodity derivatives markets are needed to convert this price volatility into a manageable risk.

[1] Source: SEBI Annual Report and November 2025 bulletin
[2] https://openknowledge.worldbank.org/entities/publication/d08d3ee8-e38a-4f02-8ade-95b9c6075c0b

First, these markets provide real-time price discovery. The price of a contract discovered on a commodity exchange is not arbitrary - it is arrived at by aggregating vast amounts of information, from geopolitical supply disruptions to shifting weather patterns. Markets establish fair values that reflect future expectations. This transparent pricing is the highest form of market **integrity**.

Second, they enable price risk management. Producers and consumers can hedge against volatility and stabilize their incomes. This enables complex commercial contracts to be settled with confidence, ensuring smooth physical trade of goods. Our exchanges provide **innovative** tools for this price insurance, allowing businesses to focus on production.

Ultimately, this supports **inclusion** in the real economy. Markets guide planting decisions for farmers to inventory management for manufacturers. This ensures efficient resource allocation beyond the financial world and into the real economy.

Regulatory Reforms for the Commodity Derivatives Markets

Let me highlight some key reforms undertaken by SEBI for this market:

Ease of Doing Business:

The staggered delivery period[3] has been shortened from a minimum of five working days to three working days. This benefits market participants in terms of reduced margin requirement.

The new Stock Broker regulations will enhance ease of compliance by ensuring simplified language and overall structured provisions. These regulations are forward looking, keeping in mind the dynamic nature of our markets.

Penalty framework for all stock brokers, including commodity brokers, has been rationalized. Stock brokers, who are members of multiple exchanges, will now be penalized by only one exchange for common violations, rather than by each exchange separately. The nature and quantum of penalties has been reviewed - 12 new penalties have been introduced, while 40 penalties have been done away with. This rationalised penalty framework shall facilitate ease of doing business and ease of compliance for all stock brokers.

Market Development:

Electricity Futures were launched by NSE and MCX in July 2025 after contract specifications were finalized between SEBI and CERC, the power regulator. These contracts saw good turnover during July to September, with a drop in October-November, due to seasonal stability in power demand. It is encouraging to note that

[3] Staggered delivery refers to the timeframe prior to a contract's expiration during which buyers and sellers with open positions can express their intent to either receive or provide delivery.

hedgers, power traders, commercial and industrial consumers, power generators, and state utilities are participating in these contracts[4].

The trading lot size for nickel contracts was reduced to attract participation from smaller entities. Since its relaunch by MCX in August 2025, the nickel futures contract has registered trading turnover, as compared to FY 2024-25.

Way Ahead

As we look to the future, commodity markets and their participants will be high on our regulatory and developmental agenda.

Market Development and Ease of Doing Business:

Working groups have been set up to suggest measures to deepen the Agri Commodity Derivatives ecosystem. These expert groups, among other things, are reviewing whether the regulatory framework pertaining to margins, position limits, and delivery and settlement mechanism can be optimized without affecting market integrity. Their recommendations will assist us in taking necessary developmental measures after due consultation with all stakeholders.

The Working Group to review the non-agri commodity derivatives segment will be notified shortly.

We are engaging with RBI and IRDAI to enable participation of banks and insurance companies in commodity derivatives market. Enhanced institutional participation will bring in higher liquidity, making the market more attractive for hedging.

We will continue engaging with the Government to resolve GST related issues for participants who wish to receive or deliver commodities through the Exchange platform.

The Samuhik Prativedan Manch (Common Reporting Portal) has been implemented to ease reporting requirements for stock brokers. Facility to extend this portal to commodity-only brokers is under development.

Presently, stock exchanges maintain distinct Investor Protection Funds (IPF) - one for products such as equity, bonds, equity derivatives, etc. and another for the commodity segment. We are examining a proposal to have a single IPF for all products offered by an exchange.

Awareness and Outreach:

SEBI's investor survey has highlighted the need for targeted awareness and education programs. For commodity derivatives, our awareness programs are being targeted

[4] Source: NSE and MCX

towards farmers, Farmer Producer Organizations (FPOs), exporters and importers, students and faculty members from agricultural colleges, hedgers, and MSMEs.

Outreach programs are being conducted with FPO representatives to identify the challenges faced by them in accessing the market.

NISM will be conducting programs to equip trainers with the necessary skills to deliver awareness programs on these markets.

Our markets offer regulated gold products, viz., through commodity derivatives, Gold ETFs, and Electronic Gold Receipts (EGRs). These regulated products ensure investor protection. EGRs were meant to create a regulated market for trading gold and establish India as a global price-setter for gold. While the EGR framework may need a review, I urge the industry to educate its participants and investors to deal only in regulated gold products.

Concluding remarks

I also take this opportunity to commend CPAI for preparing a journal, which brings together the perspective of industry experts and market luminaries. We need to encourage high quality research and data to shape regulation for these markets.

As I close, I reiterate SEBI’s commitment to developing the commodity derivatives space in a consultative manner. Let us all work together to build a market that is not defined just by the volume of trade, but by the value we create for society.

Thank you. Jai Hind!