

# An Empirical Investigation on Iron-Ore Price volatility with special reference to Dindigul Lock makers

## Dr. S. Gurusamy

Coordinator, Centre for Rural Development and Strategic Studies,  
Principal Investigator, UGC-UPE Rural Development Project  
Phase II – Part II, Professor and Head, Department of Commerce  
University of Madras, Chepauk, Chennai- 600 005  
E-mail Id: professorsrg@yahoo.com

## Ms. P. Hemavathy

University Grants Commission – Senior Research Fellow  
Full time Doctoral Research Scholar, Department of Commerce  
University of Madras, Chepauk, Chennai – 600 005  
E-mail Id: chennaihema@rediffmail.com

## Ms. V. Leelavathy

Project Fellow,  
UGC-UPE Rural Development Project Phase II- Part II  
Department of Commerce, University of Madras  
Chepauk, Chennai – 600 005  
E-mail Id: vleelavathy@gmail.com

## Abstract

*Iron-ore is the staple raw material required for manufacturing locks. Iron ore price contributes to the cost of raw material for Dindigul lock makers. High volatility has been widely observed in the prices of Indian iron ore market. Irrefutably, the Lock maker's optimism has been battered by volatility and thus critically has an effect on their economic growth. This study develops and examines the conditional volatility model in an attempt to confine the prominent features of volatility in iron ore prices prevailing in Indian market confining to the benefit of Dindigul Lock makers. Results of the study exhibit that the high volatility of iron ore price is expected when the negative shocks are present. The Centre and State government are accountable in steering rural development through adequate disbursement of credit in the form of incentives to the lock makers to buy raw materials at an affordable cost.*

**Keywords:** GARCH, Iron Ore Price, Lock Makers, Rural artisans, Raw Material

## 1.1 Introduction

Honourable Prime Minister Narendra Modi conceptualized “**Make in India Campaign**” on 25<sup>th</sup> September 2014. The campaign has been launched for the purpose of job creation in secondary and tertiary sector thus boosting the national economy and thereby converting India to a self-reliant country. Besides, this initiative would give the Indian economy a global recognition. Gandhiji believed that “real India lives in villages”. The village economy is the backbone of Indian economy. Without the development of the rural economy, the objectives of economic planning cannot be achieved. Rural artisans in India can be considered as the torch bearers of Modi's “**Make in**

**India Campaign**” strategy. This study focuses on lock makers in Dindigul district in Tamilnadu. In India there exist famous lock unit place in Dindigul district, located in the state of Tamilnadu. Dindigul locks industries is 100 years old and the lock making units in Dindigul gives employment opportunities to people living in surrounding areas of Dindigul. Dindigul locks are basically traditional handmade lock and they also have a unique brand image among the customers. Dindigul lock making units are spread over several villages of Dindigul district such as Paarapatti, Mattupatti, Nallampatti, Nagalnagar, Perumal kovilpatti, Balamarathupatti, Kammalapatti etc. Iron-ore is the staple raw material required for manufacturing locks. Iron ore price contributes to