

AN IMPACT OF MACROECONOMIC INDICATORS ON INDIA'S CRUDE OIL FUTURES PRICE

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ABSTRACT

Purpose

In recent times, crude oil price shocks have been a priority concern in economic policies. Earlier studies have focused on exploring the impact of oil price shocks on macroeconomic indicators in developed nations. No studies have focused on the Indian context analysing the impact of macro-economic indicators on crude oil futures price.

Design/Methodology/Approach

Based on evidential support from few seminal works done in this field, the hypothetical framework with connections between oil futures price and four macroeconomic indicators, was conceived. The multiple regression analysis techniques are employed for a ten-year time-series data to measure the relationship between the crude oil futures price and selected macroeconomic variables.

Findings

The study results indicate that the maximum impact of crude oil futures price fluctuations depends on the two indicators – Gross Domestic Product (GDP) and Wholesale Price Index (WPI).

Practical Implications

The future economic progress of India critically hinges on the long-term availability of energy from sources that are inexpensive, accessible, and environment friendly. This study establishes the need for Indian policymakers and Economists to reform the fiscal and monetary policies to effectively control oil price shocks, by reducing domestic inflation pressure and significantly improving the gross domestic product.

Originality/Value

This research presents a research model with a different set of determinants unlike the previous research undertaken in this field.

Keywords: Crude Oil Futures Price, Exchange Rate, GDP, MIBOR, Wholesale Price Index, Inflation, Macroeconomics