

Notice for the PhD Viva Voce Examination

Ms Bidisha Sarkar (Reg. No. 1520073), PhD scholar at CHRIST (Deemed to be University), will defend her PhD thesis at the public viva voce examination on Thursday, 22 October 2020 at 11.30 am. The defense will be conducted online on the Webex Meeting platform.

- Title of the Thesis** : **Effect of Crude Oil Price Changes on Macro Economy and Capital Market of India**
- Discipline** : **Management**
- External Examiner** : **Dr Tomy Mathew**
(Outside Karnataka) Professor & Vice Principal
PGM College, Devagiri
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- External Examiner** : **Dr H N Shivaprasad**
(Within Karnataka) Professor & Director
Dr D Veerendra Heggade Institute of Management
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- Supervisor** : **Dr Jain Mathew**
Professor
School of Business and Management
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Since it is an open viva, faculty members and research scholars of all branches of research are cordially invited to attend.



Registrar

Place: Bengaluru

Date: 19 October 2020

ABSTRACT

Oil symbolizes an important role in the global economy. Crude oil or petroleum is an indispensable and a contributing factor for any economy. Several international crude oil price benchmarks (Brent, WTI, OPEC and so on) have always been tested through empirical studies to establish certain cause-effect relationships and to determine their predictability. However, literature evidence is limited to the Indian basket. Moreover, the need for forecasting this benchmark has not been acknowledged by the scholars. International crude oil price of the Indian basket, also termed as Indian basket crude oil price, is the base of any petroleum product pricing in India. Importing crude oil enhances the trade deficit of the nation. The present scenario of the global petroleum industry and the relationship among the major oil-producing and exporting countries are vulnerable. This situation increases the supply-side risk for the major oil-importing countries like India. In this state of affairs, it is vital to find out the factors that influence this price benchmark to reduce uncertainty. This research work aims to provide a holistic picture of the international crude oil price of the Indian basket, considering the present scenario of the oil industry and lack of scholarly work on this field. Where on one side, the external factors affecting crude oil price have been determined, on the other hand how the Indian economy and capital market is affected by this price change have been found out. Triangulation method under a mixed approach has been adopted for this research work where quantitative and qualitative data collection have been run simultaneously. The time frame of the quantitative data collection is April, 2000 to March, 2018 and the frequency is monthly. Twenty experts have been interviewed to capture the qualitative aspects associated with the models. Four models have been proposed to execute the objectives. Model one focused on the international factors influencing Indian basket crude oil price and on the prediction efficiency of the model. It found out that the demand-supply mechanism affects the Indian basket crude oil price the most. OECD and Non-OECD consumption, OPEC and Non-OPEC production, Brent, WTI and OPEC crude oil price benchmark can predict Indian basket crude oil price with high accuracy which can contribute to policymaking. The second model validates the relationship of Indian basket crude oil price with inflation and foreign exchange reserve. The third model reveals a significant association between Indian basket crude oil price and return of the nifty-fifty index. The fourth model could establish only one proposed relationship and that is between six-month treasury bill yield and Indian basket crude oil price. Both quantitative and qualitative findings have given more importance to OPEC strategies. Hence, policymakers and other beneficiaries of this scholarly work can be suggested to diversify India's crude oil import sources to mitigate the risk arising due to the religious war among the OPEC members and vulnerable international affairs of the cartel. Current global political condition is crucial and third world war can be commenced any time and the base of this war will be crude oil. Hence, the Petroleum Ministry can be recommended to focus more on reserve so that supply should not get interrupted which may affect domestic petroleum prices.

Keywords: International Crude Oil Price of Indian Basket, Indian Economy, Stock Market Return and Yield of Indian Government Securities