

Global Oil Price Rise and Policy Options for the Indian Economy: An Analysis Using a CGE Model

Manoj Panda and A. Ganesh-Kumar

Quantitative Approaches to Public Policy –
Conference in Honour of Professor T. Krishna Kumar

Held in conjunction with the
Fourth Annual International Conference on Public Policy and Management
Indian Institute of Management Bangalore (IIMB)

9-12 August 2009



School of Business and Management
Queen Mary, University of London
London, United Kingdom



Indira Gandhi Institute of
Development Research
Mumbai, India



Centre for Public Policy
Indian Institute of Management
Bangalore, India

<http://www.igidr.ac.in/pdf/publication/PP-062-06A.pdf>

**Global Oil Price Rise and Policy Options for the Indian Economy:
An Analysis Using a CGE Model**

*Manoj Panda and A. Ganesh-Kumar**

Indira Gandhi Institute of Development Research, Mumbai, India

E-mail: manoj@igidr.ac.in and agk@igidr.ac.in

April 2009

Abstract

This paper uses a static CGE model to examine the impacts of rise in global price of crude oil and petroleum products, respectively, on the Indian economy under administered pricing mechanism and free market pricing mechanism for the petroleum products. In particular we consider three cases (a) when the domestic prices of petroleum products are administratively kept unchanged by the government, (b) when the government administratively raises the price of petroleum products by 10%, and (c) when administered pricing mechanism is replaced with market determined pricing for petroleum products.