

**PROJECT REPORT ON**  
**“THE RELATIONSHIP BETWEEN GLOBLE COMMODITY PRICES AND INDIAN**  
**INFLATION ”**

**Submitted by**  
**SRIKANTH N**  
**USN: - 4AL22BA106**

**Submitted to**  
**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**  
**In partial fulfilment of the requirements for the award of the degree of**  
**MASTER OF BUSINESS ADMINISTRATION**



**Under the guidance of**  
**Dr. VISHNU PRASANNA KN**

**Professor**  
**PG Department of Business Administration**  
**Alva's Institute of Engineering and technology**  
**Mijar, Moodbidiri**



**PG DEPARTMENT OF BUSINESS ADMINISTION**  
**Alva Institute of engineering & Technology, Shobhavana campus,**  
**Mijar, Moodbidiri, D.K-574225**  
**MAY-2024**

Date: 09/09/2024

## CERTIFICATE

This is to certify that **Srikanth. N.** bearing **USN 4AL22BA106**, is a bona-fide student of Master of Business Administration course of Alva's Institute of Engineering and Technology, Moodbidri for the batch 2022-2024, affiliated to Visvesvaraya Technological University, Belagavi. The Project report on "**The Relationship between Global Commodity Prices and Indian Inflation**" is prepared by him under the guidance of Dr. Vishnu Prasanna K.N., Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi, Karnataka.



INTERNAL GUIDE



HOD

HOD

PG Dept. of Business Administration  
Alva's Institute of Engg. & Technology  
Mijar - 574225



PRINCIPAL

Alva's Institute of Engg. & Technology,  
Mijar. MOODBIDRI - 574 225, D.K

Viva – Voce Examination

Signature of Internal Examiner  
(Name & Affiliation)

Signature of External Examiner  
(Name & Affiliation)

## DECLARATION

I, Mr. Srikanth. N., (USN: 4AL22BA106) hereby declare that the project report entitled **"THE RELATIONSHIP BETWEEN GLOBAL COMMODITY PRICES AND INDIAN INFLATION"** is prepared by me under the guidelines of Dr. Vishnu Prasanna K. N., Professor of Finance, PG Departments of Business Administration, Alva's Institute of Engineering and Technology, Mijar, Moodbidri.

I also declare that this project work is towards the partial fulfilment of the university regulations for degree of MASTER OF BUSINESS ADMINISTRATION by Visvesvaraya Technological University, Belagavi.

I have undergone a project for a period of 6 weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University/Institution

Date: 09-09-2024

Place: Moodbidri



Signature of the student

## ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to all those who have helped me throughout this project. It gives me immense pleasure to acknowledge all those who have rendered encouragement and support for the successful completion of this work.

I express my deep sense of gratitude to my internal guide **Dr Vishnu Prasanna K. N** Professor Dept. of the MBA. For his constant support and encouragement to carry out my project successfully without much difficulty.

I would like to express my sincere thanks to **Dr. Peter Fernandes**, Principal Alva's Institute of Engineering and Technology, Mijar, Moodabidiri.

I am grateful to **Mrs. Priya Sequeira**, HOD, and MBA department, Alva's Institute of Engineering and Technology, Mijar, Moodabidiri. Whose timely suggestions and encouragement support me to complete this project.

With regards,

Srikanth N

## TABLE OF CONTENT

<b>CHAPTER NO</b>	<b>CHAPTERS</b>	<b>PAGE NO</b>
<b>1</b>	<b>INTRODUCTION</b>	<b>01</b>
<b>1.1</b>	Introduction to the study	<b>02-03</b>
<b>2</b>	<b>CONCEPTUAL BACKGROUND AND LITERATURE REVIEW</b>	<b>04</b>
<b>2.1</b>	The theoretical background of the study	<b>05-10</b>
<b>2.2</b>	Literature review with a research gap	
<b>3</b>	<b>RESEARCH DESIGN</b>	<b>11-16</b>
<b>3.1</b>	Statement of The Problem	<b>12</b>
<b>3.2</b>	Need of The Study	<b>13</b>
<b>3.3</b>	Objectives	<b>13</b>
<b>3.4</b>	Scope of The Study	<b>13</b>
<b>3.5</b>	Research Methodology	<b>14</b>
<b>3.6</b>	Hypothesis of The Study	<b>15</b>
<b>3.7</b>	Limitations	<b>15</b>
<b>3.8</b>	Chapter Schemes	<b>16</b>
<b>4</b>	<b>ANALYSIS AND INTERPRETATION</b>	<b>17-70</b>
<b>5</b>	<b>FINDINGS, SUGGESTIONS, AND CONCLUSIONS</b>	<b>71-74</b>
<b>6</b>	<b>BIBLIOGRAPHY, ANNEXURE</b>	<b>75-77</b>

## LIST OF TABLES

<b>TABLE NO</b>	<b>TITLE</b>	<b>PAGE NO</b>
<b>4.1.1</b>	descriptive analysis of sugar, soya bean, whaet	<b>18</b>
<b>4.1.2</b>	Correlation analysis of sugar, soya bean, whaet	<b>20</b>
<b>4.1.3</b>	regretion analysis of sugar, soya bean, whaet	<b>22</b>
<b>4.1.4</b>	unit root testing (adf test) of sugar, soya bean, whaet	<b>23</b>
<b>4.1.5</b>	pairwise granger casuality test of sugar, soya bean, whaet	<b>26-28</b>
<b>4.1.6</b>	auto regression of sugar, soya bean, wheat	<b>29-30</b>
<b>4.2.1</b>	Descriptive analysis of copper, gold, silver, platinum, exchangerates, lending interest rates	<b>32</b>
<b>4.2.2</b>	Correlation analysis of copper, gold, silver, platinum,exchange rates, lending interest rates	<b>34</b>
<b>4.2.3</b>	regretion analysis of copper, gold, silver, platinum, exchange rates, lending interest rates	<b>36</b>
<b>4.2.4</b>	Unit root testing (adf tset) of copper, gold, silver, platinum, exchange rates, and lending interest rates	<b>38</b>
<b>4.2.5</b>	pairwise granger casuality test copper, gold, silver, platinum, exchange rate, lending interest rates	<b>40-42</b>
<b>4.2.6</b>	Vector Autoregression of copper, gold, silver, platinum, exchange rates, lending interest rates:	<b>43-45</b>
<b>4.3.1</b>	descriptive analysis of crude oil, exchange rate, interest rates	<b>48</b>
<b>4.3.2</b>	correlation analysis of crude oil, exchange rate, interestrates	<b>50</b>

<b>4.3.3</b>	Regretion analysis of crude oil, exchange rate, interest rates:	<b>51</b>
<b>4.3.4</b>	Regretion analysis of crude oil, exchange rate, interest rates:	<b>52</b>
<b>4.3.5</b>	Unit root testing (adf test) of crude oil, exchange rate, and interest rates	<b>54</b>
<b>4.3.6</b>	Pairwise granger casuality test of crude oil, exchange rate, interest rates	<b>55</b>
<b>4.3.7</b>	Vector Autoregression test of crude oil, exchange rate, interest rates	<b>57-58</b>
<b>4.4.1</b>	Descriptive analysis of natural gas, exchange rate, lending interest rates	<b>59</b>
<b>4.4.2</b>	Correlation analysis of natural gas, exchange rate, lending interest rates	<b>61</b>
<b>4.4.3</b>	Regression analysis of natural gas, exchange rate, lending interest rates	<b>62</b>
<b>4.4.5</b>	Unit root testing (adf test) of natural gas, exchange rate, lending interest rates	<b>64</b>
<b>4.4.6</b>	Pairwise granger casuality test of natural gas, exchange rate, lending interest rates	<b>66</b>
<b>4.4.7</b>	Vector Autoregression of natural gas, exchange rate, lending interest rates	<b>68-69</b>

## **EXECUTIVE SUMMARY**

This project travel over the relationship between global commodity prices and Indian inflation, pointing on commodities such as copper, wheat, soybean, corn, sugar, crude oil, platinum, gold, and natural gas over the time from 1998 to 2023. The analysis employs various statistical methods to understand this relationship completely. Descriptive analysis will provide a summary of the data, highlighting key trends and patterns. Correlation analysis will compute the strength and direction of the relationship between commodity prices and inflation. Covariance analysis will assess the degree to which these dynamic change together. The Granger causality test will control whether changes in commodity prices can predict future motion in inflation. Lastly, the Unit Root Test, specifically the Augmented Dickey-Fuller Test, will check for stationarity in the time series data, make sure the reliability of the results. Through these analyses, the project aims to identify notable patterns and causal relationships, offering valuable insights for policymakers to manage inflation effectively by comprehension the impact of global commodity price variation on the Indian economy. This understanding approach will help in formulating strategic reaction to maintain economic solidity amidst global market volatility.