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## EFFECT OF HIKE IN PETROLEUM PRICE

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### ABSTRACT:-

This research tries to study on the effects of hike in petroleum price that is the rise in petrol price. This rise in fuel prices over the past few days are eating into the margins of transporters, who will be forced to transfer the burden of rise in petrol price to their absolute customers as a whole. This in turn, is set to make the rise in prices of the daily consumables and other goods which is been used regularly. It affects all the people directly and indirectly. This daily raise in price will impinge on the pockets of the households also this will leads to a situation where the expenditure is more on fuel and cut their expenditures on other items which will explicitly affect their day to day expenditures. The experiences and the difficulties faced by the people are been collected by the questioner and have been interpreted using a table and pie charts. To see this effects on the people 50 respondents have been collected in this topic hike in petrol price. So from this research we could infer how people have been affected in a day to day basis. Because petrol has become an indispensable part of our day to day routine and we can imagine a day without petrol.

Key words: - Hike, inflation, petroleum, day to day, indispensable.

### INTRODUCTION:-

Petrol has become a part of life nowadays so we can't even image a life without petroleum, so this rise in the price of petrol will affect the day to day routine. Within these three years the price of petrol has been increased 10 times and is still increasing daily. This situation is nothing but adding fuel to the fire which is already burning. This situation directly and indirectly affects all the sectors like textile, transportation, auto, and all other sectors which depend on petrol. This affects the prices of the daily essentials commodities which are been transported on a daily basis. Banking sectors are also expected to suffer a lot due to the high rate of inflation level. This increase in petrol price will also lead to increase in the price of food which directly affects all the status of people in economy.

But mainly there will be a several impact on the weaker section of people that is the low income people because poor people tend to spend more than half of income on food and only a tenth out of that on fuel. This is a chain reaction once started will affect the poor people very strongly as a whole. Increase in petroleum price will increase the transportation expenses, increase in transportation expenses will increase the cost of goods and will cause a shift in the price of goods would gradually force the people to loosen their pockets even more and so on like this the chain will keep on propagate and the expenses of the people will be keep on increasing. This situation will push the people into poverty and leading to more pathetic situation to those who are already poor. It will not only lead the poor but also obviously sent shock waves to the common man who is trying very hard to make both ends meet. The already existing middle class people are squeezed and many of those striving to attain the middle class standard find it persistently out of remits will bring no negative impacts on those who are government employees as their DAs will increase accordingly.

The business running will have certain effects due to the rise in petroleum price but they all will directly transfer the burden to the customers and the chain reaction starts there. The person who is affected the most the low income people and there burden is more as compared to other peoples. The Indian government is not taking any steps or programs to decrease the price of petroleum. Before this situation gets worse we the people of India have to take any steps to control this situation.

Petrol has become an indispensable part of our day to day life, and we can't even think or imagine a life or a day without petrol. But nowadays the price of petrol are sky rocketing, which will eventually going to affect each and every single thing that we are using in our day to day life as a whole. Poor people or the lower class people are working hard to deserve meal a day and this hike in petrol price is definitely going to paralyze these already burned peoples life. But not only the lower class and middle class people are also been affected by this rise in petrol price. There are various reasons for the increase in the price of petrol in India the main reasons are because of the tax levels and greedy forecourt, but the main reason behind the rise in petrol price is far more complex, and hidden factors that are deep in a stressed supply chain of petrol. Current situation of India cities are since the first week of May there have been a high steep rise in petrol and diesel prices that have become a concern for the citizens of our country. It has impacted their livelihood as a whole.

## REVIEW OF LITERATURE:-

1. Roshan Kishore and Vineet Sachdev (2021) "Rising fuel prices and the prospects of economic recovery":- It was concluded that there is a cascade impact between the price increases of fuel and diesel and the pricing of other commodities. Profits for companies who are unable to pass these costs through will have to suffer. India's festive season, which officially begins in one week, is expected to bring about a much-needed surge in consumer spending. However, inflation poses a major danger to the nation's economy, particularly through the fuel route. Taxes have a vital role in the current levels of fuel costs, thus the story of fuel inflation is not solely explained by a growing trend in global oil prices. Even though things are already quite tough, any additional rise in the price of crude oil internationally will simply make things more difficult.

2. Rohit Inani (2021) "Rising fuel prices further dent stressed sectors of India's economy":- This study calculates the increase in oil prices during the pandemic that is happening in COVID-19. The union, according to its members, is at its knees due to economic disruption brought on by the pandemic and high fuel prices. Most of these members are burdened with obligations and loan repayments that recently posted its worst performance in 74 years since India's independence. During the April 2020–March 2021 fiscal year, India saw a record 7.3% contraction in its economy.

The proprietor of Delhi-Nalagarh items Carrier told India Spend, "There's no demand, our goods are not getting sold, and we rarely get any orders, which even dropped by about 65." The trucks sit idle in Mumbai even if we have orders to move products as there is no cargo to transport back. Many of the factories in cities have closed owing to labour shortage. And now, to compound these issues, there's more. "I'm spending the majority of my money on diesel. I have no idea why government keep raising the price of diesel on daily basis.

3. Dhinesh Kallungal (2022) "Fuel price rise to make life of common man miserable":- A high rate of inflation, rising food costs, and the recent weight of rising fuel price which would include cooking gas, are all going to make life miserable for any average person. On Tuesday, the petrolean price, diesel and non-subsidized liquefied petroleum gas (LPG) increased nationwide. In New Delhi, the prices of petrol, diesel increased to 107.23 and 94.32 per litre, respectively, while LPG price increased by 50 per cylinder to 959 for a 14.2-kg cylinder. The capital cost of the 19 kilogramme commercial cylinder is ₹ 2,018.

The cost necessities will be influenced by the increase in fuel and cooking gas costs, particularly of petrol & diesel. For the few prior months, State has already seen high prices for a number of necessities, and the most recent increase in fuel costs is expected to make matters worse. The Department of Economics and Statistics' preparation of price trends highlights the fact that, over the previous year, the retail price of the majority of necessities has been steadily rising in State.

4. Sudhir (2021) "What's the impact of increase in fuel price. on the common man even as States, Centre tussle" :- This study examines the effects of rising petrol prices on the average person. In order to control their gasoline bills, about 51% of Indians, according to a Local Circles survey, are reducing their other spending. The study found that about 21% of participants were "cutting spending on essentials and it is painful" for them. A further 14% are using their savings to cover the cost. Upon a poll, approximately 43% of participants declared that, with the other object, working from home or having a shorter commute had reduced their monthly fuel or diesel expenses. Two percent more said they had not spent any money on gasoline.

The impacts of growing petrol prices on the typical person are investigated in this study. A Local Circles survey indicates that roughly 51% of Indians are cutting back on other expenses to lower their petrol prices. Approximately 21% of participants in the research they were "cutting spending on essentials and it is painful" for them. A further 14% are paying for the expense out of their savings. According to a survey, about 43% of respondents declare that, in addition to the working from home or taking a shorter commute

has decreased their monthly costs associated with petrol or diesel. An additional two per cent reported not having made any purchases for petrol.

5. Suresh (2019) "Why Is the Petrol Price Rising This study looks into the effects of rising petrol prices on the average person. According to a Local Circles poll, approximately 51% of Indians are making other cost reductions in an effort to bring down petrol prices. The study found that about 21% of participants said they were "cutting spending on essentials and it is painful" for them. An additional 14% use their savings to cover the cost. In a poll, around forty-three percent of participants declare that, in addition to working, from home or cutting down on their commute had reduced their monthly expenses related to petrol or diesel. Extra 2% responses claimed not to have bought any petrol.

## RESEARCH GAP:-

Hike in petroleum price is the most significant subject to have been discussed in recent years. This subject was picked with the understanding that this rise in price of petrol affect everyone in day to day basis. The above researchers done by various authors tried to find various problems faced by many people and also economy as a whole.

Many authors says that the rise in petrol price have various causes, effects and this effects each and every individuals especially the low income people that is the poor people but from my point of view this rise in petrol price not only affect the weaker a portion of the populace, but also the middle class people are been affected a lot, economy as a whole is been affected and the dependency on other countries also increases. This situation will affect each and everyone in the country.

## STATEMENT OF PROBLEM:-

An increase in price of petroleum not only has affected the those who are independent vehicles but also those who don't have own one. Rising in fuel prices have a impact on citizens lives because steep fuel price leads to high inflation. It affects prices of the other essential commodities like medicines, food, cloths etc. have been adversely affected by a rise in fuel price.

In some reports it is mentions that there was a growing demand for petrol worldwide even in pre-pandemic times, but the supply was not up to the mark. The report quoted the International Energy Agency (IEA) saying that there is still a shortage of nearly 1 million barrels per day worldwide. This imbalance between demand and supply of petrol coupled with various other geopolitical tensions resulted in the hike in price of petrol in India as a whole.

## OBJECTIVE:-

- 1) To identify whether travelling been affected due to rise in petrol price.
- 2) To analyse whether this rise in petrol price leads to increase in monthly household expenses.
- 3) To know whether Hike in petrol price is not tolerable.

**METHODOLOGY:-**

An online survey was conducted by sharing a questioner in the patter of Google forms which comprised of 20 questions to carry out this research study. It was majorly circulated through cross-platform messaging like whatsapp for a week. An ultimate of 50 responses were collected in total. Primary data was collected from the sample survey and non-probability sampling was carried out. Better say, convenience sampling was carried out by the researchers for it provides with more reliable data and sampling interpretation from the same. The questioner scheduled included the details of all demographical variables, marital status, current occupation, problems faced by petrol users and others. The secondary data was collected from the related articles different related magazines, newspapers, reputed journals from government reports and thesis.

**DATA ANALYSIS AND INTERPRETATION****TABLE 1: DEMOGRAPHIC AND SOCIO ECONOMIC VARIABLES**

Variables	Particulars	NOR	Percentage
Age	Below 18	5	10%
	18-35	28	56%
	35-60	17	34%
	TOTAL	50	100%
Gender	Male	11	22%
	Female	39	78%
	TOTAL	50	100%
Educational Qualification	12 <sup>th</sup> grade	8	16%
	UG	38	76%
	PG	4	8%
	TOTAL	50	100%
Annual Income	Below 500,000	20	40%
	500,000-10,00,000	10	20%

	Above 10,00,000	5	10%
	None	15	30%
	TOTAL	50	100%
Marital Status	Married	30	60%
	Unmarried	20	40%
	TOTAL	50	100%

#### INTERPRETATION:

- Among the age group 10% of the respondents belonging in the age group below 18 followed by 56% of the respondent are belonging in the age group of 18-35 years followed by 34% of the respondent are belonging in the age group of 35-60 years.
- Among the gender 22% of the respondents belonging to Male and 78% of the respondents belonging to Female. It clearly show that majority of the respondents are from female sector.
- Among the marital status 60% of the respondents are married persons and 40% of the respondents are unmarried persons. It clearly mentioned that majority of the respondents are unmarried.
- Among the educational level 16% of the respondents belonged to 12<sup>th</sup> grade group followed by 76% of the respondent belonged to UG degree group followed by 8% of the respondent belonged to PG degree group.
- Among the Annual income of the respondents 40% of them are earning less than 5,00,000 , 20% of the respondents are earning between 5,00,000 – 10,00,0000 , 10% of them are earning above 10,00,000 and 30% of the respondents are not earning. It clearly mentioned that majority of the respondents are not earning.

TABLE 2: YES/NO QUESTIONS:

Statement	No of respondents	% YES	No of respondents	% MAYBE	No of respondents	% NO
Awareness of that petrol price is been increasing daily	45	90	3	6	2	4
Is Hike in	15	30	13	26	22	44

petrol price tolerable						
Is this hike in petrol price result of inflation	28	56	22	44	0	0
Is travelling been affected due to rise in petrol price	36	72	12	24	2	4
Has travelling patterns before and after the increase in petrol price changed	23	46	22	44	5	10
Rise in petrol price leads to dependency on other countries	21	42	24	48	5	10
Are government steps or preventive measures needed in this rise	32	64	13	26	5	10

Source: primary data

This table shows the yes or no questions that have been answered. The first question is, are people aware of the rise in petrol price which is been increasing on a daily basis. Out of 50 people 45 says that they are aware of the rise in petrol price, 2 people says that they are not aware of the rise in petrol price and 3 says maybe they are aware of it. Actually most of the people are aware of the rise in petrol price because the rise in petrol price affects the daily routine and increase in the expenditure on a regular basis and this concept is actually

interrelated, a cycle reaction one affected everything goes wrong. The second question is hike in petrol price tolerable are people able to manage the situation the answer is 30% says that hike in petrol price is tolerable, 26% says that somehow they can manage and 44% of people says that the rise in petrol price is not tolerable. People feel that the rise in the price of petrol is a burden and they are not able to cope up with this expense which is keep on increasing in a day to day basis. The third question is that is this rise in petrol price leads to inflation in the economy 44% of people say yes and 56% of people says maybe not even a single person says no because this is true that the rise in petrol price leads to inflation in the economy and this is an economic burden for the nation as a whole. The fourth question Is travelling been affected due to rise in petrol price the answer is 72% of people says yes , 24% says maybe and 4% says no, actually the rise in petrol price directly affect the travelling methods. The fifth question is that has travelling patterns before and after the increase in petrol price changed 46% of people says yes, 44% says maybe and 10% says no. But in real the travelling patter before and after the rise in petrol price have changed a lot. The sixth question is Rise in petrol price leads to dependency on other countries 42% of people say yes, 48% says maybe and 10% says no. But the rise in petrol price leads to dependency on other country because we borrow petrol from other country if the international market money rises then there will be rise in price of petrol and our money value will decrease this will leads to economic depression. The last question is Are government steps or preventive measures needed in this rise in petrol price, 64% of people says yes , 26% says maybe and 10% says no, but the government should take some preventive steps and we the people are also responsible to make some steps to reduce the rise in price of petroleum.

TABLE 3: AGREE/DISAGREE QUESTION

QUESTION	No of respondents	% AGREED	No of respondents	% NEUTRAL	No of respondents	% DISAGREED
This rise in petrol price leads to increase in monthly household expenses	42	84	6	12	2	4
Rise in petrol price have a positive effect on	20	40	17	34	13	26



public transport						
Rise in petrol price have reduced the usage of vehicle which will also save the environment from air pollution	21	42	20	40	9	18
Petrol price hike have influenced the cost of goods and services at a greater extent?	31	62	15	30	4	8
Rise in petrol price leads to under development of the nation as a whole	14	28	25	50	11	22

Source: primary data

This table shows agree, neutral and disagree questions. The first question is This rise in petrol price leads to increase in monthly household expenses 84% of people agrees to the statement, 12 % neutral and 4% disagrees to the statement this statement is true the expense on petrol directly affect the cost of expenditure and affect the monthly expenses. The second question is Rise in petrol price have a positive effect on public transport 40% of people agrees to the statement, 34% of people selected neutral and 26% disagrees to the statement, but the public transport is the best mode of transport to travel in a daily basis because it reduce the expense on petrol and cause less harm to the society. The third question is Rise in petrol price have reduced the usage of vehicle which will also save the environment from air pollution 42% of people agrees to the statement, 40% says neutral and 18% disagrees to the statement however usage of public transport is actually

a discomfort for some people but this will reduce the usage of other mode of transports and this will save the environment from air pollution. The fourth question is petrol price hike have influenced the cost of goods and services at a greater extent 62 % agrees the statement, 30% stay neutral and 8% disagrees the statement. The costs of goods and services have an indirect effect on the rise in the price of petrol. The last question is rise in petrol price leads to under development of the nation as a whole 28% of people agrees to the statement, 50% neutral and 22% disagrees to the statement, yes it is true that the rise in petrol leads to under development of the nation due the expenses on petrol is more.

## FINDINGS:

It is found from the collected responses from the samples that,

- ✓ Middle class people have been affected the most due to rise in price of petroleum.
- ✓ People are aware of the rise in price of petrol but they are not getting any permanent solutions.
- ✓ Hike in petrol price is not at all tolerable.
- ✓ This rise in petrol price leads to increase in monthly household expenses. This hike in petrol price result of inflation.
- ✓ Travelling have been affected a lot due to rise in petrol price.
- ✓ Rise in petrol price have a positive effect on public transport.
- ✓ Rise in petrol price have reduced the usage of vehicle which will also save the environment from air pollution.

## LIMITATIONS:

There are certain limitations to this study. This research is restricted within the geographical boundaries of Chennai and the samples thus collected belong to Chennai locality. The major limitation of this study is due to time constraint and also a limited group of people has been taken as respondents. It is a simple convenient random sampling, which may defer based on a change in each socio-economic variable preference.

## CONCLUSION:

We, the people are the one to do something and control the situation. We should stop blaming government and We Indians import oil from different countries. We don't have enough oil to meet our basic requirements. So we have to depend on import of oil. If there is increase in international price then we have to bear price hike in India also. Then value of rupee in comparison with dollar is becoming weaker in international market. Increase in number of vehicles also causes hike in petrol prices. So the thing we can do is to reduce oil consumption by using public transport for travelling to routine places like our office, markets etc. Use of high capacity transport system like train, ships instead of trucks and carrier vans. Use of cycles to go to nearby places instead of bikes or cars. Cutting off fuel supply or switching the engine off when traffic is halted for long. Developing alternate sources of energy like solar energy etc. Development of bio-diesel,

and government should allocate more funds for developing alternate sources of energy as well as develop high capacity goods and public transport system. At last but not least I want to say petrol is a natural resource and limited in nature. We have to use it judiciously so that our future generations can also use it, and thus lead to sustainable development.

“Natural resources are not something we inherit from our forefathers but something we borrow from our children”

So it is our responsibility to save the nature and save the resource for the future generation. We have to develop the economy without compromising the needs and wants of the future generation that is sustainable development.

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