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The Impact of Fuel Price Hike on Consumers (A Study with Special Reference to Palani Taluk)

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Abstract:

The fuel prices are a significant determinant of worldwide economic performance. The fuel price rise results in a transfer of income from fuel importing to fuel exporting countries according to a shift in terms of trade. This price hike not only affected at macro level but also to every individual users. Increase in fuel price will also increase in food price. This will have a more severe impact on poor people because poor households spend more than half of their income on food and only a tenth on fuel. This price hike affects all range of people especially who are in middle class. Hence, an attempt is made to assess the impact level towards the raise in price of fuel.

1. Introduction

Petrol and diesel are the main components of fuel. Petrol and diesel has become an indispensable part of our day-to-day life, and we can't imagine our life without it. But, the fuel prices are sky rocketing. Increase in fuel price will also increase in food price. This will have a more severe impact on poor people because poor households spend more than half of their income on food and only a tenth on fuel. It is a chain reaction once started will affect all. Increase in fuel price will increase the transportation cost, increase in transportation cost will increase in price of goods, and this increase in price of goods would gradually force the people to loosen their pockets even more, and so on like this, the chain will further propagate. These ups and downs push more people into poverty and leading to a more pathetic situation of those already poor.

2. Objectives of the Study

- i. To identify the statement which influencing the level of impact
- ii. To offer summary of findings, suggestion and conclusion

3. Methodology

The study involves the data collected from primary as well as secondary sources. The primary data have been collected from the respondents through questionnaire/ interview schedule and the secondary data have been collected from websites, newspapers, magazines, books, and journals. Having completed the data collection, the filled up questionnaire/ interview schedule were edited properly to make them ready for coding.

All the information collected with the help of questionnaire was summed up by preparing a Master Table with the help of spreadsheet. Data have been entered into computer using SPSS software (Statistical Package for the Social Sciences) version 16.0 which comprises several types of analysis that can be used to analyze the data. Tools used is Analysis of Variance (ANOVA) or 't' test

Analysis of Variance (ANOVA) or 't' test have been used to find out whether the mean impact index of sample respondents differed significantly or not. Analysis of Variance (ANOVA) was used for those variables which are having more than two options and 't' test has been used for variables which are having two options only.

4. Factors Association with Level of Impact

Eight attributes have been selected to examine their association with the level of impact. Analysis of variance (ANOVA) or 't' has been used to find out whether the mean impact index of various respondents differ significantly

4.1. Gender and Level of Impact

Majority of the vehicle users are male. The price rise in fuel affect mainly to male respondents. To know whether, gender of the respondents associated with level of impact the following tables show the gender wise classification.

Gender	Numbers	Impact Index	Above Average	Below Average	Range
Male	236 (78.67%)	69.58	115	121	37.78-95.56
Female	64 (21.33%)	68.37	36	28	40.00-88.89
Total	300	69.32	146	154	37.78-95.56
d.f.:298		Table Value: Five per cent level: 1.968			
Calculated 't' Value: 0.850		One per cent level: 2.592			

Table 1

Mean impact index is found high among male respondents. Mean impact index is found low among female respondents. Thus, male respondents have high level of impact. As the calculated 't' value (0.850) is less than the table value at five per cent level, there does not exist any significant mean difference among respondents classified on the basis of gender.

4.2. Age and Level of Impact

Vehicles are used by different age groups. Mostly middle age groups are more affected in the price hike than the younger and too older because they have more commitments than others. To know whether, age of the respondents associated with level of impact, the following tables show the age wise classification.

Age (Yrs.)	Numbers	Impact Index	Above Average	Below Average	Range
Up to 30	72 (24.00%)	68.30	38	34	37.78-95.56
31 to 40	117 (39.00%)	70.98	61	56	46.67-91.11
41 to 50	70 (23.33%)	69.37	37	33	42.22-88.89
Above 50	41 (13.67%)	66.27	22	19	40.00-84.44
Total	300	69.32	146	154	37.78-95.56
d.f.:v ₁ 3, v ₂ 296		Table Value: Five per cent level: 2.635			
Calculated F Value: 2.581		One per cent level: 3.848			

Table 2

Mean impact index is found high among respondents in the age between 31 and 40. Mean impact index is found low among respondents in the age of above 50 years. Thus, the respondents in the age between 31 and 40 have high level of impact. As the calculated F value (2.581) is less than the table value at five per cent level, there does not exist any significant mean difference among respondents classified on the basis of age.

4.3. Educational Qualification and Level of Impact

Education determines the value of knowledge and awareness among the respondents. To know whether, educational qualification of the respondent associated with level of impact the following tables show the educational qualification wise classification

Educational Qualification	Numbers	Impact Index	Above Average	Below Average	Range
Up to HSC	132 (44.00%)	68.94	61	71	37.78-86.67
Degree / Diploma	78 (26.00%)	72.36	41	37	51.11-91.11
Post Graduate & Professional	90 (30.00%)	67.23	40	50	40.00-95.56
Total	300	69.32	146	154	37.78-95.56
d.f.:v ₁ 2, v ₂ 297		Table Value: Five per cent level: 3.026			
Calculated F Value: 5.760		One per cent level: 4.677			

Table 3

Mean impact index is found high among respondents who are studied degree/ diploma. Mean impact index is found low among respondents who are studied postgraduate/professionals. Thus, the respondents who are studied degree/ diploma has high level of impact. As the calculated F value (5.760) is greater than the table value at one per cent level, there exists significant mean difference among respondents classified on the basis of educational qualification.

4.4. Marital Status and Level of Impact

Married respondents are more responsible than unmarried because they have to run family. In case of unmarried respondents price rise will not make more impact. To know whether, marital status of the respondent associated with level of impact the following tables show the marital status wise classification

Marital Status	Numbers	Impact Index	Above Average	Below Average	Range
Married	238 (79.33%)	69.26	115	123	37.78-91.11
Unmarried	62 (20.67%)	69.53	31	31	42.22-95.56
Total	300	69.32	146	154	37.78-95.56
d.f.:298 Calculated 't' Value:-0.189			Table Value: Five per cent level: 1.968 One per cent level: 2.592		

Table 4

The mean impact index is more or less same for both the married and unmarried respondents. As the calculated 't' value (0.189) is less than the table value at one per cent level, there does not exist any significant mean difference among respondents classified on the basis of marital status.

4.5. Type of Family and Level of Impact

Generally joint families have more number of members than nuclear families. The price hike may affect more in case of joint families. To know whether, type of family of the respondent associated with level of impact the following tables show the type of family wise classification

Type of Family	Numbers	Impact Index	Above Average	Below Average	Range
Joint	129 (43.00%)	70.44	67	62	42.22-88.89
Nuclear	171 (57.00%)	68.47	95	76	37.78-95.56
Total	300	69.32	146	154	37.78-95.56
d.f.:298 Calculated 't' Value: 1.678			Table Value: Five per cent level: 1.968 One per cent level: 2.592		

Table 5

Mean impact index is found high among respondents who are from joint family. Mean impact index is found low among respondents who are from nuclear family. Thus, the respondents who are from joint family have high level of impact. As the calculated 't' value (1.678) is less than the table value at one per cent level, there does not exist any significant mean difference among respondents classified on the basis of type of family.

4.6. Monthly Income of the Family and Level of Impact

Monthly income is the most important attribute in deciding level of impact. More income groups are least affected than low income groups. To know whether, monthly income of the families of the respondent associated with level of impact the following tables show the monthly income of the family wise classification

	Numbers	Impact Index	Above Average	Below Average	Range
Up to 15,000	82 (27.33%)	70.41	42	40	48.89-91.11
15,001-30,000	115 (38.34%)	69.04	56	59	37.78-95.56
30,001-45,000	49 (16.33%)	69.07	22	27	46.67-91.11
Above 45,000	54 (18.00%)	68.48	29	25	40.00-86.67
Total	300	69.32	146	154	37.78-95.56
d.f.:v ₁ 3, v ₂ 296 Calculated F Value: 0.481			Table Value: Five per cent level: 2.635 One per cent level: 3.848		

Table 6

Mean impact index is found high among respondents who are from family having monthly income upto 15000. Mean impact index is found low among respondents who are from family having monthly income above 45000. Thus, the respondents who are from family having monthly income less than 15000 have high level of impact.

As the calculated F value (0.481) is less than the table value at one per cent level, there does not exist any significant mean difference among respondents classified on the basis of monthly income of the family.

4.7. Monthly Expenses of the Family and Level of Impact

Expenses are more important deciding factor for the level of impact. Price hike will increase the monthly expenses. To know whether, monthly expenses of the families of the respondent associated with level of impact the following tables show the monthly expenses wise classification

Monthly Expenses	Numbers	Impact Index	Above Average	Below Average	Range
Up to 10,000	109 (36.33%)	69.62	54	55	37.78-91.11
10,001-20,000	121 (40.33%)	69.29	59	62	44.44-95.56
20,001-30,000	47 (15.67%)	71.58	20	27	51.11-91.11
Above 30,000	23 (7.67%)	63.38	13	10	40.00-80.00
Total	300	69.32	146	154	37.78-95.56
d.f.:v ₁ 3, v ₂ 296		Table Value: Five per cent level: 2.635			
Calculated F Value: 3.577		One per cent level: 3.848			

Table 7

Mean impact index is found high among respondents who are from family having monthly expenses between 20001 and 30000. Mean impact index is found low among respondents who are from family having monthly expenses above 30000. Thus, the respondents who are from family having monthly expenses between 20001 and 30000 have high level of impact.

As the calculated F value (3.577) is greater than the table value at five per cent level, there exists significant mean difference among respondents classified on the basis of monthly expenses of the family.

4.8. Number of Years of Using Vehicles and Level of Impact

The impact of price hike is more to recent vehicles users because the fuel price will increase continually in the past few years. To know whether, number of years of using vehicles of the respondent associated with level of impact the following tables show the educational qualification wise classification.

Year of Using Vehicle	Numbers	Impact Index	Above Average	Below Average	Range
Up to 5	107 (35.67%)	71.53	53	54	37.78-95.56
6-10	88 (29.33%)	68.18	49	39	40.00-88.89
Above 10	105 (35.00%)	68.02	56	49	42.22-88.89
Total	300	69.32	146	154	37.78-95.56
d.f.:v ₁ 2, v ₂ 297		Table Value: Five per cent level: 3.026			
Calculated F Value: 4.082		One per cent level: 4.677			

Table 8

Mean impact index is found high among respondents who are using vehicles upto five years. Mean impact index is found low among respondents who are using vehicles for the period of above ten years. Thus, the respondents who are using vehicles upto five years have high level of impact.

As the calculated F value (4.082) is greater than the table value at five per cent level, there exists significant mean difference among respondents classified on the basis of number of years of using vehicles.

5. Conclusion

The level of impact towards price rise in fuel has been identified with the help of 15 variables. These variables have been examined with the help of Analysis of variance (ANOVA) and 't' test to find whether they have any association with the level of impact. The result reveals that the factors namely educational qualification, monthly expenses, number of years of using vehicle, purpose of using vehicle have a significant association with the level of impact regarding the rise in price of fuel.

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