



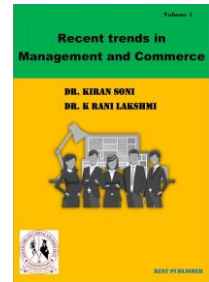
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### A Study on Rising Petrol Price in India and Effect on Common People

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#### 1. Introduction

Hike in petrol price is a major issue in the Indian economy. Every sector of the economy is affected by the increase in petrol price. Petrol has become an indispensable part of our day-to-day life, and we can't imagine our life without it. But the petrol prices are skyrocketing, and it is eventually going to affect each and everything that we use in our day to day life. Poor people are already working hard to earn square meal a day and this hike is definitely going to paralyze these already-burdened people. Within three years the petrol price has increased 10 times and is still increasing. It is nothing but adding fuel to the fire. Petrol hike directly or indirectly affects all the major sectors like transportation, textiles, auto, FMCG etc, for manufacturing & transportation. This affects the prices of daily essential commodities which are transported on a daily basis. Banking sector is also expected to suffer due to high inflation level.

#### OBJECTIVES

In this study we are trying to uncover :

- Opinion of common people regarding the reasons for hike in the petrol price.
- Methods favored by common people to reduce the petrol price.

#### RESEARCH METHODOLOGY

Both primary and secondary data were used for the study. The responses of the people were collected through google form. Using SPSS software, the reliability analysis and regression analysis of data was done.

#### DEMOGRAPHICS

Survey is conducted from 882 people participants all over India.

Out of 126 respondents 66% are Males and remaining females.

About 87% of respondents are within the age group of 18-25.

About 86.5% of respondents are having two-wheeler, four-wheeler or both.

#### LITERATURE REVIEW

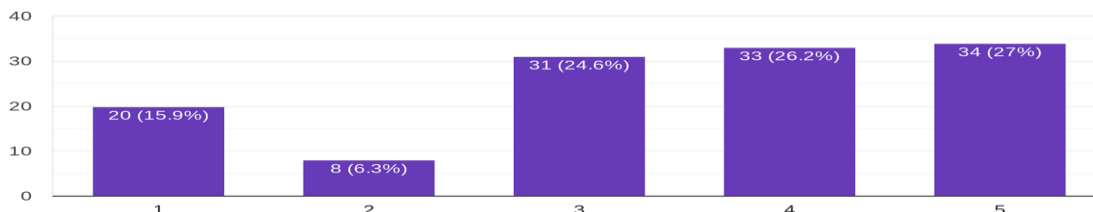
According to Economic times; Petrol rates in India are revised on a daily basis. Prices are revised at 06:00 a.m. every day. This makes sure that even a minute's variation in global oil prices can be transmitted to fuel users and dealers. Price of fuel includes excise duty, value added tax (VAT), and dealer commission. VAT varies from state to state. After adding excise duty, dealer commission and VAT, the retail selling price of petrol gets nearly doubled. Various factors impact the price of fuel. These include rupee to US dollar exchange rate, cost of crude oil, global cues, demand for fuel, and so on. When international crude oil prices gain, prices in India move higher.

#### QUESTIONNAIRE RESPONSES

1. Effect of rising petrol price on common man

Small effect - 1

Large effect - 5

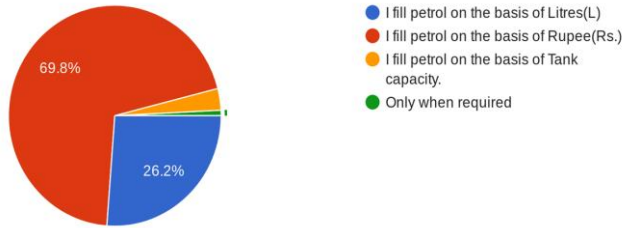


53.2% respondents were of the opinion that common people get affected by rising petrol price.

24.6% respondents were of the neutral opinion

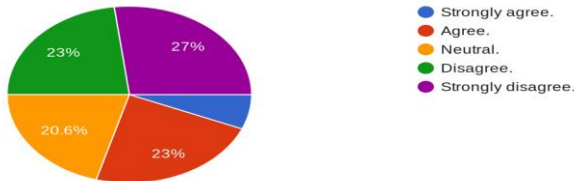
22.3% respondents were of the opinion that common people did not get affected by rising petrol price.

2. Basis of filling petrol



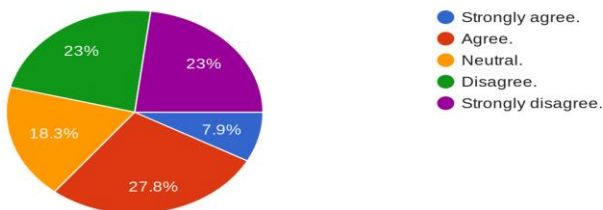
70% of respondents was filling petrol on the basics of rupees.  
26.2% Of respondents was filling petrol on the basics of liters.

3. Cost of crude oil is the major reason for rising petrol price in India



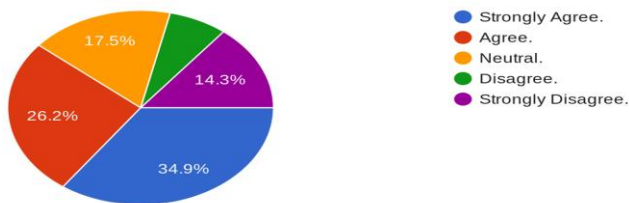
30% of respondents was supporting the above statement.  
20% of respondents was of the neutral opinion of the above statement.  
50% of respondents was not supporting the above statement.

4. Increased Demand is the major reason for rising petrol price in India



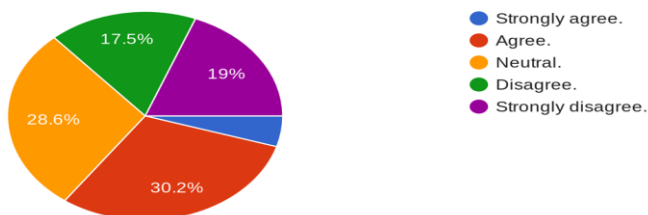
35% of respondents agreed on the above statement.  
18.3% of respondents was of the neutral opinion of the above statement.  
46% of respondents was not agreeing on the above statement.

5. Government Tax rates are the major reason for rising petrol price in India



61% of respondents agreed on the above statement.  
17.5% of respondents was of the neutral opinion of the above statement.  
21.5% of respondents was not agreeing on the above statement.

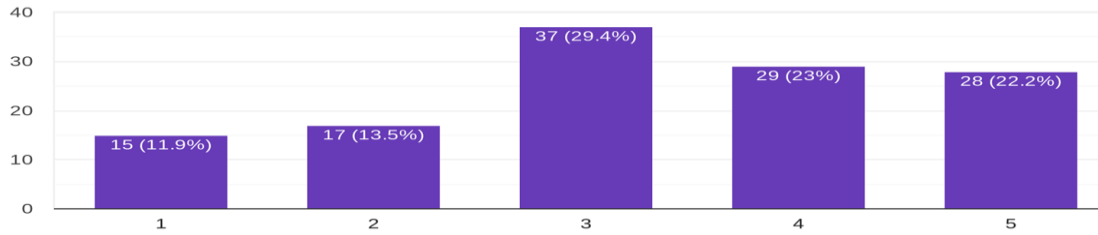
6. Diminishing value of rupee is the major reason for rising petrol price in India



35% of respondents agreed on the above statement.  
28.6% of respondents was of the neutral opinion of the above statement.

36.2% of respondents was not agreeing on the above statement.

7. Implementing GST on petrol will reduce the petrol price to a large extent.

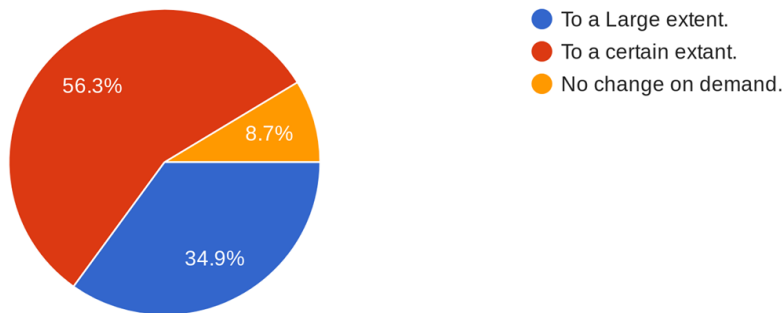


45% of respondents believe that Implementing GST on petrol will reduce the petrol price to a large extent.

30% of respondents believe that Implementing GST on petrol will reduce the petrol price to a small extent.

25% of respondents believe that Implementing GST on petrol will not reduce the petrol price

8. To how much extent the demand of petrol can be reduced by promoting Electronic Vehicles and Cycles.

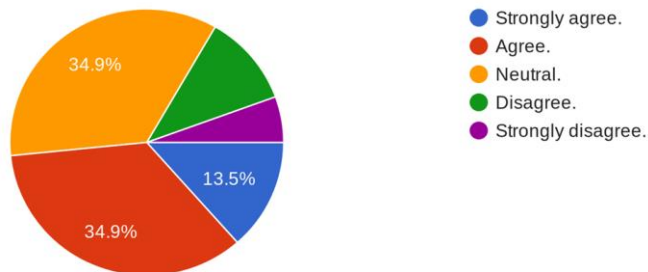


35% of respondents believe that promoting Electronic Vehicles and Cycles can reduce demand of petrol to a large extent.

56.3% of respondents believe that promoting Electronic Vehicles and Cycles can reduce demand of petrol to a certain extent.

8.7% of respondents believe that promoting Electronic Vehicles and Cycles cannot reduce demand of petrol.

9. Maintaining high value for Indian rupee against Dollars can reduce the petrol price in India



48.5% of respondents agreed on the above statement.

34.9% of respondents was of the neutral opinion of the above statement.

26.6% of respondents was not agreeing on the above statement.

**Other factors leading to petrol price hike**

- ❖ Government decisions to hand over the control of price of petrol to oil companies
- ❖ Secret agreement between OPEC members to create artificial demand
- ❖ Increase in the number of vehicles of an individual
- ❖ Inadequate infrastructure for petrol production in India itself

**Other factors that may reduce petrol price**

- ❖ Increasing tax on other industries than on petroleum products
- ❖ Increasing usage & quality of public transport

<i>DEPENDENT VARIABLE</i>	<i>INDEPENDENT VARIABLE</i>
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RISE IN PETROL PRICE	COST OF CRUDE OIL
	INCREASE IN DEMAND
	GOVERNMENT TAXES
	DIMINISHING RUPEE VALUE
	GST ON PETROL
	ELECTRIC VEHICLES
	MAINTAINING HIGH RUPEE VALUE

**Analysis**

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.731	.727	9

❖ The Cronbach’s alpha analysis shows a value of 0.731 which makes the questionnaire reliable

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.711 <sup>a</sup>	.505	.471	.99630	1.747

The independent variable explains 47% about the dependent variable. Also, the Durbin Watson analysis gives a value of 1.747 which is satisfactory.

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.570	8	14.821	14.932	.000 <sup>b</sup>
	Residual	116.136	117	.993		
	Total	234.706	125			

The data is fit and significant at 1%.

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.525	.535		.982	.328
	Basis	.475	.207	.184	2.296	.023
	cost_of_crude_oil`	.153	.087	.143	1.766	.080
	Increased_demand	-.125	.089	-.119	-1.411	.161
	Govt.tax	.537	.080	.548	6.756	.000
	Value_of_rupees	.110	.111	.095	.985	.327
	GST_on_petrol	-.021	.073	-.020	-.292	.771

Electronic_Vehicle	-.074	.152	-.033	-.485	.629
Maintaining_high_value_of_Rupees	-.004	.098	-.003	-.045	.964

a. Dependent Variable: Effect\_on\_commons

According to our study three variables are significant Basis of filling, Cost of crude oil, and government taxes

### **FINDINGS**

According to people's opinion the major reasons for petrol price hike is ranked as follows

RANK	REASONS
1	Government taxes
2	Increase in demand
3	Cost of Crude oil
4	Diminishing rupee value

❖ According to people's opinion the major methods to reduce petrol price is ranked as follows

RANK	METHODS
1	Switching to electric vehicles
2	Bringing petrol under GST
3	Developing petrol production infrastructure in India

### **SUGGESTIONS**

- ❖ India should form a Petrol-Importers-Organization with other petrol consuming nations
- ❖ Government should provide subsidy for electric vehicles
- ❖ Public awareness campaigns to promote conservative use of petrol

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