

# ***A STUDY ON CONSUMERS' PERCEPTION ABOUT PRICE FLUCTUATION OF FUEL - WITH SPECIAL REFERENCE TO NAGAPATTINAM DISTRICT***

**S . MEERA**

Research Scholar  
ADM College for Women (Autonomous)  
Nagapattinam

**Dr. V. RENUGA**

Associate Professor  
Department of Commerce  
ADM College for Women (Autonomous)  
Nagapattinam-611001

## **Abstract**

Fuel price is a magic word that always makes news. There is hardly a nation that does not seek this indispensable natural resource. When the prices of fuel increase, consumers use more of their income to pay for it, and their spending on other goods and services declines. India is not self-reliant on fuel production; therefore, it is necessary and inevitable to import the fuel to bridge the gap between demand and supply. The increase in fuel prices due to import goods raises the Indian consumer goods price. This study has been conducted to analyze the socio economic condition of the respondents and to analyze the consumer opinion on fuel price fluctuation on their goods. The study constitutes 100 individual fuel consumers within the region of Karaikal in Puducherry. Result is that most of the respondents have felt that the amount of spending on purchasing fuel is one of the main reason for their economic status.

**Key words:** *Fuel price, consumer opinion, economic status, price fluctuation.*

## **I. INTRODUCTION**

Fuel price is a magic word that always makes news. There is hardly a nation that does not seek this indispensable natural resource. A country that already

possesses fuel wants more. They struggle to explore it at any cost. The common man does not know much about this strange “fuel” although in almost every country he bears the burden of the cost of exploration of fuel or its import.

When the prices of fuel increase, consumers use more of their income to pay for it, and their spending on other goods and services declines. The extra amount spent on those products is basically go to foreigners as India is a net importer of fuel.

The negative economic influence of higher oil prices on oil importing poor nations is more dangerous than for OECD countries. These economies extremely need imported oil, and the energy is utilized ineffectively. Developing nations find it difficult to adjust the financial turmoil damaged by higher oil import costs. India spends \$15 billion, equal to 3 percent of its GDP , on oil imports in 2003. Moreover, the sub Saharan African countries lost over 3% of GDP.(  
<http://hubpages.com/hub/rising-fuel-costs-world-economics>)

## **II. REVIEW OF LITERATURE**

Carolyn Falkner (2015) investigated the current purchasing behaviours of a group of dependent drinkers and their potential response to future

increases in the price of alcohol, finally he concluded that the majority of our group would be financially impacted by an increase in the minimum price per standard drink, any potential impacts would be the most significant in those buying the cheapest alcohol (who also drink the most), suggesting that the minimum pricing may be an important harm minimization strategy in this group. Eugene w. Anderson (1996) observed that not only to determine whether the association between customer satisfaction and price tolerance is positive or negative but also to gauge the degree of association and found between year-to-year changes in the levels of customer satisfaction and price tolerance.

David Kennedy and Ian Wallis (2007) assess evidence on the impacts of petrol price changes on petrol consumption, traffic volume and public transport patronage in New Zealand. In the light of this evidence and evidence from Australia and other countries, a set of 'best estimate' petrol price elasticities for the New Zealand context are recommended. Robert Gielissen (2011) find that the perceived fairness of prices is also influenced by other distributional concerns that are independent of the transaction. In particular, price increases are judged to be fairer if they benefit poor people or small organisations rather than benefiting rich people or big organisations.

Celia M. Reyes (2010) assess the impact of rising prices of rice and fuel on poverty in the Philippines. In particular, the variations in the potential effects among different group of households were analyzed using household level data. Results of the study confirm that the impact of increasing prices of rice and fuel vary across different groups of households depending on the sector of employment, level of urbanity, income group and geographical

location. Imoleayo Foyeke Obigbemi (2010) discovered that there is a relationship between change in cost of sales and turnover. Recommendations were made for the close monitoring of SMEs and that SMEs should employ the service of price experts when making pricing decisions. Judith de Groot (2002) examines how a transport pricing policy aimed to reduce car use may affect individuals' Quality of Life (QoL), to what extent this policy is acceptable to the public and if people intend to change car use when the policy is implemented. Also, comparisons were made amongst five countries (Austria, Czech Republic, Italy, The Netherlands and Sweden).

#### STATEMENT OF THE PROBLEM

India is not self-reliant on fuel production; therefore, it is necessary and inevitable to import the fuel to bridge the gap between demand and supply. The increase in fuel prices due to import raises the Indian consumer good's price. Retail vegetable price increases in recent years may seem large in nominal terms, but after adjusting for inflation have been quite modest. If there is a relationship between oil prices and agricultural prices because higher prices for oil-intensive agricultural inputs push up the price of agricultural product prices, then this is the historical episode where we would expect to see a reaction in the cost of farm inputs such as fuel and animal feed as well as in agricultural product prices.

#### III. OBJECTIVES OF THE STUDY

1. To analyze the socio economic condition of the respondents.
2. To analyze consumer perception on fuel price fluctuation on their goods.

#### IV. METHODOLOGY

The population of the study constitutes individual fuel consumer the region of Nagappatinam district in Tamil Nadu. The population consists of all

categories of consumers ( kerosene, petrol and gas). The sample size determined to be 100 consumers. The sample was chosen from Nagapattinam district in Tamil Nadu. In this study questionnaire technique adopted.

## V. MAJOR FINDING OF THE STUDY

### Demographic profile of the respondents

In this study, 74 per cent of the majority of the respondents are male and 26 per cent of respondents female. Majority of the respondents are male. 8 per cent of the respondents are in the age group of up to 20 years, 74 per cent belongs to 21 to 40 years, 14 per cent belongs to 41 to 60 years and 4 per cent are above 60 years. 76 per cent of the respondents stay in urban area, 24 per cent of the respondents are stay in rural area. 10 per cent of the respondents have schooling, 88 per cent are graduates and 2 per cent of respondents are professionals and 16 per cent of the respondent's income level is Nil, 68 per cent earn 1 to 20,000 rupees 14 per cent earn 20,001 to 40,000 rupees and 2 per cent have above 40,000 rupees. So the percentage analysis reveals that majority of the respondent's income level is from 1 to Rs.20000.

14 per cent of the respondents are unemployed, 34 per cent of respondents are working in private sector, 26 per cent of the respondents are government employees, 24 per cent of the respondents are retired and 2 per cent of the respondents are self-employed. So the percentage analysis reveals that maximum of the respondents are working in private sector.

### Opinion about Fuel Price

Maximum of the respondents (39.1 per cent) strongly disagreed or disagreed that the fuel price does not affect their economic conditions. Maximum of the respondents (39.8 per cent) strongly disagreed or disagreed that fuel price is predictable. Majority of the respondents (78.9 per cent) strongly agreed or

agreed that fuel price is always highly flexible. Majority of the respondents (50.8 per cent) strongly agreed or agreed that the government should standardize the fuel price. Majority of the respondents (79.2 per cent) strongly agreed or agreed that petrol price is the most flexible in India. Majority of the respondents (56 per cent) strongly agreed or agreed that fuel price is to be increased in recent decades. Majority of the respondents (59.6 per cent) strongly agreed or agreed that all fuel price is not equal fluctuation in India. Majority of the respondents (71.1 per cent) strongly agreed or agreed that they feel most of their income is spending on purchasing fuel for their purpose.

*Table 1 t – test for significant difference between socio economic factors and their opinion on fuel price fluctuation.*

Variable	t value	P value
Gender	-2.157	.032
Family type	-2.360	.019
Marital status	-1.095	.274

From the table 1 t-test shows the significance value is 0.032 for gender, which is lesser than 0.05 ( $P < 0.05$ ). Hence, the alternative hypothesis is accepted. Therefore there is a significant difference between the gender and opinion on the fuel price fluctuation.

For the family type the t-test shows the significance value is 0.019 which is lesser than 0.05 ( $P < 0.05$ ). Hence, the alternative hypothesis is accepted. Therefore there is a significant difference between the family type and opinion on the fuel price fluctuation.

For the Marital status, the t-test shows the significance value is 0.274 which is greater than 0.05 ( $P > 0.05$ ). Hence, the null hypothesis is accepted. Therefore there is no significant difference between the marital status and opinion on the fuel price fluctuation.

## VI. CONCLUSION

The food inflation index is currently high and has shown no sign of coming down. The prices of essential food items – cereals, vegetables, pulses, milk products - are astronomical as compared to the prices earlier in the year. As the study shows that most of the respondents have a feel that the amount of spending on purchasing fuel is one of the main reasons of their economic status, the decision makers should concentrate on the fuel price fluctuation for improving their standard of living.

## VII. REFERENCE

- 1) Carolyn Falkner, Grant Christie, Lifeng Zhou, Julian King, “The effect of alcohol price on dependent drinkers’ alcohol consumption”, NZMJ 18 December 2015, Vol 128 No 1427, [www.nzma.org.nz/journal](http://www.nzma.org.nz/journal).
- 2) Eugene w. Anderson, “Customer Satisfaction and Price Tolerance”, Kluwer Academic Publishers, Manufac~r~d in The Netherlands, National quality of research Centre, The University of Michigan, 1996.
- 3) David Kennedy and Ian Wallis , “Impacts of fuel price changes on New Zealand transport”, Land Transport New Zealand Research Report 331, 2007.
- 4) Robert Gielissen, Chris Dutilh and Johan Graafland, “Perceptions of price fairness: An empirical research”, Tilburg University, Netherlands.
- 5) Celia M. Reyes, AlellieSobreviñas, Joel Bancolita and Jeremy de Jesus, “Analysis of the Impact of Changes.