



A STUDY ON THE STATUS AND CHALLENGES FACED BY THE MIDDLE INCOME GROUPS DUE TO PETROL HIKE

Bharath.S¹, Aslam, N.Gowri²

¹Student Rathinam College of arts and Science.

²MA (English), Assistant professor, Department of English

ABSTRACT

Crude oil price increases have prompted governments in emerging countries to raise domestic energy prices. Due to fiscal constraints, increasing energy subsidies to fully compensate for the hikes was impossible. This article investigates the potential effects of rising fuel prices on those with a middle-class income. Replication results show that rising petroleum prices have a regressive distributional impact, affecting poor people more severely than wealthier people.

Keywords: *Cost of petroleum, Revenue Variation, Average Income Group*

1. INTRODUCTION

The rise in petroleum prices was indeed caused by the global crisis, but the government received a negative response from the statement. The price of oil has risen, according to statistics. The rise in the price of petroleum has had a significant impact on many industries, including automobiles, transportation, and machinery in many factoring industries. Furthermore, the fuel price increase has a significant impact on the middle income group, such as increased food and beverage prices, electricity rates, and petrol and diesel prices. As a result, in-depth research is required in order to avoid being overwhelmed.

According to the oil price hike statistics, unconditionally this year is the highest collective amount that has been received in the last few decades, with oil prices typically increasing by 30 sen on average. Furthermore, the Prime Minister announced an increase in electricity rates of 18% for homeowners and 26% for business operators. This occurrence, referred to as an economic service, poses a threat not only to households but also to businesses, which must develop strategies to avoid or mitigate the impact of such fears.

STATEMENT OF PROBLEM

The worldwide fuel price has been steadily rising in recent years. This aggregate of global fuel prices will have a broader impact on the other country, and each country will bear a greater burden. The price of gasoline at the pump has risen to the point where it threatens the living standards of the majority of people, particularly those in the middle income bracket. Given the current state of affairs, rising fuel prices will result in inflation, raising people's living costs. Unfortunately, the collection most affected by the fuel and power increases is the middle class, due to higher living costs and wage increases for workers.

OBJECTIVES

- To study the impact of rising fuel prices on the middle-income group.
- To examine the consequences encountered by the middle income group in order to overcome the hazards.
- To examine how the increase in fuel prices affects the prices of other products used by middle-income people.

SCOPE OF PROBLEM

1. Recently, the volatility of fuel prices has increased and has broader implications for middle-income groups. This current situation has the potential to reoccur in the future.
2. Even though this current difficult situation has arisen, the significance of this state can be reprocessed in the future. With the information at hand, the study's findings are critical for people,
3. Particularly middle-income people, who are in the process of obtaining the order to be more prepared with strategic actions to deal with this situation if it occurs again.

2. REVIEW OF LITERATURE

According to **MARC (2007)** rising fuel prices have resulted in higher costs of goods and services, which will lead to a reduction in discretionary spending as consumers adjust to lower real income. Higher transportation costs may also have an impact on the construction industry, dampening its growth momentum in the future. Aside from that, it has an effect on lower consumer spending. Spending cuts will have an impact on the economy's top-line growth.

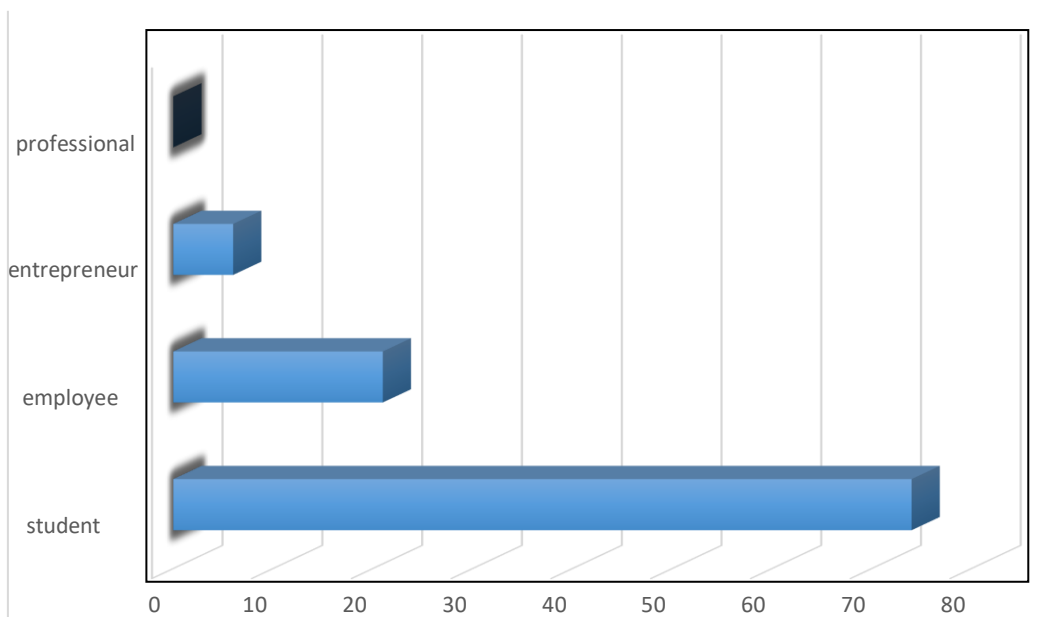
Gramlich (2008) developed a model of automobile supply and demand in the United States in which manufacturers chose the level of fuel economy to include in vehicle designs by trading. A nested logit model is used to estimate new car demand, which is based on sales data from 1971 to 2007.

Table showing that occupation of the respondents

Occupation	Percentage
Student	74
Employee	21
Entrepreneur	6
Professional	0
Total	100

Source: Primary data

The above table reveals that 74% of the respondents are students, 21% of the respondents are employees, 6% of the respondents are entrepreneur and

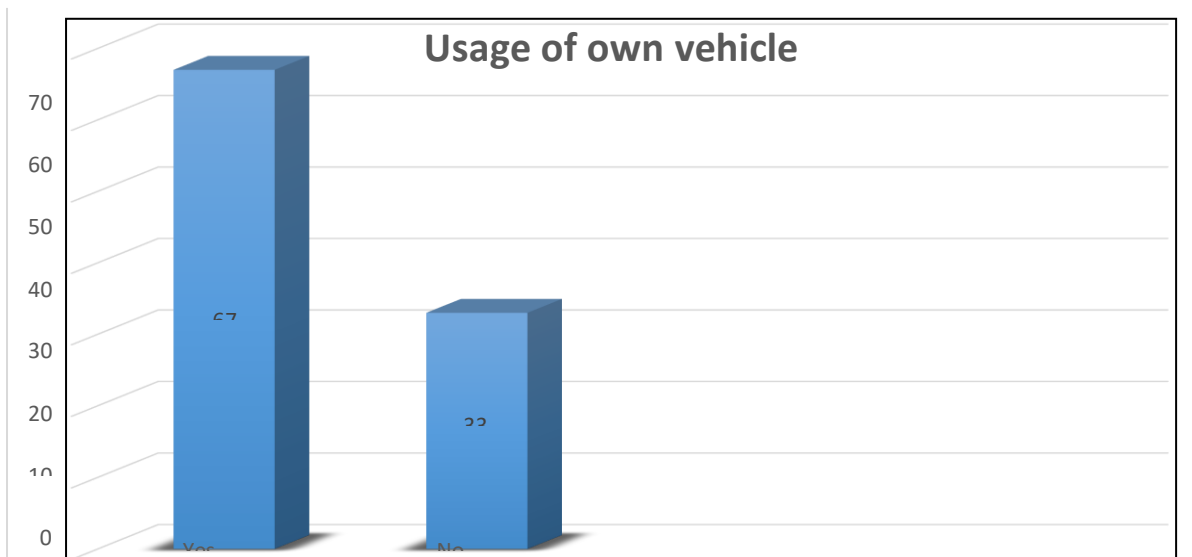


no professionals are responded.

Table showing the usage of own vehicles of the respondents

Own vehicle	Percentage
Yes	67
No	33
Total	100

The table shows that 67% of the respondents have their own vehicle and 33% of the respondents are using public transport.



FINDINGS

- Majority of the respondents are highly affordable to current petrol price .
- Majority of the respondents standard of living are affected .
- Majority of the respondent's family budget have increased to 2000 to 3000 due to petrol price hike.

SUGGESTION

- Inventions in fuel which are alternative to petrol should be implemented as soon as possible.
- Government should keep a check that price hike in petrol should not have an impact on price of vegetables, by providing free transport facilities to the sellers.

3. CONCLUSION

Price increases in a product are a critical and interesting problem for any country. The initial problem for a country will be a decrease in people's savings and an increase in inflationary propensity. The price of a common product has a significant impact on the country's growth. If the price of gasoline rises, the presence of transportation for transporting goods to their marketplace will rise as well. Not only low-income people, but also middle-income people, have become much more conceited as a result of the price increase, and the majority of people in the middle-income groups' purchasing power toward even vegetables has been greatly influenced by the price of petroleum.

REFERENCE

- [1] Reforming Fuel Subsidies in India. IMF Working Paper, 1-31.
- [2] <https://timesofindia.indiatimes.com/business/india-business/gst-on-petrol-and-diesel/articleshow/60511273.cms>