

AN ANALYSIS ON CONSUMPTION OF PETROLEUM PRODUCTS IN CHENNAI CITY, TAMIL NADU

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ABSTRACT

This paper attempt to present the purposes behind rising of petroleum costs in Chennai. Raw petroleum is the most fundamental item and furthermore the most exchanged item which impacts an economy. Petroleum also known as "liquid gold" and is contrasted with gold since it is a modest asset and furthermore of its monetary esteem. The reason for this examination is to comprehend the administration approaches for oil area and distinguish significant foundations for this intensifying ascent in petroleum costs and its unfriendly impact on overall population of Chennai. So, the petroleum price intend to have an impact in expenditure of the consumers. The petroleum costs rise for the most part because of the inappropriate government's valuing arrangement and nonattendance pay to oil organizations. So, there is a significant change in the consumption pattern of the consumers, mostly the economically underprivileged people. The consumers pattern of petroleum have also increased the demand of petroleum products which may also be the reason for increase in price. As much as their dependency increases on vehicle, the demand for petroleum products increases. The petroleum costs rise for the most part because of the inappropriate government's valuing arrangement and nonattendance pay to oil organizations. By the consumers opinion, to resolve this price hike government can implement measures and can also bring petroleum prices under gst as there is a minimum chance of decrease in price.

KEYWORDS High oil price, fiscal deficit, petroleum products, impact on general public, subsidy, international trade.

INTRODUCTION

Oil based commodities are the most basic item and furthermore the most exchanged ware that impacts the economy. The adjustment in cost of raw petroleum has been the significant reason for the wave in inflation rate and influencing the economy of a common man ([\[Joshi, 2013\]](#)).

Energy security is vital for both supporting high financial development and controlling inflation. With quick monetary development, the vitality request has been rising quickly and India is presently the fourth largest consumer of unrefined petroleum in the world. At the point when the oil value increases, there is a serious pressure in the Indian economy ([\[Jain, 2015\]](#)).

Higher petroleum costs builds the cost of information and the last item cost increments and there is a wave in inflation rate. In the event that the cost increments cannot be passed on to consumers, the financial sources of inputs like work and capital shock might be reallocated (Srivastava, 2012). Elements that impact the high oil cost is more interest for the oil based commodities as it is the most exchanged product. The monopolistic approach in oil cost is very exceptional. Increment in oil costs prompts dejection in incomes and government funds ([\[Negi, 2015\]](#)).

The general interest for vehicle falls as the petroleum cost increments and furthermore the interest for less fuel proficient vehicle falls moderately more. In any case, actually, because of the interest for vehicles there is more interest for oil based commodities ([\[Belenkiy and Osborne 2012\]](#)). Oil costs expanded specifically or in a roundabout way influences all the real parts like transportation, car, FMCG and so forth., which brought about negative yield and there is likewise settlements inflow in the monetary development ([\[Khan et al. 2017\]](#)). The worldwide unrefined petroleum showcase is basic as the oil based goods are traceable monetary resource in the macroeconomic improvement of the nation ([\[Oberholzer 2017\]](#)).

It likewise needs to improve oil supplies through expanded household investigations and additionally different measures, for example, cooperation in investigation and creation in remote oil fields by Indian oil organizations (which the Chinese are utilizing broadly) to maintain a strategic distance from inordinate reliance on imported unrefined petroleum ([\[Soundara Pandian, Ganesh M\] 2017\]](#)). India additionally needs to all the more energetically seek after the utilization of sustainable

power sources like hydro, wind, sun oriented, bio-powers, atomic, and so forth., as the Western European nations have done ([Gupta and Goyal 2015](#)).

International trading which is associated with huge intercontinental haul and storage with multiple transactions that includes complicated cost and pricing structure. Integrated part of India's oil industry with other international oil market, hereby appearing to be a natural process by the logic of the trade. Bringing about the integration that seemed to be between two separate oil market

or industry with their similar interests and differed interests is a complicated trading which involves much more socio political and economic process ([Patra 2004](#)). The aim of this paper is to analyse the consumption pattern and the deviance faced by people in Chennai because of high petroleum price. The objective of this paper is to study about the impact of change in consumption pattern of petroleum products and the impact faced by people and how they cope with the high price.

HYPOTHESIS

Null hypothesis: There is no significant change in consumption pattern of petroleum products.

Alternate hypothesis: There is a significant change in consumption pattern of petroleum products.

MATERIALS AND METHODS

The reference materials are collected from various journals, articles, books and websites which gives importance to the topic of consumption pattern of petroleum products. The methodology used to collect data for this empirical study are questionnaire and interview method. Randomly people around the part of Chennai city have been answered several prepared questions regarding the topic of petroleum products. By this questionnaire method the awareness and the opinion of people have been collected and analysed. To attain the objectives of present study, primary data has been collected from the consumers of petroleum products in Chennai city. Regarding this, the structured questionnaire was developed. To avoid any misinterpretations, the pre-testing of questionnaire was conducted on a group selected from the population. Around 300 people have responded the questions. The questions are mostly related to their consumption pattern and expenses of petroleum products.

RESULT

49.5 percentage female and 50.5 percentage male are consuming petroleum products in Chennai. There are about 22.3 percentage four wheeler users, 57.1 percentage two wheeler users and about 19.1 percentage are both two wheeler and four wheeler users. The petrol consumers are

about 18.2 percentage and diesel consumers are about 63.9 percentage and about 19.9 percentage people consume both diesel and petrol. 37.9 percentage consumers think that central government is responsible for hike in price. Likewise 19.4 percentage people think that state government is responsible and about 5 percentage people think that consumers consumption pattern is responsible for hike in petroleum price. About 24.1 percentage people have refused loads for consuming petroleum and 37 percentage people have not refused loads. About 24.1 percentage people have come forward to take action while 33.5 percentage people do not take action and 42.3 percentage have been considered to take action regarding escalation of petroleum prices. 48.6 percentage people feel that petroleum prices are high, 25.1 percentage people feel that petroleum price is somewhat right and about 23.5 percentage of people have no idea about the petroleum price. About 11.9 percentage people have gasoline card and 88.1 percentage people don't have gasoline card. The gasoline card reduces the interest so, the price of the consumed petrol will be lower than the original price. Due to hike in price about 34.5 percentage people decrease their consumption of petroleum products, about 18.2 percentage people considered to increase their consumption of petroleum products in spite of the increased petroleum price and about 23.2 percentage of people consumption of petroleum products stays the same and 24.1 percentage people have no idea. About 45.1 percentage people are highly concerned about the petroleum price and 39.8 percentage people are somewhat concerned and about 15 percentage people are not concerned about the petroleum price. About 40.8 percentage people feel that government should take some action and about 31.3 percentage people think if petroleum products comes under gst the prices will be normal and about 18.2 percentage people feel that reducing taxes will bring a normal price and about 9.7 percentage people have no idea.

DISCUSSION

The dependence on oil based commodities has achieved 80 percentage and is continue developing. In the meantime there is additionally a remarkable rise in oil costs since 2010. The instability of oil cost have additionally been expanded. India's GDP touched two trillion dollars in 2015. Decrease in unrefined petroleum cost has helped the government to deal with its financial accounts better as it converts into subsidies on oil based goods. Any adjustment in the petroleum cost has a quick negative effect on the GDP. India isn't independence on raw petroleum creation; hence, it is fundamental and unavoidable to import the raw petroleum to conquer any hindrance amongst request and supply. The expansion in universal unrefined petroleum costs will make

import expensive and raise the Indian rough container cost. In this way, both global unrefined petroleum value rise and import dependency on petroleum products are the risky region that may cost has a quick negative effect on the GDP. It is evaluated that the import dependency of India related with petroleum products is expected to 94 percentage before the finish of 2030. Along these lines, the inconvenience trouble in Indian unrefined petroleum request and supply administration is

the ascent in global petroleum costs took after with the degree of the expansion in petroleum products prerequisite as for achievable higher GDP development from 8 percentage to 9 percentage. The ups and downs of the oil price pushes the general population into neediness and prompting more terrible circumstances. The new change in consumption pattern and change in cost of petroleum products leads to change in price of products. The adjustment in cost may change on everyday schedule. The heightened cost of oil based goods additionally has an extraordinary effect in the car business and were likewise connect to the high inflation rate.

Retail costs of petroleum and diesel in India track worldwide costs of these auto fills, not rough, despite the fact that they are extensively connected to unrefined petroleum value patterns, which have solidified. As the supply cut by the Organization of the Petroleum Exporting Countries (Opec) and Russia prompted a rally in worldwide oil costs, the cost of the Indian crate of rough, which arrived at the midpoint of \$47.56 a barrel in 2016-2017, rose to contact \$63.80 (normal cost) in March 2018, as indicated by information from the Petroleum Planning and Analysis Cell, an arm of the oil service. The cost was \$76.84 a barrel on Monday. The Indian bushel speaks to the normal of Oman, Dubai and Brent rough. The stress over raw petroleum costs comes from India's vitality needs being principally met through imports, with the nation bringing in 214 million tons of raw petroleum in 2016-17. Outrageous unpredictability has checked unrefined petroleum costs, which achieved a record \$147 per barrel in July 2009. As indicated by twin deficit theory, there is solid linkage between monetary deficiency and exchange shortfall (imports – sends out). The administration's monetary shortage is expanding i.e. government is spending more than what will be gaining.

This is on the grounds that expanded use isn't coordinated by the expanded duty rates. Henceforth, individuals are left with more cash, out which a portion of the cash is redirected towards the imports which brings about a bigger number of imports than sends out prompting exchange deficiency. The real segment of our imports is oil. Since oil imports must be paid in

dollars, the merchants need to purchase dollars and offer rupee driving more request of dollar and overabundance of rupee in the market. Considering the request supply, rupee is constantly losing esteem; the OMCs need to spend more rupee for same measure of oil imports. Presently if the costs of oil items are not expanded, the shortage will continue expanding further affecting our economy. On the contrary, an expansion in cost will come about into less demand for petroleum products

sought after which implies that less dollars should be paid for the oil imports, prompting lower exchange shortfall which will thus prompt arrival of weight on rupee-dollar rate.

CONCLUSION

The government has disclosed new investigation arrangements for its oil and gas squares of late, meaning to connect escape clauses to its past strategies that supported just restricted interest of asset rich outside oil organizations and couldn't significantly help the residential yield. Given our expanding reliance on imports impacts to the Indian economy, by the expansion in the cost of raw petroleum the swelling builds, government need to spend excessively on sponsorship, our fares end up weaker, venture reductions and GDP is additionally influenced. In this way, to take care of the developing demand for unrefined petroleum, diesel and oil and so forth over the long haul, Indian government should take different measures for effectiveness change in vitality utilize, for example, advertise connected relative costs, limiting appropriations, and focusing on them well. As well government should take measures to build fares to have the capacity to meet its developing future oil import necessities. Watchful wanting to guarantee that future oil prerequisites can be met will be pivotal in managing fast financial development later on. Though future oil costs are hard to foresee, they are by and large anticipated that price would rise. Given our expanding dependency on imports that impacts to the Indian economy, by the expansion in the cost of petroleum products the inflation builds, government need to spend excessively on endowment, our fares end up weaker, speculation declines and GDP is additionally influenced.

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