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A study on the perception towards the impact of inflation of people of ujarat state

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ABSTRACT

Economy has various stages which have been described as economic cycle and due to that the circulatory movement observed, some have faster cycle some have longer cycle which depends on numbers of factors and from that inflation is an important segment. Various terms have been described for inflation, in simple meaning when price of different commodities have been raised compared to previous stage due to depreciation of currency having lesser purchasing power. Perception of people towards inflation and its impact is the main crux of the study, because how the people think about technical terms is vital matter. The present study is based on primary data collected from 277 respondents through questionnaire from the ujarat state India. The perception has been a nalyse from four statement have been asked in Lickert's five scale form. The one-way ANOVA has been used to test the hypotheses and it has been found from that in first statement regarding price of commodity once increase then it will not decrease due to inflation has significant difference with place, education and age of the respondents and in rest three statement no significant differences have been observed.

KEYWORDS

Inflation; Impact of inflation; Perception

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1. Introduction

In the behavioural science, perception plays important role human being. How a person perceives a thing or situation is important. The thing or situation remains the same but perception towards it may vary from person to person. It has also happened that same person has different perception in different situation or at different time. It may observe that collective perception of different people create perception of group and collective from different group become perception of that region or society.

Perception has been observed in various theories for different objectives. Perception towards impact of inflation is significant in manner like what people think about the impact of inflation and whether they have knowledge or awareness regarding inflation and its impact. Impact of inflation has affects all the stakeholders of the society ranging from kids to elder, working to non working, poorer to rich.

Perception of people have been formed by various factors and one the important from them is news regarding inflation covers all the categories as print, digital, social media etc. News regarding inflation received to a person he or she builds one perception regarding the inflation. Another important factor is public discussion, mainly informal having with friends, family or co-workers when a person discusses with others his or her perception about inflation has been influenced by others' perception during that discussion.

When perception regarding inflation been built up by a person then in every daily consumption activities, he or she observes inflation as price of this commodity was lower before few days or in last purchase and now the prices have been increased due to inflation.

Perception towards the consequences of inflation has been asked by the researchers for the study. The questions have been mentioned in the statement form with Likert's five scale option. Four statements like due to inflation price of commodity once increased then it will not decreased, business people get opportunity to raise profit during inflation, income of people will increase in long run due to inflation, savings and investment has been decreased due to inflation.

2. Review of literature

Unduz S. And Durukan M. (2020) have conducted an investigation of the factors affecting inflation perceptions: a case study on business and economics undergraduate students. Researchers have mentioned the objective of the study as to investigate the factors behind the inflation perceptions of undergraduate students of economics and business. They have also focuses on factors, such as education in economics, socio-demographic conditions, cognitive abilities, financial situation and consumption habits are investigated. They have applied questionnaire for data collection and used OLS regression model for analysis work. Researchers have concluded with the findings that economic literacy, financial situation, gender, and the degree of trust regarding official measures of inflation, and purchase frequency of goods also influence inflation perceptions significantly.

Ehrmann M. et.al. (2017) have carried out a study on consumers' attitudes and their inflation expectations. Researchers have stated that the study emphasize consumers' inflation expectations using micro-level data from the University of Michigan's Surveys of Consumers. They have found that respondents with current or expected financial difficulties and those with pessimistic attitudes about major purchases, income developments, or unemployment have a stronger upward bias than other households.

Evstigneeva A. (2023) has done a study on the impact of negative news on public perception of inflation. Researcher has mentioned that the approach of the study is to distinguishing the news that has the greatest impact on households' perception of inflation. Researcher has collected data from Russian Public Opinion Research Center (VCIOM) polls about the threats to and fears of Russians. Researcher has used four algorithms: Lasso, Random Forest, XBoost, and Bayesian Structure Learning for data analysis and found that three main news topics

contribute the most to both household inflation expectations and perceived inflation: inflation, economic crisis, and Ruble devaluation.

Raihan S. et.al. (2023) have made a study on effects of inflation on the livelihoods of poor households in Bangladesh: findings from SANEM's nationwide household survey 2023. Researchers have collected data from 1600 respondents equally from rural and urban for the study. Researchers have found that during survey average income of people has not increased but average expenditure has been increased, also drastic change in food habits, as 90.2% of the households coped up by changing food habits, people who had lived in rented houses moved to cheaper rented ones, rapid increase in borrowing had been observed.

3. Research methodology

3.1. Demographic Profile of Respondents

Table 1. The demographic profile of the respondents.

Variable	No.	%	Variable	No.	%	Variable	No.	%
Gender			Place			Age		
Male	190	69	Rural	103	37.20	18 to 25	99	35.70
Female	87	31	Semi-urban	32	11.50	26 to 35	85	30.70
Total	277	100	Urban	142	51.30	36 to 45	78	28.20
			Total	277	100	46 & Above	15	5.40
						Total	277	100
Education			Occupation			Monthly Income		
Upto HSC	33	11.90	Student	77	27.80	Upto 10,000	96	34.70
Graduate	82	29.60	Govt. Employee	90	32.50	10,001 to 25,000	42	15.20
Post graduate	104	37.60	Non Govt Employee	53	19.10	25,001 to 50,000	44	15.90
Professional	33	11.90	Business	20	7.20	50,001 & Above	95	34.20
Other	25	9.00	House wife	14	5.10	Total	277	100
Total	277	100	Profession	15	5.40			
			Other	8	2.90			
			Total	277	100			

Source: Primary Data.

3.2. Objective of the study

Present study covers following objectives like:

- To know the perception of people towards inflation.
- To evaluate it towards impact of inflation.
- To analyse the perception with demographic profile of respondents.
- To draw the generalisation of perception towards inflation.

3.3. Hypotheses of the study

H₀: There is no significant difference between the perception towards impact of inflation and demographic factors of respondents (gender, place, education, occupation, age).

3.4. Data collection

Researcher has used primary data as a base for the study. The secondary data have been used for literature

review purpose. The study evaluates the perception of people towards impact of inflation. Various methods are available to collecting primary data and from that researcher have selected questionnaire method. Total 277 respondents have submitted their answers and their convenience; oogle form has been circulated to collect the responses. The period of data collection was July 2022 to September 2022. The selection of this period has an objective as before and during that period inflation rate was high and prices of various commodities had been raised due to inflation, so people have felt that inflation in their routine buying process.

3.5. Scope of the study

Perception towards inflation and its impact should be analysed to evaluate how people aware about it and its impact. The scope of study highlights the area of work to be done and upto which research has been carried out according to the objective of the study. Present study bifurcates the scope in two segments functional and geographical. Former determines perception of people towards impact of inflation and later covers the ujarat state of India.

3.6. Significance of the study

Inflation affects all the stakeholders of the society. The impact to them varies with the change of demographic variables. The present study identifies the perception of people towards inflation and more precisely towards its impact. This will helpful in various manners like people may get more aware about inflation and its impact, generalisation of perception can be formed, findings and suggestion may become useful in framing policies for authorities.

3.7. Tools and Techniques

Tools and techniques have been used in research to test the hypotheses framed by researcher. The findings of the study have been through the use of tools and techniques. Different tools and techniques have been adopted in different field of studies. The present study uses one way ANOVA to check the hypotheses and to achieve the result. Various statements have been asked with the Likert's five scale options ranging from strongly agree to strongly disagree and Jamovi application has been used for testing purpose.

3.8. Data analysis

Table 2. The result of one way ANOVA between perception and gender of the respondents.

Statements	F	Df1	Df2	P
Due to inflation price of commodity once increased then it will not decreased.	2.35624	1	163	0.127
Business people get opportunity to raise profit during inflation.	2.25026	1	151	0.136
Income of people will increase in long run due to inflation.	0.0943	1	174	0.923
Savings and investment has been decreased due to inflation.	6.9435	1	182	0.993

Table 2 shows the result of test of hypotheses by using one way ANOVA. The null hypotheses have been set as there is no significant difference between the perception towards impact of inflation and gender of the respondents. Four statements have been evaluated and it has been found that null hypotheses have been accepted as p value is higher than 0.05 at 5% level of significance in all cases. The perceptions towards the impact of inflation have not any differences with gender which interprets that male and female do not have differences in the perception towards impact of inflation.

Table 3. The result of one way ANOVA between perception and place of the respondents.

Statements	F	Df1	Df2	P
Due to inflation price of commodity once increased then it will not decreased.	11.8093	2	81.6	<0.01
Business people get opportunity to raise profit during inflation.	1.8879	2	83.7	0.158
Income of people will increase in long run due to inflation.	0.2279	2	86.0	0.797
Savings and investment has been decreased due to inflation.	0.0823	2	89.7	0.921

In the present case place of respondents has been evaluated in the test. The places of respondents have been classified into three categories as rural, semi-urban and urban. The second null hypotheses have been set as there is no significant difference between perception towards impact of inflation and place of the respondents and Table no. 2 shows the result of one way ANOVA of the test. In the first statement regarding commodity price the p value is lower than 0.05 at 5% level of significance which states that null hypotheses has been rejected and alternate hypothesis has been accepted which clearly mentions that there is significant difference between perception towards impact of inflation and place of the respondents. In the said case the perceptions of people have variation with the change of place i.e. rural, urban or semi-urban. In the rest three hypotheses the p value is higher than 0.05 at 5% level of significance, so null hypotheses have been accepted which shows that there is no significant difference between perception towards impact of inflation and place of respondents.

Table 4. The result of one way ANOVA between perception and education of the respondents.

Statements	F	Df1	Df2	P
Due to inflation price of commodity once increased then it will not decreased.	2.877	4	89.3	0.027
Business people get opportunity to raise profit during inflation.	0.557	4	86.6	0.695
Income of people will increase in long run due to inflation.	0.588	4	85.0	0.672
Savings and investment has been decreased due to inflation.	1.600	4	90.1	0.181

The next checking of hypotheses has been with the education as demographic variable. Table no.4 shows the result of one way of ANOVA for the checking of hypotheses. In this case the same result has been arrived as in the case of place of respondent. The first null hypothesis has been rejected and alternate hypothesis has been accepted which states that there is significant difference between perception towards impact of inflation and education of respondents. The education has impact on the perception as the person gets higher education his perception towards technical matters change because he may get details from accurate sources. In the remaining three statements null hypotheses have been accepted as the p value is higher than 0.05 at 5% level of significance, so there is no significant differences between perception towards impact of inflation and education of respondents.

Table 5. The result of one way ANOVA between perception and occupation of the respondents.

Statements	F	Df1	Df2	P
Due to inflation price of commodity once increased then it will not decreased.	1.800	6	47.3	0.119
Business people get opportunity to raise profit during inflation.	2.111	6	47.2	0.070
Income of people will increase in long run due to inflation.	1.154	6	47.1	0.347
Savings and investment has been decreased due to inflation.	0.87	6	47.3	0.884

Occupation is the demographic factor for this case, generally impact of inflation has been different for different occupation like business people and government employee have different impact so their perception may have differences but it has not been observed in the result of hypotheses. The null hypotheses have been set as there is no significant difference between perception towards impact of inflation and occupation of the respondents and in all four cases the null hypotheses have been accepted as the p value is higher than 0.05 at 5% level of significance.

Thus differences in the perception have not been exist.

Table 6. The result of one way ANOVA between perception and age of the respondents.

Statements	F	Df1	Df2	P
Due to inflation price of commodity once increased then it will not decreased.	3.207	3	63.2	0.029
Business people get opportunity to raise profit during inflation.	0.513	3	60.2	0.675
Income of people will increase in long run due to inflation.	2.009	3	63.1	0.122
Savings and investment has been decreased due to inflation.	0.772	3	59.4	0.514

Table no 6 shows the result of one way ANOVA, the null hypotheses have been set as there is no significant difference between perception towards impact of inflation and age of the respondents. The similar result has been arrived as in case of place and education where in first statement null hypothesis has been rejected and alternate hypothesis accepted and in the remaining three statements null hypotheses have been accepted as p value is higher than 0.05 at 5% level of significance. The differences between perception and age in first statement reveal that different age group have different perception towards price of commodity increase during inflation.

4. Findings and Suggestion

The findings towards statements are that people aware about the impact of inflation but when it comes with technicality terms then they do not have that much understandings, differences have been observed. Suggestion to the governing agencies about price rise of specific commodities like petrol or diesel which extremely affect the price of commodities as transportation cost and then to the corporate houses during inflation, consumption of consumers decrease at that time increase the price of goods or services only up to the raised cost because people perceive the price rise due to inflation with very suspiciously.

5. Limitations of the study

Limitation of any study will become useful for future scope or for further studies. Identification of limitation s removes hurdles from the way of future researches. The present study is based on primary data, so limitations of primary data affect this study like some respondents may not give true answers, their neutral behaviour, inconvenience etc. This study focuses only on the perception towards impact of inflation, so various other aspects regarding inflation have not been covered in this segment.

6. Conclusion

The perception of a person is unique, similarities and differences between perceptions of different people may possible because thinking pattern and various behavioural factors responsible for a perception. The present study focuses on the perception towards impact of inflation, the result shows that significant differences have been observed in one statement regarding price once increase it will not decrease due to inflation and in place, education and age it has been found, which has not been observed in gender and occupation in the same statement, which means price sensitivity due to inflation have differences in different location, education and age. While the remaining three statement regarding impact of inflation, differences have not been observed in any demographic factors, which states that the differences regarding impact of inflation do not exist among the people.

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Conflict of interest

The author claims that the manuscript is completely original. The author also declares no conflict of interest.

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