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The Empirical Investigation of Inflation and its Impact on Standard of Living of Individual in Post Covid-19 of the Chhattisgarh State

ORIGINAL ARTICLE



Authors

Ridwana Hasan

Asst.Prof., Department of Management

and

Vaibhav Ingle

Asst. Prof., Department of Computer Science

Agrasen Mahavidyalaya,
Raipur, Chhattisgarh, India

Abstract

The inflation is the unbeatable dimension of the Indian economy. It is seen in the post Covid-19 period that it is rising at very fast pace. The Chhattisgarh state do not remains untouched with the influence of inflation. The inflation in the entire economy depleted the living standard of the individual family. The present study based on inflation and its impact of the cost of living. The study is based on descriptive and inferential research design. The data collection is done using both sources i.e., primary as well as secondary. The primary data collected using the structured close ended questionnaire. The google form is used to collect the primary data. The sample size is 47. It is found that there was many negative effect of post Covid-19 inflation in our country as well as our state Chhattisgarh i.e., decreases saving, increases family expenses, poverty, unemployment, mostly impacted middle class family. The various suggestive measure to combat the inflation are increasing the other source of income, earning

member in the family, decreasing depend member in family, promotes saving for future reference. By adopting the above measure will help the individual and family to overcome the inflation. It was found that the inflation and the cost of living are the related variable, influences each other.

Key Words

Economy, Currency, Inflation, Covid-19, Price-rise, Income.

Introduction

In the ancient time when the money is not in existence, than to businesses were carried out with the help of barter system. Barter system means the goods are the medium on exchange. There were lot many problems arises in the barter system. About 5000 years back the first form of money was developed which is known as shekel. Mesopotamian developed this first form of currency. In India the currency was developed by Sher Shah Suri in the year 1540-1545 and than after standardized of currency takes place by the mughal empire.

The Reserve Bank of India (RBI) is the regulatory authority of the Indian currency. It regulate the money supply in the market with the help of various tools of monetary policies such as cash serve ratio, statutory liquidity ratio, open market operation, bank rate etc. The inflation is such a condition of the economy

where the value of currency decreases and price of the goods and service increases. It means we have to pay extra money to buy a particular goods, which we are buying at the lesser price earlier. The main element which decides the inflation is the supply of money in the market. As the money supply increases in the market the inflation also increases and when the money supply decreases in the market than inflation also decreases. This phenomenon can be better understood that as the money supply increases in the market, than the purchasing power of every individuals increases and price of the goods rises. Because at that particular time period demand of the goods is greater than its supply. There are various pros and cons of the inflation in our countries economy. Inflation should not be very high neither very low. Because both the condition is dangerous for the economic health of the country. The basic problems of the economy in the present time after the period of Covid-19 are the rapid increase in the price of the product as well as the service. The society is divided on the basis of income into the three classes i.e., higher, middle and lower class. The inflation basically influence the middle class society or the main sufferer of inflation is the middle class. Inflation is measured using WPI (whole sale price index) and CPI (consumer price index) by the Government of our country. Its seems that after the Covid -19 there is rapid increase in WPI which influences the cost of living of individuals. The standard of living of middle class family decreases due to price rise. The purchasing power of money rapidly reduces due to natural factor covid- 19. These problems have not been able to control by the Government or even the individual person. Due to inflation rate of poverty and un-employment increasing. These problem can be reduced by combine efforts of Government as well as individual perception.

Objectives

1. To determine the income level of the people and its impact on inflation.
2. To determine the various factor causing inflation and its impact on economy.
3. To identify the impact of the inflation on the living standard of people.
4. To study the inflation dimensions and measure to overcome it.

Research Methodology

The present study focuses on the current problem of the economy as inflation. The research design is descriptive in nature. The data collected using both the primary as well as secondary. The primary data collected using the structured close ended questionnaire. The secondary data collected by books, magazine, internet, research paper, newspaper. The sample size is 47. The sample is collected using the google form. The sampling technique is simple random sampling. The data is analyzed on the basis of questionnaire and finding and conclusion drawn on it.

Limitations

1. The primary data is collected using the only one tool i.e., questionnaire.
2. The questionnaire is closed ended , it means only the quantitative data is collected, no qualitative data collected in the study.
3. The questionnaire was circulated in the study using google form which is the virtual mode of interacting with the respondents, due to limited time and resources.
4. The primary data is collected and the sample size was not very large.

Money circulation in the market

The below mentioned chart explains the money flow in the market. The money can be know using different nomenclature in different areas i.e., Income (salary, wage, business profit and capital gain) saving investment-capital formation- business profit distributed than as salary and wage.

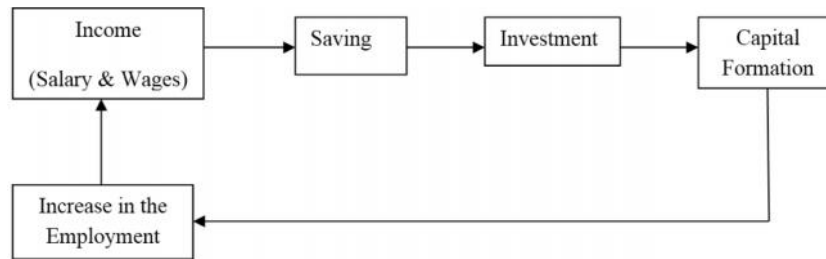


Figure No 1

Meaning of Inflation

Inflation is the situation of the economy or the market where the price of the goods and service increases and the value of the money decreases. The purchasing power of the money decreases and it influence the demand and supply of the goods and service in the market.

Inflation is the increase in the cost of goods and services, which includes necessities like food, transportation, clothing, and housing. The average price rising over time is referred to as inflation. Deflation, on the other hand, is the term used to describe a decline in product and service prices. A sign of falling purchasing power is inflation.

Definition of Inflation

According to C.Crowther, "Inflation is state in which the value of money is falling and the price are rising".

According to Keynes "Inflation was a phenomenon of full employment. It is synonymous with an excess of aggregates demand over aggregate supply in conditions of full employment."

Cause of Inflation

Demand-Pull Inflation

When the demand of the goods and service increases due to various reasons than it is said as demand pull inflation. The various reasons of increase in demand-pull inflation are as follow:

1. **Increase in Population:** As the population of our country increases day by day, but the production of goods and services remains constant. This increase in the population leads to increase in demand.
2. **Increase in Salary and Wages:** Due to increase in the inflation the salary and wage increases in the company also increases, it leads to the increase in the purchasing power of the individual person.
3. **Increase in the Other Source of Income:** In the present time the individual have different sources of income also other than salary. This other source of income of individual person increases there purchasing power.
4. **Deficit Financing:** As India is a developing country the budget made are of deficit type, means the income is less than the expense. Due to this the burden on the Government keep on increasing, to overcome this burden the Government print the new currency note. This increase the cash flow in the market leads to inflation.
5. **Increase in the Black Money Flow in the Market:** The income which is earned by the illegal source is considered as the black money, its Government record was not present. This black money increase the cash flow in the market, leads to the increase in the inflation.
6. **Increase in the Cash Flow in the Market:** There are various reason above stated which increases the cash flow in the market. Due to increase in the cash flow inflation increases.

Cost-Push Inflation

When the cost of production of goods and service increases due to this price increases. The various reason of increase in cost-push inflation are as follows:

1. **Increase in Tax Burden:** The price of the goods and services includes all the taxes. When the tax rate increases the price of the goods and service automatically increases, this leads to inflation.
2. **Reduce in Saving:** Due to increase in the inflation the individual person enables to meet the basic expenses of the family. So the earned income will be totally expenses, there will be no saving or saving reduces.
3. **Decrease in Investment:** The saving reduces the investment level decreases the capital formation in the business, which decreases the production of goods and its supply in the market. This decrease in the supply of goods leads to price rise.
4. **Increase in Economic Inequalities:** The society is divided into three class on the basis of income i.e., higher, middle and lower class. The effect of unequal distribution of the income, poor becomes poorer and rich becomes richer. This is also one of the reason of increase in the inflation.
5. **Hinders Development:** Inflation decreases the standard of living of a person, due to decrease in the standard of living and overall development of the individual also decreases.

Negative Impact of inflation on the Individuals

1. The increase in the price of the goods and services reduces its consumption.
2. The individual of the middle class family unables to meet the basic necessities of life like food, cloth and shelter.
3. The individuals unable to payoff there liabilities like bank loan which leads them to over pressure and many commit suicide.
4. The basic expenses of the family increases, due to this the saving decreases.
5. By the effect of decrease in the saving of the individual the investment decrease which leads to the deficiency in the capital formation in the business.
6. Due to rapid increase in the level of inflation the cost of living increase.
7. By increasing the cost of living, the standard of living of individual decreases.
8. Poverty and the unemployment rate increases.

Data Analysis

Demographic Profile

Component	Percentage
Area	
Rural	26.7%
Urban	73.3%
Gender	
Male	53.3%
Female	46.7%
Others	0%
Age	
21-30 yr	15.2%
31-40 yr	34.8%
41-50 yr	30%
Above 50 yr	20%
Monthly income	
Below 10,000	28.3%

10,001-20,000	47.5%
20,001-30,000	8.7%
30,001-40,000	13.0%
Above 40,000	2.5%
Educational Qualification	
Illiterate	2.2%
School	10.9%
Graduate	32.6%
Post Graduate	52.3%
Others	2.0%
Occupation	
Govt. Job	5.0%
Private	77.3%
Business	13.6%
Self-Employees	4.1%
Marital Status	
Married	46.7%
Unmarried	53.3%
Type of family	
Uni-Member	17.8%
Nuclear	53.3%
Joint	28.9%
Size of Family	
2-4 Members	62.2%
5-7 Members	33.3%
More than 7 Members	4.5%
Number of Earning member in family	
1	22.7%
2	63.6%
3	11.4%
4	2.3%
Number of dependent in the family	
1	18.6%
2	37.2%
3	30.2%
4	14.0%

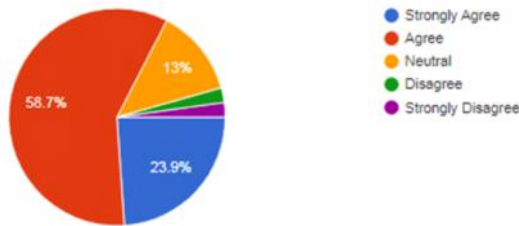
(Source: Primary Data)

1. The number of respondent belongs to rural are 26.7% and urban area are 73.3%. It means maximum respondents belong to the urban area.
2. In terms of gender the female are 46.7% and male are 53.3%. It means the maximum number of responses is from male than the female.
3. The maximum respondents belongs to the monthly income of 10,001 to 20,000. It means that the maximum respondents belongs to the middle class family.
4. The maximum respondent belong to the educational qualification of post graduate i.e., 52.3%.
5. The maximum respondents belong to the private job i.e., 77.3%.

6. The maximum respondents belong to marital status of unmarried i.e., 53.3%.
7. The maximum respondents belong to nuclear family i.e., 53.3%.
8. The maximum respondents belong to 2 to 4 members in their families i.e., 62.2%.
9. The maximum respondents belong to 2 earning member in their family i.e., 63.6%.
10. The maximum respondents belong to 2 dependent family in their family i.e., 37.2%.

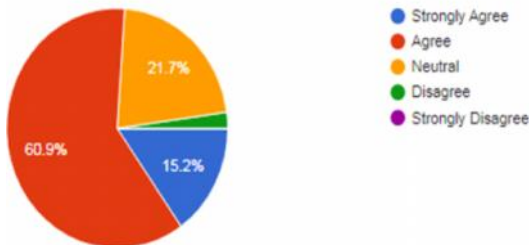
Dimensions of Impacted Inflation

1. Do the Inflation Decrease Your Saving?



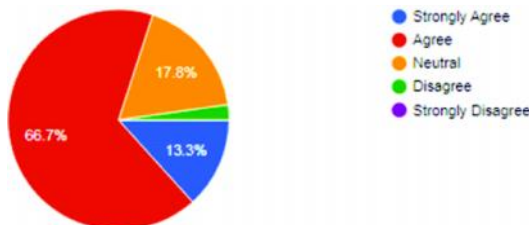
In the reply of this question the respondent said that the inflation decreases their saving, as 23.9% are strongly agree and 2.2% strongly disagree.

2. Do the Inflation Decreases Amount of Your Investment?



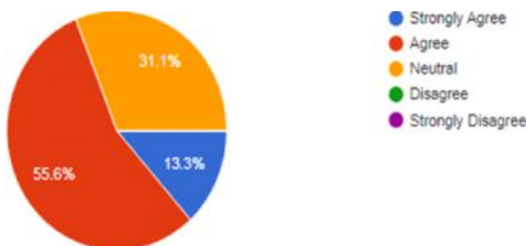
In the reply of this question the respondent said that the inflation decreases their investment, as 15.2% strongly agree and 0% strongly disagree.

3. Do the Inflation Decreases Your Purchasing Power?



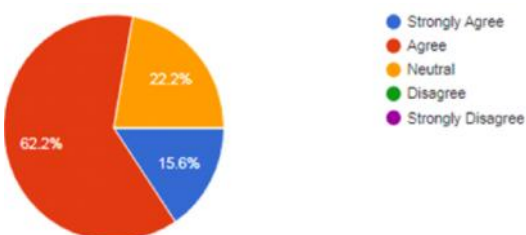
In the reply of this question the respondent said that the inflation decreases their saving, as 13.3% are strongly agree and 0% strongly disagree.

4. Do the Inflation Decreases Your Purchasing Habit?



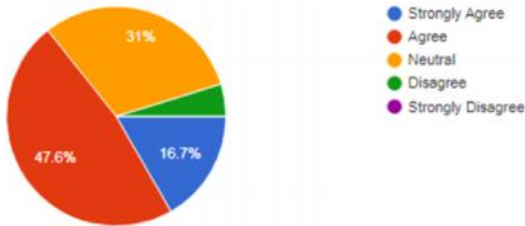
In the reply of this question the respondent said that the inflation decreases individual purchase habit, as 13.3% are strongly agree and 0% strongly disagree.

5. Do the Inflation Increases Your Monthly Expenses?



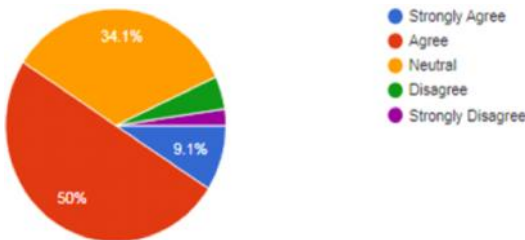
In the reply of this question the respondent said that the inflation increases monthly expenses, as 15.6% are strongly agree and 0% strongly disagree.

6. Do the Inflation Interrupt you for Higher Studies?



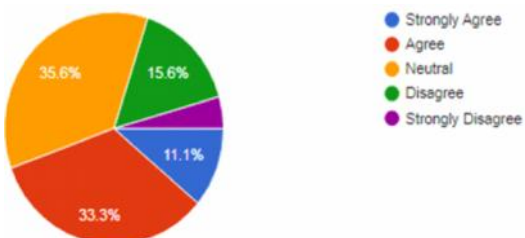
In the reply of this question the respondent said that the inflation interrupt the higher studies, as 16.7% are strongly agree and 0% strongly disagree.

7. Do the Inflation Effect Consumption of Quality Food Habit in You?



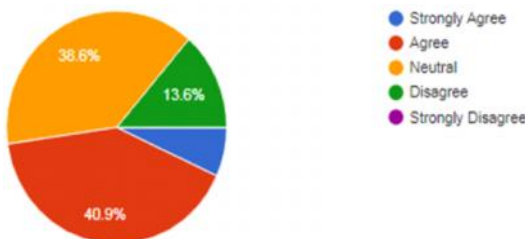
In the reply of this question the respondent said that Inflation effect consumption of quality food habit in individual, as 9.1% are strongly agree and 2.3% strongly disagree.

8. Do you think that Your Income is Sufficient to Meet Your Expenses?



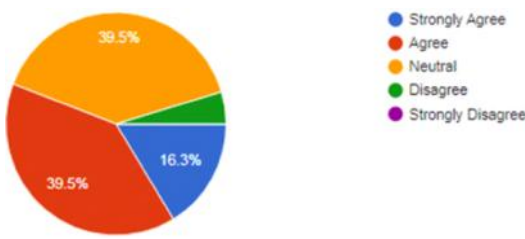
In the reply of this question the respondent said that Inflation effect is sufficient to meet your expenses, as 11.1% are strongly agree and 4.4% strongly disagree.

9. Do you think that Inflation Increases Your Borrowing Habit?



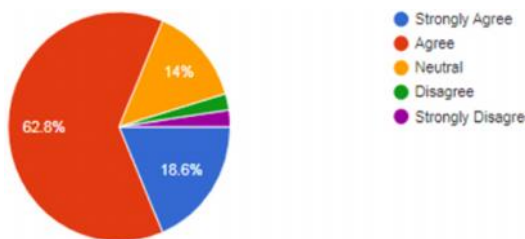
In the reply of this question the respondent said that Inflation effect is sufficient to meet your expenses, as 6.8% are strongly agree and 0% strongly disagree.

10. Can you overcome from Inflation?



In the reply of this question the respondent said that limiting in your desire you can overcome from inflation, as 16.3% are strongly agree and 0% strongly disagree.

11. What source Helps you to Overcome Inflation?



In the reply of this question the respondent said that sources of income helps you to overcome inflation, as 18.6% strongly agree and 2.3% strongly disagree.

Findings

1. In the present study in terms of demographic profile of the respondents, maximum responses taken from urban people, male person, middle class, post graduates, private job, unmarried, nuclear family, having 2 to 4 members in family, with 2 earning members and two dependents.
2. From the above data analysis it is clear that the maximum suffers of inflation are middle class family.
3. The dependents in the family decreases as the earning member increases, due to increase in the earning member the income of the family increases, but due to price rise saving does not increases.
4. As per the above data analysis it is clear that maximum respondents think that the inflation curbs the saving of individuals and their families, due to this the level of investment decreases investment as incomes is equal to the saving.
5. Due to the increase in expenses as the result of inflation the individual are unable to gain the higher studies.
6. To meet the household expenditure the earning member of the family searches for the other sources of income as well.
7. The rapid increase in the rate of inflation in the post Covid-19 period result in the increases in the cost of living and decreases the living standard.
8. The individuals are unable to meet the desire and decreases the purchasing habits.
9. To beat the inflation low quality food consumption increases, due to this the disease percentage rises in the whole country.
10. Increases in the inflation causes many social problems like poverty, unemployment, theft, adulteration, regional imbalance, suicide cases, loan frauds, cheat.

Conclusion and Discussion

From the above study it is clear that the inflation is one of the factor that influence all the mankind in the whole country. After the Covid-19 the inflation increases as the faster pace, so that the middle class family do not able to meet there basic necessity in life, due to this many social crime arises. The inflation means the situation where the price of the product keeps on increasing and the value of money decreases. Income of the individual family was not increasing at the same rate as the inflation. There are many social problem arises due to the increasing rate of inflation like poverty, unemployment, theft, adulteration, regional imbalance, suicide cases, loan frauds, cheat. The various suggestive measures taken into consideration to combat the inflation are increasing the other source of income, earning member in the family, decreasing depend member in family, promotes saving for future reference. The inflation is the problem of every period of time now and than, but the post Covid-19 inflation hits the entire economy, business, family and mankind and depletes the standard of living.

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