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Impact of GST on FMCG Sector: A Study with Special Reference to Hindustan Unilever Limited (HUL)

Giri Raj Pawar[1] & Mr. K. Lakshman Rao[2]

[1]*Student Scholar*

HT No: 1326-24-672-086

[2]*Research Guide, St Mary's Centenary College of Management - Secunderabad*

Corresponding Author – Giri Raj Pawar

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Abstract:

The Goods and Services Tax (GST) is one of the most significant tax reforms introduced in India. It replaced multiple indirect taxes and established a unified taxation system. The Fast-Moving Consumer Goods (FMCG) sector has been greatly affected by GST due to its extensive supply chain and distribution network. This study examines the impact of GST on Hindustan Unilever Limited (HUL), one of India's leading FMCG companies. The research focuses on GST's influence on pricing, supply chain efficiency, sales performance, profitability, and consumer purchasing behaviour. The findings indicate that GST has simplified taxation, reduced logistics costs, improved operational efficiency, and positively influenced business performance.

Keywords: GST, FMCG Sector, Hindustan Unilever Limited, Tax Reform, Supply Chain Management, Consumer Behaviour, Profitability.

Introduction:

The Goods and Services Tax (GST), implemented in India on July 1, 2017, aimed to create a unified indirect tax structure by replacing various taxes such as VAT, excise duty, service tax, and entry tax. The FMCG sector is one of the largest contributors to India's economy and is highly dependent on efficient supply chain operations.

Hindustan Unilever Limited (HUL), a leading FMCG company, manufactures and markets products in personal care, home care, foods, and beverages. GST has significantly impacted HUL's operations by simplifying tax compliance, reducing logistics costs, and improving distribution efficiency. This study analyzes the effects of GST on HUL's business performance and consumer market.

Literature Review:

Kumar and Sharma (2021) The authors found that GST improved operational efficiency and reduced tax cascading in the FMCG sector.

Patel (2022) The study revealed that GST positively influenced supply chain management and inventory control among FMCG companies.

Mehta and Singh (2023) The researchers observed that GST contributed to cost reduction and enhanced profitability in major FMCG organizations.

Rao (2024) The study highlighted that GST increased transparency and simplified tax compliance procedures.

Gupta (2025) The researcher concluded that GST improved market competitiveness and consumer accessibility to FMCG products.

The literature indicates that GST has positively transformed the FMCG sector through tax simplification and operational improvements.

Objectives of the Study:

1. To understand the concept and structure of GST.
2. To examine the impact of GST on the FMCG sector.
3. To analyze the effect of GST on Hindustan Unilever Limited.
4. To evaluate changes in pricing and profitability after GST implementation.
5. To suggest measures for improving GST compliance and business efficiency.

Research Questions

1. How has GST affected the FMCG sector in India?
2. What impact has GST had on Hindustan Unilever Limited?
3. Has GST improved supply chain efficiency in HUL?
4. What changes have occurred in product pricing after GST implementation?
5. How can GST compliance be further improved in the FMCG industry?

Research Methodology:

Research Design:

Descriptive Research Design.

Sources of Data:

Primary Data:

- Structured Questionnaire
- Interviews with Consumers and Retailers

Secondary Data:

- HUL Annual Reports
- GST Council Reports
- Research Journals
- Books and Articles
- Government Publications
- Online Sources

Sampling Technique:

Convenience Sampling.

Sample Size:

100 Respondents.

Data Collection Tools:

Questionnaire and Interview Schedule.

Statistical Tools:

- Percentage Analysis
- Mean Analysis
- Tables and Charts

Study Period:

January 2026 – April 2026.

Data Analysis:

Table 1: Opinion on GST Impact on FMCG Products

Response	**Respondents**	**Percentage**
Positive Impact	48	48%
Moderate Impact	30	30%
Neutral	14	14%
Negative Impact	8	8%
Total	100	100%

Interpretation: Most respondents believe that GST has had a positive impact on FMCG products.

Table 2: Effect of GST on Product Availability

Opinion	Respondents	Percentage
Improved Significantly	40	40%
Improved Moderately	38	38%
No Change	15	15%
Reduced Availability	7	7%
Total	100	100%

Interpretation: GST has improved product availability through better distribution systems.

Table 3: Consumer Satisfaction with GST-Based Pricing

Opinion	Respondents	Percentage
Highly Satisfied	32	32%
Satisfied	46	46%
Neutral	14	14%
Dissatisfied	8	8%
Total	100	100%

Interpretation: Most consumers are satisfied with product pricing after GST implementation.

Findings:

1. GST has simplified the indirect tax structure for FMCG companies.
2. HUL has benefited from improved supply chain efficiency.
3. Logistics and warehousing costs have reduced significantly.
4. Product availability has improved across various markets.
5. GST has enhanced transparency in taxation and compliance.
6. Consumer satisfaction regarding product pricing has increased.
7. HUL has experienced improved operational efficiency and profitability.

Suggestions:

1. Strengthen GST awareness among retailers and distributors.
2. Simplify GST return filing procedures for businesses.
3. Utilize digital technologies for efficient GST compliance.
4. Conduct regular training programs for employees and dealers.
5. Improve coordination between GST authorities and businesses.
6. Enhance consumer awareness regarding GST benefits.
7. Continue supply chain optimization to maximize GST advantages.

Conclusion:

GST has brought significant positive changes to the FMCG sector by simplifying taxation, reducing logistics costs, and improving supply chain efficiency. The study concludes that Hindustan Unilever Limited has benefited from GST through enhanced operational performance, better distribution management, and improved profitability. GST has also increased transparency and consumer satisfaction. Continuous improvements in GST compliance and administration can further strengthen the growth of the FMCG sector in India.

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