



Consumer Perspectives on GST: A Study in the Mumbai Region

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Abstract

This study examines consumer awareness and perceptions of the Goods and Services Tax (GST) in the Mumbai region through a survey of 53 respondents. It focuses on understanding the level of awareness, the impact of GST on purchasing behaviour, and the perceived challenges and benefits of the tax system. The results reveal significant differences in awareness across demographic groups, with factors such as age, education, and income influencing GST knowledge. However, the study finds that GST has a minimal effect on consumer purchasing decisions, and perceptions about its benefits and drawbacks are mixed. Some consumers view GST as a simplified system, while others express concerns about its complexity and the potential for higher prices. The findings highlight the need for targeted awareness campaigns and potential policy adjustments to improve consumer understanding, increase trust, and enhance the effectiveness of GST reforms.

Keywords: GST, consumer awareness, Mumbai, purchasing behaviour, tax perceptions, demographic differences, awareness campaigns, policy adjustments, consumer trust, tax reform.

Introduction

Background of the Study

The Goods and Services Tax (GST), launched in July 2017, is one of India's most ambitious tax reforms. By replacing a plethora of indirect taxes, GST aims to unify the nation's tax structure, promote transparency, and create a seamless market across states. While GST simplifies tax compliance and removes cascading tax effects, its implementation has sparked significant debate among consumers, businesses, and policymakers alike.

The Mumbai region, being a major economic hub, represents a unique perspective, with its diverse demographic composition and active consumer base. Understanding consumer perceptions in this region can provide valuable insights into GST's broader societal impacts.

Scope of the Study

This study is focused on understanding consumer viewpoints in the Mumbai region, with an emphasis on three main aspects. First, it assesses the level of awareness consumers have regarding the Goods and Services Tax (GST), exploring their understanding of the tax system. Second, it examines the influence of GST on consumer behaviour, specifically its effect on purchasing decisions and patterns. Finally, the research looks at how consumers perceive the benefits and challenges of GST implementation. By investigating these areas, the study aims to provide a clearer picture of consumer experiences and highlight potential areas

for improving awareness and addressing concerns surrounding GST in the Mumbai region.

Limitations of the Study

This study has several limitations. The sample size of 53 respondents may not adequately reflect the diverse consumer population of Mumbai. It focuses solely on consumer views, excluding insights from businesses or policymakers. The research is confined to the Mumbai region, limiting its applicability to other areas. Additionally, the survey may not capture the full complexity of consumer behaviour and attitudes. Lastly, the study concentrates on short-term perceptions of GST, without exploring its long-term effects on consumers.

Objectives

1. To assess consumer awareness levels regarding GST.
2. To examine the impact of GST implementation on purchasing behaviour.
3. To identify perceived challenges and benefits of GST among consumers.

Hypotheses:

1. H0: There is no significant difference in consumer awareness about GST among different demographic groups in the Mumbai region.
H1: There is a significant difference in consumer awareness about GST among different demographic groups in the Mumbai region.

2. H0: The implementation of GST has not influenced consumer purchasing behaviour in the Mumbai region.
H1: The implementation of GST has influenced consumer purchasing behaviour in the Mumbai region.
3. H0: Consumers in the Mumbai region does not perceive any significant challenges or benefits associated with GST implementation.
H1: Consumers in the Mumbai region perceive significant challenges and benefits associated with GST implementation.

Statement of the Problem

While GST is designed to streamline taxation, many consumers perceive it as complicated and burdensome. Concerns such as price variability, difficulties in understanding the tax system, and uncertainty about its benefits continue to be debated. This study aims to explore these issues by analysing consumer perceptions within the Mumbai region, providing insights into how GST is viewed and experienced by the public. The findings are expected to inform strategies for improving consumer understanding and addressing key concerns related to the tax system.

Review of Literature

- Babu (2019) discusses consumers' perceptions of GST rates in India. The study highlights that GST, despite being a "Good and Simple Tax," has varying rates for goods and services. It notes the need for better awareness among consumers regarding GST rates and the impact of GST on their daily lives. The paper suggests a uniform and simplified approach to alleviate consumer confusion and enhance compliance (Babu, 2019)(19. RRJournalsJanuary2019).
- Sreedhar et al. (2020) focus on the impact of GST on the Indian FMCG and retail sector. The paper notes the mixed reactions from stakeholders, with tax reductions benefiting essential goods but higher rates on certain daily-use items causing concerns. The authors also discuss operational efficiency gains through warehouse rationalization and input tax credit systems, which streamline logistics and reduce cascading tax effects. However, the additional

tax on promotional items poses challenges for retailers' marketing strategies (Sreedhar et al., 2020)(IJCRT2004551).

- A study by Maheshwari and Mani (2019) highlights low levels of awareness among Indian consumers about the detailed workings of GST, despite it being perceived as a positive economic reform. In a metropolitan context like Mumbai, raising awareness remains critical to addressing consumer grievances and improving satisfaction
- Dr. Jyoti Thakur (2018) conducted a study on consumer perception of GST in the service sector, specifically in Mumbai. The research highlights that consumer generally found GST rates for services such as dining in restaurants, hotel stays, and financial services to be high, particularly in premium settings like five-star restaurants. This insight reflects a prevalent sentiment among urban consumers, who perceive GST as burdensome on discretionary spending

Research Gap

Although extensive studies exist on GST's impact on businesses, limited research focuses on consumer perspectives, particularly in key urban regions like Mumbai. This study addresses this gap by evaluating GST's direct impact on consumers.

Research Methodology

Research Design

A descriptive research design was employed, integrating qualitative and quantitative methods to analyse consumer perceptions of GST.

Sampling

Sample Size: 53 respondents.

Sampling Method: Simple random sampling.

Geographical Area: Mumbai region.

Respondent Profile: Included diverse demographics based on age, gender, education, and occupation.

Data Collection

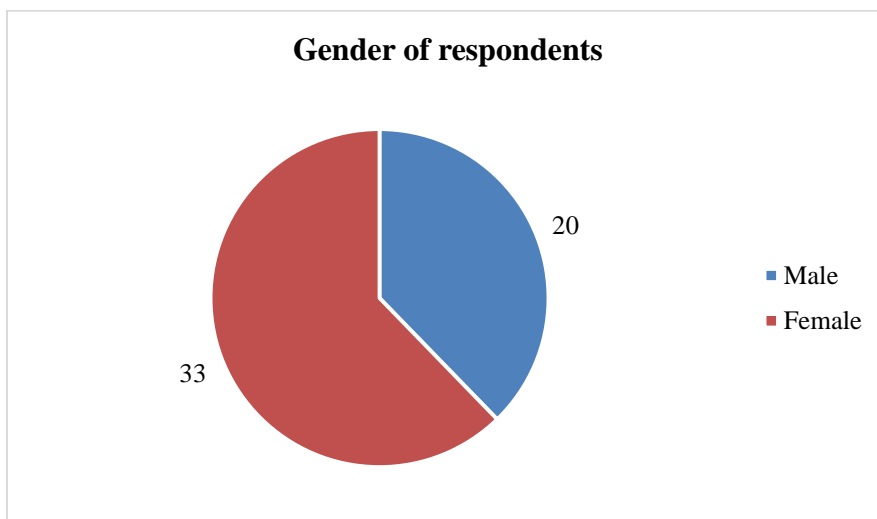
Primary Data: A structured questionnaire comprising Likert-scale questions (1-5 scale) covering awareness, impact, and perceptions.

Secondary Data: Derived from published journals, GST Council reports, and government publications.

Data Analysis

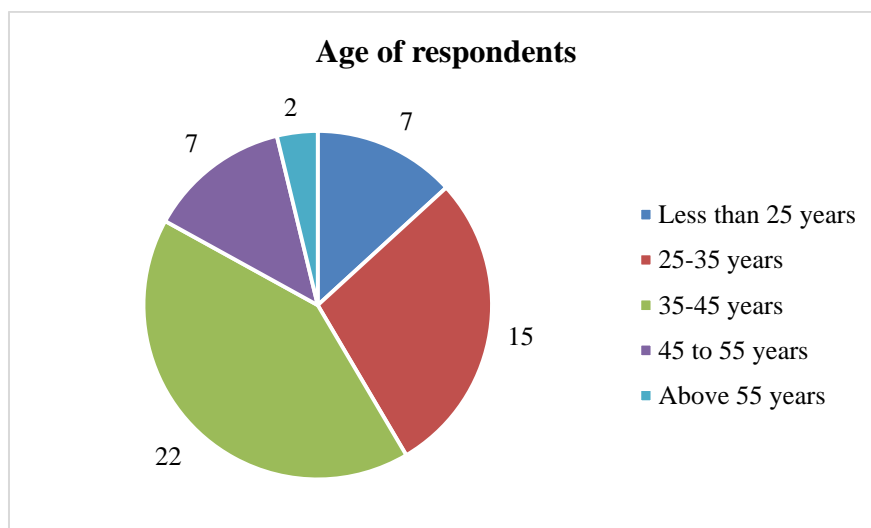
The analysis of gender of respondents is shown below

2. Gender				
Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	20	37.7	37.7	37.7
Female	33	62.3	62.3	100.0
Total	53	100.0	100.0	



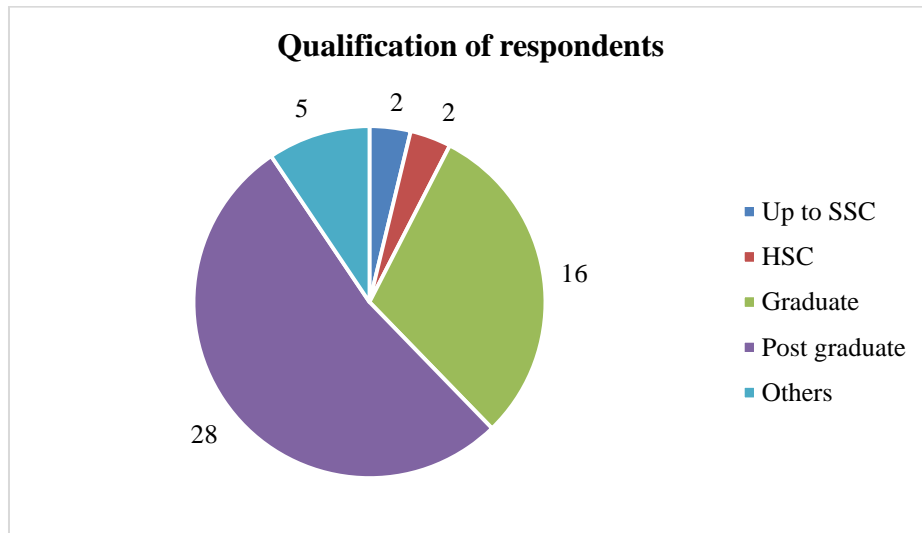
The analysis of age of respondents is shown below

3. Age of respondent				
Age	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 25 years	7	13.2	13.2	13.2
25-35 years	15	28.3	28.3	41.5
35-45 years	22	41.5	41.5	83.0
45 to 55 years	7	13.2	13.2	96.2
Above 55 years	2	3.8	3.8	100.0
Total	53	100.0	100.0	



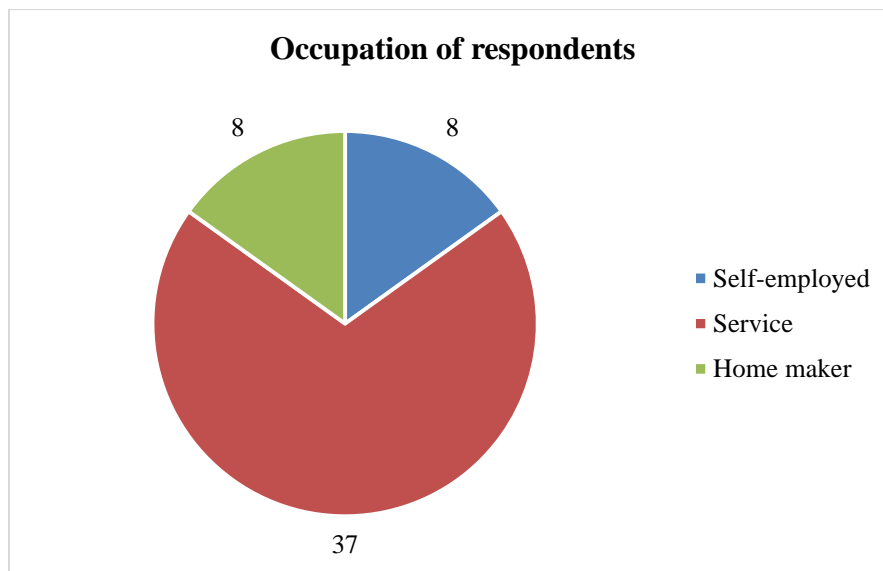
The analysis of qualification of respondents is shown below

4. Qualification				
Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Up to SSC	2	3.8	3.8	3.8
HSC	2	3.8	3.8	7.5
Graduate	16	30.2	30.2	37.7
Post graduate	28	52.8	52.8	90.6
Others	5	9.4	9.4	100.0
Total	53	100.0	100.0	



The analysis of occupation of respondents is shown below

5. Occupation				
Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Self-employed	8	15.1	15.1	15.1
Service	37	69.8	69.8	84.9
Home maker	8	15.1	15.1	100.0
Total	53	100.0	100.0	



The analysis of Awareness of GST is shown below

Sr No.	Question	Yes	No
6.1	Are you aware of GST?	51	2
6.2	Have you heard about GST being implemented from July, 2017?	50	3
6.3	Do you understand the basic concept of GST as applied on Goods and Services?	48	5
6.4	Have you seen or heard any advertisements or news related to GST?	39	14
6.5	Have you discussed GST with friends, family, or colleagues?	45	8

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Awareness of GST	53	40	100	87.92	18.119
Valid N (listwise)	53				

Above table indicate that mean score of Awareness of GST is 87.92 per cent with standard deviation 18.119, suggesting high variation in the responses.

The analysis of Impact of GST is shown below

Sr No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7.1	The implementation of GST has influenced my purchasing positively.	11	11	12	15	4
7.2	Since the introduction of GST, I find it easier to understand the taxes levied on products/services.	8	10	9	17	9
7.3	GST has led to more transparency in pricing, making it easier for me to compare prices.	7	14	8	15	9
7.4	GST has streamlined the tax system, making it more efficient for businesses, which in turn benefits consumers.	9	7	12	17	8
7.5	I believe GST has reduced the prevalence of tax evasion in the market, leading to fairer competition among businesses.	10	12	9	14	8
7.6	The implementation of GST has caused fluctuations in prices, making it challenging to predict expenses accurately.	8	12	15	9	9

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Impact	53	20	100	60.57	21.787
Valid N (listwise)	53				

Above table indicate that mean score of Impact is 60.57 per cent with standard deviation 21.787, suggesting high variation in the responses.

The analysis of Challenges and benefits of GST is shown below

Sr No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
8.1	GST has resulted in more transparency in pricing of goods and services.	6	8	16	13	10
8.2	GST has led to an increase in the overall cost of living in Mumbai.	7	7	12	15	12
8.3	Consumers find it challenging to comprehend the tax implications of GST on their purchases.	5	7	15	18	8
8.4	GST has impacted their willingness to engage in tax-saving practices.	7	10	15	15	6
8.5	GST as a contributing factor to changes in their spending habits or patterns.	6	7	13	21	6

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Challenges and benefits	53	20	100	64.91	20.360
Valid N (listwise)	53				

Above table indicate that mean score of Challenges and benefits is 67.91 per cent with

standard deviation 20.360, suggesting high variation in the responses.

Objectives and Hypothesis

Objective 1 To assess the awareness level of consumers in the Mumbai region regarding the Goods and Services Tax (GST).

Null Hypothesis H₀₁: There is no significant difference in consumer awareness about GST

among different demographic groups in the Mumbai region.

Alternate Hypothesis H₁₁: There is a significant difference in consumer awareness about GST among different demographic groups in the Mumbai region.

To study the above Null hypothesis one sample test is applied. The results are as follows.

One-Sample Test				
Test Value = 50				
	t	df	P-value	Mean Difference
Awareness of GST	15.238	52	.000	37.925

Interpretation: Above results indicate that p-value is 0.000. It is less than standard value of 0.05. Therefore, the one sample test is rejected. Hence null hypothesis is rejected and alternate hypothesis is accepted.

Conclusion: There is a significant difference in consumer awareness about GST among different demographic groups in the Mumbai region.

Findings: To understand the findings of hypothesis, consumer awareness about GST among different demographic groups in the Mumbai region are obtained and presented in the following table.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Awareness of GST	53	87.92	18.119	2.489

The "One-Sample Statistics" table provides descriptive statistics for the variable "Awareness of GST" based on responses from 53 participants. The mean awareness score is 87.92, with a standard deviation of 18.119. The standard error of the mean is calculated to be 2.489. These statistics indicate the average level of awareness among respondents regarding GST, with the standard deviation illustrating the degree of variability in awareness scores among the sample.

Objective 2 To examine the impact of GST implementation on consumer behaviour and purchasing patterns in the Mumbai region.

Null Hypothesis H₀₂: The implementation of GST has not influenced consumer purchasing behaviour in the Mumbai region.

Alternate Hypothesis H₁₂: The implementation of GST has influenced consumer purchasing behaviour in the Mumbai region.

To study the above Null hypothesis one sample test is applied. The results are as follows.

One-Sample Test				
Test Value = 60				
	t	df	P-value	Mean Difference
Impact	.189	52	.851	.566

Interpretation: Above results indicate that p-value is 0.851. It is more than standard value of 0.05. Therefore, the one sample test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

Conclusion: The implementation of GST has not influenced consumer purchasing behaviour in the Mumbai region.

Findings: To understand the findings of hypothesis, impact of GST implementation on consumer behaviour and purchasing patterns in the Mumbai region are obtained and presented in the following table.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Impact	53	60.57	21.787	2.993

The one-sample statistics indicate that among the 53 respondents surveyed, the mean impact score on a given variable (referred to as "Impact") is 60.57, with a standard deviation of 21.787. The standard error of the mean is calculated to be 2.993. This suggests that, on average, respondents perceive a moderate level of impact regarding the variable under consideration, with Ms. Komal Chandanshive, Dr. Sunita Tidke

some variability in individual responses around this mean value.

Objective 3 To identify the challenges and benefits perceived by consumers regarding GST implementation in the Mumbai region.

Null Hypothesis H₀₃: Consumers in the Mumbai region does not perceive any significant challenges or benefits associated with GST implementation.

Alternate Hypothesis H₁₃: Consumers in the Mumbai region perceive significant challenges and

benefits associated with GST implementation.

To study the above Null hypothesis one sample test is applied. The results are as follows.

One-Sample Test				
	Test Value = 60			
	t	df	P-value	Mean Difference
Challenges and benefits	1.754	52	.085	4.906

Interpretation: Above results indicate that p-value is 0.085. It is more than standard value of 0.05. Therefore, the one sample test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

Conclusion: Consumers in the Mumbai region does not perceive any significant challenges or benefits associated with GST implementation.

Findings: To understand the findings of hypothesis, challenges and benefits perceived by consumers regarding GST implementation in the Mumbai region are obtained and presented in the following table.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Challenges and benefits	53	64.91	20.360	2.797

The "Challenges and benefits" measure, based on a sample of 53 respondents, exhibits a mean score of 64.91, with a standard deviation of 20.360. The standard error of the mean is calculated at 2.797. This suggests that, on average, respondents rated their perception of challenges and benefits moderately, with considerable variability in individual responses around this mean score.

Suggestions

To enhance awareness campaigns, it is crucial to target older and less-educated demographics by tailoring materials to their specific needs. Simplifying communication tools and using accessible formats can ensure better understanding and inclusivity. Additionally, simplifying the tax structure by reducing the number of GST slabs can make it easier for consumers to comprehend and comply with the system. Addressing inconsistencies in tax rates across categories would further contribute to a more equitable and transparent tax regime.

To tackle price volatility, consistent monitoring and regulation of price fluctuations post-GST implementation are essential. Ensuring transparency in tax calculations will build trust among consumers by clarifying how taxes affect final prices. Strengthening consumer engagement is equally vital. Establishing forums to gather feedback on GST policies and increasing consumer representation in policy discussions will make the system more responsive and aligned with public needs.

Conclusion

This study provides critical insights into consumer perspectives on GST in the Mumbai region. While awareness is high, GST's impact on purchasing behaviour remains limited. Mixed perceptions about its challenges and benefits underscore the need for continued policy refinement

and consumer education. By addressing these concerns, GST can better fulfil its potential as a unifying and transparent tax system.

Furthermore, the study highlights sector-specific disparities, such as the higher tax burden on luxury goods and services, which contrasts with tax reductions on essentials. In a diverse urban economy like Mumbai, these disparities influence consumption patterns and brand preferences significantly. Tailored initiatives aimed at bridging these gaps—through tax rate rationalization and public feedback mechanisms—could further enhance consumer trust and engagement with the GST framework.

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