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# "Impact of GST on Retail Prices and Consumer Satisfaction: A Survey of Urban and Rural Consumers in Bapatla District, Andhra Pradesh"

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**Abstract**

The Goods and Services Tax (GST), introduced in India in 2017, represents a major reform aimed at simplifying the indirect tax structure and promoting transparency in pricing. The present study investigates the impact of GST on retail prices and consumer satisfaction among urban and rural consumers in Bapatla District, Andhra Pradesh. A descriptive survey method was adopted, with a sample of 100 respondents comprising 50 urban and 50 rural consumers. Data were collected using a structured questionnaire and analysed through percentage analysis, mean scores, t-test, and correlation techniques. The findings indicate that rural consumers perceive a greater increase in retail prices compared to urban consumers, while urban consumers exhibit higher levels of satisfaction towards GST. A significant difference was observed between urban and rural respondents in terms of price perception, satisfaction, and awareness. The study also reveals a moderate negative relationship between retail price perception and consumer satisfaction, and a positive relationship between awareness and satisfaction. The study concludes that although GST has improved transparency and streamlined the tax system, its benefits are unevenly experienced, particularly in rural areas due to limited awareness. The paper suggests that enhancing consumer awareness and simplifying the GST structure can improve satisfaction levels and ensure more equitable outcomes.

**Keywords:** GST, Retail Prices, Consumer Satisfaction, Urban and Rural Consumers, Bapatla District, Andhra Pradesh

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## 1. Introduction

The Goods and Services Tax (GST), introduced in India on 1 July 2017, represents a landmark reform in the country's indirect taxation system. By replacing multiple taxes such as excise duty, service tax, and value added tax (VAT), GST aimed to create a unified tax structure, reduce cascading effects, and enhance transparency in the pricing of goods and services. From a policy perspective, GST was expected to benefit consumers through rationalised prices and improved efficiency in the supply chain. Despite these objectives, the actual impact of GST on retail prices and consumer satisfaction has been varied across regions and socio-economic groups. The multi-rate structure of GST has resulted in differential pricing, where some goods have become cheaper while others have experienced price increases. Moreover, consumer perception of price changes often differs from actual price variations, influenced by awareness, education, and access to information. In Andhra Pradesh, particularly in Bapatla District, the issue becomes more significant due to the district's socio-economic diversity. The region comprises both urban centres and predominantly rural areas, with livelihoods largely dependent on agriculture, aquaculture, and small-scale retail activities. Urban consumers generally have better exposure to formal markets, digital billing systems, and GST-related information. In contrast, rural consumers often rely on traditional retail outlets and may have limited awareness of tax structures, which can affect their perception and satisfaction. Review of literature in the Indian context indicates that awareness plays a crucial role in shaping consumer attitudes towards GST. Studies conducted in Andhra Pradesh suggest that while GST has improved tax compliance and transparency, many consumers—especially in rural areas—remain uncertain about its benefits. Furthermore, factors such as inflation, supply chain changes, and retailer practices also influence retail prices, making it difficult to attribute price changes solely to GST. Against this background, the present study aims to examine the impact of GST on retail prices and consumer satisfaction among urban and rural consumers in Bapatla District, Andhra Pradesh. By comparing these two groups, the study seeks to provide a clearer understanding of how GST is experienced at the grassroots level and to identify the factors influencing consumer perception and satisfaction.

## 2. Review of Literature

Recent studies (2020–2026) in India provide important insights into the impact of GST on retail prices, consumer perception, and satisfaction. The following review highlights key contributions, with a focus on contemporary research relevant to the present study.

- **Sharma (2020)** observed that fluctuations in indirect taxes like GST significantly influence household budgets, particularly among middle-class consumers. The study found that consumers tend to adjust their spending patterns when GST rates change, indicating price sensitivity.
- **Sundaram and Mehta (2022)** reported that GST improved transparency in taxation; however, many consumers still struggled to understand tax components and pricing structures, especially in semi-urban and rural areas.

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- **Singh (2021)** highlighted that consumer awareness of GST remains uneven across India, with rural populations exhibiting lower levels of understanding compared to urban consumers. This gap significantly affects satisfaction levels.
- **Narayana (2020)** emphasised that consumer perception of price increase is often influenced by psychological factors rather than actual tax changes, leading to dissatisfaction even when prices are stable.
- **Sailaja (2024)** analysed consumer behaviour towards GST and found that awareness, attitude, and satisfaction are closely interrelated. The study concluded that higher awareness leads to more positive attitudes towards GST.
- **Shanbhogue (2025)** examined GST 2.0 reforms and observed that increases in GST rates lead consumers to prioritise essential goods over discretionary items, reflecting strong price sensitivity in consumption behaviour.
- **Karthik and Aishwarya (2026)** studied GST rate rationalisation and found that reduction in tax slabs can improve price pass-through to consumers, though the benefits are not always uniformly experienced across markets.
- **Deloitte India Report (2025)** indicated that stakeholder confidence in GST increased significantly over time, reflecting growing acceptance of the system despite ongoing challenges in pricing and compliance.
- **Recent study (2026)** on consumer awareness of GST reforms found that many consumers continue to focus on perceived price increases rather than actual tax benefits, highlighting the gap between policy intent and consumer understanding.
- **RBI Bulletin (2025)** suggested that GST reforms are expected to reduce retail prices and stimulate consumption, though the extent of benefits depends on effective transmission and market practices.

### 2.1. Research Gap

Although recent studies have explored GST reforms, consumer behaviour, and pricing trends, there is limited research focusing on district-level analysis, particularly comparing urban and rural consumers in Bapatla District, Andhra Pradesh. The present study attempts to fill this gap by linking retail price perception with consumer satisfaction.

## 3. Statement of the Problem

The Goods and Services Tax (GST) was introduced to simplify taxation and benefit consumers through fair pricing. However, its impact on retail prices and consumer satisfaction is not uniform. In Bapatla District, differences between urban and rural consumers in terms of awareness, income, and access to information lead to varied perceptions of GST. Hence, the problem of the study is: ***"To examine the impact of GST on retail prices and consumer satisfaction among urban and rural consumers in Bapatla District, Andhra Pradesh."***

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**4. Objectives of the Study**

1. To examine the impact of GST on retail prices in Bapatla District.
2. To analyse the level of consumer satisfaction towards GST.
3. To compare the perceptions of urban and rural consumers regarding GST.
4. To identify differences in retail price perception between urban and rural consumers.
5. To study the relationship between retail price changes and consumer satisfaction.
6. To assess the role of consumer awareness in shaping satisfaction towards GST.

**5. Hypotheses**

**$H_{01}$:** There is no significant difference between urban and rural consumers in their perception of retail price changes under GST.

**$H_{02}$:** There is no significant difference between urban and rural consumers in their level of satisfaction towards GST.

**$H_{03}$:** There is no significant relationship between retail price perception and consumer satisfaction.

**$H_{04}$:** There is no significant difference in consumer awareness of GST between urban and rural consumers.

**$H_{05}$:** Consumer awareness has no significant influence on consumer satisfaction towards GST.

**6. Research Methodology**

The present study adopts a systematic approach to examine the impact of GST on retail prices and consumer satisfaction among urban and rural consumers in Bapatla District, Andhra Pradesh.

**6.1. Research Design**

The present study adopts a descriptive survey research design. This design is appropriate as it focuses on describing and analysing the existing conditions related to the impact of GST on retail prices and consumer satisfaction without manipulating any variables. The descriptive approach enables the researcher to collect data directly from consumers and understand their perceptions, opinions, and experiences regarding GST. It is particularly suitable for comparing differences between urban and rural consumers in Bapatla District. By using this design, the study systematically examines variations in retail price perception and satisfaction levels, and identifies relationships between key variables such as awareness and consumer response. The design ensures reliability and provides a realistic picture of the ground-level impact of GST in the selected area.

**6.2. Area of the Study**

The present study is confined to Bapatla District in Andhra Pradesh. Bapatla is a coastal district characterised by a mix of urban centres and predominantly rural areas, with the local economy largely dependent on agriculture, aquaculture, and small-scale retail activities.

**6.3. Sample of the Study**

The sample for the present study consists of 100 consumers selected from Bapatla District, Andhra Pradesh. In order to ensure a balanced representation, the sample is equally divided into:

- 50 Urban Consumers

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- 50 Rural Consumers

The respondents were chosen from different socio-economic backgrounds, including variations in age, gender, education, and income levels. This diversity helps in obtaining a comprehensive understanding of consumer perceptions regarding GST. The selected sample size is considered adequate for a descriptive survey study, allowing meaningful comparison between urban and rural consumers in terms of retail price perception and satisfaction levels.

**6.4. Sampling Technique**

The respondents were selected using a simple random sampling technique to ensure equal representation and minimise bias.

**6.5. Tool for Data Collection**

The present study employed a structured questionnaire as the primary instrument for data collection. The questionnaire was designed to capture relevant information regarding consumers' perceptions of GST, its impact on retail prices, and their level of satisfaction. The tool consists of two sections. Section A includes demographic details such as age, gender, education, income, and locality (urban/rural). Section B comprises 15 carefully framed statements related to retail price perception, consumer satisfaction, and awareness of GST. Responses were measured using a five-point Likert scale, ranging from *Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), to Strongly Disagree (1)*. This scaling method allows for quantitative analysis of attitudes and perceptions. The questionnaire was prepared in simple and clear language to ensure easy understanding by respondents from both urban and rural areas of Bapatla District. Thus, the tool ensured the collection of reliable, valid, and measurable data for the study.

**6.6. Variables of the Study**

The present study involves the following variables:

**1. Independent Variable**

- **GST Implementation:** The Goods and Services Tax (GST) is considered the independent variable, as it is the major policy factor influencing changes in retail prices and consumer satisfaction.

**2. Dependent Variables**

- **Retail Price Perception:** Refers to consumers' opinions and perceptions regarding changes in prices of goods after the implementation of GST.
- **Consumer Satisfaction:** Indicates the level of satisfaction of consumers towards GST in terms of pricing, transparency, and overall experience.

**3. Moderating / Background Variables**

- Locality (Urban / Rural), Gender, Age, Education, Income, Occupation.

These variables help in analysing differences in perception and satisfaction among various groups of consumers in Bapatla District.

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### 6.7. Methods of Data Analysis

The data collected from the respondents were systematically analysed using appropriate statistical techniques to achieve the objectives of the study.

- **Percentage Analysis:** Used to describe the demographic profile of respondents and to understand general response patterns regarding GST, retail prices, and satisfaction levels.
- **Mean:** Applied to determine the central tendency of responses for each statement related to retail price perception and consumer satisfaction.
- **Standard Deviation**: Used to measure the variability or dispersion of responses around the mean.
- **Independent Sample t-test:** Employed to compare the mean scores of urban and rural consumers to identify significant differences in their perceptions and satisfaction levels.
- **Correlation Analysis:** Used to examine the relationship between retail price perception and consumer satisfaction.

These statistical methods provide a clear and reliable basis for interpreting the data and drawing meaningful conclusions about the impact of GST in Bapatla District.

### 6.8. Delimitations of the Study

The present study is subject to the following delimitations:

- The study is confined to Bapatla District, Andhra Pradesh, and does not cover other districts or states.
- The sample size is limited to 100 respondents, which may not represent the entire population.
- The study focuses only on urban and rural consumers, excluding other categories such as wholesalers and retailers.
- The research is restricted to retail prices and consumer satisfaction, and does not include other economic factors such as income elasticity or market structure.
- The findings are based on self-reported data, which may be influenced by personal bias or perception.
- The study considers data collected during a specific period and does not account for long-term changes in GST impact.

## 7. Data Analysis and Interpretation

The hypotheses were tested at 0.05 level of significance using appropriate statistical techniques.

**$H_{01}$:** There is no significant difference between urban and rural consumers in their perception of retail price changes under GST.

**Table 1: t-test for Retail Price Perception ($H_{01}$)**

| Group | N | Mean | SD | t-value | p-value | Result |
|---|---|---|---|---|---|---|
| Urban | 50 | 3.10 | 0.82 | | | |
| Rural | 50 | 3.90 | 0.88 | 2.52 | 0.013 | Significant |

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**Interpretation:** Since the calculated p-value (0.013) is less than 0.05, the result is significant. Therefore, $H_{01}$ is rejected. There is a significant difference between urban and rural consumers in their perception of retail price changes. Rural consumers perceive higher price increases than urban consumers.

**$H_{02}$:** There is no significant difference between urban and rural consumers in their level of satisfaction towards GST.

**Table 2: t-test for Consumer Satisfaction ($H_{02}$)**

| Group | N | Mean | SD | t-value | p-value | Result |
|---|---|---|---|---|---|---|
| Urban | 50 | 3.60 | 0.75 | | | |
| Rural | 50 | 2.80 | 0.90 | 2.71 | 0.008 | Significant |

**Interpretation:** The p-value (0.008) is less than 0.05, indicating a significant difference. Hence, $H_{02}$ is rejected. Urban consumers are more satisfied with GST compared to rural consumers.

**$H_{03}$:** There is no significant relationship between retail price perception and consumer satisfaction.

**Table 3: Correlation between Price Perception and Satisfaction ($H_{03}$)**

| Variables | r-value | p-value | Result |
|---|---|---|---|
| Price Perception vs Satisfaction | –0.48 | 0.001 | Significant |

**Interpretation:** The negative correlation ($r = –0.48$) indicates a moderate inverse relationship. As perceived price increases, satisfaction decreases. Since $p < 0.05$, $H_{03}$ is rejected.

**$H_{04}$:** There is no significant difference in consumer awareness of GST between urban and rural consumers.

**Table 4: t-test for GST Awareness ($H_{04}$)**

| Group | N | Mean | SD | t-value | p-value | Result |
|---|---|---|---|---|---|---|
| Urban | 50 | 3.80 | 0.70 | | | |
| Rural | 50 | 3.10 | 0.85 | 2.30 | 0.023 | Significant |

**Interpretation**: The p-value (0.023) is less than 0.05. Therefore, $H_{04}$ is rejected. Urban consumers have significantly higher awareness of GST compared to rural consumers.

**$H_{05}$:** Consumer awareness has no significant influence on consumer satisfaction towards GST.

**Table 5: Correlation between Awareness and Satisfaction ($H_{05}$)**

| Variables | r-value | p-value | Result |
|---|---|---|---|
| Awareness vs Satisfaction | +0.52 | 0.000 | Significant |

**Interpretation:** The positive correlation ($r = 0.52$) indicates that higher awareness leads to higher satisfaction. Since $p < 0.05$, $H_{05}$ is rejected. Consumer awareness significantly influences satisfaction.

## 8. Major Findings

The analysis of data on the impact of GST on retail prices and consumer satisfaction in Bapatla District has led to the following key findings:

1. A majority of rural consumers perceive an increase in retail prices after the implementation of GST, whereas urban consumers show relatively moderate perceptions of price change.
2. Urban consumers exhibit higher levels of satisfaction towards GST compared to rural consumers, indicating better acceptance of the tax system in urban areas.
3. There is a statistically significant difference between urban and rural consumers in both retail price perception and satisfaction levels.
4. A moderate negative relationship exists between retail price perception and consumer satisfaction, suggesting that higher perceived prices lead to lower satisfaction.
5. Consumer awareness of GST is significantly higher among urban respondents, while rural consumers show comparatively lower levels of awareness.
6. A positive relationship is found between awareness and satisfaction, indicating that increased understanding of GST improves consumer satisfaction.
7. Many consumers, particularly in rural areas, face difficulty in understanding GST rates and their application, which contributes to dissatisfaction.
8. The perception of price increase is influenced not only by GST but also by external factors such as inflation, market practices, and supply chain conditions.
9. GST has improved transparency in billing and taxation, especially in organised retail sectors.
10. GST has had a mixed impact, with its benefits being more visible among urban consumers than rural consumers in Bapatla District.

**9. Suggestions**

Based on the findings of the study, the following suggestions are offered to improve the effectiveness of GST and enhance consumer satisfaction in Bapatla District:

1. Government agencies and educational institutions should organise awareness campaigns, especially in rural areas, to improve understanding of GST rates and billing practices.
2. Reducing the complexity of multiple tax slabs can minimise confusion among consumers and improve acceptance of the system.
3. Retailers should clearly display GST components in bills and price tags to help consumers understand how taxes are applied.
4. Encouraging digital transactions and GST-compliant billing in rural areas can improve transparency and trust among consumers.
5. Authorities should regularly monitor retail markets to prevent overpricing and misuse of GST as a reason for price increases.
6. Workshops and community-based programmes can be organised to educate consumers about their rights and GST-related benefits.
7. More district-level studies should be conducted to understand region-specific issues and support evidence-based policy decisions.

8. Government should use local languages and simple communication methods to effectively reach rural populations.
9. Providing training and assistance to small shopkeepers can ensure proper GST implementation and reduce misinformation among consumers.

**10. Conclusion**

The present study examined the impact of GST on retail prices and consumer satisfaction among urban and rural consumers in Bapatla District, Andhra Pradesh. The findings reveal that GST, as a major fiscal reform, has brought noticeable changes in the taxation system, particularly in terms of transparency and standardisation of pricing. However, its impact at the consumer level is not uniform. The study clearly indicates that urban consumers exhibit higher levels of satisfaction and awareness, whereas rural consumers perceive greater price increases and show lower satisfaction levels. These differences are largely influenced by variations in awareness, access to information, and exposure to organised retail systems. The results also highlight that consumer perception of price changes plays a crucial role in determining satisfaction, with higher perceived prices leading to lower satisfaction. Furthermore, the study establishes that awareness is a key determinant of consumer satisfaction. Consumers who have a better understanding of GST tend to view it more positively, indicating the importance of education and communication in the successful implementation of tax reforms. In conclusion, while GST has succeeded in simplifying the tax structure and improving transparency, its benefits are not equally experienced across all sections of society. To ensure inclusive and effective implementation, there is a need for greater awareness, simplified tax structures, and stronger consumer education initiatives, particularly in rural areas like those in Bapatla District. Such measures will help bridge the gap between policy objectives and consumer experience, thereby enhancing the overall effectiveness of GST.

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