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Consumer Perceptions of GST Reforms and Their Impact on Grassroots Livelihoods in India: An Empirical Analysis

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Abstract

This study examines consumer perceptions of the Goods and Services Tax (GST) and evaluates its impact on grassroots livelihoods in India using primary data. The research focuses on awareness, perceived benefits and challenges, and overall satisfaction among consumers. Data collected from 64 respondents were analysed using descriptive statistics, reliability testing, correlation, regression, and non-parametric tests. The findings reveal that while awareness levels are moderately high, consumer satisfaction is primarily influenced by perception rather than awareness alone. Respondents acknowledge benefits such as transparency and tax uniformity but express concerns regarding high tax rates, complexity, and affordability. The study concludes that GST's success at the grassroots level depends on improving consumer experience through simplification, rationalisation of tax rates, and effective communication strategies. The paper contributes a consumer-centric perspective to GST literature by linking tax reform with livelihood outcomes.

Keywords: GST, Consumer Perception, Grassroots Livelihoods, Tax Reforms, India

1. Introduction

The Goods and Services Tax (GST) is one of the most significant fiscal reforms in India's post-liberalisation era, designed to replace a complex, fragmented indirect tax structure with a unified, destination-based tax system. Prior to its implementation, India's indirect tax regime was characterised by multiple overlapping taxes imposed by both central and state governments, resulting in cascading effects and inefficiencies in the supply chain. The introduction of GST in July 2017 aimed to streamline this system by subsuming various indirect taxes into a single framework, thereby reducing tax multiplicity and enhancing economic efficiency (Government of India, 2017). By eliminating cascading taxation and enabling seamless input tax credit across the value chain, GST sought to create a common national market and promote ease of doing business.

From a policy perspective, GST has been widely recognised for its potential to improve tax compliance, increase revenue buoyancy, and strengthen fiscal transparency. The integration of digital platforms such as GSTN (Goods and Services Tax Network) has facilitated real-time tax reporting and monitoring, thereby reduced tax evasion and improving administrative efficiency. According to the Reserve Bank of India (2023), GST has contributed to broadening the tax base and enhancing revenue stability in recent years. Furthermore, policy narratives emphasise GST's role in formalising the economy by encouraging businesses to enter the tax net and adopt digital transaction systems (Deloitte, 2022). These macroeconomic advantages position GST as a transformative reform within India's fiscal architecture.

However, while the macro-level benefits of GST are well documented, its impact extends far beyond aggregate economic indicators. GST significantly influences everyday economic life, particularly through its effect on consumption patterns, pricing structures, and purchasing behaviour. Consumers encounter GST in routine transactions such as buying groceries, paying for services, and engaging in digital payments. The visibility of GST in invoices and bills has increased awareness of taxation among consumers, but it has also raised concerns regarding price changes and affordability (PwC, 2021). For many individuals, especially those belonging to low- and middle-income groups, GST is not merely a fiscal policy but a tangible factor affecting household budgets and cost of living. At the grassroots level, the implications of GST are particularly pronounced. Indirect taxes, by their nature, tend to be regressive, as they are levied uniformly on consumption irrespective of income levels. Consequently, lower-income households may bear a relatively higher burden of taxation in proportion to their income (OECD, 2021). This raises important questions regarding the equity and inclusiveness of GST reforms. While

GST aims to enhance efficiency and transparency, its perceived impact on affordability and livelihood conditions varies across socio-economic groups. Issues such as multiple tax slabs, higher rates on certain essential goods, and limited awareness further influence consumer perception and acceptance of the reform (World Bank, 2022).

In this context, understanding consumer perception becomes critical for evaluating the effectiveness of GST reforms. Policy success cannot be assessed solely through revenue performance or compliance metrics; it must also consider how individuals interpret and experience the reform in their daily lives. Consumer perception reflects the interaction between policy design and lived experience, encompassing factors such as perceived fairness, transparency, and economic impact. Therefore, this study adopts a consumer-centric approach to examine how individuals perceive GST reforms and how these perceptions influence their satisfaction and grassroots livelihood conditions. By focusing on primary data and empirical analysis, the study seeks to provide a nuanced understanding of GST's socio-economic impact from the perspective of ordinary consumers.

2. Literature Review

Recent literature indicates that GST has significantly strengthened India's fiscal framework by improving tax compliance, enhancing transparency, and expanding the tax base. Studies by Kumar (2019) and Sharma (2020) highlight that GST has contributed to improved revenue buoyancy and reduced tax evasion through digitisation and invoice-matching systems. Similarly, reports by Deloitte (2022) and PwC India (2021) suggest that GST has streamlined supply chains, reduced logistics costs, and improved operational efficiency across industries. From a macroeconomic perspective, the Reserve Bank of India (2023) notes that GST has increased formalisation in the economy by encouraging businesses to register for GST and adopt digital transactions. Likewise, the World Bank (2022) emphasises that GST has improved the efficiency of tax administration but continues to face challenges related to rate rationalisation and compliance complexity. Studies by Rao and Kumar (2021) further argue that GST has broadened the indirect tax base while reducing cascading effects, thereby enhancing economic efficiency.

However, consumer-oriented studies present a more nuanced perspective. Singh and Sharma (2020) found that while consumers appreciate GST's transparency and uniform pricing, they remain concerned about the increased costs of certain goods and services.

Similarly, Gupta and Agarwal (2021) observed that consumers perceive GST as beneficial in theory but burdensome in practice due to higher tax rates on essential commodities. Recent empirical studies also highlight disparities in awareness and perception across socio-economic groups. Patel and Solanki (2024) reported that urban consumers exhibit higher awareness and more favourable perceptions compared to rural consumers. Likewise, Savithri and Samundeswari (2024) found that limited awareness among rural populations reduces the perceived benefits of GST. Kumar and Gupta (2022) further emphasise that tax literacy plays a crucial role in shaping consumer attitudes toward GST. Industry-based and behavioural studies indicate that perception is strongly influenced by lived experience rather than policy knowledge. Bansal and Kaur (2021) found that consumers' satisfaction with GST depends largely on price stability and affordability rather than awareness levels. Similarly, Mishra and Pandey (2022) observed that perceived fairness and simplicity of GST significantly affect acceptance among middle-income households.

International literature on consumption taxes provides additional insights. The OECD (2021) highlights that indirect taxes, including GST/VAT systems, may have regressive effects, disproportionately affecting lower-income groups. Supporting this view, Bird and Gendron (2021) argue that while value-added taxes improve efficiency, their distributional impact requires careful policy design to ensure equity.

Recent studies also link GST with digital transformation and financial inclusion. NITI Aayog (2023) reports that GST integration with digital payment systems has enhanced transparency and reduced informal transactions. Chakraborty and Rao (2023) suggest that digitalisation under GST has improved traceability but created challenges for less digitally literate populations. Despite the growing body of literature, most studies focus predominantly on business performance, tax compliance, and macroeconomic outcomes. Limited attention has been given to consumer perception and grassroots livelihood impacts, particularly using primary data. As noted by Kumar et al. (2023), there is a need for more empirical research that captures how GST affects everyday consumption behaviour and household welfare. Therefore, this study addresses an important research gap by examining GST from a consumer-centric perspective, linking awareness, perception, and satisfaction with grassroots livelihood outcomes across diverse socio-economic groups.

3. Objectives of the Study: The primary objective of the study is to examine consumer perceptions of GST Reforms and their Impact on grassroots livelihoods in India. The secondary objectives the study are: to

(i) assess the level of consumer awareness regarding GST reforms;
(ii) analyse consumer perceptions of the benefits and challenges of GST; and
(iii) evaluate the impact of GST on consumer satisfaction and grassroots livelihoods.

4. Methodology

The study is based on primary data collected through a structured questionnaire. A total of 64 valid responses were analysed. The dataset was cleaned and standardised, and composite indices were constructed for:

- Awareness (Q7–Q11)
- Perception (Q12–Q27, with reverse coding)
- Satisfaction (Q30)

5. Statistical Tools

The study employs a combination of descriptive and inferential statistical techniques to analyse the data and draw meaningful conclusions. Descriptive statistics are used as an initial step to summarise the data and provide insights into central tendencies, such as mean and standard deviation, thereby offering a general understanding of respondents' awareness, perception, and satisfaction levels regarding GST. To ensure the internal consistency and reliability of the measurement scales, Cronbach's Alpha is applied, which assesses whether the items within each construct consistently measure the same underlying concept. Given that the data is largely based on Likert-scale responses, Spearman's rank correlation is utilised to examine the strength and direction of relationships between key variables such as awareness, perception, and satisfaction, without assuming normal distribution. Furthermore, multiple regression analysis is employed to identify the extent to which independent variables, particularly awareness and perception, influence the dependent variable, namely consumer satisfaction, thereby helping to determine the most significant predictors. In addition, non-parametric tests such as the Mann–Whitney U test and the Kruskal–Wallis test are used to analyse differences across demographic groups. The Mann–Whitney U test compares two independent groups (e.g., gender), while the Kruskal–Wallis test extends this comparison to more than two groups (e.g., age, education, income), enabling the study to identify whether demographic factors significantly influence consumer perception and satisfaction. Collectively, these statistical tools provide a comprehensive framework for

analysing both the relationships among variables and the differences across respondent groups.

6. Results and Discussion

Reliability Analysis

The reliability of the measurement scales used in the study was assessed using Cronbach's Alpha to evaluate the internal consistency of the constructs. The results (Table 1) indicate that the Awareness Index, comprising five items, achieved a Cronbach's Alpha value of 0.743, which falls within the acceptable range, suggesting that the items used to measure awareness **Table 1: Reliability Analysis of Measurement Scales**

Construct	Number of Items	Cronbach's Alpha
Awareness Index	5	0.743
Perception Index	16	0.871

Source: Primary Data and compiled by the author

are reasonably consistent and reliable. The Perception Index, consisting of sixteen items, recorded a Cronbach's Alpha of 0.871, indicating a high level of internal consistency among the items. This higher value reflects strong coherence in measuring the underlying construct of consumer perception towards GST. Overall, the reliability analysis confirms that both scales are statistically sound and suitable for further analysis, with the perception scale demonstrating particularly strong reliability.

Descriptive Statistics

Table 2: Descriptive Statistics of Key Variables

Variable	Mean	SD
Awareness Index	3.56	0.72
Perception Index	3.39	0.55
Satisfaction Index	3.34	1.01

Source: Primary Data and compiled by the author

The descriptive statistics (Table 2) provide an overview of respondents' levels of awareness, perception, and satisfaction regarding GST reforms. The Awareness Index records a mean value of 3.56 with a standard deviation of 0.72, indicating that respondents possess a moderately favourable level of awareness about GST, with relatively low variation in responses. The Perception Index has a mean of 3.39 and a standard deviation of 0.55, suggesting that consumers hold a moderately positive perception of GST, with responses being fairly consistent across the sample. The Satisfaction Index shows a mean value of 3.34 with a higher standard deviation of 1.01, indicating moderate satisfaction levels but with greater variability among respondents. This variation implies that while

some consumers are satisfied with GST, others remain uncertain or dissatisfied, reflecting diverse experiences and opinions regarding its impact on everyday economic life.

Correlation Analysis

Table 3: Spearman Correlation Matrix

Variables	Correlation (ρ)	Significance (p-value)
Awareness – Perception	0.691	< 0.001
Awareness – Satisfaction	0.414	< 0.001
Perception – Satisfaction	0.626	< 0.001

Source: Primary Data and compiled by the author

The Spearman correlation analysis was conducted to examine the relationships among awareness, perception, and satisfaction regarding GST reforms. The results indicate a strong positive correlation between Awareness and Perception ($\rho = 0.691$, $p < 0.001$), suggesting that higher levels of awareness are associated with more favourable perceptions of GST. There is also a moderate positive relationship between Awareness and Satisfaction ($\rho = 0.414$, $p < 0.001$), indicating that increased awareness contributes to improved satisfaction, although the effect is not very strong. Furthermore, the Perception–Satisfaction relationship ($\rho = 0.626$, $p < 0.001$) shows a strong and statistically significant positive correlation, implying that consumers who perceive GST more positively tend to report higher satisfaction levels. Overall, all relationships are statistically significant at the 1% level, highlighting that awareness and perception are important factors influencing consumer satisfaction, with perception playing a comparatively stronger role.

Regression Analysis

Table 4: Multiple Regression Analysis Results

Independent Variable	Beta (β)	p-value
Awareness Index	**-0.024**	**0.899**
Perception Index	**1.146**	**<0.001**

Source: Primary Data and compiled by the author

Model Summary

- **$R^2 = 0.374$**
- **Adjusted $R^2 = 0.354$**
- **$F = 18.26$ ($p < 0.001$)**

The multiple regression analysis was conducted to examine the influence of awareness and perception on consumer satisfaction with GST. The results reveal that the **Awareness Index has a beta coefficient of −0.024 with a p-value of 0.899,** indicating that awareness does not have a statistically significant impact on

satisfaction. The negative coefficient, although negligible, further suggests that awareness alone does not meaningfully contribute to explaining variations in satisfaction levels. In contrast, the **Perception Index shows a strong positive beta coefficient of 1.146 with a p-value less than 0.001**, indicating a highly significant effect on satisfaction. This implies that favourable perceptions of GST—such as views on transparency, fairness, and usefulness—substantially enhance consumer satisfaction. Overall, the regression results highlight that **perception is the key determinant of satisfaction**, whereas awareness, by itself, does not exert a direct influence when perception is taken into account.

Table 5: Mann–Whitney U Test Results (Gender Differences)

Variable	p-value	Interpretation
Awareness Index	>0.05	Not Significant
Perception Index	>0.05	Not Significant
Satisfaction Index	>0.05	Not Significant

Source: Primary Data and compiled by the author

The Mann–Whitney U test was conducted to examine whether there are significant differences between two independent groups (such as gender) with respect to awareness, perception, and satisfaction regarding GST. The results indicate that the p-values for all three variables—Awareness Index, Perception Index, and Satisfaction Index—are greater than 0.05, suggesting that the differences between the groups are not statistically significant. This implies that respondents, irrespective of group classification, exhibit similar levels of awareness, perception, and satisfaction toward GST. In other words, the findings indicate that these dimensions of GST evaluation are consistent across the compared groups, and factors such as gender do not play a significant role in shaping consumer responses in this context.

Table 6: Kruskal–Wallis Test Results (Age Group)

Variable	p-value	Interpretation
Awareness Index	>0.05	Not Significant
Perception Index	>0.05	Not Significant
Satisfaction Index	0.036	Significant

Source: Primary Data and compiled by the author

The Kruskal–Wallis test was conducted to examine whether there are significant differences across multiple groups (such as age categories) with respect to awareness, perception, and satisfaction regarding GST. The results show that the p-values for Awareness Index and Perception Index are greater than 0.05, indicating that there are no statistically significant differences among the groups in terms of awareness and

perception. However, the Satisfaction Index records a p-value of 0.036, which is less than the 0.05 significance level, indicating a statistically significant difference across the groups. This suggests that while respondents across different groups possess similar levels of awareness and perception about GST, their levels of satisfaction vary significantly. In other words, demographic factors such as age influence how consumers ultimately evaluate their satisfaction with GST, even though their understanding and perception of the system remain relatively uniform.

Table 7: Kruskal–Wallis Test Results (Education Level)

Variable	p-value	Interpretation
Awareness Index	>0.05	Not Significant
Perception Index	0.0245	Significant
Satisfaction Index	>0.05	Not Significant

Source: Primary Data and compiled by the author

The Kruskal–Wallis test was employed to examine whether there are significant differences across multiple groups (such as education levels) in terms of awareness, perception, and satisfaction regarding GST. The results indicate that the p-values for Awareness Index and **Table 8: Kruskal–Wallis Test Results (Occupation)**

Variable	p-value	Interpretation
Awareness Index	0.0315	Significant
Perception Index	>0.05	Not Significant
Satisfaction Index	>0.05	Not Significant

Source: Primary Data and compiled by the author

Satisfaction Index are greater than 0.05, suggesting that there are no statistically significant differences among the groups in these dimensions. This implies that respondents across different educational levels exhibit similar levels of awareness and satisfaction toward GST. However, the Perception Index shows a p-value of 0.0245, which is less than the 0.05 significance level, indicating a statistically significant difference across the groups. This finding suggests that educational background plays an important role in shaping how consumers perceive GST. In other words, while awareness and satisfaction remain relatively uniform, perception varies significantly with education, likely due to differences in analytical ability and understanding of tax-related concepts.

The Kruskal–Wallis test was conducted to examine whether there are significant differences across multiple groups (such as occupational categories) with respect to awareness, perception, and satisfaction regarding GST. The results reveal that the Awareness Index has a p-value of 0.0315, which is less than the 0.05 significance level, indicating a statistically significant difference across the groups. This suggests that

respondents from different occupational backgrounds vary in their level of awareness about GST, likely due to differences in exposure to financial transactions, taxation processes, and formal economic activities. In contrast, the p-values for Perception Index and Satisfaction Index are greater than 0.05, indicating that there are no statistically significant differences among the groups in terms of perception and satisfaction. This implies that, despite variations in awareness, respondents across occupational categories tend to hold similar perceptions and levels of satisfaction regarding GST.

Table 9: Kruskal–Wallis Test Results (Monthly Income)

Variable	p-value	Interpretation
Awareness Index	0.0004	Significant
Perception Index	>0.05	Not Significant
Satisfaction Index	>0.05	Not Significant

Source: Primary Data and compiled by the author

The Kruskal–Wallis test was applied to examine whether there are significant differences across multiple groups (such as income levels) with respect to awareness, perception, and satisfaction regarding GST. The results indicate that the Awareness Index has a p-value of 0.0004, which is well below the 0.05 significance level, showing a highly significant difference across the groups. This suggests that respondents from different income categories vary substantially in their level of awareness about GST, with higher-income groups likely having greater exposure to formal financial systems and tax-related information. In contrast, the p-values for Perception Index and Satisfaction Index are greater than 0.05, indicating that there are no statistically significant differences among the groups in terms of perception and satisfaction. This implies that, despite differences in awareness, respondents across income levels tend to exhibit similar perceptions and satisfaction regarding GST, reflecting a broadly consistent evaluation of the reform across economic strata.

Table 10: Kruskal–Wallis Test Results (Area of Residence)

Variable	p-value	Interpretation
Awareness Index	>0.05	Not Significant
Perception Index	>0.05	Not Significant
Satisfaction Index	>0.05	Not Significant

Source: Primary Data and compiled by the author

The Kruskal–Wallis test was conducted to examine whether there are significant differences across multiple groups (such as area of residence) with respect to awareness, perception, and satisfaction regarding GST. The results indicate that the p-values for all three variables—Awareness Index, Perception Index, and Satisfaction Index—are greater

than 0.05, suggesting that there are no statistically significant differences among the groups. This implies that respondents from different residential backgrounds (urban, semi-urban, and rural) exhibit similar levels of awareness, perception, and satisfaction toward GST. In other words, the findings indicate a uniform pattern of GST evaluation across regions, highlighting that geographical location does not significantly influence consumer responses in this context.

7. Summary and Conclusion

This study examines consumer perceptions of GST reforms and their impact on grassroots livelihoods in India using primary data. The analysis focuses on awareness, perception, and satisfaction, employing statistical tools such as descriptive statistics, reliability analysis, correlation, regression, and non-parametric tests. The findings reveal that respondents possess a moderate level of awareness and hold moderately positive perceptions of GST, particularly in terms of transparency and uniform taxation. However, consumer satisfaction remains moderate, with noticeable variation, reflecting differences in lived experiences, especially regarding affordability and pricing. Correlation analysis indicates that awareness is positively associated with both perception and satisfaction, while perception shows a stronger relationship with satisfaction. The regression results further establish that perception is the most significant determinant of satisfaction, whereas awareness does not have a direct impact when perception is taken into account. This suggests that consumer satisfaction depends more on how GST is experienced rather than merely understood. The analysis of demographic variables shows that education, occupation, income, and age influence awareness and perception, while gender and area of residence do not produce significant differences. This indicates that socio-economic factors play a role in shaping consumer responses to GST.

Overall, the study concludes that GST has achieved partial acceptance among consumers, but its success remains perception-driven. While the reform has structural advantages, concerns regarding tax rates, complexity, and affordability continue to influence satisfaction levels. Therefore, the long-term effectiveness of GST depends on simplifying the tax structure, rationalising rates on essential goods, and enhancing consumer-oriented communication. A more inclusive and consumer-centric approach will help align policy outcomes with grassroots expectations and improve overall acceptance of GST reforms.

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