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GST Reforms and Grassroots Livelihoods in India: A Consumer-Centric Evaluation of Awareness, Perception, and Satisfaction

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Abstract

This study examines the impact of Goods and Services Tax (GST) reforms on grassroots livelihoods in India through a consumer-centric perspective, focusing on awareness, perception, and satisfaction. The analysis is based on primary data collected from 250 respondents, of whom 233 provided valid responses. The study employs descriptive statistics, reliability analysis, Spearman's rank correlation, multiple regression, nonparametric tests, and mediation analysis to explore the relationships among key variables. The findings reveal that consumers have a moderate level of awareness (Mean = 3.57) and perception (Mean = 3.39) regarding GST, while satisfaction levels remain moderate (Mean = 3.37) and exhibit greater variability. Reliability analysis confirms strong internal consistency of the constructs. Correlation results indicate significant positive relationships among awareness, perception, and satisfaction, with perception exhibiting the strongest association with satisfaction. Regression analysis further demonstrates that perception significantly influences satisfaction, whereas awareness does not have a direct effect when perception is considered. Mediation analysis confirms that perception fully mediates the relationship between awareness and satisfaction.

The study also finds that socio-economic factors such as education, occupation, and income significantly influence awareness and perception, while gender and area of residence do not show significant differences. These results suggest that GST acceptance is primarily driven by how consumers perceive its practical impact, rather than by their level of awareness alone. The study concludes that the effectiveness of GST at the

grassroots level depends on improving consumer experience through simplification of the tax structure, rationalisation of tax rates, and enhanced consumer-oriented communication. It contributes to the literature by linking tax reform to consumer behaviour and livelihood outcomes in a developing-economy context.

Keywords: GST reforms, consumer perception, grassroots livelihoods, satisfaction, India, indirect taxation

Introduction

The Goods and Services Tax (GST) is widely regarded as one of the most significant fiscal reforms in India's recent economic history, introduced to replace a fragmented system of indirect taxes with a unified, destination-based tax regime. Prior to its implementation in July 2017, India's indirect tax structure comprised multiple levies such as excise duty, service tax, value-added tax (VAT), and entry taxes, imposed at both central and state levels. This multiplicity of taxes led to cascading effects, supply chain inefficiencies, and an increased compliance burden for businesses. GST was designed to address these challenges by subsuming various indirect taxes into a single framework, thereby promoting transparency, efficiency, and ease of doing business (Government of India, 2017).

From a macroeconomic perspective, GST has strengthened the fiscal system by improving tax compliance and broadening the tax base. The integration of digital infrastructure, particularly the Goods and Services Tax Network (GSTN), has enhanced monitoring, reporting, and transparency in tax administration. The Reserve Bank of India (2023) notes that GST has played a role in improving revenue buoyancy and formalisation of the economy by encouraging businesses to enter the tax net and adopt digital transactions. Similarly, industry reports highlight that GST has streamlined logistics, reduced transportation costs, and improved supply chain efficiency across sectors (PwC India, 2021; Deloitte, 2022). These developments underscore GST's role as a structural reform aimed at creating a unified national market. However, while the macro-level benefits of GST are well documented, its implications extend beyond aggregate economic indicators, influencing everyday economic life. GST directly affects consumers through changes in prices of goods and services, billing systems, and transaction transparency. For

many individuals, particularly those in low- and middle-income groups, GST is experienced not as a policy abstraction but as a practical economic reality that shapes consumption patterns and household expenditure. The visibility of GST in invoices has increased consumer awareness of taxation, yet it has also raised concerns about affordability and perceived tax burden (PwC India, 2021).

At the grassroots level, the impact of GST assumes greater significance. Indirect taxes are often considered regressive, as they are imposed uniformly on consumption regardless of income levels, potentially placing a heavier burden on lower-income households (Organisation for Economic Co-operation and Development [OECD], 2021). This raises important questions regarding the equity and inclusiveness of GST reforms. While GST aims to enhance efficiency and transparency, its perceived benefits and challenges vary across socio-economic groups. Issues such as multiple tax slabs, system complexity, and limited awareness among certain segments continue to influence consumer perception (World Bank, 2022). In this context, understanding consumer perception becomes critical for evaluating the effectiveness of GST reforms. Policy success cannot be assessed solely on the basis of revenue performance or compliance metrics; it must also consider how consumers interpret and experience the reform in their daily lives. Consumer perception reflects the interaction between policy design and lived economic realities, encompassing dimensions such as fairness, transparency, and affordability. Therefore, this study adopts a consumer-centric approach to examine the relationship between awareness, perception, and satisfaction, and to assess how GST reforms influence grassroots livelihoods in India.

Review of Literature

The introduction of the Goods and Services Tax (GST) in India marked a significant structural reform aimed at unifying the country's indirect tax system. Prior to its implementation, the tax structure was characterised by multiple overlapping taxes imposed at different levels of government, leading to inefficiencies and cascading effects. The Government of India (2017) emphasised that GST was designed to eliminate such distortions, promote transparency, and create a common national market. By enabling seamless input tax credit across the value chain, GST has improved the efficiency of the indirect tax system.

From a macroeconomic perspective, GST has played an important role in strengthening India's fiscal framework. The Reserve Bank of India (2023) reported that GST has contributed to improved tax compliance, increased revenue buoyancy, and greater formalisation of economic activities. The integration of digital infrastructure, particularly

the GST Network (GSTN), has enhanced tax administration by enabling real-time reporting and monitoring of transactions. Similarly, the World Bank (2024) noted that GST reforms have improved tax efficiency and supported economic integration, although challenges related to rate rationalisation and compliance complexity persist. Industry-based analyses also highlight the positive impact of GST on business operations and supply chains. PwC India (2021) observed that GST has reduced logistics costs, improved inventory management, and enhanced price transparency. Likewise, Deloitte (2022) reported that GST has streamlined supply chains and contributed to operational efficiency across sectors. These findings indicate that GST has not only simplified taxation but also improved overall economic performance by reducing transaction costs.

However, while macro-level benefits are evident, consumer-oriented studies reveal mixed perceptions regarding GST. Savithri and Samundeswari (2024) found that consumer awareness of GST varies significantly between rural and urban populations, with lower awareness in rural areas affecting perceptions of the reform's benefits. Similarly, Talawar and Sachindra (2025) reported that although consumers recognise GST as a transparent tax system, concerns remain regarding tax rates, price increases, and complexity. These findings suggest that consumer perception is shaped not only by knowledge but also by practical experience in everyday transactions.

International literature on consumption taxation provides further insights into the distributional implications of GST. The Organisation for Economic Co-operation and Development (OECD, 2021) highlighted those indirect taxes, including value-added tax systems, may have regressive effects, disproportionately affecting lower-income households. This is particularly relevant in the Indian context, where a large proportion of the population belongs to low- and middle-income groups. While GST improves efficiency and transparency, its impact on affordability and household consumption remains a critical concern. Despite the growing body of literature, most studies have focused on macroeconomic outcomes, tax compliance, and business performance. Limited attention has been given to consumer perception and grassroots livelihood impacts, particularly using primary data. Existing research often overlooks how GST is experienced by ordinary consumers in terms of pricing, affordability, and day-to-day economic decisions.

Therefore, the present study addresses this gap by adopting a consumer-centric approach, examining the relationship between awareness, perception, and satisfaction, and analysing how GST reforms influence grassroots livelihoods in India. By focusing on

primary data and behavioural responses, the study contributes to a more comprehensive understanding of GST's socio-economic impact.

Objectives of the Study

The primary objective of the study is to examine the impact of GST reforms on grassroots livelihoods in India from a consumer-centric perspective. The secondary objectives of the study are: to

(i) analyse the level of consumer understanding and awareness of GST in relation to everyday transactions;
(ii) evaluate consumer perceptions regarding the effectiveness, transparency, and fairness of GST;
(iii) examine the relationship between consumer perception and satisfaction under the GST regime; and
(iv) assess how socio-economic factors influence consumer responses to GST and its perceived impact on livelihoods.

Methodology of the Study

The present study adopts an empirical research design to examine consumer perceptions of GST reforms and their impact on grassroots livelihoods in India. The study is based on primary data collected through a structured questionnaire designed to capture awareness, perceptions, and satisfaction regarding GST. The questionnaire consisted of both demographic variables and Likert-scale items measuring key constructs.

Data Collection and Sample Design

The data were collected from a sample of 250 respondents, representing diverse socio-economic backgrounds. Out of these, 233 valid responses were considered for analysis after excluding incomplete or inconsistent entries. A convenience sampling method was adopted to gather responses from consumers across urban, semi-urban, and rural areas, ensuring representation of different demographic groups.

Measurement of Variables

The study focuses on three major constructs:

- **Awareness**: Measured using multiple items capturing respondents' understanding of GST provisions and functioning.
- **Perception**: Measured through items related to perceived benefits, challenges, transparency, fairness, and affordability under GST.

- **Satisfaction**: Measured to assess the overall evaluation of GST from the consumer's perspective.

All items were measured using a five-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree."

Data Analysis Techniques

To achieve the study's objectives, both descriptive and inferential statistical tools were employed.

- **Descriptive statistics** were used to summarise the data and understand the general trends in awareness, perception, and satisfaction.
- **Reliability analysis (Cronbach's Alpha)** was applied to test the internal consistency of the measurement scales.
- **Spearman correlation analysis** was conducted to examine the relationships among awareness, perception, and satisfaction variables.
- **Multiple regression analysis** was used to identify the key determinants of consumer satisfaction and to assess the influence of awareness and perception.
- **Non-parametric tests**, including the **Mann–Whitney U test** and **Kruskal–Wallis test**, were employed to examine differences across demographic groups such as gender, age, education, occupation, income, and area of residence.

Structural Analysis

In addition to the above techniques, a mediation-based analytical approach was adopted to examine the indirect effect of awareness on satisfaction through perception. This approach aligns with the study's conceptual framework and helps explain the behavioural mechanism underlying consumer responses to GST.

Results and Discussion

Table 1: Demographic Profile of Respondents (n = 233)

Variable	Category	Frequency	Percentage (%)
Gender	Male	142	60.9
	Female	91	39.1
Age Group	18–25 years	58	24.9
	26–35 years	79	33.9
	36–45 years	52	22.3

	46–55 years	30	12.9
	Above 55 years	14	6.0
Education Level	Undergraduate	72	30.9
	Graduate	81	34.8
	Postgraduate	56	24.0
	Others	24	10.3
Occupation	Government Employee	48	20.6
	Private Employee	69	29.6
	Business	44	18.9
	Student	39	16.7
	Others	33	14.2
Monthly Income	Below ₹20,000	52	22.3
	₹20,000–₹40,000	71	30.5
	₹40,000–₹60,000	48	20.6
	Above ₹60,000	62	26.6
Area of Residence	Urban	110	47.2
	Semi-Urban	73	31.3
	Rural	50	21.5

Source: Survey Data

The demographic profile (Table 1) of respondents indicates a diverse sample representing various socio-economic backgrounds. The majority of respondents are male (60.9%), while females constitute 39.1% of the sample. In terms of age distribution, a significant

proportion of respondents fall within the 26–35-year category (33.9%), followed by the 18–25-year category (24.9%), indicating a relatively young and economically active sample. Regarding educational qualifications, most respondents are graduates (34.8%) and undergraduates (30.9%), suggesting a reasonably educated population. Occupationally, private employees (29.6%) form the largest group, followed by government employees (20.6%) and business respondents (18.9%). In terms of income, the majority of respondents fall within the ₹20,000–₹40,000 range (30.5%), reflecting a middle-income segment. With respect to residence, nearly half of the respondents live in urban areas (47.2%), while the remaining respondents are distributed across semi-urban (31.3%) and rural (21.5%) areas. Overall, the sample provides a balanced representation of different demographic groups, enabling a comprehensive analysis of consumer perceptions of GST.

Reliability Analysis

Table 2: Reliability Analysis of Measurement Scales

Construct	Number of Items	Cronbach's Alpha
Awareness Index	5	0.723
Perception Index	16	0.863

Source: Survey Data

The reliability of the measurement scales was assessed using Cronbach's Alpha. The Awareness Index shows an alpha value of **0.723**, indicating acceptable internal consistency. The Perception Index shows a higher alpha value of 0.863, indicating strong internal consistency among its items. These results confirm that the constructs are reliable and suitable for further statistical analysis.

Descriptive Statistics

Table 3: Descriptive Statistics of Key Variables

Variable	Mean	Standard Deviation
Awareness Index	3.57	0.71
Perception Index	3.39	0.55
Satisfaction Index	3.37	1.04

Source: Survey Data

The results (Table 3) indicate that respondents possess a moderate level of awareness and a moderately positive perception of GST. Satisfaction levels are also moderate but exhibit greater variability, suggesting diverse consumer experiences regarding GST.

Table 4: Spearman Correlation Matrix

Variables	Correlation (ρ)	p-value
Awareness – Perception	0.717	<0.001
Awareness – Satisfaction	0.439	<0.001
Perception – Satisfaction	0.641	<0.001

Source: Survey Data

The results (Table 4) show a strong positive relationship between Awareness and Perception, and between Perception and Satisfaction. Awareness has a moderate relationship with Satisfaction. This suggests that perception plays a stronger role in influencing satisfaction.

Table 5a: Regression Results

Independent Variable	Beta (β)	p-value
Awareness Index	-0.038	0.579
Perception Index	0.669	<0.001

Source: Survey Data

Table 5b: Model Summary of Regression Analysis

Statistic	Value
R^2	0.414
Adjusted R^2	0.409
F-value	81.33
Significance (p-value)	< 0.001

Source: Survey Data

The Regression results and model summary (Tables 5a and 5b) indicate that the regression model explains 41.4% of the variance in consumer satisfaction. The adjusted R^2 value of 0.409 confirms the model's robustness. The F-value of 81.33, with $p < 0.001$, indicates that the overall model is statistically significant.

Group Differences

Mann–Whitney U Test (Gender)

Table 6: Mann–Whitney U Test Results for Gender Differences

Variable	Mann–Whitney U	Z-value	p-value	Interpretation
Awareness Index	6318.50	-0.55	0.585	Not Significant
Perception Index	6124.00	-1.16	0.247	Not Significant
Satisfaction Index	6462.00	-0.11	0.910	Not Significant

Source: Survey Data

The Mann–Whitney U test (Table 6) was conducted to examine gender-based differences in awareness, perception, and satisfaction regarding GST. The results indicate that there are no statistically significant differences between male and female respondents across all three variables, as the p-values exceed the 0.05 level of significance. This suggests that gender does not play a significant role in influencing consumer responses toward GST.

Kruskal–Wallis Test

Table 7: Kruskal–Wallis Test

Variable	Awareness	Perception	Satisfaction
Age	NS	NS	Significant
Education	Significant	Significant	Significant
Occupation	Significant	Significant	Significant
Income	Significant	Significant	Significant
Residence	Significant	Significant	NS

Source: Survey Data

The Kruskal–Wallis test (Table 7) was conducted to examine whether there were significant differences across demographic groups in awareness, perception, and satisfaction regarding GST. The results reveal distinct patterns across the variables. With respect to age, no significant differences are observed in awareness and perception; however, satisfaction differs significantly, indicating that individuals across age groups evaluate their overall experience with GST differently. This suggests that age influences the final judgement of satisfaction rather than the level of understanding or perception. In the case of education, all three variables—awareness, perception, and satisfaction—show

statistically significant differences. This implies that educational background plays a crucial role in shaping consumers' understanding, interpretation, and evaluation of GST. More educated respondents are likely to have a better grasp of tax mechanisms, which in turn influences both their perceptions and satisfaction levels.

Similarly, occupation demonstrates significant differences across all three variables, indicating that professional exposure and involvement in economic activities influence awareness, perception, and satisfaction. Respondents engaged in formal employment or business activities are likely to have greater exposure to GST-related transactions, leading to more informed evaluations. With regard to income, significant differences are observed across awareness, perception, and satisfaction. This suggests that income level is an important determinant of how consumers experience GST. Higher-income groups may have greater access to information and may perceive GST differently compared to lower-income groups, who are more sensitive to price changes and tax burdens.

In contrast, the area of residence shows significant differences in awareness and perception but not in satisfaction. This indicates that while consumers from urban, semi-urban, and rural areas differ in their understanding and perceptions of GST, their overall satisfaction remains relatively similar. Overall, the findings suggest that socio-economic factors such as education, occupation, and income strongly influence consumer responses to GST, whereas factors like age and residence affect specific dimensions rather than the overall evaluation.

Table 8: Structural Path Analysis

Path	Coefficient	Result
Awareness → Perception	0.525	Significant
Perception → Satisfaction	1.275	Significant
Awareness → Satisfaction	-0.056	Not Significant

Source: Survey Data

Table 9: Mediation Analysis

Path	**Indirect Effect**	**95% CI**	**Interpretation**
Awareness → Perception → Satisfaction	0.670	[0.484, 0.874]	Significant

Source: Survey Data

The structural analysis (Table 8) confirms that Awareness significantly influences Perception, and Perception significantly influences Satisfaction. However, Awareness does not directly affect Satisfaction. The mediation analysis (Table 9) shows that the indirect effect is significant, indicating that Perception fully mediates the relationship between Awareness and Satisfaction.

Summary and Conclusion

This study examined consumer perceptions of GST reforms and their impact on grassroots livelihoods in India using primary data from 233 valid respondents. The analysis focused on key constructs such as awareness, perception, and satisfaction, employing statistical tools including descriptive analysis, reliability testing, correlation and regression analyses, nonparametric tests, and mediation-based structural analysis. The findings indicate that consumers have a moderate level of awareness and understanding of GST, while overall satisfaction remains moderate, with noticeable variability. Reliability analysis confirms that the measurement scales are consistent and suitable for analysis. The correlation results reveal significant positive relationships among awareness, perception, and satisfaction, with perception exhibiting the strongest association with satisfaction.

The regression analysis demonstrates that perception is the most significant predictor of consumer satisfaction, whereas awareness has no direct effect once perception is included in the model. The mediation analysis further confirms that perception fully mediates the relationship between awareness and satisfaction, indicating that awareness influences satisfaction only through the formation of favourable perceptions. The demographic analysis reveals that socio-economic factors such as education, occupation, and income significantly influence awareness, perception, and satisfaction, while gender does not produce significant differences. Age affects satisfaction, and residence influences awareness and perception but not satisfaction. Overall, the study concludes that GST has achieved partial acceptance among consumers; however, its effectiveness remains perception-driven. While awareness of GST is relatively adequate, consumer satisfaction depends largely on how the reform is experienced in terms of pricing, affordability, transparency, and simplicity.

Therefore, the long-term success of GST at the grassroots level depends on simplifying the tax structure, rationalising tax rates on essential goods, and strengthening consumer-oriented communication strategies. A more inclusive and experience-focused approach will help align policy outcomes with consumer expectations and enhance the overall acceptance of GST reforms.

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