

Consumer Awareness and Perception of GST Reform 2025 in the Everyday Essentials Market in India

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Abstract: *The Goods and Services Tax (GST) reforms, which were implemented in 2025, are intended to create a more cohesive, transparent, and effective taxation structure. In India, indirect tax reform represents a significant shift in the taxation system. This study examines how Indian consumers' awareness and perception of the GST reforms (2025) impact their purchasing decisions in the daily necessities market. Using both qualitative and quantitative methods, the research takes a descriptive and analytical approach. Primary data were collected through a structured questionnaire administered to 50 FMCG consumers using convenience sampling. We collected secondary data from government publications, reports, and journals. The data was to be analyzed using statistical tools like regression, ANOVA, t-test, Chi-square test, and percentage analysis. The findings indicate that although there is a moderate level of awareness of GST reforms by some consumers, there still remain substantial knowledge gaps, especially with regard to GST rates, billing transparency, and actual price impact. Consumer perception is more influenced by retailer communication and obvious price changes than technical tax benefits. The study also points out that organized retailers, price comparison, and brand switching preferences of consumers have all grown as a result of GST reforms. While the goal of the GST reforms (2025) is to increase affordability and transparency in the FMCG industry, the study finds that their success primarily rests on consumer awareness and market-level communication. To guarantee that the intended advantages of GST reforms are fully realized at the consumer level, the study suggests more robust consumer education programs, more transparent billing procedures, and better retailer communication..*

Keywords: GST Reforms 2025, Indirect tax, Consumer awareness, FMCG Market, Perception

I. INTRODUCTION

One of the largest indirect tax reforms in Indian corporate history, the GST replaced multiple indirect taxes, including state and central indirect taxes, with a single destination-based tax structure in July 2017. The primary objective of the GST was to create a single national market, improve compliance through digital systems, reduce the cascading effect of taxes, and simplify the tax system. The framework has been sporadically reformed in an ongoing process to increase efficiency, transparency, and consumer welfare. The 2025 GST reforms are another important step in this process of tax rationalization. The FMCG industry is responsible for everyday items such as food, cleaning supplies, personal care items, and packaged consumables that constitute a large proportion of spending across income levels. Hence, a change in GST rates, billing transparency, or the ease of compliance has a significant impact on the FMCG industry.



OBJECTIVE OF THE STUDY:

- To examine the extent of consumer awareness concerning GST revisions in 2025
- To investigate customer perceptions of the GST's influence on the cost of the everyday essential goods
- To investigate the effect of GST reform 2025 on consumer purchasing behavior.

STATEMENT OF THE PROBLEM:

The GST was introduced to reduce the tax burden on essential FMCG products, enhance price transparency, and simplify the tax structure. However, the reforms were not always communicated effectively, leading to continued consumer concerns about GST rates, billing clarity, and actual price changes. Awareness of GST reforms varies across demographic groups, creating a gap between the intended benefits and consumer perception. Many consumers focus more on perceived price increases than on tax rationalization. The 2025 GST reforms have been difficult to evaluate due to inconsistent communication by retailers and limited understanding of GST components amid ongoing price fluctuations.

SCOPE OF THE STUDY:

The scope of this research is confined to evaluating consumer awareness and views on GST reforms in 2025, particularly concerning the FMCG sector in India. It centers on fast-moving consumer goods like food product, personal care items and household necessities. The study investigates consumer comprehension of GST rates, perceived alterations in pricing, and clarity in FMCG invoicing. This research is restricted to consumer feedback and does not encompass perspectives from manufacturers, distributors, or government entities.

II. RESEARCH METHODOLOGY

Research methodology refers to a systematic and scientific approach employed to gather, analyze, and interpret either quantitative or qualitative data to address research questions or evaluate hypothesis in order to fulfill the objectives of the study. The process encompasses the design of the research study, enabling researchers to achieve their goals through the chosen research instruments. It incorporates all essential elements of research, such as research design, data collection techniques, data analysis methods, and the overall framework guiding the research process. The data were analyzed using:

- Percentage analysis
- Chi-square test
- ANOVA
- Correlation
- Descriptive analysis

III. REVIEW OF LITERATURE

“Impact of Goods and Services Tax on the FMCG Industry” Pawan Popli & Ajay Mishra (2018) This article discusses structural changes in the FMCG industry due to GST implementation. It examines how GST reorganized the supply chain by allowing centralized warehouses and streamlined distribution networks. These efficiencies aimed to reduce product costs, but the authors found that many consumers remained skeptical about actual price reductions. Limited awareness of input tax credit and cascading removal contributed to negative perception. The study emphasizes that consumers mostly evaluate GST through visible changes in MRP and not through industry-wide benefits, making perception highly dependent on retail-level pricing.

“Impact of GST on FMCG Sector and Consumers – A Study” Rekha D. M & Swathi V (2019) This paper investigates how GST affected both the FMCG sector and consumer purchasing decisions in the early years of implementation. The study highlighted that even though GST aimed to make FMCG products more affordable, many consumers perceived prices as unchanged or higher due to inflation and distributor-level adjustments. The authors note



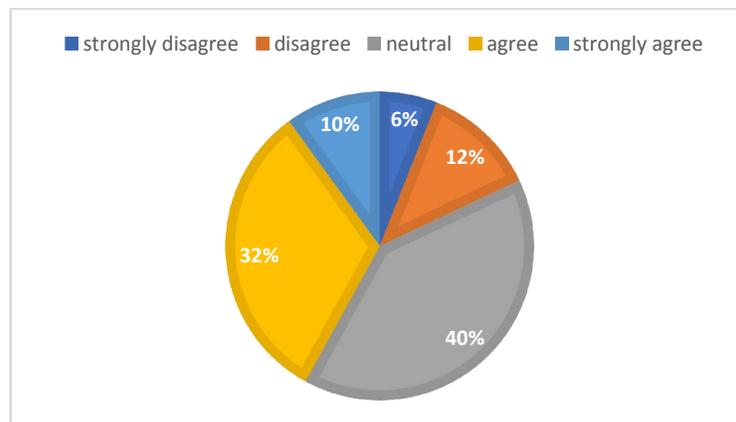
that consumer confusion stemmed from variations between pre-GST and post-GST MRPs. Retailers also struggled to clearly communicate price changes. The study concludes that consumer perception is shaped more by market communication and store-level pricing practices than by tax structure alone, making it relevant for GST 2025 awareness assessments.

IV. DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS:

I ACTIVELY SEEK INFORMATION ABOUT GST CHANGES BEFORE PURCHASING FMCG PRODUCTS

	Frequency	Percent
strongly disagree	3	6.0
disagree	6	12.0
neutral	20	40.0
agree	16	32.0
strongly agree	5	10.0
Total	50	100.0



Interpretation:

The data shows that most respondents are neutral (40%) about actively seeking information on GST changes before purchasing FMCG products. About 42% (21 respondents) agree or strongly agree, while 18% (9 respondents) disagree or strongly disagree. This indicates moderate proactive behaviour among consumers in seeking GST-related information.

Majority 40% of the respondents are neutral about actively seeking GST information before purchase.

CHI-SQUARE TEST:

GENDER * AWARENESS OF GST REFORM INTRODUCED IN 2025:

Hypothesis Statement:

H₀: There is no significant relationship between gender and awareness of GST reform introduced in 2025.

H₁: There is a significant relationship between gender and awareness of GST reform introduced in 2025.



TABLE

Chi-Square Tests					
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.277 ^a	1	0.599		
Continuity Correction ^b	0.019	1	0.889		
Likelihood Ratio	0.280	1	0.597		
Fisher's Exact Test				0.711	0.448
Linear-by-Linear Association	0.271	1	0.602		
N of Valid Cases	50				

Interpretation:

The following table shows the Chi-Square test results for Gender and Awareness of the 2025 GST Reform. The Pearson Chi-Square value is 0.277 with 1 degree of freedom, and the p-value is 0.599. The p-value is greater than the significance level of 0.05, and therefore the null hypothesis (H_0) is accepted and the alternative hypothesis (H_1) is rejected, meaning that there is no statistically significant relationship between gender and awareness of the GST reform, even though 87% of males and 81.5% of females reported being aware of the reform.

ANOVA ANALYSIS:

H₀: There is no significant difference between the groups with respect to (i) trust in FMCG product pricing after GST implementation, (ii) perception that GST has made FMCG product pricing more transparent, and (iii) overall awareness of GST reforms.

H₁: There is a significant difference between the groups with respect to (i) trust in FMCG product pricing after GST implementation, (ii) perception that GST has made FMCG product pricing more transparent, and (iii) overall awareness of GST reforms

TABLE

ANOVA						
		Sum of squares	df	Mean Square	F	Sig.
I trust FMCG product pricing more after GST implementation	Between Groups	4.591	4	1.148	0.748	0.564
	Within Groups	69.029	45	1.534		
	Total	73.620	49			
GST has made FMCG product pricing more transparent.	Between Groups	4.943	3	1.648	1.675	0.185
	Within Groups	45.238	46	0.983		
	Total	50.180	49			
How would you rate your overall awareness of the GST reforms?	Between Groups	2.990	3	0.997	1.337	0.274
	Within Groups	34.290	46	0.745		
	Total	37.280	49			



Interpretation:

The following table presents the ANOVA test results of the relationship between chosen variables related to GST reforms, and the p-value is larger than the significance level of 0.05 (0.564, 0.185, and 0.274 respectively). Thus, we accept the null hypothesis for all variables, and the grouping variable (demographic or personal factors) is not significant in determining respondents' trust in FMCG pricing, perception of transparency, or awareness of GST reforms.

DESCRIPTIVE STATISTICS:

TABLE

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
The GST reforms of 2025 were clearly communicated to consumers.	50	1	5	3.18	0.962
I actively seek information about GST changes before purchasing FMCG products.	50	1	5	3.28	1.011
I understand how GST affects the final price of FMCG products.	50	1	5	3.40	1.030
GST reforms have influenced my purchasing decisions of FMCG products.	50	1	5	3.12	1.003
Due to GST related price changes, I have switched FMCG brands.	50	1	5	3.38	0.945
I compare prices more carefully after GST implementation.	50	1	5	3.10	1.165
Valid N (listwise)	50				

Interpretation:

Descriptive statistics for all variables indicate 50 valid responses (5-point scale, min. 1 and max. 5) with means ranging from 3.10 (moderate, lowest mean) to 3.40 (moderate, highest mean) indicating moderately high agreement among respondents on GST reforms and its impact, with relatively greater awareness on how GST impacts the final price of FMCG products (3.40), followed by brand switching (3.38), actively seeking information (3.28), impact of GST on purchasing decisions (3.12), and price comparison after implementation (3.10), which all indicate moderate levels of agreement and behavioral impact, with a relatively low standard deviation (around 1) suggesting reasonable levels of variation in responses.

CORRELATION ANALYSIS:

TABLE

Correlations			
	How would you rate your awareness of the GST reforms?	I understand how GST affects the final price of FMCG products.	I actively seek information about GST changes before purchasing FMCG products.
How would you rate your awareness of the GST reforms?	Pearson Correlation	1	.536**
			1



overall awareness of the GST reforms?	Sig. (2-tailed)		.000	.002
	N	50	50	50
I understand how GST affects the final price of FMCG products.	Pearson Correlation	.536**	1	.400**
	Sig. (2-tailed)	.000		.004
I actively seek information about GST changes before purchasing FMCG products.	Pearson Correlation	.424**	.400**	1
	Sig. (2-tailed)	.002	.004	
	N	50	50	50

INTRERPRATION:

The correlation analysis shows the relationship between respondents' overall awareness of GST reforms, understanding of GST impact on FMCG product prices, and actively seeking GST information before purchase. The Pearson correlation coefficient between overall awareness and understanding of GST impact on final price is 0.536, which shows a moderate positive correlation and is statistically significant ($p = 0.000 < 0.01$); the correlation between overall awareness and actively seeking GST information is 0.424, which shows a moderate positive and significant relationship ($p = 0.002 < 0.01$); and the relationship between understanding GST price impact and actively seeking information is 0.400, which indicates a moderate positive and significant association ($p = 0.004 < 0.01$). In summary, the results show that better understanding of GST reforms is linked to better understanding of GST pricing effects and a higher likelihood of seeking GST information prior to purchase.

V. FINDINGS OF THE STUDY

Moderate Proactive Behaviour: Majority (40%) of respondents are neutral about seeking GST information before FMCG purchases, while 42% agree. This shows only moderate proactive behaviour.

No Significant Gender Difference: Chi-Square results ($p = 0.599 > 0.05$) indicate no significant relationship between gender and awareness of the 2025 GST reforms.

No Significant Group Differences(ANOVA):No significant differences were found in trust in FMCG pricing ($p = 0.564$), perception of transparency ($p = 0.185$), or overall GST awareness ($p = 0.274$). Demographic factors do not significantly influence perceptions.

Moderate Awareness and Impact: Mean scores (3.10–3.40) indicate moderate awareness. Understanding of GST's effect on final price is highest (3.40), with moderate brand-switching behaviour.

Positive Correlations: Awareness is positively related to understanding GST price impact ($r = 0.536$) and information-seeking behaviour ($r = 0.424$). Understanding and information seeking are also positively linked ($r = 0.400$).

VI. CONCLUSION

Consumers in the FMCG industry show a moderate level of awareness and behavioral response to GST reforms, according to the study. The majority of respondents are aware of GST, but many have mixed opinions about its fairness, transparency, and effect on prices. Demographic characteristics like gender, age, and education have no discernible impact on GST awareness or perceptions, according to statistical findings. Nonetheless, correlation analysis demonstrates a positive relationship between improved price comprehension and specific behaviors, such as brand switching, and greater GST awareness. Though reasonable awareness has been raised overall by the GST reforms, there is still room to improve consumer confidence and understanding.

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