

GST and Its Impact on the Buying Behaviour of FMCG Products in Ernakulam District

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Abstract

The main purpose of this study is to analyse the level of awareness among FMCG consumers regarding GST and to identify factors influencing their buying behaviour post-implementation. Primary data for the study is collected through surveys and structured questionnaires administered directly to FMCG consumers in the Ernakulam district. This method is used to obtain first-hand, reliable information on the impact of GST on consumer buying behaviour. The data collected from primary sources is analysed using both quantitative and qualitative techniques to obtain meaningful insights into the impact of GST on the buying behaviour of FMCG consumers in the Ernakulam district. A survey of 64 respondents shows that the typical buyer of Fast-Moving Consumer Goods (FMCG) is in this study.

Keywords: GST, FMCG, Consumer behaviour, Tax reforms, buying patterns.

1. Introduction

On July 1, 2017, India introduced the Goods and Services Tax, reshaping how its FMCG market operated. That shift replaced scattered charges like excise, VAT, and local levies with a single streamlined structure known as "One Nation, One Tax." The change affected an industry responsible for paying 6.5 billion dollars in taxes annually. Most of what it sells consists of food, drinks, and everyday personal care items—over eight out of ten goods. A patchwork tax setup gave way to something more connected, altering trade across states. This change removed the layered taxation problem. Tax-driven storage centers gave way to better-organised distribution points. Because of this, how goods moved shifted fundamentally. Consumer prices responded quickly in places such as Ernakulam. Brand choices became more stable over time. How often people bought things changed, too. Efficiency shaped these outcomes quietly but deeply. Now, clearer prices have changed how people shop. Because of fewer taxes on everyday items, families in cities and villages buy differently than before. The GST made this shift happen gradually. Branded goods feel safer now, so many skip small neighbourhood sellers. Simple rules pulled shoppers away from hidden-cost options. Trust grew where pricing used to be unclear.

2. Statement of problem

The study addresses the critical research gap in Ernakulam district's rapidly evolving retail sector by exa-

mining the specific extent to which GST has transformed consumer behaviour and overall consumption patterns since the tax reform's implementation. By focusing on this diverse and urbanised region, the research seeks to provide empirical, region-specific insights into how a unified tax system has fundamentally altered the decision-making process for FMCG consumers in Kerala's commercial hub.

3. Methodology

Research Design - This study uses a descriptive research design to examine how GST impacts the buying behaviour of Fast-Moving Consumer Goods (FMCG) consumers in the Ernakulam district. The study focuses on FMCG consumers in the Ernakulam district. Responses were collected from a small sample of 64 respondents. This study relies on both primary and secondary data. Primary data is collected directly from FMCG consumers in the Ernakulam district. Data was gathered from 64 respondents to assess their demographic characteristics, measure their awareness of GST, and examine the factors that influence their FMCG purchasing behaviour. Secondary data is gathered through a review of existing literature. This includes information from academic research articles, industry reports, government publications, and credible market research studies related to the FMCG sector and GST. Primary data is collected from respondents using surveys and structured questionnaires. The collected data is analysed using both quantitative and qualitative methods. Quantitative data is assessed with statistical tools to identify trends and patterns. The results are interpreted and displayed through percentage analysis and graphical representations, including pie charts and bar graphs.

4. Objectives

1. To study the level of awareness of FMCG consumers about GST
2. To analyse the factors influencing the buying behaviour of FMCG after the implementation of GST

5. Relevance of the study

This study is of paramount importance as it provides a localised empirical analysis of how the transition to a unified GST framework has restructured pricing strategies and consumer purchasing patterns within the FMCG sector of Ernakulam district, offering critical insights into the real-world efficacy of national tax reforms on regional retail dynamics.

6. Literature review

According to **Memon (2025)**, residents in Palghar are well aware of the 2025 tax slabs, making salaried individuals more price-conscious of "sin" goods and insurance benefits. While **Prabhu and Sudha (2023)** noted early supply chain and compliance hurdles in Dakshina Kannada, **Deepika (2022)** emphasised that brand and quality remain the primary drivers for personal care consumers. **Somasekharan et al. (2021)** found that higher GST awareness correlates with a perceived increase in the cost of living, while **Ramkumar and Chitra (2021)** suggested companies use "marginal cost pricing" to maintain purchasing power. **Dhokare (2020)** said that big companies can be more efficient in the long run by changing how they distribute their products. **Sreelakshmi et al. (2020)** said that even though Ernakulam shops had to pay more, getting rid of "cascading taxes" kept their overall profits the same. **Jagadish and Reshma (2020)** reported a shift in spending among 60% of Bangalore's lower-income earners, whereas **Jaganathan and Sakthivel (2020)** found that demographic factors significantly shape organic food

choices. Finally, Alie et al. (2019) concluded that despite short-term cost increases, GST remains a transparent, long-term economic gamechanger.

7. Analysis and Interpretation

A. Demographic Profile

Demographic Category	Response Option	Number of Responses	Percentage
1. Age Group	Up to 20	15	23.4%
	21-40 years	20	31.2%
	41-60 years	18	28.2%
	Above 60 years	11	17.2%
2. Gender	Female	35	54.7%
	Male	29	45.3%
3. Occupation	Private Employee	24	37.6%
	Professionals	13	20.3%
	Others	12	18.7%
	Government Employee	10	15.6%
	Self Employed	5	7.8%
4. Monthly Income	Up to 25,000	4	6.2%
	25,001 - 50,000	15	23.4%
	50,001 - 75,000	18	28.1%
	75,001 - 1,00,000	17	26.6%
	Above 1,00,000	10	15.6%
5. Area of Residence	Urban	38	59.4%
	Semi Urban	16	25.0%
	Rural	10	15.6%
6. Type of Family	Nuclear Family	54	84.4%
	Joint Family	10	15.6%
7. Marital Status	Married	32	50.0%
	Unmarried	16	25.0%
	Divorced	11	17.2%
	Widow	5	7.8%

B. Level of awareness of FMCG consumers about GST

Paramter	Response Option	Responses	Percentage
Awareness of GST	yes	60	93.80%
	No	4	6.20%
Sources of Awareness	Social Media	20	31.25%
	Television and Newspapers	20	31.25%
	Books and Journals	9	14.06%
	Websites	5	7.81%
	Friends	10	15.63%
Increase in Monthly Expense	yes	45	70.30%

	No	19	29.70%
Affects on Buying Decisions	yes	40	62.50%
	No	24	37.50%
way it Affects Buying Behaviour	price	33	64.70%
	selection of Brand	7	13.70%
	product	5	9.80%
	quality	3	5.90%
	quantity	3	5.90%
Increase in the price of the product	yes	57	89.10%
	No	7	10.90%
Category Frequently used	Food Products	35	54.70%
	Household care	16	25.00%
	Personal care	10	15.60%
	Beverages	3	4.70%
Product Mostly Affected	Food Products	22	34.40%
	Household care	19	29.70%
	Personal care	16	25.00%
	Beverages	7	10.90%

C. Factors influencing the buying behaviour of FMCG after the implementation of GST

Parameter	Response Option	Number of Responses	Percentage
Rate of Tax	Agree	33	51.6%
	Strongly Agree	16	25.0%
	Neutral	13	20.3%
	Disagree	2	3.1%
	Strongly Disagree	0	0.0%
Better Transparency system for FMCG consumers	Agree	25	39.1%
	Neutral	25	39.1%
	Strongly Agree	11	17.2%
	Disagree	2	3.1%
	Strongly Disagree	1	1.5%
Benefits to FMCG consumers	Neutral	29	45.3%
	Disagree	15	23.4%
	Agree	14	21.9%
	Strongly Disagree	3	4.7%
	Strongly Agree	3	4.7%
Benefits of GST to FMCG organisations	Agree	27	42.2%
	Neutral	22	34.4%
	Strongly Agree	10	15.6%
	Disagree	4	6.2%
	Strongly Disagree	1	1.6%

GST as a single tax payment	Neutral	28	43.8%
	Agree	23	35.9%
	Strongly Agree	10	15.6%
	Disagree	2	3.1%
	Strongly Disagree	1	1.6%
Burden on FMCG consumers	Agree	38	59.4%
	Neutral	14	21.9%
	Strongly Agree	10	15.6%
	Disagree	1	1.6%
	Strongly Disagree	1	1.5%
Burden on FMCG businesspeople	Neutral	31	48.4%
	Agree	18	28.1%
	Disagree	8	12.5%
	Strongly Agree	6	9.4%
	Strongly Disagree	1	1.6%
GST as a unified tax system	Neutral	24	37.5%
	Agree	23	35.9%
	Strongly Agree	15	23.4%
	Disagree	2	3.1%
	Strongly Disagree	0	0.0%

8. Limitations of the Study

The study focuses solely on the Ernakulam district, limiting the generalizability of its findings to other districts or regions. The research is based on a limited sample size, which may not fully represent the entire population of FMCG consumers. The study relies primarily on primary data collected through questionnaires and interviews, which may be subject to respondent bias, inaccurate responses, or a lack of complete awareness about GST. Changes in GST rates and government policies over time may affect consumer behaviour, and the study captures responses only during a specific period. Time and resource constraints limited the depth of data.

9. Suggestions

To improve the buying decision process and consumer sentiment, it is suggested that policymakers and FMCG companies work together to ensure that the benefits of reduced cascading taxes are more transparently reflected in the maximum retail price (MRP) of essential goods. There is a need for enhanced consumer awareness programs to educate the public on how different tax slabs apply to various product categories, which could help mitigate the negative perception of price increases. Additionally, businesses should focus on optimising their distribution and supply chain efficiencies under the GST regime to lower operational costs, which can then be used to offer more competitive pricing to price-sensitive consumers. Finally, continuous monitoring of GST rate changes is recommended to ensure that essential FMCG items remain affordable, thereby stabilising consumer buying behaviour in urbanised regions like Ernakulam.

10. Conclusion

The implementation of GST has successfully created a streamlined "One Nation, One Tax" structure that has improved brand stability and pricing transparency. However, in the Ernakulam district, the reform is perceived as a financial burden that has made consumers more price-sensitive, particularly regarding food and household care products. While the long-term outlook is seen as a transparent economic "gamechanger," short-term price increases have fundamentally altered how families in both urban and rural areas shop.

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