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A STUDY ON CUSTOMERS' VIEWPOINT TOWARDS GOODS AND SERVICES TAX (GST) IN BANGALORE, INDIA

Muthamma B U[1], Sathi Bar[2]
[1]*Faculty of Commerce, School of Economic and Commerce, CMR University*
[2]*Student (B.COM), CMR University*

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ABSTRACT

This research paper explores the viewpoints of customers in Bangalore, India, towards the implementation of the Goods and Services Tax (GST). Introduced in 2017, GST is a major reform in India's indirect taxation system. The objective of this study is to evaluate the levels of awareness, perception, and challenges associated with GST among the public. A structured questionnaire was administered to 150 individuals across various demographic groups. The findings suggest a reasonable level of awareness about GST among customers, but also highlight issues such as increased compliance burden and confusion about procedures. The paper concludes with suggestions for improving public education on GST and simplifying the overall tax structure to ensure better compliance and acceptance among taxpayers.

KEYWORDS: *Goods and Services Tax, GST, Customer Perception, Tax Compliance, Bangalore, Indirect Tax Reform.*

INTRODUCTION

The Goods and Services Tax (GST) represents one of the most transformative reforms in India's tax structure. It subsumes a variety of indirect taxes previously levied by both the central and state governments. Designed to unify the Indian market, GST aims to eliminate the cascading effects of multiple taxes and simplify tax compliance. However, the transition to this new system has not been without its challenges. Stakeholders, particularly customers and small businesses, have faced considerable adjustments in terms of understanding and adhering to the new tax procedures. This study seeks to explore the awareness, perception, and impact of GST on customers residing in Bangalore, a major urban center known for its diverse population and commercial activity.

Background and Context

The Indian tax system prior to the implementation of GST was fragmented and complex. It included a plethora of indirect taxes at both central and state levels such as Central Excise Duty, Service Tax, Value Added Tax (VAT), Central Sales Tax (CST), Octroi, and Entry Tax. These multiple layers of taxation created inefficiencies and made compliance burdensome for businesses. GST was introduced to unify the country into a single market with a seamless tax regime, replacing a large number of indirect taxes with a single tax to be levied on goods and services.

GST was rolled out on 1st July 2017, under the slogan "One Nation, One Tax." It is levied at every stage of the supply chain and allows for the seamless flow of input tax credit. Despite the simplified structure, its implementation has raised several issues, especially among customers and small traders, who found the transition challenging due to a lack of information and preparedness. Therefore, it becomes critical to evaluate customer perceptions to understand the public sentiment and readiness towards GST.

LITERATURE REVIEW

Extensive research has been conducted on the implications and acceptance of GST across different regions and sectors. **Sunil Kumar Das (2023)** highlighted the influence of GST on consumer buying patterns and savings behavior. The results showed that the people of Cuttack were in favor of the Goods and Services Tax and its implementation, and

that it had altered how consumers behave when making purchases and saving money. The Goods and Services Tax has a very evident effect on consumer viewpoint, since the significance threshold is less than 0.05, and there is a definite relationship between the Goods and Services Tax and consumer viewpoint. The Goods and Services Tax has a very clear effect on purchasing behavior, since the significance level is less than 0,05, indicating a definite relationship between the Goods and Services Tax and consumer purchasing behavior. People are also knowledgeable about Goods and Services Tax. The importance level indicates that individuals are aware of Goods and Services Tax.
Gupta and Mehra (2023) noted that awareness levels remain suboptimal, particularly among small traders and rural populations. many research works have been done in Goods and Services Tax with different objectives. Some of the research works are mentioned here. (Rashidi Ahmad, Ismail, and Halim 2016) in their study titled **"Awareness and viewpoint of Taxpayers towards Goods and Services Tax Implementation"** conducted in Perak of Malaysia on the basis of response of 256 Civil servants as participants, concluded that the level of awareness of the Goods and Services Tax is still not reached a satisfactory level which results in high negative viewpoint of the effect of implementation of Goods and Services Tax among participants towards Goods and Services Tax among traders in rural area, where he had concluded that participants have no doubt regarding the proposed benefits of Goods and Services Tax irrespective of their business type, legal status of business and most of participants have faced various problems or difficulties during the filing of service tax return due to administrative or other bottlenecks which need to addressed in the introduction of new system.

Kamal Mohan Bansal (2022) observed that students lacked clarity on the practical aspects of GST. The researcher found that students did not have a clear understanding on various aspects pertaining to Goods and Services Tax. The vast most of participants have shown lack of support for the recently adopted Goods and Services Tax due to a widespread belief that it would lead to a rise in the cost of living, will not be pleasant and will drive up the price of products. **Joseph et.al. (2020),** the researcher opined that, most of the participants strongly agreed that Goods and Services Tax would result in higher prices and it was a threat for doing business. It was also observed that, there was no significant relationship between the student's level of study and their viewpoint towards Goods and Services Tax as an opportunity or a threat for doing business.

Times of India (2019), it is stated that sweet makers are confused with fixing the tax for their products as the ingredients used in the sweets are taxed separately as raw materials and finished goods the products its taxing is different. Plain burfi is 5% taxed but chocolate burfi is fixed with 28%. Plain burfi mixed with other dry fruits is 12%. This taxing system makes the sweet makers get confused on how much Goods and Services Tax to be fixed for which product.

Internationally, Ahmad et al. (2016) found similar patterns in Malaysia, indicating widespread initial resistance to GST implementation. Studies consistently point to a gap between policy intent and ground-level understanding. This necessitates continued efforts in public education and procedural simplification.

Theoretical Framework
The theoretical foundation of this study is built upon the concepts of tax awareness, tax morale, and tax compliance. According to Torgler (2011), tax morale is the intrinsic motivation of individuals to pay taxes, which significantly impacts their behavior towards tax compliance. Palil et al. (2013) emphasized that knowledge and understanding of tax systems are positively correlated with compliance behavior. These theoretical models help to explain how customers perceive, internalize, and react to tax reforms like GST.

Gaps in Literature
While numerous studies have examined the impact of GST on macroeconomic indicators and business performance, limited research has focused on the perspectives of end consumers, especially in urban centers like Bangalore. Most existing literature evaluates GST from the standpoint of policymakers, tax consultants, or traders. This study addresses the gap by capturing a ground-level view of the average consumer's interaction with GST, focusing on understanding, attitude, and the real or perceived impact of this reform on daily life.

RESEARCH METHODOLOGY
The study utilized a descriptive research design based on primary data collected through structured questionnaires.

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- The sampling method used was stratified random sampling to ensure representation from various demographic segments.
- The total sample size was 150 respondents residing in Bangalore. Data collection was conducted over a two-month period.
- The questionnaire focused on variables such as awareness of GST, perception of its benefits, and challenges faced in compliance.
- Descriptive statistics and visual tools such as pie charts and bar graphs were used to interpret the data effectively.

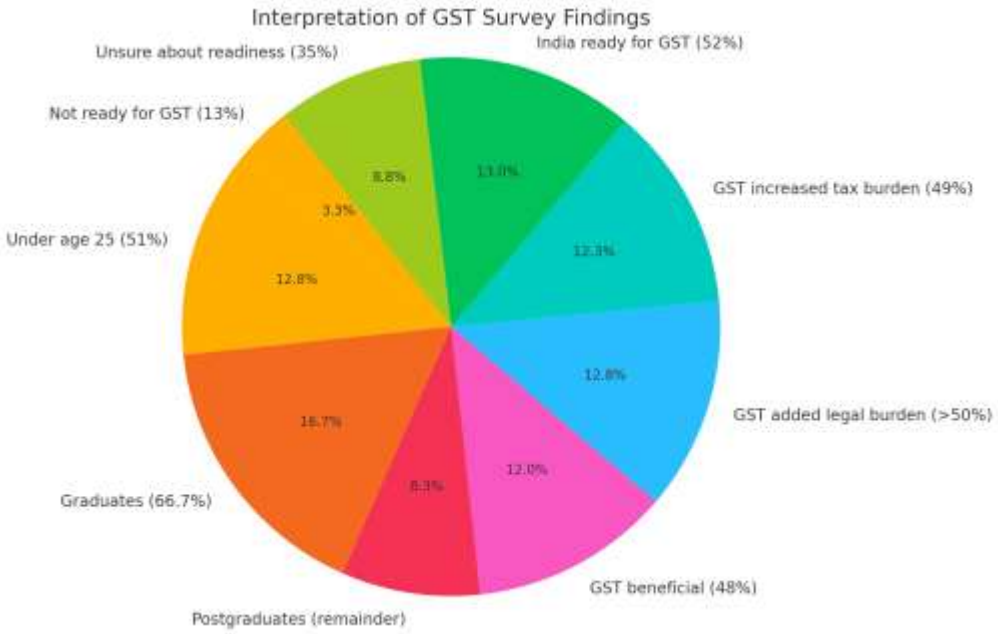
Questionnaire Design

The questionnaire was divided into four main sections: demographic details, awareness of GST, perception of GST benefits and drawbacks, and ease of compliance. The awareness section tested basic knowledge of GST rules, tax slabs, and types. The perception section gauged public opinion on whether GST has led to inflation, simplified the tax structure, or increased transparency. The compliance section asked about experiences with invoicing, filing returns, and using the GST portal.

DATA ANALYSIS AND INTERPRETATION

Sl. No.	Aspect Analysed	Key Observations	Conclusion
1	Age Group	51.3% respondents are below 25 years	Most respondents are young
2	Qualification	66% are graduates	Highly educated respondents
3	Marital Status	35.6% married, 25.5% unmarried	Slightly more married respondents
4	Gender	51.3% female, 48% male	Slight female majority
5	Occupation	47.3% professionals, others businessmen	Majority are professionals/business owners
6	GST as a Good Reform	48% agreed, 35.3% neutral	Generally positive perception
7	Increase in Legal Formalities	54% agreed	GST seen as increasing formalities
8	Burden on Common Man	48.7% agreed	Perception of increased burden
9	India's Readiness for GST	52.3% said Yes	Majority felt India was ready
10	Burden on Businessmen	44.7% agreed	Businessmen feel increased burden
11	Govt. Imposed GST without Preparation	48% agreed	Mixed but leaning positive
12	GST Difficult to Understand	43.3% agreed	GST considered complex initially
13	Inflation Increase Due to GST	43.3% agreed, 40% neutral	No clear consensus
14	GST Beneficial in Long Term	50% agreed	Belief in long-term benefits
15	Increase in Government Tax Collection	69.2% agreed (combining agree & strongly agree)	Positive for government revenue
16	Impact on Small B usinesses	46.6% agreed (combining agree & strongly agree)	Concern over negative impact

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Interpretation

The data collected revealed several interesting insights. Most respondents (51%) were under the age of 25, indicating a younger participant base. Educationally, 66.7% of respondents had completed graduation, while a smaller fraction had postgraduate qualifications. Approximately 48% of participants agreed that GST is a beneficial tax reform for India. However, over half the respondents expressed concern that GST has added to legal and procedural burdens. Around 49% believed that GST has increased the tax burden on the common man. Mixed responses were observed about India's readiness at the time of GST implementation, with 52% agreeing, 35% unsure, and 13% disagreeing. Overall, the findings suggest a blend of awareness and skepticism.

Insights by Demographics

A deeper analysis of responses revealed that younger respondents (below 25) showed relatively higher awareness of GST features, possibly due to greater exposure to digital information. Older respondents, particularly those above 40, expressed difficulty in adapting to the new system. Educational qualifications also played a role in GST perception. Graduates and postgraduates were more confident in navigating compliance requirements, whereas individuals with lower education levels felt alienated from the system.

Findings and Discussion

The study identifies that while a large portion of the population is familiar with GST, the depth of understanding remains superficial in many cases. There is a significant concern about the complexity of compliance and the perceived increase in the cost of living. Small business owners and professionals reported difficulties in adapting to digital tax filing systems and understanding changing rates and regulations. However, respondents acknowledged the potential long-term benefits of GST, including a simplified tax regime and reduced double taxation. There is a pressing need to bridge the information gap through targeted awareness programs and user-friendly technological interventions.

Implications of Findings

The findings suggest that despite government efforts to streamline GST through online platforms and helpdesks, many customers still find the system cumbersome. The perceived increase in the cost of goods and services post-GST was a common concern. Many small traders and professionals reported increased dependency on chartered accountants

due to the complexity of GST compliance. These outcomes highlight the importance of improving digital literacy and creating GST tools that are accessible to all segments of society.

Suggestions

1. Conduct regular awareness campaigns using digital and offline media.
2. Simplify the GST filing interface for small business users.
3. Introduce GST helpdesks in urban and semi-urban areas to guide taxpayers.
4. Organize workshops in educational institutions to improve youth understanding of tax reforms.
5. Enhance transparency in GST rate changes and provide real-time updates to registered users.

Policy Recommendations

Policymakers should consider creating segmented GST compliance interfaces-basic, intermediate, and advanced-tailored for users with different levels of understanding. Government portals and forms should be redesigned with multilingual support to cater to India's diverse population. Furthermore, tax rebates or incentives can be provided to small businesses that comply with GST rules without legal defaults. Integrating GST learning modules into school and college curricula can also foster long-term awareness.

CONCLUSION

The study concludes that GST is a positive step toward economic reform but requires ongoing efforts to ensure its success. The challenges faced by customers, especially in understanding and compliance, can be mitigated through systematic education and technological support. As the tax landscape continues to evolve, it is vital that taxpayers are well-informed and equipped to participate in this new regime. The success of GST
ultimately depends on inclusive policy-making and responsive administration.

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