A Pratibha Spandan's Journal

HILL QUEST
(Multidisciplinary National Peer-Reviewed/Refereed Journal)
ISSN 2454-3144 (O) | Volume 13, Issue 01, January-June 2026
http://hillquest.pratibha-spandan.org
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PERCEPTION AND AWARENESS OF THE RESPONDENTS REGARDING GOODS AND SERVICE TAX (GST) IMPLEMENTATION IN SOLAN DISTRICT OF HIMACHAL PRADESH

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ABSTRACT

GST has emerged as a major buzzword in the Indian business environment and represents one of the most significant indirect tax reforms since independence. GST, imposed on the supply of goods and services, aims to streamline taxation through a unified structure. The present research adopted an investigative approach to examine public perceptions of GST implementation in Himachal Pradesh. Using judgment sampling, a sample of 200 respondents was selected, and data were collected through a structured questionnaire. Analytical tools such as mean, standard deviation, and chi-square tests were employed to interpret the findings. The results indicated that consumers possess positive awareness and favourable perceptions regarding GST implementation, reflecting a generally supportive attitude toward the reform despite its operational complexities.
Keywords: *GST, Consumer Perception, awareness, Indirect Taxes, FMCG*

INTRODUCTION

Goods and Services Tax (GST) is a value-added indirect tax levied on most goods and services consumed within the country. Although the final burden of GST falls on consumers, the responsibility for collecting and remitting the tax to the government lies with businesses that supply these goods and services. GST is embedded in the sale price, meaning customers pay a price that already includes the applicable tax. Businesses then deposit the amount collected with the government through the prescribed GST return-filing system. By replacing multiple indirect taxes with a single unified tax structure, GST aims to simplify compliance, enhance transparency, and create a seamless national market.

The primary objective of the this is to create a unified national market by establishing a consistent and transparent tax structure across the country. It also aims to enhance the global competitiveness of domestically produced goods by ensuring a seamless tax credit mechanism when these products enter international markets. As a destination-based, value-added tax, and is levied at the point where goods and services are consumed rather than where they are produced. It is imposed on the value added at each stage of the supply chain, with the supplier responsible for collecting the tax and remitting it to the government through the prescribed compliance system.

It is widely regarded as one of the most significant tax reforms introduced in India after independence. As a path-breaking indirect tax system, and aims to create a unified national market by eliminating inter-state trade barriers and replacing the complex structure of multiple indirect taxes previously levied by the central and state governments. Under it, several taxes were subsumed, including Central Excise Duty, Additional Excise Duty, Service Tax, Surcharge and Cess, Central Sales Tax, State VAT, Entertainment Tax, Entry Tax, Luxury Tax, and Purchase Tax. Globally, it was first implemented in France in 1954, and within six decades, nearly 160 countries adopted it. While most countries follow a single-model GST, nations such as Canada and Brazil operate a dual GST structure. India has also adopted a dual GST model, wherein both the Centre and the States levy GST concurrently, ensuring a harmonised and transparent tax framework across the country.

The idea of introducing a comprehensive such tax in India originated from the recommendations of the Kelkar Task Force on Indirect Taxes in December 2002, which proposed a VAT-based GST to streamline the tax system. The Government of India formally announced the intention to implement it in the Union Budget 2006–07, after which the Empowered Committee of State Finance Ministers began preparing the framework, background material, and draft legislation. The reform gained momentum with the passage of the Constitution (101st Amendment) Act by Parliament in September 2016, followed by ratification by the State Legislatures. It was subsequently rolled out nationwide on 1 July 2017 and extended to Jammu and Kashmir on 8 July 2017. At the national launch ceremony held in the Central Hall of Parliament on 30 June 2017, the President of India, Shri Pranab Mukherjee, described it as "the result of a broad consensus arrived at between the Centre and the States and a tribute to the maturity and wisdom of India's democracy," underscoring the cooperative federalism that shaped this landmark reform.

The quick-buyer FMCG sector in India accounts for more than 50% of the food and drink industry, with another 30% from personal and family care. The area is likely to see a significant impact once the Goods and Services Tax (GST) is implemented, as organisations set up distribution centres across states to achieve a more efficient assessment framework. The Indian FMCG industry has a market size of 2.0 trillion, making it the fourth-largest sector of the economy.

CONCEPT OF GST

Goods and Services Tax (GST) is levied on the supply of goods or services, or both, and functions as a single tax applied across the entire value chain—from the manufacturer to the final consumer. At each stage of production or distribution, it is charged only on the value added, as businesses are allowed to claim input tax credit for taxes paid on their purchases. As a result, the final consumer ultimately bears only the GST imposed by the last dealer in the supply chain, with tax credits offset at all preceding stages. It operates as a consumption-based tax, meaning revenue accrues to the State where the goods or services are finally consumed rather than where they are produced. This structure ensures transparency, avoids tax cascading, and promotes a seamless flow of credit throughout the supply chain.

BENEFITS OF GST

It is a win-win situation for the entire country. It provides benefits to all stakeholders in the industry, including the government and customers. It is expected that it will reduces cost of goods and services and make them globally competitive. The significant benefits of GST are discussed hereunder:

- Creation of Unified National Market: GST aims to create a common market with uniform tax rates and compliance procedures, thereby removing economic barriers and fostering an integrated national economy.
- Mitigation of the ill Effects of Cascading: GST subsumes most of the Central and state indirect Taxes into a single tax and allows the credit of tax paid on the output tax for transactions across the entire value chain. Eradicating “tax on tax” benefits the industry.
- Boost to the ‘Make in India' Initiative: GST will significantly boost the ‘Make in India' initiative of the government of India by making goods and services produced in India more competitive in national and international markets.
- Increase in Government Revenue: GST is expected to increase the Government revenue by widening the tax base and improving the taxpayer compliance.

REVIEW OF LITERATURE

Agarwal (2017) revealed that the Goods and Services Tax is one of the largest tax reforms since this country's independence. The study aims to examine people's perceptions of GST. With a sample size of 200 people, the study has been conducted in the Agra Region. The sampling method was Judgment sampling (only respondents with some knowledge of GST were selected), and the data collection tool was a structured questionnaire. The data analysis tools used in the study were mean, standard deviation, and the chi-square test. The study estimates that perceptions are strongly opposed regarding understanding GST. People have not accepted that GST is very difficult to understand. The government should try to help people better understand GST and its complexities. The government should communicate with communities through various online and offline platforms and must hold an open discussion about GST. Further, the government should also make people aware that GST will not affect small businesses, as it does not apply to businesses with a turnover below 20 lakhs.

Srinivas and Prasad (2020) state that Parliament passed the GST Act on 29th March 2017 and came into effect on 1st July 2017. It is levied on the supply of goods and services. After three years of GST implementation, people remain largely unaware of its provisions. This study evaluates the awareness, perceptions, and practical difficulties of entrepreneurs in the unorganised sector in the Beed district regarding the Goods and Services Tax (GST). The study reveals that entrepreneurs' awareness of GST is low. Most of them still do not support GST and face many difficulties related to its implementation.

Basavanagouda Nayaka (2022) examines consumers’ perceptions, levels of awareness, and satisfaction regarding GST. Goods and Services Tax (GST) was implemented in India with the primary objective of reducing the burden on all stakeholders in the economy. To achieve the objectives, an online survey was conducted by randomly distributing survey links to consumers in the Kalaburagi district of Karnataka. A non-parametric test has been used to analyse the primary data collected. Correlation has been used to examine the correlation between demographic variables and the level of awareness. The study findings reveal that consumers have a moderate level of awareness of GST, which varies with respondents' educational qualifications. The majority of respondents have a positive perception of the GST system, and most consumers are satisfied with how it works.

Awasthi et al. (2022) examined students' awareness and understanding of GST-related issues, particularly recent policy changes implemented since 1 July 2017. The study focused on students who operate handicraft businesses, as this group is directly affected by GST compliance requirements. Primary data were collected through a structured questionnaire comprising three sections to capture respondents' familiarity with GST provisions and their understanding of recent legislative amendments. Using a quantitative approach and random sampling, the researchers surveyed 254 student-entrepreneurs from various academic institutions. The study highlights the diversity of opinions, concerns, and perceptions surrounding GST reforms and provides insights into how young business owners interpret and respond to evolving tax policies.

Chittibabu C, Kumar Arun B.C. (2022) conducted a study on consumer awareness and perception of GST with specific reference to restaurants in Bengaluru City. Following the nationwide implementation of GST in 2017, which subsumed multiple indirect taxes, including service tax and VAT, the restaurant sector experienced significant changes in its tax structure. The study aimed to assess consumers' understanding of GST and their perception of its impact on restaurant billing. Using a descriptive research design, the researchers selected a sample of 100 consumers from various restaurants across Bengaluru through random sampling. Both primary and secondary data sources were utilised, with primary data collected through a structured questionnaire. The responses were analysed using frequency distributions and percentage analysis. The study provides insights into consumer awareness of GST and highlights how customers perceive GST-related charges in the restaurant sector.

Jyoti and Vaneeta (2024) examined stakeholder perceptions nearly seven years after the nationwide implementation of GST in 2017, a reform that significantly transformed India's indirect tax structure. The study focused on understanding how professionals and traders perceive GST after years of practical exposure to its procedures and compliance requirements. Primary data were collected from 200 respondents—traders and professionals—in Chandigarh, Mohali, and Panchkula. Using the chi-square test, the researchers compared the opinions of the two stakeholder groups. The findings revealed that professionals exhibit a higher level of understanding and more favourable perceptions of GST, likely due to their stronger educational background and greater familiarity with tax systems. Both groups agreed that GST has had a positive impact on the economy. However, they emphasised the need for continuous improvements and policy stability to ensure smoother implementation and long-term effectiveness.

Sivasakthi and Sughisivams (2025) highlighted that the Goods and Services Tax (GST) represent one of India's most innovative tax reforms, significantly simplifying and consolidating the indirect tax structure. The research aimed to assess consumers' awareness, attitudes, and satisfaction levels regarding GST in Coimbatore. Findings revealed that consumers in the region have a high level of awareness of GST and acknowledge its role in modernising India's taxation system. However, a substantial proportion of respondents associate GST with higher prices and an increased cost of living, which affects their overall perception. Although satisfaction levels were moderate, the study emphasised the need for further improvements to increase public acceptance. Respondents suggested that GST-related processes should be smooth, transparent, and easy to understand, ensuring a more user-friendly experience for consumers.

OBJECTIVE OF THE STUDY

- Awareness of the respondents regarding GST Implementation.
- To understand the perception of respondents about GST implementation.

RESEARCH METHODOLOGY

This research has been undertaken through a survey to understand the perceptions and Awareness of the Respondents regarding GST implementation. The data have been collected from 200 respondents of the Solan District of Himachal Pradesh. The study was exploratory in nature. Since GST is a relatively new phenomenon in India, there are few studies on it. Responses were captured on a 5-point Likert scale.

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DATA ANALYSIS AND INTERPRETATIONS

5.1 Table: Awareness of the respondents regarding GST Implementation in Haryana

Sr. no.	SD	D	N	A	SA	Total	Mean	S.D.	Chi-Square
1.	19(9.5)	22(11.0)	38(19)	48(24)	73(36.5)	200(100)	3.67	1.32	48.05
2.	28(14)	19(9.5)	54(27)	57(28.5)	42(21)	200(100)	3.33	1.29	26.85
3.	24(12)	24(12)	14(7)	65(32.5)	73(36.5)	200(100)	3.69	1.38	72.55
4.	43(21.5)	31(15.50)	35(17.5)	48(24)	43(21.50)	200(100)	3.08	1.45	4.70
5.	18(9.0)	35(17.50)	35(17.5)	58(29)	54(27.0)	200(100)	3.47	1.29	26.35
6.	16(8.0)	19(9.5)	51(25.50)	45(22.5)	69(34.50)	200(100)	3.66	1.26	50.10
7.	4(2.0)	17(8.5)	70(35.0)	73(36.50)	36(18.0)	200(100)	3.60	.945	95.75
8.	18(9.0)	17(8.5)	61(30.50)	43(21.50)	61(30.5)	200(100)	3.56	1.25	47.60

Source: Field Survey, 2025

Statements:

- Perception regarding GST would be beneficial to consumers.
- Businessman needs to be registered under GST.
- GST has caused a hike in the price of goods & services.
- GST helps improve the taxation system of the country.
- Classification of goods in the four basic rate slabs of 5percent, 12percent, 18 per cent, and 28 per cent.
- The government has given sufficient information about GST.
- GST has increased various legal formalities.
- Satisfaction level towards FMCG.

ANALYSIS AND INTERPRETATION

Classification based on respondents' awareness of GST Implementation in Haryana is shown in Table No. 5.1.

- Perception regarding GST would be beneficial to consumers: It is clear from Table 5.1 that most respondents (36.50 per cent) agree that GST Implementation would be beneficial to consumers. The mean is 3.63, which is higher than the average score of 3 on a five-point scale. The standard deviation, i.e., 1.32, indicates high variation. When the chi-square test of goodness of fit is applied, it rejects the null hypothesis at the 5 per cent significance level, indicating that consumers' perceptions of GST implementation are positive.
- Businesses need to be registered under GST: It is clear from the table that the calculated mean is 3.33, which is higher than the average score of 3 on a five-point scale. The calculated value of standard deviation is 1.29. On applying the Chi-square test, the calculated value is significant at the 5 per cent level of significance; therefore, the null hypothesis is rejected, indicating that businesses that need to be registered under GST are useful.
- GST has caused a hike in the price of goods & services: The table shows that the majority of respondents, i.e., 36.50 per cent, fully agree that implementing GST has caused a rise in the prices of goods and services. The mean is 3.69, which is higher than the average score of 3 on a five-point scale. The calculated value of standard deviation is 1.38. On applying the Chi-square test, the calculated value is significant at the 5 per cent level of significance; therefore, the null hypothesis is rejected, and it is concluded that the main reason for the increase in the price of goods and services is the GST Implementation.
- GST helps improve the taxation system of the country: It is clear from the table that the mean value is 3.08, which is higher than the average score of 3 on a five-point scale. There is a variation of 1.45 in the mean value as shown by the standard deviation. On applying the Chi-square test, the calculated value is not significant at the 5 per cent level of significance; the null hypothesis is accepted, indicating that GST does not improve the country's taxation system.
- Classification of goods in the four basic rate slabs of 5 per cent, 12 per cent, 18 per cent, and 28 per cent: It is evident from the table that the majority of respondents, i.e., 29.0 per cent, are happy with the categorisation of goods in the four basic rate slabs, i.e., 5 per cent, 12 per cent, 18 per cent, and 28 per cent. The mean value is 3.47, which is higher than

the average score of 3 on a five-point scale. The calculated value of Standard Deviation is 1.29. On applying the Chi-square test, the calculated value is significant at the 5 per cent level of significance; therefore, the null hypothesis is rejected, indicating that consumers are slightly satisfied with the classification of goods into the four basic rate slabs.

- The government has given enough information about GST: It is apparent from the table that the majority of the respondents, i.e. 34.50 per cent, agree that the government had given sufficient information about the goods and services tax. The mean value is 3.66, which is higher than the average score of 3 on a five-point scale. There is a variation of 1.26 in the mean value as shown by the standard deviation. When applying the Chi-square test, the calculated value was significant at the 5 per cent level of significance; therefore, the null hypothesis is rejected, indicating that the government provided sufficient knowledge about GST implementation.
- GST has increased various legal formalities: From the table, the mean value for GST has increased across various legal formalities to 3.60, which is higher than the average score of 3 on a five-point scale. The value of the standard deviation, i.e., 0.945, indicates high variation. When the chi-square test of goodness of fit is applied, it rejects the null hypothesis at the 5 per cent level of significance, indicating that the Implementation of GST has increased the number of legal formalities.
- Satisfaction level towards FMCG: It is apparent from the table that the majority of respondents, i.e., 30.50 per cent, are satisfied with the FMCG prices. The mean value is 3.56, which is higher than the average score of 3 on a five-point scale. The calculated value of Standard Deviation is 1.25. On applying the Chi-square test, the calculated value is significant at the 5 per cent level of significance; therefore, the null hypothesis is rejected, indicating that consumers are satisfied with FMCG quality, quantity, and prices.

Reliability Statistics:

The results of reliability statistics have been presented in table no.5.2. The reliability of the construct is determined by computing Cronbach's alpha. Cronbach's coefficient alpha value of 0.5 is considered acceptable for exploratory purposes, 0.6 is considered adequate, and 0.7 and 0.8 are good for confirmatory purposes.

Table no.5.2

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	Number of Items
.500	.487	8

Source: Data is collected through a questionnaire

Further, the table reveals that the Cronbach's alpha for the standardised items is 0.500, which is considered the minimum acceptable reliability for the scale. The overall reliability and validity of the scale, as indicated by Cronbach's alpha, are moderate; therefore, it is valid to use this scale.

Conclusion and Suggestions

The study found that the majority of respondents fully agree with the overall statements regarding GST Implementation in the Solan district of Himachal Pradesh. Respondents' perceptions of GST would be beneficial to consumers. GST is useful in improving the country's taxation system and increasing transparency. Are you happy with the classification of goods into the four basic rate slabs of 5 per cent, 12 per cent, 18 per cent, and 28 per cent? Sahaj applies to small taxpayers making only B2C supplies. The government should communicate with communities through various online and offline platforms and must hold an open discussion about GST. Further, the government should also make people aware that GST will not affect businesses with a turnover below 20 lakhs, as it does not apply to them. Similarly, those who know about GST must also disseminate it to the community, so that many misconceptions can be eliminated.

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