



Impact of GST on Consumer buying behaviour towards Textiles in Karnataka, India

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Abstract

The research design is descriptive and analytical as the study focuses on the effect of GST on consumer purchasing behaviour of textiles in Karnataka. A structured questionnaire was used to collect primary data using convenience sampling and 156 respondents were used. Percentage, mean, standard deviation, Chi-square test, correlation and regression analysis were used as statistical tools. The results indicate that income plays a large role in post GST purchasing frequency. The results of the correlation and regression analysis show that price perception and availability positively and significantly influence the buying behaviour. The research concludes that GST has had a moderate impact on the consumer decision especially in price sensitive consumers. It also points out that, the availability of textile products has a little more influence on purchase decisions as compared to price perception. The outcomes can be of great help to retailers and policymakers in formulating consumer-oriented price and distribution strategies in GST.

Keywords: GST, Consumer Buying Behaviour, Textile Industry.

Introduction

In India, the Goods and Services Tax (GST) was implemented in 2017 as a single tax structure to substitute various other indirect taxes in order to increase the level of transparency and efficiency¹. It has had a major impact on the pricing, distribution, and consumption trends in different industries. The textile industry is one of the largest employers and consumer markets, and GST has had a significant impact on the industry by altering taxation rates and pricing frameworks². These developments have directly influenced the consumer buying behaviour by making consumers more price conscious and conscious of tax inclusive prices. GST has also promoted organized retailing and billing transparency³. Consumer reactions, however, differ according to levels of income, awareness and geographical considerations. Karnataka has a wide range of urban and rural markets that also influence the textile consumption trends. Consumer perception of GST is thus a crucial issue that needs to be understood to analyze buying decisions. The present study is aimed at analyzing the impact of price, affordability and availability of products under GST and how they affect consumer buying behaviour of textiles⁴.

Study of Existing Literature: Using field-based survey data⁵, examined the effect of GST on retail textile sales and the perceptions of retailers in the Vijayapura district. It concludes that GST altered the tax consciousness and price arrangements thus affecting the sales trend and consumer buying behavior at the domestic level. Abhilash K.⁶ studied consumer perceptions of GST in the Mandya district through a mixed-method design

and reports different levels of awareness and a mixed experience on price changes. It puts into the limelight those issues that concern price advantages and GST knowledge, which impact consumer buying behaviour, and which provide insight into textile buying behaviour.

Relevance and Need for the study: The present study is important because the introduction of the Goods and Services Tax (GST) has greatly changed the pricing and buying trends in the textile industry. Consumer buying behaviour needs to be understood to determine the impact of these changes in taxes on demand, affordability, and market access. The research is required to give empirical data about consumer perceptions on price, availability and purchasing decisions in the local setting of Karnataka. It also assists retailers and policymakers in getting a response of the consumers to GST in order to make better pricing and marketing strategies. All in all, the research fills the gap between the changes in the tax policy and the real consumer behaviour in the textile market.

Objectives of the Study: To analyse consumer perception of GST in terms of price, affordability, and product availability. To evaluate the influence of GST-induced price changes and product availability on consumer buying behaviour towards textiles.

Hypothesis: H_{0,1}: There is no significant association between monthly household income and change in purchasing frequency after GST 2.0. H_{0,2}: There is no significant relationship between consumer perception of GST (Price Perception and Availability)

and buying behaviour. $H_{0,3}$: Price Perception and Availability don't have significant impact on consumer buying behaviour towards textiles.

Methodology

The present study adopts descriptive and analytical research design that will be used to investigate the influence of GST on consumer purchasing behaviour of textiles within Karnataka. A structured questionnaire was used to collect primary data and 175 questionnaires were administered with 156 valid responses being received to carry out the analysis. The research uses convenience sampling method to select the respondents among the local market. Statistics tools like percentage, mean and standard deviation are used to analyze data and summarize the responses. In addition, Chi-square test, correlation analysis, and regression model are used to test hypotheses and determine the

relationship between variables and the impact of GST-related factors on consumer buying behaviour.

Results and Discussion

This section presents the analysis and interpretation of the primary data collected from 156 valid respondents regarding the impact of GST on consumer buying behaviour towards textiles in Karnataka. The findings examine consumer perceptions of GST in terms of price, affordability, and product availability. Descriptive and inferential statistical techniques are employed to assess the relationship between GST-related factors and consumer buying behaviour. The results are discussed in relation to the objectives and hypotheses of the study to draw meaningful conclusions.

Table-1:

Study and Focus Area	Methodology	Key Findings	Ref.
Perceptions of textile stakeholders on multi-slab GST	Logit regression to validate perceptions Interviews and surveys with manufacturers, wholesalers, retailers, consumers and tax professionals in Surat.	Easier tax compliance and ease of use but more dependency on tax professionals and high refund-related problems that create consumer price and retail margin implications on the cost of doing business in textile hubs.	7
Role of GST in the Indian textile sector case study	Review of case-studies on pre- and post-GST tax structure and sectoral effects (SME focus as noted in abstract).	Finds GST simplified taxation and reduced cascading but increased compliance costs and transitional costs on SMEs, which could impact retail pricing and consumer choice.	8
Study on impact of GST on Indian textile industry	Review of secondary-data and sectoral analysis as stated in the abstract (review of pre-GST norms and anticipated results).	It has been reported that GST has sealed revenue leakages, facilitated the smooth input credit of numerous products and will overall see a decrease in tax burden with transitional negatives still faced by some segments.	9
Reforming threads report on GST and textiles	Comparison and stakeholder response throughout the textile value chain and policy recommendations (repository report).	Finds GST enhanced transparency and interstate trade but several GST slabs and refund delays introduce bottlenecks in the operations of small/unorganised producers, which trickle down to retail pricing and consumer choice.	10
Impact on textile shops in Ernakulam district	Measures the impacts of GST on sales volume, costs and profitability in textile stores at the district level (Kerala), providing a proximate retail-level view that can be applied to Karnataka retail settings. Surveys 50 textile shops using a survey questionnaire to obtain shop-level sales and cost information after the GST.	Changes in sales volume and cost structures following introduction of GST, with minor changes in profitability information, which points to the possibility of similar shop-level changes in the local textile retail industry in Karnataka.	11
Effects of GST on consumer behaviour across sectors.	Studies the effects of GST on consumer decisions and consumption behavior in the chosen industries (automobile, FMCG, services) and offers methodological templates and evidence on price-sensitivity which can be applied to the analysis of textile demand.	Determines the sectoral difference in consumer reactions to GST, and purchasing behaviour changes associated with the perception of price changes are found, and awareness results that are used to guide expectations regarding the consumer response of textile in the Karnataka markets.	12

The demographic profile of the respondents exhibits that most of them are women (57.7%), whereas men make up 42.3% of the respondents, indicating that women are more involved in buying textile products. The majority of the respondents are aged between 20 and 30 years (53.8%), then 31-40 years (26.9%), which means that younger consumers are the dominant group in the sample. Education wise, the large percentage is postgraduates (34.6), then below SSLC (23.1), and then SSCL/PUC (19.2), which is a moderately learned population. Most of the respondents are single (61.5%), which implies young population structure. In terms of occupation, students and government employees represent 34.6 and 34.6 respectively, which indicates their high representation in the research. Smaller segments are made up of private employees (11.5%), others (15.4%), and homemakers (3.8%). Regarding income, half of the respondents earn less than ₹ 25,000, which means that the lower-income groups prevail. The higher income groups are relatively underrepresented, with 19.2% having income over ₹ 100,000. The sample in general is a representation of a young, moderately educated and lower-income dominated population.

This is significant because such groups tend to be more price sensitive under GST. Therefore, demographic profile indicates that consumer reactions in the research will most probably be affected by the factors of income and age (Table-3).

The Table-4 reveals that the highest number of students buy textiles every month (30) then there are a few who buy infrequently meaning that they buy less often. Government workers primarily shop once in 3 months (24) and sometimes (24) which indicates a more deliberate buying behavior. Homemakers and private employees demonstrate lower and less frequent purchasing behaviour, which is predominantly quarterly purchasing. The others segment mostly buys occasionally (18), implying that the frequency of purchasing is significantly different among occupations.

Table-2: Reliability Statistics.

Cronbach's Alpha	N of Items
.831	3

Table-3: Shows Demographical Profile of the Respondents.

Demographical Profile	Respondents		Frequency	%	Total
Gender	Male	1	66	42.3	156
	Female	2	90	57.7	
Age (in Years)	20 to 30	1	84	53.8	156
	31 to 40	2	42	26.9	
	41 to 50	3	24	15.4	
	51 & Above	4	6	3.8	
Education Qualification	Below SSLC	1	36	23.1	156
	SSLC/PUC	2	30	19.2	
	Graduate	3	18	11.5	
	Postgraduate	4	54	34.6	
	Professional Degree	5	18	11.5	
Marital Status	Married	1	60	38.5	156
	Unmarried	2	96	61.5	
Occupation	Student	1	54	34.6	156
	Govt. Employee	2	54	34.6	
	Private Employee	3	18	11.5	
	Homemaker	4	6	3.8	
	Others	5	24	15.4	
Monthly Household Income (INR)	Below 25,000	1	78	50.0	156
	25,000-50,000	2	24	15.4	
	50,000-1,00,000	3	24	15.4	
	Above 1,00,000	4	30	19.2	

Table-4: Presents Occupation and Frequency of Purchasing Textile Products.

Occupation	Frequency of purchasing textile products				Total
	Monthly	Once in a Quarter	Occasionally	Rarely	
Student	30	6	0	18	54
Govt. Employee	6	24	24	0	54
Private Employee	6	12	0	0	18
Homemaker	0	6	0	0	6

Others	6	0	18	0	24
Total	48	48	42	18	156

Table-5: Presents Monthly household Income & Change in Purchasing Frequency after GST 2.0.

Monthly Household Income (in INR)	Change in purchasing frequency after GST 2.0			Total
	Increased	Decreased	No Change	
Below 25,000	30	12	36	78
25,000 to 50,000	12	6	6	24
50,000 to 1,00,000	6	0	18	24
Above 1,00,000	0	6	24	30
Total	48	24	84	156

$H_{0,1}$: There is no significant association between monthly household income and change in purchasing frequency after GST 2.0

Table-6: Chi-Square Tests.

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.796 ^a	6	.000
Likelihood Ratio	42.150	6	.000
Linear-by-Linear Association	15.643	1	.000
N of Valid Cases	156		

Table-7: Presents the Correlation between consumer perception on GST, Availability of Textile and Buying Behaviour.

Correlations				
		Price Perception	Availability	Buying Behaviour
Price Perception	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	156		
Availability	Pearson Correlation	.796**	1	
	Sig. (2-tailed)	.000		
	N	156	156	
Buying Behaviour	Pearson Correlation	.519**	.562**	1
	Sig. (2-tailed)	.000	.000	
	N	156	156	156

** . Correlation is significant at the 0.01 level (2-tailed). $H_{0,2}$: There is no significant relationship between consumer perception of GST (Price Perception and Availability) and buying behaviour.

Table-8: Presents the Regression Model.

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.574 ^a	.330	.321	.88136	.330	37.655	2	153	.000

a. Predictors: (Constant), Availability, Price Perception, b. Dependent Variable: Buying Behaviour. $H_{0,3}$: Price Perception and Availability don't have significant impact on consumer buying behaviour towards textiles.

The Chi-square test value ($\chi^2 = 29.796$, $df = 6$, $p = 0.05$) shows that there is significant association between the monthly household income and the change in purchasing frequency in the post-GST 2.0 period. The p-value being less than 0.05 leads to rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1). This means that consumer purchasing behaviour is influenced by the level of income. The purchasing patterns vary more in the lower-income groups than in the higher-income groups, which show no significant change.

In general, the effect of GST on the frequency of purchasing is not the same in all income groups.

The correlation analysis reveals that price perception is moderately positively correlated with buying behaviour ($r = 0.519$, $p < 0.01$), which means that the consumer purchases are strongly affected by the changes in price perception. Availability is also positively related to buying behaviour ($r = 0.562$, $p < 0.01$) indicating that an improved product availability

will lead to increased purchasing decisions. Also, there is a high positive correlation between price perception and availability ($r = 0.796$, $p < 0.01$), meaning that these two variables are closely related in GST. The relationships are statistically significant because all the p -values are below 0.01. The positive coefficients ($r > 0$) suggest that the positive changes in price perception and availability are associated with the increase in the buying behaviour. Thus, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. Therefore, the perception of GST among the consumers has a great impact on the textile purchasing behaviour.

The regression analysis exhibits that there exists a significant positive association between independent variables and buying behaviour ($R = 0.574$). The coefficient of determination ($R^2 = 0.330$) implies that price perception and availability explain 33 percent of the variation in buying behaviour. The adjusted R^2 (0.321) proves that the model is reliable with a low variation. The model is statistically significant when $F = 37.655$ and $p = 0.000$ (< 0.05), which means that the model is generally fitting. The independent variables play a significant role in buying behaviour because the p is less than 0.05. The positive R value ($R > 0 =$ positive impact) indicates that the increase in price perception and availability leads to an increase in purchasing behaviour. Thus, null hypothesis (H_0) is rejected.

Major findings: The sample is mostly comprised of young people (2030 years) and low-income consumers, which means that they are more price sensitive when buying the textile. A high percentage of the respondents are students and government workers, indicating stable, yet low-cost purchasing behaviour. The sample is dominated by young consumers (20–30 years) and lower-income groups, indicating higher price sensitivity in textile purchases. The purchasing frequency following the GST

2.0 depends heavily on the monthly household income with the low-income earners exhibiting more of the changes in the buying behaviour than the high-income earners. Availability is slightly stronger in its effect on buying behaviour ($r = 0.562$) than price perception ($r = 0.519$). The relationship between price perception and availability is very strong ($r = 0.796$), which means that the two variables move together under the GST conditions. Price perception and availability jointly explain 33% ($R^2 = 0.330$) consumer buying behaviour which is a moderate power of explanation. The regression model is significant ($p < 0.05$), which confirms that textile buying decisions are dependent on GST-related factors.

Suggestions: It is recommended that policymakers and retailers can use price-sensitive approaches, like providing low-cost textile products or discounts, to assist the lower-income consumers who are more sensitive to the GST-related price adjustments. The retailers need to consider how to enhance the availability of the products and the price transparency since this works together to improve consumer buying behaviour under the GST regime. Retailers are advised to improve on availability

of products and have clear pricing policies since these are key determinants of consumer purchasing behaviour in the GST.

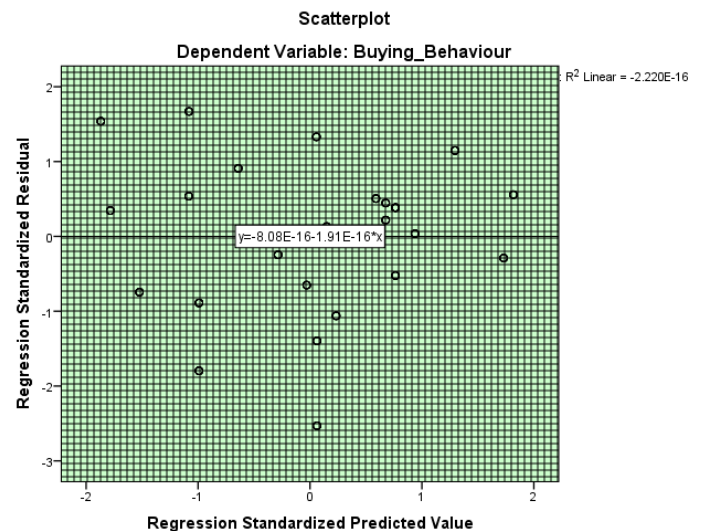


Figure-1:

Conclusion

The paper concludes that GST has introduced observable shifts in the consumer purchasing behaviour in the textile industry. The purchasing decisions during the era of GST are dependent on the price perception and availability of the product. Low-income earners are more price-sensitive and this results in differences in the frequency of purchase. The statistical findings affirm that there exists a strong relationship between the GST-related factors and consumer behaviour. Despite the GST enhancing transparency and market structure, it has different effects on the various consumer groups. In general, the paper demonstrates that pricing strategies and improved availability are required to increase consumer satisfaction in the textile market.

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