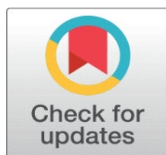


CONSUMER AWARENESS TOWARDS GST IN URBAN AND RURAL AREAS IN KANYAKUMARI DISTRICT

S. Santhiya Savithri ¹, Dr. R. Samundeswari ²

¹ Reg no: 20121251012004, Ph.D Research Scholar, Department of Commerce, A.P.C. Mahalaxmi College for Women, Thoothukudi, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tamil Nadu

² Research Supervisor and Guide, Assistant Professor, Department of Commerce, A.P.C. Mahalaxmi College for Women, Thoothukudi, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tamil Nadu



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ABSTRACT

The implementation of the Goods and Services Tax (GST) in India represents a landmark reform aimed at unifying the nation's indirect tax structure. This study seeks to examine the level of consumer awareness towards GST in both urban and rural areas of Kanyakumari District, Tamil Nadu. Despite several years since its rollout, discrepancies in awareness and understanding of GST still persist, particularly between urban and rural populations. The objective of this research is to evaluate consumers' knowledge of GST rates, its application on goods and services, and their perceptions of its impact on day-to-day expenses. A primary survey was conducted with a sample size of 110 respondents, comprising both urban and rural residents of Kanyakumari District. The study revealed that urban consumers possess a higher level of awareness and better access to information regarding GST, largely due to greater exposure to media and digital platforms. Conversely, rural consumers displayed limited awareness, with many relying on informal sources or facing challenges in understanding the technical aspects of the tax. The findings highlight the need for targeted awareness programs to bridge the knowledge gap and promote GST literacy in rural areas. The study recommends the use of regional language materials, community-level campaigns, and collaboration with local bodies to improve understanding and acceptance of GST among rural consumers. This research offers valuable insights into the effectiveness of GST outreach in a diverse district like Kanyakumari and underlines the importance of inclusive tax education for policy success.

Keywords: Goods and Services Tax (GST), Consumer Awareness, Urban and Rural Areas, Kanyakumari District, Tax Literacy, Indirect Tax, Perception

1. INTRODUCTION

The introduction of the Goods and Services Tax (GST) on July 1, 2017, marked a significant milestone in India's fiscal history, representing one of the most comprehensive reforms in the indirect taxation system. GST subsumed multiple cascading taxes levied by the central and state governments, creating a unified and streamlined tax structure across the country. The primary objectives of GST were to simplify the tax process, increase transparency, eliminate the cascading effect of taxes, and enhance tax compliance.

As a consumer-centric economy, the success of GST depends not only on its implementation but also on the level of awareness among the public. Consumers, being the final taxpayers in the supply chain, play a critical role in ensuring the effectiveness and accountability of the GST regime. Awareness about GST rates, tax slabs, exemptions, and the benefits of tax invoices is essential for consumers to make informed purchasing decisions and to avoid exploitation by traders or service providers.

In a diverse and geographically spread-out country like India, disparities in awareness between urban and rural populations are expected. Urban consumers often have better access to information, technology, and financial literacy, whereas rural consumers may face challenges due to limited access to digital platforms, lower education levels, and linguistic barriers.

This study focuses on Kanyakumari District, the southernmost district of Tamil Nadu, known for its unique blend of urban development and rural tradition. By analyzing the level of GST awareness among 110 respondents from both urban and rural areas within the district, this research aims to identify existing gaps in knowledge, assess perceptions about GST, and suggest measures to improve tax literacy among consumers.

Understanding the awareness level in different demographic segments is crucial for policymakers, tax authorities, and educators to design inclusive strategies that ensure equitable access to information and foster a more tax-compliant society.

2. STATEMENT OF THE PROBLEM

The introduction of the Goods and Services Tax (GST) in India was envisioned as a transformative step toward creating a unified tax system that is transparent, efficient, and consumer-friendly. However, despite several years since its implementation, a significant portion of the population—especially in rural areas—continues to lack adequate awareness and understanding of the GST framework. While urban consumers may have relatively better access to information and digital resources, rural consumers often remain underinformed about GST rates, tax structures, and their rights as taxpayers. In Kanyakumari District, where both urban and rural populations coexist, the effectiveness of GST as a fair and transparent tax system is largely dependent on how well the general public understands it. Limited awareness can lead to misconceptions, poor compliance, and even consumer exploitation by traders who may misuse GST-related charges. Additionally, a lack of GST knowledge may hinder consumer participation in seeking tax invoices or reporting discrepancies. The problem, therefore, lies in the uneven distribution of GST awareness between urban and rural consumers, which affects their ability to make informed decisions, protect their consumer rights, and contribute to the overall success of the tax system. This research aims to address this issue by exploring the current level of consumer awareness in both urban and rural segments of Kanyakumari District, identifying the key factors contributing to the awareness gap, and recommending strategies to bridge this divide.

3. REVIEW OF LITERATURE

Subramanian and Devi (2021) explored the impact of educational background on GST understanding in Southern India. The study found a direct correlation between the level of education and the consumer's ability to understand GST concepts, tax rates, and billing practices. It highlighted that even among urban populations, a lack of formal financial education could limit effective GST comprehension.

Narayanan (2022) focused on consumer perception of GST in small towns of Tamil Nadu and reported that while consumers were aware of the GST term, they were unaware of their rights related to tax invoices and often failed to question incorrect GST charges by retailers.

3.1. OBJECTIVE OF THE STUDY

- 1) To assess the level of consumer awareness regarding GST among urban and rural residents in Kanyakumari District.
- 2) To identify the sources of information through which consumers in urban and rural areas learn about GST.
- 3) To suggest measures to improve GST awareness among consumers, especially in rural parts of Kanyakumari District.

4. RESEARCH METHODOLOGY

Primary and secondary data are used mostly in the construction of the study. The research area's sample respondents provide the primary data. Secondary data comes from a multitude of sources, including books, journals, periodicals, the internet, etc.

Target Respondents

The study's primary focus group consists of urban and rural people in the Kanniyakumari District

Sample size

The study's sample proportion is 110.

Sampling Method & Type

Convenience random sampling has been used for this study.

5. RESULTS AND DISCUSSION

- To assess the level of consumer awareness regarding GST among urban and rural residents in Kanyakumari District

Table 1 Level of Consumer Awareness Regarding GST

Area	N	Mean Awareness Score	Std. Deviation
Urban	55	4.12	0.62
Rural	55	3.24	0.71

Test Statistic	Levene's Test Sig.	t	df	Sig. (2-tailed)	Mean Difference
Equal variances assumed	0.183	7.02	108	.000*	0.88
Equal variances not assumed	0	7.02	108	.000*	0.88

Source: Computed data

Significant at five percent level

The independent samples t-test was conducted to compare the level of GST awareness between urban and rural consumers in Kanyakumari District. The results show a statistically significant difference in awareness scores between the two groups, $t(108) = 7.02$, $p < 0.001$. The mean awareness score for urban consumers was 4.12, compared to 3.24 for rural consumers. The mean difference of 0.88 indicates that urban consumers have significantly higher awareness about GST than rural consumers. This suggests a substantial awareness gap exists between urban and rural residents in the district, emphasizing the need for targeted educational interventions and awareness programs in rural areas.

- To identify the sources of information through which consumers in urban and rural areas learn about GST.

Table 2

Sources Of Information

Source of Information	Urban (n=55)	Rural (n=55)	Total (n=110)
TV	20 (36.4%)	15 (27.3%)	35 (31.8%)
Internet	25 (45.5%)	5 (9.1%)	30 (27.3%)
News paper	15 (27.3%)	8 (14.5%)	23 (20.9%)
Word of mouth	10 (18.2%)	30 (54.5%)	40 (36.4%)
Social Media	22 (40.0%)	6 (10.9%)	28 (25.5%)

Chi-Square Value	df	P value
32.67	4	.000*

Source: Computed data

Significant at five percent level

The chi-square test for independence shows a significant association between the area (urban/rural) and the sources of information about GST, $\chi^2(4) = 32.67$, $p < 0.001$. Urban consumers rely heavily on Internet (45.5%) and Social Media (40%) as their primary sources of GST information, followed by TV and newspapers. Rural consumers, however, mostly depend on Word of Mouth (54.5%) and TV (27.3%), with limited access to Internet and social media. This indicates that information dissemination strategies must be customized — digital platforms and social media campaigns may be more effective in urban areas, while interpersonal communication and TV-based campaigns could better reach rural populations.

6. FINDINGS

- Urban consumers know more about GST than rural consumers in Kanyakumari District. The average awareness score of urban people is higher (4.12) compared to rural people (3.24). The difference in awareness between urban and rural groups is real and significant. This shows that rural consumers need more education and awareness programs about GST.
- There is a strong link between where people live (urban or rural) and how they get information about GST. Urban people mostly use the Internet (45.5%) and social media (40%) to learn about GST. Rural people mostly rely on word of mouth (54.5%) and TV (27.3%) for GST information. This means that different ways of sharing information are needed: social media and online platforms work better for urban areas, while talking with people and TV are better for rural areas.

7. SUGGESTION

- **Conduct Awareness Campaigns:** Organize regular GST awareness programs in both urban and rural areas through workshops, seminars, and community meetings.
- **Use Local Media:** In rural areas, use local TV channels, radio, and newspapers in the regional language to explain GST concepts clearly.
- **Leverage Digital Platforms:** For urban consumers, increase awareness through social media campaigns, official websites, and mobile apps that provide easy GST information.
- **Promote Word of Mouth:** Encourage local leaders and community groups in rural areas to spread accurate GST information through word of mouth.
- **Distribute Printed Materials:** Provide simple brochures, flyers, and posters explaining GST rates, benefits, and consumer rights in public places like markets, banks, and post offices.
- **Integrate GST in Education:** Include basic GST knowledge in school and college curriculums to build early awareness.

8. CONCLUSION

The study reveals a significant difference in GST awareness between urban and rural consumers in Kanyakumari District, with urban residents showing higher levels of understanding. This gap highlights the need for focused efforts to increase GST literacy, especially in rural areas where access to digital resources is limited. Consumers in urban areas mainly use the Internet and social media for GST information, while rural consumers depend more on word of mouth and television. To ensure the success of GST as a tax reform, tailored awareness programs and communication strategies must be implemented to reach all sections of the population effectively. Improving consumer knowledge will empower individuals to make informed decisions, promote transparency, and enhance compliance with GST regulations.

CONFLICT OF INTERESTS

None.

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