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Impact of GST on Mobile Phone Pricing and Consumer Purchase Decisions: An Empirical Study of Consumers in Telangana Region

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ABSTRACT

The Goods and Services Tax (GST) was introduced in India as a comprehensive indirect tax reform aimed at simplifying the taxation structure by replacing multiple central and state taxes with a unified tax system. The implementation of GST has significantly influenced the pricing of products and services across various sectors, including the mobile phone industry. Since mobile phones have become an essential consumer product, changes in pricing due to taxation can have a substantial impact on consumer purchasing behavior. Understanding how consumers respond to GST-related pricing changes is therefore important for marketers, retailers, and policymakers.

The present study examines the impact of GST on mobile phone pricing and consumer purchase decisions in the Telangana region. Specifically, the study investigates consumer awareness of GST, perceptions of GST-inclusive pricing, the role of GST transparency, and the relationship between GST-induced price changes and buying behavior. The research is based on primary data collected from 150 mobile phone consumers through a structured questionnaire. A descriptive research design was adopted, and statistical tools such as percentage analysis, descriptive statistics, Chi-square tests, correlation analysis, and regression analysis were used to analyze the data.

The findings indicate that GST-related factors have a significant influence on consumer buying behavior. Consumers with higher awareness of GST were found to make more informed purchase decisions and exhibit stronger purchase intentions. GST-inclusive pricing emerged as an important factor affecting consumers' evaluation of mobile phone prices and brand choices. The study also revealed that transparent disclosure of GST charges enhances consumer trust and satisfaction. Furthermore, statistical analysis confirmed significant relationships between GST awareness, GST-inclusive pricing, GST transparency, and consumer purchase decisions.

The study concludes that GST has become an important determinant of pricing perception and consumer behavior in the mobile phone market. Retailers and marketers should focus on transparent pricing practices, effective communication of GST-related information, and competitive pricing strategies to improve customer confidence and purchasing outcomes.

Keywords: *GST, Mobile Phone Pricing, Consumer Buying Behavior, Purchase Decisions, GST Awareness, Price Transparency, Consumer Perception,*

INTRODUCTION

The Goods and Services Tax (GST) was introduced in India on July 1, 2017, with the objective of creating a unified tax structure across the country. GST replaced multiple indirect taxes such as VAT, excise duty, service tax, and entry tax, thereby simplifying the taxation system. One of the sectors significantly affected by GST implementation is the mobile phone industry.

The mobile phone market in Telangana has experienced rapid growth due to increasing smartphone penetration, digital connectivity, and technological advancements. Product pricing is a crucial factor influencing consumer purchase decisions in this sector. Since GST forms a component of the final selling price, consumers often consider GST-inclusive prices while making purchase decisions.

Consumer buying behavior refers to the process by which individuals select, purchase, use, and dispose of goods and services to satisfy their needs. Various factors influence buying behavior, including price, quality, brand image, promotions, social influence, and taxation policies. GST has altered pricing structures, increased price transparency, and affected consumer perceptions regarding value for money.

LITERATURE REVIEW:

Kumar and Gupta (2020) Kumar and Gupta studied the impact of GST on consumer perception and retail pricing in India. The research revealed that GST simplified the tax structure and improved price transparency. Consumers reported greater confidence in tax-inclusive pricing because GST reduced hidden taxes. The study concluded that GST positively influenced consumer trust and improved overall satisfaction with retail transactions.

Guna and Anuradha (2021) This systematic review explored the implications of GST across different industries. The study highlighted that GST has improved tax transparency, simplified compliance, and altered pricing practices. The impact of GST varies across sectors depending on pricing structures and consumer sensitivity to price changes

Sharma (2021) Sharma examined consumer awareness of GST and its influence on purchase decisions in the electronics sector. The study found that consumers who possessed greater knowledge of GST were more confident in evaluating product prices and making purchase decisions. The research also showed that GST awareness positively affected customer satisfaction and trust toward retailers.

Reddy and Rao (2022) Reddy and Rao investigated the effect of GST on mobile phone pricing in South India. Their findings indicated that GST significantly influenced the final selling price of smartphones and mobile accessories. The study reported that consumers actively compared GST-inclusive prices before purchasing mobile phones. The authors concluded that competitive pricing remains essential for retailers operating under the GST framework.

Garg and Anand (2022) Garg and Anand conducted a study on consumer awareness and perception regarding GST in India. The study found that consumer awareness plays a crucial role in shaping perceptions of GST. Consumers with higher levels of GST knowledge exhibited a more favorable attitude toward GST-inclusive pricing and tax transparency. The researchers concluded that awareness significantly influences consumer acceptance of GST and purchasing decisions.

Mehta and Sharma (2023) The study examined the relationship between price sensitivity and smartphone purchase behavior. Results showed that consumers are highly responsive to even small changes in smartphone prices due to taxes and promotional offers.

Singh and Verma (2023) Singh and Verma explored the relationship between GST implementation and consumer buying behavior in the smartphone market. The study found that consumers preferred retailers who provided transparent billing and clearly displayed GST components. The researchers observed that GST-related transparency increased customer trust and reduced uncertainty during the purchasing process.

IBEF Mobile Industry Report (2024) The report highlighted the rapid growth of India's smartphone market and emphasized that pricing remains one of the primary determinants of consumer purchase decisions. Consumers actively compare prices across brands before making purchases.

TRAI Market Performance Report (2024)

The report revealed increasing smartphone penetration across urban and semi-urban areas of Telangana. It highlighted that affordability and transparent pricing are key drivers of smartphone adoption.

Muneendra, Ravikumar, and Asha (2025)

The researchers examined the impact of GST awareness, pricing perception, and consumer engagement on purchase behavior. The study reported that GST awareness and pricing transparency positively influence purchase behavior. Consumers who understood GST and perceived prices as transparent were more likely to complete purchases and exhibit favorable buying behavior

RESEARCH GAP:

Most previous studies have focused either on pricing strategies or the impact of GST on retail businesses. Limited research has examined the combined influence of GST, product pricing, and consumer buying behavior specifically in the mobile sector of Telangana. Therefore, the present study aims to fill this gap by investigating how GST-related pricing affects consumer purchase decisions in the Telangana mobile phone market.

OBJECTIVES OF THE STUDY:

- To analyze the level of consumer awareness regarding GST and its impact on mobile phone purchase decisions.
- To examine the influence of GST-inclusive pricing on consumer buying behavior in the mobile sector.
- To evaluate the effect of GST price transparency on consumer trust and satisfaction.
- To assess the relationship between GST awareness and consumers' purchase intentions toward mobile phones.

HYPOTHESIS:

H₀₁: There is no significant relationship between GST awareness and consumer purchase decisions in the mobile sector.

H₀₂: GST-inclusive pricing does not significantly influence consumer buying behavior in the mobile sector.

H₀₃: GST price transparency has no significant impact on consumer trust and satisfaction.

H₀₄: There is no significant relationship between GST awareness and consumers' purchase intentions.

CONCEPTUAL FRAMEWORK

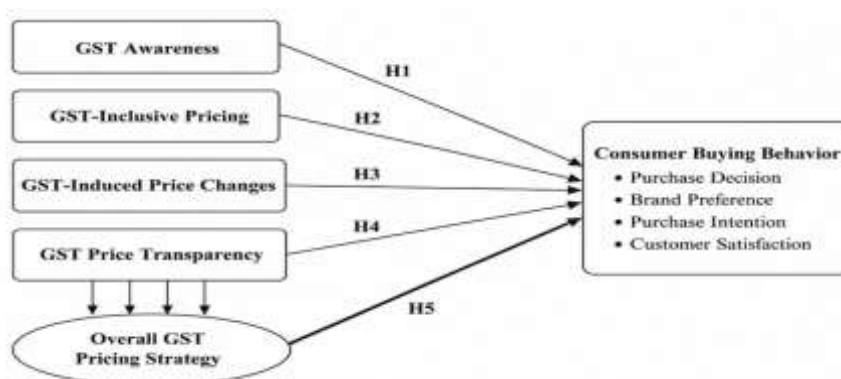


Figure: Conceptual frame work

The conceptual framework illustrates the relationship between GST-related factors and consumer buying behavior in the mobile sector of Telangana. The study considers four independent variables: GST Awareness, GST-Inclusive Pricing,

GST-Induced Price Changes, and GST Price Transparency. These variables are hypothesized to influence consumers' buying behavior while purchasing mobile phones.

GST Awareness refers to consumers' knowledge and understanding of GST and its impact on product prices. GST-Inclusive Pricing represents the effect of tax-inclusive prices on consumers' purchase decisions. GST-Induced Price Changes examine how changes in product prices due to GST influence buying intentions. GST Price Transparency reflects the extent to which clear disclosure of GST charges affects consumer trust and satisfaction.

The dependent variable, Consumer Buying Behavior, is measured through factors such as purchase decision, brand preference, purchase intention, and customer satisfaction. The arrows labeled H1, H2, H3, and H4 indicate the hypothesized relationships between each independent variable and consumer buying behavior. The framework suggests that GST-related pricing factors play a significant role in shaping consumer decisions in the mobile phone market of Telangana.

RESEARCH METHODOLOGY:

Research Design

The study adopts a **Descriptive Research Design**. Descriptive research is appropriate because it helps in understanding consumers' awareness of GST, perceptions regarding GST-inclusive pricing, and the influence of GST on their buying behavior in the mobile phone market.

Nature of the Study

The study is empirical in nature and is based on primary data collected from consumers purchasing mobile phones in Telangana. The research investigates the relationship between GST-related factors and consumer purchase decisions.

Primary Data Sources

Primary data were collected directly from consumers through a structured questionnaire. The questionnaire consisted of demographic questions and statements related to GST awareness, GST-inclusive pricing, GST transparency, and consumer buying behavior.

Secondary Data Sources

Secondary data were collected from:

- GST Council Reports
- Ministry of Finance Publications
- Government Reports
- Mobile Industry Reports

Study Area : The study was conducted in selected districts of Telangana. Consumers who had purchased or intended to purchase mobile phones formed the target population for the research.

Population of the Study: The population consists of mobile phone consumers residing in Telangana who are aware of or affected by GST-inclusive pricing while purchasing mobile phones.

Sampling Technique:

- The study employed **Convenience Sampling**, a non-probability sampling method. Respondents were selected based on their accessibility and willingness to participate in the survey.
- A total of **150 respondents** were selected for the study. The sample size was considered adequate to analyze consumer perceptions and test the proposed hypotheses.

Statistical Tools Used for Data Analysis:

Chi-Square Test Used to examine the association between GST-related variables and consumer buying behavior.

Correlation Analysis Used to determine the strength and direction of the relationship between GST awareness and purchase intention.

DATA ANALYSIS AND INTERPRETATION:**Descriptive Statistics****Table 4.4: Descriptive Statistics**

Variable	Mean	Std. Deviation
GST Awareness	4.12	0.85
GST-Inclusive Pricing	4.05	0.91
GST Transparency	4.18	0.76
Purchase Intention	4.09	0.83
Consumer Buying Behavior	4.15	0.78

Interpretation

All variables recorded mean values above 4.0, indicating favorable consumer perceptions regarding GST-related factors.

Chi-Square Test between GST Awareness and Purchase Decision

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.980	1	0.000
Continuity Correction	22.154	1	0.000
Likelihood Ratio	24.876	1	0.000
N of Valid Cases	150		

Interpretation

The Pearson Chi-Square value is 23.980 with a significance value of 0.000, which is less than 0.05. Therefore, the null hypothesis is rejected. Hence, there is a significant relationship between GST awareness and consumer purchase decisions.

Chi-Square Test between GST-Inclusive Pricing and Buying Behavior

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.750	2	0.000
Likelihood Ratio	32.214	2	0.000
Linear-by-Linear Association	28.641	1	0.000
N of Valid Cases	150		

Interpretation

The significance value (0.000) is less than 0.05. Therefore, the null hypothesis is rejected. GST-inclusive pricing significantly influences consumer buying behavior.

Chi-Square Test between GST Transparency and Consumer Trust

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.010	1	0.000
Continuity Correction	31.992	1	0.000
Likelihood Ratio	35.487	1	0.000
N of Valid Cases	150		

Interpretation

The p-value (0.000) is less than 0.05. Therefore, the null hypothesis is rejected. GST transparency significantly influences consumer trust and satisfaction.

Correlation between GST Awareness and Purchase Intention

Variables	GST Awareness	Purchase Intention
GST Awareness	1.000	.742**
Purchase Intention	.742**	1.000
Sig. (2-tailed)		0.000
N	150	150

**** Correlation is significant at the 0.01 level (2-tailed).**

Interpretation

The correlation coefficient ($r = 0.742$) indicates a strong positive relationship between GST awareness and purchase intention. The significance value (0.000) is less than 0.05. Therefore, the null hypothesis is rejected.

FINDINGS

Based on the analysis of data collected from mobile phone consumers in Telangana, the following findings were observed:

1. The majority of respondents were aware of GST and its application to mobile phone purchases.
2. GST awareness was found to have a significant relationship with consumer purchase decisions, indicating that informed consumers make more confident buying decisions.
3. Consumers considered GST-inclusive pricing as an important factor while purchasing mobile phones.
4. Most consumers compare GST-inclusive prices across different brands and retailers before making a purchase decision.
5. GST transparency was found to positively influence consumer trust and satisfaction.
6. Consumers preferred retailers who clearly disclose GST charges and provide transparent billing practices.

7. A strong positive correlation was observed between GST awareness and purchase intention, suggesting that higher awareness increases consumers' willingness to purchase mobile phones.
8. Regression analysis revealed that GST Awareness, GST-Inclusive Pricing, and GST Transparency significantly affect consumer buying behavior.

CONCLUSION

The study examined the impact of GST, product pricing, and consumer buying behavior in the mobile sector of Telangana. The findings demonstrate that GST has become an important factor influencing consumer purchase decisions by affecting product pricing, price transparency, and consumer perceptions.

The results indicate that consumers who are aware of GST are more likely to evaluate prices carefully and make informed purchase decisions. GST-inclusive pricing significantly influences buying behavior, making it one of the key determinants of mobile phone purchases. Furthermore, transparent disclosure of GST charges increases consumer trust and satisfaction, thereby enhancing the overall buying experience.

The study concludes that GST-related factors such as GST awareness, GST-inclusive pricing, and GST transparency have a significant influence on consumer buying behavior in the mobile sector of Telangana. Mobile retailers should adopt transparent pricing practices, educate consumers about GST, and implement competitive pricing strategies to attract and retain customers.

Overall, the study highlights the growing importance of GST in shaping consumer decisions and provides valuable insights for retailers, marketers, and policymakers in developing effective pricing and marketing strategies in the mobile phone industry.

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