A PROJECT REPORT ON

“A STUDY ON CONSUMER PERCEPTION OF GST ON IMPLEMENTATION OF FMCG”

A Project Submitted to

University of Mumbai for Partial Completion of the Degree

of Bachelor in Commerce (Accounting and finance)

Under the Faculty of Commerce

By

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Mohanlal Raichand Mehta College of Commerce

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Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

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CERTIFICATE

This is to certify that **MS. SARIKA DATTATRAYA KUMBHAR** has worked and duly completed her Project work for the degree of Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of **Accounting and Finance** and her project is entitled, **"A STUDY ON CONSUMER PERCEPTION OF GST ON IMPLEMENTATION OF FMCG"**. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is her own work and fact reported by her personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION

I the undersigned **MS. SARIKA DATTATRAYA KUMBHAR** here by, declare that the work embodied in this project work titled **"A STUDY ON CONSUMER PERCEPTION OF GST ON IMPLEMENTATION OF FMCG"** forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Name and signature of the learner

MS. Sarika D. Kumhar

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

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CHAPTER: 1

INTRODUCTION ON GST

1.1 Introduction on GST

The Goods and Services tax (GST) is the biggest and substantial indirect tax reform since 1947. The main idea if GST is to replace existing taxes like value-added tax, exciseduty, service tax and sales tax. GST as it is known is all set to be a game changer for the Indian economy. India as world's one of the biggest democratic countries follow the federal tax system for levy and collection of various taxes. Different types of indirect taxes are levied and collected at different point in the supply chain. The Centre and the states are empoweredto levy respective taxes as per the Constitution of India. The Value Added Tax (VAT) when introduced was a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level. Now the Goods and Services Tax (GST) will be a further significance breakthrough- the next logical step- towards a comprehensive indirect tax reform in the country.

GST is most ambitious and remarkable indirect tax reform in India's post-Independence history. Its objective is to levy a single national uniform tax across India on all goods and services. GST has replaced several Central and State taxes, made India more of a national efficiency, it can add substantially to growth as well as government finances. Implementing a new tax, encompassing both goods and services, by the Centre and the States in a large and complex federal system, is perhaps unprecedented in modern global tax history.

GST is a tax on goods and services with comprehensive and continuous chain of set-off benefits up to the retailer level. It is essentially a tax only on value addition at each stage, and a supplier at each stage is permitted to set-off, through a tax credit mechanism, the GST paid on the purchase of goods and services. Ultimately, the burden of GST is borne by the end-user (i.e., Final consumer) of the commodity/service. With the introduction of GST, a continuous chain of se-off from the original producer's point and service provider's point up to the retailer's level has been established, eliminating the burden of all cascading or pyramiding effects of an indirect tax system. This is the essence of GST. GST taxes only the final consumer. Hence the cascading of taxes (tax-on-tax) is avoided and production costs are cut down.

Presently, services sector in India constitutes a tax base with vast potential which has not been exploited yet. It is in the context that GST is justified as it has subsumed under it almost all the services for the purpose of taxation. Since major Central and State indirect taxes have got subsumed under GST, the multiplicity of taxes has been substantially reduced which, in turn, would decrease the operating costs of the country's tax system. The uniformity in tax rates and procedures across the country will go a long way in reducing compliance costs.

In a nutshell, GST is a comprehensive indirect tax levy on manufacturers, sale and consumption of goods as well as services at the national level. GST is an indirect tax for the whole of India to make it one unified common market. GST is designed to give India a world class tax system and improve tax collection. It would end the long-standing distortions of differential treatment of manufacturing sector and services sector. GST will facilitate seamless credit across the entire supply chain and across all States under a common tax base.

Under the GST system, goods and services are categorized into different tax slabs, namely 5%, 12%, 18%, and 28%, with some essential items attracting a lower rate of 0% or exempted from tax. Additionally, there is a separate category for certain goods and services known as the cess category, which is levied to fund specific purposes such as healthcare and education.

GST has several benefits, including the elimination of multiple taxes, the simplification of tax compliance procedures, the reduction of tax evasion, and the creation of a common national market. It also aims to boost economic growth, improve tax buoyancy, and enhance the ease of doing business in India.

1.2 Evolution of GST in India

In 2000, the Vajpayee Government started discussion on GST by setting up an Empowered Committee, headed by Asim Dasgupta (West Bengal Finance Minister) to design the GST model. Thereafter, the Task Force on Implementation of the Fiscal Responsibility and Budget Management Act,2003 (Chairman: Vijay Kelkar) recommended the removal ofall the inefficient and distortionary taxes so that India obtains the efficiencies of a single national tax, and suggested a comprehensive GST based on VAT principle. The idea of moving towards a GST was proposed in 2005 by the then Union Finance Minister, Chidambaram in his budget speech for the year 2005-06 where he observed that the entire production-distribution chain should be covered by a goods and services tax that encompassesboth the Centre and the States. He reiterated his idea in 2006-07 budget speech and proposed April 1, 2010 as the date for introducing GST. Towards this objective, an EmpoweredCommittee (EC) of State Finance Minister was to work with the Central Government to prepare a roadmap for introduction of GST. The final version of the report of EC was presented in the form of 'A Model and Roadmap for Goods and Services Tax in India' on April 30, 2008.

After receiving comments on the report from Government of India and concerned officials of the State Governments and considering their recommendations, the EC released the First Discussion paper on Goods and Services Tax in India on November10, 2009 to obtain the inputs of industry, trade bodies, and people at large. On 22nd March,2011 the Constitution (115th Amendment) Bill was introduced in the Lok Sabha to operationalize the GST and enable Centre and States to make after, on 19th December,2014 the Constitutional (122nd Amendment) Bill, 2014 was introduced in the Lok Sabha to address various issues related to GST. It is not noteworthy that the introduction of GST required a Constitutional amendment as the Constitution did not vest express power either in the Central Government or State Government to levy tax on the 'supply of goods and services. While the Centre was empowered to tax services and goods up to the production stage, the States had the power to tax sale of goods. Since the GST regime requires goods and services to be simultaneously taxed by both the Central and State Government, a Constitutional amendment was needed. The Constitution (122nd Amendment) Bill, 2014 was passed by the Lok Sabha on 6th May, 2015 after which the Rajya Sabha passed the Bill with 9 amendments on 3rd August, 2016. The Lok Sabha then passed the modified Bill on 8th August, 2016. After gettingapproval of half of the States, it was sent to the President for his assent which was given on 8thSeptember, 2016. Thus, the road to GST rollout was cleared and the process of enactment wascompleted.

1.3 IMPLEMENTATION OF GST

The GST was launched at midnight on 1 July 2017 by the President of India, and the Government of India. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead for the middle- and lower-class Indians. The tax was strongly opposed by the largest opposition party, the Indian National Congress. It is one of the few midnight sessions that have been held by the parliament - the others being the declaration of India's independence on 15 August 1947, and the silver and golden jubilees of that occasion. After its launch, the GST rates have been modified multiple times, the latest being on 10 May 2023 where taxpayer with over ₹5 crore turnover in any financial year from 2017 to 2018 shall issue e-invoices w.e.f. 1 August 2023.

Members of the Congress boycotted the GST launch altogether. They were joined by members of the Trinamool Congress, Communist Parties of India and the DMK. The parties reported that they found virtually no difference between the GST and the existing taxation system, claiming that the government was trying to merely rebrand the current taxation system. They also argued that the GST would increase existing rates on common daily goods while reducing rates on luxury items, and affect many Indians adversely, especially the middle, lower middle- and poorer-income groups.

1.4 Types of GST

1) State Goods and Services Tax (SGST)

The State Goods and Services Tax or SGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. In the case of an intrastate supply of goods and services, both State GST and Central GST are levied. However, the State GST or SGST islevied by the state on the goods and services that are purchased or sold within the state. It is governed by the SGST Act. The revenue earned through SGST is solely claimed by the respective state government. For instance, if a trader from West-Bengal has sold goods to consumer in West Bengal worth Rs. 5000, then the GST is applicable on the transaction will be partly CGST and SGST. If the rate of GST charged is 18%, it will be divided equally in theform of 9% CGST and 9% SGST. The total amount to be charged by the trader, in this case, will be Rs.5900. Out of the revenue earned from GST under the head of SGST i.e., Rs.450, will go to the West Bengal state government in the form of SGST.

2) Central Goods and Services Tax (CGST)

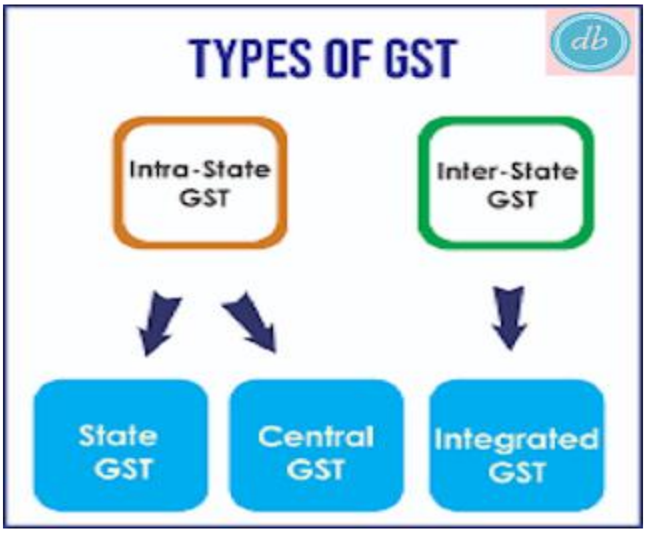
Just like State GST, the Central Goods and Services Tax or CGST is a tax under the GST regime that is applicable on intrastate (within the same state) transactions. The CGST is governed by the CGST Act. The revenue earned from CGST is collected by the Central Government. As mentioned in the above instance, if a trader from West Bengal has sold goods to a consumer in West Bengal worth Rs. 5000, then the GST applicable on thetransaction will be partly CGST and partly SGST. If the rate of GST charged is 18%, it will be divided equally in the form of 9% CGST and 9% SGST. The total amount to be charged bythe trader, in this case, will be Rs. 5,900. Out of the revenue earned from GST under the head of CGST, i.e., Rs.450, will go to the Central Government in the form of CGST. Businesses registered under GST are required to file regular returns and pay CGST on their taxable supplies. Compliance with CGST regulations is essential to avoid penalties and legal consequences. Businesses whose turnover exceeds the threshold limit specified under GST are required to register for CGST. Registration enables businesses to collect CGST on them supplies and input tax credit.

3) Integrated Goods and Services Tax (IGST)

The Integrated Goods and Services Tax or IGST is a tax under the GST regime that is applied on the interstate (between 2 states) supply of goods and services as well as on imports and exports. The IGST is governed by the IGST Act. Under IGST, the body responsible for collecting the taxes is the Central Government. After the collection of taxes, it is further divided among the respective states by the Central Government. For instance, if a trader from West Bengal has sold goods to a customer in Karnataka worth Rs. 5000, then IGST will be applicable as the transaction is an interstate transaction. If the rate of GST charged on the goods is 18%, the trader will charge Rs. 5,900 for the goods. The IGST collected Rs. 900, which will be going to the Central Government.

4) Union Territory Goods and Services Tax (UTGST)

The Union Territory Goods and Services Tax or UTGST is the counterpart of State Goods and Services Tax (SGST) which is levied on the supply of goods and services in the Union Territories (UTs) of India. The UTGST is applicable on the supply pf goods and services in Andaman and Nicobar Islands, Chandigarh, Daman Diu, Dadra and Nagar Haveli, and Lakshadweep. The UTGST is governed by the UTGST Act. The revenue earned from UTGST is collected by the Union Territory government. The UTGST is a replacement of the SGST in Union Territories. Thus, the UTGST will be levied in addition to the CGST in UnionTerritories.



1.5 OBJECTIVES OF GST

1.Simplification of Tax Structure: One of the main objectives of GST is to simplify the complex and multi-layered indirect tax structure in India. By replacing multiple central and state taxes with a single tax, GST aims to streamline the tax system and make it more efficient.

2. Uniformity and Harmonization: GST aims to create a uniform tax structure across the country by integrating various central and state taxes. This promotes harmonization of tax rates and procedures, leading to a common national market.

3. Elimination of Cascading Effect: GST is designed to eliminate the cascading effect of taxes, also known as tax on tax. By allowing input tax credit across the supply chain, businesses can claim credit for taxes paid on inputs, thereby reducing the overall tax burden.

4. Boost to Economic Growth: GST is expected to boost economic growth by promoting ease of doing business, increasing tax compliance, and reducing tax evasion. A simplified tax structure can attract investment, spur economic activity, and contribute to GDP growth.

5. Creation of a Common National Market: GST aims to create a common national market by removing barriers to interstate trade and promoting the free flow of goods and services across states. This can lead to greater efficiency in the movement of goods and services.

6. Transparency and Compliance: GST promotes transparency in the tax system by digitizing tax processes, improving tax compliance, and reducing opportunities for tax evasion. It aims to create a more efficient and accountable tax administration system.

7. Consumer Benefit: The implementation of GST is expected to benefit consumers by reducing the overall tax burden on goods and services. With a more simplified tax structure, prices of goods and services are expected to be more competitive and transparent.

8. Unified National Market: GST aims to create a unified national market by eliminating tax barriers between states. This promotes seamless interstate trade, reduces logistics costs, and fosters economic integration across the country.

1.6 KEY FEATURES OF GST

1. Dual Goods and Service Tax: CGST and SGST.
2. Destinations – Based Consumption Tax: GST will be a destination- based tax. This Implies that all SGST collected will ordinarily accrue to the State where the consumer of the goods or services sold resides.
3. Computation of GST based on invoice credit method; the liability under the GST will be invoice credit method 1.e convert credit will be allowed in the basis of invoice issued by the suppliers.
4. Payment of GST; The CGST and SGCT are to be paid to the accounts of the Central and State respectively.
5. Goods and Services Tax Network (GSTN): A not-for-profit, Non-Government Company calledGoods and Services Tax Network (GSTN), jointly set up by the Central and State Governments will provide stared IT infrastructures and services to the Central and State Governments, tax payers and other stakeholders.
6. GST on Imports: Centre will levy IGST on Inter- State supply of goods and services. Import of gods will be subject to basic customs duty and IGST.
7. Maintenance of Records: A taxpayer or exporter would have to maintain separate details in books of accounts for Av ailment, utilization, or refund of Input Tax Credit of CGST, SGST and IGST.
8. Administration of GST: Administration of GST will be the responsibility of the GST Council, which will be the apex policy making body of the GST. Members of GST Council comprised of the Central and State ministers in charge of the finance portfolio.
9. Goods and Service Tax Council: The GST Council will be a joint forum of the Centre and the States. The Council will make recommendations to the Union and the States on important issues like tax rates, exemption list, threshold limits, etc. One-half of the total number of Members of the Council will constitute the quorum of GST council.

1.7 ADVANTAGE OF GST

1. Simplified Tax Structure: GST replaces multiple indirect taxes with a single tax, streamlining the tax structure and making compliance easier for businesses. This simplification reduces the tax burden on taxpayers and promotes ease of doing business.

2. elimination of cascading effect: GST allows for the seamless flow of input tax credit across the supply chain, eliminating the cascading effect of taxes. This ensures that taxes are levied only on the value addition at each stage, reducing overall tax costs.

3. Uniform Tax Regime: GST creates a uniform tax regime across the country by standardizing tax rates and procedures. This promotes a common national market, reduces tax arbitrage, and fosters economic integration between states.

4.Boost to Economic Growth: By promoting efficiency, reducing tax evasion, and enhancing tax compliance, GST is expected to boost economic growth. It attracts investment, stimulates entrepreneurship, and contributes to GDP growth.

5. Transparency and Accountability: GST promotes transparency in the tax system through digitization and automation of tax processes. This enhances tax compliance, reduces opportunities for tax evasion, and creates a more accountable tax administration.

6. Ease of Doing Business: GST simplifies the tax compliance process for businesses by providing a single online platform for registration, filing returns, and claiming input tax credit. This reduces paperwork, compliance costs, and administrative burden.

7. Reduced Tax Burden: GST is designed to reduce the overall tax burden on goods and services by rationalizing tax rates and eliminating hidden taxes. This can lead to lower prices for consumers and increased purchasing power.

8. Improved Logistics Efficiency: GST eliminates interstate barriers to trade, reducing logistics costs and transit times. This leads to improved supply chain efficiency, lower transportation costs, and enhanced competitiveness for businesses.

9. Benefit to Small Businesses: GST benefits small businesses by providing a threshold for registration and simplifying compliance procedures. It levels the playing field for small enterprises and promotes their growth in the formal economy.

1.8 DISADVANTAGE OF GST

1. Initial Implementation Challenges: The transition to GST can be complex and challenging for businesses, especially small and medium enterprises (SMEs). Adapting to new tax laws, systems, and compliance requirements may require time, resources, and expertise.

2. Increased Compliance Burden: GST compliance involves filing multiple returns, maintaining detailed records, and ensuring accuracy in tax calculations. This can increase the compliance burden on businesses, particularly those operating in multiple states or sectors.

3. Impact on Cash Flow: Under the GST system, businesses need to pay taxes on the supply of goods and services upfront and then claim input tax credit. This may affect cash flow, especially for businesses with long credit cycles or working capital constraints.

4. Technology Requirements: GST compliance relies heavily on digital platforms for registration, return filing, and invoice matching. Businesses without access to technology or reliable internet connectivity may face challenges in meeting compliance requirements.

5. Complex Tax Structure: Despite aiming to simplify the tax system, GST has multiple tax rates, exemptions, and classification issues. This complexity can lead to confusion, disputes, and interpretation challenges for businesses and tax authorities.

6. Impact on Prices: The impact of GST on prices of goods and services can vary, depending on the tax rates and input credit availability. Some sectors may experience price hikes post-GST implementation, affecting consumer purchasing power.

7. Transition Issues: Transitioning from the previous tax regime to GST may result in inventory valuation challenges, stranded taxes, and transitional credit issues. Businesses may face uncertainties and financial implications during the transition period.

8. Compliance Costs: Businesses need to invest in training, software, and resources to ensure GST compliance. The additional compliance costs, including hiring tax professionals and upgrading systems, can be a burden for smaller businesses.

9. Tax Evasion and Fraud: Despite efforts to enhance tax compliance, GST systems may be vulnerable to tax evasion, fraud, and input tax credit misuse. Tax authorities need to strengthen enforcement mechanisms to prevent tax fraud in the GST regime.

10. Sectoral Impacts: Different sectors may be impacted differently by GST, based on their tax rates, exemptions, and input credit eligibility. Some sectors may face challenges in adjusting to the new tax regime and managing their business operations effectively.

1.9 INTRODUCTION OF FAST-MOVING CONSUMER GOODS (FMCG)

Consumer Packaged Goods (CPG) is another term for fast moving consumer goods (FMCG). This category includes all consumable things that consumers buy on a regular basis. Shampoos, hair oils, bathing soaps, toothpaste, cosmetics, and other common natural organic items use ordinary consumable products. The subjective (individual) tastes of distinct bundles of products, as assessed by utility, are defined as consumer buying behavior. They allow customers to rank these bundles of items according to the amount of utility they provide.

FMCG products are distributed through a vast network of channels including supermarkets, convenience stores, online retailers, pharmacies, and traditional grocers. Efficient distribution and supply chain management are crucial for ensuring the availability of these products to consumers.

Brands play a significant role in the FMCG sector, with consumers often exhibiting brand loyalty for their preferred products. Marketing strategies, product quality, and brand reputation are key factors that influence consumer preferences in the FMCG market. GST empowers consumers by providing transparency in tax rates and reducing the tax burden on goods and services. This leads to better-informed purchasing decision and improve welfare.

FMCG products are typically priced affordably to cater to the mass market. The low price point makes these products accessible to a wide range of consumers and contributes to their high sales volume. FMCG companies invest heavily in promotions, advertising, and marketing campaigns to create brand awareness, drive sales, and attract consumers. Effective marketing strategies are essential in a competitive market where brand visibility is crucial.

Some FMCG products may exhibit seasonal variations in demand based on factors such as weather, holidays, festivals, and consumer preferences. Companies need to adapt their marketing and distribution strategies to cater to these seasonal fluctuations.

These are measured in terms of the consumer's level of pleasure after consuming various combinations or bundles of commodities after GST. The goal of the consumer is to select the package of goods that delivers the highest level of satisfaction, as defined by the consumer. Consumers, on the other hand, are severely limited in their options. The

Consumer's income and the prices he or she pays for goods after GST define these limits. We will formally introduce the consumer choice model. FMCG companies need to adhere to regulatory standards and quality requirements set by government authorities to ensure the safety and quality of their products. Compliance with labeling, packaging, and food safety regulations is essential in the FMCG sector.

Fast-moving consumer goods (FMCG) sector is the 4th largest sector in the Indian economy. This includes manufacturing and selling of food products, households, and personal care products. Together FMCG companies are generating remarkable employment in the economy. The Indian FMCG sector has strong presences of leading multinational companies and unorganized players with well distribution system with lowest operational cost. Thegrowth of FMCG sector products is extensive in India as it has captured most urbanized population and at the same time reached to the interior rural areas. Looking at the growth and development of this sector, Indian governments have put special measures to regulate FMCG sector including the FMCG sector including the FMCG market. Some recent measures are consumer protection bill, food safety bill, FDI in 100% in retail, etc. These measures havewell accepted and so far, shown some positive impact on the growth of FMCG sector. But the recent introduction of Goods and Service Tax (GST) has got an unexpected reaction from the sector.

Although customary and widely used, the term "fast-moving consumer goods" (FMCG) lacks a clear definition and a regularly used in India to refer to ordinary products. In general, though, the word refers to things that move quickly and are used directly by the consumer. As a result, there is a major discussed between the term's widespread use and its conceptual meaning.

FMCGs are critical to the industry since they account for the majority of customer demand and, as result, expenditure. This is true for every lone state on the planet. The retail and wholesale sectors of the market are the target sector for FMCG. This is due the fact that FMCG is always a necessary commodity for customers. As a result, the primary responsibilityof FMCG in the market is to ensure that the supply of FMCG remains consistent.

1.10HISTORY OF FMCG

In India, companies like ITC, HLL, Colgate, Cadbury and Nestle have been a dominant force in the FMCG sector well supported by relatively less competition and high entry barriers (import duty was high). These companies were, therefore, able to charge a premium for their products. In this context, the margins were also on the higher side. With the gradual opening up of the economy over the last decade, FMCG companies have been forced to fight for a market share. In the process, margins have been compromised, more so in the last six years (FMCG sector witnessed decline in demand).

1.11 OVERVIEW OF FMCG SECTOR IN INDIA

Overview of FMCG sector in India Indian Consumer Goods Industry has an extensive history since time immemorial. The historic evidences (Ibn Batuat's, 14th century Moorish travelers Account) shown that consumer goods industry (Nomenclature was not specified during this periods) has been flourishing in India Right from ancient times till the establishment of the British Empire. During the 13th to the early 16th century's royalty and the nobility were extensively engaged in used of fast-moving consumer goods such as wines, dry fruits, scented oils, perfumes and velvets, Skin care products. The consumer articles of everyday use as well as luxury articles were exported to Syria, Arabia and Persia from Bengal and Cambay. These included sugar, indigo, oils, sandalwood, spices, and coconuts. As a matter of fact, during these periods the organized marketing was in vogue and this has been portrayed from the records of Aladdin Khilji a 14th century Sultan/ King, who used to control the various activity at the market place and one such activity was fixing price of the products by the kingdom. However, the emergence of the British East India Company in the midth of 18th century brought drastic changes in Indian mercantile community and so in Indian consumer markets. In order to disrupt the Indian mercantile activities, the Company imposed heavy duties on both imports and exports and even on local trading. The Company increasingly monopolized the trade in India. This lames the indigenous manufactures and negatively affected the Indian traders10. With the passes of time the situation of indigenous consumer goods industries improves in various parts of India but not up to the mark. It starts to reshape only after independence, when era of planned economy began. By and large Indian Fast Moving Consumer Goods (FMCG) industries switch on to operate clearly and significantly since last

• Price fifty years. As India is highly populated nation in the world, it has a great potential for the FMCG market. But FMCG industry experienced very less investment from the periods 1950 to 1975, due to low purchasing power and the government's focus on heavy & small-scale industries. Hence the periods from 1950 to 1975 treated as Jaded Stage of Indian FMCG industry. However, in the industrial policy statement of 1977 & 1980 government emphasized on maximization of production of consumer goods and consumer protection against the high price. During this period foreign investment was allowed in specific area11. Thus, government's relaxation norms turned panacea for FMCG industries in India and the FMCG sector prominently started to drop out old skin and began the economies of scale in order to make FMCG products more affordable. That time notable organized MNC who had its manufacturing base in India was Hindustan Lever Limited (HLL).

Initially the concentration of the FMCG industries was only in urban area. However, the scene of Indian FMCG dramatically changed when 'Nirma' made its landmark entry in Indian market.

The company started to produce product like detergent at a price affordable to lower class of the society. Thus, Nirma unmasked the latent potential of rural consumer and became a great success story and open the new horizon for FMCG in India with great penetration. As a result, in India soaps and detergents have almost 90% penetration12. Thus, the period since 1975 to 1990 was the stage of market Consolidation of Indian FMCG industry in Rural Area.

Since globalization in 1991, Indian FMCG sector with considerable market size became the fourth largest sector of the Indian economy and has turned the key sector in terms of employment

generation. FMCG market in India has been classified into organized and unorganized sector with dominance of rural market. Further it has been fragmented in to small and tiny retail who sell unbranded, unpackaged home-made products. This offers the opportunity for organized retailer with branded products to exploit the untapped consumer.

1.12 INDIAN FMCG SECTOR AFTER GLOBALIZATION

Globalization has had a profound impact on the Fast-Moving Consumer Goods (FMCG) sector in India, transforming the industry landscape and reshaping market dynamics in significant ways. The Indian FMCG sector has experienced both opportunities and challenges following globalization, with increased competition, market liberalization, technological advancements, and changing consumer preferences driving the evolution of the industry. Here are some key developments in the Indian FMCG sector after globalization:

1. Market Liberalization and Entry of Multinational Companies: Globalization opened up the Indian economy to foreign investments and trade, leading to the entry of multinational FMCG companies into the market. International brands such as Nestle, Procter & Gamble, Unilever, Coca-Cola, PepsiCo, and others expanded their presence in India, introducing a wide range of products and leveraging their global expertise to cater to the diverse consumer base.

2. Product Innovation and Diversification: Globalization brought in new technologies, best practices, and product innovations to the Indian FMCG sector. Companies started focusing on research and development, introducing innovative products, and diversifying their product portfolios to meet the evolving needs and preferences of Indian consumers.

3. Marketing and Branding Strategies: Global FMCG companies introduced sophisticated marketing and branding strategies in India, leveraging their global experience to create strong brand identities, engage with consumers through digital platforms, and differentiate their products in a competitive market environment. Advertising campaigns, product promotions, and celebrity endorsements became common strategies to capture consumer attention and drive sales.

4. Supply Chain Efficiency and Distribution Networks: Globalization facilitated the adoption of advanced supply chain management practices and distribution networks in the Indian FMCG sector. Companies invested in logistics, warehousing, and transportation systems to ensure efficient delivery of products to various regions across the country, improving accessibility and availability for consumers.

5. Retail Modernization and E-Commerce: Globalization accelerated the modernization of retail formats in India, with the emergence of hypermarkets, supermarkets, convenience stores, and online platforms. E-commerce platforms played a significant role in expanding the reach of FMCG products, enabling direct-to-consumer sales, personalized marketing, and seamless shopping experiences for customers.

6. Competition and Market Consolidation: Globalization led to increased competition in the Indian FMCG sector, with both domestic and international players vying for market share. This competitive environment spurred mergers, acquisitions, and strategic partnerships among FMCG companies to strengthen their market position, expand their product offerings, and achieve economies of scale.

Overall, globalization has transformed the Indian FMCG sector into a dynamic and competitive industry, driving innovation, efficiency, and consumer-centric strategies. The sector continues to evolve in response to changing market trends, technological disruptions, and global influences, positioning itself for sustained growth and success in the interconnected world economy.

❖ THE FACTORS WHICH CUSTOMER FOCUSES WHILE PURCHASING FMCG PRODUCTS ARE

- Availability
- Brand name
- Quantity
- Quality
- Packing
- Advertisement
- Reference

1.13 TYPES OF FMCG PRODUCT

Fast-moving consumer products, as defined above, are nondurable goods with a short lifespan that are consumed at a rapid fast rate. They are usually broken up into different types depending on the industry they are sold in

- **Food and Beverage**

Food and Beverage products are usually fall into the FMCG category due to their short life span and high turnover rates. Types of food and beverage products that are usually classed as FMCGs include but are not limited to:

Processed food, such as bread, pasta, and potato chips.Ready to eat food, such as packets of nuts or crisps.

Beverages, such as bottled water, coffee cups and cans of soda

- **Personal Care Products:**

Personal care products, such as shampoo and toothpaste, can also be classed as FMCGs because they are need frequently by most consumers, usually bought at a low cost, and not built to last. These include lotions, hair dyes, lipsticks, cosmetics, deodorants, bath soap, dental care products, etc.

- **Healthcare Products**

Healthcare products are also classed as FMCGs because they are usually highly demanded, not built to last and very distributed. These include products like plasters, bandages, syringes, etc.

- **Home care products**

Products that are used for household purposes also fall into this category because they are usually standardized, low durability goods that are highly distributed and sold at a usually low unit price. They include cleaning products kitchen towels, toilet rolls, bleach, dusters etc.

FMCGs are classified into various categories:

Processed foods: Cereals, Cheese products, and boxed pasta

Prepared meal: Ready-to-eat meals

Beverage: Energy drinks, Bottled water, and Juices

Baked goods: Croissants, Cookies, and bagels

Fresh, and dry good: Fruits, frozen peas, vegetables, raisins, and nuts

Medicine: Aspirin, pain relievers, and other medication that can be purchased without a prescription

Cleaning products: baking soda, oven cleaner, and window and glass cleaner

Cosmetics and Toiletries: Toothpaste, Hair care products, soap, and concealers

Office supplies: Pencils, Pens, and markers

1.14 CHARACTERISTICS OF FMCGS

There are some key characteristics that define FMCGs products and separate them from othertypes of products. These are

FROM THE CONSUMER PERSPECTIVE:

- **Highly availability**

FMCGs products are usually widely available and sold in several stores and supermarkets worldwide. This allows consumers to purchase these products are easily without too much trouble.

- **Purchased frequently**

FMCGs include products that consumer frequently require, usually daily or near-daily. For example, breads and coffee are generally bought at least once a week.

- **Low buying effort**

  FMCGs are usually low effort purchases for the consumer. For example, with shampoo, most people know that they prefer a particular brand or type without testing it. This means that want to buy it straight away.

- **Low cost**

  FMCGs are usually inexpensive compared to other products on the market, therefore taking up a smaller proportion of consumer’s income.

- **Rapid consumption:**

  The time between buying the product and consuming it is very short, often only several hours.For example, a loaf of bread might be purchased in the lunchtime that same day.

FROM THE RETAILER PERSPECTIVE:

- **High turnover rate**

  FMCG sales are higher than other product type’s sales as they are purchased frequently by consumer. This means that retailers can keep inventory for these products for shorter periods of time, which ultimately reduce costs.

- **Highly distributed**

  Since these goods have demand and low cost, they usually need to be widely available and distributed across different locations and regions. For instance. There might be several different supermarkets in a town that all sell the same bread brand.

- **Low unit cost**

  As FMCGs have a high demand and low cost, they usually have a low unit price of consumers. This means that retailers can sell these products at a low price and still retain the same profit margin. This is different from luxury items that usually have a high unit cost but lower demand, meaning that they must be sold at a higher price to maintain the retailer’s desired level of profit.

- **Non- durability**

  FMCGs are not built to last. This is because they have a short time span from production until consumption. They are also required in large quantities so manufacturers do not need to preserve them for long periods of time, which allows them to be sold at lower prices.

- **Consistency in form, size, colour and price**

FMCGs are standardized, which allows them to be produced cheaply in, bulk quantities. For example, if a manufacturer produces packets of shampoo, they are all the same size and contain the same amount of liquid. This means that when one purchases a packet of shampoo from their local store, they know exactly what they are getting.

1.15 IMPACT OF GST ON FMCG SECTOR

The majority concentration is on overall impact of GST and comparative of tax gains and losses in Indian FMCG sector before and after Implementation of GST. Indian tax system was wider before implementing GST. The tax divided into 2 groups i.e., direct tax and indirect tax. Introduction of the Value Added Tax (VAT) at the Central and the State level hasbeen a main step – a major step forward- in the globe of indirect tax reforms in India. If the VAT is a major development over the pre-existing Central excise duty at the national leveland the sales tax system at the State level, then the Goods and Service Tax (GST) will really be an additional important perfection- the next logical step – towards a widespread indirecttax reforms in the country. Initially, it was conceptualized that there would be a national level goods and service tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a "Dual GST" in India, taxation power- both by the Centre and the State to levy the tax on the Goods and Services. Almost 150 countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. GST is giving positive and negative effects on over all sectors.

Food industry having the negative impact, housing and construction industry having the positive impact, and etc. All sectors of economy viz., bid, medium, small-scale units, intermediaries, importers, exporters, traders, professionals, and consumers shall be the directly affected by GST. Under GST the taxation burden will be divided equability between manufacturing and services through lower tax rate by increasing tax-based exemptions. GST applies only to goods and the provision. The FMCG sector is a one of the largest sectors in India. This sector mostly represented packaged goods and other consumer durables. The FMCG sector growth depends on some key drives they are charging lifestyle, easier to access the technology, increasing the income levels, etc. Indian FMCG sector includes house hold, personal care, food and beverages and others. The GST is not applicable of alcohol liquor for human consumption. Food and beverages segment is the largest share in Indian FMCG sector. India is the world's second largest producer for food.

The implementation of Goods and Services Tax (GST) has had a significant impact on the Fast-Moving Consumer Goods (FMCG) sector in India. Here are some of the positive and negative impacts of GST and FMCG.

- **POSITIVE IMPACT**

1. Simplification of Tax Structure: GST has replaced multiple indirect taxes with a single tax, simplifying the tax structure for FMCG companies. This has reduced tax complexities, compliance costs, and administrative burdens for businesses.

2. Uniform Tax Regime: GST has created a uniform tax regime across states, promoting ease of doing business and streamlining interstate movement of goods. This has benefited FMCG companies by eliminating state-specific tax barriers and reducing logistical inefficiencies.

3. Input Tax Credit: Under GST, FMCG companies can claim input tax credit on goods and services used in the production process. This has helped in reducing the overall tax burden on businesses, improving cash flow, and promoting cost efficiencies.

4. Supply Chain Efficiency: GST has facilitated a more efficient supply chain for FMCG companies by eliminating the cascading effect of taxes, reducing transit times, and enabling smoother movement of goods across states. This has enhanced operational efficiency and reduced logistics costs.

5. Digital Transformation: GST compliance has driven digital transformation in the FMCG sector, with businesses adopting technology for invoicing, accounting, and tax filing processes. This has improved transparency, accuracy, and compliance in the sector.

- **NEGATIVE IMPACT:**

1.Initial Implementation Challenges: The transition to GST initially posed challenges for FMCG companies, including system upgrades, staff training, and compliance readiness. Some businesses faced disruptions in operations and supply chains during the transition period.

2. Impact on Small Businesses: Small and medium-sized FMCG businesses may have struggled to adapt to the new tax regime due to compliance complexities, technology requirements, and cash flow constraints. Compliance costs and administrative burdens could disproportionately affect smaller players.

3. Price Fluctuations: The impact of GST on product prices in the FMCG sector has been mixed. While some products witnessed price reductions due to lower tax rates, others experienced price increases due to changes in tax structures or input credit availability. Price fluctuations could impact consumer purchasing behavior.

4. Classification Issues: The classification of FMCG products under different tax slabs and categories has led to confusion and disputes in some cases. Ambiguities in tax rates, exemptions, and classification criteria have caused challenges for businesses in interpreting and complying with GST regulations.

5. Competition and Market Dynamics: GST has influenced competition in the FMCG sector, with larger players leveraging tax benefits and efficiencies to gain a competitive edge. Smaller businesses may face increased competition and pricing pressures in the post-GST environment.

1.16 IMPACT OF COVID-19 ON FMCG

The COVID-19 pandemic has had a profound impact on the Fast-Moving Consumer Goods (FMCG) sector globally. Here are some of the key ways in which the pandemic has affected the FMCG industry:

1. Changes in Consumer Behavior:

- Shift in Purchasing Patterns: Consumers altered their shopping behavior during the pandemic, favoring essential items such as groceries, personal care products, and household supplies.
- Increase in Online Shopping: There was a surge in online shopping for FMCG products as consumers sought contactless and convenient shopping options.
- Preference for Trusted Brands: Consumers gravitated towards trusted brands and products, emphasizing quality, safety, and reliability.

2. Supply Chain Disruptions:

- Logistics Challenges: Lockdowns, restrictions on movement, and disruptions in transportation led to challenges in the supply chain, affecting the availability of FMCG products.
- Inventory Management: FMCG companies had to adapt their inventory management strategies to meet fluctuating demand, prevent stockouts, and ensure product availability.

3. Production and Manufacturing:

- Factory Shutdowns: Many FMCG manufacturing facilities faced temporary closures or reduced operations due to labor shortages, safety concerns, and government restrictions.
- Adaptation to Health Protocols: Companies implemented health and safety measures in production facilities to protect workers and ensure compliance with regulations.

4. Marketing and Promotions

- Shift to Digital Marketing: FMCG companies increased their focus on digital marketing and e-commerce channels to reach consumers who were spending more time online.
- Changes in Promotional Strategies: Promotions and advertising campaigns were adjusted to align with changing consumer needs and preferences during the pandemic.

5. Product Innovation

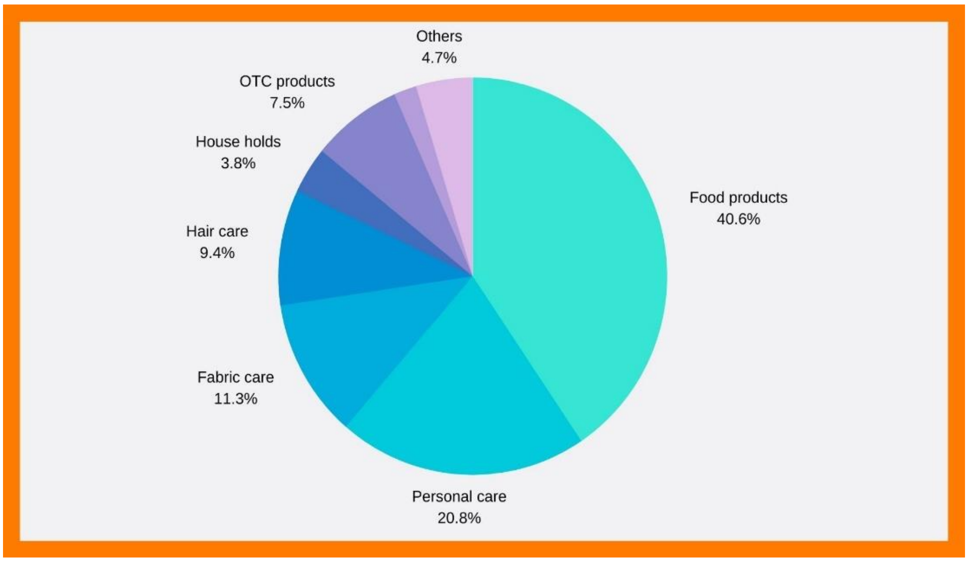
- Health and Wellness Focus: There was a growing demand for health and wellness products, leading to an increase in the production of immunity-boosting foods, hygiene products, and wellness supplements.
- Packaging and Hygiene Considerations: FMCG companies introduced new packaging formats, hygiene labels, and safety features to reassure consumers and address health concerns.

6. Economic Impact:

- Demand Fluctuations: The economic uncertainty caused by the pandemic led to fluctuations in consumer demand for FMCG products, with some categories experiencing increased sales while others faced a decline.
- Affordability Concerns: Economic challenges and job losses affected consumer purchasing power, leading to concerns about affordability and value for money.

7. Regulatory Changes:

- Compliance with Regulations: FMCG companies had to navigate changing regulations, safety guidelines, and trade restrictions imposed by governments in response to the pandemic.
- Adaptation to New Norms: Companies implemented measures such as contactless delivery, social distancing in stores, and enhanced sanitation protocols to comply with health and safety guidelines.



1.17 LEADING FMCG COMPANIES IN FOOD & BEVERAGE AND HOUSEHOLD SEGMENT ALONG WITHKEY PRODUCT

1. **AMUL:**

   Operating Business Since: 1946

   Products Category: Dairy

   Amul is one of the leading brand names in the FMCG industry in India. It is the largest manufacturer of dairy, i.e., milk and milk products and other food items that are consumed by a large section of the population, from children to adults. "Amul" stands for Anand Milk Union Limited. The company was started in 1946 in the state of Gujarat and is managed in cooperation with Gujarat Cooperative Milk Marketing Federation Ltd. (GCMMF). Amul's products have enabled the company to position itself as the market leader in packaged milk segment without the need of maintaining cold supply chains.

2. **GODREJ**

   Operating Business Since: 1897

   Products Category: Household, Foods and Beverages

   Godrej is among the oldest and the most popular FMCG companies in India. The consumer products brand is part of Godrej Group, having a presence in various business operations in India and worldwide. The company's main product line includes home care.

Godrej produced India's first indigenous typewriter. The company also makes bathing soaps using vegetable oil, which was a huge hit for the vegetarian community in India. They also make tea. Godrej's products include soap, hair dye, toiletries and liquid detergents. Its brands include Cinthol, Godrej Fair Glow, Godrej No.1, Godrej Shikakai, Godrej Powder Hair Dye, Renew, ColourSoft and Ezee.

Godrej is well-known for its cupboard, safe/vault, lock etc. products that are made of steel which offers sturdiness and durability. Their household products have been trusted by millions of consumers and business entities all over the country.

3. **HINDUSTAN UNILEVER**

Operating Business Since: 1931

Products Category: Household, Foods and Beverages

Hindustan Unilever Limited (HUL) is India's largest FMCG company with a presence of over 80 years. HUL is on the list of top FMCG companies in India. About nine out of ten Indian households use one or more products manufactured by Hindustan Unilever. The company's product divisions include households and Foods and Beverages. The portfolio of the HUL brand is to serve consumers across the length and breadth of India.

With over more than 40 brands across 12 distinct categories including Fabric Wash, Household Care, Purifiers, Beverages, Ice Cream & Frozen Desserts and Foods, the company is part of the daily lives of millions of consumers in the country.

The brand's product line includes leading brands, such as Surf Excel, Rin, Wheel, Sunlight, Vim, Pure it, Lux, Lifebuoy, Dove, Fair & Lovely, Pond's, Vaseline, Clinic Plus, Sunsilk, Indulekha, Lakmé, Pepsodent, Closeup, Axe, Brooke Bond, BRU, Kwality Wall's, Knorr, Kissan, etc.

4. **ITC LIMITED**

Operating Business Since: 1910

Products Category: Household, Foods and Beverages

ITC company first started its business in India as Imperial Tobacco Company. Today, ITC Limited is a diversified conglomerate with businesses spanning across the FMCG industry comprising Foods, Personal Care, Cigarettes and Cigars, Branded Apparel, Education & Stationery, Incense Sticks, Safety Matches, Paperboards, Packaging, Hotels, Agribusiness, and Information Technology (IT).

The company has over a dozen business units across various segments in more than 60 locations across India. In addition, the company exports its products to around 90 countries all over the world. Their consumer products are available in more than 6 million retail outlets as well as E-commerce stores. ITC is one of the most the top FMCG brands in India.

5. **P & G**

Operating Business Since: 1837

Products Category: Personal Care, Household, Healthcare

Procter & Gamble Co. is a leading FMCG company and a brand in India that manufacture consumer products in the FMCG industry. Their products mainly include personal care and healthcare items. These products are manufactured through the company's subsidiaries, namely Procter & Gamble India, Gillette India Limited, Procter & Gamble Hygiene, and Health Care Limited.

The company operates its five production units and approximately nine contract manufacturing facilities located in various parts of the country.

6. **PARLE**

Operating Business Since: 1929

Products Category: Foods and Beverages

Parle is one of the top FMCG companies in India. The company is well-known for their biscuits under the brand Parle-G, which has been a choice for children. In addition to this, the company also manufactures other consumer product items under different brands, such as 20-20 Cookies, Happy Happy, Hide & Seek, Krackjack, Magix Creme, Milano, Monaco, Melody, Kismi Toffee Bar, Poppins, Mango Bite, Frooti, Thumbs Up Gold Spot etc. The company now runs its FMCG business in three divisions, namely Parle Products, Parle Argo, and Parle Bisleri

Food and beverages segment has one of the smallest shares in E-commerce market. However, due to change the consumer shopping habits presently significant growth having witnessed in purchase of food and beverages through online like big basket

India is known to have a long heritage of personal care products. Personal care product segment in India is estimated to be worth of US $17.4 billion in 2018. Personal hygiene products such as bath and shower products, deodorants, etc., hair care, skin care, colour cosmetics and fragrances are the key segments. Lower price and small quantities offered bythe companies have improved the peace of saturation FMCG personal care products.

Increasing literacy levels, government welfare programmed and support the agriculture sector and increasing the technology these are the drives of boosting the rural demand of the FMCG personal care segment.

Indian FMCG companies such as ITC, Patanjali, Amul, Godrej, etc. have witnessed a higher profit to compare with foreign brands namely HUL, GSK, Nestle, etc. Indian companies have improved their product portfolios, supply chain, and market share through non-living growth.

Indian FMCG companies have focused on increasing their charisma in idle markets such as Ayurvedic products. Other factors such as new product developments, pricing decisions, increasing international business have also helped these companies to improve theirpresence compared to the multinational firms.

1.18 TAX RATES ON FMCG PRODUCTS BEFORE GST

FMCG has many taxes like VAT, Excise duty, central sales tax, service tax. Before implementing of GST, the tax rate is 22-24%. The tax on detergents was 23% while sanitary napkins used to be taxed at the rate of 10-11%. Skincare products including shampoo were taxable at 24-25% standard rate, Butter, ghee, cheese used to be taxed at the rate of 4-5%. The average tax rate on FMCG products before GST was not more than 25%.

Post GST on FMCG Sector

GST was introduced the five standards of tax levels they are 0%, 5%. 12%. 18%, and 28%. Under new tax regime, the average tax on FMCG products is in the range of 18 to 20 percent, which is clearly lower than the previous tax system. Many of FMCG products and services are lower under GST. It is benefit to the end customer. The logistics cost also reduces under GST, distribution system having the low cost under implementing the new taxation. Overall, the storage and transportation cost of goods and service having low under GST.

The products are widely consumed broad range of hair oils, toothpastes, soaps under 18% of slab, which is lower than the previous tax rate i.e., 22-24%. The branded paneer and frozenvegetables have under 5% tax rate, it is more from previous tax rate 3-4%. Most of the items are in the 18% slab group Detergents, shampoos, skin care and hair dyes these are the 28% slab, it is higher than the 24-25% tax rates. No tax on basic products like milk, cereals, and eggs would allow people to literally spend on these items.

Apart from VAT, some states levied additional taxes like Entry Tax, Octroi, and Local Body Taxes on FMCG products moving across state borders. These state-specific taxes added complexity to the tax structure and increased compliance requirements for FMCG companies operating in multiple states. Overall, the tax regime before GST was characterized by a complex system of multiple indirect taxes at the central and state levels, leading to tax cascading, compliance challenges, and higher tax burdens on FMCG products. The introduction of GST aimed to simplify the tax structure, eliminate tax cascading, and create a unified tax system that would benefit businesses, consumers, and the economy as a whole.

The total previous tax rate for the FMCG sector was around 22-24%. The new tax system (GST) for the FMCG sector is an average of 18-20%.

The following are the Slab rates on various food items:

Slab Rate	**Items**
0%	Daily consumption items like fresh fruits and vegetables, fresh meat, chicken, fish, eggs, milk, curd, buttermilk, flour, bread and natural honey.
5%	Frozen vegetables & fruits, spices, tea, coffee, skimmed milk powder, rusk, sabudana, cashew nuts in shell, raisins, packaged foods, pizza bread, branded panner.
12%	Butter, cheese, ghee, animal fat, frozen meat products, sausages, packaged dry fruits, ketchups and sauces, namkeen, fruit juices.
18%	Cakes and pastries, biscuits, cornflakes, instant food mixes, jams, salad dressings, mixed seasonings and condiments, soups and ice creams.
28%	Chocolates not containing cocoa, chocolate coatedwafers and waffles, aerated water and drinks

Some of the reputed FMCG companies like HUL, Patanjali, Dabur and ITC in India have started transitory on the benefits of reduced tax to their customers. These benefits of reduced tax to their customers. These benefits passing to different form i.e., reduce the prices or by increasing the amount of product for the same price. Always the lower cost has encouraged the people to invest/ spend more in FMCG sector. This will help to the reducing the cost of living. The FMCG companies deal in dry fruits, dairy-related products and etc it will also have a deal with the higher tax rate on their products. Under GST the macro level companies that deal in these supplies are enjoying the benefits of GST.

Beverages have been given the highest rate slab of 28% under GST, with cess 12%. According to the different Beverage companies, 40% is the effective tax rate for the sweetened aerated water and flavoured water, which is not in line with the stated policy of maintaining uniformly with the existing weighted average tax that is below 40%. This has been very disappointing for different companies like Coca Cola India, Dabur India Ltd, Red Bull India Pvt. Ltd, Pepsi Co India Holdings Pvt, Ltd, and Pearl Drinks Ltd, as stated by the Indian Beverages Association (IBA).

The new tax rates under GST impact major products and companieswith in the sector:

Product	Before GST	After GST	Companies
Detergents	28%	18%	HUL, P&G, Jyothy
Shampoo	28%	18%	HUL, P&G, Dabur, Himalya, Patanjali
Hair Dyes	23-28%	18%	Godrej Consumers Products
Skin Care	28%	18%	HUL, Dabur, Himalaya
Ayurvedic medicine	7-10%	12%	Dabur Emani
Branded paneer	3-4%	5%	Nestle, Mother Dairy
Butter, ghee	4-5%	12%	Amul, Nestle

Large retail outlets have started advertising the downward revised prices of FMCG items on account of GST tax rates. Tax rate on items such as coffee, custard powder, dental hygiene products, polishes and creams, sanitary ware, and washing powder, razors and blades, has been cut from 28 percent to 18 percent.

This sector consists of more than 50% of food and beverage industry and around 30% of personal and household care thereby including the entire urban as well as rural parts of India.

Under the pre-GST regime, the distribution cost of the FMCG sector accounted for 2 to 7%, which may fall to 15% after the complete implementation of GST. An enormous impact and changes in terms of decrease cost due to the tax payments, smoother supply chain management, claiming input credit, under the GST Scenario. This result will lead to cheaper consumer goods.

All FMCG companies said that GST will help boost rural demand. FMCG companies decided to reduce the MRP and added extra quantity in the line of GST reduction, and provide the additional discounts to their trade partners. The FMCG companies are decide to passing the benefits of reduce the tax rates to their consumers. They are also re design the MRPs of previous products and fresh products under GST slabs. The union budget 2018 is also gavethe boost in the macro level firms having the benefits immediately but micro level companies waiting for the benefits of GST under long run. Some of the FMCG companies having the gains of Under GST. The consumer also their income on those purchases bur some of the products are having higher tax rates so the people lose the benefits.

GST rate, Price before GST and Price after GST of Essential fooditems and packaged snacks and drinks.

Packaged snacks & drinks

Item	Price/unit before GST	Total taxes (% on pre-tax price)	GST rate	Price after GST (Assuming same base)
Biscuit	Rs.10/pack	25	12	Rs.9
Sweets	Rs.350/kg	9.03	5	Rs.337
Bhujia	Rs.302.5/kg	9.03	12	Rs.310
Chewing gum	Rs.10/pack	42.86	28	Rs.9
Chocolate	Rs.20/pack	33.33	18	Rs.19
Corn Flakes	Rs.150/pack	32.74	18	Rs.134
Cold drinks	Rs.20	53.85	28	Rs.18
Juices	Rs.30/pack	15.38	12	Rs.2

Essential food items

Item	**Price/unit**	**Total taxes**	**GST rate**	**Price after GST**
	before GST	**(% on pre-tax price)**		
Milk	Rs. 54/litre	0	0	Rs.54
Vegetable & Fruits	Rs. 50/kg	0	0	Rs.50
Bread	Rs. 40/pack	0	0	Rs.40
Basmati rice	Rs.75/kg	0	0	Rs.75
Atta	Rs.55/kg	0	0	Rs.55
Pulses	Rs.100/kg	0	0	Rs.100
Packaged tea/coffee	Rs.190/pack	10.29	5	Rs.143
Packaged chicken	Rs.350/pack	9.03	12	Rs.359
Edible oil	Rs.125/litre	16.82	18	Rs.126

- Before GST: Different food items had varying tax rates.

  Processed and packaged foods (like biscuits, cakes, and chocolates) attracted an 18% GST rate. Essential food items (such as unbranded flour, rice, and pulses) were exempted from GST.
- After GST:

  The highest applicable GST rate in the food segment is 28%, primarily for caffeinated and carbonated beverages. Various food items fall under different GST categories:

  Nil GST (0%): Fresh fruits, vegetables, meat, and fish.

  5% GST: Fresh and chilled vegetables, frozen vegetables, fresh/dried coconuts, grapes, apples, bananas, pears, fresh milk, etc.

  12% GST: Dried vegetables, dried leguminous vegetables, curd, lassi, buttermilk, wheat, rice, chocolate, packaged meat, packaged birds' eggs, etc.

  18% GST: Preserved vegetables, fruits, nuts, and edible plant parts using sugar or vinegar, chocolate, and food preparations containing cocoa.

1.19 FMCG AND E-COMMERCE

Increased reliance on online purchasing, as well as improved infrastructure and living standards, has provided FMCGs with new distribution channels and prospects. Shoppers all over the world are increasingly buying products they need online because it provides

advantages that traditional retailers cannot, such as doorstep delivery, a large section, and reasonable costs.

The online market for grocery and other consumable products is expanding as companies rethink delivery logistics efficiency to reduce delivery times. While non-consumables may continue to outnumber consumables in terms of volume, improvements in transportation efficiency have expanded the usage of e-commerce channels for FMCG acquisition.

Influence on Prices

FMCG goods are sold to the end consumers based on Maximum Retail Price (MRP) which is inclusive of all taxes, including the GST. Any reduction in rate of tax on any supply of goods and services, or the advantage of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices, according to Section 171 of the CGST Act, 2017 which provides

How E-commerce Trends will positively impact FMCG business.

Digital innovation and the growth of e-commerce has led to the emergence of several new players in the market who are giving stiff competition to existing players. With differentiated business models optimized to serve the rising demands of the present consumers, theseplayers are expected to contribute to more sales for the FMCG sector over the coming years.

Apart from that, new and existing players are re-inventing their business processes by forming links with stable and bigger e-commerce businesses. New e-commerce start-ups also helping local Kirana stores to expand their operational foot-print through digitization. With the development of e-commerce platforms for grocery stores and local retailers aggressively underway, it is further going to contribute to sales and overall business growth in the FMCG sector. As a growing number of consumers are opting for contactless and safe deliversthrough e-commerce channels, online platforms, as well as local neighborhood stores, are also witnessing an up stich in demand. Enhanced product information and valuable reviewsare some of the other factors that are driving consumers towards online shopping. Thelandscape pf shopping has dramatically transformed very the last few months. While retail still holds a lot of significance e-commerce has taken off and is expected to further aid FMCG brands in driving sales, increasing market share, and attracting new customers. With e-commerce encouraging a direct- to- customers (D2C) model, FMCG businesses are benefitting in different ways such as;

Better Monitoring- It becomes difficult for companies to monitor their product once it hits the shelves. While retailers remain aware of how a brand is perceived by customers but manufacturers remain oblivious to it. With the D2C model, the gap is bridged wherein companies have better knowledge of what customers perceive and more control over message and packaging marketing.

Quickly Reach out to consumers- With the help of the D2C model, companies can reach out to consumers quickly with their products as compared to earn higher profits as no middlemen are involved. Also, D2C helps businesses to reach out to their customers in small quantities initially, and depending on market reaction, make necessary adjustmentsto cut down their risk.

CHAPTER2

REVIEW OF LITERATURE

- **Akanksha Khurana, Aastha Sharma, Research Scholar, Department of E.A.F.M., University of Rajasthan, Jaipur (2016)**

Her topic is about Goods and Service Tax in India- a positive reform for indirect tax system. The Goods and Service Tax (GST) is the largest indirect tax reform since 1947. The main idea of GST is to cascade existing taxes like value-added tax, excise duty, service tax and sales tax. It will be imposed on manufactured sale and usage of goods and service. Her paper highlights the environmental domain, objectives of GST and the impact of GST in the current tax scenario in India. Her paper also explained about multiplebenefits and opportunities of GST and at the last her paper concluded about GST.

She also briefed about the Rate of GST of (Some Countries) Country Rate of GST in Australia by 10%, in France 19.6%, Canada 5%, Germany 19%, Japan 5%, Singapore 7%, and Sweden 25% and in New Zealand by 15%. In her conclusion she discussed that GST will provide relief to producers and consumers by providing wide and complete coverage of input tax credit set-off, service tax set off and carrying the various taxes. Systematic formulation of GST will lead to resource and profit generation or both Centre and States majorly through widening of tax base and improvement in tax reforms. She further concluded that GST has a positive impact on various sectors and industry. The formation of GST requires a lot of efforts of all stakeholders and necessary steps should be taken accordingly.

- **Dr. R. Rupa Associate Professor, SCMS School of Technology and Management, SCMMS Campus, Pratap Nagar, Muttom, Alva, Cochin- 683 106 (2017)**

She talked about the three models of GST which is about State GST, Central GST and Dual DST and the advantages and disadvantages of GST and in her report, she mentioned about lot of other things about the India's tax regime which relied heavily upon the indirect taxes and the revenue from these indirect taxes was the major source of tax revenue till tax reforms were undertaken during nineties. The major argument for heavy dependence on indirect taxes was that the majority of population of India is poor and this widening the base of direct taxes which have some limitations. But the Indian system of indirect taxation is characterized by multiple and distorting tax on the production of goods and services which leads to distorting the productivity and lowering of economic growth. She also discussed about the endless taxes in current system out of which some are imposed but the Sate and rest levied by Centre, to remove this multiplicity or cascading effect of taxes and lowering the burden of the tax payer for that a simple tax is required and that is the Goods and Service Tax (GST0. This paper throws light into the concept of Goods and Service Tax, advantages, disadvantages etc.

- **Parveen Kumar (Assistant Professor, Department of Business Administration ChaudharyDevi at University, Sirsa, Haryana, India) (2017)**

Like others Praveen Kumar also briefed about the Goods and Services Tax (GST) which is a very big thought that simplifies the concept of large tax structure by supporting and enhancing the economic process of a country. GST is a comprehensive tax levied on manufacturing, sales and acquisition of goods and services at a national level. GST is designed to change from the indirect taxes obligatory onto the goods and services by the Centre and States. His paper presents an outline about GST concept, he also explained about its features along with timeline of GST implementation in India. He also discussed about the following things like:

Who must pay GST? GST- How it works in India? He also included the components, applicability, credit payment, comparison of past tax structure and GST tax.

At the last he also concluded that the taxation plays a significant role in the development of the economy. From the above discussion we can conclude that the GST will bring One Nation and One Tax Market in the economy. The GST system is basically structured to simplify the Indirect Taxes like Sales Tax, VAT got eliminated. As compare to past tax system in India the GST system in very easy. The present GST system also simplifies the tax related problems for the entire economy.

- **Subhuman Banik, Advocate Arundhuti Das (Assistant Professor, Dept. of Commerce and Management, K.K. University, Nalanda, India) and (Assistant Professor, Dept of Law, K.K University, Nalanda, India) (2017)**

GS of Goods and Services Tax is the biggest tax reform in India sine Independence which was pending. GST is meant to simplify the indirect tax regime of India by replacing the cascading effect of taxes by a single unified tax. It is the only indirect tax that directly connects all the sector of Indian economy by improving the economic growth of the country by creating the market as unified. More than 60 countries of the world have enforced GST followed by France, the idea of GST in India was initiated by Atal Bihari Vajpayee in 1999. Itwas supposed to be executed from 1st April, 2010 under the flagship program of P. Chidambaram then the finance minister of UPA government but due to some political issuesof various stakeholders it did not came gets enforced. He also said that there is a huge outcry against its implementation. This paper presents an overview of GST concept and many more.

At the end he concluded that the Goods and Services Tax (GTS) is an attempt which is not considered by the government to justify the indirect tax structure of the country. The government should study the GST mechanism which is set up by various countries across the country and their limitations before its amendments. Undoubtedly GST had simplified the already existing indirect tax system and helps to overcome the multiple effect of tax. The bill was introduced to implement unified tax but unfortunately it gets converted into a pitfall as the price of basic goods and services had got increased. The economy is lowering due to unplanned implementation of GST. The possible solution for this problem is to make this charge to GST simpler and transparent.

- **R Hire Mani Naik, Sudan TA, "A STUDY ON PERSPECTIVE IMPACT OF GST ON FMCG SECTOR IN INDIA," December 2017, for international journal of research in Business studies**.

The fast-moving consumer goods (FMCG) segments are the fourth largest sector in the Indian economy. The sector is likely to see a significant impact once the goods and service tax (GST) bill is passed as the companies set warehouses across the states in a bid to have a more tax efficient system. FMCG is one such sector directly having its impact on the large public. It is very important to study the possible positive and negative impact of GST implementation on the FMCG sector. The research paper analyses how GST would impact on Indian tax scenario. The authors have given a brief history of Indian taxation and its structure. Background of GST outside India as well as in India if also discussed. Authors concluded thatGST would be beneficial for the industry and the consumer. It would lead to an increase in revenue for the government. The research paper talks about the impact of goods and service tax on Indian industries, with reference to FMCG sector, which will give the overall idea about the positive and negative effects of GST.

- **Dr. Namita Mishra, Associate Professor, Tecnia Institute of Advanced Studies 92018)**

She briefed about GST that is a single national constant tax demanded across India on all Goods and Services. In GST, Indirect taxes such as excise duty, central sales tax (CST) and Value Added Tax (VAT) etc. will be involved under a single domain. Implementation of the Goods and Services Tax (GST) expected as an important step toward a complete indirect tax reform in the country, which will help India towards its economic growth. The study is designed to know the effect of GST on Indian Economy with the help of its effect on various sectors. The study consists of secondary data for the study. Her data is collected from various journals, periodicals, internets, and newspapers.

She discussed about Arun Jaitley the finance minister of India who said that GST is going to be a big step towards the unification of informal economy and it will help in the increment of the transactions which are covered in the banking system transactions. He also said that "A new India has emerged it is certain with growth in level if demand and with this the level of supply will also increase. Namita also explained that the unified taxation system would stimulate new businesses and entrepreneurs to engage in service and manufacturing sector. At the last she also concluded that the GST which is imposed only on consumption of goods and services makes this concept simple and transparent. This leads to reduce economic distortions in taxation amongst states and aid in free movement of goods, it also reduces the issues of taxation. It will also benefit the individuals as the prices will get reduced due to GST and reduction oin price leads to increment in consumption and will directly increase the GDP. As implementation of GST applied at a time for all the states which is lacking with policy barrier will be removed. GST will directly increase the investments in FDI'S due to which there will be the increase in the foreign exchequer of the country which will indirectly increase the employment opportunities it will also leads to the promotion of new start-ups in India.

- **Rajkumar Chandran, September 2017, “A STUDY ON IMPACT OF GOODS AND SERVICES TAX ON INDIAN INDUSTRIES” with reference to FMCG sector, an international journal of Innovative Research in Management studies.**

  India’s most awaited and biggest tax reforms have come into reality, the Goods and Service tax (GST) which has replaced most multiple indirect taxes which were used to be levied on different items of goods and services. The GST gas helped in terms of revenue from the past two months, hence it has been affected by 01.07.2017 and helped in solving the cascading effects of the tax. GST has emerged into transparency in the indirect taxation of the country. Taxation and its associated governing laws, in the current sicario, are playing a vital role in business industries, individuals also for the government for the betterment of policies for social good. The research paper talks about the impact of goods and service tax on Indian industries, with reference to FMCG sector, which will give the overall idea about the positive and negative effects of GST. India’s most awaited and biggest tax reforms have come into reality, the Goods and Service tax (GST) which has replaced most multiple indirect taxes which were used to be levied on different items of goods and services. The GST gas helped interms of revenue from the past two months, hence it has been affected by 01.07.2017 and helped in solving the cascading effects of the tax.

- **Pallavi Kapila Assistant Professor, Department of Sociology, MCM DAV College for Women, Sector 36, Chandigarh (2018)**

  Pallavi talked about GST and its Impact of Indian Economy and she stated that GST stands for “Goods and Services Tax” which is executed by the Government of India since 1st April, 2017 this year. Its introduction by the Constitution Act, 2016 was obey of the most important steps in the domain of indirect tax reform structure of India. Therefore, GST was defined as a complete consumption-based tax imposed upon manufacture, sale, and consumption of goods as well as services which helped in changing the country into unified similar market. Many arguments were raised about GST after its implementation. The research paper will throw some light on how Goods and Services Tax (GST) would help in decreasing the existingissues of taxes in India as it carries the Value Added Tax (VAT), Excise Duty, Service Tax and Sales Tax. The first phase of the paper talks about in Indian economy. At the last section will focus on conclusion part of the paper.

He concluded that the enforcement of GST has played a vital role in the growth of Indian economy. A unified and transparent taxation system in Indian would lead to lesser disruption in the market economy and more efficient distribution of resources within the industry apart from this it would also lead to the growth in the Gross Domestic Product (GDP).

- **Dr. Mohan Kumar, CA Yogesh Kumar, "GST AND ITS PROBABLE IMPACT ON THE FMCG INDUSTRY IN INDIA," for the international journal of research in finance and marketing**

  This paper analysis the impact of FMCG industry. The fast-moving consumer goods (FMCG) sector of Indian consumption more than 50% of the food items and beverage industry. And another 30% from personal and household care. Presently the peak tax cost for industry players amount to approximately 27% i.e. (excise duty of 12.5% and VAT ranging from 12- 15% under the GST regime, it's proposed that the revenue neutral rate would be in the range of 16-19%. There is a mixed response, inexplicit, arguments and opinions among manufacturers, traders and society about the Goods and Services Tax to be implemented by Government of India from 01.04.2017. Various news organization from all around the world focused on the bill unifying the country and it is an achievement of the Government. As GST bill was passed in Rajya Sabha it also brought India at the Centre of the global economy. The paper highlights the background, prospectus, and challenges in the implementation of GST in India. Impact of GST on FMCG first will depends on their product mix, given that the tax, rules have gone up for some products and have fallen for others. The FMCG companieswhose tax incidence has cane down under the GST regime, are likely to pass it on the consumers in the form of lower prices. However, few firms in the sector are diversely affectedby the tax rate charged on their product

- **Md. Abbas Ali1, Venkat Ram Raj Thumiki2 and Naseer Khan1(2012)** states that

  Companies marketing FMCG to rural consumers cannot merely extend their general marketing strategies to rural markets. Instead, they need to devise rural specific strategies. In this process, they need to understand crucial issues relating to rural consumer behavior and more specifically relating to different geographic regions of the country. This paper focuses on understanding factors that affect the rural purchase of FMCG in South India.

- **Chakrabortyet.al (2015)** stated that Indian Fast-Moving Consumer Goods (FMCG) sector with a market share of $13.1 bn has currently proved itself as the 4th largest sector in the Indian economy. Actually, rural India with more than 70 per cent share of the total Indian populace has developed as the most significant FMCG market. During the last 2 decades, deregulation, globalization and liberalization measures approved by the central government have made a worldview change in the FMCG sector. Both the foreign direct & portfolio investments in Indian FMCG sector in the post-reform period have remarkably impacted the financial performance of the companies belonging to this sector. In addition, the expanding presence of MNCs in the Indian market has constrained the existing domestic companies in the FMCG sector to reorient their financial strategies so as to endure. Against this backdrop, the present investigation seeks to measure the changing status of the overall financial performance of sixteen selected companies in the Indian FMCG sector during the period 1993-94 to 2012-13. The paper is sorted out follows: it reviews the existing literature relating to the financial performance of Indian FMCG sector, trailed by a depiction of the objectives and the methodology adopted to pursue them. In this way, the discoveries of the study are discussed, and lastly, the conclusion is offered.
- **Agarwal (2014)** suggested that consumer behavior research is the scientific investigations of the process's consumers use to select, secure, utilize and dispose of products and services that fulfil their needs. Firms can satisfy those requirements only to extent they comprehend their customers. The main objective of this article was to study the demographic differences in the consumers buying behavior of people living in Madhya Pradesh and when they purchase FMCG products. To attain this objective a survey was developed and directed over some part of Madhya Pradesh. The discoveries affirm the components impacting consumer buying behavior for tooth paste brands accessible in the market.
- **Malhotra (2014)** stated that the paper focuses on marketing of fast-moving consumer goods. FMCG are generally low profit margin products and therefore sold in large quantities. Subsequently, it is imperative to concentrate on how to improve brand value for the customers as many brands are accessible for the same categories of products. Another area focused the paper is how recession influences the demand for fast moving Consumer Goods and what are the causes for these changes. In such a circumstance, it becomes necessary for the producers or the companies to expand the investments in these

brands and items so that consumers are attracted towards them. In order to support these observations Dove's Real Beauty Campaign has been intricately discussed and the points which lead to the achievement of this campaign have been highlighted. Unilever was able to make a brand value for Dove by roping in regular consumers in its advertisements rather than professionals or celebrities. Normal consumer women became its brand ambassadors instead of celebrities. In such a way it was able to relate and connect better with the customers and the public at large in different companies where it was actualized. Although it suffered from different points of criticisms, Unilever was highly successful in creating a brand value for its products in the minds of the consumers.

- **Delia (2012)** considered the importance of bundling plan as a vehicle for correspondence for bundled FMCG items. This examination utilized a center gathering approach to fathom shopper conduct towards such items. The test for analysts is to consolidate bundling into a compelling buying choice model, by understanding Consumer's conduct towards the bundling of FMCG things. At the point when buyers chase for the cycle data coming up, the item's bundle can contain relevant and significant information for the shopper. Item bundling structures the finish of the 'advancement chain' and is close so as to the genuine buy and may thus expect a critical function in foreseeing buyer results. Bundles similarly convey brand ID and mark data like use rules, substance, and rundown of fixings or crude materials, advices for use and mandates for care of item.

- **Tauseef (2011)** endeavored to discover the factors/factors that impact client hasty purchasing conduct in FMCG area considering retail market in India. The impact of different drive purchasing factors like arrangement of items, deals and advancements, successful value procedure, window promoting, and so on, on client purchasing conduct have been examined. A speculative model was made in this paper, which had been thought about for our examination chip away at drive purchasing conduct of shoppers. The investigation depends on the essential information accumulated from shopping centers, Handlooms and stores from the territory of Jodhpur with the help of organized survey on Likert scale. Information been finished using SPSS programming. The factual examination strategy used in this investigation was Factor Analysis. After the intensive examination of the available information, it was discovered that since pay of every individual is growing and an ever-increasing number of individuals are moving towards western culture in eating, in dressing sense, and so forth, so the buying intensity of people has really gone up and thus the rash purchasing of items is on a high pattern fundamentally in view of estimating techniques of retail players and full celebration offers consistently.

- **Leahy (2008**) suggested that this paper analyzes the idea of brand dependability in Fast Moving Consumer Good (FMCG) markets. The essential goal of the examination was to investigate why dependability fills in FMCG markets from the customers viewpoint. What's more, this examination found the customer's viewpoint on the sorts of securities that exist in FMCG markets and the function of securities in the development of brand dependability. The predominant end ascending from this examination is that brand unwaveringness exists in FMCG markets for both enthusiastic and psychological reasons. Fundamentally this examination established that the improvement of brand steadfastness depends on the advancement of client brand securities. This exploration presumes that the test for advertisers is to develop and support the bonds that lead to and that can strengthen brand reliability. The examination additionally infers that brand dependability concentrates later on should focus on enthusiastic both psychological purposes behind and brand steadfastness and the function of securities in that. Investigating brand dependability in this manner should help in the examination of and understanding of brand steadfastness in FMCG showcases and ought to hence bring about the advancement of successful promoting techniques expected to construct brand devotion.

CHAPTER- 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research is a systematic investigation, analysis, and interpretation of information to expand knowledge, discover new insights, solve problems, or answer questions. It is a critical process that drives progress in various fields by exploring, evaluating, and validating ideas through empirical evidence and logical reasoning. Research plays a vital role in advancing science, technology, business, social sciences, and other disciplines by generating data-driven insights and informing decision-making.

Researchers review existing literature, studies, and theories related to the research topic to build on existing knowledge, identify gaps, and establish a theoretical framework for the study. he research findings present the outcomes, conclusions, and implications of the study based on the analysis of data and the research objectives. Data analysis involves processing, interpreting, and deriving meaningful insights from the collected data using statistical techniques, qualitative analysis, or other analytical approaches

The main purpose of research methodology is to provide a clear and logical path for researchers to follow, guiding them through the various stages of the research process. It involves selecting appropriate research methods, tools, and techniques, as well as determining the scope and objectives of the study. The current study is undertaken to measure how customers perceive FinTech services and their impacts on their satisfaction. To achieve the research objectives, the study conducted descriptive research where quantitative data was collected from the respondents. The target population for this paper is people who are using FinTech in their banking services.

3.2 Objective of the study

Research is an organized investigation of a problem in which there is an attempt to gain a solution to the problem. To get right solution to the right problem, clearly defined objectives are very important. Clearly defined objectives enlighten the way in which the researcher must proceed.

A research objective is a clear, concise, declarative statement, which provides direction to investigate the variables. Generally, research objectives focus on the ways to measure the variables, such as to identify or describe them. Sometime objectives are directed towards identifying the relationships or difference between two variables.

Research objectives are the results bought by the researcher at the end of the research process, i.e., what the researcher will be able to achieve at the end of the study. The objectives of a research project summarize what is to be achieved by the study. Objectives should be closely related to the statement of the problem. The objectives include answers to the research questions or testing the research hypothesis,

The Objectives for this study are:

- To analyses the impact of changes in the tax rates of fast-moving consumer goods on consumers.
- To understand the concept of GST on FMCG products.
- To study the comparative effect on FMCG products before and after introduction of GST.

3.3 Sources of Data Collection

This study is based on primary and secondary data:

1. **Primary Sources:** Primary data is collected through a survey method by distributing a questionnaire to the consumers of FMCG products. The questions were carefully designed by considering the parameters of my study. A survey was conducted with a sample size of 63 respondents.
2. **Secondary Sources:** To make the primary data collection more specific, secondary data willhelp to make it more useful. Secondary Data is collected from books, websites and journals.

Published data are available in various sources:

→ Market research reports
→ Official reports & publication
→ Government publications
→ Previous research studies
→ Technical & trade journals
→ Previous research studies

→ Organizational reports

3.4 SIGNIFICANCE OF RESEARCH

1. research accept critical thinking and analytical skills.
2. Research is guided by specific research problem, question hypothesis.
3. research helps individuals develop transferable skills that can benefit them personally and professionally
4. Research findings have the potential to shape policies, practices, and guidelines.
5. Research expands our knowledge and understanding of various subjects and fields.
6. Research is fundamental to academic excellence and scholarly pursuits.
7. It contributes to the advancement of disciplines, the dissemination of knowledge, and the training of future researchers.
8. It helps verify the accuracy and reliability of knowledge in different fields.
9. It helps organizations and individuals strive for excellence and growth.

3.5 SCOPE OF THE STUDY

India has implemented GST on 1.7.2017. GST is a real game changer and it will lead to complete over haul of current indirect tax system. GST includes tremendous changes in the various sectors of the economy. It will affect all the industries irrespective of a single sector. FMCG segment in the fourth largest in the Indian economy. For doing the data analysis, FMCG products has been chosen in order to analyses the effect of GST had on the consumers. The prices of the product before and after GST has been retrieved and compared, to do a detailed study on the effect that GST had on the consumers.

3.6 AREA OF THE STUDY:

The area of the study refers to urban respondents spread across selected remote
urban respondents spread across the outer edge of major selected towns in India
Analysis of Data
The primary data collected from the consumers will be analyzed by using SPSS V-15 (Statistical Package for Social Sciences) to obtain the results concerning the objectives of the study. Factor analysis, Cluster analysis, t-test, One Way Analysis of Variance, Multiple Regression and Correspondence and Association Analysis are applied for analyzing the responses of FMCG consumers in India.

3.6 Sample Size

The Random Sampling Technique has been used for collecting data from different consumers. This survey was conducted with a sample size of 63 respondents. Theserespondents have been purchasing Fast Moving Consumers Goods (FMCG) for a period oftime.

3.7 Statement of the Problem

The research is undertaken to seek out people perceptions on GST on FMCG. Since GST has been there for several years, there are many studies in this area. As the implementation of GST people have experienced a price hike in FMCG products. Lastly, to know the association between the demographical variables like gender, age group, education qualification, occupation and other factors on decision for buying FMCG products

3.8 Limitation of the study.

The limitation of a study are its flaws or shortcomings. Study limitations can exist due to constraints on research design, methodology, materials, etc. and these factors may impact the findings of your study.

- There is a limited period to acquire responses.
- Difficult to analyses what the individuals think about the impact of GST on FMCG sectorwhen majority of people were unaware of the same.
- It is difficult to gather information from the people.
- Inherent limitations of Primary Data.
- A high rate of non-response bias.
- It is inflexible and cannot be changed once sent.
- Since all the products and services are not widely used by all the customers it is difficult to draw realistic conclusion based on the survey.

CHAPTER: 4

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

data analysis is the method of cleaning, changing, and handling crude information, and extracting significant, important data that makes a difference business make educated choices. The method makes a difference diminish the dangers characteristic in decision-making by giving valuable insights of knowledge and measurements, frequently displayed in charts, pictures, tables, and graphs.

The interpretation of findings is crucial, requiring researchers to contextualize results, discuss implications, and draw meaningful conclusions supported by the data. Data analysis of Fast-Moving Consumer Goods (FMCG) products involves examining and interpreting data related to the sales, distribution, consumer behavior, market trends, pricing, and other relevant factors in the FMCG sector. Analyzing data in the FMCG industry is crucial for making informed decisions, identifying opportunities, optimizing strategies, and improving overall performance.

Analyzing sales data helps FMCG companies understand their product performance, revenue trends, customer preferences, and sales channels. It involves tracking sales volume, revenue, market share, and profitability of different products. Studying consumer behavior data provides insights into purchasing patterns, brand loyalty, product preferences, and factors influencing buying decisions. Analyzing consumer data helps in developing targeted marketing strategies

Evaluating data on promotional campaigns, discounts, offers, and advertising helps in assessing the effectiveness of marketing initiatives. Promotion analysis involves measuring ROI, sales uplift, and customer response to promotions. Analyzing data on competitors' products, pricing, promotions, and market share helps FMCG companies benchmark their performance and identify areas for improvement. Competitive analysis provides insights into market positioning and differentiation strategies

Segmenting the market based on demographics, psychographics, geography, or behavior helps in targeting specific consumer groups effectively. Data analysis can identify market segments with high growth potential or specific needs. Analyzing pricing data helps FMCG companies set competitive prices, monitor price elasticity, and adjust pricing strategies based on market dynamics. Price analysis involves evaluating pricing trends, promotions, and discounts. Analyzing distribution data helps in optimizing the supply chain, identifying distribution gaps, and improving product availability. Distribution analysis involves monitoring distribution channels, logistics costs, and channel performance.

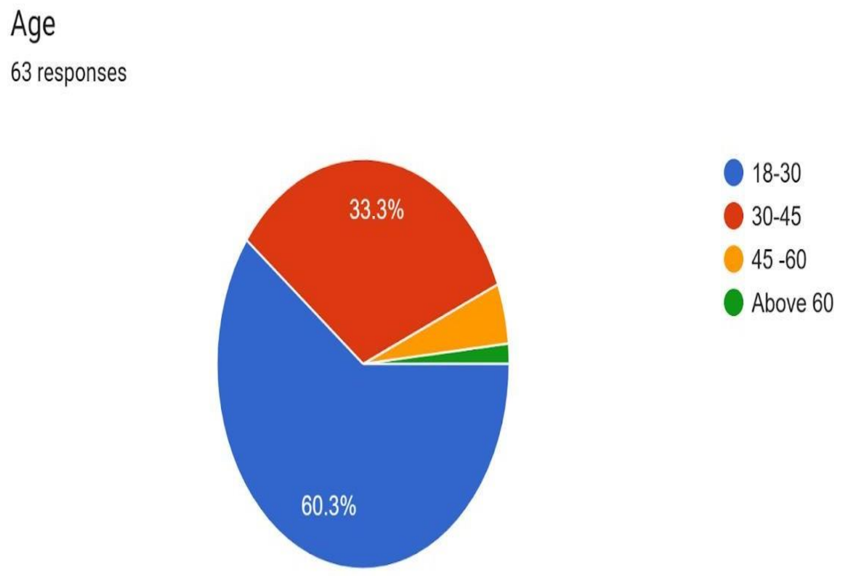
Data analysis is essential for forecasting demand, predicting sales trends, and planning production and inventory levels. Demand planning involves using historical data, market trends, and external factors to forecast future demand accurately. Analyzing customer feedback, reviews, and social media sentiment helps FMCG companies understand consumer perceptions, address issues, and improve product quality. Feedback analysis provides insights for product innovation and customer satisfaction.

4.2 DATA ANALYSIS AND INTERPRETATION OF CURRENT STUDY

Researchers prepare a report or manuscript summarizing the data analysis and interpretation process, presenting the results, and discussing the implications of the study. The report may include tables, figures, and visualizations to support the findings.

The researcher has analysed data collected of FMCG products in INDIA regarding the topic ' Consumer Perception of GST On Implementation of FMCG ' as given below.

1 AGE

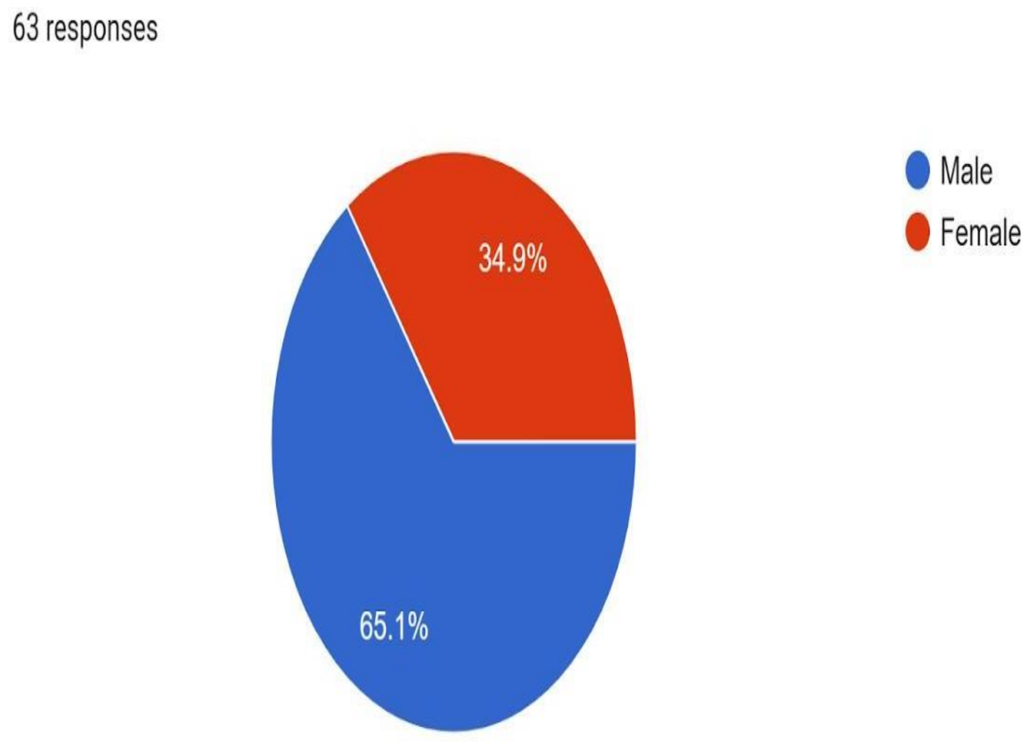


AGE	No. of Responses
18-30	38
30-45	21
45-60	3
Above 60	1

INTERPRETATION

38 respondents are from the age group of 18-30, whereas there were 21 respondents from the age group of 30-45. From the age group of 45-60 there are 3 respondents and there was 1 response from the age of above 60

2 GENDER

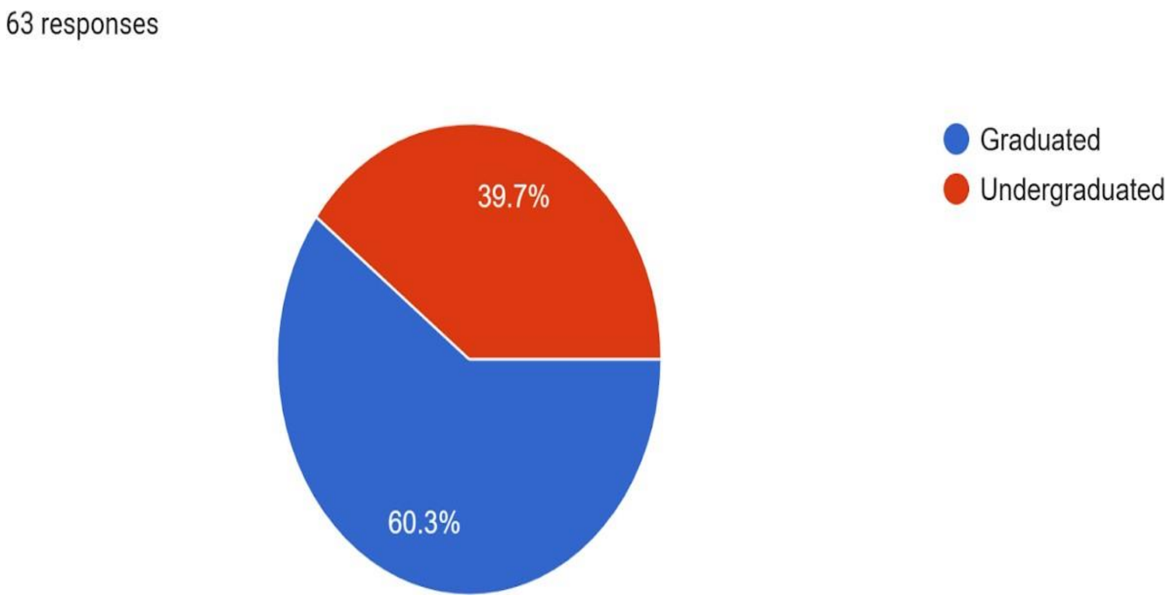


GENDER	No. Of Respondents
Male	41
Female	22

INTERPRETATION

41 number of respondents are male. 22 number of respondents are female as the topic is related to GST on FMCG products there are more males as mostly nowadays male go for buying products.

3 Education Qualification

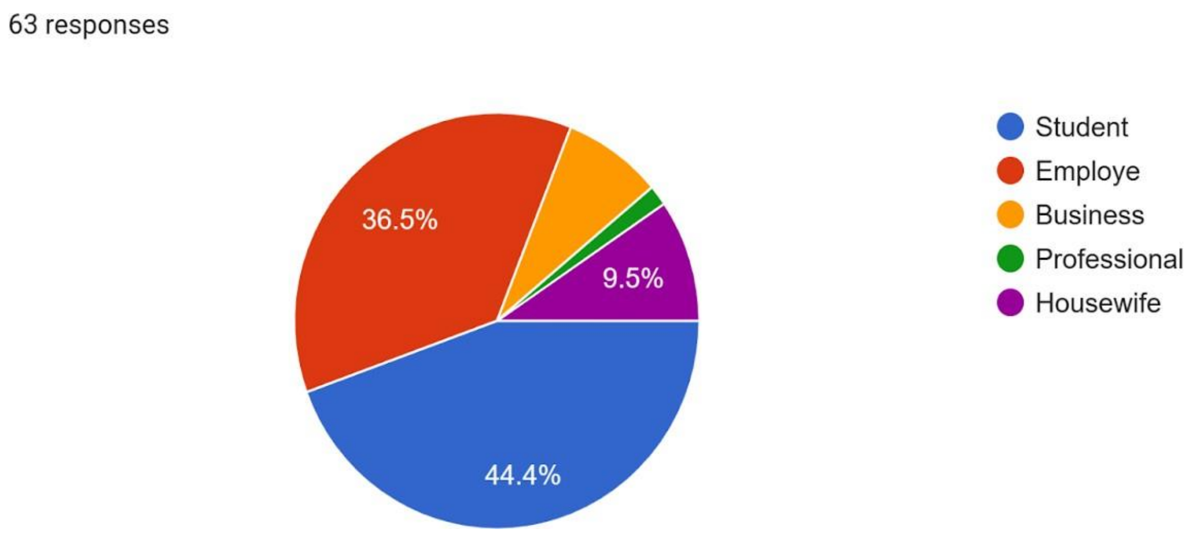


Qualification	Responses
Graduated	38
Undergraduate	25

Interpretation

There were 38 responses which were graduated and 25 responses which were undergraduate.

4 Occupation

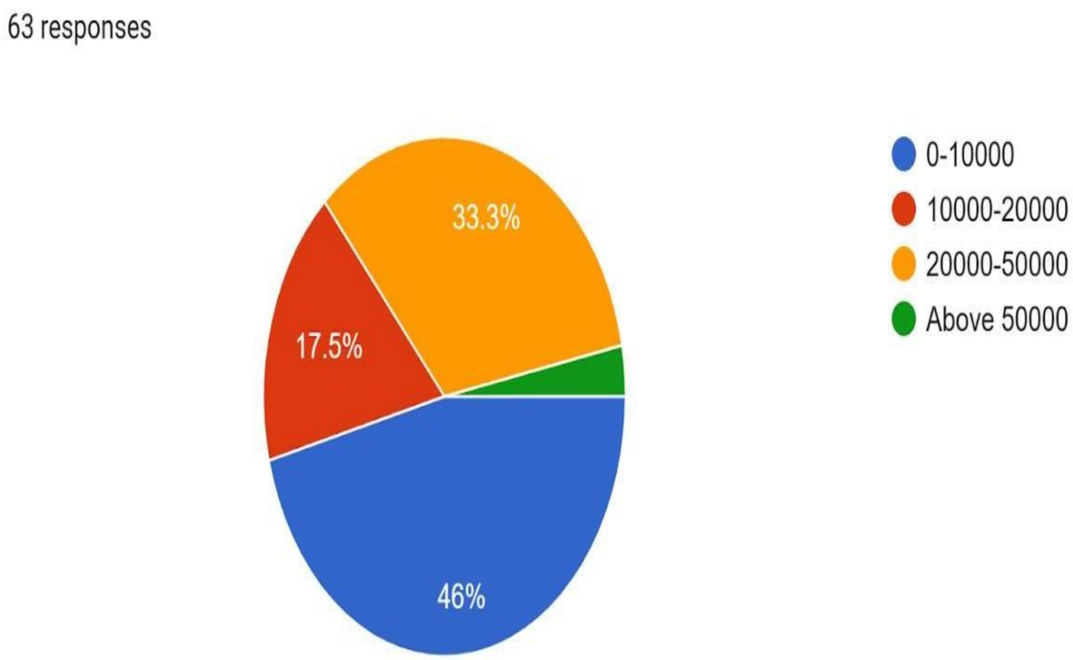


Occupation	Responses
Student	28
Employee	23
Housewife	6
Businessmen	5
Professional	1

INTERPRETATION

28 respondents were from Students whereas 23 respondents were from the employees. The number of responses from housewife and businessmen were 6 and 5 respectively and only 1 response was there for professional

5 Monthly Income

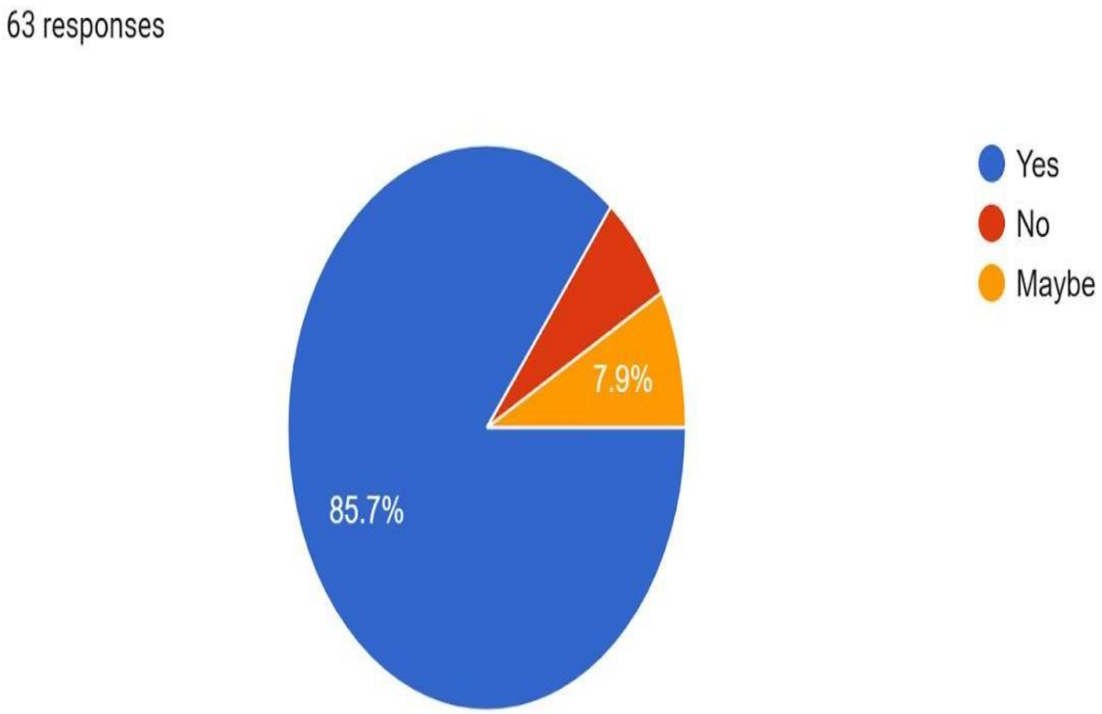


Monthly income	Response
0-10000	29
10000- 20000	21
20000- 50000	11
Above 50000	2

INTERPRETATION:

29 number of respondents have monthly income between 0-10000 and they are mostly students. 21 responses were from the monthly income of 10000-20000. 11 responses have the monthly income of 20000- 50000 and only 2 responses had the monthly income above 50000.

6. Do you know about FMCG products?

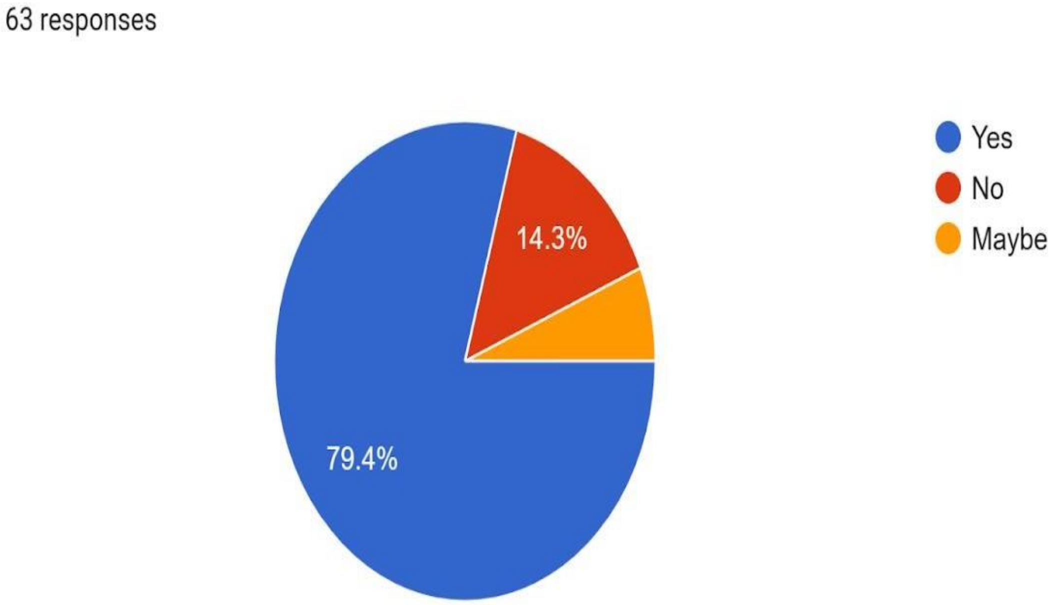


Options	No. of Responses
Yes	54
No	4
Maybe	5

INTERPRETATION:

From the above figure it is concluded that most of the respondents are aware about the FMCG products whereas only 4 respondents were not aware about FMCG products and 4 respondents were not sure about it.

7 Are you aware about the implementation of GST on FMCG?

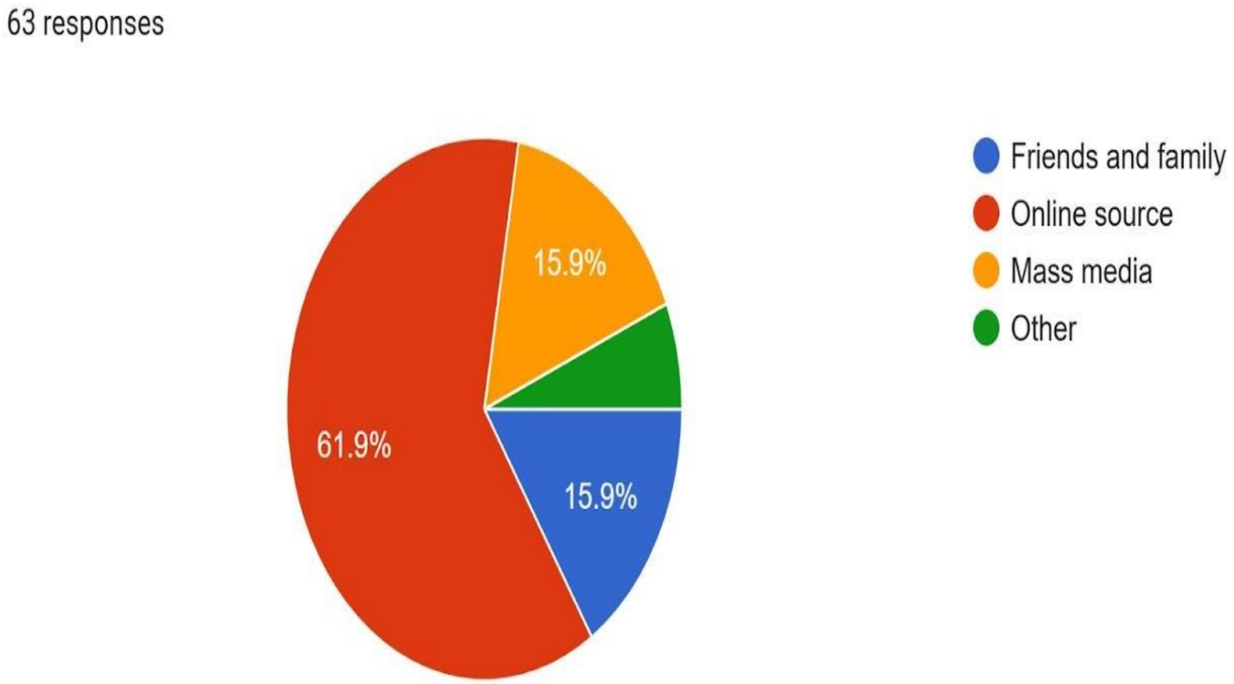


Options	Responses
Yes	50
No	9
Maybe	4

Interpretation:

From the above figure it is concluded that almost 50 people are aware about the new GST rate FMCG products as most of the respondents are graduated and employed and they were already aware about the implementation of GST whereas 9 number of respondents are not aware about the implantation of GST on FMCG products.

8. From which source you became aware about GST on various FMCG products?

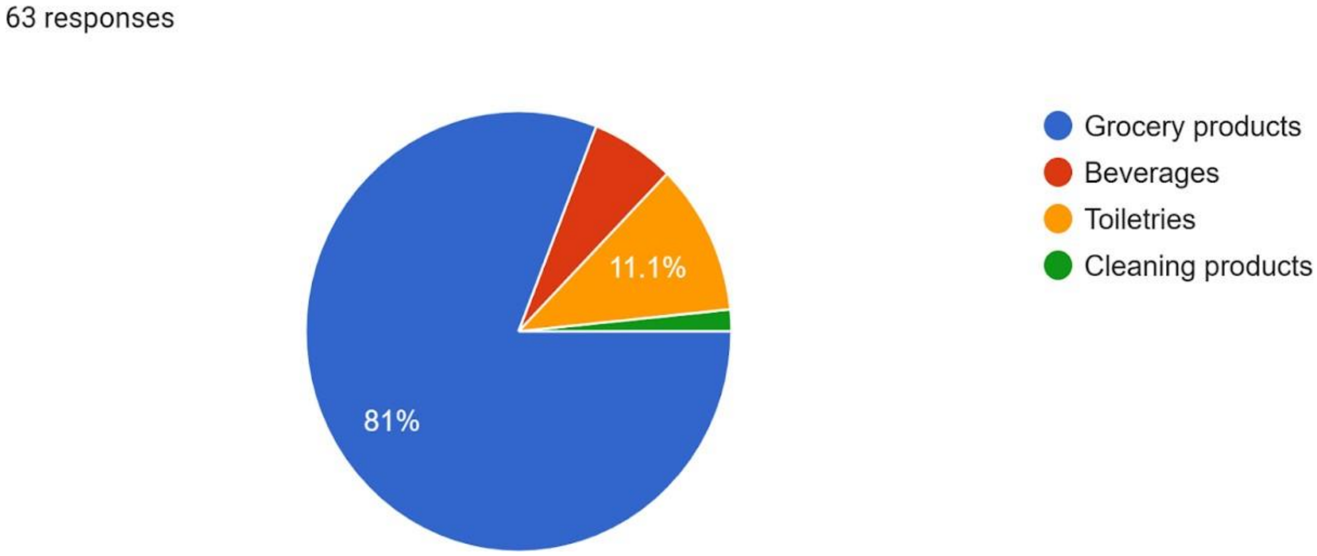


Options	No. of Responses
Friends and Family	10
Online Source	39
Mass Media	10
Other	4

Interpretation:

Maximum no. of respondents became aware about GST on FMCG products through online source and 10 number of responses came from friends and family and mass media respectively and only 4 responses were got through other resources.

9 According to you which of the FMCG products should come under 0% GST?

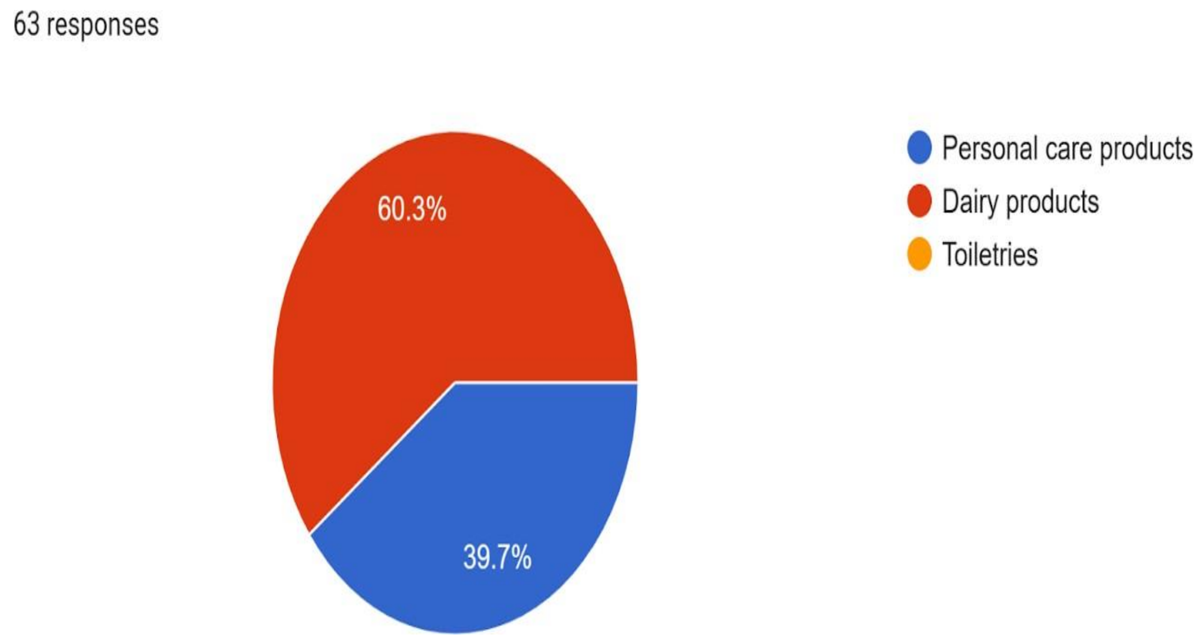


Options	No. of Responses
Grocery Products	51
Toiletries	7
Beverages	4
Cleaning Products	1

INTERPRETATION:

From the figure most of the respondents want grocery products to be at 0% tax as some of the grocery products like Cheese, Butter, etc are not tax free which almost people daily use in their life, whereas 12 respondents want toiletries, beverages and cleaning products to be at 0% tax rate. Therefore, it is concluded that most of the respondent want grocery products to be at 0% tax rate.

10 According to you which FMCG goods are on higher slab of GST?

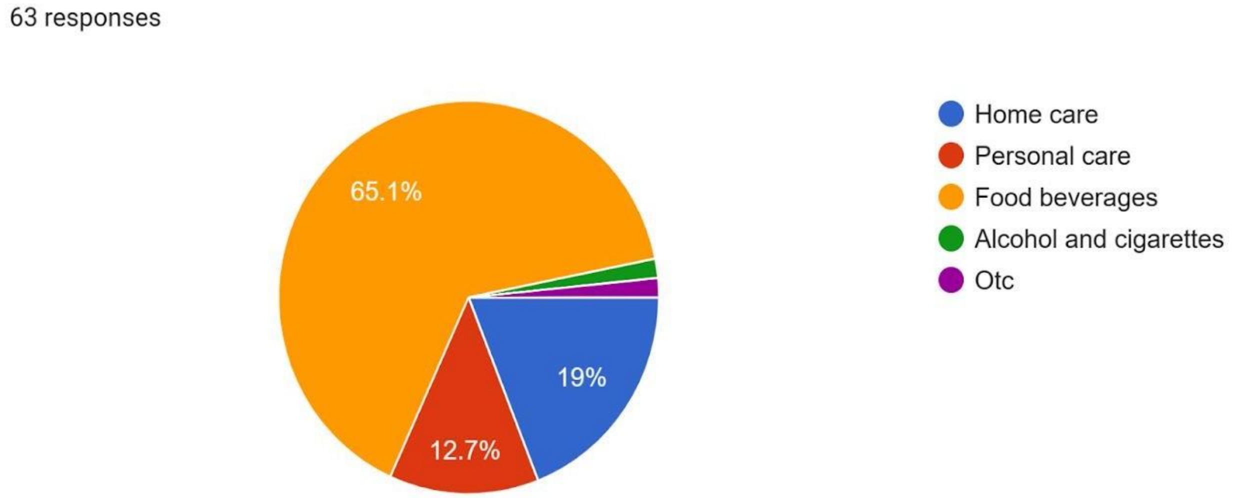


Options	No. of Responses
Personal care products	25
Dairy Products	38
Toiletries	0

INTERPRETATION:

Most of the people think that the dairy products are on higher slab of GST such as cheese, Butter, etc. whereas 25 people think that personal care products are on higher slab of GST. There was no response for toiletries.

11 Which FMCG do you use on daily basis?

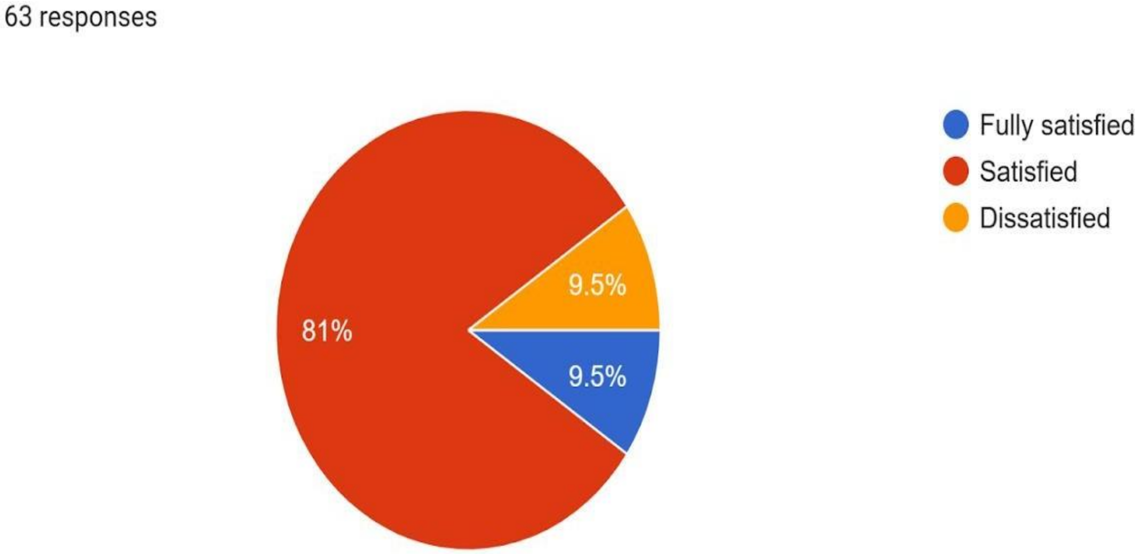


Options	No. of Responses
Home Care	12
Personal Care	8
Food and Beverages	41
Alcohol and Cigarettes	1
Oct.	1

INTERPRETATION:

From the above diagram most of the people use food and beverages on daily basis while the least use FMCG products are Alcohol and Cigarettes and Oct. ......12 respondents use Home care products on daily basis and only 8 respondents use personal care products on daily basis.

12. Is u satisfied with current price of consumer goods?

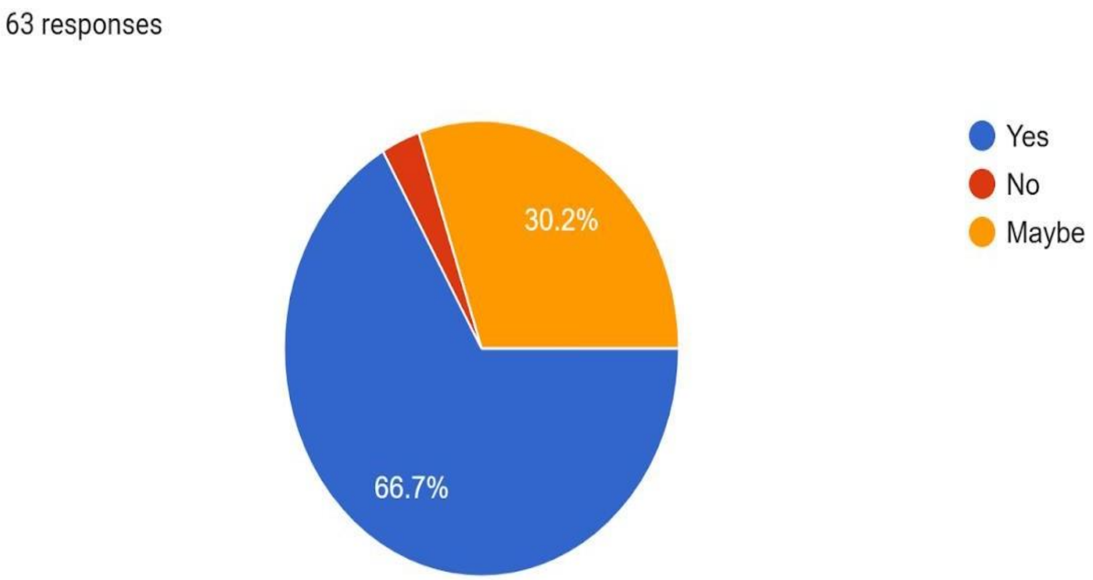


Options	No. of Respondents
Fully Satisfied	6
Satisfied	51
Dissatisfied	6

INTERPRETATION:

After the implementation of GST rate on FMCG products only 6 respondents were fully satisfied with the current price of the costumers and 51 respondents were satisfied and only 6 respondents were dissatisfied as some people thing GST rate should not be changed on FMCGproducts as this product are used daily by the people due to high price people may find difficult to purchase the products.

13. Do you think current tax rate on FMCG goods is sufficient or there is need for improvement?

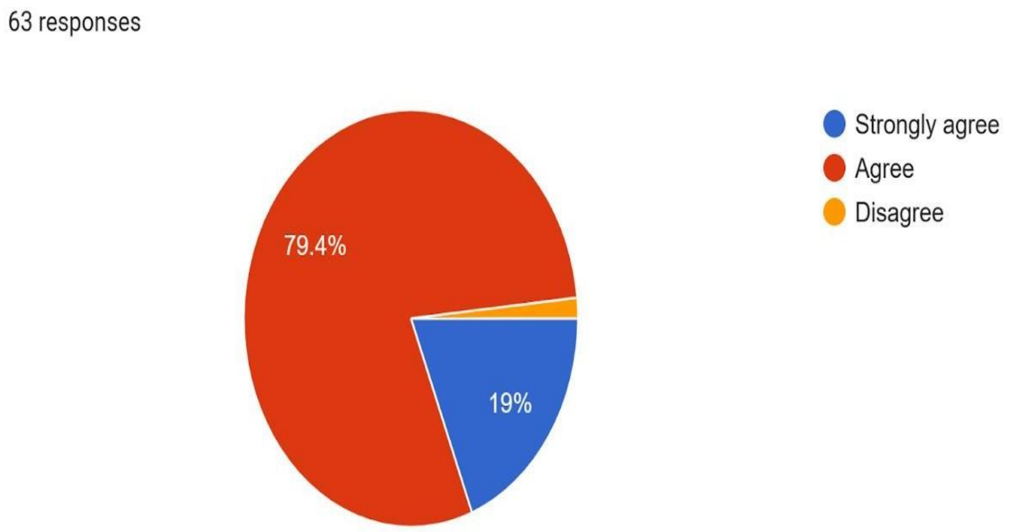


Options	No. of Responses
Yes	42
No	2
Maybe	19

INTERPRETATION:

From the above figure, we came to know that most of the respondents i.e. 42 said that there is a need for improvement while 19 were not sure and 2 respondents said that there is no need to change in the current tax system.

14. Do you think GST on FMCG goods will help to increase tax collection for government?

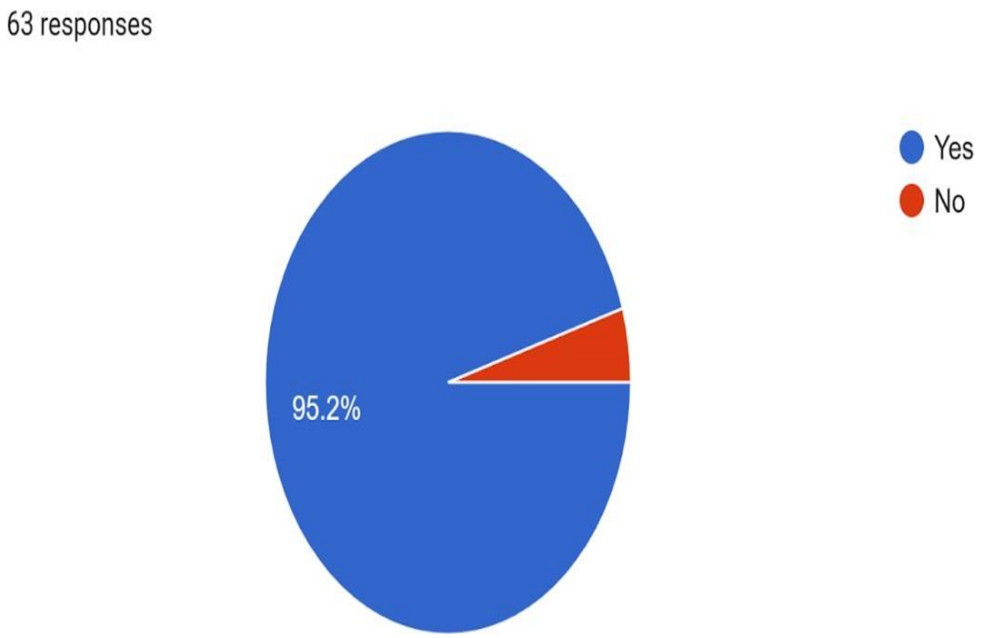


Options	No. of responses
Strongly agree	12
Agree	50
Disagree	1

INTERPRETATION:

From the above figure, it is concluded that the majority of respondents agree and 12 respondents strongly agree that the GST on FMCG goods will help to increase the tax collection for government. Whereas, only 1 respondent disagree with it and they do not think that GST on FMCG products will help government to increase tax collection.

15. Do you think various schemes in FMCG products?

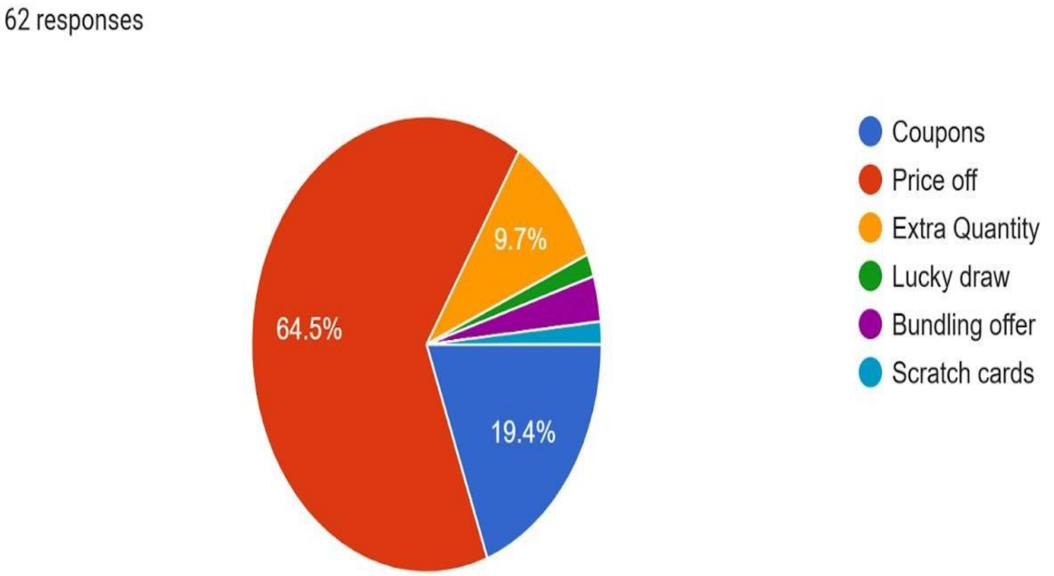


Options	No. of responses
Yes	60
No	3

INTERPRETATION:

According to the pie chart most of them are looking for various schemes in FMCG products and only 3 respondents do not look for various schemes in FMCG products.

16. If yes which schemes?



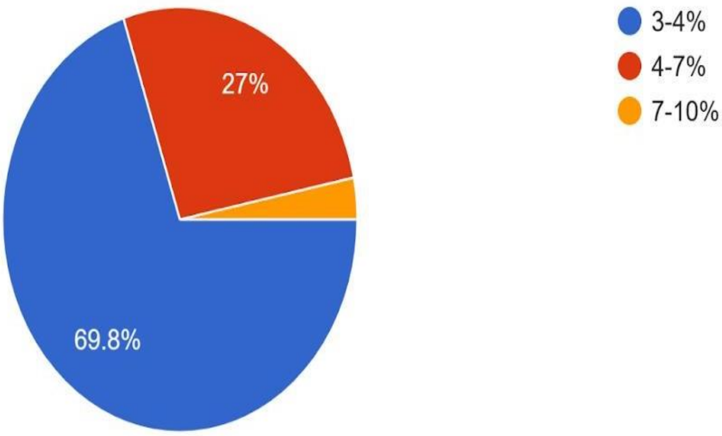
Options	No. of Responses
Coupons	12
Price off	40
Extra Quantity	6
Lucky Draw	1
Bundling Offer	3
Scratch cards	1

INTERPRETATION:

According to the above pie chart people mostly prefer price off on FMCG products and lucky draw and scratch cards are the least preferred by the respondents. 12 respondents prefer coupons on FMCG products. 6 people prefer extra quantity and 3 respondents prefer bundling offer.

17. GST on food item like butter, cheese, and ghee has been charged 12%. According to you how much GST rate should be charged on this item?

63 responses



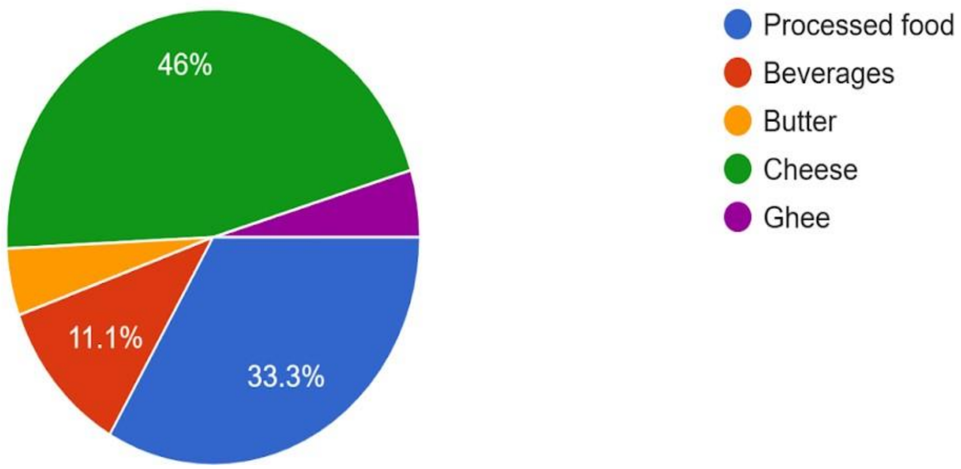
Options	No. of Responses
3-4%	44
4-7%	17
7-10%	2

INTERPRETATION:

Majority of the responses that is almost 44 respondents want GST rate on butter, cheese, ghee to be 3-4%. They said that the GST on this product is very high and they are consumed daily. Other 17 respondents want 4-7% and the remaining 2 want 7-10% GST on these products.

18. Which FMCG product consumption did you reduced after implementation of GST?

63 responses

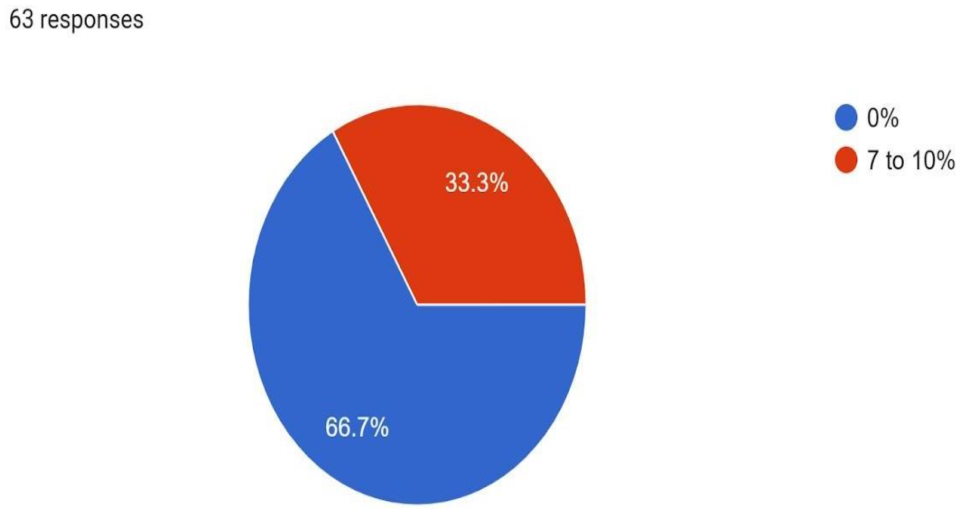


Options	No. of Responses
Processed food	21
Beverages	7
Butter	3
Cheese	29
Ghee	3

INTERPRETATION

As government has implemented GST rate on FMCG products which are basic necessity in life for the people. Due to GST people had reduced using some products such as 29 respondents have reduced using cheese after implantation of GST while 21 respondents have reduced using processed food while 7 respond has reduced using beverages and 3 respond has reduced using butter and ghee.

19. GST rate on Ayurvedic medicine has been increased to 12%? Do you think what should be the tax rate zero or it should be same as it was before?

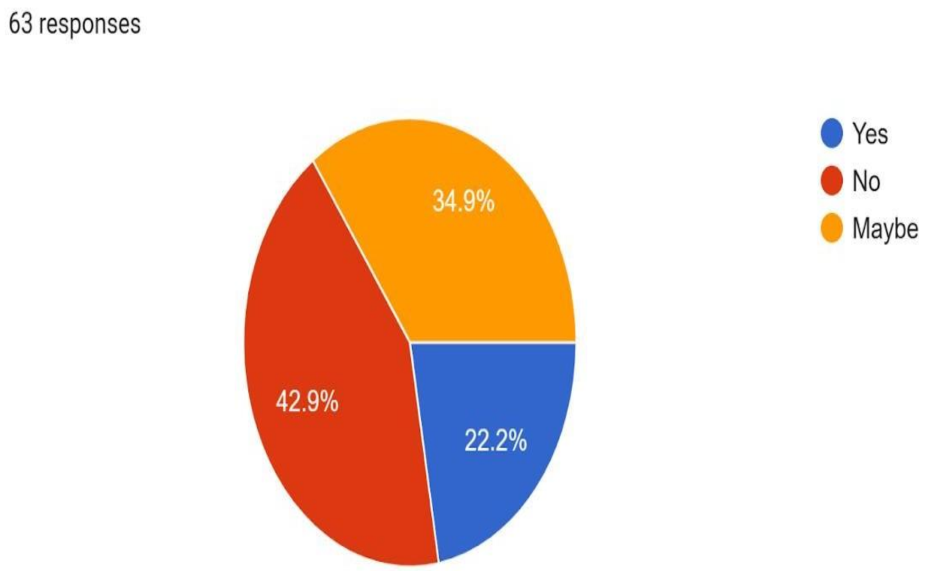


Options	No. of Responses
0%	42
7-10%	21

INTERPRETATION:

Most of the respondents that is 42 concluded that GST on ayurvedic products should be 0% as most of them use ayurvedic products on daily basis and it is difficult to purchase it whereas 21 respondents say that it should be same as before i.e. 7-10%.

20. Do you prefer buying FMCG products online?



Options	No. of Respondents
Yes	14
No	27
Maybe	22

INTERPRETATION:

As buying online may include various charges most of the respondents prefer buying it offline and 22 respondents are not sure to buy online or offline and only 14 respondents prefer buying online as they are busy with various things.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS AND SUGGESTION:

After analysis and Interpretation of the data these are followings were emerged:

- Most of the respondents are male as the topic is related to implementation of GST on FMCG products.
- Majority of the respondents i.e., 60%comes under the age group between 18-35 years and 33% of the respondents are in age group of 30- 45 and 4% to 1% respondents are between 35-60 years and above 60years of age.
- Majority of the respondents that is almost 44% are student and other are housewife, employees and some of them have their own business.
- 40% of the respondents have their monthly income between 0-10000 and there are most of the employee whose incomes are in between 10000-20000.
- The most of respondent's perception are very positive towards the GST 60% are aware about the implementation of GST through online sources and the remaining 40% become aware through mass media and remaining others became ware through friends and family.
- Also 81% of the customers suggests that Grocery products should be tax free as it is the daily necessity of the consumers.
- FMCG products like Butter, Cheese and Ghee are mostly used daily by the consumers and government has increased tax rate on these products to 12% so 70% of the consumersconcluded the rate of this products should be reduced to 3-4%.
- GST on ayurvedic medicine has been increased to 12%, people says that this is the necessity of the people, so 67% of respondents concluded that GST rate on medicine should be zero so poor people will have no problem in affording medicine.
- 30% of the respondents are not sure whether there is need in improvement in price of FMCG goods.
- Most of the consumer's perception that GST is very beneficial in Long Term for economy of the country and effect of GDP.
- Most of the consumer's perception that GST is fair tax. And, so predominantly compliance tax.

- Hence, majority of the respondents have responded positively towards GST on FMCG products.

SUGGESTION:

- Implementation of GST rate of FMCG products has increased the prices of some of the products due to some people face the problem of affording. Government should take measures and implement the proper GST rates.
- Some of the people are not well informed on the implementation of the GST. Therefore, in order to ensure efficient implementation of the GST, the government should come out with a proper guideline the society on the producers for the implementation of GST.
- Necessity of the people such as medicine should be charged zero percent of GST so that poor people so not face any difficulty in affording it.
- Government should make a proper decision on the prices of FMCG products as people respondent that there should be improvement in current prices of FMCG products.
- The customer suggested that there should be a smooth, transparent, and simple transition provisions which is easily understandable.
- Simplifying the tax filing process, reducing the number of tax slabs, and streamlining compliance requirements can help FMCG companies save time and resources, enabling them to focus on their core business activities.
- Ensuring clarity on the availability and utilization of Input Tax Credit (ITC) is crucial for FMCG companies to manage their costs effectively
- Clear guidelines on eligible input credits, timely processing of refunds, and addressing issues related to ITC reversals can help improve cash flow and profitability for FMCG businesses.
- Establishing regular industry consultations, feedback mechanisms, and grievance redressal forums can facilitate open communication between FMCG companies and tax authorities.
- The government must ensure a good management of the income collected from the GST.
- Providing incentives such as reduced penalties, faster processing of refunds, and recognition for compliant taxpayers can encourage FMCG companies to adhere to GST regulations and promote voluntary disclosure of tax liabilities.
- Enhancing infrastructure facilities, logistics networks, and last-mile connectivity for the FMCG sector can improve supply chain efficiency, reduce transportation costs, and enhance market access for FMCG products.

CONCLUSION:

- The study on GST on FMCG goods highlighted customers has positive perception towards GST. The overall structure of GST rate for the FMCG sector has most likely seen mixed impacts. We can find consumers have different perception regarding tax rate of some products but these may not be the permanent ones. Hence the challenges faced by some of the people as due to GST rate on FMCG products has increased their cost of living should be solved in some period. The GST transition is not just a transition of tax, it impacts very aspects such as customers, business men and some of the employees whose salary is less due to which theyface problems in affording some of the products.
- Different products are taxed at different rates, on a macro level, on a macro level, the average tax, and the final prices that the end customer ends up paying will average out, with some products becoming more expensive and others becoming cheaper. GST would give the boost up in investments and reduce the overall transportation cost, it always hep the companies to reduce their production costs. Hence, shows an impact in a long period.
- From the research it is also analyzed the price of necessity such as medicine, and some of the products which are daily used by the consumers such a s cheese, butter, ghee etc, tax rate on such products should be reduced as respondents responded prices of such products has been increased due to which they find difficult on affording it.
- Positive response has been given by the respondents as due to GST rate prices of the products are increased which make them to save part of their income and they can do more savings.
- From the survey we have got the positive response of the respondents about the implementation of GST on FMCG products as they think it will beneficial for them and for government to increase the tax collection and in long term for economy of the country

CHAPTER: 6

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ANNEXURE

1. Name: -
2. Age: -
    - 18-30
    - 30-45
    - 45-60
    - Above 60
3. Gender: -
    - Male
    - Female
4. Qualification: -
    - Graduated
    - Undergraduate
5. Occupation: -
    - Student
    - Employee
    - Business
    - Professional
    - Housewife
6. Monthly income: -
    - 0-10000
    - 10000-20000
    - 20000-50000
    - Above 50000
7. Do you know about FMCG products?
    - Yes
    - No
    - Maybe

8. Are you aware about the implantation of GST on FMCG products?
    - Yes
    - No
    - Maybe
9. From which source you became aware about GST on various FMCG products?
    - Friends and Family
    - Online source
    - Mass media
    - Other
10. According to you which of the FMCG products should come under 0% GST?
    - Grocery products
    - Beverages
    - Toiletries
    - Cleaning products
11. According to you which of the FMCG goods are on higher slab of GST?
    - Personal care products
    - Dairy products
    - Toiletries
12. Which FMCG do you use on daily basis?
    - Home care
    - Personal care
    - Food and Beverages
    - Alcohol and cigarettes
    - Oct.
13. Are you satisfied with the current price of consumer goods?
    - Fully satisfied
    - Satisfied
    - Dissatisfied

14. Do you think current tax rate on FMCG goods is sufficient or there is a need for improvement?

- Yes
- No
- Maybe

15. Do you think GST on FMCG goods will help to increase tax collection for government?

- Strongly agree
- Agree
- Disagree

16. Do you think various schemes in FMCG products?

- Yes
- No

17. If yes which schemes?

- Coupons
- Price off
- Extra Quantity
- Lucky Draw
- Bundling offer
- Scratch cards

18. GST on food items like butter, cheese, and ghee has been charged 12%. According to you how much GST rate should be charged on this item?

- 3-4%
- 4-7%
- 7-10%

19. Which FMCG product consumption did you reduced after implantation of GST?

- Processed food
- Beverage
- Butter
- Ghee
- Cheese

20. GST rate on ayurvedic medicine has been increased to 12%? Do you think whatshould be the tax rate zero or it should be same as before?

- 0%
- 7-10%

21.Do you prefer buying FMCG products online?

- Yes
- No
- Maybe