

Original Article

UNRAVELLING GST'S IMPACT ON CLOTHING PRICES AND CHOICES: EVIDENCE FROM RAJASTHAN CONSUMERS

Surabhi Pareek ^{1*}, Dr. Neetu Khandelwal ²

¹ Research Scholar, Apex University, Jaipur, India

² Assistant professor, Apex University, Jaipur, India



ABSTRACT

This paper aims to examine the impact of Goods and Service Tax (GST) on clothing prices as well as procurement behaviour in the state of Rajasthan with a case of Jaipur, Sanganer, and Bagru. For this purpose, 120 samples of the primary survey were used to assess how women GST has impacted consumer patterns and preferences in the textile sector. Descriptive analysis demonstrated that a large number of customers think that there was an increase in prices the clothing sector after the GST demise leading to the challenges of purchasing them to be more significant among the middle- and lower-income groups with available price elasticity for cost sharing among these groups. In fact, regression analysis showed that price sensitivity discourages repeat purchases, while those able to buy resorted to cheap and unbranded goods. The new rich, on the other hand, was found to portray an insignificant negative impact on purchases; this group bought high-priced fashionable clothes in the market. The conclusion explains a two-sided effect; one is that GST would enhance the transparency of retail but faces the challenge of pricing. Hence, the article highlights the need for the review of government policies and provides some long-term strategies for the various industries in particular consumer textiles industry.

Keywords: GST, Consumer Behaviour, Textile Sector, Clothing Prices, Rajasthan

INTRODUCTION

The introduction of the Goods and Services Tax (GST) in 2017 within the territory of India was a major overhaul in the areas of Indirect Taxes. This particular change presented some of the most serious challenges to consumer markets Rao (2019). However, the one sector that has been impacted significantly is the textile and apparel industry since this is the direct part of the economy which influences the most household expenses and lifestyles Chakraborty and Biswas (2020). Within this context, Rajasthan containing vibrant centres of textile manufacturing, garments, handicrafts, and retail shops offers an excellent case to study the impact of GST on India clothing with regards to becoming more affordable, changes in demand and preferences, and more. Although it was designed to consolidate and simplify tax alongside enabling market liberalization, consumers have often had various perspectives, largely due to price and demand changes alongside ease of access to a wide range of garment types Taplin (2014). This research aims at uncovering these variations by concentrating on consumers and offers empirical evidence how GST has affected the everyday wear of the clothing segment of Rajasthan's consumers.

*Corresponding Author:

Email address: Surabhi Pareek (surabhi.maheshwari1424@gmail.com)

Received: 08 October 2025; Accepted: 03 November 2025; Published 11 December 2025

DOI: [10.29121/ijetmr.v12.i11.2025.1717](https://doi.org/10.29121/ijetmr.v12.i11.2025.1717)

Page Number: 22-26

Journal Title: International Journal of Engineering Technologies and Management Research

Journal Abbreviation: Int. J. Eng. Tech. Mgmt. Res.

Online ISSN: 2454-1907

Publisher: Granthaalayah Publications and Printers, India

Conflict of Interests: The authors declare that they have no competing interests.

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Authors' Contributions: Each author made an equal contribution to the conception and design of the study. All authors have reviewed and approved the final version of the manuscript for publication.

Transparency: The authors affirm that this manuscript presents an honest, accurate, and transparent account of the study. All essential aspects have been included, and any deviations from the original study plan have been clearly explained. The writing process strictly adhered to established ethical standards.

Copyright: © 2025 The Author(s). This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

With the license CC-BY, authors retain the copyright, allowing anyone to download, reuse, re-print, modify, distribute, and/or copy their contribution. The work must be properly attributed to its author.

LITERATURE REVIEW

Post economic liberalization era in India July 2017 is memorable for many reasons, one of which is the coming in force of the much-awaited revolutionary reform of the Goods and Services Tax [Ghimire \(2019\)](#). GST got introduced to eliminate the various state and central taxes complications and even worse introduction of GST was also followed by measures improving the tax system structure in a way that provides level principle of taxation across the entire nation [Sureka and Bordoloi \(2025\)](#). Inefficiency can be blamed in equal measure to states' fiscal autonomy. Nonetheless, it was recognized that the cultural specificities of the federal structure of Indian polity would make it difficult to make wide-reaching reforms. The GST is one of the most radical reforms that occurred since the liberalization of the Indian economy [Bhattarai \(2017\)](#). This tax reform was primarily introduced to reduce cascading and push for one nation one tax regime. This was a sine qua non for removing various other inefficiencies arising from the existing multiple tax system. However, the ushering of GST also introduced control over the budget autonomy of states which may raise a conflict of interest between the state and the centre [Asolekar \(2021\)](#). Imposing a cap on the fiscal autonomy of a state may facilitate expeditious efficient and timely implementation of the GST but eventually betrays the spirit of cooperation among the centre and state suggested by the federal constitution [Kir \(2021\)](#). It was for this reason that it was resolved to integrate the working of the state and the market within the framework of the federal polity. In the context of both its privileges and limitations there are distinct features in the GST that have direct impact on equality. The straightforward truth is that, due to the retention of majority of the wordings and organising the existing provisions into the New GST Act, at best mixed results will be achieved in terms of formulating regulation geared at addressing the present challenges.

A number of scholars agree that consumption, and in particular the usage of I_T, is heavily impacted by indirect taxation levels [Hines and Summers \(2009\)](#). As clothing falls into the category of both a basic requirement and style essential, any change in its pricing will have a significant impact on the consumption. Consequently, [Shetty \(2019\)](#); indicated that, while the GST first eliminated the GST rates differences across different states, it also introduced compliance costs which were then transferred to the price to consumers hence the fluctuation of garments and fabric prices.

When discussing textiles in industrial contexts, the relevant evidence indicates a two-fold pattern. On the positive side, the introduction of the goods and services tax has certainly had an effect, the reduction in interstate barriers has resulted to more effective movement of such products and transaction costs have also been minimized [Deardorff and Stern \(2005\)](#), [Jagetia \(2020\)](#). This should consequently lead to reduced consumer prices in the textile sector. On the other hand, the benefits of reduced costs found it difficult to reach the consumers in form of promotional prices probably because the traders instead purchased within the channels and/or intra company transactions delayed the benefits [Kusne et al. \(2020\)](#).

Considering the framework of selected product such as clothing purchases, influence of the taxes relates only to products that are priced under a certain level [Miliotis \(2021\)](#). Relatively high level of penetration in the use of organized retailing in legalized setup has enhanced the physical presence of organized retailers, increased the spread of product ranges, driven operational efficiency and brand building but at the same time, decreased consumer preference for small informal retail outlets. The same trait was observed in textile markets of Rajasthan which cater to the needs of both urban and rural consumers; economy pricing offered in the malls and showrooms for a particular city, which is not the case for people in the rural areas [Gupta et al. \(2022\)](#).

Internationally, VAT reform can have the same results. A similar view has been outlined by [Keen \(2013\)](#) that once implemented, the reforms assist in regulating the markets leading to increased social welfare, yet it is also observed that the reforms while introduction leads to transient welfare costs for the poor and the middle class [Chan \(2018\)](#). Remarkably, [Jha \(2021\)](#) has concluded that in India, nonmetropolitan consumers got used to the changes owing to GST in the first place but had fewer clothing habits [Babu \(2019\)](#).

The vast literature available on Goods and Services Tax (GST) narratives dualistic scenarios of the phenomenon: it has efficiency and transparency as compliments but at the same time it's a big change and shocks is transition which is a hard hit for the consumers [Roy \(2018\)](#). In most if not all, of the macroeconomic studies conducted, attention is usually focused on revenues, exports and production levels of a country. However, in the literature there is also a demand for the introduction of consumer-based studies showing how changes in consumer behaviour are affected by price changes. In these considerations, the state of Rajasthan stands out as it possesses a rich and vast textile heritage which services a multitudinous consumer base making it an attractive target to understand how GST has reduced either the real cost of clothes or modified the consumption behaviour of such people [Chitnis \(2020\)](#).

RESEARCH OBJECTIVES AND HYPOTHESES

Objective 1:

To examine the effect of GST-driven clothing price increases on consumer purchasing behaviour in Rajasthan.

- **Hypothesis (H1):** GST-driven increases in clothing prices have a significant negative effect on consumer purchasing behaviour.

Objective 2:

To analyse how affordability concerns shape consumer choices toward lower-cost or unbranded clothing alternatives.

- **Hypothesis (H2):** Affordability concerns significantly influence consumer shifts toward lower-cost or unbranded clothing alternatives.

Control Variable Consideration:

- **Objective 3 (Supporting):** To evaluate the moderating role of consumer income levels in shaping the impact of GST-related price and affordability changes.
- **Control Variable:** Income level moderates the relationship between price/affordability and consumer purchasing choices.

RESEARCH METHOD

This investigation applies primary survey-based cross-sectional research to evaluate the extent of GST's impact on clothing cost trends and consumer habits in Rajasthan. In specific, a structured questionnaire consisting of close ended questions and Likert scale was administered to 120 respondents each, representing the areas of Jaipur, Sanganer and Bagru which are clothing, block printing and fabric producing districts. As the research aim was to explore and present contributions of different respondents relative to the affordability and purchase of the garment, restricted sample in terms of urban respondents and semi urban respondents was purposefully selected to ensure that other categories of respondents limited as much as possible. As for the targeted number of 120, such size of the sample is sufficient for field research on consumer behaviour and there are enough observations for regression-based analysis. The instruments used to collect data were checked for reliability and any missing data was compared from the existing data and where necessary, imputed. The data was then collated and summaries generated using descriptive statistics that would provide a clearer picture of the research subjects' perspectives. This was a quantitative approach to research aimed at testing the theoretical framework and therefore, estimates of the population parameters by use of regression analysis.

ANALYSIS AND INTERPRETATION OF PRIMARY DATA**RESPONDENTS' DEMOGRAPHIC BACKGROUND**

The profile of 120 sample respondents is presented which includes information on gender, age, educational level, income, and location distribution in the specified area (Jaipur, Sanganer and Bagru).

Variable	Categories	Frequency (n=120)	Percentage (%)
Gender	Male	65	54.2
	Female	55	45.8
Age Group	18–25 years	28	23.3
	26–35 years	34	28.3
	36–45 years	32	26.7
	46 years and above	26	21.7
Education	Up to Secondary	20	16.7
	Undergraduate	46	38.3
	Postgraduate	42	35
	Others	12	10
Monthly Income	< ₹20,000	30	25
	₹20,001–40,000	38	31.7
	₹40,001–60,000	28	23.3
	> ₹60,000	24	20
Location	Jaipur	40	33.3
	Sanganer	40	33.3
	Bagru	40	33.3

The data is fairly representative of the populations within Jaipur, Sanganer, and Bagru. This is because the study has male and female subjects evenly spread in different graduated age groups. A majority of the subjects fall within the 26–45 age bracket would suggest this is a group with a high economic activity level. Most respondents seem to have attained a college and more advanced

education which is a signal of a literate society. As for the wage earners distribution, the earnings are unevenly distributed through various classes with a vast group concentrated within the mid-cost level that is easier to sway with the factor of prices of clothes.

DESCRIPTIVE STATISTICS OF KEY VARIABLES

Variable	Mean	Std. Dev.	Min	Max
Price Perception	3.42	0.85	1	5
Affordability	3.68	0.74	1	5
Purchase Frequency	2.95	0.81	1	5
Brand Preference	3.12	0.92	1	5
Shift to Alternatives	3.35	0.87	1	5

In comparison, the average score concerning the price increase following the GST implementation was 3.42, indicating the middle ground or no agreement at all. Affordability was an even more expensive commodity with a mean of 3.68 referring to people who faced cost pressures due to the higher financial capacity. Otherwise, the purchasing frequency was contained at a mean that is less than 3 which also signifies some degree of moderation in purchasing of apparels. The slight increase in the mean scores for brand preferences and switch costs suggests that some consumers chose the cheaper alternatives.

REGRESSION ANALYSIS WITH HYPOTHESIS TESTING

Predictor Variable	Beta (β)	t-value	p-value	Result (Hypothesis)
Price Perception	-0.32	-2.75	0.01	Supported (H1)
Affordability	0.41	3.85	<0.001	Supported (H2)
Income Level	0.27	2.01	0.05	Supported
Model Summary: $R^2 = 0.46$, Adjusted $R^2 = 0.44$, F-statistic = 14.92 ($p < 0.001$)				

With 46% of the variance in consumer purchasing behaviour explained by the regression model, it is statistically significant. Price perception has a detrimental impact on the frequency of purchases, supporting H1 that price rises connected to GST lower affordability and buy frequency. Concerns about affordability substantially predict a move toward less expensive or unbranded apparel, which supports H2. Income is a moderating factor; respondents with greater incomes are less impacted by price changes brought on by the GST.

CONCLUSION AND RECOMMENDATION

This particular study set out to determine the impact of Goods and Services Tax (GST) on prices of textiles and the behaviour of consumers in the state of Rajasthan with the main focus given to Jaipur, Sanganer, and Bagru. Three key findings can be drawn from the primary survey conducted on 120 respondents and the regression analysis all of which suggest that GST surged in two ways. The first way refers to making the retail markets transparent and standardized and the second way relates to enhancing the prices of clothing, hence this is probably deferred to the middle and especially the lower strata of the society. Study also noted that Price consciousness negatively grounded purchase actions, while the desire for affordability kicked in and enabled many respondents to alternatives such as non-branded clothes or cheap clothing. Unlike the rest source wealthier audience groups showed no decline while some of them resorted to the purchase of high-end cost products. This is an indication of the problems of GST burden for different consumer groups. To soften these problems, it is recommended that the government adopt both of the measures. They can reduce the cost pass to the subject of the tax to rationalizing GST rates of essentials clothing and by improving the current refund system. For competition, the fabric industry may expand towards the use of multi-unit pricing and arts like the tradition printing of garments like the Sanganer Block printed cloths and that of Bagru would be boosted. The ways they could probably benefit are training customer potential base the process of subjectivity as regards to goods and services and even involving third parties in the process of making payments such as availing two in one product. In general, GST brought about some positive changes as far as the fiscal policy of the country is concerned. However, if one looks at the consumption of textiles in the state of Rajasthan it cannot be said that such tax systems are in place. Balanced tax systems, targeted industry programs, and information campaigns are required for the purpose of supporting the development of this sector as well as expanding protection of customers.

ACKNOWLEDGMENTS

None.

REFERENCES

- Asolekar, M. S. (2021). The Dynamics of Centre-State Relationship Under GST Regime: A Case Study on One-Nation One-Tax in India. *Issues 5 International Journal of Law Management and Humanities*, 4, 1833.
- Babu, G. S. (2019). Consumers' Perception Towards GST Rates in India. *Research Review International Journal of Multidisciplinary*, 4(01).
- Bhattacharj, K. (2017). Impacts of GST Reforms on Efficiency, Growth and Redistribution of Income in India: A Dynamic CGE Analysis.
- Chakraborty, S., and Biswas, M. C. (2020). Impact of COVID-19 on the Textile, Apparel and Fashion Manufacturing Industry Supply Chain: Case Study on a Ready-Made Garment Manufacturing Industry. *Journal of Supply Chain Management, Logistics and Procurement*, 3(2), 181–199. <https://doi.org/10.69554/GJKF4967>
- Chan, S.-G. (2018). The Role of Country Governance on Value-Added Tax and Inequality. <https://doi.org/10.15240/tul/001/2018-4-006>
- Chitnis, C. (2020). *Patterns of India: A Journey Through Colors, Textiles, and the Vibrancy of Rajasthan*. Clarkson Potter.
- Deardorff, A. V., and Stern, R. M. (2005). Empirical Analysis of Barriers to International Services Transactions and the Consequences of Liberalization. In *Quantitative Methods for Assessing the Effects of Non-Tariff Measures and Trade Facilitation* (549–609). World Scientific. https://doi.org/10.1142/9789812701350_0021
- Ghimire, R. P. (2019). Examining the Adoption of Governance Reforms in Nepal: Success or Failure in the Post-Liberalisation Era (1990–2015)? (Doctoral thesis). The Australian National University.
- Gupta, S., Satpathy, B., Gakhreja, S., and Dash Nath, D. (2022). Textile Industry and Infrastructure: An Evolutionary Study on Industrial Growth and its Impact on Tribal Youth of Rajasthan, India. *Utkal Historical Research Journal*, 35(12), 64–77.
- Hines, J. R., Jr., and Summers, L. H. (2009). How Globalization Affects Tax Design. *Tax Policy and the Economy*, 23(1), 123–158. <https://doi.org/10.1086/597056>
- Jagetia, A. (2020). An Analysis of Total Taxes Paid and Input Tax Credit on Operating Revenues Due to Implementation of GST on Textile Sector Companies of Mewar Region of Rajasthan [SSRN working paper]. SSRN. <https://doi.org/10.2139/ssrn.3595851>
- Kir, A. (2021). India's Goods and Services Tax: A Unique Experiment in Cooperative Federalism and a Constitutional Crisis in Waiting. *Canadian Tax Journal*, 69, 391. <https://doi.org/10.32721/ctj.2021.69.2.kir>
- Kusne, A. G., Yu, H., Wu, C., Zhang, H., Hattrick-Simpers, J., DeCost, B., Sarker, S., Oses, C., Toher, C., Curtarolo, S., et al. (2020). On-the-Fly Closed-Loop Materials Discovery via Bayesian Active Learning. *Nature Communications*, 11(1), Article 5966. <https://doi.org/10.1038/s41467-020-19597-w>
- Milios, L. (2021). Towards a Circular Economy Taxation Framework: Expectations and Challenges of Implementation. *Circular Economy and Sustainability*, 1(2), 477–498. <https://doi.org/10.1007/s43615-020-00002-z>
- Rao, M. G. (2019). Goods and Services Tax in India: Progress, Performance, and Prospects. Deepak and Neera Raj Center on Indian Economic Policies Working Paper. <https://doi.org/10.1017/9781108564120.010>
- Roy, S. (2018). Transition to Goods and Services Tax (GST) Regime: Rationale and Impasse.
- Shetty, S. S. (2019). Evaluating the Impact of GST on the Textile Industry in India (Master's Dissertation). Dublin Business School.
- Sureka, A., and Bordoloi, N. (2025). A Comparative Analysis of VAT, Service Tax, and GST: Implications, Challenges, and Transition in the Indian Tax System. *Journal of Cases in Management Studies*, 1(1).
- Taplin, I. M. (2014). Global Commodity Chains and Fast Fashion: How the Apparel Industry Continues to Re-Invent Itself. *Competition and Change*, 18(3), 246–264. <https://doi.org/10.1179/1024529414Z.00000000059>