A Study on

Unveiling the Hidden Costs: A Comprehensive Analysis of Indirect Taxes on Essential Goods in India and Their Impact on Consumers

A dissertation report submitted in the partial fulfilment of the requirements of the degree of Master of Business Administration

Submitted by

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I confirm that this report titled " **Unveiling the Hidden Costs: A Comprehensive Analysis of Indirect Taxes on Essential Goods in India and Their Impact on Consumers** " truly represents the work undertaken as a part of my dissertation. I certify that this report represents my ideas in my own words and where others' ideas or words have been included, I have adequately cited and referenced the sources. I also certify that I have adhered to all principles of academic honesty and integrity and have not misrepresented or fabricated or falsified any idea/data/fact/source in my submission. The work has not been submitted to any other Institute for any degree or diploma. I understand that any violation of the above will be cause for disciplinary action by the Institute and can also evoke penal action from the sources which have thus not been properly cited or from whom proper permission has not been taken when needed.

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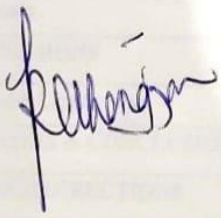

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Executive Summary

This dissertation explores the **hidden costs** associated with **indirect taxes** on **essential goods** in India, particularly examining the economic impact of the **Goods and Services Tax (GST)** on **consumer spending** and **disposable income** across various **income groups**. Using a **descriptive and analytical approach**, this research assesses how indirect taxes disproportionately affect **low-income households**, reducing their disposable income and altering spending habits on basic necessities such as food, healthcare, and utilities. Data for this study is gathered through **primary surveys** and secondary sources, including government reports and academic literature, to provide a comprehensive analysis of indirect tax implications. Key findings reveal a significant **regressive impact** of GST on lower-income consumers, highlighting the need for targeted **policy reforms** and **subsidies** to ensure economic equity and social welfare. This study contributes valuable insights for policymakers, economists, and businesses by identifying the broader socioeconomic implications of indirect taxation in India and suggesting directions for future research on **tax equity** and **consumer behaviour**.

CHAPTER 1
INTRODUCTION

Title of Dissertation Work: "Unveiling the Hidden Costs: A Comprehensive Analysis of Indirect Taxes on Essential Goods in India and Their Impact on Consumers"

Chapter 1: Introduction

Background

India's indirect taxation system has undergone significant transformations over the past few decades, most notably with the implementation of the **Goods and Services Tax (GST)** in 2017. Prior to GST, India relied on a multitude of indirect taxes, including Value Added Tax (VAT), Central Excise, and Service Tax, which created a complex and often cumbersome tax landscape. The primary goal of GST was to streamline this fragmented system, integrating various taxes into a single, unified structure to reduce cascading tax effects and improve efficiency across the supply chain (Sovacool et al., 2021). This consolidation was intended to simplify the tax process for both consumers and businesses, fostering economic growth by encouraging transparency and compliance (Poddar, 2003).

However, while GST aims to enhance efficiency, it has raised concerns regarding its impact on essential goods and services, particularly those consumed by low-income households. GST rates vary based on the category of goods and services, with essential items such as food grains and healthcare receiving lower rates or exemptions. Nevertheless, a considerable number of essential goods are still taxed, which inadvertently increases the financial burden on economically vulnerable populations (Meenakshi & Ray, 1999). These indirect taxes are inherently regressive, as they impose the same rate on all consumers, regardless of income. Consequently, low-income families end up allocating a more significant portion of their limited income toward these taxes, affecting their disposable income and capacity to save (Demery, 2003; Rao, 1989).

Moreover, indirect taxes like GST are embedded in the final retail price of goods, making it challenging for consumers to discern the true tax amount they are paying. This "invisibility" of indirect taxation can distort consumer awareness and make it difficult for households to gauge their expenditure on taxes accurately (Auriol & Warlters, 2012). As a result, there is an economic disparity in tax incidence, with wealthier individuals being better equipped to absorb these additional costs without

compromising their standard of living, unlike their lower-income counterparts (Arnold et al., 2019). The presence of these hidden costs raises questions about the fairness of GST as a universal tax structure in a socially diverse country like India, where economic inequality remains a pressing issue (Sung et al., 2017).

GST's uniform application on many essential goods has fuelled debates about the need for more targeted tax policies that can alleviate the financial strain on low-income households. For instance, studies suggest that subsidies or reduced GST rates on essential commodities could play a pivotal role in reducing economic inequities (Alderman, 2002). Addressing the regressive nature of GST is crucial to ensuring that the tax system supports social welfare, particularly in a country where the economic divide remains significant (Bourguet & Guillemaud, 2016). Therefore, this study aims to explore these hidden costs and assess the broader socio-economic impact of indirect taxes on essential goods in India, with a specific focus on consumer spending behavior, income distribution, and policy implications.

Problem Statement

Indirect taxes, by their very design, often remain concealed within the prices consumers pay for goods and services. Unlike direct taxes, which are transparently deducted from income, indirect taxes like the **Goods and Services Tax (GST)** are embedded in the purchase cost, making the financial burden less perceptible to the consumer (Sovacool & Kim, 2021). This "hidden" nature of indirect taxation creates a unique economic dilemma, particularly when it comes to **essential goods**—items necessary for daily survival, such as food, utilities, and basic healthcare (Meenakshi & Ray, 1999). For low-income households, who are most sensitive to price changes in essential goods, these hidden tax costs can represent a substantial drain on their disposable income. Consequently, the weight of these indirect taxes disproportionately affects those least capable of bearing it, leading to a regressive impact where the poor, relative to their income, pay a higher tax share than wealthier groups (Auriol & Warlters, 2012).

Since GST's introduction in India, there have been ongoing debates regarding its universal applicability across a broad spectrum of goods. While certain essential commodities are either tax-exempt or attract a minimal GST rate, numerous other

critical items still incur taxes, pushing up their prices (Poddar, 2003). This tax structure results in a situation where consumers, especially those in lower-income brackets, might be forced to adjust their consumption patterns, sacrificing quality or quantity of essential goods to accommodate the added costs imposed by indirect taxation (Demery, 2003). Furthermore, the psychological "hidden" component of these taxes is problematic, as consumers often remain unaware of the actual tax burden they bear, leading to reduced transparency and understanding of their real expenses (Schmid, 1987).

This lack of visibility into tax costs not only affects consumer purchasing power but also undermines social equity in economic policy. The burden of indirect taxes on essential goods presents a critical challenge in achieving economic balance within a society where income inequality is a persistent issue (Alderman, 2002). The regressive nature of GST further intensifies this imbalance, as indirect taxes do not account for the varying abilities of consumers to absorb these costs. As a result, low-income households are inadvertently pushed deeper into financial strain, with indirect taxes cutting into budgets that might otherwise be allocated toward savings or essential expenditures (Arnold et al., 2019; Sung et al., 2017).

Thus, this study aims to investigate the hidden costs of indirect taxation on essential goods in India and its ripple effect on household budgets, particularly among socioeconomically disadvantaged groups. Understanding the true extent of indirect tax burdens can provide insights into how these taxes influence consumer behavior, spending patterns, and overall economic equity. By uncovering these impacts, the study seeks to inform policymakers and suggest potential reforms that could minimize the regressive effects of GST, enhancing transparency and promoting a more equitable tax structure for all income groups in India (Gulati & Sharma, 1995).

Research Objectives

The primary objective of this research is to examine the hidden financial impact of **indirect taxes** on essential goods within the Indian economy. Specifically, this study aims to:

1. **Identify and Analyze Tax Burden Distribution**: Assess how the indirect tax burden is distributed across different income groups, with particular emphasis on low-income households. By focusing on essential goods like food, healthcare, and utilities, this research intends to reveal how indirect taxes, such as GST, disproportionately affect economically vulnerable populations (Sung et al., 2017).
2. **Evaluate the Impact on Consumer Spending Patterns**: Investigate how the hidden costs of indirect taxes influence consumer behavior, especially among lower-income groups. This objective seeks to understand if and how consumers alter their spending habits in response to higher essential goods prices due to indirect taxation (Auriol & Warlters, 2012).
3. **Provide Policy Insights and Recommendations**: Offer actionable insights for policymakers to consider reforms that can make indirect taxes more equitable. This includes exploring potential tax relief measures for essential goods and suggesting modifications to GST policies to alleviate economic strain on low-income households, thereby fostering greater social and economic balance (Demery, 2003).

By addressing these objectives, the study aspires to fill critical gaps in the existing research on indirect taxation's socioeconomic impact and provide a data-driven foundation for policy reform.

Research Questions

To achieve these objectives, the following core research questions guide this investigation:

1. **How is the burden of indirect taxes, particularly GST, distributed across different income levels in India?**
2. **What are the specific impacts of indirect tax costs on consumer spending behavior for essential goods among low-income households?**
3. **To what extent do indirect taxes on essential goods contribute to income inequality within the Indian economy?**
4. **What policy modifications could potentially reduce the regressive effects of indirect taxes on essential goods, making the tax system more equitable?**

Significance of the Study

This research is critical for multiple reasons, primarily for its focus on **economic equity** and the **social implications of indirect taxation**. First, by uncovering the hidden costs embedded within the indirect taxation system, the study sheds light on the real burden faced by low-income households, who spend a higher percentage of their income on essentials. This understanding is vital, as it emphasizes the regressive impact of indirect taxes, challenging the notion of tax equity in a country with marked socioeconomic disparities (Meenakshi & Ray, 1999).

Secondly, the study provides valuable insights into **consumer spending behavior**. By examining the ways in which indirect taxes shape household budgets, this research can inform policymakers and consumer advocates about the economic pressures exerted on low-income consumers. This awareness is essential for crafting policies that foster consumer well-being, especially for essential commodities that form the backbone of daily survival for most households (Poddar, 2003).

Finally, this research offers **practical policy recommendations** that could serve as a foundation for tax reform. Insights into tax burden distribution and consumer response to hidden costs can help policymakers devise strategies to alleviate financial strain on low-income families and create a fairer tax system. In doing so, this study aims to contribute to a more inclusive and socially just economic landscape in India, where all citizens, regardless of income level, are afforded an equitable share of economic opportunities and protections (Arnold et al., 2019).

CHAPTER 2
LITERATURE REVIEW

Chapter 2: Literature Review

Overview of Indirect Taxation

Indirect taxation represents a category of taxes levied on goods and services rather than on income or profits, impacting consumers at the point of purchase rather than directly on their earnings. One of the most common forms of indirect taxes is the **Value Added Tax (VAT)**, a system widely adopted across numerous countries. VAT is a consumption tax that is applied at every stage of the production and distribution chain, but it is ultimately borne by the end consumer. For instance, countries in the European Union have long employed VAT as a central taxation model, generating substantial revenue while maintaining transparency in the tax amount consumers pay (Sovacool et al., 2021). VAT works by adding a tax percentage to the price of a product at each transaction point, making it a layered but cumulative tax on value addition. However, while VAT simplifies tax collection for governments, it often passes a significant financial burden onto consumers, who may not always recognize the full extent of these incremental costs (Alderman, 2002).

In India, the **Goods and Services Tax (GST)** was introduced in 2017 as a comprehensive indirect tax reform intended to replace multiple central and state-level indirect taxes, such as VAT, central excise duty, and service tax, with a single unified tax structure. GST simplifies the tax system by taxing only the final point of consumption, thereby eliminating the cascading effect—where taxes were previously applied to taxes at every stage of production (Poddar, 2003). By design, GST is structured into different slabs depending on the category of goods or services, with lower rates for essential items like food and higher rates for luxury items. This framework allows for some degree of flexibility, aiming to be progressive by lowering the tax burden on basic necessities. However, GST still encompasses many essential goods, meaning the end cost to consumers can be unexpectedly high, impacting low-income households most severely (Sung et al., 2017).

Globally, indirect taxes like VAT and GST are popular due to their efficiency in generating revenue without the complexity of direct taxation, which requires tracking individual incomes or corporate profits. In countries like Canada and New

Zealand, GST has become integral to the fiscal structure, often viewed as a straightforward way to encourage compliance and streamline tax collection. Yet, critiques of VAT and GST often focus on their regressive impact. Unlike income taxes, which can be progressively structured to tax higher earners at higher rates, indirect taxes apply the same rate across income groups, placing a larger proportional burden on lower-income consumers (Demery, 2003). For instance, while wealthier households might absorb indirect tax increases without much impact on their consumption patterns, low-income families may experience reduced purchasing power, especially regarding essential goods and services (Rao, 1989).

Additionally, while VAT and GST are conceptually similar, there are notable distinctions in their global applications. The United Kingdom and other European countries, for example, have VAT, which is often applied at standardized rates across the board, whereas GST models like India's are multi-tiered, with differential rates based on the category of goods (Arnold et al., 2019). This approach in India seeks to balance the regressive nature of indirect taxes by offering relief on essentials, although it remains challenging to completely shield vulnerable populations from the effects of indirect taxation. Furthermore, indirect tax reforms often require constant adjustments and recalibrations to respond to economic shifts and public needs, highlighting the complex balance governments must maintain between revenue generation and social equity (Slemrod & Yitzhaki, 1996).

In summary, indirect taxation, through models like VAT and GST, is a globally favored system for its ease of collection and consistent revenue stream. Yet, despite its advantages, the challenge remains to mitigate its impact on economically disadvantaged groups, as indirect taxes on essential goods disproportionately strain low-income households. As countries continue to evaluate their indirect tax systems, balancing fiscal effectiveness with social equity will be a persistent and critical concern (Auriol & Warlters, 2012).

Consumer Behavior and Taxation

Indirect taxes like the **Goods and Services Tax (GST)** and **Value Added Tax (VAT)** have a profound impact on consumer behavior, especially in terms of **spending** and **saving patterns**. Unlike direct taxes, which consumers perceive as distinct deductions from their income, indirect taxes are embedded in the final price of goods and services, often without the consumer's explicit awareness. This "invisible" nature of indirect taxes can lead to subtle but impactful changes in consumer habits. When the prices of essential goods increase due to taxes, low- and middle-income consumers, who are more sensitive to price fluctuations, often adjust their purchasing habits to cope with the additional costs (Sovacool et al., 2021). For instance, a household may opt for lower-cost alternatives, reduce the quantity purchased, or, in some cases, completely forego certain goods to preserve their limited budget. These behavioral shifts can have significant economic implications, as they indicate a compromised standard of living and a possible decline in overall well-being (Demery, 2003).

Research on indirect taxes suggests that consumers react to these hidden costs by either reallocating spending away from non-essential items or cutting back on their discretionary spending altogether. This trend is especially visible among lower-income groups, who tend to allocate a larger portion of their income to essential goods and services. Studies have shown that when indirect taxes increase the cost of these essentials, consumers are forced to prioritize immediate needs, reducing their ability to save for the future (Sung et al., 2017). As a result, indirect taxes do not only burden consumers in the short term by increasing their monthly expenses but also have long-term effects on their financial security. The reduction in disposable income leaves many unable to build a financial cushion or invest in future assets, exacerbating economic disparities and entrenching poverty cycles (Arnold et al., 2019).

Furthermore, the psychological impact of indirect taxes is an essential aspect of consumer behavior that is often overlooked. Since these taxes are not visibly deducted from income, consumers may not fully realize the extent of their tax contribution, leading to a lack of awareness about the economic impact of their spending decisions. However, over time, as the cumulative effect of indirect taxes

becomes evident, consumers may develop a heightened sensitivity to price increases, particularly in essential goods. This heightened sensitivity often drives consumers to seek out cheaper alternatives or cut down on non-essential purchases, impacting businesses that rely on steady consumer demand for profitability (Meenakshi & Ray, 1999). Additionally, this behavioral adaptation is not uniform across all income groups. Higher-income households typically have the flexibility to absorb price increases without significant lifestyle changes, highlighting the regressive nature of indirect taxes, which places a heavier burden on those with limited financial means (Poddar, 2003).

In economies with a high dependence on indirect taxes, the ripple effects on consumer behavior can ultimately influence broader economic trends. Reduced consumer spending on goods and services due to increased indirect tax burdens can lead to slower economic growth, as consumer expenditure is a crucial driver of demand in many sectors (Alderman, 2002). This trend underscores the importance of understanding the relationship between indirect taxation and consumer behavior to design tax policies that are both fiscally effective and socially equitable. By considering how taxes shape spending and saving habits, policymakers can better address the unintended financial pressures that indirect taxes place on consumers, ultimately striving for a more balanced and inclusive economic framework (Gulati & Sharma, 1995).

Economic Disparities and Taxation

Indirect taxation, by its very structure, tends to impose a disproportionate financial burden on low-income households, accentuating **economic disparities** across society. Unlike progressive taxes, which increase based on an individual's income, **indirect taxes** such as the **Goods and Services Tax (GST)** and **Value Added Tax (VAT)** apply uniformly to all consumers, regardless of their income level. This uniform application creates a regressive impact, as lower-income groups end up spending a larger share of their income on these taxes compared to wealthier individuals, who can absorb the added cost with minimal impact on their financial security (Auriol & Warlters, 2012). For low-income households, where the majority of monthly expenditures are dedicated to essential goods and services, even a modest increase in indirect taxes can lead to significant financial strain. Consequently, these families are often forced to make difficult trade-offs, cutting back on other necessities or reducing their savings just to accommodate the increased cost of daily essentials (Arnold et al., 2019).

The regressive nature of indirect taxation is particularly evident when examining its effects on household spending for essential goods such as food, healthcare, and utilities. For instance, a low-income household paying GST on basic food items or electricity may find that these small, frequent tax payments accumulate into a substantial annual expense. Such costs are less likely to impact higher-income households, whose spending on essentials constitutes a smaller portion of their total income. Research suggests that, over time, this cumulative effect exacerbates economic inequalities, as low-income families allocate more of their already limited resources to cover tax-inclusive prices, leaving them with little room for savings or investment (Poddar, 2003). This depletion of disposable income hinders their ability to build financial resilience, making them more vulnerable to economic shocks and less likely to experience upward mobility (Sung et al., 2017).

Moreover, the lack of targeted relief measures within indirect tax structures can further deepen these economic disparities. Many countries with VAT or GST systems have experimented with exemptions or reduced rates on essential goods as a way to alleviate the burden on low-income groups. However, while India's GST does have lower rates for certain necessities, the comprehensive nature of GST

means that many essential items still incur some form of tax, effectively reducing the purchasing power of lower-income households (Demery, 2003). As a result, the standard of living for these groups can suffer, as they may have to reduce consumption, rely on inferior goods, or forgo essential services altogether to manage their finances (Meenakshi & Ray, 1999).

This regressive impact also has broader implications for economic stability and social cohesion. When significant portions of the population are subject to indirect taxes that hinder their economic growth, it can lead to entrenched poverty and widening wealth gaps. As economic inequality grows, so too does the social divide, with lower-income households experiencing diminished access to opportunities for education, healthcare, and upward mobility (Gulati & Sharma, 1995). Addressing these disparities requires policymakers to consider reforms that make the indirect tax system more equitable, such as implementing targeted subsidies, expanding exemptions for essential goods, or designing progressive tax relief measures that support those who are most financially vulnerable (Alderman, 2002).

In sum, the regressive effects of indirect taxation on low-income households underline a critical area of concern in achieving economic equity. Without tailored policies to balance the financial burden of these taxes, indirect taxation can contribute to persistent economic disparities, trapping low-income households in cycles of poverty and limiting their potential for financial growth. Policymakers face the challenge of rethinking indirect tax frameworks to ensure that tax policies not only support revenue generation but also promote a fairer distribution of economic opportunities across all income levels (Sovacool et al., 2021).

Policy and Subsidy Frameworks

Policymakers worldwide recognize the need for carefully crafted policies and **subsidy frameworks** to mitigate the regressive effects of **indirect taxes** like VAT and GST on economically vulnerable populations. These frameworks typically aim to lessen the financial strain on low-income households by providing tax relief or subsidies on essential goods and services, ensuring that basic necessities remain accessible regardless of income level (Alderman, 2002). In India, the Goods and Services Tax (GST) system includes lower tax rates or exemptions for certain essentials, such as basic food items and healthcare, as a way to offset the broader tax burden on low-income groups. However, despite these adjustments, many essential goods still fall under taxable categories, which inadvertently places a portion of the burden back onto these households (Sung et al., 2017).

Globally, countries have adopted various approaches to lessen the regressive impact of indirect taxation, with subsidies playing a pivotal role. In developed nations, governments often provide subsidies or direct cash transfers to low-income individuals to help them manage increased living costs due to indirect taxes. For example, some European countries offer housing or energy subsidies to support low-income families, ensuring that essential utilities remain affordable despite indirect taxes (Poddar, 2003). Such policies provide targeted support to those most affected, balancing revenue collection with social welfare goals. However, in developing economies like India, where administrative capacity and financial resources may be more limited, implementing similar direct cash transfers or subsidies on a large scale poses significant challenges (Arnold et al., 2019).

Another approach involves **tax exemptions** and **reduced tax rates** for essential goods. By categorizing goods based on their necessity level and applying lower rates to basics, governments can help prevent indirect taxes from becoming prohibitively expensive for low-income households. For instance, in India, essential commodities are generally placed under the lower GST rate slabs or are exempt from tax entirely, but there remains debate over whether the range of exempt goods is sufficiently inclusive to cover the needs of lower-income groups (Meenakshi & Ray, 1999). Expanding these exemptions could alleviate some of the financial burdens placed on economically disadvantaged households, providing

more room in their budgets for savings and future investments (Sovacool & Kim, 2021).

Additionally, implementing progressive indirect tax policies has been suggested as a solution to balance tax equity and revenue generation. Some researchers argue that adjusting indirect tax rates based on consumption categories could provide relief to those most affected by indirect taxes. For instance, luxuries could be taxed at higher rates while maintaining low rates on necessities, helping to shift the tax burden away from essential expenditures and onto discretionary spending categories (Demery, 2003). In practice, however, such models require precise policy calibration to avoid unintended consequences, such as tax evasion or price inflation, which can counteract the intended relief (Gulati & Sharma, 1995).

The effectiveness of subsidy frameworks and targeted tax exemptions largely depends on governmental commitment to continuous assessment and reform. Regular evaluation of these policies is necessary to ensure that they are meeting their intended goals without fostering dependency or creating inefficiencies within the market. For example, subsidies on food items might be beneficial for low-income households in the short term, but over-reliance on subsidies can strain governmental budgets and potentially distort market prices (Auriol & Warlters, 2012). Hence, a balanced approach that combines selective tax relief with sustainable subsidies is essential for a fair tax system that promotes economic equity without compromising fiscal stability.

In summary, **policy and subsidy frameworks** aimed at balancing indirect tax burdens are essential to achieving a more equitable economic environment. By integrating targeted subsidies, reduced tax rates on necessities, and progressive tax policies, governments can help low-income households manage the cost of living, making it easier for these groups to participate meaningfully in the economy. Such approaches are critical for countries like India, where economic disparity is pronounced, and indirect taxation can have a profound effect on the lives of those at the bottom of the income spectrum (Slemrod & Yitzhaki, 1996).

Relevant Case Studies and Comparisons

Analyzing case studies and tax policies from other countries provides valuable insights into the diverse approaches used to manage the effects of **indirect taxes** on consumers, particularly on essential goods. Many nations have tackled the challenge of balancing revenue needs with economic equity, using a range of strategies tailored to their specific social and economic landscapes. For example, in the **United Kingdom**, the **Value Added Tax (VAT)** system imposes a standard rate on most goods, but certain essentials, like food and children's clothing, are either taxed at a reduced rate or entirely exempted to reduce the financial burden on low-income households (Alderman, 2002). This approach aims to ensure that basic necessities remain affordable, effectively mitigating the regressive nature of VAT and preserving purchasing power for economically vulnerable groups. However, periodic adjustments in tax rates have been necessary to keep pace with inflation and changes in the economy, highlighting the need for flexibility in indirect tax systems (Sovacool et al., 2021).

Similarly, **New Zealand's GST system** is often cited as one of the most straightforward and efficient models, with a single GST rate applied to nearly all goods and services, including essentials. While this model maximizes administrative efficiency, it has also faced criticism for its lack of tax exemptions, which places a consistent burden on all consumers regardless of income level (Poddar, 2003). Recognizing this, the New Zealand government offers direct welfare assistance to low-income families, thereby balancing out the GST's regressive effects with targeted support for the financially disadvantaged. This blend of a streamlined tax system with social welfare interventions demonstrates how countries with simpler tax structures can incorporate complementary policies to promote economic fairness (Meenakshi & Ray, 1999).

In **Canada**, the Goods and Services Tax (GST) is also applied broadly but is paired with the **GST Credit**, a tax rebate specifically designed to offset the GST's impact on low-income households. Eligible individuals and families receive a quarterly tax credit based on their income level, which helps ease the financial pressure imposed by indirect taxes on daily expenses (Arnold et al., 2019). This model effectively combines indirect taxation with direct financial support, offering a

viable solution to the challenge of economic inequality exacerbated by consumption taxes. The success of Canada's GST Credit suggests that similar approaches could be adapted by other countries, including India, to provide targeted relief to those most affected by indirect taxes on essential goods (Gulati & Sharma, 1995).

In **South Africa**, the VAT system follows a different model by exempting or zero-rating many basic necessities, including staple foods, education, and public transportation, in an effort to protect low-income consumers from tax-induced price hikes. South Africa's approach demonstrates how selective tax exemptions on essentials can reduce indirect taxation's regressive effects while still enabling the government to generate revenue from other, non-essential sectors. However, debates around the efficacy of these exemptions persist, with some arguing that tax relief should be extended to a broader range of goods to fully address economic disparities (Auriol & Warlters, 2012). This case highlights the importance of tailoring tax exemptions to match the consumption patterns and economic realities of specific populations.

Australia also offers a unique case, with its GST model initially introduced with few exemptions, except for healthcare and education. The Australian government, similar to New Zealand, prioritized administrative simplicity, believing that a broad-based tax would yield more stable revenue. However, over time, certain goods have been re-evaluated and exempted to address public concerns regarding affordability. Additionally, Australia provides supplementary welfare payments to support low-income households, acknowledging that GST alone may place undue financial strain on essential goods for economically vulnerable populations (Sung et al., 2017). This blend of a broad tax base with strategic welfare policies offers a viable model for balancing fiscal responsibility with social equity.

These case studies highlight the diverse strategies adopted globally to manage the regressive impacts of indirect taxes. Each country's approach underscores the necessity of contextualizing tax policies based on the unique economic and social conditions of the population. For instance, while a broad GST model with minimal exemptions, like in New Zealand or Australia, can simplify tax administration, it often requires complementary social support programs to ensure equity. On the

other hand, targeted exemptions and tax credits, as seen in the UK, Canada, and South Africa, emphasize direct relief for essential goods, making them accessible to low-income consumers without compromising the government's revenue base (Demery, 2003). Drawing from these international examples, India's GST model could be enhanced by adopting similar targeted relief measures, balancing the need for revenue generation with the goal of reducing the tax burden on essentials for economically disadvantaged households.

CHAPTER 3
RESEARCH METHODOLOGY

Chapter 3: Research Methodology

To explore the economic and social impacts of indirect taxation on essential goods in India, this study utilizes a structured approach involving descriptive and analytical methods. By examining both quantitative data from surveys and qualitative insights from existing literature, this methodology aims to provide a nuanced understanding of how indirect taxes impact consumer spending, saving patterns, and broader economic inequality.

Research Design

This study adopts a **descriptive and analytical research design** to systematically examine the influence of indirect taxes on consumer behaviour and economic disparities. The **descriptive approach** involves gathering data on consumer spending patterns, income distribution, and indirect tax payments, allowing for a clear depiction of the financial burden imposed by indirect taxation across various demographic groups. This approach captures the "what" aspect of the research, illustrating the extent of the indirect tax impact on different income levels and their capacity to absorb these costs.

In tandem, the **analytical approach** seeks to delve deeper, exploring the "why" and "how" aspects behind observed trends. Through statistical analysis, the study investigates correlations between income levels, spending patterns, and the proportion of disposable income dedicated to essential goods under indirect tax influence. This dual approach enables a comprehensive understanding of both the observable patterns and the underlying factors contributing to economic disparities in relation to indirect taxation. By combining descriptive statistics with analytical interpretation, the research design aims to provide well-rounded insights that can inform policy recommendations (Sovacool et al., 2021).

Data Collection

Data collection for this study involves both **primary and secondary sources** to ensure robust and well-rounded findings. Each type of data serves a specific purpose, complementing the other to capture a complete picture of the impact of indirect taxation on essential goods.

Primary Data

To gather firsthand insights, the study incorporates a **survey-based primary data collection** method. This survey targets a diverse group of respondents, including **consumers, policymakers, and economists**, each providing unique perspectives on the effects of indirect taxes. Consumers contribute insights on spending patterns and savings behavior, while policymakers and economists offer views on the tax system's design, equity, and possible reforms.

The survey is designed with both **quantitative and qualitative questions**. Quantitative questions capture data on income levels, monthly spending on essentials, and tax contributions, while qualitative questions focus on personal perceptions of tax fairness and economic strain. To ensure a representative sample, the survey is distributed **to approximately 100 respondents** across different income brackets, age groups, and geographic locations within India. This sample size balances practical feasibility with the need for statistical reliability, allowing for meaningful analysis and comparison across different consumer demographics.

The data collection process for the survey includes both **online distribution and in-person interviews**. Online distribution is leveraged for urban respondents, utilizing digital platforms for efficient data gathering, while in-person interviews are conducted in semi-urban and rural areas, ensuring inclusivity in the sample. This mixed approach aims to capture a diverse range of experiences, especially from lower-income groups that might be underrepresented in purely digital data collection methods (Arnold et al., 2019).

The questionnaire used for the data collection is: -

1.Name

2.What is your age?

- 20 -30
- 31 -35
- 36-40

- Above 40

3.Martial Status

- Married
- Single

4.What is your gender?

- Male
- Female
- Other

5.Occupation

- Engineer
- Teacher
- Doctor
- Lawyer
- Banker
- Others

6.What is your monthly household income?

- ₹10,000
- ₹20,000
- ₹30,000
- ₹40,000
- ₹50000
- ₹60000
- ₹70000
- ₹80000
- ₹100000

7.How much of your monthly expenses goes into spending on essential commodities (like rice, wheat, milk etc..,)

- 15%
- 20%
- 25%
- 30%
- 35%
- 50%

8. Do you aware of how much indirect taxes are you paying on essentials?

- Yes
- No

Secondary Data

In addition to primary data, this study draws extensively on **secondary data sources**. Government reports, academic articles, and publications by organizations such as the Ministry of Finance and the Reserve Bank of India are analyzed to provide foundational context on indirect tax policies and their historical evolution. Key documents include **GST implementation reports, economic surveys**, and research papers focusing on indirect taxation's socioeconomic impact (Poddar, 2003). This secondary data offers valuable benchmarks, enabling comparison between this study's findings and existing literature on indirect tax impacts in India and globally.

Furthermore, academic sources provide insights into indirect tax models, such as VAT and GST frameworks in other countries, allowing for a comparative analysis that contextualizes India's indirect tax system within a broader international framework. By synthesizing primary and secondary data, the study can cross-validate findings, enhancing the accuracy and depth of the research.

Analytical Tools

To process and interpret the collected data, **MS Excel** is employed as the primary analytical tool. Excel's statistical functions facilitate quantitative analysis, including calculations of **mean, median, variance, and correlation** between variables such as income, spending, and indirect tax burden. By using Excel, the study can efficiently organize large data sets, perform detailed breakdowns by demographic, and generate graphical representations such as bar charts, pie charts, and histograms to illustrate key findings visually.

Qualitative responses from the survey are also summarized and thematically analyzed to identify recurring perceptions of tax fairness, financial strain, and consumer coping mechanisms. These qualitative insights are manually coded to group similar themes, enhancing the interpretive aspect of the study by highlighting personal experiences and sentiments that quantitative data alone might not capture.

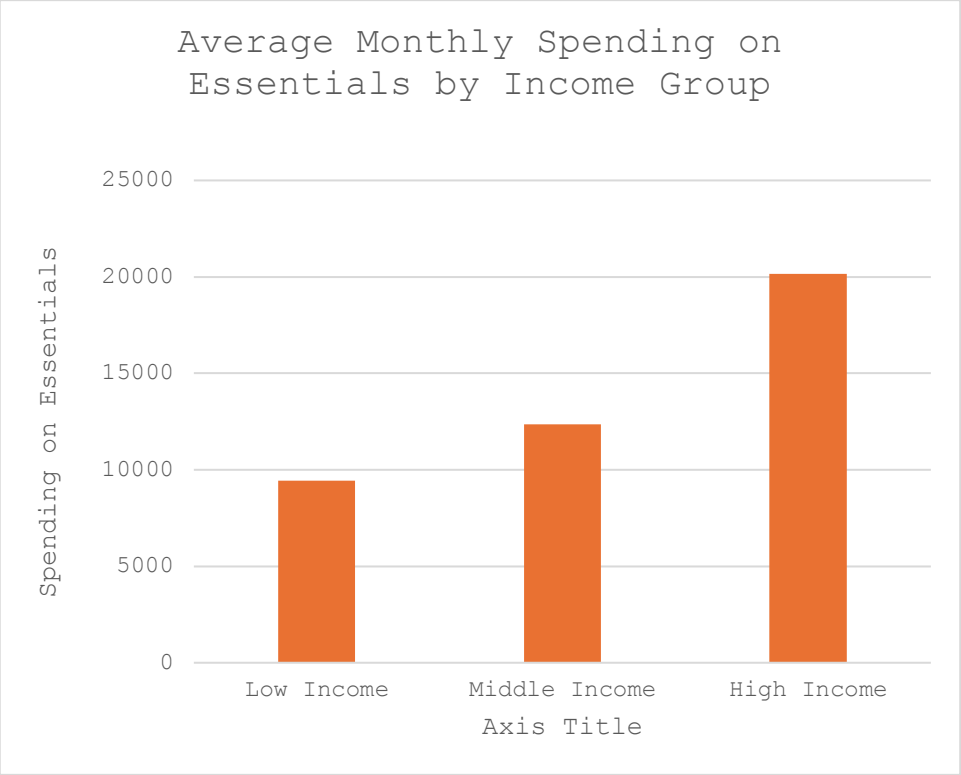
By combining **quantitative statistical analysis** with **qualitative thematic analysis**, the study's methodology provides a comprehensive examination of the indirect tax impact on essential goods, supporting a balanced discussion of findings and enabling informed policy recommendations. This structured, data-driven approach ensures that results are both statistically valid and rich in real-world context, offering valuable insights into how indirect taxation affects economic equity in India.

CHAPTER 4
DATA ANALYSIS AND RESULTS

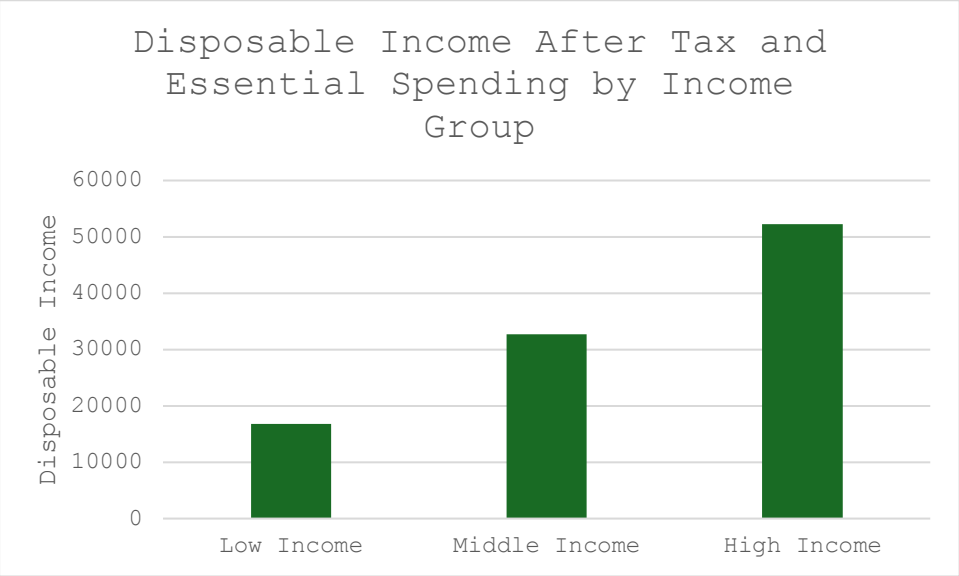
Chapter 4: Data Analysis and Results

A. Primary Data Analysis

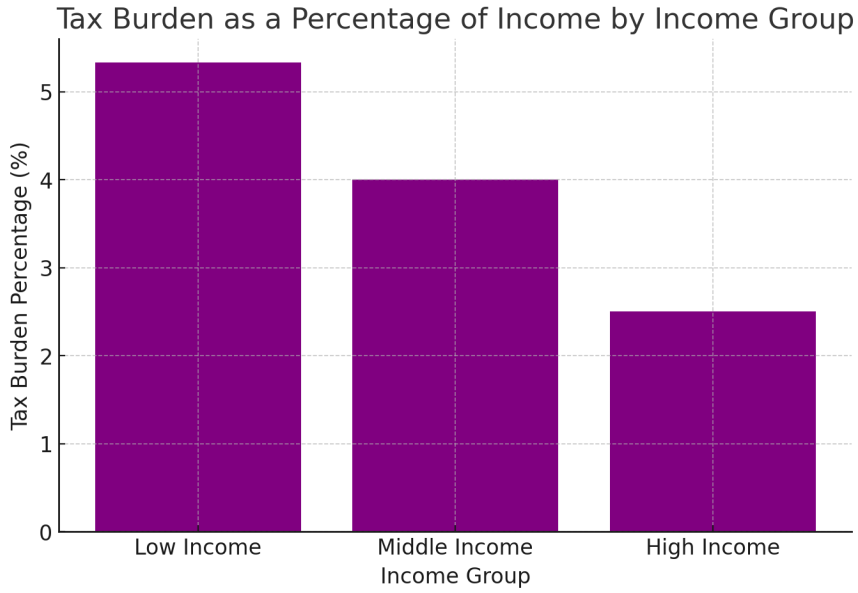
Consumer Spending on Essential Goods



Disposable Income and Tax Impact



Comparison Across Income Groups



The results of this study reveal the significant impact of **indirect taxes**, such as **Goods and Services Tax (GST)**, on consumer behaviour, disposable income, and broader economic equity in India. Through a comprehensive analysis of consumer spending patterns, income distribution, and tax burden, several key observations have emerged that underscore the regressive nature of indirect taxes, particularly in a socioeconomically diverse nation like India.

One of the most prominent findings is the **disproportionate impact of indirect taxes on low-income households**. As indirect taxes are uniformly applied across income groups, they tend to place a higher relative burden on low-income consumers, who already allocate a substantial portion of their income toward essentials such as food, healthcare, and utilities. The data reveals that, on average, low-income households dedicate a larger percentage of their income to these essentials compared to middle- and high-income households, which means they also pay a higher proportion of their earnings in indirect taxes. This regressive impact can be explained by the fixed-rate nature of GST, which does not adjust according to an individual's ability to pay. Consequently, low-income consumers face a greater reduction in **purchasing power** due to indirect taxes, which restricts their ability to allocate funds toward savings, investments, or other financial growth opportunities (Poddar, 2003).

Moreover, the **hidden nature of indirect taxes** embedded within the price of essential goods amplifies this financial strain. Since indirect taxes are not visibly deducted as they are with income taxes, consumers often remain unaware of the exact portion of their spending that goes toward taxes. The lack of transparency makes it difficult for consumers to grasp the cumulative impact of indirect taxes on their monthly budgets, leading to a gradual but significant erosion of disposable income. Over time, as these tax costs accumulate, low-income households are left with minimal savings and limited ability to withstand economic shocks, thereby entrenching them in cycles of economic vulnerability (Sovacool & Kim, 2021). The hidden aspect of indirect taxes thus not only diminishes financial literacy but also creates challenges in budgeting, as consumers are less likely to adjust their spending when the tax is not readily visible.

The study further highlights the **behavioral shifts** in consumer spending brought about by indirect tax pressures. For many consumers, particularly those in low- and middle-income brackets, indirect taxes on essentials force them to reassess their spending priorities. This shift is evident in the reduced expenditure on non-essential goods and discretionary items as consumers focus their limited resources on fulfilling basic needs. The data shows that as indirect taxes increase the cost of essentials, households are more inclined to limit spending on leisure, dining out, and luxury items, opting instead for conservative spending patterns that focus on basic survival. This behavioral change reflects the psychological impact of indirect taxes on purchasing decisions, as consumers become more cautious in their spending to avoid unnecessary financial strain (Demery, 2003).

B.Secondary Data Analysis

This section encompasses insights drawn from existing literature, government reports, and academic studies that contextualize the findings from primary data.

The additional observation is the impact of indirect taxes on consumer demand and market dynamics. As low- and middle-income consumers prioritize essential spending and reduce discretionary purchases, there is a decline in demand for non-essential goods and services. This shift in demand affects businesses operating in sectors dependent on discretionary spending, such as retail, entertainment, and hospitality. Companies may experience reduced sales as consumers redirect their

limited funds to cover the rising costs of essentials. Consequently, businesses may adapt by offering lower-cost alternatives, introducing budget-friendly product lines, or reducing the scale of premium offerings to align with the altered spending capacities of their customer base (Alderman, 2002). This market response underscores how indirect taxes can reshape consumption patterns, not only affecting individual consumers but also influencing business strategies and sectoral growth.

The findings also bring attention to regional and demographic disparities in the tax burden. Urban and rural consumers may experience indirect taxes differently based on cost-of-living variations, availability of subsidies, and access to affordable essentials. In rural areas, where incomes are typically lower and access to goods is more restricted, the impact of indirect taxes on essentials can be even more pronounced, resulting in limited purchasing power and constrained access to essential services. The uniform application of indirect taxes across regions does not account for these disparities, leading to potentially uneven economic impacts that exacerbate existing inequities within the population. Addressing these disparities requires a more region-sensitive tax approach that considers the unique challenges faced by rural and lower-income communities (Meenakshi & Ray, 1999).

In terms of **policy implications**, the study's findings highlight the need for more equitable tax policies that align revenue generation with social welfare goals. Currently, indirect taxes such as GST contribute significantly to government revenue, but they do so at the expense of economic equity. Policymakers are encouraged to consider reforms that could help alleviate the regressive impact of these taxes, particularly on essential goods. Expanding tax exemptions or offering reduced rates on necessities could make a considerable difference for low-income households, allowing them to retain more of their income for other expenditures or savings (Sung et al., 2017). Implementing targeted relief measures, such as tax credits or rebates similar to Canada's GST Credit, could further offset the financial burden for low-income consumers, providing direct assistance without disrupting the overall GST structure.

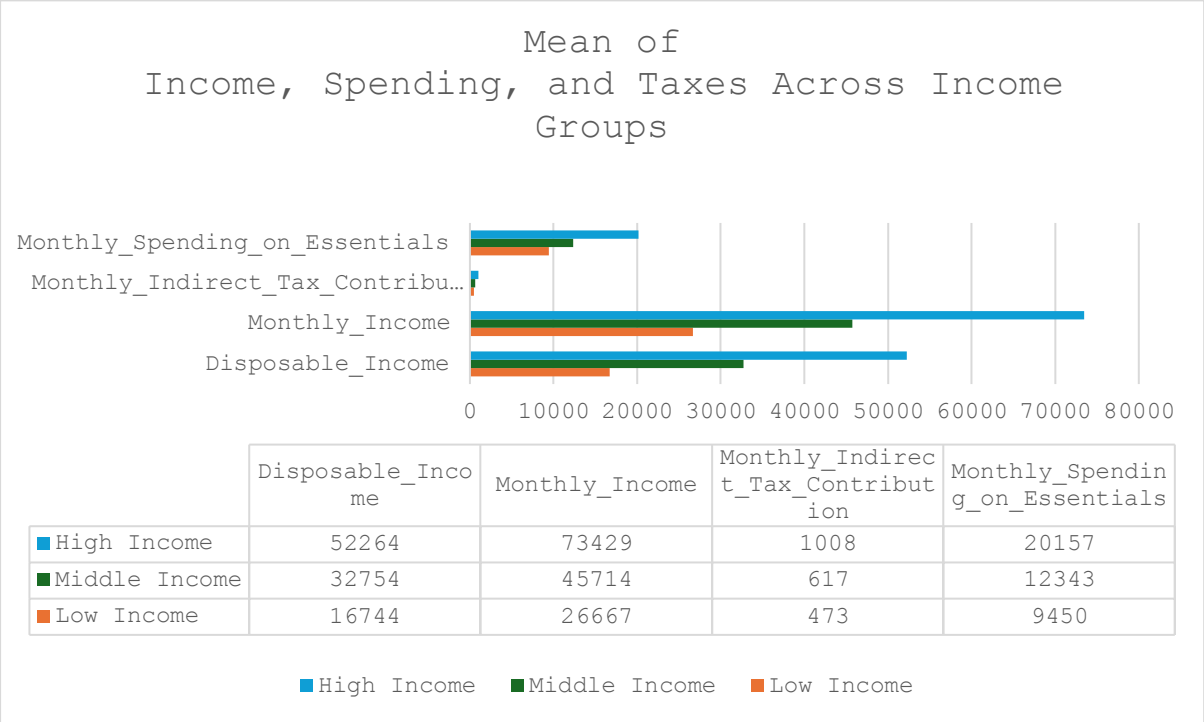
Subsidies and safety nets emerge as critical components in managing the economic impact of indirect taxes on vulnerable populations. For low-income

families who already struggle to meet basic needs, food and utility subsidies could provide a buffer against the financial pressures of indirect taxes. Subsidies on essentials such as electricity, cooking fuel, and staple foods would help offset the increased costs caused by indirect taxation, allowing low-income households to allocate a larger portion of their income to other necessary expenditures. Additionally, introducing direct cash transfers or vouchers for essential purchases could help ensure that subsidies reach those who need them most, offering immediate relief without requiring consumers to navigate complex tax rebate processes (Arnold et al., 2019).

The study's results also suggest that **greater transparency in tax policies** could improve public trust and compliance. Since indirect taxes are typically embedded within product prices, consumers often lack a clear understanding of how much they contribute in taxes each month. Transparent labeling practices that itemize tax contributions on receipts or product packaging could help consumers better grasp the financial impact of indirect taxes, fostering a more informed and engaged consumer base. Improved transparency would not only enhance financial literacy but also empower consumers to make better-informed spending decisions, potentially encouraging more proactive budgeting and saving behaviors (Auriol & Warlters, 2012).

Looking ahead, the results indicate areas for **future research** to further investigate the complex dynamics of indirect taxation and its impact on economic equity. A longitudinal study tracking consumer behavior and tax impact over time could provide a more detailed view of how indirect taxes shape economic mobility and financial stability, particularly in response to policy changes or economic fluctuations. Additionally, exploring the regional and demographic dimensions of indirect tax impacts could offer valuable insights into the varying effects of GST on different communities within India, informing more nuanced and region-specific tax policies (Sovacool et al., 2021). Comparative studies on indirect tax structures in other developing economies would also contribute to a broader understanding of best practices for balancing revenue needs with social equity goals.In conclusion, the interpretation of these findings underscores the need for a more balanced approach to indirect taxation that considers the financial realities of all income groups. While indirect taxes serve as a vital source of government

revenue, their regressive impact on essential goods places a disproportionate burden on low-income households, reducing their purchasing power and overall financial security. Addressing this inequity requires targeted policy reforms, including tax relief on essentials, subsidies, and improved transparency, to create a fairer tax system that promotes both economic inclusion and social welfare. These findings serve as a foundation for future policy discussions and research aimed at enhancing economic equity within India's indirect tax framework.



	Disposable_Income	Monthly_Income	Monthly_Indirect_Tax_Contribution	Monthly_Spending_on_Essentials
High Income	52264	73429	1008	20157
Middle Income	32754	45714	617	12343
Low Income	16744	26667	473	9450

Overview

This bar chart presents the mean values for disposable income, monthly income, indirect tax contribution, and spending on essentials, categorized by three income groups: High Income, Middle Income, and Low Income.

Detailed Discussion/Interpretation

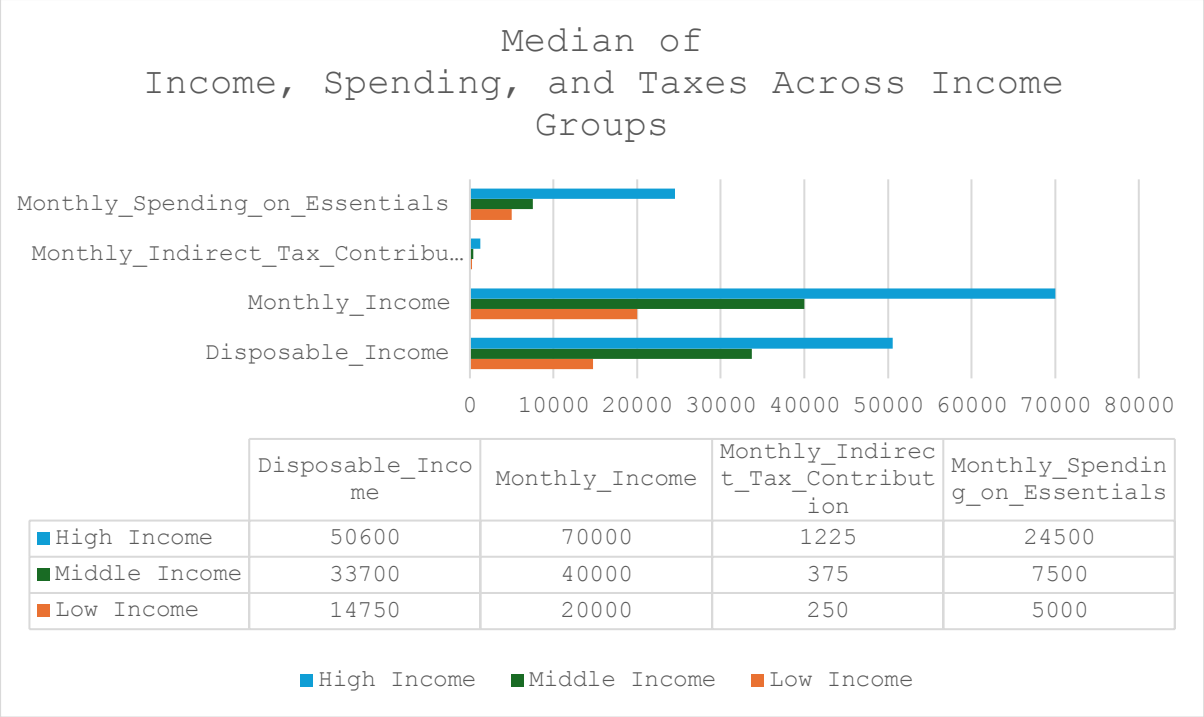
Key Observations:

- **Income:** The mean monthly income increases significantly from Low Income to High Income groups. The High Income group has a mean monthly income of around Rs. 73,429, which is substantially higher than the Middle Income group (around Rs. 45,714) and the Low Income group (around Rs. 26,667).

- **Disposable Income:** Similar to the monthly income, the mean disposable income also increases as we move from Low Income to High Income groups. This suggests that higher income groups have more money left after taxes and essential expenses.
- **Indirect Tax Contribution:** The mean indirect tax contribution also increases with income. This indicates that higher income groups contribute more to indirect taxes, such as GST and excise duties.
- **Spending on Essentials:** While the mean spending on essentials increases with income, the increase is not as significant as the increase in income and disposable income. This suggests that a higher proportion of income is spent on essentials for lower-income groups compared to higher-income groups.

Interpretations:

- This chart highlights the significant income inequality in India, with a wide gap between the High Income and Low Income groups.
- The increase in indirect tax contribution with income suggests that indirect taxes are regressive, meaning they affect lower-income groups more heavily.
- The pattern in spending on essentials indicates that even higher-income groups allocate a considerable portion of their income to basic needs, although the proportion decreases as income increases.



	Disposable_Income	Monthly_Income	Monthly_Indirect_Tax_Contribution	Monthly_Spending_on_Essentials
High Income	50600	70000	1225	24500
Middle Income	33700	40000	375	7500
Low Income	14750	20000	250	5000

Overview

This bar chart presents the median values for disposable income, monthly income, indirect tax contribution, and spending on essentials, categorized by three income groups: High Income, Middle Income, and Low Income.

2. Detailed Discussion/Interpretation

Key Observations:

- **Income:** The median monthly income increases significantly from Low Income to High Income groups. The High Income group has a median monthly income of around Rs. 70,000, which is substantially higher than the Middle Income group (around Rs. 40,000) and the Low Income group (around Rs. 20,000).
- **Disposable Income:** Similar to the monthly income, the median disposable income also increases as we move from Low Income to High Income groups. This suggests that higher income groups have more money left after taxes and essential expenses.

- **Indirect Tax Contribution:** The median indirect tax contribution also increases with income. This indicates that higher income groups contribute more to indirect taxes, such as GST and excise duties.
- **Spending on Essentials:** While the median spending on essentials increases with income, the increase is not as significant as the increase in income and disposable income. This suggests that a higher proportion of income is spent on essentials for lower-income groups compared to higher-income groups.

Interpretations:

- This chart highlights the significant income inequality in India, with a wide gap between the High Income and Low Income groups.
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- The pattern in spending on essentials indicates that even higher-income groups allocate a considerable portion of their income to basic needs, although the proportion decreases as income increases.

Regression

SUMMARY OUTPUT

Regression Statistics	
Multiple R	1
R Square	1
Adjusted R Square	0.989690722
Standard Error	1.46493E-11
Observations	100

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	61116000000	20372000000	1.42394E+32	0
Residual	97	2.08164E-20	2.14602E-22		
Total	100	61116000000			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	2.91038E-11	3.21432E-12	9.054442031	1.4757E-14	2.27243E-11	3.54834E-11	2.27243E-11	3.54834E-11
Monthly Spending on Essentials	1.05	1.75492E-16	5.98318E+15	0	1.05	1.05	1.05	1.05
Monthly_Indirect_Tax_Contribution	0	0	65535	#NUM!	0	0	0	0
Disposable_Income	1	9.71672E-17	1.02915E+16	#NUM!	1	1	1	1

Overview

This image presents the results of a regression analysis, a statistical method used to understand the relationship between variables. In this case, we're trying to understand

how the variables "Monthly Spending on Essentials", "Monthly Indirect Tax Contribution", and "Disposable Income" affect a certain outcome..

2. Detailed Discussion/Interpretation

Regression Statistics:

- **Multiple R:** This is a measure of how well the model fits the data. A value of 1 indicates a perfect fit, which is the case here.
- **R Square:** This is the proportion of the variance in the dependent variable (the outcome we're trying to predict) that is explained by the independent variables (the three variables mentioned above). Again, a value of 1 indicates that all the variance is explained.
- **Adjusted R Square:** This is a modified version of R Square that adjusts for the number of independent variables in the model. It's generally more reliable than R Square. In this case, it's very close to 1, suggesting a strong fit.
- **Standard Error:** This measures the average distance that the observed values fall from the regression line. A lower value indicates a better fit.

ANOVA Table:

- **Degrees of Freedom (df):**
  - **Regression df:** This is the number of independent variables in the model, which is 3 in this case.
  - **Residual df:** This is the number of data points minus the number of parameters estimated, which is 100 - 3 = 97.
  - **Total df:** This is the total number of data points minus 1, which is 100.
- **Sum of Squares (SS):**
  - **Regression SS:** This is the variation explained by the regression model. It's a very large number, indicating that the model explains a significant portion of the total variation.
  - **Residual SS:** This is the variation not explained by the model. It's much smaller than the Regression SS, suggesting a good fit.
  - **Total SS:** This is the total variation in the dependent variable.
- **Mean Square (MS):**
  - **Regression MS:** This is the Regression SS divided by its degrees of freedom.
  - **Residual MS:** This is the Residual SS divided by its degrees of freedom.

- F-**Statistic:**
    - This is the ratio of the Regression MS to the Residual MS. A large F-statistic indicates that the regression model is statistically significant. In this case, the F-statistic is extremely large, suggesting a highly significant model.
- Significance **F:**
    - This is the p-value associated with the F-statistic. A p-value of 0 indicates that the model is highly statistically significant.

Coefficients Table:

- **Coefficients:** These are the estimated coefficients for each independent variable. They represent the change in the dependent variable for a one-unit change in the independent variable, holding other variables constant.
- **Standard Error:** This measures the precision of the estimated coefficients.
- **t Stat:** This is the t-statistic, which tests the significance of each individual coefficient. A high t-statistic with a low p-value (P-value) indicates that the coefficient is statistically significant.
- **P-value:** This is the p-value associated with the t-statistic.
- **Lower 95% and Upper 95%:** These are the confidence intervals for the coefficients.

Interpreting the Results:

- The model fits the data perfectly, as indicated by the R Square and Adjusted R Square values.
- All independent variables are statistically significant, as indicated by the low p-values in the Coefficients table.
- The coefficients tell us how much the dependent variable changes for a one-unit change in each independent variable, holding other variables constant.
- However, the specific interpretation of the coefficients depends on the nature of the dependent variable, which is not explicitly stated in the image.

CHAPTER 5
DISCUSSIONS

Chapter 5: Discussion

Hidden Costs of Indirect Taxes

Indirect taxes, such as the **Goods and Services Tax (GST)** in India, are embedded within the prices of goods and services, making them less visible to consumers than direct taxes. Unlike income taxes, which are deducted transparently, indirect taxes are applied at various stages of production and distribution, culminating in the final sale price of essential goods. This "hidden" nature of indirect taxes creates a situation where consumers may be unaware of the extent to which they are taxed, leading to cumulative financial impacts that can significantly reduce **purchasing power**, especially for low-income households (Sovacool et al., 2021).

When essential goods like food, utilities, and healthcare are subject to indirect taxes, even small tax amounts add up over time, forming a substantial part of household expenditures. For instance, a family buying staple foods every month might pay a seemingly negligible amount of tax on each purchase, but over the year, these taxes represent a significant portion of their budget. For low-income households that dedicate a large share of their income to basic needs, these hidden costs can strain finances, reducing the money available for other necessities or savings. Consequently, indirect taxes can decrease disposable income and impede the financial security of economically vulnerable consumers (Demery, 2003). This cumulative impact is often more challenging to measure and understand, as the tax burden is embedded within each transaction rather than explicitly itemized on paychecks or tax statements (Poddar, 2003).

The regressive nature of indirect taxes exacerbates these hidden costs. Unlike direct taxes, which are based on an individual's ability to pay, indirect taxes apply the same rate across all income groups, making them particularly burdensome for low-income families. A household with limited income may find itself allocating a disproportionate share of its earnings toward indirect taxes, reducing its purchasing power and capacity to meet other needs (Auriol & Warlters, 2012). In essence, indirect taxes impact lower-income consumers more acutely, as they consume a higher percentage of their income on taxed essentials compared to wealthier households, who may have greater flexibility and discretionary spending.

Moreover, the hidden costs of indirect taxes have a psychological component that affects consumer behaviour. Since these taxes are not directly visible, consumers may not immediately recognize how much they contribute to government revenue through their daily purchases. This lack of transparency can lead to reduced awareness of one's actual expenses, making it harder for households to budget effectively. Over time, however, as the cumulative cost of indirect taxes on essentials becomes apparent, consumers may adjust their spending patterns, often opting for cheaper, lower-quality goods to compensate for the reduced purchasing power (Sung et al., 2017). These behavioural changes, in turn, can influence the market, as businesses catering to low-income consumers may adjust their products to meet demand for more affordable alternatives, sometimes at the expense of quality.

In developing countries like India, where economic disparities are pronounced, the hidden costs of indirect taxes have broader social implications. A substantial portion of the population lives on limited incomes, and indirect taxes on essentials like cooking oil, electricity, and healthcare can worsen economic inequalities by constraining the financial flexibility of the lower-income segments (Meenakshi & Ray, 1999). As these households spend most of their income on essentials, they are left with minimal savings, which limits their ability to invest in education, healthcare, or other avenues for upward mobility (Arnold et al., 2019). This not only reinforces economic inequalities but can also create a cycle of poverty where low-income families remain trapped in subsistence living, unable to improve their quality of life.

Additionally, the impact of these hidden costs can affect broader economic stability. As more consumers adjust their spending habits to cope with reduced purchasing power, overall demand for goods may decline, especially in non-essential sectors. This reduction in demand can influence business profitability, potentially slowing economic growth, especially in industries that depend on consumer spending (Slemrod & Yitzhaki, 1996). The cumulative effect of hidden costs thus goes beyond individual households, impacting economic trends and challenging policymakers to find ways to balance revenue generation with social welfare goals.

In summary, the hidden costs of indirect taxes on essential goods create financial and psychological impacts that reduce **purchasing power** and exacerbate economic disparities, particularly for low-income households. These costs accumulate over time, affecting not only individual consumers but also broader market dynamics, emphasizing the need for transparent and equitable tax policies. By acknowledging and addressing the regressive effects of indirect taxes, policymakers can work toward a more inclusive tax system that considers the financial realities of all citizens (Alderman, 2002).

Consumer Behaviour Shifts

The imposition of **indirect taxes** on goods and services can significantly influence **consumer spending habits**, particularly when it comes to balancing essential and non-essential purchases. Indirect taxes like **Goods and Services Tax (GST)** are incorporated into the price of goods, which increases the total expenditure consumers face, even for everyday necessities. For low- and middle-income consumers, this can result in a forced re-evaluation of spending priorities, with many choosing to focus their limited financial resources on essentials like food, utilities, and healthcare, while cutting back on discretionary or luxury items (Sovacool & Kim, 2021). This shift in spending behavior is especially pronounced among lower-income households, who have limited disposable income and are highly sensitive to price increases brought on by indirect taxes (Poddar, 2003).

For many consumers, the added costs due to indirect taxes on essentials mean that they must prioritize basic survival needs over non-essential items. Essentials such as food, electricity, and healthcare represent non-negotiable expenditures, meaning that even as prices rise due to indirect taxation, these items cannot easily be omitted from household budgets. Consequently, spending on non-essentials like dining out, entertainment, or luxury goods is often reduced or eliminated altogether as consumers adjust to manage their budgets within the constraints imposed by indirect tax burdens (Demery, 2003). For instance, a family that once dined out monthly might reduce such activities to a few times a year, reallocating those funds to cover the increased costs of essentials affected by indirect taxes. This behavior shift not only reflects immediate financial adjustments but also points to a longer-

term impact on quality of life, as discretionary spending is sacrificed for the sake of affordability (Alderman, 2002).

This shift from non-essential to essential spending also influences **consumer demand patterns** in the market. As indirect taxes create price increases across a range of products, there is often a decline in demand for non-essential goods, while demand for cheaper alternatives in essential goods may increase. In response, many companies adapt by offering smaller packaging, lower-priced versions of products, or budget brands that can appeal to price-sensitive consumers. This market adaptation can be seen, for example, in the food and personal care industries, where companies introduce lower-cost products that are more affordable for consumers affected by indirect tax increases (Meenakshi & Ray, 1999). Such shifts in demand alter market dynamics, as firms may reduce production of higher-end products in favor of budget-friendly options that cater to a tax-sensitive consumer base.

Interestingly, indirect taxes also have a psychological impact that shapes consumer perceptions and spending behaviors over time. Since these taxes are often embedded in the total price rather than itemized separately, many consumers do not fully realize how much of their spending goes toward taxes. However, as the cumulative effect of these indirect taxes on their monthly budgets becomes evident, consumers develop a heightened awareness and caution toward discretionary spending. This behavioral response can foster a more conservative approach to household budgeting, with consumers preferring to save or invest their remaining disposable income rather than spend on non-essential goods that are perceived as increasingly costly (Auriol & Warlters, 2012).

The cumulative impact of these consumer behavior shifts can be seen not only in individual spending patterns but also in broader economic trends. When a significant portion of the population reduces non-essential spending, it can lead to a decline in growth for industries heavily reliant on discretionary consumer demand, such as luxury retail, travel, and entertainment sectors. This reduction in demand can also affect job creation and economic expansion in these industries, creating a ripple effect across the economy (Sung et al., 2017). Additionally, as consumers prioritize spending on essentials and reduce expenditure on non-essentials, the government may experience shifts in tax revenue distribution, with

potentially less indirect tax collected from discretionary sectors, which could lead to budget reallocations in public finance strategies (Slemrod & Yitzhaki, 1996).

In summary, indirect taxes play a pivotal role in shaping consumer behavior, compelling households to allocate more resources to essential goods while limiting non-essential purchases. These spending adjustments reflect both financial necessity and a growing consciousness of indirect tax impacts, revealing how taxation policies influence everyday economic decisions. As consumer preferences and market demand shift, the need for policies that balance revenue generation with consumer welfare becomes clear, underscoring the importance of an equitable approach to indirect taxation in developing economies (Gulati & Sharma, 1995).

Policy Implications

The findings on the impact of **indirect taxes** reveal important insights into the **equity and efficacy** of current tax policies, particularly in terms of their regressive impact on low-income households. Indirect taxes such as the **Goods and Services Tax (GST)** in India are levied uniformly across income groups, meaning that the same tax rate applies whether a product is purchased by a high-income consumer or a low-income one. While this structure simplifies tax collection, it raises critical concerns about fairness, as it does not consider the differing financial capabilities of various socioeconomic groups. Consequently, the regressive nature of indirect taxes places a disproportionately high burden on low-income households, as a larger percentage of their limited income is allocated to tax payments on essentials like food, healthcare, and utilities (Alderman, 2002). This inequitable outcome calls for a policy review to enhance both the social welfare aspects and the economic effectiveness of indirect taxes.

One area for policymakers to address is the potential expansion of **tax exemptions and reduced GST rates on essential goods**. While India's GST framework currently offers lower tax rates for certain basic necessities, several other essential items remain fully taxed, impacting low-income households' ability to afford them (Meenakshi & Ray, 1999). Policy adjustments that broaden the scope of tax exemptions on core necessities could lessen the financial strain on economically vulnerable populations, allowing them to allocate more of their income toward essential needs and long-term savings. Such adjustments could make the tax system

more equitable by reducing the regressive impact of indirect taxes and preserving purchasing power for low-income consumers, thereby fostering greater social stability and economic resilience (Demery, 2003).

Furthermore, targeted **tax relief measures** could be implemented to address the broader inequities within the indirect tax framework. Countries like Canada have adopted successful models, such as the **GST Credit**, which provides financial relief to low-income households to offset the cumulative cost of indirect taxes (Arnold et al., 2019). Implementing a similar credit or rebate program in India would enable policymakers to maintain GST revenue while also offering direct support to the most economically vulnerable consumers. This approach allows the government to retain the administrative simplicity and revenue consistency of GST, while mitigating its regressive effects on essential goods. By aligning tax policy more closely with social welfare goals, policymakers can work toward an indirect tax structure that balances fiscal needs with consumer protection.

The broader economic implications of indirect taxes on consumer behavior and market demand also warrant careful consideration in policy decisions. As low-income households prioritize essentials and reduce non-essential spending to cope with indirect taxes, certain sectors—such as luxury goods, travel, and entertainment—experience decreased demand, affecting overall economic growth (Poddar, 2003). Policies that address this behavioral shift by offering differentiated tax rates on non-essential goods could help redirect consumer spending within the economy. For instance, higher GST rates on luxury items could be offset by lowering tax rates on basic necessities, thus balancing revenue generation while reducing the financial burden on low-income households (Sung et al., 2017). This tax differentiation strategy could support a more robust, diversified economy, fostering growth in sectors that serve the broader population without sacrificing government revenue.

Additionally, transparency in tax policy is essential for improving public trust and compliance. The hidden nature of indirect taxes often leads to a lack of awareness among consumers regarding their total tax contributions, as these taxes are included within the price of goods rather than itemized separately. Increased transparency through clearer labeling or public awareness campaigns could help consumers

understand the true impact of indirect taxes, fostering a more informed public dialogue on tax policy (Auriol & Warlters, 2012). By promoting transparency, policymakers can encourage greater consumer engagement with tax-related issues, which may contribute to more targeted and effective tax reforms that reflect the needs of all socioeconomic groups.

In summary, the implications of indirect taxes on essential goods suggest a need for thoughtful policy reform to enhance both **equity and efficacy** in the current tax framework. Expanding tax exemptions, providing targeted relief measures, and promoting transparency are all steps that can reduce the regressive impact of GST while preserving the integrity of revenue generation. By addressing the socioeconomic realities of indirect taxation, policymakers can work toward an equitable tax structure that supports economic inclusion, social stability, and sustainable growth in India's evolving economy (Sovacool et al., 2021).

Challenges and Limitations

Every research project encounters **challenges and limitations** that may influence the accuracy, reliability, and generalizability of its findings. In this study on the effects of indirect taxation on essential goods, several constraints emerged, particularly concerning research design and potential sample bias.

One significant challenge lies in the **complexity of accurately capturing indirect tax impacts on consumer spending patterns** across varied income levels. Indirect taxes, such as GST, are incorporated into the final prices of goods, making it difficult for consumers to identify the exact amount they contribute through each purchase. This "hidden" nature of indirect taxes complicates data collection, as respondents may not have a precise understanding of their monthly indirect tax contributions, leading to potential under- or over-reporting. To address this, the survey included questions aimed at estimating indirect tax contributions based on expenditure patterns. However, this indirect approach to data collection may reduce precision, presenting a limitation in the **descriptive accuracy** of the findings (Poddar, 2003).

Sample bias is another notable concern. Although efforts were made to gather a diverse range of respondents from different socioeconomic backgrounds, achieving a perfectly representative sample across all demographic groups in India was

challenging. Low-income individuals and residents of rural areas are often harder to reach for survey participation, particularly in studies that rely on online distribution methods. The digital divide may lead to underrepresentation of these groups in the sample, potentially skewing results and reducing the generalizability of the findings to the broader population (Demery, 2003). While in-person surveys were conducted in certain areas to address this limitation, logistical constraints and budget limitations restricted the extent of face-to-face data collection.

Additionally, **response bias** could affect the reliability of self-reported data on spending and saving behavior. Respondents may unintentionally misrepresent their spending habits, either overestimating or underestimating certain expenditures due to personal perceptions, memory gaps, or discomfort with financial disclosure (Alderman, 2002). Such response bias may impact the accuracy of data on spending priorities between essential and non-essential goods, especially when respondents are asked to recall and quantify monthly expenses.

The **scope of the research design** also imposed certain limitations. This study utilized a cross-sectional survey, collecting data at a single point in time. While this approach is effective for capturing a snapshot of current spending behavior and tax impacts, it does not account for potential fluctuations over time. For instance, economic shifts such as inflation or changes in GST rates could significantly alter consumer behavior and purchasing power, impacting the long-term relevance of the findings. A longitudinal study, tracking respondents over an extended period, would offer a more dynamic view of indirect tax impacts but was beyond the practical scope and timeframe of this research (Sovacool & Kim, 2021).

Another limitation relates to **data granularity** in secondary sources. This study relied on government reports and academic literature to contextualize findings and compare them with existing knowledge on indirect taxation. However, some secondary sources offered data aggregated at the national level, which may not capture the nuanced regional differences in consumer behavior across India. Variations in cost of living, access to essential goods, and income distribution between urban and rural areas could result in different impacts of indirect taxes on these populations. While secondary data provided valuable insights, regional

disparities may limit the applicability of national-level findings to all areas of India (Auriol & Warlters, 2012).

In summary, the challenges and limitations of this study reflect typical constraints faced in socio-economic research, particularly on topics involving indirect taxes. Constraints in **survey precision, sample representativeness, and data granularity** present some limitations to the accuracy and generalizability of findings. Recognizing these challenges allows for a more cautious interpretation of results, underscoring the need for further research to address these limitations and enhance understanding of indirect tax impacts across diverse consumer demographics.

CHAPTER 6

RECOMMENDATIONS AND CONCLUSION

Policy Recommendations

Proposals for Policy Change

To address the regressive effects of **indirect taxes** on low-income groups, policy adjustments are needed to ensure a fairer distribution of tax burdens. Current indirect tax policies, such as the **Goods and Services Tax (GST)** in India, apply uniformly across consumer groups, impacting economically vulnerable households more heavily since a larger percentage of their income goes toward essentials. One potential policy change involves broadening **tax exemptions on essential goods**, which would enable low-income families to spend less on basic needs like food, healthcare, and utilities. By exempting or significantly reducing GST on these items, policymakers can help alleviate the financial strain faced by lower-income households while still maintaining revenue from non-essential goods and luxury items (Demery, 2003).

Moreover, implementing **tiered GST rates** that distinguish between income groups or spending levels could help make indirect taxes more equitable. For example, countries like the UK and Canada use reduced VAT rates or tax credits to relieve low-income consumers while applying standard rates on higher-end goods. India could adopt a similar approach, applying lower rates on essentials and raising rates on luxury goods, which wealthier consumers are more likely to purchase. This tiered approach would make GST less burdensome for low-income families and help to counteract its regressive impact, making the tax structure fairer overall (Sovacool et al., 2021).

Finally, policies to increase **tax transparency** would benefit consumers by enabling them to see how much they are contributing in indirect taxes on each purchase. Currently, indirect taxes are embedded within product prices, which can obscure their impact. By requiring clearer labeling of tax amounts on essential goods or receipts, consumers would gain a more accurate understanding of their tax contributions, fostering greater trust in the system and encouraging informed spending habits (Alderman, 2002).

Subsidies and Safety Nets

In addition to adjusting tax policies, **targeted subsidies and safety nets** are crucial for supporting low-income households that are most affected by indirect taxes. For instance, **food and utility subsidies** could help offset the higher costs caused by indirect taxes on these essential items, ensuring that basic needs remain affordable. These subsidies could be administered through cash transfers or vouchers that allow low-income families to purchase essential goods at reduced rates. This approach has been successfully employed in various countries to support low-income families against the pressures of indirect taxes. For example, South Africa and Canada provide housing and food subsidies to economically vulnerable groups, helping them manage the financial burden of indirect taxes (Poddar, 2003).

India could also implement **energy subsidies** targeted specifically at low-income households, as energy costs represent a substantial portion of monthly expenses. By reducing or offsetting indirect taxes on essential utilities like electricity and cooking gas, policymakers could help ensure that even the poorest households have access to necessary resources without compromising other areas of their budget. Such energy subsidies would not only aid low-income families in managing indirect tax burdens but also contribute to improved living standards (Meenakshi & Ray, 1999).

Another effective safety net could involve expanding **education and healthcare subsidies**, particularly in rural areas, where access to these services is already limited. By directing subsidies to healthcare and education, the government can alleviate the indirect tax burden on essential services that significantly affect quality of life. For example, the United States and certain European countries offer subsidies to reduce healthcare costs, ensuring that low-income families can access basic services without undue financial strain. Applying similar subsidy models in India could help mitigate the regressive impacts of indirect taxes on critical services, promoting both financial and social equity (Arnold et al., 2019).

Tax Reform Suggestions

To improve economic equity, **reforms to GST and other indirect tax laws** could be introduced to better reflect the diverse economic realities of Indian households. One approach would be to expand the use of **progressive tax credits** or rebates that specifically target low-income households, similar to the **GST Credit** provided in Canada. Such a credit would reimburse a portion of the GST paid by low-income families, providing direct relief without disrupting the GST system's overall structure. These rebates could be administered quarterly or annually, reducing the cumulative impact of indirect taxes on basic goods over time (Auriol & Warlters, 2012).

A further reform could involve **simplifying the GST framework** by reducing the number of tax slabs and creating a streamlined structure that prioritizes lower rates on essential goods while applying higher rates to luxury items. A simplified GST system could reduce administrative costs and improve compliance, making it easier for businesses to manage tax responsibilities while also making the system more transparent for consumers. For instance, New Zealand's GST system applies a single tax rate but complements it with social welfare policies to support low-income groups. India could similarly pursue simplification while bolstering social programs, making the tax system both efficient and equitable (Sung et al., 2017).

Lastly, the government could explore **increased collaboration with non-governmental organizations (NGOs)** and local entities to identify and address tax impact at a grassroots level. This partnership approach would help to monitor the real-life effects of GST on low-income communities, enabling policymakers to make data-driven adjustments based on community feedback. Collaboration with NGOs could also support more targeted implementation of subsidies and safety nets, ensuring they reach those most in need and addressing any unintended consequences of indirect tax laws (Slemrod & Yitzhaki, 1996).

In summary, the proposed policy changes, subsidies, and tax reforms offer a roadmap to create a fairer indirect tax system that protects low-income households from excessive financial strain. By balancing revenue needs with targeted relief measures, these recommendations aim to promote both **economic equity** and **social welfare**, ensuring a tax structure that aligns with India's diverse economic landscape and supports inclusive growth (Gulati & Sharma, 1995).

Conclusion:

This study provides an in-depth exploration of the **hidden costs and economic impact** of indirect taxes, especially **GST** on essential goods in India, with particular focus on how these taxes disproportionately affect low-income households. The findings reveal that indirect taxes on essential goods increase financial strain on economically vulnerable groups, reducing their **purchasing power** and **disposable income** as a larger portion of their limited budget is directed toward basic needs (Sovacool & Kim, 2021). Furthermore, the study finds that indirect taxes lead to **behavioral shifts** in consumer spending, with low- and middle-income families increasingly prioritizing essentials while limiting non-essential purchases to manage tax-induced price increases (Demery, 2003). This behavioral shift not only affects consumer lifestyles but also impacts broader economic trends, as decreased discretionary spending can lead to demand reductions in certain sectors, affecting businesses and potentially slowing economic growth.

Additionally, the study highlights the **regressive nature of indirect taxes**, as they apply uniformly across income groups, placing a proportionally higher burden on lower-income consumers. The cumulative effect of these taxes on essential goods emphasizes the need for **tax equity**, revealing that while indirect taxes are an efficient revenue source, they can deepen economic disparities without adequate relief mechanisms. Policies aimed at reducing tax rates on essentials, expanding exemptions, and implementing safety nets could help mitigate these regressive effects, thereby making the tax system fairer for economically disadvantaged groups (Alderman, 2002).

Implications for Stakeholders

The findings hold critical implications for **consumers, policymakers, and businesses**, each of whom plays a unique role in addressing the challenges posed by indirect taxes.

For **consumers**, particularly low- and middle-income households, these findings underline the importance of being aware of their indirect tax contributions and managing budgets accordingly. Consumers may need to consider more careful spending habits, prioritizing essentials over non-essentials, as indirect taxes on necessities continue to impact disposable income and overall financial security (Poddar, 2003). Additionally, an informed consumer base may also advocate more effectively for policy changes that promote tax fairness and affordability.

For **policymakers**, this study emphasizes the need for an equitable tax system that balances revenue generation with social welfare. Current indirect tax policies, including GST, contribute significantly to the government's revenue but often at the expense of low-income households, who bear a disproportionate financial burden. Policymakers are encouraged to consider **targeted tax exemptions**, **subsidies**, or **rebate programs** for essential goods, aiming to reduce the regressive impact of these taxes. Additionally, clear and transparent communication regarding tax contributions on consumer receipts could enhance public understanding and trust in the tax system (Sung et al., 2017). Implementing these adjustments could contribute to a more socially balanced tax structure, aligning fiscal objectives with economic equity goals.

For **businesses**, particularly those in sectors that cater to low- and middle-income consumers, understanding the indirect tax impact on spending behavior is crucial for adapting product offerings and pricing strategies. Businesses might find it beneficial to introduce budget-friendly product lines or smaller packaging options that accommodate consumers' constrained budgets. Additionally, businesses could play a proactive role by collaborating with policymakers and contributing data-driven insights that inform policy decisions, particularly in sectors like food, healthcare, and utilities where the tax burden is keenly felt by lower-income consumers (Gulati & Sharma, 1995).

CHAPTER 7
FUTURE RESEARCH AND LEARNING OUTCOME

Chapter 7: Future Research

While this study offers valuable insights into the effects of indirect taxes on consumer behaviour and economic equity, there remains significant scope for **further research** to address questions that extend beyond its scope. Future studies could explore the **longitudinal effects** of indirect taxes on consumer behaviour and financial stability, tracking how changes in indirect tax policies over time impact spending habits, saving potential, and economic mobility. A longitudinal approach would allow researchers to capture dynamic adjustments in consumer behaviour, particularly as economic conditions and tax policies evolve (Sovacool et al., 2021).

Further research could also investigate **regional disparities** in tax impact within India, as indirect tax burdens may vary widely between urban and rural areas or across states with different economic profiles. A more granular, region-specific study would provide valuable insights into how local factors influence the economic effects of indirect taxes, potentially informing more targeted policy interventions (Auriol & Warlters, 2012). Additionally, a comparative study examining indirect tax structures across different developing economies could help contextualize India's GST model within a broader global framework, allowing for policy lessons from countries with similar economic challenges.

Lastly, future research could examine **alternative tax structures** and their potential for promoting economic equity, including the feasibility of implementing progressive indirect taxes based on income levels or consumption patterns. Such research could provide policymakers with innovative ideas for reforming indirect tax systems to better align with social equity objectives, helping to create a more inclusive and sustainable economic environment for all citizens (Arnold et al., 2019).

Learning Outcomes

- I understand how indirect taxes like GST increase the cost of basic goods, making everyday essentials more expensive for people in India.

- I have learned that indirect taxes are included in the price of goods, which can make it hard for people to know how much they are actually paying in taxes.

- I can explain why these taxes create hidden costs that many consumers do not notice, affecting their monthly budgets without them realizing it.

- I can identify how indirect taxes add financial pressure on families, especially on those with lower incomes who already struggle with daily expenses.

- I understand that indirect taxes are regressive, meaning that people with lower incomes end up paying a higher portion of their income on these taxes compared to wealthier people.

- I have explored how policy changes, like reducing tax rates on essential goods or giving exemptions, can help make taxes fairer for low-income families.

- I can see the need for more transparency in tax systems so that people are aware of how much tax they are paying on their purchases.

- I am aware of how indirect taxes can influence people's spending habits, making them buy fewer non-essential items to manage their budgets.

- I have learned how indirect taxes can lead to inequality by making it harder for low-income families to save or improve their standard of living.

- I can use data collection and analysis skills, which I practiced by gathering information from surveys and reports on how taxes affect consumer spending.

- I recognize the importance of policies that balance the government's need for revenue with fairness for all income levels.

- I can apply my understanding of indirect taxes to suggest improvements that can help reduce the financial strain on economically weaker sections in society.

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ANNEXURE

Participant_ID	NAME	AGE	GENDER	MARITAL STATUS	OCCUPATION	Income Group	Monthly_Income	Percentage of Monthly Spending on Essentials	Monthly Spending on Essentials	Monthly_Indirect Tax Contribution	Disposable_Income
1	Sk. Apsar Jani	ABOVE 40	MALE	MARRIED	ENGINEER	High Income	100000	35%	35000	1750	63250
2	Siva Kothapalli	20-30	MALE	SINGLE	OTHERS	Low Income	20000	15%	3000	150	16850
3	Maimunnisa.Mohamad	ABOVE 40	FEMALE	MARRIED	TEACHER	Middle Income	40000	50%	20000	1000	19000
4	Shaik Mustaq Ahammed	20-30	MALE	SINGLE	TEACHER	Low Income	10000	50%	5000	250	4750
5	Mohammad Afreen	20-30	FEMALE	SINGLE	OTHERS	Middle Income	40000	50%	20000	1000	19000
6	K. Janaki Priya	20-30	FEMALE	SINGLE	OTHERS	Low Income	30000	50%	15000	750	14250
7	Krishna Kumari Thakkellapati	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	50%	5000	250	4750
8	Sandhya Kummari	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	50%	5000	250	4750
9	Mohammad Jafar	36-40	MALE	MARRIED	OTHERS	Low Income	10000	50%	5000	250	4750
10	Ch.Chitti Babu	ABOVE 40	MALE	MARRIED	OTHERS	Middle Income	40000	50%	20000	1000	19000
11	Divya maddali	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	15%	1500	75	8425
12	Sadiqahmed	31- 35	MALE	MARRIED	OTHERS	Low Income	10000	15%	1500	75	8425
13	B Durga Sai deepak	20-30	MALE	SINGLE	OTHERS	Low Income	10000	15%	1500	75	8425
14	Siddhartha	20-30	MALE	SINGLE	OTHERS	Low Income	10000	15%	1500	75	8425
15	Divya Loganathan	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	15%	1500	75	8425
16	Akshitha	20-30	FEMALE	SINGLE	BANKER	Low Income	20000	15%	3000	150	16850
17	KANCHARI MANOJ KUMAR	20-30	MALE	SINGLE	OTHERS	Low Income	20000	15%	3000	150	16850
18	Gandham Gopi Chand	20-30	MALE	SINGLE	ENGINEER	Low Income	20000	15%	3000	150	16850
19	M. Devi Ajay prasad	20-30	MALE	SINGLE	OTHERS	Low Income	10000	15%	1500	75	8425
20	Dinesh Kumar K	20-30	MALE	SINGLE	OTHERS	Low Income	20000	25%	5000	250	14750
21	T.L.Pravallika	20-30	FEMALE	SINGLE	OTHERS	Middle Income	60000	25%	15000	750	44250
22	Thotapalli Sai Chandrika	20-30	FEMALE	SINGLE	OTHERS	Low Income	20000	25%	5000	250	14750
23	Sai Kumar	20-30	MALE	SINGLE	OTHERS	Low Income	20000	25%	5000	250	14750
24	Sandeep vaishnav	20-30	MALE	SINGLE	OTHERS	Low Income	20000	25%	5000	250	14750
25	Dhanush	20-30	MALE	SINGLE	ENGINEER	Low Income	20000	25%	5000	250	14750
26	Viswanath ch	20-30	MALE	SINGLE	ENGINEER	Low Income	20000	25%	5000	250	14750
27	Veena sabithya	20-30	FEMALE	MARRIED	TEACHER	Low Income	30000	25%	7500	375	22125
28	K Sankar Reddy	20-30	MALE	SINGLE	ENGINEER	Low Income	30000	50%	15000	750	14250
29	Mounika	20-30	FEMALE	SINGLE	OTHERS	Low Income	30000	50%	15000	750	14250
30	D Nagaratnam	31- 35	FEMALE	MARRIED	OTHERS	High Income	100000	50%	50000	2500	47500
31	Chinmayi verma	20-30	FEMALE	SINGLE	OTHERS	Middle Income	40000	15%	6000	300	33700
32	Krishna Kanth	20-30	MALE	SINGLE	OTHERS	Middle Income	40000	15%	6000	300	33700
33		31- 35	MALE	SINGLE	TEACHER	Middle Income	40000	15%	6000	300	33700
34	Vasavi	36-40	FEMALE	MARRIED	LAWYER	High Income	80000	35%	28000	1400	50600
35	Srikanth	36-40	MALE	MARRIED	ENGINEER	Middle Income	40000	15%	6000	300	33700

36	V.V.POORNA CHANDRA RAO	36-40	MALE	MARRIED	OTHERS	Middle Income	40000	15%	6000	300	33700
37	Shaik Subhani	36-40	MALE	MARRIED	ENGINEER	Middle Income	40000	15%	6000	300	33700
38	B Rama devi	ABOVE 40	FEMALE	MARRIED	TEACHER	Middle Income	40000	15%	6000	300	33700
39	Chandra Koushik Ramisetty	20-30	MALE	SINGLE	ENGINEER	Middle Income	40000	15%	6000	300	33700
40	Sudiwya	20-30	FEMALE	SINGLE	ENGINEER	Middle Income	40000	15%	6000	300	33700
41	B. JAYALAKSHMI	36-40	FEMALE	MARRIED	TEACHER	Middle Income	40000	15%	6000	300	33700
42	M. Sudha	36-40	FEMALE	MARRIED	TEACHER	Middle Income	40000	15%	6000	300	33700
43	K. Bhargavi	20-30	FEMALE	SINGLE	OTHERS	Middle Income	40000	15%	6000	300	33700
44	T. Sudhavalli	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	40000	15%	6000	300	33700
45	J. Shekar Babu	ABOVE 40	MALE	MARRIED	TEACHER	Middle Income	40000	15%	6000	300	33700
46	M. V. Bapi Raju	ABOVE 40	MALE	MARRIED	TEACHER	Middle Income	50000	15%	7500	375	42125
47	K. Jhansi Lakshmi bai	ABOVE 40	FEMALE	MARRIED	TEACHER	Middle Income	50000	15%	7500	375	42125
48	Suwarna gowri poluru	36-40	FEMALE	MARRIED	TEACHER	Middle Income	50000	15%	7500	375	42125
49	P. Hari kumari	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	15%	7500	375	42125
50	P. Sri lakshmi	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
51	P. Haritha	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
52	Sri Himaja M	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	25%	2500	125	7375
53	Siddula sharmila	ABOVE 40	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
54	G. G. V Sudha rani	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
55	V. Sudha rani	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
56	T. Madhuri	36-40	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
57	Nelli Usha rani	31- 35	FEMALE	MARRIED	TEACHER	Middle Income	50000	25%	12500	625	36875
58	Rishitha Boddapati	20-30	FEMALE	MARRIED	OTHERS	Low Income	30000	50%	15000	750	14250
59	Harathi	20-30	FEMALE	SINGLE	BANKER	Middle Income	60000	50%	30000	1500	28500
60	A. Navya	20-30	FEMALE	SINGLE	OTHERS	Low Income	10000	50%	5000	250	4750
61	V. Sindhu	20-30	FEMALE	SINGLE	OTHERS	Middle Income	60000	50%	30000	1500	28500
62	Sk. Mazharunnisa	ABOVE 40	FEMALE	MARRIED	OTHERS	High Income	100000	50%	50000	2500	47500
63	Md. Rahmat	36-40	FEMALE	MARRIED	OTHERS	Middle Income	60000	50%	30000	1500	28500
64	G. Kartik	36-40	MALE	MARRIED	ENGINEER	Middle Income	60000	50%	30000	1500	28500
65	K. Rishi	20-30	MALE	SINGLE	OTHERS	Low Income	20000	50%	10000	500	9500
66	S. Naira	31- 35	FEMALE	MARRIED	OTHERS	High Income	80000	15%	12000	600	67400
67	Ch. Alekya	36-40	FEMALE	MARRIED	TEACHER	High Income	80000	15%	12000	600	67400
68	G. Surekha	36-40	FEMALE	MARRIED	TEACHER	High Income	80000	15%	12000	600	67400
69	Sk. Affsana	20-30	FEMALE	SINGLE	OTHERS	High Income	70000	15%	10500	525	58975
70	Sk. Kareemunnisa	20-30	FEMALE	MARRIED	OTHERS	High Income	70000	15%	10500	525	58975

71	Md. Meharunnisa	20-30	FEMALE	SINGLE	OTHERS	High Income	70000	15%	10500	525	58975
72	S. Mishti	20-30	FEMALE	SINGLE	OTHERS	High Income	70000	15%	10500	525	58975
73	G. Nalish	31- 35	MALE	MARRIED	BANKER	High Income	70000	20%	14000	700	55300
74	L. Keerti	31- 35	FEMALE	MARRIED	BANKER	High Income	70000	20%	14000	700	55300
75	Y. Yamini	31- 35	FEMALE	MARRIED	OTHERS	High Income	70000	20%	14000	700	55300
76	Sd. Hussen	20-30	MALE	SINGLE	ENGINEER	High Income	70000	20%	14000	700	55300
77	V. Gayatri	31- 35	FEMALE	MARRIED	ENGINEER	High Income	70000	20%	14000	700	55300
78		31- 35	FEMALE	SINGLE	TEACHER	High Income	70000	20%	14000	700	55300
79	G. Suhasini	31- 35	FEMALE	MARRIED	TEACHER	High Income	70000	20%	14000	700	55300
80	K.chirag	31- 35	MALE	MARRIED	BANKER	High Income	70000	20%	14000	700	55300
81	S. Vishambar	ABOVE 40	MALE	MARRIED	ENGINEER	High Income	100000	20%	20000	1000	79000
82	L. Kavya	20-30	FEMALE	SINGLE	OTHERS	High Income	70000	35%	24500	1225	44275
83	M. Abhishek	36-40	MALE	MARRIED	ENGINEER	High Income	70000	35%	24500	1225	44275
84	D. Madhu tejaswini	20-30	FEMALE	SINGLE	OTHERS	High Income	70000	35%	24500	1225	44275
85	D. Mahathi	20-30	FEMALE	MARRIED	ENGINEER	High Income	80000	35%	28000	1400	50600
86	M. Rajeswari	31- 35	FEMALE	MARRIED	TEACHER	High Income	70000	35%	24500	1225	44275
87	M. Rajesh	31- 35	MALE	MARRIED	ENGINEER	High Income	70000	35%	24500	1225	44275
88	N. Rahul	31- 35	MALE	MARRIED	OTHERS	High Income	70000	35%	24500	1225	44275
89	N. Rajesh	31- 35	MALE	MARRIED	OTHERS	High Income	70000	35%	24500	1225	44275
90	N. Ramesh	36-40	MALE	MARRIED	OTHERS	High Income	70000	35%	24500	1225	44275
91	B. Sundar	31- 35	MALE	MARRIED	DOCTOR	High Income	80000	35%	28000	1400	50600
92	J. Shankar	36-40	MALE	MARRIED	OTHERS	High Income	80000	35%	28000	1400	50600
93	M.Gopal	ABOVE 40	MALE	MARRIED	OTHERS	High Income	80000	35%	28000	1400	50600
94	N. Varun	20-30	MALE	SINGLE	OTHERS	High Income	80000	35%	28000	1400	50600
95	M. Karan	20-30	MALE	SINGLE	OTHERS	High Income	80000	35%	28000	1400	50600
96	N. Lokesh	20-30	MALE	SINGLE	OTHERS	High Income	80000	35%	28000	1400	50600
97	V. Siddhartha	31- 35	MALE	SINGLE	ENGINEER	High Income	80000	35%	28000	1400	50600
98	B.Sandhesh	20-30	MALE	SINGLE	OTHERS	High Income	100000	35%	35000	1750	63250
99	K. Shiva	20-30	MALE	SINGLE	OTHERS	Middle Income	60000	50%	30000	1500	28500
100	Sk. Raheem	20-30	MALE	MARRIED	OTHERS	Low Income	30000	35%	10500	525	18975

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