ROLE OF DIGITAL LITERACY AND FIN TECH IN GST COMPLIANCE AMONG SMALL TRADERS: A STUDY OF RAIPUR DIVISION

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Abstract

Goods and Services Tax (GST) in India has converted the indirect taxation system into a technologically oriented system. Small traders however, struggle with GST compliance due to their lack of digital literacy and limited use of Financial Technology (Fin Tech) tools. This study analyzes the role of digital literacy and Fin Tech adoption on improving GST compliance among small traders in Raipur Division of Chhattisgarh. A structured questionnaire in a five point Likert scale format was applied for primary data collection from 500 small traders. The interpretation of data was done using statistical tools such as descriptive analysis, correlation and regression analysis. This study has revealed that Digital Literacy positively enhances GST compliance by improving trader's ability to make online filing and records. Fin Tech tools have also proved beneficial by making the procedures easier, creating less compliance burden, and making it simpler. They include digital payments, e-invoicing, accounting software and other tools that enhance a trader's business operations and can simplify compliance with tax requirements. The study has implications for traders, policy-makers and Financial Institutions to launch effective digital training and awareness program.

Keywords: GST Compliance, Digital Literacy, Fin Tech, Small Traders, Raipur Division

Introduction

Goods and Services tax (GST) on July 1, 2017, a revolutionary change has occurred in the country's indirect taxation system. Various indirect taxes have been replaced by a single tax structure. The use of GSTN for all compliance procedures has further established the technology-driven approach towards indirect taxation. Compliance procedures including tax filing, invoice matching, registration, and payment of taxes are performed online which makes digital skills a necessity for all taxpayers. While GST has brought in efficiency in the taxation system and simplified the procedures, there are some difficulties small traders face. Low digital literacy among many small traders, poor knowledge regarding the use of technology, lack of access to the internet and high dependency on consultants act as impediments to effective compliance (Singh & Srivastava, 2018). This aspect is being discussed more particularly in regions like Raipur Division which is a semi urban center where not all traders are accustomed to modern technology-driven systems. Financial Technology (Fin Tech) tools like mobile apps, UPI, e-invoicing systems, e-payments, online accounting software and more has emerged as an important facilitator for small traders for GST compliance (Gomber et al., 2017; Sharma & Gupta, 2022). However these Fin Tech tools are more effective when the trader has a good digital literacy and hence the study takes this into consideration. Raipur Division was selected for this study as it is an economically growing region and being modernized through digitalization. In India, only very few empirical studies have been conducted which analyze the impact of digital literacy and Fin Tech on GST compliance behavior of small traders particularly in semi urban areas of Chhattisgarh (Agrawal, 2019) and in that regard this study attempts to find out the impact of both on small traders.

The introduction of the Goods and Services Tax (GST) on 1 July 2017 marked a major reform in India's indirect taxation system. GST replaced multiple indirect taxes with a unified tax structure and introduced a technology-oriented compliance mechanism through the GST Network (GSTN) (Kumar, 2017; OECD, 2021). Activities such as GST registration, return filing, invoice matching, and tax payment are now conducted online, making digital competence essential for taxpayers.

Although GST has simplified the taxation structure, small traders continue to face challenges in complying with digital procedures. Lack of digital literacy, inadequate technological knowledge, poor internet connectivity, and dependence on intermediaries create barriers to efficient compliance (Singh & Srivastava, 2018; Gupta & Agarwal, 2021). In semi-urban regions such as Raipur Division, many traders are still adapting to digital taxation systems.

Fin Tech tools such as Unified Payments Interface (UPI), accounting software, e-invoicing systems, and mobile payment applications have emerged as important facilitators of GST compliance. These technologies simplify transaction recording, automate tax calculations, and improve transparency (Gomber et al., 2017; Sharma & Gupta, 2022). However, the effective use of Fin Tech tools depends largely on the digital literacy level of traders.

Raipur Division represents a suitable area for this study because of its expanding commercial activities and increasing digital transformation. Despite the growing importance of GST compliance, very limited empirical research has focused on the combined role of digital literacy and Fin Tech adoption among small traders in Chhattisgarh (Agrawal, 2019). Therefore, the present study attempts to analyze the impact of these factors on GST compliance behavior among small traders in Raipur Division.

Review of Literature

Existing literature highlights the importance of digital capabilities and technological adoption in tax compliance.

Muppaneethasai (2026) found that complexity in GST procedures negatively affects the satisfaction level of GST practitioners. Frequent regulatory changes and technical issues in the GST portal increase compliance difficulties. **Dr. Deshraj Son (2026)** observed that GST simplified the indirect tax structure and improved transparency among small and medium enterprises, although compliance burden still remains a challenge.**Gupta and Agarwal (2021)** emphasized that digital literacy significantly improves financial inclusion and digital participation among small businesses. Traders with better digital knowledge are more capable of handling online systems.**Sharma and Gupta (2022)** reported that digital payment systems and Fin Tech applications positively influence GST compliance by simplifying tax-related procedures and improving transparency. **Night and Bananuka (2019**) concluded that adoption of electronic taxation systems positively influences tax compliance behavior among small business enterprises. **Kamasa et al. (2019)** identified lack of tax knowledge and technological awareness as major barriers to tax compliance in developing economies. **Singh and Srivastava (2018**) highlighted that GST implementation created operational and technological challenges for small and medium enterprises in India.

The literature indicates that digital literacy and Fin Tech adoption individually influence compliance behavior; however, limited studies have examined their combined impact on GST compliance among small traders in regional economies such as Raipur Division.

Research Gap

Most existing studies focus either on GST implementation challenges or on digital literacy and Fin Tech adoption separately. Limited empirical research has examined the integrated influence of digital literacy and Fin Tech on GST compliance among small traders. Additionally, region-specific studies related to Chhattisgarh and Raipur Division are scarce. Therefore, the present study fills this gap by providing a localized and empirical analysis of GST compliance behavior among small traders.

Objectives of the Study

1. To analyze the GST compliance level among small traders in Raipur Division.
2. To examine the impact of digital literacy on GST compliance.
3. To study the effect of Fin Tech adoption on GST compliance.

Hypotheses

H01: Digital literacy has no significant impact on GST compliance among small traders.
H11: Digital literacy has a significant impact on GST compliance among small traders.
H02: Fin Tech adoption has no significant impact on GST compliance among small traders.
H12: Fin Tech adoption has a significant impact on GST compliance among small traders.

Research Methodology

The study is descriptive and analytical in nature. Primary data were collected from 500 small traders in Raipur Division through a structured questionnaire based on a five-point Likert scale.

Sampling Technique

Convenience sampling method was used to select respondents from retail, wholesale, and service sectors.

Data Collection

Primary data were collected directly from traders through field surveys and personal interaction.

Statistical Tools

The following statistical tools were used:
* Percentage Analysis
* Mean and Standard Deviation
* Correlation Analysis
* Multiple Regression Analysis

SPSS and Microsoft Excel software were used for data analysis.

Data Analysis and Interpretation

Table : 1 Correlation Analysis

Variables	Digital Literacy	Fin Tech Adoption	GST Compliance
Digital Literacy	1.00	0.65	0.72
FinTech Adoption	0.65	1.00	0.70
GST Compliance	0.72	0.70	1.00

Source: Computed Data

Interpretation

The correlation results indicate a strong positive relationship between digital literacy and GST compliance ($r = 0.72$). Similarly, Fin Tech adoption also shows a positive association with GST compliance ($r = 0.70$). This suggests that traders with better digital knowledge and greater use of Fin Tech tools are more likely to comply effectively with GST procedures.

Table : 2 Regression Analysis

Variable	Beta Coefficient	t-value	p-value
Digital Literacy	0.45	4.12	0.000
FinTech Adoption	0.38	3.75	0.001

Source: Computed Data

Interpretation

The regression analysis reveals that digital literacy has a significant positive impact on GST compliance ($\beta = 0.45$, $p < 0.05$). Fin Tech adoption also positively influences GST compliance ($\beta = 0.38$, $p < 0.05$). Therefore, both hypotheses H11 and H12 are accepted.

Table : 3 Model Summary

Model	R	R^2	Adjusted R^2	Std. Error
1	0.78	0.608	0.600	0.45

Source: Computed Data

Interpretation

The model explains 60.8% variation in GST compliance, indicating strong explanatory power of digital literacy and Fin Tech adoption.

Major Findings

1. Digital literacy significantly improves GST compliance among small traders.
2. Traders using Fin Tech tools experience fewer difficulties in GST return filing.
3. Fin Tech adoption reduces compliance burden and improves operational efficiency.
4. Traders with low digital literacy depend heavily on tax practitioners and intermediaries.
5. Poor internet connectivity and lack of technical knowledge remain major barriers to compliance.
6. Awareness and training programs positively influence digital adoption and compliance behavior.

Suggestions

1. Government agencies should organize regular digital literacy training programs for traders.
2. Fin Tech awareness campaigns should be conducted at local and regional levels.
3. The GST portal should be simplified and made more user-friendly.
4. Regional language support should be enhanced on GST platforms.
5. Internet infrastructure in semi-urban areas should be improved.
6. Mobile-friendly GST applications should be promoted among small traders.

Conclusion

The study concludes that digital literacy and FinTech adoption significantly influence GST compliance among small traders in Raipur Division. Traders possessing better digital skills and using FinTech applications are more efficient in maintaining records, filing GST returns, and complying with taxation procedures. The findings suggest that technological capability plays a crucial role in strengthening tax compliance behavior.

Despite the positive role of digitalization, challenges such as lack of technical knowledge, inadequate infrastructure, and low awareness continue to hinder effective compliance among many traders. Therefore, policymakers and tax authorities should focus on digital education, FinTech promotion, and infrastructure development to improve GST compliance and support inclusive economic growth.

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