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DECODING THE PINK TAX IN INDIA: CORPORATE RATIONALIZATIONS AND CONSUMER AWARENESS

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ABSTRACT

The Pink Tax is the extra charge that is paid for goods and services aimed at women even when they are like or identical to those offered to men. This has been a topic of wide debate across the world but remains largely ignored in India. While the businesses cite product differentiation, branding strategies, and consumer willingness to pay as the rationales for gender-based pricing, the vast majority of Indian consumers – women in particular – are oblivious to these underlying price disparities, leading to an unquestioned economic burden.

This study analyses the corporate rationale for charging gender-based pricing, assesses the consumer awareness levels in India, and analyses the possibility to regulate Pink Tax through legal provisions. The analysis of international standards and their applicability in the Indian context reveals the socio economic implications of this practice and suggests measures like the strengthening of consumer protection laws, mandating price transparency and the formulation of gender neutral pricing regulations.

This article enables a discourse on equitable economic practices, gender based price discrimination and financial burden on women.

Keywords: Pink Tax, gender-based pricing, product differentiation, gender neutral pricing regulations, consumer awareness

INTRODUCTION

Pink Tax is an undisclosed financial burden in which items and services aimed at women are priced higher than those intended for men, despite limited differences.¹ This form of pricing based on gender is commonly seen in personal hygiene products, clothing, and services such as haircuts and dry cleaning.²

While extensively discussed in Western countries, India is still in the early stages of acknowledging this issue. Women are inadvertently spending more on necessities like razors and deodorants because of unjust pricing practices.

The elimination of GST on sanitary napkins brought attention to gender-based pricing concerns, yet broader dialogues are lacking in policy frameworks. This paper investigates corporate rationales for gender-based pricing, evaluates consumer awareness in India, and delves into legal frameworks to combat the Pink Tax. Through an analysis of pricing strategies, consumer behaviour, and international models, the study aims to propose solutions for more equitable economic policies.

CORPORATE JUSTIFICATIONS FOR GENDER-BASED PRICING

Businesses often justify gender-based pricing by citing disparities in production, marketing, and consumer behaviour as driving factors for cost discrepancies between men's and women's products. These reasons, nevertheless, are still hotly debated, as they often do not take into consideration the financial toll this takes on women shoppers. The most significant justifications given by the corporations for this price policy are the following:

1. Product Differentiation

Companies cite modifications that are uniquely applied to women's products to justify the different pricing policy. These modifications or factors are unique formulations like added vitamins or use of organic components added with fragrances or premium aesthetics. Additions such as pastel packaging or floral designs are other factors. But

¹ Sonali Biswas et al., Attitude towards Pink Tax in the Indian Population: A Gender-Based Analysis, 18 INDIAN J. PSYCHOL. 1204, 1204-1215 (2024), <https://ijip.in/articles/attitude-towards-pink-tax/>.

² Svasti Pant, UnPinking Discrimination: Exploring the Pink Tax and its Implications, INT'L J. POL'Y SCI. & L. 1367, 1367-1380 (2021), https://ijpsl.in/wp-content/uploads/2021/03/UnPinking-Discrimination-Exploring-the-Pink-Tax-and-its-Implications_Svasti-Pant.pdf.

studies suggest that these differences tend to be minimal or even cosmetic, making it difficult to rationalise the major price differences.³

For instance, Women razors are costlier than men razors despite of same number of blades and same material, just a different colour and brand. Similar trends hold across multiple product categories, financially straining female consumers.

This poses the question of whether or not price increases actually reflect increased production costs or are just a marketing strategy to charge women more for the same products.

2. Packaging, Design, and Branding

Another argument for this pricing is that women's products have more intricate packaging and designs, which companies say increases the cost of production. Pastel colours, flowers patterns, sleek, aesthetically appealing packaging are used to pack women's products, while a men's product has an overall simpler, and minimalist design.

One such example is shown in a study done in the U.S. that found disposable razors for women are often priced higher than that of men's razors, even when the blade technology is nearly the same. The only real point of differentiation was the colour and design of the handle — women's razors often marketed with pink or pastel-coloured grips. Similar trends have been noted in India⁴, where personal care items targeted to women cost more than similar products for men, despite only negligible functional differences.

3. Market Segmentation and Consumer Psychology

Businesses justify such price differences by a market segmentation argument, assuming that women are ready to pay a premium for beauty and wellness products. Research shows that when it comes to these departments women care about the quality, branding and aesthetics.⁵ Therefore, companies price their goods higher based on the consumer

³ Unilever Case Study, The "Pink Tax" and Gender Price Disparity in Personal Care, 4 GENDERS 83, 83-95 (2024), <https://www.mdpi.com/2673-8392/4/3/83>.

⁴ Is It Expensive to Be a Woman: Pink Tax, JUSCORPUS (Mar. 31, 2023), <https://www.juscorpus.com/is-it-expensive-to-be-a-woman-pink-tax/>.

⁵ Grace Wishart, Mark Ching-Pong Poo, Katherine Baxter & Yui-Yip Lau, The "Pink Tax" and Gender Price Disparity in Personal Care, RESEARCHGATE (2024), https://www.researchgate.net/publication/383484893_The_Pink_Tax_and_Gender_Price_Disparity_in_Personal_Care.

perception of what they will pay and not the real cost of production. The women are uniquely targeted through this approach and thus economically disenfranchised as many will arguably have no judiciously priced alternative that does not once again play on a gendered consumer psychology.

4. Higher costs of Marketing and Advertising

Companies spend more on marketing women's products, claiming that the higher prices are a result of increased advertising and promotional costs. The beauty, fashion and personal care industries have traditionally relied on a mix of celebrity endorsements, social media influencers and aspirational advertising to connect with female consumers. Consumers pay higher prices as this additional marketing cost is passed on to them.

Marketing costs can differ according to the target audience. However, any comparison must recognise that the degree of price difference between men's and women's products typically outstrips the difference in advertising costs incurred, rendering utterly difficult to validate any differences in price on these grounds.

5. Justifications by Service Industry

Service industry, too follows gender-based pricing asserting women service requires more time & resources. Salons charge higher rates for women's haircuts, even when asking for a simple trim like a man. Dry cleaners defend charging more for women's clothing, arguing its delicate fabrics and ornate designs.

Although these reasons may craft their way into some of the cases, they do not fill the gaps when the same service is offered to both men and women. Lack of standard pricing results into conflicting and often unreasonable price differences in the cost of service.

CONSUMER AWARENESS OF THE PINK TAX IN INDIA

Even with a significant presence of gender-based pricing in the country, awareness about Pink Tax is notably low among the Indian population. Consumer advocacy groups actively campaign against discriminatory pricing in countries like the US, whereas in India there seems to be less of a discourse on the issue. Indian consumers lack awareness due to the following factors:

1. Awareness Levels

The majority of Indian consumers claim not to have heard of the Pink Tax, according to studies. According to a consumer report, only 23% of Indians are aware of the term, with 31% women holding opinion that gender-based pricing is an economic issue while others dismissed it as a marketing strategy⁶. 12% of men know about this as well. This indicates that most consumers pay no mind to the reasoning behind gendered products and simply pay the increase in price.

2. Public Response and Social Media Trends

Even with low awareness, gender pricing has become a topic of discussion in India. In fact, it was the same 2018 movement against 12% GST on sanitary napkins that resulted in taxation being removed, proving that public pressure is an incredibly policy changing factor in India.⁷ Social media activism also helps, with influencers, journalists and advocacy groups calling attention to price disparities on Twitter, Instagram and YouTube. Online price comparisons also illustrate differences in pricing between genders. But, these conversations are still sporadic, lacking sustained focus from the media and policymakers alike.

3. The Role of Consumer Protection Laws

There is no specific law in India dealing with gender based pricing under consumer laws. India does not have an explicit legal framework unlike other western nations that have established consumer boards or laws to:

- Investigate and regulate gendered pricing in retail and services
- Require clear pricing schematics on gendered products.
- Hold corporations accountable when there is not a good reason for the price differences.⁸

In the absence of a legal vigil against the Pink Tax as unfair trade practice in India, the available legal recourse for the Indian consumers aggrieved by gender-based price discrimination seems limited.

⁶ Pink Tax: Examples, Definition, and Impact on Women's Finances and Society, WISHFIN (Oct. 17, 2023), <https://www.wishfin.com/articles/pink-tax-1607/>.

⁷ A Study to Assess the Attitude of Female Population Towards Pink Tax Across India, RESEARCHGATE (2024), https://www.researchgate.net/publication/380295075_A_study_to_assess_the_attitude_of_female_population_towards_pink_tax_across_india.

⁸ Pradheepa V., Pink Tax: An Analysis on Constitutional Background, 4 INDIAN J. APPLIED L. & RES. 3, 3-15 (2024), <https://ijalr.in/volume-4-issue-3/pink-tax-an-analysis-on-constitutional-background-pradheepa-v/>.

4. Economic and Cultural Factors

There is poor awareness levels and narrowed public dialogue in India regarding pink tax due to following socio-economic factors:

- **Financial priorities:**

In the Indian context, the affordability factor outweighs the gender-based price difference, as Indians are more concerned about making a purchase generally rather than stipulating the fairness of pricing.

- **Household financial control:**

Due to patriarchal structures, men control the financial decisions in most Indian families, which restricts women from questioning or comparing prices for the product they want to purchase.

- **Lack of price comparison habits:**

When Indian consumers seldom compare gendered products side by side, it is tough to pinpoint price disparities.

POTENTIAL LEGAL FRAMEWORK FOR INDIA

The Pink Tax is rampant in India and with no laws available to deal with it has made its eradication difficult. has become quite important Thus, in order to block gender-based price discrimination, relevant laws must be introduced to combat such a situation. Even though, the government has periodically tried to remove gender biases over economic disparities in different sectors, the issue of unequal pricing remains unregulated. Without the legal groundwork, efforts to abolish the Pink Tax would be limited to changes made at the corporate level with variable compliance.

1. Amendments to the Consumer Protection Act, 2019

The Consumers Protection Act, 2019 is an act that protects the interests of the consumers against unfair trade practices in India. However, it does not specifically prohibit gender-based price discrimination. Unless a corresponding amendment to the Act is brought within which a provision declares the Pink Tax as an unfair trade practice, there would be nothing to deter such unscrupulous businesses from taking advantage of such gendered marketing strategies. legislation would impose fines on companies that partake in such actions and give consumers a legal tool to make complaints. A robust Act could also require businesses to provide justifications for any

differences in price between men's and women's products, thereby curbing arbitrary and discriminatory pricing.

2. Price Transparency Requirements

The Businesses still sell expensive items targeted towards women without consumers realising it, showing that there is a lack of transparency when it comes to pricing. As a solution, the government may implement mandatory regulations on businesses to disclose the pricing structures and cost justifications of gendered products and services. Competitors should be required to show a price comparison of equivalent products offered to men and women so that consumers can know what a product costs and choose accordingly. Also, in service industries, price lists (salons, laundries, gyms, etc.) must clarify that rates depend on the complexity of the service and not on gender. Transparency laws would allow regulatory agencies to watch & challenge unfair pricing practices & allow consumers to insist on a fair deal.

3. Inclusion in GST Policies

Tax policies are critical when it comes to affordability of products, & in many cases women and products marketed toward women are taxed at higher rates. Even after the public outrage forced India to eliminate GST on sanitary napkins, different women-only products such as razors, deodorants, and even personal care items are being taxed at a higher rate than the products for men. A legal framework to curb Pink Tax must involve tax exemption or lesser GST rates on essential women products. Government might establish a uniform tax policy, which discards discrimination in taxation on identical products marketed to various genders. This would guarantee that basic goods are available and affordable for all consumers.

4. Regulatory Oversight by Consumer Protection Authorities

To implement legal provisions against gender-based pricing, an independent regulatory body or a specialised division within the Ministry of Consumer Affairs could be formed. The said regulatory body will be responsible for investigating complaints against the Pink tax, doing market surveys for getting pricing patterns and data, and for keeping a check on the adherence to the fair pricing rules. Also, the regulatory bodies could further introduce guidelines for the corporations and build the best practices for pricing products and services in lines with the gender-neutral measure. This step

towards setting up an independent regulatory body will make the corporations liable for their discriminatory pricing practices and improvise enforcement mechanisms.

5. Consumer Awareness Campaigns

The Pink Tax cannot be eliminated solely through legal reforms, but must be coupled with large-scale consumer awareness initiatives. Most consumers still have no idea that they are being charged extra due to gender-based pricing tactics. Government agencies, NGOs, social media influencers can create awareness programs to make consumers aware of the Pink Tax and their rights. Promoting transparency and awareness of gender-based price disparities across industries and empowering consumers with knowledge can lead consumers to make informed purchasing decisions and report examples of unfair pricing. Moreover, consumer rights education could also be part of the school curriculum so that future generations would learn to spot discriminatory pricing practices and challenge them.

CHALLENGES IN ELIMINATING THE PINK TAX

We cannot get rid of Pink Tax because of loopholes in a law, the way the market functions, and the societal norms. Not having explicit legislation means businesses can engage in gender-based pricing unchallenged. However, industries generally oppose regulation with the claim that price differentials are due to variations in product design and the cost of marketing. Demand for change is crushed by low consumer awareness, and then cultural norms make premium pricing for women's products seem normal.

Another challenge that India faces is low levels of research and studies that are being conducted on the pink tax. There is very low data related to pink tax and its application. As of now, it is not clear that which products and services are being taxed and what is the amount of tax that is being charged under this pink tax. Moreover, given limited studies on gender-based pricing in India, it makes formulating policy difficult.

CONCLUSION

The Pink Tax is a hidden yet significant economic burden on women in India, reinforcing financial inequality through seemingly minor but consistent price disparities.⁹ These disparities might seem small but are consistent, which is alarming. Although companies cite factors such as market strategy, product differentiation and branding as the justifications for gender-based pricing, these factors do not fully explain the often alarming price discrepancies seen in certain industries. This pink tax and discriminatory pricing policy has persisted because of less recognition by the legal system and low consumer awareness in India.

However, the pink tax could be eradicated by implementing certain laws and recognising the price disparities legally. Also, large scale consumer awareness campaigns must be conducted so that people get aware of this tax and challenge it. Also, this movement towards the end of the pink tax becomes crucial as India is moving towards gender equality, which must also include financial equality. There must be a collective effort from the law makers, the government and the people in recognising this pink tax, understanding its impact and eradicating it.

RECOMMENDATIONS

India needs legal reforms, regulatory measures and awareness initiatives to remove the Pink Tax. This should be coupled with laws that prohibit gender-based pricing, amending the Consumer Protection Act to classify gender-based pricing as an unfair trade practice. Independent price audits of fairness in pricing will also ensure accountability. Key steps towards reform are providing incentives for gender-neutral pricing, encouraging consumer awareness of gender-discriminatory practices, engaging businesses for voluntary compliance. Above all, the most important reform needed for the removal of the Pink tax is better research and data collection related to the products and services which are being taxed along with the amount of tax that is being charged. This data will significantly aid the legislatures to draft the statute or amend the provisions of current laws.

⁹ Rethink Economics, The Economic Aspects of the Pink Tax, RETHINK ECONOMICS (Nov. 10, 2022), <https://www.rethinkeconomics.org/blog/2022/11/10/pink-tax-in-india/>.