

33001-7GC



A study on impact of goods and service tax on general public at JP Nagar

B Rammya¹,

Associate Prof, VET First Grade College, J P Nagar, 2nd Phase, Bangalore,

Lokeshwari D V2,

Asst Prof, VET First Grade College, J P Nagar, 2nd Phase, Bangalore,

Abstract :

GST is an indirect tax which will subsume almost all the indirect taxes of central government and states governments into a unified tax. The review of literature suggest that till now all research has been made on impact on other areas and literature reviews shows studies have been done on other areas and not on public. Hence the researchers chose to study the impact of GST on public. The researcher proposed to conduct a survey about the impact of GST on public at J P Nagar. The sample size was 100 respondents and the method of data collection was through a structured questionnaire consisting of 20 questions. The researcher through this study wants to find out how GST has reached the public, their clarity about the same and the impact it had on them.

Keywords: GST, Acceptance, awareness, perception, consumer behavior, public and impact on public.

INTRODUCTION

India has got a well-structured and simplified taxation system, wherein an authoritative segregation has been done among the Central Government, the different State Governments as well as the Local Bodies. The Department of Revenue under the Government of India's Ministry of Finance is solely responsible for the computation of tax. In 2000, the Vajpayee Government started discussion on GST by setting up an empowered committee, headed by Asim Dasgupta, Finance Minister, and Government of West Bengal.

Later in 2006, Union Finance Minister Shri P. Chidambaram moved towards GST in his Budget, and proposed to introduce it by 1st April, 2010. However, the Empowered Committee of State Finance Ministers released its First Discussion. France was the first to introduce GST.

The introduction of goods and service tax on 1st of July 2017 was a very significant step in the field of indirect tax reforms in India. By the amalgamating a large number of central and state taxes into single tax, the aim was for a common national market. From the consumers point of view, the biggest advantage would be in terms of reduction in overall tax burden on goods, which was estimated to be around 25%-30%

GST is an indirect tax which will subsume almost all the indirect taxes of central government and states governments into a unified tax. As the name suggests it will be levied on both goods and services at all the stages of value addition. It has dual model including central goods and service tax (CGST) and states goods and service tax (SGST). CGST will subsume central Impact indirect taxes like central excise duty, central sales tax, service tax, and special additional duty on customs; counter veiling duties whereas indirect taxes of state governments like state vat, purchase tax, luxury tax, octopi, tax on lottery and gambling will be replaced by SGST. Integrated goods and service tax (IGST) also called interstate goods and service tax is also a component of GST.

GST is to be charged on goods and services at all levels starting from production, manufacture, wholesale and retail, GST is to be charged on goods and services supplied within the country or imported into the country, Supplies made by the Federal and State Government departments are not within the scope of GST except for some services prescribed by the Minister of Finance, Supplies made by the local authorities and statutory bodies in relation to regulatory and enforcement functions are not within the scope of GST.

FEATURES OF GST-GOODS AND SERVICE TAX

- 1. Subsumes central and state taxes.

2. Destination based tax.
3. Dual system of taxation.
4. De-centralized registration.
5. Supply within state.
6. Supply between states.
7. Exports – zero rates.
8. Imports.

IMPORTANCE OF GST- GOODS AND SERVICE TAX

1. Unlike erstwhile indirect tax such as VAT, GST law is common across India.
2. GST will give boost to 'Make in India' initiative.
3. GST follows a continuous linked chain for claiming Credit of GST paid earlier.
4. GST will help to reduce tax evasion at every level of goods cycle i.e. from manufacturer to retailer.
5. It is the transparent tax system that provides the flow of tax in a clear manner.
6. GST will boost earnings of both State and Central Government.
7. Once GST gets settled, will accelerate Indian economy growth
8. GST is based on Value added concept.

IMPACT OF GOODS AND SERVICE TAX ON INDIAN ECONOMY

When it comes to consumer goods and services, the main concerns are food and the services sector. For these, the GST brings good and not so good news. The good news is that food products are charged 0%. The not so good news is that services in general are seeing an increase of 18% from 15%. On the other hand, the implementation of GST increases the tax on footwear and garments priced at INR 500 from the previous 14.41% to 18% but those priced lower than INR 500 are taxed lower at 5%. For ready-made garments, the rates are lowered to 12% from 18.16%. Mobile services rates are slightly increased, though, because of the new 18% rate, from 15% before. When it comes to direct-to-home and cable services, the new fixed rate of 18% can be considered a general reduction as compared to the previous 10%-30% range and the additional service tax of 15%.

REVIEW OF LITERATURE:

Dr. Rashmi Gangwar, Manoj Kumar Tiwari (2018) in their study found that Goods and services tax is the largest positive tax reforms indirect that spread around the world, there is an increase seen in more than 160 countries. India is currently implementing dodger constitutional changes from 1 July 2017 (100th amendment), 2016. Under GST there is only one tax rate for goods and services that the state imposes. In this article we try to study the tax on goods and services (GST) and the introduction schedule in India. The study is also aimed at identifying the benefits and effects of the Indian economy.

Arlinah Abd Rashid, Azlina Hanif, Rohana (2016) in their study found that the goods and service tax (GST) in Malaysia was implemented in 2015 as a tax reform program to generate a stable source of revenue. This study explores the respondents' behavior towards GST, a week post-implementation. The partial least square (PLS) modeling was used to establish the relationship between acceptance, knowledge and feelings towards GST as well as the household quality of life. Acceptance of GST exerts a meaningful relationship towards feelings and quality of life. The study concludes that Malaysians, in general, accept GST that ensures a better quality of life in the future.

RESEARCH GAP:

The review of literature suggest that till now all research has been made on impact on other areas and literature reviews shows studies have been done on other areas and not on public. Hence the researchers chose to study the impact of GST on public.

STATEMENT OF THE PROBLEM

As it is a national wide one tax term and previously there were various heads under indirect tax, need was felt by the researcher to find out how GST has impacted the general public in a locality of J P nagar and whether the impact is in a positive way or in a negative way.

OBJECTIVES OF STUDY

The objectives of the study are as under:

- A. To analyse the awareness level of public in JP Nagar.
- B. To evaluate impact of GST on public in JP Nagar.
- C. To analyze acceptance of GST by public in JP Nagar.
- D. To know the perception of GST by public in JP Nagar.
- E. To know the consumer behavior of GST by public in JP Nagar

SCOPE OF THE STUDY

This paper attempts to analyze the status of goods and service tax in JP Nagar and this study is based primary sources of data collected from respondents directly through the questionnaire. The people living in J P nagar were the respondents and it included only educated people.

RESEARCH METHODOLOGY

Data is collected from various age groups of people where respondents answer few questions which support the study and facilitates the researchers to get the information for the study. The data can do two ways primary and secondary data.

Primary data: The researcher has collected the data from public through structured questionnaire consisting of 20 questions.

Secondary data: The researcher did not use secondary data except review of literature

SAMPLING SIZE

The sample size determination is the act of observation of replicates to include in statistical sample. The sample size is 100 respondents.

METHOD OF SAMPLING

Random sampling technique was used to collect the information.

PLAN OF ANALYSIS

This data collected from the questionnaire are required in the form of tables and analyse using percentage. The data are graphically represented to show the changes and relative importance of impact of GST on public.

ANALYSIS

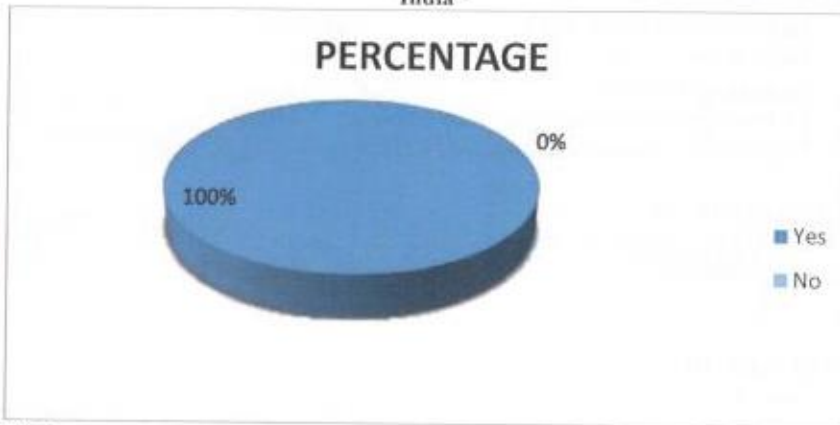
Table no: - 1 Table showing "Respondents opinion on awareness of GST implementation in India"

| Options | No of respondents | Percentage |
|---------|-------------------|------------|
| Yes | 100 | 100% |
| No | 0 | 0% |
| Total | 100 | 100% |

Analysis

The above table shows that 100% of respondents say that they have heard about GST and none of them say that they have not heard about GST.

Graph no: - 1 Graph showing “Respondents opinion on awareness of GST implementation in India”



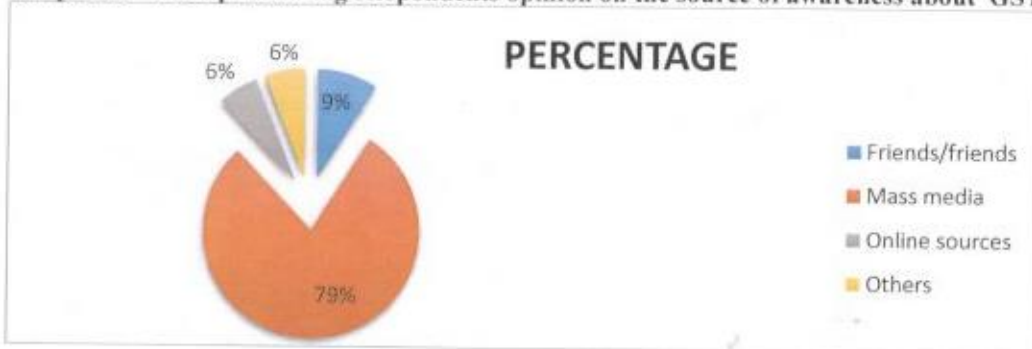
Interpretation

From the above table and graph, it can be interpreted that complete 100% of respondents have heard about GST so, GST have reached majority all the respondents in JP Nagar.

Table no: - 2 Table showing “Respondents opinion on the source of awareness about GST”

| Options | No of respondents | Percentage |
|-----------------|-------------------|------------|
| Friends/friends | 09 | 09% |
| Mass media | 79 | 79% |
| Online sources | 06 | 06% |
| Others | 06 | 06% |
| Total | 100 | 100% |

Graph no: - 2 Graph showing Respondents opinion on the source of awareness about GST”



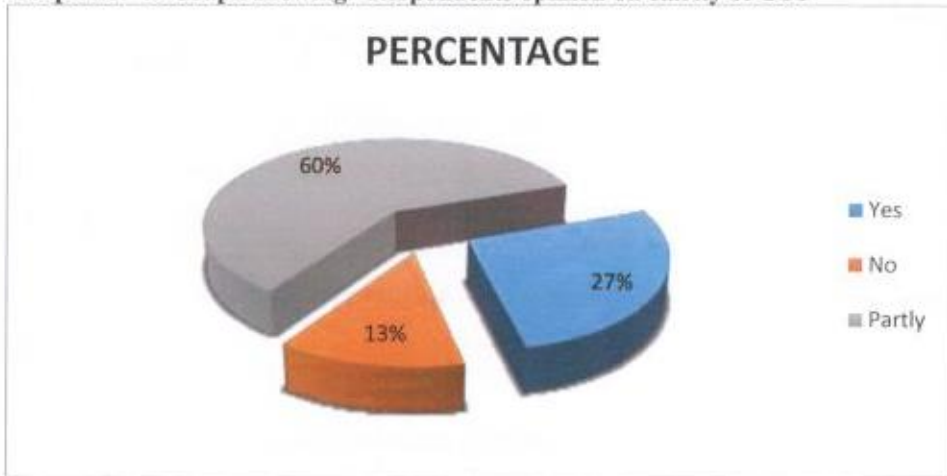
Interpretation

From the above table and graph, it can be interpreted that majority 79% of respondents have heard about GST through mass media.

Table no: - 3 Table showing “Respondents opinion on clarity of GST”

| options * | No of respondents | percentage |
|-----------|-------------------|------------|
| Yes | 27 | 27% |
| No | 13 | 13% |
| Partly | 60 | 60% |
| Total | 100 | 100% |

Graph no: - 3 Graph showing “Respondents opinion on clarity of GST”



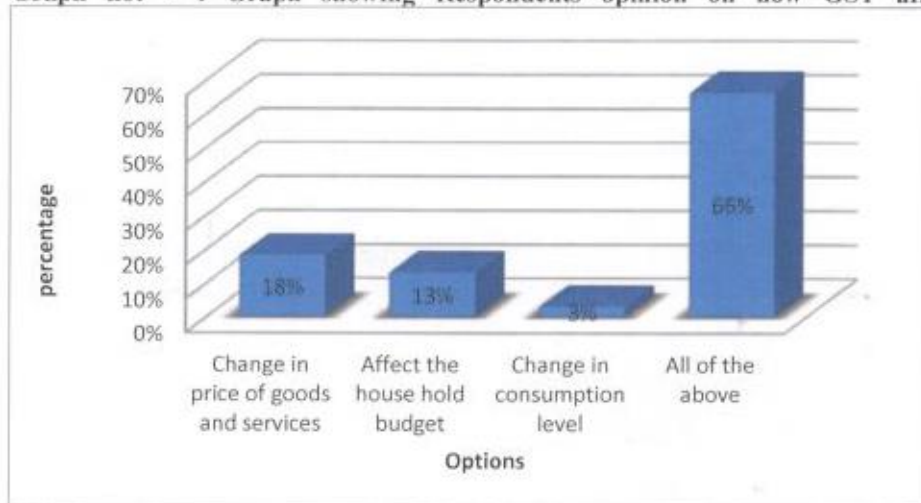
Interpretation

From the above table and graph , it can be interpreted that majority 60% of them are partly clear about GST So it shows there is still need for educating people about GST.

Table no: - 4 Table showing “Respondents opinion on how GST affected them”

| Options | No of respondents | Percentage |
|---------------------------------------|-------------------|------------|
| Change in price of goods and services | 18 | 18% |
| Affect the house hold budget | 13 | 13% |
| Change in consumption level | 3 | 3% |
| All of the above | 66 | 66% |
| Total | 100 | 100% |

Graph no: - 4 Graph showing Respondents opinion on how GST affected them”



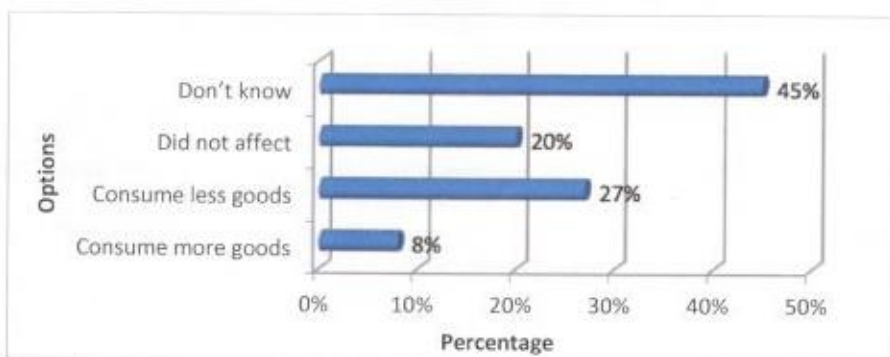
Interpretation

From the above table and graph , it can be interpreted that majority 66% of respondents responded that GST affected in terms of Change in price of goods and services, affects the house hold budget, Change in consumption level.

Table no: - 5 Table showing “Respondents opinion on how GST affected consumption behavior”

| Options | No of respondents | Percentage |
|--------------------|-------------------|-------------|
| Consume more goods | 8 | 8% |
| Consume less goods | 27 | 27% |
| Did not affect | 20 | 20% |
| Don't know | 45 | 45% |
| Total | 100 | 100% |

Graph no: -5 Graph showing “Respondents opinion on how GST affected consumption behavior”



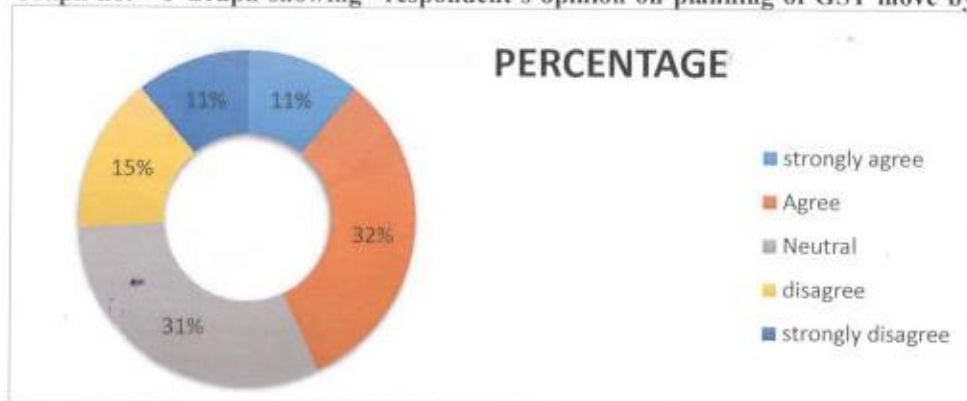
Interpretation

From the above table and graph , it can be interpreted that majority 45% of them don't know whether GST will affect the consumption levels or not.

Table no: - 6 Table showing “respondent’s opinion on planning of GST move by Govt”

| Options | No of respondents | Percentage |
|-------------------|-------------------|------------|
| strongly agree | 11 | 11% |
| Agree | 32 | 32% |
| Neutral | 31 | 31% |
| disagree | 15 | 15% |
| strongly disagree | 11 | 11% |
| Total | 100 | 100 |

Graph no: - 6 Graph showing “respondent’s opinion on planning of GST move by Govt”



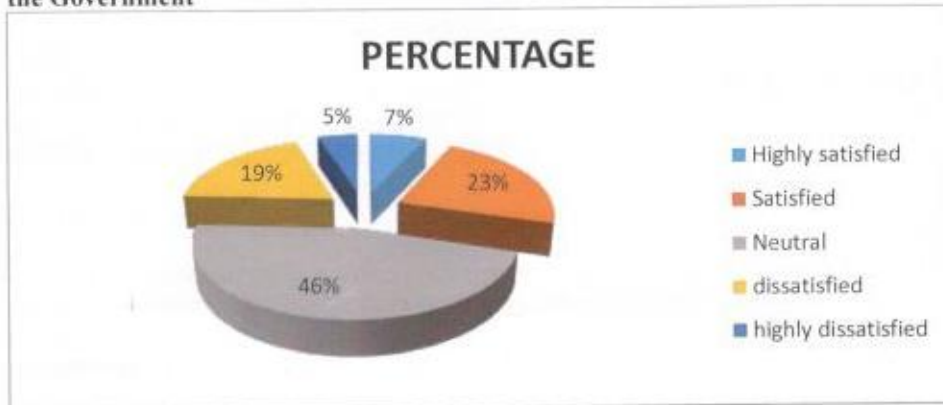
Interpretation

From the above table and graph, it can be interpreted that majority 43% respondents Strongly agree and agree with the statement that government’s GST move was properly planned.

Table no: - 7 Table showing “respondent’s opinion on satisfaction with the GST move by the Government”

| Options | No of respondents | Percentage |
|---------------------|-------------------|------------|
| Highly satisfied | 07 | 07% |
| Satisfied | 23 | 23% |
| Neutral | 46 | 46% |
| dissatisfied | 19 | 19% |
| highly dissatisfied | 05 | 05% |
| Total | 100 | 100 |

Graph no: - 7 graph showing “respondent’s opinion on satisfaction with the GST move by the Government”



Interpretation

From the above table and graph that can be interpreted that majority 46% neutral with the GST move by the Government.

FINDINGS

The findings of the study are summarised as under:

- GST has reached almost all respondents with the help of mass media.
- GST is established for the purpose of Merging various indirect tax so that it can reduce the cascading effect of taxes.
- Respondents are partly clear about GST i.e. they don’t know clearly about GST so there is need for educating citizens about GST.
- GST have affected the common man in terms of Change in price of goods and services, affects the house hold budget, change in consumption level it may lead to overall productivity of the country.
- Expenditures affected most by GST are Necessary goods, Luxury goods, Entertainment.
- Citizens are not able to recognize whether GST will affect the consumption levels or not.
- Public was confused with the GST move and more than half of respondents said that India was ready for implementing GST system.
- Rather than old system of tax Goods & Service Tax would be more beneficial to both Government and it also contributes towards economic growth and development.

- According to general public the sectors like FMCG, transportation, real estate, banking, textile, education, Entertainment and Hospitality Industries are impacted moderately thus scaling is neutral.
- GST was good move but not properly planned by the government due this they have faced problems like Increased Taxes, Increased price and problem in understanding concept.
- When it comes to overall success rate of GST that people don't have any clarity whether GST was successful or not till date and said that it is too early to find success rate.

CONCLUSION:

The introduction of GST is a historical reform in Indian taxation system. It consolidates comprehensive Central and State taxes and allow set-off of prior-stage taxes. It will tone down the cascading affect and pave the way of growth. It can be prove as an effective tool of fiscal policy. GST being and legislation which shall replace most of the Indirect taxes of our country we all will pay G S T on every product or services but at different rates it is just because the income level and the consumption level of Indians are not same GST will boosts economic activity and will benefit everyone it will streamline the administration ,avoid harassment of the business and result in higher revenue collection for central and states.it sums it would be a win-win situations for everyone i.e. taxpayer, government ,consumers and etc.

The impact of GST on general public was both positive and negative as whole it was a confused move for the general public and it is requires to educating the public about GST.

LIMITATIONS OF THE STUDY

1. As the sample size is only 100, the results cannot be generalized.
2. The study has considered only the opinion of educated section of the section of society and there is a scope for further studies.

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