

# A EMPIRICAL STUDY ON PEOPLE PERCEPTION ON GST (GOODS AND SERVICE TAX) IN SURYAPET DISTRICT (T.S)

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## 1.INTRODUCTION

The **Goods and Services Tax (GST)** is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. The Goods and Services Tax has revolutionized the Indian taxation system. The GST Act was passed in the Lok Sabha on 29th March, 2017, and came into effect from 1st July, 2017. GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

## 2. THE BENEFITS OF GST CAN BE SUMMARIZED AS UNDER

### 2.1. FOR BUSINESS AND INDUSTRY:

**Easy compliance:** A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.

**Uniformity of tax rates and structures:** GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.

**Removal of cascading:** A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.

**Improved competitiveness:** Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.

**Gain to manufacturers and exporters:** The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services.

This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

## 2.2.FOR CENTRAL AND STATE GOVERNMENTS

Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.

**Better controls on leakage:** GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would incentivize tax compliance by traders.

**Higher revenue efficiency:** GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

## 2.3.FOR THE CONSUMER:

**Single and transparent tax proportionate to the value of goods and services:** Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

**Relief in overall tax burden:** Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

## 2.4. AT THE CENTRAL LEVEL, THE FOLLOWING TAXES ARE BEING SUBSUMED:

1. Central Excise Duty,
2. Additional Excise Duty,
3. Service Tax,
4. Additional Customs Duty commonly known as Countervailing Duty, and
5. Special Additional Duty of Customs.

### **2.5. AT THE STATE LEVEL, THE FOLLOWING TAXES ARE BEING SUBSUMED:**

1. Subsuming of State Value Added Tax/Sales Tax,
2. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),
3. Octroi and Entry tax,
4. Purchase Tax

## **3. NEED FOR THE STUDY**

The present study is needed to examine the perception of respondents on GST in Suryapet District by collecting the opinion of sample respondents. The present study is needed to-

1. Know how GST is working.
2. Analyze customer satisfaction through GST.
3. How Customers decreasing their operational costs through GST.
4. Understand the benefits and problems of Business man's and customers through GST.
5. Determine the factors influencing GST.

## **4. REVIEW OF LITERATURE**

**Nitin Kumar (2014)** studied, —Goods and Service Tax- A Way Forward and concluded that implementation of GST in India help in removing economic distortion by current indirect tax System and expected to encourage unbiased tax structure which is indifferent to geographical locations.

**Pinki, Supriya Kamma and Richa Verma (July 2014)** studied, —Goods and Service Tax- Panacea for Indirect Tax System in India and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, State government and as well as for consumers in long run if its implementation is backed by Strong IT infrastructure.

## **5. OBJECTIVES OF THE STUDY**

Based on the review of literature the following objectives are designed for the present study:

- 1) To study about the role of GST in India
- 2) To know the perception of respondents and factors influencing on GST
- 3) ☐ To discovery findings and offer suggestions.

## 6. HYPOTHESES OF THE STUDY

Based on the above objectives followings hypotheses were formulated and tested in the present study:

**H<sub>0</sub>:** There is no significant difference in the perception of respondents on GST.

**H<sub>a</sub>:** There is significant difference in the perception of respondents on GST

## 7. RESEARCH METHODOLOGY

This research is both quantitative and qualitative. This research is based on the data collected through structured questionnaire. The methodology used in the present study is as follows:

**7.1. Sources of Data:** The source of data has been grouped into two main categories i.e., primary and secondary data. The secondary data has been compiled from newspaper, journals, magazines, and web sites. The primary data is collected from respondents through structured questionnaire. These questions are designed on the basis of the operational definition of each variable which is discussed in the section of hypotheses formulation. The questionnaire is given to a sample of 1000 respondents.

**7.2. Type of Sample:** The current study is a survey based research, using non-probability sampling technique. The sample size of the study is 1000.

### 7.3. TOOLS AND TECHNIQUES

Simple percentage and Chi-Square analysis

## 8. SCOPE OF THE STUDY

Scope of the study is covering maximum possible number of respondents to understand their perception on GST. One thousand respondents are covered for this research to understand the opinion of respondents. This study is limited Suryapet district respondents spread over the geographic area limited Suryapet District. This study broadly covers the factors, advantages, dangers and future prospects of GST in India.

## 9. DATA ANALYSIS

Data Analysis aimed at ascertaining the gap in perception of respondents on GST. The hypotheses constructed have been tested by means of the survey conducted to elicit the perception of respondents on the factors, advantages, problems and future prospects of GST in India. The sample of respondents was drawn from the Suryapet district. Perceptions of customers on various aspects of GST are

presented as follows:

**9.1.Do you agree the implementation of GST in India:** Opinion of select respondents are collected and presented in table-1 about respondents' opinion of GST launching. The aim of this variable is to know GST implementation.

**Table-1: Implementation of GST in India**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	120	12
Agree	360	36
Undecided	52	5.2
Disagree	350	35
Strongly disagree	118	11.8
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-1, it is observed the analysis of Implementation of GST. Out of selected 1000 respondents, 120 respondents(12%) are strongly agreed, 360 respondents (36%) are agreed, 52 respondents(5.2%) are undecided, 350 respondents (35%) are disagreed and 118 respondents (11.8%) are strongly disagreed that implementation of GST. Finally, it is concluded from the table that Respondents are partially agreed implementation of GST.

**9.2. Implementing GST will cause higher price of goods & services:** Opinion of select respondents are collected and presented in table-2 about respondents opinion on GST will cause for higher price of goods & services. The aim of this variable is to know that GST will cause for higher price of goods & services.

**Table-2: Implementing GST will cause higher price of goods & services**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	359	35.9
Agree	235	23.5
Undecided	20	2.0
Disagree	240	24.0
Strongly disagree	146	14.6
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-2, it is observed that analysis of GST will cause for higher price of goods & services. Out of selected 1000 respondents, 359 respondents (35.9%) are strongly agreed that implementing GST will increase price, 235 respondents (23.5%) are agreed, 20 respondents (2.0%) are no idea about it, 240 respondents (24%) are disagreed and 146 respondents (14.6%) are strongly disagreed that GST raise prices. Finally, it is concluded from the table that Implementing GST will cause for higher price of goods & services.

**9.3. All businesses need to be registered under GST:** Opinion of select respondents are collected and presented in table-3 about respondents opinion on all business needs to register under GST. The aim of this variable is to know that business needs to register under GST.

**Table-3: All business needs to register under GST**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	330	33
Agree	120	12
Undecided	35	3.5
Disagree	230	23
Strongly disagree	285	28.5
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-3, it is observed that analysis on needs to register under GST. Out of selected 1000 respondents, 330 respondents (33%) are strongly agreed that need to register under GST, 120 respondents (12%) are agreed, 35 respondents (3.5%) are no idea about it, 230 respondents (23%) are disagreed and 285 respondents (28.5%) are strongly disagreed that need to register under GST. Finally, it is concluded from the table that all business need to register under GST.

**9.4. GST is more beneficial to both Government and people:** Opinion of select respondents are collected and presented in table-4 about respondent's opinion on benefits with GST.

**Table-4: GST is more beneficial to both Government and people**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	120	12.0
Agree	270	27.0
Undecided	25	2.5
Disagree	353	35.3
Strongly disagree	232	23.2
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-4, it is observed that analysis of benefits with GST. Out of selected 1000 respondents, 120 respondents (12%) are strongly agreed, 270 respondents (27%) are agreed, 25 respondents (2.5%) are no idea about is, 353 respondents (35.3%) are disagreed and 232 respondents (23.2%) are strongly disagreed that GST is more beneficial to both government and public. Finally, it is concluded from the table that most of the respondents are disagreed that GST is benefit to government and Public.

**9.5. Goods & Service Tax will burden the people/consumer:** Opinion of select respondents are collected and presented in table-5 about respondent's opinion on burden with GST.

**Table-5: GST will burden the people/consumer**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	520	52
Agree	230	23
Undecided	5	0.5
Disagree	140	14
Strongly disagree	105	10.5
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-5, it is observed that analysis of burden with GST. Out of selected 1000 respondents, 520 respondents (52%) are strongly agreed, 230 respondents (23%) are agreed, 5 respondents (0.5%) are felt that no idea about is, 140 respondents (14%) are disagreed and 105 respondents (10.5%) are strongly disagreed that GST is burden on public. Finally, it is concluded from the table that GST will burden on public.

**9.6. Implementation of GST will increase Sales:** Opinion of select respondents are collected and presented in table-6 about respondent's opinion on GST increases sales.

**Table-6: GST will increases sales**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	100	10
Agree	97	9.7
Undecided	58	5.8
Disagree	320	32
Strongly disagree	425	42.5
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-6, it is observed that sales increases with GST. Out of selected 1000 respondents, 100 respondents (10%) are strongly agreed, 97 respondents (9.7%) are agreed, 58 respondents (5.8%) are respond no idea about is, 320 respondents (32%) are disagreed and 425 respondents (42.5%) are strongly disagreed that GST increases sales. Finally, it is concluded from the table that GST will not increases sales.

**9.7. GST increases Operational costs:** Opinion of select respondents are collected and presented in table-7 about respondent's opinion on GST increases operational costs.

**Table-7: GST will increases operational costs**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	580	58
Agree	120	12
Undecided	26	2.6
Disagree	125	12.5
Strongly disagree	149	14.9
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-7, it is observed that operational costs increase with GST. Out of selected 1000 respondents, 580 respondents (58%) are strongly agreed, 120 respondents (12%) are agreed, 26 respondents (2.6%) are respond no idea about is, 125 respondents (12.5%) are disagreed and 149 respondents (14.9%) are strongly disagreed that GST increases operational costs. Finally, it is concluded from the table that GST will increases operational costs.

**9.8. GST is Relief in overall tax burden:** Opinion of select respondents are collected and presented in table-8 about respondent's opinion on GST relief from overall tax burden.



**Table-8: GST is Relief in overall tax burden**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	342	34.2
Agree	254	25.4
Undecided	45	4.5
Disagree	237	23.7
Strongly disagree	122	12.2
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-8, it is observed that GST relaxation from all the taxes. Out of selected 1000 respondents, 342 respondents (34.2%) are strongly agreed, 254 respondents (25.4%) are agreed, 45 respondents (4.5%) are responding that no idea about it, 237 respondents (23.7%) are disagreed and 122 respondents (12.2%) are strongly disagreed that GST is relief from all the taxes. Finally, it is concluded from the table that GST is relief from all the taxes.

**9.9. Implementation of GST on Bank transactions:** Opinion of select respondents are collected and presented in table-9 about respondent's opinion on GST implementing in Bank transactions.

**Table-9: Implementation of GST on Bank transactions**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	125	12.5
Agree	101	10.1
Undecided	58	5.8
Disagree	329	32.9
Strongly disagree	387	38.7
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-9, it is observed that analysis of Bank transactions along with GST. Out of selected 1000 respondents, 125 respondents (12.5%) are strongly agreed, 101 respondents (10.1%) are agreed, 58 respondents (5.8%) are responding that no idea about it, 329 respondents (32.9%) are disagreed and 387 respondents (38.7%) are strongly disagreed that implementation of GST on Bank transactions.. Finally, it is concluded from the table that implementation of GST on Bank transactions.

**9.10. GST implementing effectively in India:** Opinion of select respondents are collected and presented in table-10 about respondent's opinion on GST implementing in India.

**Table-10: Implementation of GST in India**

Response	RESPONDENTS	
	Number	Percentage
Strongly Agree	358	35.8
Agree	125	12.5
Undecided	86	8.6
Disagree	326	32.6
Strongly disagree	105	10.5
<b>Total</b>	<b>1000</b>	<b>100</b>

From the table-10, it is observed that analysis of respondent's opinion of Implementing GST in India. Out of 1000 respondents, 358 respondents (35.8%) are strongly agreed, 125 respondents (12.5%) are agreed, 86 respondents (8.6%) are felt that no idea about it, 326 respondents (32.6%) disagreed, 105 respondents (10.5%) strongly agreed GST implementing in India. Finally, it is concluded from the table that GST implementing effectively in India.

**Table-11: Chi-Square Test Analysis of Respondents on GST**

S.No	Q.No.	$\chi^2$ value	d.f	P. Value	Result
1	1	415.640	4	0.000	H <sub>0</sub> Rejected
2	2	317.110	4	0.000	H <sub>0</sub> Rejected
3	3	293.250	4	0.000	H <sub>0</sub> Rejected
4	4	331.790	4	0.000	H <sub>0</sub> Rejected
5	5	769.750	4	0.000	H <sub>0</sub> Rejected
6	6	528.990	4	0.000	H <sub>0</sub> Rejected
7	7	946.510	4	0.000	H <sub>0</sub> Rejected
8	8	272.790	4	0.000	H <sub>0</sub> Rejected
9	9	436.000	4	0.000	H <sub>0</sub> Rejected
10	10	342.430	4	0.000	H <sub>0</sub> Rejected

From table-11, conclusions are drawn from the chi-square test analysis it is found that all 10 variables P-value is less than the alpha value of 0.05. The null hypothesis is rejected. Hence, it is concluded that there is a significant difference in the perception of respondents on GST.

## 10. LIMITATIONS

1. The survey was restricted to general public.
2. The number of respondents was limited to 1000 only.
3. Most of the respondents have not enough idea about mobile banking. So it was very difficult to collect more information on this topic.

## 11. FINDINGS

- Majority of the public are not aware of GST and wrongly given the explanation as Generalized Sales Tax.
- Majority of the public is of the opinion that the implementation of GST will cause higher price for goods and services.
- Majority of the public opined that GST is not beneficial to both government and public.
- Majority of the public neither opined that GST compliance is easier not difficult. They opined that they do not know about it.
- Majority of the public are of the opinion that GST is fair tax.
- Majority of the public opined that GST is a predominantly Compliance tax.
- Majority of the public opined that GST is effectively implementing.
- Majority of the public opposed that implementing GST in Bank transactions.
- Majority of the respondents are opposed GST increase sales.

## 12. SUGGESTIONS FOR THE STUDY

- Government should create more awareness among the public about GST and its advantages.
- Processes must be reduced so that business can operate efficiently in the best interest of the people and for economic growth.
- Relief must be given to small scale operators and particularly reduced processes should be applicable to them.
- Special focus on awareness and training of all officers, professionals and assesses should be given on GST.
- Since the public are very clear about GST, any disputes on GST introduction should be proactively addressed by way of speedy redressed of cases.

### 13. CONCLUSION

As India moves towards a dual GST, there would be a hoard of changes required in the system. To begin with the constitution of India would need an amendment. In any case, the first test for any tax reform in the country is to stand the test of constitutional validity. Thus, becomes imperative that the GST is implemented within the reigns of the constitution. Currently, the Centre is precluded from taxing purchase or sales of goods. This power has exclusively been preserved in the Constitution for the States. In turn, The States are preserved in the Constitution for the States. In turn the States are precluded from the taxation of service. This division of taxation powers is time worn and goes back to the time the constitution was written with a few amendments to their credit. The implementation of GST is a changing face of India which is a welcome move and the government should be well equipped for that which is a symptom of fast paced economy.

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