

A STUDY ON AWARENESS OF GOODS AND SERVICE TAX ON CUSTOMERS IN BENGALURU CITY

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Abstract: *In this Research paper we will be discussing about the importance of Goods and Services tax, the benefits of the GST bill to the common man and to its customers. The paper will give a brief introduction on the disadvantages or challenges faced by the business personnel with GST implementation. How the ordinary consumer would be impacted by Goods and Services Tax. We will be describing the common man their ways of accepting GST implementation, the understanding of economists and tax experts as it is the biggest tax reform in Post Independent India. The present structure of Indirect Taxes is very complex in India. There are so many types of taxes that are levied by the Central and State Governments on Goods & Services. We have to pay 'Entertainment Tax' for watching movie. We have to pay Value Added Tax (VAT) on purchasing goods & services, and there are Excise duties, Import duties, Luxury Tax. The research paper mainly focuses on the Customers of GST in Bengaluru, the capital city of Karnataka. The advantages and challenges faced by all the sectors in the payment and implementation of GST in Bengaluru city. The research paper is been covered with the secondary data sources regarding GST. The problem statement of the research paper is to identify the loopholes of implementation of GST. The findings about the problem statement and suggestions given to the customers would be included in the research paper.*

Keywords: *GST, Excise Duties, Import duties*

Introduction

Taxation is the inherent power of the state to impose and demand contribution upon people, properties, or right for the purpose of pooling revenues for public purposes. Taxes are enforced proportional contributions from people to property levied by the government making body of the state by virtue of its sovereignty for the support of the government and all public needs. The tax system in India classified in two, namely Direct and Indirect taxes. Direct taxes are those taxes which are directly paid by individuals to Govt (income tax, Wealth tax, corporate tax) and indirect taxes are taxes on goods and services (Central and state sales tax, Custom duties, Value added taxes, excise duties etc).

Taxation plays a major role in the economy of any country. Tax revenues are the major source of income for governments. In fact, major social welfare and development schemes

are funded through the revenues generated by taxes in various forms. Tax policies not only exerts its importance at domestic level but also determines the international competitiveness of the country. Goods and services tax is a destination-based tax on consumption of goods and services where tax will be levied at all stages from the stage of manufacturing till the final consumption with tax paid at each stage is allowed to set off with the other. GST is one of the biggest indirect tax reforms and had a significant impact on the various sectors and also the common man of this nation

Concept of Goods and Service Tax (GST)

Introduction of GST

GST is a single tax on the supply of goods and services right the manufacturer to the consumer. Credits of input taxes paid at each level will be available in the subsequent stage of value addition, which makes Essentially a tax only on value addition on every stage. The final consumer will thus bear only the GST charged by the last dealer of the supply chain. There were lot of confusions relating to the goods and service tax, because lack of right deployment of the GST.

GST brings huge advantages to the consumers by paying single and transparent tax proportionate to the value of goods and services. Due to multiple indirect taxes being levied by the central and state with incomplete or no input tax credits available at progressive stage of value addition, the cost of best and services in the country today are laden with many hidden taxes. Under gst there would be only one tax form one manufacturer to the consumer, leading to transparency of taxes paid to the final consumer many products prices will come down due to value addition of the products. It will increase the purchasing power of the customers. In this study the investigators intended to study about the consumer's perception on GSTThe reference of GST was first made in the Indian Budget in 2006-07 by the Finance Minister Mr. P. Chidambaram as a single centralized Indirect tax. The GST constitution (122nd) Amendment Bill 2014 was introduced on December 19, 2014 and passed on May 06, 2015 in the Lok Sabha and yet to be passed in the Rajya Sabha. The bill seeks to amend the constitution to introduce Goods and Services tax vide proposed new article 246 A. This article gives power to Legislature of every state and parliament to make laws with respect to goods and services

tax where the supplies of goods or of service take place. Recently, Union Minister Mr. Arun Jaitley said that GST could be implemented as early as January 1, 2016.

Benefits of GST

1. The main aim of GST is eradicating the cascading effect of tax on the transactions of goods and services.
2. Reduce inflation
3. Levying a uniform tax rate on all products and services
4. Simplified tax policy
5. Control black money
6. Removal of current multiple tax system such as VAT, CST, Service Tax, Excise Duty
7. Boost up the Indian economy in future

Theoretical Background of the Study

Tax is the amount of money paid to the government that is based on your income or cost of goods and services you have bought. Taxation had led to a lot of corruption and at some point, in time it had made the citizens revolt against their kings as the kings tried to use the money collected from tax to expand their nation. After decades have passed taxation has been categorized into two forms, direct taxation and indirect taxation. Direct taxation is when tax is levied on a person's income or the profit, they make rather than on goods and services. This taxation system follows the ability to pay principle where a person who earns more will pay more tax in comparison to a person who earns less. The government believes this is the best way to redistribute the wealth among the nation. While direct tax is focused on the earnings and profits made by the individual, indirect tax is focused on collecting tax from the producer or retailer of the supply chain and paid to the government although many times it is passed on to the customers as a part of the purchase price which further burdens the customer as they have to pay more for the product.

GST is abbreviated to form Goods and Service taxes. As the name suggest it is a comprehensive, multistage, destination-based tax that is levied on every value addition done at every stage of the supply chain. This first came into existence in France in the year 1954 due to the tax evasion being high. This tax was considered to be an indirect tax that was levied on manufacturing, sales and consumption of goods and services on a national level. This GST was considered to be a value added taxation regime which consisted of 4 tax slabs (1%,5.5%,10% and 20%) . In India they have followed a model similar to France where they have 5 tax slabs.

Need of the Study

GST is expected to give a major relaxation to industry, trade, agriculture and consumers through

comprehensive and wider scope of input tax set off (both on goods and services), subsuming of multiple taxes. It will ensure a simpler tax regime with fewer taxes, rates and exemptions. A simplified tax regime coupled with simple articulate and largely online procedures will lead to improved tax compliances with lesser coverage for errors. GST is the good opportunity for consumers that help to increase the purchasing power. GST implementation will lead to immense scope for each consumer and to keep pace with the changing global indirect tax scenario.

Literature Review

1. Litty Vincent, Lakshmi Priya M R (2020) says that GST has affected greatly to the nation in business point of view substantially in all the sectors especially in share markets. Both foreign market an domestic market have encountered a lots of changes through the introduction of GST Taxes. The study has revealed the benefits as well as the difficulties faced by the investors in the share market.
2. Dr. Krishnamoorthi M, Dr. T K Murugesan, Dr. Muhammad Ashiq A M (2020), says that the nation has implemented GST and steps have been taken towards the reforms of indirect taxation in India. The study explains about the tax regime about the home appliances, which has led to less consumption of the product through which the government has to reduce the GST tax slabs.
3. Sanjeeb Kumar Dey, Ch. Sudipta Kishore Nanda and MadhumalaPathy (2021), says that GST is one of the revolutionary tax reforms in India, the reform aims in removing the cascading effects and to bring uniformity in tax management. The author has explained about the impact of GST on customer perception with the implementation of GST on variety of products and services, with the differentiated slab rates for different customers and retailers.

Problem Statement

The study mainly focuses on the problems faced by customers in paying the dual taxation of GST system i.e., central tax and state tax and the slab rates for each of the various categories. The implication of indirect taxation system in India has created a lots of confusion in customers as to who is benefitted by GST taxes, The identification of various causes that are causing the customers in paying the GST taxes, the new implementations that are affecting the customers in bengaluru city . Customer awareness about GST and their perception towards paying the taxes are to be identified. The price fluctuation in the economy due to the implementation of GST in India.

Objective of the Study

1. To analyse the level of awareness on GST among the customers in Bengaluru City.
2. To identify the perception about the price, expenditure and consumption of GST regime.

Research Methodology

Collection of Data:

A. Primary data

Data was collected by the primary contact of retailers in Bengaluru city. Data was collected through questionnaires. The type of research used is descriptive research using the sample size of 60.

The samples are collected through convenient and simple random Sampling where we selected the samples from different sectors, students and employees based on the retail sector products and services.

The sample are from the population of 422,904 people according to year 2020 for Bengaluru North, out of which the sample population of 60 respondents is collected through convenient sampling from Yelahanka city from Educational Institutions and companies.

The majority of the respondents are from Colleges who are studying UG, PG, PUC and some respondents are from working background in Public sector and private sector.

B. Secondary Data

The secondary data was collected by the online search engines regarding the types of GST taxes, the tax slabs and perception of the customers towards GST and its impact.

Hypothesis of the Study

A research hypothesis is a statement of expectation or prediction that will be tested by research.

H0- Null Hypothesis of the study is “There is no direct relationship between awareness of GST and demographic factors (age, educational and occupational status) of the customers in Bengaluru city”.

H1- Alternative Hypothesis “There is direct relationship between awareness of GST and demographic factors (age, educational and occupational status) of the customers in Bengaluru city”

Statistical Analysis of the Study

The study is conducted using correlation Coefficient between the awareness of GST Implementation on the respondents and educational qualification of the respondents.

Awareness of GST implementation of respondents and Educational Qualification are:

Awareness of GST Implementation	Educational Qualification	Co-relation coefficient= 0.690741
Less Aware	School	
Aware	PUC	
Moderate	Under Graduate	
More Aware	Post Graduate	
Highly Aware	Others	

There is a **Positive Correlations** between the Awareness of GST Implementation and Educational Qualification of the respondents.

Co-relation coefficient= 0.690741 is positively co-related with Awareness of GST implementation and Educational Qualification of the respondents.

The Questionnaire is based on Likert 5 scale system, Awareness of GST implementation is denoting as Less Aware, 2- Aware, 3- Moderate, 4- more Aware, 5- Highly Aware Educational Qualification is denoting as 1- school, 2- PUC, 3- UG, 4- PG, 5-others.

Probable Error

PE=0.0083 is the probable error of the correlation co-efficient.

Testing of Significance

$6PE = 6 \times 0.0083$

$= 0.0499$, $r = 0.6907 > 6PE$ **Therefore “r” is significant.**

Therefore there is significant relationship between Awareness of GST implementation and Educational Qualification of the respondents, proving the Alternative Hypothesis (H1), as the results of the hypothesis testing through Co-relation coefficient is 0.690741.

Data Analysis and Interpretation

1. The Age Group of the Customers

Age Group	Responses	Percentage
15 -25	40	66.67%
26-40	18	30%
41-60	2	3.33%
Total Response	60	100

Interpretation: The majority of the respondents are under the age of 15-25 years, i.e., around 40 respondents, 18 respondents are from the age group of 26-40, 2 respondents are under the age group of 41-60 years.

2. The Educational Qualification of the Customers

Educational Qualification	Responses	Percentage
PhD	5	8.33%
Post Graduate	15	25%
Under Graduate	20	33.33%
PUC	15	25%
School	5	8.33%
Total Response	60	100

Interpretation: The majority of the Respondents are Under graduate around 33.33% and PUC and PG are around 25%, PhD scholars and school going respondents are 8.33%

3. The Occupation of the customers?

Occupation Status	Responses	Percentage
Students	40	66.66%
Public Sector Employees	7	11.66%
Private Sector Employees	13	21.66%
Total Response	60	100

Interpretation: The majority of the respondents around 40 are students either studying PG or UG, and 7 respondents are working under public sector companies, 13 respondents are working either as private sector employees or entrepreneurs.

4. What Kind of GST Payers are you?

Options	Responses	Percentage
Company(Retailer/ Wholesaler)	04	6.7%
Customer	56	93.3%
Total Response	60	100

Interpretation: During the Survey most the respondents are found out to be customers around 56 respondents are GST payers as Customers and 04 respondents are the retailers or the company employers

5. Are you aware of the GST Tax slab that you are required to pay to the government?

Options	Responses	Percentage
Yes	35	58.3%
No	16	26.7%
May Be	09	15%
Total Response	60	100

Interpretation: Most of the respondents are aware of paying the GST slab Rates i.e., 35 respondents are aware of GST, 16 respondents are not aware of the slab rates imposed by the government, and 9 respondents may know slightly about the tax slabs.

6. How do you Evaluate the GST System in comparison to other taxes you have paid in the past?

Options	Responses	Percentage
Strongly Agree	11	18.3%
Agree	16	26.7%
Neither Agree nor Disagree	18	30%
Disagree	08	13.3%
Strongly Disagree	07	11.7%
Total Response	60	100

Interpretation: Majority of the respondents around 18 respondents are neutral about the comparison of GST and other tax system, 11 respondents are not satisfied about GST implementations, 16 respondents have given the rating of '2' out of 5, some respondents around 8 have given the rating of '4' out of 5 for evaluation, 7 respondents have rated 5 out of 5 compared to GST and other tax systems.

7. When compared to multiple taxes that were previously paid, GST is Preferable.?

Options	Responses	Percentage
Strongly Agree	09	15%
Agree	20	33.3%
Neither Agree nor Disagree	17	28.3%
Disagree	10	16.7%
Strongly Disagree	04	6.7%
Total Response	60	100

Interpretation: Majority of the respondents around 33.3% prefer GST instead of other tax system, 15% strongly agree towards GST, 28.3% respondents neither agree for GST nor prefer Other tax system, 16.7% disagree and 6.7% strongly disagree for GST taxation system.

8. As a GST payer, do you believe that imposing GST on petroleum and diesel will benefit you in any way?

Options	Responses	Percentage
Strongly Agree	12	20%
Agree	10	16.7%
Neither Agree nor Disagree	14	23.3%
Disagree	12	20%
Strongly Disagree	12	20%
Total Response	60	100

Interpretation: 20 % of respondents strongly agree for imposing GST on petroleum and diesel products, 16.7% agree for the same, 23.3% neither agree nor disagree for imposing GST on these products, 20% disagree and Strongly disagree for imposing the taxes on these products.

9. Do you believe this GST Implementation is the best model for “Future India”?

Options	Responses	Percentage
Yes	37	61.7%
No	11	18.3%
May Be	12	20%
Total Response	60	100

Interpretation: Majority of the respondents around 61.7% agree for the statement that GST is the best model for Future India, 18.3% respondents have not agreed for the statement and 20% have neither agreed nor disagreed regarding the statement.

Findings

- Majority of the respondents are customers and they are aware of GST implementation and its Tax slabs on various products and services.
- Most of the customers are not satisfied with GST and its Tax implementation when compared with other tax system in India.
- Majority of the customers prefer paying GST taxes rather than paying cascading taxes.
- Implementation of GST can be a Best Model for “Future India”

Suggestions

- Creating more awareness among customers and all the sectors employers and employees would be more beneficial as some customers have negative perception about the implementation.
- Imposing GST on petroleum products would be more convenient and preferable by the customers.

Conclusions

GST implementation in India has many pros and cons, as it a revolutionary change brought by Government of India. Awareness about the present tax slabs in GST is less when compared to previous taxes paid by the customers. Indian citizens should have knowledge about the direct and indirect tax slab rates imposed by the GOI, and citizens should be created more awareness about the benefits of the GST implementation. Some of products require changes in the tax slabs as customers are feeling difficult to manage with the prices of the products and services. The reason behind the implementation and the benefits of GST has to be explained to the general public to eradicate the negative impact of GST on customers. Double taxation policy or “cascading effect” has to be proven to customers with the positive result when compared to the other tax system followed in the country previously. Imposing GST on petroleum products would be suggested to GOI as it would be helpful in inflating prices in the economy.

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