

Study of Consumer Perception towards Implementation of GST and its Effects

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Abstract

GST the biggest tax reform in India founded on the notion of One Nation, One Market, One Tax. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. The rollout has renewed the hope of India's fiscal reform program regaining momentum and widening the economy. The idea behind implementing GST across the country is that it would offer a win-win situation for everyone. This paper investigates the consequences behind the GST and the consumer responses. It has been more than 160 days since GST has been implemented in India. While the industry was very apprehensive, the GST transition has been smooth. The consumers agreed that GST has long term benefits. According to the survey, most consumer supported GST easily as comparing the businessmen. The primary impact to be felt by the consumers would change in prices of goods and services on account of GST rates. In terms of impact in prices, while services would mostly be more expensive in the initial phases, impact on prices of goods could be a mixed bag. In the long run, once the benefits of GST are expected to kick in in terms of higher input credits and reduction in cascading effect, it is anticipated that the inflationary effect will come down and prices, in general, would come down and stabilize.

Introduction

GST the biggest tax reform in India founded on the notion of One Nation, One Market, One Tax is finally here w.e.f. 1st July 2017. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. The rollout has renewed the hope

of India's fiscal reform program regaining momentum and widening the economy. Then again, there are fears of disruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country. The idea behind implementing GST across the country is that it would offer a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, transparent rules, and easy bookkeeping; consumers would be paying less for the goods and services, and the government would generate more revenues as revenue leaks would be plugged. Therefore the implementation of GST and its effects must have been verify from the consumers, hence the study undergone with the following objectives.

Objectives of the Study

- To review effect of GST among the consumers.
- To study the benefits of GST.
- To observe the consumer behavior regarding GST.
- To know the customer responses about GST.
- To study the implementation of GST in India.

Scope and Methodology

The scope of the present research paper is limited to study the responses of 400 consumers regarding GST. The research area is restricted upto the responses of Dhule District consumers only. Therefore the research is based on quantitative in nature, for this purpose both primary and secondary data collection method followed. The primary data collected through questionnaires from 400 respondents on convenient sampling and the secondary data gathered from internet, library, books and journals time to time.

Data Analysis

The data gathered from different questionnaires presented in Table 1 to Table 6 out of which the first table represents the different demographic factors of samples. The different variety of demographic factor shows the accuracy of data analysis.

Table 1 - Distribution of Samples

| Particulars | Frequency | Percentage |
|------------------|------------|------------|
| Age | | |
| 18-25 | 65 | 16.25 |
| 25-35 | 103 | 25.75 |
| 35-45 | 166 | 41.50 |
| Above 45 | 66 | 16.50 |
| Total | 400 | 100 |
| Gender | | |
| Male | 254 | 63.50 |
| Female | 146 | 36.50 |
| Total | 400 | 100 |
| Income | | |
| Low | 104 | 26.00 |
| Medium | 206 | 51.50 |
| High | 90 | 22.50 |
| Total | 400 | 100 |
| Education | | |
| S.S.C. | 38 | 9.50 |
| H.S.C. | 72 | 18.00 |
| Graduate | 199 | 49.75 |
| Post Graduate | 91 | 22.75 |
| Total | 400 | 100 |

Table 2 – Do you think GST increase the taxation burden on yourself.

| Particulars | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Disagree | 22 | 5.50 |
| Disagree | 49 | 12.25 |
| Undecided | 12 | 3.00 |
| Agree | 204 | 51.00 |
| Strongly Agree | 113 | 28.25 |

| | | |
|--------------|---------------|------------|
| Total | 400 | 100 |
| Mean | 3.8425 | |

Table 3- Do you think GST has a fair taxation system

| Particulars | Frequency | Percentage |
|--------------------|------------------|-------------------|
| Strongly Disagree | 14 | 3.50 |
| Disagree | 38 | 9.50 |
| Undecided | 9 | 2.2 |
| Agree | 211 | 52.75 |
| Strongly Agree | 128 | 32.00 |
| Total | 400 | 100 |
| Mean | 4.0025 | |

Table 4- Do you think GST has affected the Export Sales.

| Particulars | Frequency | Percentage |
|--------------------|------------------|-------------------|
| Strongly Disagree | 5 | 1.25 |
| Disagree | 6 | 1.50 |
| Undecided | 4 | 1.00 |
| Agree | 242 | 60.50 |
| Strongly Agree | 143 | 35.75 |
| Total | 400 | 100 |
| Mean | 4.2800 | |

Table 5 - GST has affected your consumption behaviour

| Particulars | Frequency | Percentage |
|--------------------|------------------|-------------------|
| Strongly Disagree | 37 | 9.25 |
| Disagree | 46 | 11.50 |
| Undecided | 19 | 4.75 |
| Agree | 195 | 48.75 |
| Strongly Agree | 103 | 25.75 |
| Total | 400 | 100 |
| Mean | 3.7025 | |

Table 6- Do you think GST has long term benefits

| Particulars | Frequency | Percentage |
|--------------------|------------------|-------------------|
| Strongly Disagree | 7 | 1.75 |
| Disagree | 6 | 1.50 |
| Undecided | 4 | 1.00 |
| Agree | 208 | 52.00 |
| Strongly Agree | 175 | 43.75 |
| Total | 400 | 100 |
| Mean | 4.3450 | |

GST Implementation and its effects

From the viewpoint of the consumer, they would now have pay more tax for most of the goods and services they consume. The majority of everyday consumables now draw the same or a slightly higher rate of tax. Furthermore, the GST implementation has a cost of compliance attached to it. It seems that this cost of compliance will be prohibitive and high for the small scale manufacturers and traders, who have also protested against the same. They may end up pricing their goods at higher rates. But about the long-term benefits, it is expected that GST would not just mean a lower rate of taxes, but also minimum tax slabs. Countries where the Goods and Service Tax has helped in reforming the economy, apply only 2 or 3 rates – one being the mean rate, a lower rate for essential commodities, and a higher tax rate for the luxurious commodities.

Findings and Conclusion

This paper investigates the consequences behind the GST and the consumer responses. It has been more than 160 days since GST has been implemented in India. While the industry was very apprehensive, the GST transition has been smooth. The big question is how GST will impact a common consumer's budget. GST is stated to be one of the biggest tax reforms in India, which would not only impact the businesses but also on the consumer. The present research study provides the data analysis collected from different customers responses regarding GST. The study find out that 79.25% customers agree and strongly agree for GST increase the taxation burden. There are also 84.75% customers believes that it is a fair taxation system, they supported GST. The consumers opinioned that GST has affected the Export Sales said by 96.25% customers. Maximum number of customers agreed that GST has affected their consumption behaviour. The Indian economy growing day by day, therefore they 95.75% consumers agreed that GST has long

term benefits. According to the survey, most consumer supported GST easily as comparing the businessmen.

The primary impact to be felt by the consumers would change in prices of goods and services on account of GST rates. Within the household budget, there are likely to be some obvious gainers and some obvious losers but once the law and pricing of commodities reach steady state, all consumers should gain. In terms of impact in prices, while services would mostly be more expensive in the initial phases, impact on prices of goods could be a mixed bag. In the long run, once the benefits of GST are expected to kick in in terms of higher input credits and reduction in cascading effect, it is anticipated that the inflationary effect will come down and prices, in general, would come down and stabilize.

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