

## THE PERCEPTION OF PEOPLE TOWARDS GOODS AND SERVICES TAX IN VAPI

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### ABSTRACT

This paper seeks to study the people's perception regarding Goods and Services Tax. The method of study was a survey. The main aim is to study the customers' perception towards GST and to study if there is any significant difference in perception of people on the basis of some demographic characteristics like gender, occupation, qualification, etc. The major findings are that people have a neutral attitude towards GST i.e. they don't have a positive nor a negative attitude towards GST except few aspects on the basis of some demographic factors.

**Keywords:** GST, perception, cascading effect.

### I. INTRODUCTION

GST is an indirect tax that has ousted many indirect taxes such as sales tax, excise duty, etc in India. The goods and services tax bill was passed in parliament on March 29<sup>th</sup>, 2017. The act came into effect from July 1<sup>st</sup>, 2017, the Goods and Services tax law in India is comprehensive, multi - stage, and destination -based tax which was imposed on every value addition. GST is one indirect tax for an entire country. Businesses with a turnover of Rs. 40 Lakh are exempt from the GST. Components of GST are CGST, SGST and IGST.

#### A. Components of GST

- **CGST:** Collected by Central Government for an intra-state sale.
- **SGST:** Collected by the State Government for an intra-state sale.
- **IGST:** Collected by Central Government for an inter-state sale.

#### B. Journey of GST in India

The suggestion of national Goods and Services Tax (GST) was first mooted by Kelkar Task Force during 2004 and recommended fully integrated 'GST' on a national basis. As a result, the then Union Finance Minister, Shri P. Chidambaram, while announcing the Central Budget (2007-2008), stated that GST would be introduced from April 1, 2010. Since then, GST has missed a number of cut-off dates and continued to be cloaked by clouds of uncertainty.

However, on 19th December 2014, The NDA Government nominated the Constitution (122nd Amendment) Bill (2014) on GST in Parliament. Lok Sabha approved & accepted the Bill on 6th May, 2015 and Rajya Sabha on 3rd August, 2016. On 8th September 2016 Constitution (122nd Amendment) Bill, 2014 received the agreement of the President and became Constitution (101st Amendment) Act, 2016, after approval of the Bill by more than 50% of the States, which paved the way for the introduction of GST in India.

On 27th March, 2017, the Central GST legislation - Central Goods and Services Tax Bill, 2017, Integrated Goods and Services Tax Bill, 2017, Union Territory Goods and Services Tax Bill, 2017 and Goods and Services Tax (Compensation to States) Bill, 2017 were introduced in Lok Sabha. Lok Sabha passed these bills on 29th March, 2017 and with the receipt of the President's assent on 12th April, 2017, the Bills were enacted. The enactment of the Central Acts followed suit by the enactment of State GST laws by various State Legislatures. Telangana, Rajasthan, Chhattisgarh, Punjab, Goa and Bihar were among the pioneers in passing their respective state GST laws. GST has subsumed multiple indirect taxes like excise duty, VAT, service tax, CST, entry tax, luxury tax, entertainment tax, etc.

### C. GST Rate Classification

- **28%** - In total 50 luxury and sin products such as bidis, pan masala, paint, sunscreen, wallpaper, water heater, ATM, etc.
- **18%** - Standard products such as footwear worth more than Rs 500, steel products, pasta, tissues, CCTV, optical fiber, etc.
- **12%** - Frozen meat, namkeens, butter & cheese, milk beverages, etc.
- **05%** - Common use items, sweets, tour operator services, etc.
- **03%** - Gold, silver, articles, art of jewelry, etc.
- **0%** - Essential food & medicines, newspapers, education services, etc.

### D. Composite Scheme

The Composite scheme is a simple and an easy scheme under GST. Small taxpayers can get rid of tiresome formalities and pay GST at a fixed rate of turnover. The scheme can be picked up by any taxpayer whose turnover is not more than Rs. 1.5 Crore.

The following persons cannot select the scheme –

- Business who supply goods through an e-commerce operator.

- A person making inter-state supplies.
- Manufacturer of ice cream, pan masala, or tobacco.

**E. GST rates for composite dealers are:**

Types of Business	CGST	SGST	TOTAL
Manufacturers and Traders	0.5%	0.5%	1.0%
Restaurants not servicing alcohol	2.5%	2.5%	5.0%
Other service providers	3.0%	3.0%	6.0%

**II. LITERATURE REVIEW:**

R. N. & Dr. Rajani (2007) examined the role of GST in India and analyzed the public opinion about awareness on GST implementation with a sample size of 150, by using a convenient sampling technique. The study revealed that GST will improve the collection of tax and will help in boosting the economy by removing the tax barriers possessed by old indirect taxes.

S.Muthupandi and Dr. A. Joseph Xavier (2017) have examined the awareness regarding the implementation of GST among college students in Sivakasi. The overall findings show that though the students were aware of the government's initiative to implement Goods and Services Tax (GST) they still have a medium level of knowledge related to this matter. This was because most respondents were unsure about the questions related to GST. It shows that the government communicated inadequate, ambiguous or incomplete information. Therefore, there is a need to communicate the proper information about GST.

R Karthick (2017) in their research paper "A Study on consumer perception towards goods and services tax in Kanchipuram district" found that consumers perceive tax rates for daily use consumer products to be very high. He further found that consumers feel the method followed for GST is highly complicated and periodic evaluation of tax rates is required. Further, he concluded that GST success depends on tax rates being charged to be adequate and communicating proper information to business people.

Ahuja, A. (2017) has examined the perception of people towards GST in Rohtak City. The researcher has collected the data from 100 respondents in Rohtak city with the help of structured questionnaire. This study found that consumers perceive goods and services to reduce tax evasion in the country and will increase the transparency in the tax structure. Farmers and small businessmen have higher expectations regarding change in income due to GST. On the other hand, government and unemployed people do not have such expectations. The

study also found that most people favour perceiving reductions in tax evasion and expectations of a growing Indian economy. He further suggested that the government should give relaxation to farmers and small scale businesses to avoid the adverse effects of goods and services tax on their income level.

Gowtham Ramkumar (2018) in his study titled “Consumer perceptions towards goods and service tax implementation – An economic approach” concluded that goods and services tax is considered as an important tax reform for the nation. It seeks to make country a common economic market. However, the concept of goods and services tax followed in our country is different from the way it is followed abroad. The four - tier goods and services tax rate is useful in taxing luxury products at higher rates, and frequent revisions of items included in various rates seem to have reduced in the aftermath of the new tax regime. Consumers also have a neutral opinion concerning the impact of goods and services tax on their disposable income and spending ability and it will take some time to conclude whether goods and services tax will benefit the country or not.

Harjinder Kaur (2018) examined the Public Awareness, Knowledge and Understanding of GST in India. The findings of the study suggest that except income, all other demographic variables were significant factors in explaining consumers’ awareness, knowledge and level of expectations regarding GST implementation. The findings also indicate that the level of awareness of GST is still not reached a satisfactory level. The research rotated only around the general questions which were known by respondents as end - users due to which received highly negative responses related to GST implementation.

### **III. RESEARCH METHODOLOGY:**

Research Design: Descriptive Research Design

Population: Residents of Vapi

Sampling Technique: Non Probability Convenience sampling

Sample size: 75

Analytical Tool: SPSS

#### **Objectives:**

- To understand the perception of the people of Vapi towards GST.
- To identify the difference in perception towards GST among people based on demographics.

**Hypothesis:**

- There is no difference of opinion among demographic characteristics of people regarding GST complexities.
- There is no difference of opinion among demographic characteristics of people regarding benefits received from GST.
- There is no difference of opinion among demographic characteristics of people regarding GST facilitating ease of doing business.
- There is no difference of opinion among demographic characteristics of people regarding the contribution of GST in the overall development of India.
- There is no difference of opinion among demographic characteristics of people regarding the increase in prices of goods & services.
- There is no difference of opinion among demographic characteristics of people regarding the practice of implementation of GST by the government.

**IV. DATA AND EMPIRICAL RESULTS:**

<Graph 1>

Graph 1 illustrates whether people find GST a complex subject to understand. 29.3% of respondents agreed complexity due to multiple GST rates, 40% due to multiple filings & 33.3% because of HSN Codes whereas 37.3% of respondents are neutral about the HSN codes.

<Graph 2>

Graph 2 explains whether people perceive the implementation of GST beneficial. Most people think they will receive benefits from GST implementation with the introduction of composite scheme and an increase in threshold limit for registration. 37.3 % of respondents think that GST will help in reducing the corruption in the country, whereas 29.3% of respondents think that compliances related to filing have not reduced.

<Graph 3>

Graph 3 shows whether people think GST implementation will reduce cascading effect. Around 42 to 51% of respondents think that GST will reduce the cascading effect and around 2 to 11% of respondents think it will not and 38.7% of respondents do not agree or disagree with it.

<Graph 4>

Graph 4 demonstrates whether GST implementation will lead to ease of doing business. 48 respondents think that because of uniform rates in India, doing business will be easy, and around 50 respondents state that the elimination of multiple indirect taxes will also play a major role. Very few people think that it will not facilitate ease of doing business.

<Graph 5>

Graph 5 elucidates whether GST implementation will facilitate development in India. 40 respondents agree that GST will lead to increase in FDI, and 58 respondents think that because of the GST introduction more and more businesses have been registered. 18 respondents agreed that it will not increase FDI and only 3 respondents think that there is no increase in registration of businesses. 15 respondents are not sure about it.

<Graph 6>

Graph 6 demonstrates views of people about the impact of GST implementation on prices of goods & services. Most of the respondents agree that the prices of FMCG and electronic goods have increased. For vehicles and banking services, the majority respondents do not agree or disagree with impact on prices.

<Table 2 (a) & (b)>

It is evident from the table that there is a difference of opinion among males & females regarding benefits going to be received from GST implementation. A smaller number of females agree that GST implementation will benefit people in general.

<Table 10 (a) & (b)>

It is clear from the table that there is a difference of opinion among different age groups' people regarding GST implementation leading to the overall development of the nation. Younger people agree with the statement. Rather older ones deny its contribution in overall development.

<Table 17(a) & (b)>

It is quite apparent from the table that there is a difference of opinion among different levels of qualified people regarding an increase in prices due to GST implementation. Less educated people perceive the prices to rise post-implementation.

## **V. CONCLUSION**

The study found that most people have a neutral opinion regarding GST. Most of the people still don't have proper knowledge about the composition scheme threshold limit. In most cases, there is no difference of opinion among people on the basis of demographic factors i.e. gender, age, qualification and occupation. The difference of opinion is only related to the benefits of GST, overall development of country and increase in prices of goods & services concerning gender, age and qualification respectively.

## **VI. LIMITATIONS AND FUTURE SCOPE OF THE STUDY:**

The study covers only a limited geographical boundary. The Selection of sample participants is based on non-probability convenience sampling as well as the sample size being small. This may cause a few research errors and future researchers can work on this limitation. The study could be carried out involving people working in specific industries. Parameters not covered in the study could be included.

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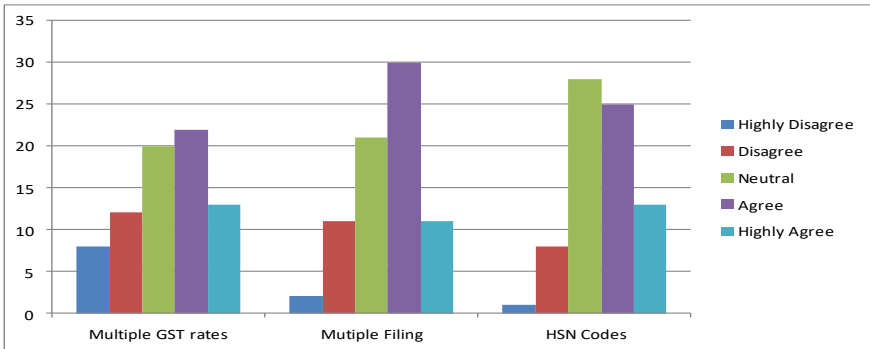
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### Webography

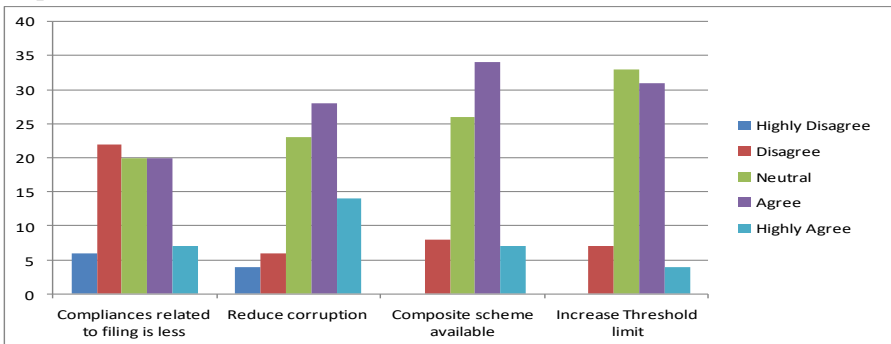
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- [www.gst.gov.in](http://www.gst.gov.in)
- [www.taxmann.com](http://www.taxmann.com)

### List of Graphs:

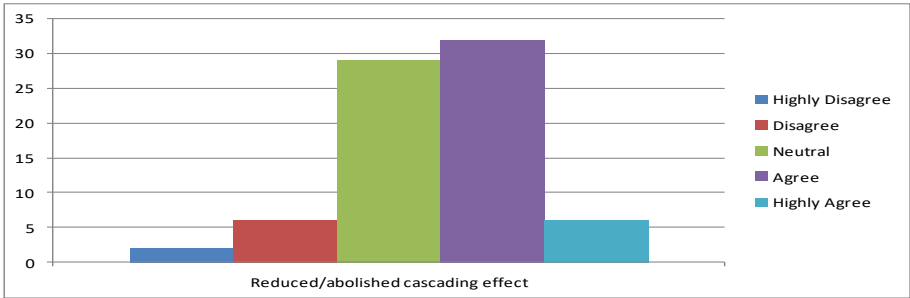
Graph 1: Complexity



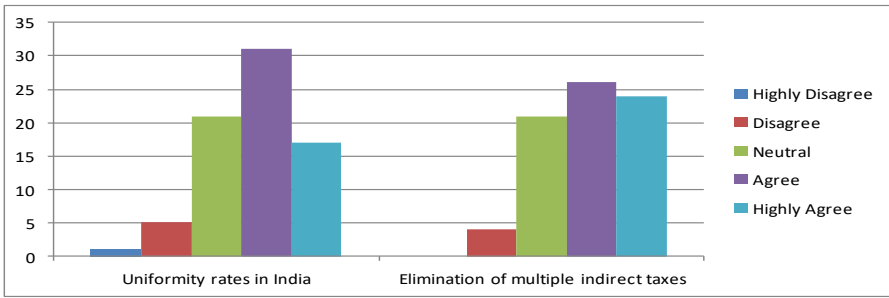
Graph 2: GST Benefits



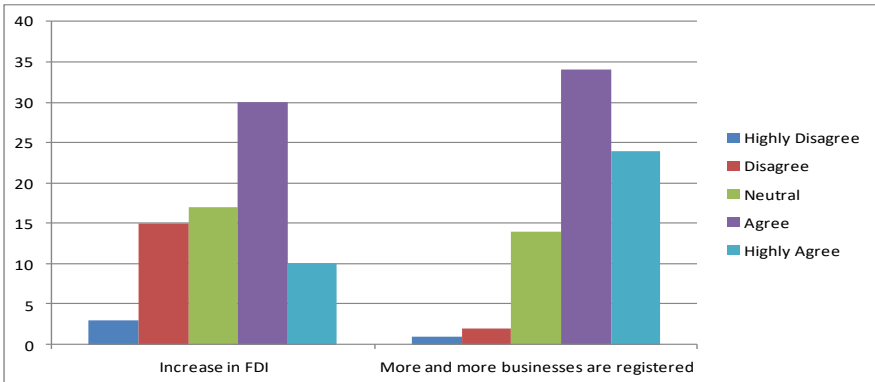
**Graph 3: Reduce the cascading effect**



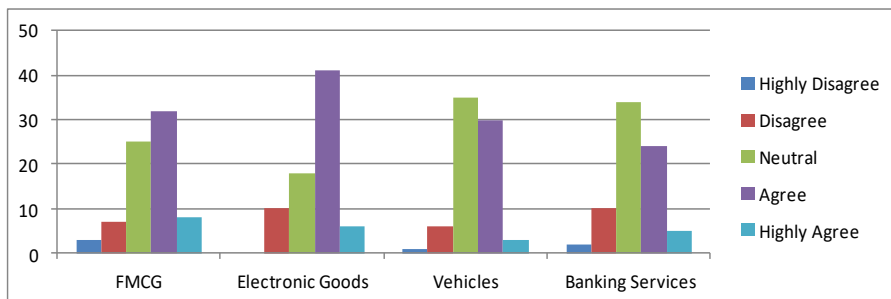
**Graph 4: Facilitates ease of doing business**



**Graph 5: Helpful in overall development of India**



**Graph 6: Prices of Goods & Services**



**List of Tables:**

Table 1 a. Rank				Table 1 b. Test Statistics <sup>a,b</sup>	
GST is complex to understand	Gender	N	Mean Rank	GST is complex to understand	
	Male	41	39.13	Chi-Square	.249
	female	34	36.63	Df	1
	Total	75		Asymp. Sig.	.618
				a. Kruskal Wallis Test	
			b. Grouping Variable: Gender		

Table 2 a. Rank				Table 2 b. Test Statistics <sup>a,b</sup>	
People have benefits from GST	Gender	N	Mean Rank	People have benefits from GST	
	Male	41	32.57	Chi-Square	5.718
	female	34	44.54	Df	1
	Total	75		Asymp. Sig.	.017
				a. Kruskal Wallis Test	
			b. Grouping Variable: Gender		

Table 3 a. Rank				Table 3 b. Test Statistics <sup>a,b</sup>	
GST facilitates ease of doing business	Gender	N	Mean Rank	GST facilitates ease of doing business	
	Male	41	35.32	Chi-Square	1.438
	female	34	41.24	Df	1
	Total	75		Asymp. Sig.	.230
				a. Kruskal Wallis Test	
			b. Grouping Variable: Gender		

Table 4 a. Rank				Table 4 b. Test Statistics <sup>a,b</sup>	
GST will be helpful in overall development	Gender	N	Mean Rank	GST will be helpful in overall development of India	
	Male	41	34.82	Chi-Square	2.023
	female	34	41.84	Df	1

nt of India	Total	75		Asymp. Sig.	.155
				a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

Table 5 a. Rank				Table 5 b. Test Statistics <sup>a,b</sup>	
Prices of goods and services has increased	Gender	N	Mean Rank	Prices of goods and services has increased	
	Male	41	34.90	Chi-Square	1.887
	female	34	41.74	Df	1
	Total	75		Asymp. Sig.	.170
				a. Kruskal Wallis Test	
			b. Grouping Variable: Gender		

Table 6 a. Rank				Table 6 b. Test Statistics <sup>a,b</sup>	
GST is best practice adopted by Govt	Gender	N	Mean Rank	GST is best practice adopted by Govt	
	Male	41	34.26	Chi-Square	3.014
	female	34	42.51	Df	1
	Total	75		Asymp. Sig.	.083
				a. Kruskal Wallis Test	
			b. Grouping Variable: Gender		

Table 7 a. Rank				Table 7 b. Test Statistics <sup>a,b</sup>	
GST is complex to understand	Age	N	Mean Rank	GST is complex to understand	
	16- 25yrs	29	38.00	Chi-Square	1.573
	26- 35yrs	15	39.67	Df	4
	36- 45yrs	19	33.50	Asymp. Sig.	.814
	46- 55yrs	8	42.69	a. Kruskal Wallis Test	
	56yrs & above	4	43.75	b. Grouping Variable: Gender	
	Total	75			

Table 8 a. Rank				Table 8 b. Test Statistics <sup>a,b</sup>	
People have benefits from GST	Age	N	Mean Rank	People have benefits from GST	
	16- 25yrs	29	38.93	Chi-Square	4.442
	26- 35yrs	15	39.30	Df	4
	36- 45yrs	19	40.08	Asymp. Sig.	.349
	46- 55yrs	8	38.25	a. Kruskal Wallis Test	
	56yrs & above	4	16.00	b. Grouping Variable: Gender	
	Total	75			

Table 9 a. Rank				Table 9 b. Test Statistics <sup>a,b</sup>	
GST facilitates ease	Age	N	Mean Rank	GST facilitates ease of doing business	
	16- 25yrs	29	42.21	Chi-Square	5.239

of doing business	26- 35yrs	15	32.63	Df	4
	36- 45yrs	19	37.32	Asymp. Sig.	.264
	46- 55yrs	8	43.13	a. Kruskal Wallis Test	
	56yrs & above	4	20.63	b. Grouping Variable: Gender	
	Total	75			

Table 10 a. Rank				Table 10 b. Test Statistics <sup>a,b</sup>	
GST will be helpful in overall development of India	Age	N	Mean Rank	GST will be helpful in overall development of India	
	16- 25yrs	29	45.50	Chi-Square	15.122
	26- 35yrs	15	34.80	Df	4
	36- 45yrs	19	41.03	Asymp. Sig.	.004
	46- 55yrs	8	24.06	a. Kruskal Wallis Test	
	56yrs & above	4	9.13	b. Grouping Variable: Gender	
	Total	75			

Table 11 a. Rank				Table 11 b. Test Statistics <sup>a,b</sup>	
Prices of goods and services has increased	Age	N	Mean Rank	Prices of goods and services has increased	
	16- 25yrs	29	41.19	Chi-Square	2.457
	26- 35yrs	15	38.57	Df	4
	36- 45yrs	19	33.50	Asymp. Sig.	.652
	46- 55yrs	8	32.50	a. Kruskal Wallis Test	
	56yrs & above	4	45.13	b. Grouping Variable: Gender	
	Total	75			

Table 12 a. Rank				Table 12 b. Test Statistics <sup>a,b</sup>	
GST is best practice adopted by Govt	Age	N	Mean Rank	GST is best practice adopted by Govt	
	16- 25yrs	29	39.78	Chi-Square	3.021
	26- 35yrs	15	36.83	Df	4
	36- 45yrs	19	38.74	Asymp. Sig.	.554
	46- 55yrs	8	40.31	a. Kruskal Wallis Test	
	56yrs & above	4	21.38	b. Grouping Variable: Gender	
	Total	75			

Table 13 a. Rank				Table 13 b. Test Statistics <sup>a,b</sup>	
GST is complex to understand and	Qualification	N	Mean Rank	GST is complex to understand	
	Under Grad	21	39.48	Chi-Square	3.095
	Grad	39	39.91	Df	3
	Post Grad	11	34.50	Asymp. Sig.	.377
	Pro Course	4	21.25	a. Kruskal Wallis Test	
	Total	75		b. Grouping Variable: Gender	

Table 14 a. Rank				Table 14 b. Test Statistics <sup>a,b</sup>	
People have benefits from GST	Qualification	N	Mean Rank	People have benefits from GST	
	Under Grad	21	39.86	Chi-Square	1.126
	Grad	39	35.85	Df	3
	Post Grad	11	39.18	Asymp. Sig.	.771
	Pro Course	4	46.00	a. Kruskal Wallis Test	
Total	75		b. Grouping Variable: Gender		

Table 15 a. Rank				Table 15 b. Test Statistics <sup>a,b</sup>	
GST facilitates ease of doing businesses	Qualification	N	Mean Rank	GST facilitates ease of doing business	
	Under Grad	21	42.31	Chi-Square	1.658
	Grad	39	35.28	Df	3
	Post Grad	11	37.86	Asymp. Sig.	.646
	Pro Course	4	42.25	a. Kruskal Wallis Test	
Total	75		b. Grouping Variable: Gender		

Table 16 a. Rank				Table 16 b. Test Statistics <sup>a,b</sup>	
GST will be helpful in overall development of India	Qualification	N	Mean Rank	GST will be helpful in overall development of India	
	Under Grad	21	39.19	Chi-Square	2.344
	Grad	39	34.88	Df	3
	Post Grad	11	45.32	Asymp. Sig.	.504
	Pro Course	4	42.00	a. Kruskal Wallis Test	
Total	75		b. Grouping Variable: Gender		

Table 17 a. Rank				Table 17 b. Test Statistics <sup>a,b</sup>	
Prices of goods and services has increased	Qualification	N	Mean Rank	Prices of goods and services has increased	
	Under Grad	21	49.50	Chi-Square	8.480
	Grad	39	33.41	Df	3
	Post Grad	11	34.82	Asymp. Sig.	.037
	Pro Course	4	31.13	a. Kruskal Wallis Test	
Total	75		b. Grouping Variable: Gender		

Table 18 a. Rank				Table 18 b. Test Statistics <sup>a,b</sup>	
GST is best practice adopted by Govt	Qualification	N	Mean Rank	GST is best practice adopted by Govt	
	Under Grad	21	34.86	Chi-Square	1.513
	Grad	39	38.15	Df	3
	Post Grad	11	39.86	Asymp. Sig.	.679

	Pro Course	4	47.88	a. Kruskal Wallis Test
	Total	75		b. Grouping Variable: Gender

Table 19 a. Rank				Table 19 b. Test Statistics <sup>a,b</sup>	
GST is complex to understand	Qualification	N	Mean Rank	GST is complex to understand	
	Professional	9	39.44	Chi-Square	1.243
	Self Employed	23	41.78	Df	2
	Employed	43	35.67	Asymp. Sig.	.537
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

Table 20 a. Rank				Table 20 b. Test Statistics <sup>a,b</sup>	
People have benefits from GST	Qualification	N	Mean Rank	People have benefits from GST	
	Professional	9	41.94	Chi-Square	5.120
	Self Employed	23	29.52	Df	2
	Employed	43	41.71	Asymp. Sig.	.077
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	


Table 21 a. Rank				Table 21 b. Test Statistics <sup>a,b</sup>	
GST facilitates ease of doing businesses	Qualification	N	Mean Rank	GST facilitates ease of doing business	
	Professional	9	40.94	Chi-Square	4.029
	Self Employed	23	30.59	Df	2
	Employed	43	41.35	Asymp. Sig.	.133
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

Table 22 a. Rank				Table 22 b. Test Statistics <sup>a,b</sup>	
GST will be helpful in overall development of India	Qualification	N	Mean Rank	GST will be helpful in overall development of India	
	Professional	9	42.50	Chi-Square	3.924
	Self Employed	23	30.72	Df	2
	Employed	43	40.95	Asymp. Sig.	.141
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

Table 23 a. Rank				Table 23 b. Test Statistics <sup>a,b</sup>	
Prices of goods and services has increased	Qualification	N	Mean Rank	Prices of goods and services has increased	
	Professional	9	35.56	Chi-Square	1.008
	Self Employed	23	34.96	Df	2
	Employed	43	35.56	Asymp. Sig.	.604
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

Table 24 a. Rank				Table 24 b. Test Statistics <sup>a,b</sup>	
GST is best practice adopted by Govt	Qualification	N	Mean Rank	GST is best practice adopted by Govt	
	Professional	9	39.67	Chi-Square	4.667
	Self Employed	23	30.37	Df	2
	Employed	43	41.73	Asymp. Sig.	.097
	Total	75		a. Kruskal Wallis Test	
				b. Grouping Variable: Gender	

**ABOUT AUTHORS**

<p>Ms. Zankhana Atodaria is an Assistant Professor working in the area of Finance. She has 7 years of Post Graduate teaching experience in finance and related areas. She has qualified UGC-NET (with 72% marks). She is pursuing Ph.D. from VNSGU. She has published research papers in National and International journals. She knows statistical packages like SPSS, Eviews, Open source software ‘R’. She offers training programs to students and faculty members using statistical software packages.</p>	
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