



## “AN EMPIRICAL STUDY ON GOODS AND SERVICE TAX”

**Dr. Duggappa M.C.**

Associate Professor, Govt Women's First Grade College, Shimoga (Dist), Karnataka.

### **Abstract**

Goods and Service Tax defined as the Giant Indirect Tax. The structure was designed for support and enhances the economic growth of a country. As of now 150 countries have implemented GST so far. However, the idea of GST in India was mooted by Vajpayee government in 2000 and constitutional amendment for the same was passed by the Loksabha on 6th May 2015 and it was to be ratified by the Rajyasabha. However, there are for and against to implementation to GST. Finally it was successfully implemented on 1<sup>st</sup> July 2017. It would be interesting to understand the regime of GST which hamper the growth and development of the country.

**Keyword: - Goods and Service Tax, Economy, Growth of GST.**

### **Introduction**

The Goods and Services Tax (GST) is a vast concept that simplifies the tax structure. GST is enhancing the economic growth of the country. It is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level. GST also called “Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014”, GST is an indirect tax at the stages of production to bring about uniformity in the system. On bringing GST into practice, there would be combination of Central and State taxes into a single tax payment. GST would reduce the overall tax burden, which is currently estimated at 25-30%. Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading effect, or tax on tax paid on inputs of manufacture of goods.

### **Review of Literature**

**Poonam (2017):-** in her study she said GST plays vital role in Indian tax system. Double taxation and cascading taxation should reduce by combining of state and central taxes. Consumer tax burden is reducing 25% to 30 % through implementation of GST, and Indian domestic product would become more and more inexpensive.

**Srinivas K.R. (2016)** in his study “Issues and challenges of GST in India” he mentions that as per Indian constitution new tax system (GST) will change the complete scenario of present Indian tax system.

**AgogoMawuli (2014)** he said GST is not suitable for low income countries and not provide growth to poor and developing countries. If still want to implement in poor and developing countries then the rate of GST should be less than 10% for growth.

### **Objectives of the Study**

1. To know Impact, Advantages and Disadvantages of GST.
2. To know the salient feature of GST in India ;
3. To analyze the impact of GST towards economic, finance, entrepreneur and public aspects.
4. To know success or failure of GST implementation in India.

### **Hypothesis**

H0: There is no significant relationship b/w General public and implementation GST.

H1: there is a significance relationship b/w General public and GST implementation.

H0: There is no significant relationship b/w GST with entrepreneurial aspect in business.

H1: there is a significance relationship b/w Entrepreneurial aspects and GST implementation.

H0: There is no significant relationship b/w GST and Financial aspect.

H1: there is a significance relationship b/w economic aspects and GST implementation

H0: There is no significant relationship b/w GST and Economic aspect

H1: there is a significance relationship b/w financial aspects and GST implementation



### **Benefits of GST**

1. GST would introduce one Country, One Tax Systemized one tax rate system throughout the country.
2. GST Avoid the Tax on Tax system or cascading effects. And it show in Transparent.
3. It cover both Central and State tax regime along with Goods and Services and make it transparent.
4. It brings down the prices of goods and services in all the stages of manufacturing and increases the competition.
5. It helps to increase the GDP growth of the country and create business friendly environment.

### **Problems of GST**

1. Goods and Service Tax is newly introductory concept in India, it's take time to understand,
2. It creates some misunderstanding between manufacturers and consumers in transaction level.
3. It is not understand by a common people due to unaware about tax proceedings.
4. Retail seller or Shop keeper are struggling to create Invoice and filling returns.
5. GST Tax rates are not constant for some items, it different form one place to another place:- (Car Price in Mumbai and Jaipur not same even after implementation of GST).

### **Salient Feature of GST**

1. A provision will be made for removing imposition of entry tax/ Octroi across India.
2. Offers a wider tax base, necessary for lowering tax rates and eliminating classification disputes.
3. Entertainment tax, imposed by states on movies, theatre, etc., will be subsumed in GST, but taxes on entertainment at panchayat, municipality or district level will continue.
4. Eliminates the multiplicity of taxes and their cascading effects.
5. It reduces error in compliance procedure and increase efficiency.

### **Impact of GST**

1. GST is having favorable impact on Indian economy.
2. It eliminates double taxation in certain sectors.
3. GST will have favorable impact on organized logistic industry and modernized warehousing.
4. FMCG, Pharmaceuticals, Consumer Durables, Automobiles, warehousing and logistics these industrial sectors are getting benefits from GST.
5. GST is a value-added tax levied at all points in the supply chain.
6. GST would apply to goods and services in a comprehensive manner, with exemptions restricted to a minimum.

### **Disadvantages of GST**

1. Most of the business firms fill their returns in ERP software such as VAT and Service tax, but now they change from ERP to GST so it leads to increase the cost of buying new software.
2. Most of the firms are not aware GST. The new taxation system requires understanding of the minutiae, which is lack of now in the business.
3. In India, small business firms are preferred to pay tax and filing the return by themselves, after GST implementation small business professions bear the additional cost for hiring experts.
4. GST was implemented in the middle of the year i.e.1/7/2017, the business firms have to fallow the old system in first 3 months and remaining months they have to fallow new tax procedure...
5. The GST return should be done through computerized or internet base; now a day's small firms are not fully computerized and facing technological problems.
6. The unorganized sectors are going on strike to protest against GST. In future days protest are increases across the country it disrupts the business.

### **Statement of the Problems**

GST (Goods and Service Tax) is the wider and new concept in India. It was implemented on 1<sup>st</sup> July 2017. Earlier the tax system was quite easier than GST such as VAT, Excise duty, and Service tax etc. After implementation of GST it's quite difficult to understand from end to end point, as of now GST rates are 5%. 12%. 18% and 28%.



Somehow the tax rates are not measurable due to some external facts, and still rate of tax on a products are changing day by day with in the slab rate.

### Sources of Data Collection

**Primary Data:** - The primary data which is collected through survey, such as questionnaire, observation and direct interaction with the respondents.

**Secondary Data:** - The secondary data is collected through published sources like Journals, Published reports, Books and E-sources

**Methodology:** The survey was conducted with the help of convenience sampling method. To develop a sample design, totally 30 respondents were selected for study purpose.

### Statistical Tools Used in the Study

In the above study area, the degree of relationship between independent and dependent variables, Chi – square test was applied. Percentage analyses and weighted average have been used for the interpretation of the data.

**Percentage Analyses:** The percentage technique has been used throughout the report to express the opinion of the respondents.

**Chi – Square Test:** For testing the relationship between personal variables of the respondents and level of satisfaction, Chi- square Test has been used. For computing Chi-square test, following formula has been used.

Where ..... 
$$\chi^2 = \frac{(O - E)^2}{E}$$

O = Observed frequency

E= Expected frequency

c = Number of columns in a contingency table and

r = Number of rows in a contingency table

The calculated value of Chi-square is measured with the table value of Chi-square for given level of significance usually at five per cent level. If the calculated value (C.V) is less than the table value (T.V), the null hypothesis is accepted and otherwise it is rejected.

**Analysis and Interpretation:** An attempt had been made to analyze the demographic and socio-economic feature of the selected respondents regarding their Gender, Qualification, age, Occupation.

**Table 1: Profile of the Respondents**

Gender		%	Age		%
Male	15	60	Below 15	0	0
Female	10	40	16 – 30	8	32
<b>Qualification</b>			31 – 45	8	32
SSLC	5	20	46 – 60	6	24
PUC	5	20	61 and above	3	12
Graduate	5	20	<b>Occupation</b>		
Post-graduate	5	20	Business men	2	08
Others	5	20	Agriculturist	10	40
			Industrialist	5	20
			Employees	3	12
			Professional	5	20

Table:1. In the above study area 15 (60%) respondents are males and 10 (40%) female, out of 25 respondents 0 (0%) are belongs to the age below 15, and 8(32%) are belongs to the age between 16 to 30 and 31 to 45. 6(24%) respondents belongs to age between 46 to 60 and only3 (12%) belongs to above 61 years. As per qualification



concern all five category respondents got equal percentage according to survey. In respect of occupation 2 (8%) respondents are doing their own business, 10(40%) respondents doing agriculture, 5(20%) respondents running their own industries, 3(12%) respondents are employees and 5(20%) respondents running their own profession.

### Data Analysis and Interpretation

Particulars	Chi-Square Computed Value ( $\chi^2$ )	df	Table Value ( 5 % Significance Level )	Result	Inference
Public aspects	59.97	16	26.296	H1:Accepted	Significance
Entrepreneur aspects	74.40	16	26.296	H1:Accepted	Significance
Economic aspects	30.55	16	26.296	H1:Accepted	Significance
Financial aspects	93.45	16	26.296	H1:Accepted	Significance

$$\begin{aligned} df &= (C-1) (R-1) \\ &= (5-1) (5-1) \\ &= 4 \times 4 = 16 \end{aligned}$$

### Questionnaires of GST

Sl. No	Particular	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	<b>Public aspects</b>					
01	Weather present GST slab rate is acceptable	12	10	0	3	0
02	Do you know features GST	10	8	2	3	2
03	Do you think changes required in GST	2	3	15	3	2
04	De you require any assistance to know GST	5	5	5	5	5
05	Implementation of GST is necessasary for Petroleum product	15	5	0	3	2
	<b>Entrepreneurs aspects</b>					
01	Are you agree with present GST system	10	15	0	0	0
02	Do you know State and Central level taxes have been subsumed	15	10	0	0	0
03	Present GST system is profitable for your business	2	3	0	10	10
04	Implementation of GST is burden for business	10	10	0	5	0
05	Any changes require in new tax system	10	10	0	5	0
	<b>Economic aspects</b>					
01	Weather India reach globalization through Implementation of GST.	10	10	5	0	0
02	Implementation of GST will affect the Indian GDP growth.	15	10	0	0	0
03	Implementation of GST will affect the commercial sector in India.	10	15	0	0	0
04	Implementation of GST in petroleum product is it beneficial for govt?	10	10	5	0	0
05	For growth of Indian economy, is it require any changes in new tax system	8	8	5	2	2



	<b>Financial aspects</b>					
01	Implementation of GST will affect the financial aspect of the country	10	10	5	0	0
02	Implementation of GST is better than VAT or existing tax system	15	10	0	0	0
03	GST plays significant role in attracting Foreign Direct Investment	10	15	0	0	0
04	There are many hurdles in existing tax structure in promoting FDI	15	10	0	0	0
05	Implementation of GST would make your organization and industry more competitive.	3	2	5	8	7

Degree of Freedom is 16

The table value of  $\chi^2$  for two degree of freedom at 5% significance level is 26.296. The computed value of  $\chi^2$  is 59.97 for general public aspects, 74.40 for entrepreneurial aspects, 30.55 for economic aspects and 93.45 for financial aspects. The computed value is more than table value, calculated value said to be arisen because it is significance. Hence the alternative hypotheses accepted and null hypotheses rejected.

### Findings

1. In the above study area out of 25 respondents, 15 (60%) respondents are males and 10 (40%) female adage of between to 60 are there.
2. In the above study there are different qualified and professional respondents are there.
3. In general public aspects, implementation of GST is considering slab rate, features, assistance, and changes require.
4. In entrepreneurial aspects, to know changes require profitable, risk and both state and central level taxes should consider.
5. In economic aspects, implementation of GST should consider benefit to govt, and GDP growth in the country.
6. In financial aspects, GST is better than existing tax system and make more competitive through attracting FDI.

### Suggestions

1. GST (Goods and Service Tax) is a new tax system in India, and general public need time to understand the concept.
2. Govt should conduct seminars and workshops on GST to guide general public and entrepreneurs.
3. Tax regime should understand by common people weather literate or illiterate.
4. It should be simple and understand by common people.
5. Implementation of GST in economic and financial aspects should be beneficial to govt.

### Conclusion

GST (Goods and Service Tax) was imposed on 1<sup>st</sup> July 2017, in these days it is necessary to bring some changes in tax regime. In GST implementation some conflict arising from manufacturer level to consumer level, entrepreneurs are struggling from GST while filing of return and generating invoice. From the above study overall conclude that, the present GST system is favorable.



### Questionnaire

Sl. No	Particular	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	<b>Public aspects</b>					
01	Weather present GST slab rate is acceptable					
02	Do you know features GST					
03	Do you think changes required in GST					
04	De you require any assistance to know GST					
05	Implementation of GST is necessasary for Petroleum product					
	<b>Entrepreneurs aspects</b>					
01	Are you agree with present GST system					
02	Do you know State and Central level taxes have been subsumed					
03	Present GST system is profitable for your business					
04	Implementation of GST is burden for business					
05	Any changes require in new tax system					
	<b>Economic aspects</b>					
01	Weather India reach globalization through Implementation of GST.					
02	Implementation of GST will affect the Indian GDP growth.					
03	Implementation of GST will affect the commercial sector in India.					
04	Implementation of GST in petroleum product is it beneficial for govt?					
05	For growth of Indian economy, is it require any changes in new tax system					
	<b>Financial aspects</b>					
01	Implementation of GST will affect the financial aspect of the country					
02	Implementation of GST is better than VAT or existing tax system					
03	GST plays significant role in attracting Foreign Direct Investment					
04	There are many hurdles in existing tax structure in promoting FDI					
05	Implementation of GST would make your organization and industry more competitive.					

### Bibliography

Research paper on “GST in India: A Critical Review” MadhuBala. DAV College for girls, Yamuna agar.  
“Student awareness and knowledge on the implementation of GST in Malaysia” published in ProediaEconomics and Finance.- International Accounting and Business Conference 2015.www.google.com.