

Awareness of Implementation of Goods and Services Tax (GST) Among Chandigarh Residents

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Abstract:

The adoption of Goods and Services tax is a significant reform in the area of indirect tax in the nation by clubbing the central and the state tax into a single tax system. This would be very helpful in removing all the drawbacks caused by the cascading effect and allow the development of the market. Many gave a positive wave to it, but many argued on the point that GST has lead to higher prices of goods and services putting financial burden on the people. This study is aimed, to know the awareness on the working of Goods and services Tax system. The sample consists of various residents of different age group, who are selected randomly. This is a huge issue as people, if people are not aware of the tax system, they may start avoiding the tax system, and the state will suffer a huge loss from this. This report holds its importance, as it is necessary to know if the residents or the youth is aware of the working of the government towards the tax changes that have taken place recently. It is therefore necessary to provide a true information to make them aware of the general facts and the polices of the Goods and Service Tax, this can be achieved by organizing seminars, discussions, talks , so that the knowledge can be increased towards GST. GST will serve as a pathway to success for a country like India by regulating the manufacturing as well as the service sector.

Key words: GST Tax, Awareness and Knowledge.

I. INTRODUCTION

India has seen a lot of reforms in its indirect tax system since the past twenty years. In the year 2005, the sales tax was replaced by the Value Added Tax, leading to lot of changes in the tax system of the nation. Prior to VAT, the tax system of India was badly affected by the cascading effect of taxes, thus had created lot of problems for the system as well as the general people (Garg, Girish (2014)).

The manufactures suffered a lot in the international markets due the large input cost, because the commodity was repeatedly taxed, made the product much more costlier when compared with the internal competitors. To get rid of this problem the government opted for the Value Added Tax. Under the Value Added Tax system it was the added value which was taxed not the entire product. This reduced the cascading effect in the tax system. But many drawbacks were observed of the Vat system, thus efforts were made to make it more effective. For example, large number of Central taxes was not considered in the VAT system. Another problem which came into notice was that the product was taxed by both the central and the state government. Another issue was that, only the goods were taxed under the VAT system, no emphasis was

laid on taxing the services. By introducing the GST, the government aims to resolve all the stated problems. By clubbing the state and the central taxes, GST aims to resolve all the bad effects caused by the cascading effect and thus will be very helpful in developing an efficient market. The consumer will be relieved from the overall tax burden faced by him. Goods and Services Tax will make our goods more price competitive in the international markets. An increase in the revenue will be enjoyed by both the state as well as the central government, as the government has widened its tax base. This tax system is being considered as a transparent one, which will allow better administration (Kelkar, Vijay, et al (2004)).

WAY FORWARD FOR IMPLEMENTATION OF GST

- 1) The 122nd amendment bill to be passed by upper house with 2/3rd majority and then will be ratified by at least 50% state legislatures and will be followed by assent of president.
- 2) After the bill has been passed, GSTC (GST Council) to be established.
- 3) GSTC to advocate GST law and procedure.
- 4) GST law to be introduced in parliament.
- 5) GSTN (GST Network) a section- 25 company established to design IT infrastructure of GST

BOTTLENECKS IN THE IMPLEMENTATION OF GST

The government aims to introduce GST in April 2016, but there are certain issues that need the attention of the government.

- What all preparations are required by the government at the central as well as the state level to introduce GST in the system ?
- To know if the government's structure is capable enough to adopt to such a big change.
- If the population, i.e. the tax payers are ready to adopt the change?
- To analyze the changes in the governments income
- Effect of GST on the consumers, manufacturers and the traders.
- How GST will be favoring the small business?

II. STATUS OF IMPLEMENTATION OF GST

To come into force, the GST bill needs to be passed by atleast two-third of the members of both the houses, and by the legislature of atleast half of the present states of the nation. In the year 2014, Arun Jaitley, the finance minister of India presented the constitutional amendment, GST bill in the Lok Sabha. Mr. Arun Jaitley believed that GST would be considered as the major tax reform in the history of the nation, which will definitely lead to the fall in the transaction cost and will take the nation on the path of development. Mr. Jaitley insured the states that none of them will suffer any loss of revenue with the introduction of GST in the system. According to the report presented by the National Council of Applied Economic Research

(NCAER), the introduction of GST in the nation could foster the growth of gross domestic product by 9-1.7 percentage. By reducing the cascading effects and eliminating the other drawbacks, GST will lead to an increase in the profitability and thus lead to expansion of the business units. Simplification of the tax system can help in increasing the tax revenue. (Agogo Mawuli (2014))

HOW GST WORKS?

Goods and Services tax is collected and paid at all the levels of a supply chain. All the business are required to pay the GST when they purchase the supply, services or the assets, which are used in their business. Registrants of the goods and services tax will be charging GST on the supply of taxable goods and services. GST paid while purchasing the goods will be set off, of the equal amount of GST charged or paid by the individuals. If the difference between the output and the input tax increases the excess is paid back by the authorities or vice versa. The ultimate user is to pay the GST amount. (Dr. R. Vasanthagopal (2011))

WHY INDIA APPLYING GST

The service sector of the Indian economy contributes to 55%. With the introduction of goods and services tax, the existing multiple tax system will be replaced, leading to an increase in the profitability of the business. By clubbing the various present taxes into the GST system, it will help the authorities to provide full credit for the input tax collected. Goods and services tax will also be helpful in eliminating the economic distortions in the nation, thus leading to the development of the efficient market. Being a complete online system of taxation, GST will be beneficial for both the authorities as well as taxpayers, leading to better transparency of the system.

REVIEW OF LITERATURE

- In the year 2009, Satya Poddar and Ehtisham Ahmed found that the introduction of the goods and services tax will give an easy and a transparent taxation system to the nation, with an increase in output and productivity in the nation. But they believed that the benefits were completely based of the optimum structure of GST.
- In the year 2004, Pinki had given a conclusion that the NDA government, is in the support of GST, and believes in the potential posed by the GST structure, which would yield a great result, if supported by a strong Information Technology infrastructure.
- In the year 2014, AgogoMawuli stated that GST is not suitable for the low income level countries and does not provide with an opportunity for growth to the poorer nations. According ti the views of AgogoMawuli, if these nations want to adopt GST then the GST rate should be less than 10% for the growth.
- In the year 2015, Nurulhasnishaari, Alizah Ali, and Noraini Ismail believed that to give an accurate and an important information , it is very important to make them all understand the facts and the

policies under GST by organizing talks, discussions, debates and seminars in order to generate awareness among the stakeholders.

III. STATEMENT OF THE PROBLEM

Goods and services Tax is considered as the world's best tax system as it is very comprehensive, transparent and business friendly. GST has just been introduced in the nation. The government officials and its stakeholders are working very hard to spread awareness about GST, so that the confusion among the people can be easily resolved. If people become unaware or got confused by the tax payment system of the nation, they will for sure, boycott or ignore the tax payment system. Therefore this study aims to analyze the degree of knowledge possessed by the residents about GST and the tax reforms introduced by the government.

OBJECTIVES OF THE STUDY

- To study about the socio-economic and demographic profile of the respondents
- To identify the awareness level of employees towards GST implementation.
- To study the knowledge level of the employees on GST issues.
- To give suitable suggestions on the basis of the findings of the study.

HYPOTHESIS OF THE STUDY

There is no association between socio-economic profile of the respondents such as age, gender, education, occupational status and level of knowledge of the residents on issue of GST.

SAMPLING DESIGN

There are fifty six sectors in Chandigarh. For this research five sectors were taken namely, Sector 5, Sector 8, Sector 9, Sector 11, Sector 16 for the study. There are 90 numbers of residents selected for the study. Proportionate random sampling technique has been used for this research. The number of respondents selected for this study is shown in Table 1

Table 1: Number of sample

Name of the Sector	Sample Respondents	Percentage
Sector 5, Chandigarh	16	18%
Sector 8, Chandigarh	21	23%
Sector 9, Chandigarh	18	20%
Sector 11, Chandigarh	15	17%
Sector 16, Chandigarh	20	22%
Total	90	100%

Source: Primary data

The data was collected and subsequently analyzed descriptively to obtain the frequency and percentage.

METHODOLOGY The study is based on both Primary and Secondary data. Primary data is collected by Interview schedule and the secondary data has been collected from books, journals, and websites and so on.

TOOLS USED FOR ANALYSIS The data was analyzed with the help of percentage analysis.

IV. RESULTS AND DISCUSSION The data of the socio economic profile of the respondents such as age, gender, education, occupational level and income was collected. The result is presented in the Table 2

Table. 2. Socio-Economic profile of the respondents

S.No.	Particulars		No. of Respondents	Percentage (%)
1.	Gender	Male	56	62%
		Female	34	38%
		Total	90	100%
2.	Age	21 to 30 Years	19	21%
		31 to 40 Years	28	31%
		41 to 50 Years	43	48%
		Total	90	100%
3.	Education	Matric	5	6%
		10+2	11	12%
		Graduate	48	53%
		Post-Graduate	26	29%
		Total	90	100%
4.	Income	Rs. 200000 to Rs. 300000	16	18%
		Rs. 300000 to Rs. 400000	23	25%
		Rs. 400000 to Rs. 500000	45	50%
		Above Rs. 500000	6	7%
		Total	90	100%
5.	Occupational Level	Private Employee	21	23%
		Professional	33	37%
		Businessman	36	40%
		Total	90	100%

Source: Primary data

While analyzing the personal profile, it is evident that, majority of the respondents (62%) are male. In relation to Age wise classification, most of the respondents (79%) are having the age of 31 to 50 years. Regarding the education of the respondents, majority of the respondents (53%) are graduates. About the Income wise classification, most of the respondents (50%) are having Rs. 400000 to 500000 as their income. Majority of the respondents (40%) are businessman.

ANALYSIS OF RESIDENTS AWARENESS ON GST IMPLEMENTATION

In order to identify the awareness of residents and knowledge on the implementation of Goods and Services Tax (GST), the data collected is presented in the Table 3

Table 3

S.No.	Awareness	No. of Respondents	Percentage
1	Aware	73	81%
2.	Not Aware	17	17%

Source: Primary data

Table 3 shows that 81% of the respondents were aware of the implementation of GST and remained 17% of the respondents have not aware of this new implementation. This shows that the respondents have their concerns of government's plan to implement GST.

Table. 4. Residents' Knowledge on the issue of GST

S.No.	Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1.	Main aim of the GST is to make efficient and transparent tax system	0	49	24	0	0	73
2.	GST gives rise to country's revenue	17	57	0	0	0	73
3.	Sales and service tax will prevail over with GST implementation	0	25	26	22	0	73
4.	No burden on people after GST	0	22	21	30	0	73
5.	Interest of earners with low income get protected	16	25	42	0	0	73
6.	Unknown to the process of GST implementation	0	46	27	0	0	73
7.	Goods and services prices will rise due to GST	17	8	23	25	0	73
8.	Globally, GST considered to be the successful tax system	27	46	0	0	0	73
9.	Exported goods and	15	23	9	26	0	73

services keep away from GST implementation							
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Source: Computed Data

In relation to the Eighth statement, 27 respondents strongly agree that the GST is the best tax system adopted by many countries around the world and 46 of the respondents agree the statement that do not understand how GST would be implemented. 21 respondent's response is neutral to the statement that GST will not burden people. 26 of the respondents disagree the statement that No GST is imposed on exported goods and services, GST will result in higher prices for goods and services and GST can overcome the sale and services tax which was introduced earlier. 30 respondents disagree the statement that GST will not burden people.

LEVEL OF KNOWLEDGE ON THE ISSUE OF GST

The respondent's level of knowledge on the issue of GST has been determined by 9 statements. The level of resident's knowledge on the issue of GST has been determined by the score values calculated from 9 statements by adopting scaling techniques. The responses observed for each statement in the schedule has been scored.

Table. 5. Level of resident's knowledge on the issue of GST

S.No.	Particulars	No. of Respondents	Percentage
1.	High	42	47%
2.	Low	39	43%
3.	Medium	9	10%
	Total	90	100%

Source: Primary data

From Table 5 it has been observed that out of 90 respondents, 42 (47%) residents have high level of knowledge on the issue of GST, 9 (10%) residents have medium level of knowledge on the issue of GST and 39 respondents (43 %) of them who come under the category of low level residents of knowledge on the issue of GST.

FINDINGS

- It is understood from the survey that majority of the respondents(56%) are male.
- It is found that most of the respondents (79%) are having the age of 31 to 50 years.
- It reveals that majority of the respondents (53%) has been studied graduate.
- It declares that majority of the respondents (50%) comes under the category of incomes Rs. 400000 to 500000.

- It is indicated that Majority of the respondents (40%) are businessman.
- It is revealed that Majority (81%) of the respondents were aware of the implementation of GST.
- In order to test the relationship between Socio economic profile of the respondents and have their level of residents' knowledge on the issue of GST It is concluded that "There is no relationship between socio-economic profile of the respondents Such as age, studied course, education status, occupational status and level of knowledge on issue of GST" "There is a relationship between gender and their level of knowledge on issue of GST".

SUGGESTIONS

The study proves that the residents had some knowledge of the government's move to implement GST, but they still lack knowledge in relation to the goods and services act. This is because most of the residents were confident about their answers when asked about the Goods and Services tax. This somehow proves that the government has failed to provide adequate information to the people of the country. Thus, the need of the hour is that the government should provide adequate information to the people and make them understand the working as well as the importance of goods and services tax.

V. CONCLUSION

Residents and youth are one of the important asset of the nation, as today's youth is the leader of the next generation. Seminars, debates, discussions and talks should be conducted by the authorities, to make the youth understand the importance of GST. All the rules and regulation under GST should be made clear to the youth by these discussions and seminars. GST will only yield better results if it is implemented in a right manner. All the challenges discussed above should be kept in mind before implementing the policy. The issues discussed above need a deep analytic research, once resolved GST will head the nation to the path of development.

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