A STUDY ON IMPACT OF GST ON CONSUMERS AT COMBINED VELLORE DISTRICT

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ABSTRACT

Goods and Services Tax (GST) was established with the objective to minimize the burden on all stakeholders in the economy. This study attempted to empirically examine the influence of attitude and Satisfaction level on the Acceptance level of Consumers who are the vital stakeholders of GST. Because they bear the burden of taxes indirectly and contribute to revenue. GST came as a game changer to overcome the issues of earlier tax systems and provide many benefits to consumers. The paper studiesconsumers' perception, level of awareness, and satisfaction about GST. To achieve the objectives of the study Kaiser –Mayer-Olkin (KMO) and Bartlett's tests have been used to test the significance of samples.

Key words: GST, Consumer Awareness, Perceptions, Satisfaction and Consumer Education

1. INTRODUCTION

The word tax is derived from the Latin Word "Taxo" refers to compulsory financial obligation or some other type of levy imposed upon a taxpayer) by a governmental organization in order to spend various public expenditures. A failure to pay, along with evasion of or resistance to taxation, is punishable by law. Taxes consist of Direct and Indirect Taxes and may be paid in money or as its labour equivalent.

Indirect Taxation

An Indirect tax is tax levied on one person but paid by another person. It is collected by an intermediary (such as a retail store) from the person who bears the ultimate economic burden of the tax (such as the consumer).

Goods and Services Tax - GST

The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides revenue for the government.

GST is a destination based tax and levied at a single point at the time of consumption of goods or services by the ultimate consumer. GST is based on the principle of value added tax. GST law emphasizes on voluntary compliance and on accounts based reportingand monitoring system. It is a comprehensive levy and envisages tax collection on both goods and services at the samerate.

Need for GST

➢ GDP Growth will go up after the implementation of GST
➢ International Competitiveness willincrease
➢ Increased Foreign Direct Investments due to improve ease of doing business and serious reformmeasures.
➢ Common Market- Tax distortions due to differential tax structures and entry tax impositions. Further check post delays would not be there.
➢ Lower transaction cost (multiples returns on different events at different rates in differentStates.
➢ Reduced corruption due to use of information technology, less interaction and less discretion.

> Increased IDT revenue as grey market operators would slowly start joining the mainstream.
> This would also lead to increased Direct Tax Revenue due to higher sales/ services disclosure.

2. OBJECTIVES OF THE STUDY

> To study the impact of GST on consumers in Combined Vellore District
> The examine the perception level of consumers towards GST
> To study the satisfaction level of Consumers on GST
> To study the awareness level of GST and its rates

3. SCOPE OF THE STUDY

This study is done for finding out the effect of GST on consumers and their views on GST. This study is based on the respondents selected form the Combined Vellore District to find out impact of GST on their lives. Respondent are selected form the mixed group which is wider difference in understanding. Scope of the research is small because of its limited area

4. REVIEW OF LITERATURE

Mohd Rizal and Mohd Adha (2011) conducted study on the topic "The impacts of goods and services tax (GST) on middle income earners in Malaysia". They discovered that although the majority of respondents were not satisfied with the information provided by the government on the introduction of GST and not happy with GST, but almost half of the respondents aware that the government will implement the GST.

Shafie Mohamed Zabri (2016), in the article "Understanding of Goods and Services Tax (GST) and Spending Behavior among Malaysian Consumers " investigated the level of understanding of GST and also examined the relationship between the understanding of GST and spending behavior among consumers in Batu Pahat, Johor, Malaysia. The result shows that the level of understanding towards GST among consumers in Batu Pahat is at moderate level. Besides, significant findings showed that changes in spending behavior among consumers in this study after the implementation of GST. It was also found that there was no significant relationship between the level of understanding of GST and spending behavior among consumers.

Gowtham Ramkumar (2017), in his study titled "Impact of GST on consumer spending ability in Chennai City" concluded that, the consumers are left with less money after GST, International Journal of Financial Management and Economics ~ 40 ~ rise in inflation level and fall in prices of certain goods after GST implementation. He further concluded that, the GST rates will have a significant impact on the spending ability of the consumers and suggested that benefits of input tax credit must be transferred by the companies to the consumers

A.Hilary Joseph, D.Kanakavalli (2017) conducted study on "A Study on Consumer Awareness on Goods and Services" and described that first examines the socio economic background of the consumers and then identifies the awareness level of the consumers about GST and its major applicable rates. Based on this the author has given suggestions on how to enlighten the customers about GST. This enlightenment can take place through awareness programmes conducted for college students, employees and senior citizens or it can happen by using various mass media forms such as television, radio advertisements and Newspapers.

Manoj Kumar Agarwal (2017) in his research paper titled "People's perception towards GST – An empirical study" found that, the people feel that GST has increased the legal compliances and it will increase the tax collection of the government. He further found that, the GST has increased the tax burden of businessmen and suggested that efforts should be made on the part of the government to ensure people have a proper understanding of the goods and services tax implemented

in India.

Dipika.L. Rayka (2017) conducted a study on "Impact on Consumers". They found that the proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. GST which is likely to be inflationary would hit people in the lower incomegroup hardest as they currently pay little or no income tax at all. However, a number of considerations suggest that the impact would be moderate. Other necessities such as fuel and power, public transport and medical care are concerned, there is sufficient already. Government need to intervene to ensure that the poor is protecting from GST effect.

Krishan Kumar (2017) "A study on Consumers perception towards GST (Goods and service tax)" - has stated that the consumers have not yet got complete understanding about the basic concept of GST. So, the researcher has suggested making more efforts to create a basic awareness about the concept of GST. He further more suggested that there is a need to provide training programmes for the professionals of almost all the sectors of the economy for its successful implementation.

5. RESEARCH METHODOLOGY

- ❖ Geographical area: this research is based on the respondents located in Combined Vellore District (Vellore, Ranipet and Tirupattur).
- ❖ Simple size: 400 respondents were selected to fill out a questionnaire.
- ❖ Sampling technique: Convenient sampling is taken for the study (Respondents those who have knowledge regarding GST were selected).
- ❖ Data collection instrument: Information gathering is very important for any researcher. Information is divided into two parts primary data and secondary data. Primary data is a type of data in which data were collected by the researcher using questionnaire through online and offline. Secondary data is a type of data which is already been collected by the other but its utilized by the researcher.

6. DATA ANALYSIS AND INTERPRETATION

Gender of the Respondents

To study the behavioral patterns and drive results data on gender of respondents be collected. It ensures the effectiveness of sample representative and wise decisions. The distribution of sample is grouped as gender Such as female and male

TABLE 1
Gender of the Respondents

Gender	Frequency	Percentage
Female	197	45.9 %
Male	233	54%
Total	429	100%

From the table 5.1 it is understood that out of the respondents from whom data were collected 45.9% of the respondents are female who are paying GST and 54 % of the respondents are male and paying GST.

Age of the Respondents

Age of the respondents was considered for the study to know the perceptions of respondents who are under different age group about GST. The distribution of sample is categorized as respondents below 20 years of age, between 21 to 30 years of age, between 31 to 40 years of age, between 41-50 years of age, 51 to 60 years of age and Above 60 years of age.

Table 2
Age of the Respondents

Age	Frequency	Percentage
Below 20 years old	30	7%
21-30 years old	103	24%
31 - 40 years old	131	30.5 %
41- 50 years old	110	25.6%
51- 60 years old	49	11%
Above 60 Years old	6	1.4%
Total	429	100%

From the table 5.2 it can be inferred that out of the respondents from where data collected 7 % of the respondents are below the age of 20 years, 24% of the respondents are between the age of 21 to 30 years old, 30.5% of the respondents are between 31-40 years of age, 25.6% of the respondents were between 41- 50 years of age, 11% of the respondents are between the age of 51-60 years and 1.4% of the respondents are above the age of 60 years old.

Educational Qualification of the Respondents

Educational qualification being a qualitative data plays a vital role in influencing the critical skills of the respondents. It also affects the perception of respondents about GST and gives qualitative data. In this study data on education qualification are collected to analyze the impact of GST of consumers with different educational background. The distribution of sample is categorized as follows

Table 3
Educational Qualification of the Respondents

Education Qualification	Frequency	Percentage
Higher secondary	25	5.8%
Graduate	155	36.1%
Professionals	84	19.6%
Employee	42	9.8%

Graduate shop owner	37	8.6%
Others	86	20%
Total	429	100%

From the table 5.3 it can be inferred that 5.8% of the respondents education qualification is higher secondary, 36.1% of the respondents are completed graduation level, 11.4% of the respondents are professionals, 19.6% of the them are employees, 8.6% of the respondents are graduates and doing business and 20% of the respondents education qualification is unknown.

Income Level of the Respondents

Income survey is reveals the financial situation of the respondents. It is the source of people savings that influences purchasing behavior. In the study data on income of the respondents were collected to depict the impact of GST with higher rates on their savings. The income level of the respondents is grouped as, Below Rs.25,000 p.m, Rs. 21,000 – Rs. 50,000 p.m. Rs. 51,000 – 70,000 p.m, Rs. 71,000- 80,000 p.m. and Above Rs. 80,000.

Table 4
Income Level of the Respondents

Income Level	Frequency	Percentage
Below Rs. 25,000 p.m	102	23.7%
Rs. 21,000 - Rs. 50,000 pm	143	33.3%
Rs, 51,000 - Rs. 70,000 p.m	114	26.6%
Rs. 71,000- Rs. 80,000 pm	26	6.1%
Above Rs. 80,000	44	10.3%
Total	429	100%

From the table 5.4 it can be inferred that 23.7 % of the respondent's income level is below Rs. 25,000 p.m, 33.3 % of the respondent's income level is between Rs. 21,000 – 50,000 p.m, 26.6% respondents income level is between Rs. 51,000 - 70,000 p.m, 6.1% of the respondents income level is between Rs. 71,000- 80,000 p.m and 10.3% of the respondent's income level is Above Rs. 80,000 p.m.

Of Information through Which GST is Known

The grouping of distribution of sample shows that the respondents came to know about the information about GST through Chartered Accountant.

Table 5
Sources of Information through Which GST is Known

Particulars	No	To some extent	Yes	Total

Chartered Accountant	139(32.4%)	40(9.3%)	250(58.3%)	429(100%)
Media Promotion	39(9.1%)	171(39.9%)	219(51%)	429(100%)
Government Notification	80(18.6%)	82(19.1%)	267(62.2%)	429(100%)
Friends and Relatives	245(57.1%)	40(9.3%)	144(33.6%)	429(100%)
Traders/Retailers	105(24.5%)	114(26.6%)	210(49%)	429(100%)
Seminars and Conferences	267(62.2%)	44(10.3%)	118(27.5%)	429(100%)

From the table 5.5.1 it can be assumed that 58% of the respondents strongly agree they came to know about GST through Chartered Accountant(**Garg and Kumar**, 2018). .

From the table it can be assumed that 51% of the respondents strongly agree they came to know about GST through media.

From the table it can be assumed that 62.2% of the respondents strongly agree they came to know about GST through government notification. (**Mohd Rizal and Mohd Adha, 2011**)(**Manoj Kumar Agarwal ,2017**).

From the table it can be assumed that 57.1% of the respondents agree that they do not know about GST through friends and relatives.

From the table it can be assumed that 49% of the respondents strongly agree they came to know about GST through traders and retailers.

From the table it can be assumed that 62.2% of the respondents agree that they do not know about GST throughseminars and conferences.

Table 6
Satisfaction Level of Consumers on GST Reforms and GST Rates

Particulars	Frequency	Percentage
Highly Satisfied	98	24.80%
Satisfied	94	24.90%
Moderately Satisfied	113	28.60%
Dissatisfied	52	9.50%
Highly Dissatisfied	72	12.22%
Total	429	100%

From the table 5.6 it can be inferred that 24.80% of the respondents are highly satisfied with GST system and its slab rates, 24.9% of the respondents are satisfied with the GST System and its slab rates, 28.6 % of the respondents are moderately satisfied, 9.50 % of the them were dissatisfied and remaining 12.22% of the respondents are highly dissatisfied with GST system and its slab rates.

Table 7
Consumers Perception towards GST

Particulars	Frequency	Percentage
GST will burden the Consumer/people	328	76.35%
GST is a Good Tax Reform	102	23.67%
Total	429	100%

From the table 5.7 it is clear that 76.35% of the respondents perceived that GST adversely affects the consumers and only 23.67% of the respondents stated that it is Good tax reform.

Exploratory Factor analysis

Exploratory Factor Analysis is used for data reduction and summarization. The researcher has carried out factor analysis to find out the various underlying impact of GST on Consumers. Before conducting factor analysis, the reliability of 29 statements was tested for reliability.

Table No. 8
Reliability Statistics

Cronbach's Alpha	No. of Items
0.761	29

The reliability statistics cronbach's alpha for the 38 statements is .901, which is above the benchmark value of 0.6 (Nunally,1978)

Kaiser –Mayer-Olkin (KMO) and Bartlett's test

KMO and Bartlett's test is performed to know the statistical significance that correlation matrix has significant correlations among at least some of the variables.

Table No. 9
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	7213.512
	df	406
	Sig.	.000

The communality measures the percent of variance in a given variable explained by all the factors jointly and may be interpreted as the reliability of the indicator. The following Table No. 1 shows the statements and the extracted communalities.

Table No.10

Communalities			
Item Code	Variable	Initial	Extraction
1	India follows a dual GST system	1.000	.778
2	Various Indirect taxes are subsumed into GST	1.000	.506

3	There are various categories of GST rates	1.000	.508
4	Different GST rates are applicable on daily necessity goods	1.000	.594
5	Different GST rates are applicable on luxury Goods	1.000	.768
6	Goods and Services which are exempted from GST are clear	1.000	.588
7	Tax break up is mandatory for every transaction in the bill	1.000	.641
8	The decision made by GST council makes the GST rates of products and services unstable	1.000	.634
9	To promote export units,government has a rate of 0% for these units]	1.000	.675
10	To encourage industrial units set up in SEZ ,GST has been relaxed	1.000	.761
11	The government has introduced GST with complete preparation	1.000	.835
12	After the implementation of GST ,the confusion of different classification has reduced	1.000	.658
13	The government has addressed the cascading effect of taxes through GST	1.000	.500
14	Allocation of goods and services under different tax slabs have been done according to the benefit of the consumers	1.000	.672
15	Products and services have become cheaper after the implementation of GST	1.000	.661
16	Most of the products I consume on a daily basis is either exempted or taxed at a low rate	1.000	.606
17	Tax on medicine has increased after the implementation of GST	1.000	.603
18	Tax on gold or ornaments has increased after the implementation of GST	1.000	.709
19	After the implementation of GST ,the revenue of the government has increased	1.000	.355
20	After the implementation of GST , I received the invoice regularly from the shopping venues	1.000	.586
21	GST will burden the people/consumer	1.000	.672
22	Government has conducted various awareness campaigns and programs to educate the consumers on GST	1.000	.794

23	Government has addressed the challenges of SME while implementing GST	1.000	.663
24	Are you satisfied with the introduction of GST in India	1.000	.448
25	Are you satisfied with classification of goods in the four basic rate slabs -0% , 3%, 5%, 7% 12%, 18% and 28%	1.000	.634
26	Are you satisfied with Electronic cash Ledger & Reverse charge	1.000	.773
27	State your level of satisfaction on the Information on available about Goods and Services Tax	1.000	.881
28	Your satisfaction level towards the information on list of taxable and non-taxable items	1.000	.834
29	State your level of satisfaction on media campaign arranged for GST by the government	1.000	.900

Extraction Method: Principal Component Analysis.

Every item (variable) in the communality initially is expected to share 100% variance. Hence initially every item is having value 1.00 which means 100% variance share by each item whereas after extraction the variance share may not be 100% or 1.00 as shown in above table where extraction value is ranging from 0.355 to 0.900 which shows that minimum variance share of item after extraction is 35.5% and maximum variance share of item is 90%.

Table No. 11
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.899	20.341	20.341	5.899	20.341	20.341	3.849	13.274	13.274
2	4.173	14.391	34.732	4.173	14.391	34.732	3.835	13.225	26.499
3	3.306	11.400	46.132	3.306	11.400	46.132	3.758	12.959	39.458
4	2.741	9.453	55.585	2.741	9.453	55.585	2.853	9.837	49.295
5	1.645	5.672	61.257	1.645	5.672	61.257	2.565	8.843	58.139
6	1.474	5.082	66.339	1.474	5.082	66.339	2.378	8.201	66.339
7	.963	3.320	69.659						
8	.845	2.913	72.572						
9	.738	2.546	75.119						
10	.713	2.459	77.578						
11	.642	2.214	79.792						
12	.579	1.995	81.787						
13	.535	1.844	83.631						
14	.501	1.729	85.360						

15	.465	1.603	86.963						
16	.456	1.573	88.535						
17	.438	1.511	90.046						
18	.422	1.454	91.500						
19	.384	1.323	92.823						
20	.320	1.104	93.928						
21	.316	1.091	95.019						
22	.281	.968	95.987						
23	.264	.912	96.899						
24	.211	.727	97.626						
25	.202	.698	98.324						
26	.165	.570	98.894						
27	.149	.513	99.407						
28	.101	.348	99.755						
29	.071	.245	100.000						

Extraction Method: Principal Component Analysis.

The above table gives the total variance explained for the factors. The percentage of total variance contributed by first component is 13.274, the second component is 13.225, by the third component is 12.959, the fourth component is 9.837, the fifth component is 8.843 and the sixth component is 8.201.

Every item (variable) in the communality initially is expected to share 100% variance. Hence initially every item is having value 1.00 which means 100% variance share by each item whereas after extraction the variance share may not be 100% or 1.00 as shown in above table where extraction value is ranging from 0.355 to 0.900 which shows that minimum variance share of item after extraction is 35.5% and maximum variance share of item is 90 %.

7. FINDINGS

- ➢ It is found that 54 % of the respondents from whom data were collected are Male respondents.
- ➢ It is found that 30.5 % of the respondents are between the age group of 31-40 years old.
- ➢ It is found that 36 .1 % of the respondents are graduates.
- ➢ It found that 33.3 % of the respondents income level is Between Rs. 21,000 to 50,000 p.m.
- ➢ It is found that 58% of the respondents came to know about GST through Chartered Accountant.
- ➢ 51% of the respondents came to know about GST through media.
- ➢ 62.2% of the respondents came to know about GST through government notification.
- ➢ 49% of the respondents came to know about GST through traders and retailers.
- ➢ It is found that 57.1% of the respondents say that they do not came to know about GST through friends and relatives.
- ➢ It is found that 62.2% of the respondents say that they do not came to know about GST through seminars and conferences.
- ➢ It is found that 28.6 % of the respondents are moderately satisfied with GST reforms and its slab rates.
- ➢ It is found that 76.35% of the respondents perceived that GST adversely affects the consumers

8. SUGGESTIONS

Many respondents suggested that GST is good tax reform and effective. In spite of its effectiveness few points were suggested by people at Combined Vellore District.

➢ GST is burden to the people belongs to middle and below middle class people when they apply it on regular usage of goods. It is a big Challenge to Consumers

➢ Government should try to reduce the slab rates of GST on consumer essential goods and medicines.

➢ Illiterates less educated and many entrepreneurs are completely unaware of GST. Hence government must provide training program in which their doubts related to GST can completely be cleared.

➢ The respondents suggested that GST can be made simple, transparent and easy to understand the provisions in GST

➢ No awareness or clear picture on GST. Awareness on importance of GST to be made by govt. Although GST has made compulsory in the country, still people are yet to know how GST is beneficial and how it works. The Government of India has to bring awareness programmes like Advertising in papers, Tv, Radio and through Social platforms.

➢ The government must make sure that the GST revenue is properly managed.

9. CONCLUSION

The study is based on the respondents from Combined Vellore District. Many people accepted that GST is a good tax reform. Government shall make proper measures to create awareness on GST. Understanding of GST will help in creating a positive perception towards GST. Reducing GST tax rates on essential goods and medicines will ease the consumers and make positive impacts among consumers.Government must aware people about the positives of GST and this will leads to create goods perception of consumer towards GST.

10. REFERENCES

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