

A STUDY ON CONSUMER PERCEPTION ON IMPLEMENTATION OF GST ON SERVICE SECTOR IN MUMBAI

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ABSTRACT

The Goods & Services Tax (GST), India's biggest tax reform in 70 years of Independence was launched on the midnight of 30th June 2017 by the Prime Minister of India Narendra Modi. GST rates for various FMCG goods & services has been announced by the Indian Government as 0%, 5%, 12%, 18%, & 28%. The implementation of GST would create a common national market & reduce the overall tax burden on goods & result in the reduction in the price of services.

KEYWORDS: Goods & Services Tax (GST), Tax Reform, FMCG Goods & Services.

Introduction

India's Services Sector covers a wide variety of activities such as trade, hotel & restaurants, transport, storage & communication, financing, insurance, real estate, business services, social & personal services & services associates with construction. In the context the researcher has selected the topic "A study on consumer perception on implementation of GST on in Mumbai".

Objectives of the Study

The following objectives are frame by researcher for proposed research study.

- To study the concept of GST in India.
- To study various tax brackets of GST on Services.
- To study the perception of consumers on impact of GST on various types of services in Mumbai
- To suggest the suitable measures to understand GST amongst consumers.

Hypothesis of the Study

The following hypotheses are frame by researcher for proposed research study.

H0₁: The consumer perceived that Service Sector has no negative impact of GST on consumers in Mumbai.

H1₁: The consumer perceived that Service Sector has negative impact of GST on consumers in Mumbai.

Research Methodology

For the purpose of the study both the primary and secondary data will be utilized according to the objectives of the study to arrive at particular interference. Data analysis will be done by using statistical tools to draw suitable conclusion and suggestion.

Sources of Data

• Primary Data

Primary data is collected by survey, using a structured questionnaire. Survey is systematic gathering of the data from the respondents through the questionnaire. This is the most widely used method for the research.

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- **Secondary Data**

Secondary data include data from the published data like journal, books, magazine, websites and other published and unpublished documents available in the internet.

Sample Size

Table 1

Age Group	No. of Male	Respondents Female	Total
18 to 30	15	15	30
31 to 50	15	15	30
51 to 59	15	15	30
60 & above	15	15	30
Total	60	60	120

Data Analysis

The research study is based on secondary and primary data relating to various opinion and responses from consumer, under study are noted while gathering information through the questionnaires. The responses resulted from the basis for analysis and interpretation of the data to understand the perception of consumer on impact of GST on service sector in Mumbai.

Statistical Tool

In this research the following statistical tools will be applied depending on the nature of data collected from the respondents, percentage analysis, Bar graphs, descriptive analysis will be used as statistical tools.

Review of Literature

Swarupa Uma (December 2016) indicate that GST is a long-term strategy planned by the government and its positive impact can be seen in the long run only. GST will help to boost-up the Indian economy and will convert India a unified national market with simplified tax regime.

Sehrawat Monika and Dhanda U (December 2016) concluded that, GST implementation stands for a coherent tax system which will colligate most of current indirect taxes and in long term it will lead to higher output, will generate more employment opportunities and will flourish GDP by 1-1.5%. Further they stressed that, GST will give India a world class tax system by clutching different treatment to manufacturing as well as service sector.

Verma Meenakshi Amwani (May 21, 2017) revealed that the impact of GST will be neutral to positive for many companies. With the implementation of GST, many companies in the service sector will also gain.

Concept of Goods and Services Tax (GST)

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. It is a single indirect tax for the whole nation.

GST Tax Brackets on Services

The tax bracket for various types of services Before GST and after GST is given in the following Table:

Table 2

Various Services	Before GST (IN %)	After GST (in %)
Railways Travel (in AC classes)	0	5
Goods Transport	6	5
Cab Aggregators (OLA,Uber,Taxi aggregator)	6	5
Airlines Travels: (In Economy class)	6	5
(In Business class)	9	12

Restaurants: (Non-AC-restaurants)	15	12
(Restaurants-with-AC-&Liquid Licence)	15	18
(5 star restaurants)	15	28
Hotels & Lodges: (with-tariff-between Rs.1000 & Rs.2000)	9	12
(with-tariff-between Rs.2500 & Rs.5000)	9	18
(5 star hotels)	9	28
Telecom-Services (Mobile-wireless services)	15	18
Financial Services (Banks,Insurance,Credit cards companies)	15	18
Cinema (Theater)	27	28
Gambling(Lotteries,Bingo,Casino Games)	22-25	28
Horse race betting	22-25	28

The above table indicate the tax rates on various types of services before and after Implementation of GST in India, the analysis of which are:

- After implementation of GST, Railways Travel (in AC classes) is levied with 5% GST. Good transport and cab aggregators, the tax rate has been reduced by 1%.
- Airline travel in economy class becomes costly with 12 % GST on its implementation.
- Restaurants with AC and 5 star restaurants are charged with 18% and 28% GST respectively which high as compare pre GST.
- Hotels & Lodges: (with-tariff-between Rs.1000 & Rs.2000) (with-tariff-between Rs.2500 & Rs.5000) (5 star hotels) are charged with GST with 12%, 18% and 28% respectively as compared to rate (% pre GST).
- Telecom-Services (Mobile-wireless services) are charged with 18% GST as compared to 15% pre GST rate.
- Financial Services (Banks,Insurance,Credit cards companies)) are charged with 18% GST as compared to 15% pre GST rate.
- Cinema (Theater) are charged with 28% GST as compared to 27 % pre GST rate.
- Gambling (Lotteries, Bingo, Casino Games, Horse race betting are charged with 28% GST as compared to 22-25 % pre GST rate

Data Analysis on Perception of the respondents on various services on Implementation GST

- **Profile of the Respondents**

Table 3

Element	Categories	Count	Percentage
Gender	Male	62	51.70
	Female	58	48.30
Age	31-40	25	21.00
	41-50	47	39.00
	51-60	28	23.00
	61 & above	20	17.00
Occupation	Business	17	14.00
	Service	65	54.00
	Student	28	24.00
	Housewife	10	8.00

Source: primary data

Majority 39% of the respondents are in the age group of 41-50 years, 54% of the respondents are servicemen, 62% of are male.

Respondents Perception on GST on Various Services

- **Respondents View on various Services Rates on Travelling after Implementation of GST:**

Table 4: Services Tax Rates after GST at 5% Tax Slab

Responses	High		Average		Low		Total	
	Count	%	Count	%	Count	%	Count	%
Railways Travel (in AC)	45	37.50	69	57.50	6	5.00	120	100
Goods Transport	42	35	69	57.50	9	7.50	120	100
Cab Aggregator	52	43.40	57	47.50	11	9.20	120	100

Source: primary data

Analysis and Findings

The above table 5 reveals that out of 120 respondents:

- 45 respondents (37.50 Percentage) says that the tax rate charged on Railways Travels in AC class is high whereas 69 respondents (57.50 Percentage) says that the tax rate is average however 6 respondents (5.00 Percentage) says that the tax rate charged is low.
- On Goods and Transport, 42 respondents (35 Percentage) says that the tax rate charged is high while 69 respondents (57.50 Percentage) says that the tax rates is average and 9 respondents (7.50 Percentage) says that the rate is low.
- 52 respondents (43.40 Percentage) says that the tax rate charged on Cab Aggregator is high, whereas 57 respondents (47.50 Percentage) says that the tax rate is average and 11 respondents (9.20 Percentage) says that the tax rate is low.
- **Respondents View on various Services Rates after Implementation of GST on Airlines Travel**

Table 5: Service Rates after GST on Airlines Travel

Responses	High		Average		Low		Total	
	Count	%	Count	%	Count	%	Count	%
On Airlines Travels								
In economy class	50	40.60	61	51.60	09	7.80	120	100
In Business class	63	40.60	46	51.60	11	7.80	120	100

Source: primary data

Analysis and Findings

The above table 1.6 reveals that:

- (40.60 Percentage) 50 respondents says that the services rates after GST on Air Lines Travels in economy class is high, 61 respondents (51.60 Percentage) says its average and 9 (7.80 Percentage) respondents says that the rate is low.
- 63 respondents (40.60 Percentage) says that the charge after GST on Airlines travel in business class is high, 46 (51.60 Percentage) respondents says that the rate is average and 11 (7.80 Percentage) respondents says that the rate is low.
- **Respondents View on various Services Rates after Implementation of GST on Restaurants**

Table 6: Services Rates after GST on Restaurants

Responses	High		Average		Low		Total	
	Count	%	Count	%	Count	%	Count	%
Restaurants								
Non AC	72	58.60	38	32	10	9.40	120	100
AC and Liquid Licence	82	68	29	23.40	9	8.60	120	100
5 Star	86	69.50	27	22.70	7	7.80	120	100

Source: primary data

Analysis and Findings

The above table 7 reveal the consumer perception on restaurants services rates after GST:

- 72 respondents (58.60 Percentage) says that the rates charged is high on restaurants (Non-AC), 38 respondents (32 Percentage) says that the rate is average and 10 respondents (9.40 Percentage) says that the rates are low.

- On the restaurants with AC and liquid licence 82 respondents (68 Percentage) says that the price is high, 29 (23.40 Percentage) says that the rates is average and 9 respondents (8.60 Percentage) says that the price are low.
- Majority respondents that is 86 (69.50 Percentage) says that the rates on 5 star restaurants is high, 27 respondents (22.70 Percentage) says that the rates is average and 7 respondents (7.80 Percentage) says that the rates are low.
- **Respondents View on various Services Rates after Implementation of GST on Hotels and Lodges**

Table 7: Services Rates after GST on Hotels and Lodges

Responses	High		Average		Low		Total	
	Count	%	Count	%	Count	%	Count	%
Hotels and Lodges	81	64.10	30	27.30	9	8.60	120	100

Source: primary data

Analysis and Findings

The above table 8 reveal consumer perception on hotels and lodge rates after GST:

- 81 respondents (64.10 Percentage) says that the rates charged is high on hotels and lodge at 12, 30 respondents (27.30 Percentage) says that the rate is average and 9 respondents (8.60 Percentage) says that the rates are low.
- **Respondents View on various Services Rates after Implementation of GST on Financial and Telecom Services**

Table 8: Services Rates after GST on Financial and Telecom Services

Responses	Financial Services		Telecom	
	Count	%	Count	%
High	84	70	86	71.70
Average	28	23.30	25	20.80
Low	8	6.70	9	7.50
Total	120	100	120	100

Source: primary data

Analysis and Findings

The above table 10 reveals the consumer perception on the services rate after GST on financial and Telecom services.

- 84 respondents (70 Percentage) says that the rates on financial services is high, 28 respondents (23.30 Percentage) says that the rates are average and 8 respondents (6.70 Percentage) says that the rates are low.
- 86 respondents (71.70 Percentage) says that the rates on telecom services is high, 25 respondents (20.80 Percentage) says that the rates are average and 9 respondents (7.50 Percentage) says that the t rates are low.
- **Consumer perception on GST as tax burden on common man**

Table 9

Responses	Count	%
Agree	33	27.50
Strongly agree	49	40.80
Strongly disagree	3	2.50
Disagree	6	5.00
Neutral	29	24
Total	120	100

Source: primary data

Analysis and Findings

The above table 10 reveals that 49 respondents (40.80 Percentage) are strongly agree with the statement that GST has increased tax burden on common man whereas 33 respondents (27.50

Percentage) are agree, 29 (24 Percentage) are neutral on this statement , whereas 6 (5.00 Percentage) are disagree with the said statement whereas 3 (2.50 Percentage) respondents are Strongly disagree.

Testing of Hypothesis

The following hypotheses are frame by researcher for proposed research study.

H₀: The consumer perceived that Service Sector has no negative impact of GST on consumers in Mumbai.

H₁: The consumer perceived that Service Sector has negative impact of GST on consumers in Mumbai.

The above framed hypothesis is tested on the basis of the following results:

- 45 respondents (37.50 Percentage) says that the tax rate charged on Railways Travels in AC class in high. On Goods and Transport 42 respondents (35 Percentage) says that the tax rate charged is high while 69 respondents (57.50 Percentage) says that the tax rates is average. 52 respondents (43.40 Percentage) says that the tax rate charged on Cab Aggregator is high, whereas 57 respondents (47.50 Percentage) says that the tax rate is average (Reference Table No. 4)
- (40.60 Percentage) 50 respondents says that the services rates after GST on Air Lines Travels in economy class is high, 61 respondents (51.60 Percentage) says its average. b. 63 respondents (40.60 Percentage) says that the charge after GST on Airlines travel in business class is high, 46 (51.60 Percentage) respondents says that the rate is average(Reference Table No.5).
- 72 respondents (58.60 Percentage) says that the rates charged is high on restaurants (Non-AC), On the restaurants with AC and liquid licence 82 respondents (68 Percentage) says that the price is high, 86 (69.50 Percentage) says that the rates on 5 star restaurants is high (Reference Table No.6)
- 81 respondents (64.10 Percentage) says that the rates charged is high on hotels and lodge(Reference Table No.7)
- 84 respondents (70 Percentage) says that the rates on financial services is high, 86 respondents (71.70 Percentage) says that the rates on telecom services is high (Reference Table No.8).
- 49 respondents (40.80 Percentage) are strongly agreed and 33 respondents (27.50 Percentage) are agreed with the statement that GST has increased tax burden on common man(Reference Table No.9).

In the context of the above result the hypothesis

H₁: The consumer perceived that Service Sector has negative impact of GST on consumers in Mumbai.

Conclusions

- Respondents are not satisfied with the tax rates under GST on services.
- GST On Railways Travels in AC class is high, on Goods and Transport the tax rates is average. Even on Cab Aggregator the rates are high.
- Respondents says that the services rates after GST on Air Lines Travels in economy class is average and in business class is high.
- Respondents says that the rates charged is high on restaurants on AC and liquid licence and 5 star restaurants.
- Respondents says that the rates charged is high on hotels and lodge.
- Respondents says that the rates after GST on Financial and Telecom Services Cinema, Gambling, and Horse betting are high.
- Respondents perceived GST as a very good tax reform for India though at the same time they also agreed that GST has increased tax burden on common man.
- However, the perception is strongly opposite about understanding GST.

Suggestions

After drawing findings and conclusions the researcher has drawn certain suggestions which are as below:

- The government should try to make people understand about GST and GST complexities.
- Some of necessity product and services should be removed from the bracket of GST and products liquor should come in the bracket of GST. Revision of GST should bring to the notice of consumers as they didn't know anything and sellers are fooling them.
- GST rates should be revised in favour of consumers on necessary services.
- GST has affected the life of a middle class person, specially the service class and the average householders. The government needs to work out on GST and find out the impact of GST on an average consumer.
- The government should take public votes or their suggestions on polls on GST, because everyone is not happy with the changes. GST has affected the common people's savings and expenses.
- The government must publish notification on changes in GST if any in all regional languages so that layman can also understand the changes in Tax structure of GST.

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