

## **AWARENESS ABOUT GST AMONG THE RETAILERS IN CHINTAMANI CITY: A STUDY**

---

Narasappa.P.R\*

### **ABSTRACT**

*Goods and Services Tax (GST) which replaces all indirect taxes in Indian tax system. It is an important tax reform carried out in India after Independence. The GST system will pave way for a single unified market across 29 Indian states. As per experts, GST will be beneficial for the Indian economy as a whole and it is expected that the gross domestic product (GDP) of the country will increase in long term. The new tax system is expected to change the way of the retail traders business and the tax policies with which they comply. The entire nation including policy makers in the Parliament, trade and businessmen or common man have debated about the introduction of GST as a new system of taxation before its introduction. In this paper an attempt has been made to find out the awareness about the new tax system among retail traders in Chintamani city which is a major contributing city in retail business in the share of economic growth of chikkaballapur district in total. The study has found that a majority of the respondents are aware of the GST system. A large number of retail traders are still not prepared to adopt the new system.*

---

**Keywords:** GST, Retailers, Taxation, VAT, Incidence.

---

### **Introduction**

Major source of revenue for any country would be from taxes imposed by governments on its people and businesses. India gets its revenue from direct and indirect taxes viz., Income Tax, VAT, Service Tax, customs and excise duty among others. The government of India has been continuously reforming its tax structure since independence. The passing of Goods and Services Tax Bill by the Parliament recently is the biggest taxation reform carried out by the country after Independence.

GST will impact the tax structure, tax incidence & tax computation, tax payment, and reporting, leading to a complete overhaul of the current indirect tax system. With the implementation of GST, most important three sectors will benefit such as 1) Retail, 2) FMCG and 3) Consumer durables companies and logistics business. Now, it is time to introspect whether these sectors are completely aware of this change to come. Specifically the retail sector is the most nearest sector to common public, which needs to have immediate awareness about the tax norms.

### **Statement of the Problem**

An attempt is made in this paper to understand the awareness about GST among the retail businessmen and how the businessmen ready to adopt it. Following questions were raised to find out the objective of this study. Whether the retailers are aware of the changing tax structure from VAT to GST? How prepared are the retailers in adopting GST? So, the present study which is appropriately titled as **“Awareness about GST among the Retailers in Chintamani City – A Study.**

---

\* Assistant Professor of Commerce, GFGC & PG Center (Affiliated to Bengaluru North University) Chintamani, Chikkaballapura, Karnataka, India.

### Scope of the Study

The scope of this study is confined to Chintamani city of Chikaballapur district in Karnataka only. This study does not touch upon any other issues other than those mentioned above.

### Objectives of the Study

The general objective of the study is to assess the awareness of Goods and services Tax (GST) implementation in the country, which is broken into two specific objectives:

- To study the awareness about GST amongst the retail businessmen in Chintamani city.
- To assess preparation made by the retailers towards adopting GST.

### Research Methodology

**Methodology** : Survey method.

**Data Required** : Primary and Secondary data.

**Sources of data** : Primary data (Retailers of different types of business).

: Secondary data (books, journals, magazines and websites).

**Sample Design** : Convenience sampling method.

**Sample Size** : 50 Retailers.

**Sample area** : Chintamani City of Chikaballapur district in Karnataka.

**Data collection instrument** : A questionnaire having 25 questions

**Data collection method** : Direct personal interview.

**Data presentation** : Percentage analysis, Frequency tables.

### Limitations of the Study

- The time, cost and the resources were the major constraints during the completion of this study.
- The sample size used was less and it was taken to be representing the entire population. Hence it may not reflect on all the retailers.
- In most cases the retailers were not responding to the questions in the schedule seriously and directly.
- Respondents' views and opinions may hold good for the time being only. The opinions of the respondents may change any time depending upon the nature of the business.

### What is GST?

GST or Goods and Service Tax is that tax is brought into effect in order to replace all the other indirect taxes imposed by the state and central government. It is levied on manufacture, sale and use of the goods and services. The amount collected after levying GST will be used to uplifting the economic growth of the country.

Goods and Service Tax is imposed by the government as a sort of Value Added Tax on the goods one purchases or services one enjoys. The tax collected by the business organisations (individual or an organization) is handed over to the government imposing the tax.

The Goods and Service Tax aims to bring all of the indirect taxes under one category. The GST Bill was introduced in the Lok Sabha as the Constitution (122<sup>nd</sup> amendment) Bill 2014, by honorable Finance Minister Arun Jaitley on 19th December 2014. The parliament passed the bill on 6th May 2015 with a 352 votes favouring and 37 votes against. Rajya Sabha passed the bill on 3 August 2016, and Lok Sabha passed the amended bill on 8 August 2016. The GST is touted to push India up in World Bank rankings for 'ease of doing business' index and boost economic growth by reducing corruption & removing the contradictory tax policies between state and centre. GST will merge the state and central taxation process by bringing down double taxation and making way for a common market for the entire country.

### How GST Will Work?

GST, once implemented, it will club all indirect taxes of State and Central into Central GST and State GST, thus erasing the borders between states and making India a common market place. This will enable the manufacturer or the traders to claim the taxes paid while adding value during the manufacturing, distributing, and retailing process. This inturn will reduce the tax burden on the end

consumer. Customer will have to pay only the tax charged by the last dealer in the chain of supply. GST removes multiple taxations and brings a greater transparency and simplicity in the payment process of taxes to the government. However the downside is the GST rates in India, might actually be higher than the current rates for some goods and services. The tax applicable on products being imported and exported across the states will be taken care of by Integrated GST (IGST) to avoid messing up Central GST (CGST) and State GST (SGST).

#### Advantages of GST System

- The GST being a federal law prevents the states have their own taxation laws on goods and services.
- Makes the taxation system easier to understand and cost effective in terms of implementation.
- Tax evasion and fraud will be drastically reduced as tax offsets can be reclaimed only on paying the taxes originally. The manufacturers will have to purchase from individuals or organizations who pay taxes in order to receive benefits.
- Goods for other states during manufacturing can be bought at cheaper rates.
- The final price of products will be much cheaper due to reduction in multiple taxes (Tax Cascading)

#### Disadvantages of GST System

- Stamp Duty will continue to be imposed by the state governments as it doesn't fall under GST.
- In the current taxation system, some goods and services are exempt from taxes. That will not be the case with GST as it will have minimum exemption. Thus, the taxation system in practice levies steep taxes on very few items, GST will impose low taxes on almost all items.

#### Analysis and Interpretation

**Table 1: Demographic Profile of Respondents**

Particulars	No of Respondents	Percentage
No of Respondents	50	100
<b>Gender</b>		
Male	35	70
Female	15	30
Others	00	00
<b>Age group</b>		
20-30	12	24
30-40	16	32
40-50	12	24
50 & above	10	20
<b>Literacy Level</b>		
No Education	02	04
Upto primary	16	32
Upto Secondary Education	15	30
Upto Graduation	12	24
Others	05	10
<b>Marital Status</b>		
Married	46	92
Unmarried	04	08

**Table 2: Sources of Information about tax payment**

Particulars	Frequency	Percentage
Chartered Accountant	10	20
Media	35	70
Government Notification	02	04
Friends & Relatives	10	20
Customers	03	06
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 3: Reasons for tax payment**

Particulars	Frequency	Percentage
Govt. Regulation	30	60
As a National Responsibility	06	12
Advice by Tax consultant	10	20
Normally/Routine	04	08
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 4: Benefit of GST**

Particulars	Frequency	Percentage
Useful	05	10
Transparent	15	30
One Point Payment	05	10
Reduces tax	20	40
No Cascading	05	10
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 5: Mode of tax payment**

Mode of payment	Frequency	Percentage
Payment through e-portal personally	05	10
Tax consultant's/CA's advice	45	90
<b>Total</b>	<b>50</b>	<b>100</b>

**Table 6. Accept the change in tax system**

Particulars	Frequency	Percentage
Yes	40	80
No	05	10
No Reply	05	10

**Table: 7. Investment (in Rupees)**

Particulars	Frequency	Percentage
Below 10,00,000	14	28
10,00,000 to 20, 00,000	15	30
20,00,000 to 30,00,000	10	20
30,00,000 to 40,00,000	05	10
40,00,000 and above	06	12

**Table: 8. Awareness about GST**

Particulars	Frequency	Percentage
Yes	45	90
No	05	10
<b>Total</b>	<b>50</b>	<b>100</b>

**Table: 9. Ready for GST implementation**

Particulars	Frequency	Percentage
Yes	14	28
No	30	60
Do not Know	06	12
<b>Total</b>	<b>50</b>	<b>100</b>

**Findings**

- 70% of the respondents are males.
- More number of respondents is found under the age group of 30 – 40 years.
- 04% respondents have no education and 32% respondents studied up to primary school level only. 30% are having higher secondary education.
- 92% respondents are married and 8% are unmarried.
- 70% of the respondents have got the awareness from Media notifications.
- 20% respondents got the information from Chartered accountants/tax consultants and 20% got information about GST from friends and relatives.
- 60% of the retailers under study opined that the tax payment is a government regulation, 20% of

the retailers are still depending on the Tax consultant's advice. Only 12% of them are of the opinion that tax payment is a national responsibility.

- 40% of respondents expressed their opinion that GST will reduce tax. 30% of respondents opine that GST will bring transparency. 10% of respondents feel that GST is useful.
- 10% of the retailers are aware and prepared to pay tax online. 90% of respondents prepared to pay tax as per the advice of the Chartered accountant's or tax consultant.
- 80% of respondents are ready to accept the change in the tax system.
- 28% of respondents invested capital below 10 lakh rupees. 30% of respondents invested as capital of 10 to 20 lakh and 20% of respondents invested capital of 20 to 30 lakh rupees.
- 90% of the respondents are aware of GST.
- 28% of the respondents are ready for implementing GST and remaining 72% are not ready.

### Suggestions

Based on the analysis of the data collected the following recommendations can be made.

- Only few retailers are aware and prepared to pay tax online, there is a scope for improving this percentage by spreading awareness among the retailers by adopting suitable campaigns on tax awareness.
- Though retailers under study have shown great awareness about the change that is going to come, but major proportion (90%) of them are still depending upon the tax consultants' advice for making tax payment and are not auto taxpaying business still. This also tells us that the policy makers to launch effective campaigns to train such small tax payers in such a way that they would make payment as a routine instead of one time settlements at the end of the accounting year.

The recommendations are limited to the scope of the study area only and many such steps must have already been taken by the Government of India.

### Conclusion

As on today many countries in the world have adopted GST as part of their tax system. But, in India GST implementation is challenging task. From this study, it is found that the awareness about GST is fairly high and the readiness in adopting the system is very low percentage among the respondents. But, they are prepared to pay GST. Implementation of GST resulted in decrease of cost of the goods and increase of services cost. There is still few of retailers who have resistance for change. Whereas respondents have shown positive interest about the benefits of GST such as transparency, reduction in tax, reduction in cascading effect, etc. To conclude, the GST will definitely bring more positive changes and encourages to the growth of nation's economy in the long run.

### References

1. <http://www.sjcc.edu.in/pdf/gst.pdf>
2. <http://blog.bizongo.in/2017/03/11/how-will-gst-affect-online-sellers-ecommerce-platform/>
3. <http://www.moneycontrol.com/news/business/stocks-business/tulsian-tells-how-gst-will-impactunorganised-sector-1033832.html>
4. <http://ijifr.com/pdfs/save/19-12-20167371JIFR-V4-E4-005.pdf>
5. <http://www.thehindu.com/business/gst-positive-for-auto-cement-real-estate-negative-for-oil-gas-traditional-retail-fitch/article19303270.ece>
6. <http://taxguru.in/goods-and-service-tax/impact-gst-textile-sector.html>
7. <http://www.gstindia.com/tag/textile-industry/>
8. <http://www.reachaccountant.com/erp-software-pos-software-blog/composition-scheme-gst/>
9. <http://www.grabon.in/understanding-gst-for-dummies-complete-guide/>
10. <http://www.onlinegst.in/impact-of-gst-on-dealers-and-retailers/>
11. <http://www.vccircle.com/how-gst-will-impact-indian-retail-biz/>
12. [http://www.business-standard.com/article/economy-policy/gst-impact-small-businesses-could-under-report-income-initially-11704200084\\_1.html](http://www.business-standard.com/article/economy-policy/gst-impact-small-businesses-could-under-report-income-initially-11704200084_1.html)
13. <http://www.moneylife.in/article/how-gst-will-affect-small-businesses/50063.html>
14. [http://en.wikipedia.org/wiki/Chintamani,\\_Karnataka](http://en.wikipedia.org/wiki/Chintamani,_Karnataka).

