

Level of Awareness and Knowledge about GST (Goods and Services Tax) in Haldwani

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Abstract

GST is a single and destination based tax which will be levied at the time of consumption of goods and services. It will be levied only on the additional value so that credit of inputs taxes already paid (at the time of purchase of inputs) can be availed. Thus, ultimate consumer will bear the GST that will be charged by the last dealer in supply chain, with set off benefits at all the previous stage. It has been three years since the inception of GST therefore; the study was conducted with an aim of assessing the level of knowledge about GST among respondents in Haldwani, Uttarakhand. Primary data for the study was collected with the help of well-structured questionnaire. Chi-square, mean, and standard deviation were utilized as tools for analysis. The analysis leads to the findings that 12 respondents have high level of knowledge about GST, 35 respondents have moderate level of knowledge and 13 respondents have low level of knowledge. Chi-square analysis leads to the findings that level of knowledge is independent of gender, age, educational status, and occupational status.

Keywords: GST, Indirect Tax, Level of Awareness, and Level of Knowledge.

Introduction

GST is one of the biggest indirect tax reforms that aimed to make the entire country as a unified common market a tax that will subsume different central and state tax. Prior the concept and implementation of GST (Goods and Services tax), the taxation system of India can be considered as a farrago of central, state and local area levies. By bringing together more than a score of tax under GST, a road to harmonized system of indirect tax has been paved making India an economic union.

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At International level, GST was first introduced in France and at present it is used by more than 160 countries as one of the significant tax tool. Depending on the socio economic infrastructure, most of the countries have introduced Dual GST or National GST.

In India the Act for GST was passed in the Lok Sabha on 29th March, 2017. It was finally implemented on 1st July 2017. The concept of GST works on the principle of VAT (Value Added Tax). It is a comprehensive levy and envisages collection of tax on both goods and services at single rate. Thus, any supply of goods and services will attract GST, unless kept out of the purview of the GST.

Literature Review:

Leemput and Wiencek (2017) in their research paper “The effect of the GST on Indian Growth” have tried to analyse the effect of changes in tax system through the lens of trade model. It was concluded that it is expected that GST will raise the overall Indian welfare and is projected to be an inclusive policy in that it would be welfare improving for all Indian States.

Lourdunathan, F. and Xavier, P. (2016) concluded on their research paper “A Study on implementation of goods and service tax (GST) in India: Prospects and challenges” that GST will bring Entire Nation under one tax market and overall GST will provide benefits and relief to consumers and producers by subsuming the various taxes and by providing comprehensive coverage of inputs tax credits set off. The paper revealed that implementation of GST will have positive impact on the various industries and sector like FMGC (Fast Moving Consumer Goods), Consumer Durables, Pharma, Automobiles, and warehousing and logistic industry. But, sectors like banking and financial services, telecom, air and road transport, construction and development of states will witness high inflationary impact.

Rani, S. (2017), in her study concluded that GST be beneficial for the citizens of the nation. It will save the producers and consumers from the drawbacks of earlier tax regimes and will provide relief to producers and consumers by providing wide and comprehensive coverage of tax credit set-off. It can be further concluded that GST have a positive impact on Indian sectors and industry.

Statement of the problem:

Introduction of GST will enable the nation to have a tax-system that is more comprehensive, transparent, business-friendly, and efficient. GST was a hot-burning topic in economy before its implementation and it has continued to remain a buzzword in the economy since its implementation.

A sudden shift in the paradigm of taxation has caused confusion and distortion in the economy. Frequent changes in the model, rate, and conditions of GST have significantly contributed in the ambiguity of the concept. The new concept and frequent changes in the model has been

troublesome for the business person, retailers, and consumers. In order to combat the confusion among consumers, small and large enterprises Government and its agencies are making effort to spread awareness about GST within entire nation. Sales and purchases are made on daily basis and these transactions require people to pay GST. Therefore, it is significant to know if people are aware about the GST and this study makes an effort to analyse the level of awareness and knowledge of GST and its implementation among customers and retailers in HALDWANI.

Objectives of the study:

To assess the level of awareness and knowledge among respondents on issue of GST in Haldwani,

To identify the socio-economic factors that affects the level of knowledge of respondents, and

To give suitable suggestions on the basis of findings of study.

Hypothesis

The following hypothesis is formulated for the objective and is tested:

H0: There is no significant association between demographic factors (age, gender, educational and occupational status) and level of knowledge on GST.

H1: There is significant association between demographic factors (age, gender, educational and occupational status) and level of knowledge on GST.

Research Methodology:

As the study determines the association of demographic factors with level of knowledge of GST therefore the research design adopted for this study is diagnostic research design. Haldwani city of Uttarakhand was selected as a study area. The study is based on the primary and secondary data.

Primary data:

To make the study more realistic and relevant primary data is collected from 60 respondents from different parts of Haldwani. A well-structured questionnaire was designed to collect the primary data.

The questionnaire is divided into three sections A, B and C respectively. Section A, containing 6 questions, reflects the socio economic profile of the respondents. Section B includes Questions 7 to 12 about the Basic information about GST. Question 13 relates to the second attribute that is Goods and Services exempted from GST. These include the goods and service that are completely exempt from the

GST and suppliers are not allowed to claim any input tax credit on the purchase of inputs.

Question 14 relates to the third attribute that is Goods and Services not covered under the purview of GST. It includes goods and services which are subject to VAT and service tax. Section C includes the 8 statements judging the level of knowledge with the help of Likert Scale.

Secondary data: The study was made more relevant by considering and utilizing secondary source like journalism newspaper, relevant website, and different books.

Tools used for analysis of data:

The study was conducted in order to know the level of awareness and knowledge of implementation of GST

among customer and retailer. The data so collected is analyzed with the help of techniques like Percentage and chi-square test. The level of significance for testing above hypothesis will be 5%.

Level of Knowledge among respondents:

Level of awareness and knowledge among respondents has been determined by given 8 statements. Likert scaling technique has been adopted to measure the level of awareness and knowledge about GST. The responses observed for each statement in the schedule has been scored. In order to measure the total score of respondents 5 points are given to Strongly Agree, 4 points are given to Agree, 3 points are given to Neutral, 2 points are given to Strongly Disagree, and 1 point is given to Disagree.

Table 1: Level of awareness among respondents through Likert Scale:

Statements	Strongly agree	Agree	Neutral	Strongly disagree	Disagree	Total
Understands GST and how it is implemented.	23%	28%	28%	18%	2%	100%
GST is a kind of indirect tax.	20%	23%	27%	13%	3%	100%
GST will abolish service tax, VAT, CENVAT, and other indirect tax.	27%	27%	40%	5%	2%	100%
GST will make India's tax system more efficient and transparent.	27%	40%	28%	5%	0%	100%
Main objective of introducing GST is to bring tax uniformity within nation.	25%	38%	33%	3%	0%	100%
GST will increase the price of goods and services.	17%	27%	37%	17%	3%	100%
GST will increase the revenue of the nation.	15%	38%	45%	2%	0%	100%
GST will burden customers.	7%	18%	27%	32%	17%	100%

Source: Computed data

Also, Level of knowledge among respondents is measured in three levels high, moderate, and low. For classifying data into high, moderate and low value of mean and standard deviation of 60 respondents has been determined. The calculated value of mean (\bar{X}) and standard deviation (S.D) is 3.38 and 1.21 respectively. If the score value of respondent is greater than $(\bar{X})+SD$ then level of knowledge is considered as high. If the score value of respondent is less than $(\bar{X})-SD$ then level of knowledge is considered as low. If the score value lies between $(\bar{X})+SD$ and $(\bar{X})-SD$ then the level of knowledge is considered as moderate.

Therefore,

$$(\bar{X})+SD=3.38+1.21=4.59$$

$$(\bar{X})-SD=3.38-1.21=2.17$$

$$(\bar{X})+SD \text{ to } (\bar{X})-SD=4.59 \text{ to } 2.17$$

Table 2: Level of knowledge about GST:

S.no	Level of knowledge	Number of respondents
1.	High	12
2.	Moderate	35
3.	Low	13
	Total	60

Source: Computed data

From, the above table it can conclude that 12 respondents have high level of knowledge about GST, 35 respondents have moderate level of knowledge and 13 respondents have low level of knowledge.

Testing of hypothesis:

Chi-square test is used for testing the hypothesis in the respective study. Chi-square is a non-parametric test that is

used as a test of independence. As a test of independence chi-square enable us to explain if two attributes are associated or not. The hypotheses were formulated for objectives and are tested at 5% level of significance.

Table 3: Chi-Square Results

Socio-Economic factors	Calculated value of Chi-Square	Degree of freedom	Table value of Chi-square	Results
Gender	0.078542	2	5.991	Insignificant
Age	0.650711	6	12.592	Insignificant
Educational status	0.232718	6	12.592	Insignificant
Occupational Status	0.123427	6	12.592	Insignificant

Source: Computed data

From the above table it can be observed that calculated value of chi-square is less than the table value of chi-square at 5% level of significance, therefore, all the null hypothesis are accepted which means level of knowledge is independent of gender, age, educational status, and occupational status.

Findings and Conclusions:

From the study, it is evident that even though most of the respondents are aware about GST and its implementation but most of them have limited knowledge about GST. This is because most of the respondents chose to answer neutral when they were asked about GST.

Other findings of the study are as follows:

It is evident from the survey that majority of the respondents (55%) are male.

It is observed that 64% of the respondents fall within the age-group of 18 to 25 years.

The study revealed that 45% of the respondents are post graduated.

The study declares that 53% of the respondents are students.

It is evident that 88% respondents are aware about the meaning of GST.

It can be concluded that 68.33% of respondents are aware about adoption of GST in India.

It can be concluded that 42% of respondents are aware about the country that first adopted GST and remaining 58% are unaware about the same.

The study reflects that respondents are partially aware about the rate slabs of GST in India.

It is evident from the study that more than 50% of respondents are aware about application of GST.

The study revealed that level of awareness about basic information is moderate among respondents.

It is evident from study that respondents are not completely aware about the goods exempted from GST.

It can be observed that respondents do not understand the difference between goods and services exempted from GST and goods and services not covered under purview of GST. It is evident from above that respondents are not aware about goods not covered under the purview of GST.

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From, the above study it can conclude that 12 respondents have high level of knowledge about GST, 35 respondents have moderate level of knowledge and 13 respondents have low level of knowledge.

It is evident from study that level of knowledge is independent of gender, age, educational status, and occupational status.

Suggestions and conclusion:

GST is one of the buzzword within the nation since the proclamation of its implementation was made on July 2017. GST was adopted by Indian Government with an aim to make a unified tax system. GST has been considered as one of the main instrument to raise the revenue of the nation. The more revenues gained by the government, more benefits will be gained by the nation. Thus, doing so

requires the cooperation and commitment from academicians, parties, professionals, students, and customers. The clear understanding of the concept will enable the adequate and efficient implementation of GST.

In order to bring the clear understanding of GST government among academicians, parties, professionals, students, customers, and others following suggestions can be considered:

- Adequate and relevant fundamental information should be provided to increase and improve the understanding of the general principle of GST by organizing seminar, talk, training, course and forum.
- GST should be included as the part of the curriculums in the colleges and universities.
- Forums should be made at each level so that doubts of retailers and consumers can be eliminated.
- Government should emphasis the public particularly the students to understand the innovations happening in the tax system. Therefore, some aspects need to be observed for example, definition of the terms used the scope of the GST's implementation, a specific list of goods and services that subject to tax and most important, they comply and adhere to the rule and regulation fairly and in transparent manner so that the end users are not burdened with the reforms made.
- The government can appoint agent in each area of the nation who can help new and small business to get them registered under GST.

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