

**A STUDY ON AWARENESS AND PERCEPTION ON IMPLEMENTATION OF GST ON  
VARIOUS STAKEHOLDERS IN BANGALORE**

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**ABSTRACT**

Introduction of GST would result in abolition of multiple taxes on goods and services; it reduces compliance cost, litigation, corruption, inflation and removes the cascading effect of tax. It helps to improve the production in the country and increases the GDP level. The topic is selected to analyze the pros and cons of introduction of GST in Indian scenario and to test the awareness level and the perception of various stakeholders towards GST. On this line the analysis of various provisions and benefits of GST is analyzed in detail. In highly competitive world, to analyze the mechanism, awareness level and need for introduction of goods and service tax is highly necessary. The GST act is to replace all other indirect taxes. Hence the study states the need for the GST act and also states the awareness level and perception of stakeholders (Bangalore). The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. Integration of various taxes into a GST system will bring about an effective cross-utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

**Keywords:** Investing Investor, Cascading effect, Economic growth, Tax consumption.

**Introduction**

Goods and Service Tax or GST as it is known is all set to be a game changer for the Indian economy. In India, there are different indirect taxes applied on goods and services by central and states government. GST is intended to include all these taxes into one tax with seamless ITC and charged on both goods and services. Thus, excise duty, special additional duty, service tax, VAT, to name a few will get repealed and will be added into GST. For this, GST will have 3 parts – CGST, SGST AND IGST. The central taxes like excise duty will be subsumed into CGST and state taxes like VAT into SGST. Under this system, the consumer pays the final tax but an efficient input tax credit system ensures that there is no cascading of taxes – tax on tax paid on inputs that go into manufacture of goods. In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross utilization of credits. The current system taxes production, whereas the GST will aim to tax consumption.

**REVIEW OF LITERATURE**

- **Ehtisham Ahmed and SatyaPoddar(2009)**, studied, “Goods and Service Tax Reforms and International Consideration in India” and found that GST introduction will provide simpler and transparent tax system with increase in output and productivity of the economy in India. But the benefits of GST are critically dependent on rational design of GST.
- **Dr. R. Vasanthagopal (2011)** studied, “GST in India: A Big Leap in the Indirect Taxation System “ and concluded that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance and a new preferred form of indirect tax system in Asia also.
- **Nithin Kumar (2014)** studied, “Goods and Service Tax – Away Forward” and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.

- **Pinki, SupriyaKamma and RichaVerma (2014)** studied, “Goods and Service Tax – Panacea for indirect tax system in India” and concluded that the new government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.
- **GirishGarg Assistant professor of Delhi University (2014)** studied, “Basic Concepts and Features of Goods and Service Tax in India”. The paper is an analysis of what the impact of GST (Goods and Services Tax) will be on Indian Tax Scenario. Here stated with a brief description of the historical scenario of Indian taxation and its tax structure.
- **AgogoMawuli (may2014)** studied, “Goods and service Tax –An Appraisal” and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% of growth.

### **OBJECTIVES**

1. To Study the mechanism and model of GST to be implemented in India.
2. To Study the perception of stakeholders for the implementation of GST in India
3. To Study the awareness about implementation of GST in India
4. To Study the probable impact of implementation of GST on consumers

### **SCOPE OF THE STUDY**

The study will be able to reveal the preferences, needs, awareness, perception, expectations of the introduction of GST. The main purpose of the study is to know the indirect taxes, proposed model of GST, needs, benefits, hurdles, mechanism of GST, to test the awareness level and perception of the stakeholders i.e.; Chartered Accountants, Academicians. It covers the advantages and disadvantages that will arise due to introduction of GST which would subsume other indirect taxes. The study is limited to Bangalore only.

### **RESEARCH METHODOLOGY**

Research design is a search of facts, answers to questions and solution to the problem. It is a prospective investigation. Research is a systematic logical study of an issue or problem through scientific method. It is a systematic and objective analyzes recording of controlled observations that may lead to the development of generalization, principles, resulting in prediction and possibility ultimate control of event. Research design is the arrangement of conditions for the collection and analyzes of data in manner that aims to combine relevance to the research purpose with relevance to the economy. This study is based on the descriptive research design.

#### **Type of research Design**

Descriptive and analytical in nature

#### **Sources of Data:**

This project is based on the primary data as well as secondary data.

#### **Primary Data**

Primary Data is collected by administering structured Questionnaire to the respondents.

#### **Secondary Data**

Secondary data are those which have already been collected by some other persons for their purpose and published. For this study secondary data was extracted from internet (websites), Journals, books and articles.

#### **Sampling technique:**

The sampling technique used is non-probability sampling.

Convenient sampling technique.

#### **Sample size**

The sample size is limited to 100 respondents from Bangalore. The respondents included are various stakeholders.

Sl.no.	Category of Respondents	No. of Respondents
1.	Chartered Accountants	50
2.	Academicians	50
	Total	100

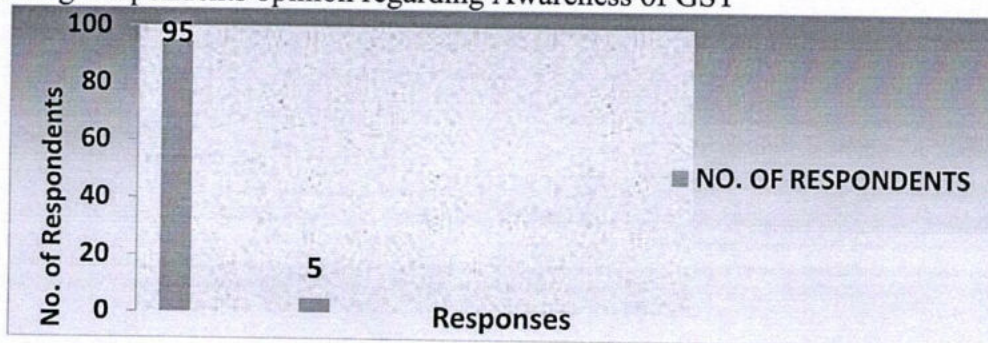
**Data Analysis and Interpretation**

**Awareness level**

Table No 1: showing Respondents opinion regarding Awareness of GST

Opinions	Number of Respondents	Percentage (%)
YES	95	95
NO	05	05
<b>TOTAL</b>	100	100

Chart1 : showing Respondents opinion regarding Awareness of GST



Inference:

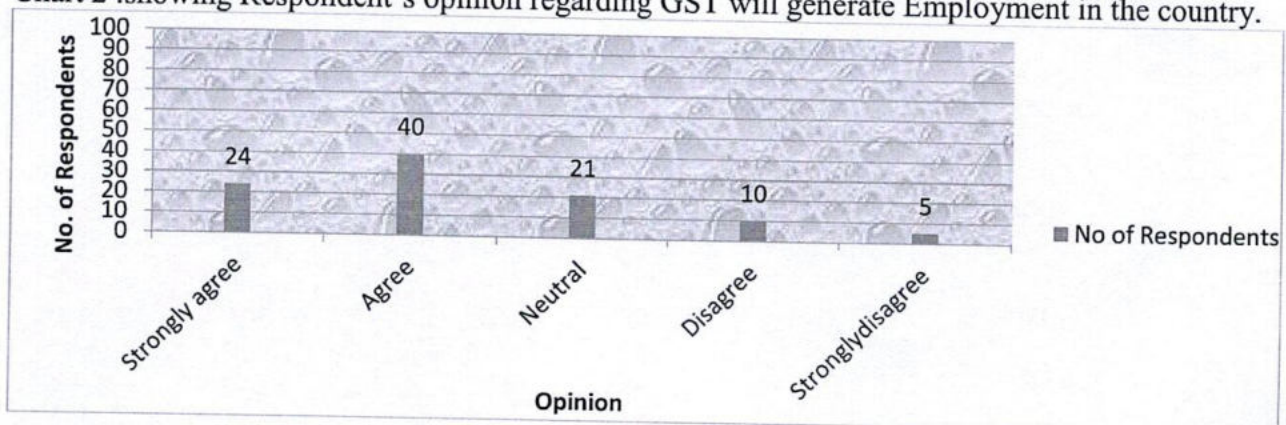
This question was to know the awareness of Goods and Service Tax. 95% of the respondents are aware of GST. The kind of awareness among respondents shows the interest of respondents in the GST. GST is the biggest reform in the field of indirect taxation is being implemented from July 2017. In India, there are different indirect taxes applied on goods and services by central and states government.

**Employment Generation**

Table 2: showing Respondent’s opinion regarding GST will generate Employment in the country.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	24	24
Agree	40	40
Neutral	21	21
Disagree	10	10
Strongly disagree	05	05
Total	100	100

Chart 2 :showing Respondent’s opinion regarding GST will generate Employment in the country.



Inference:

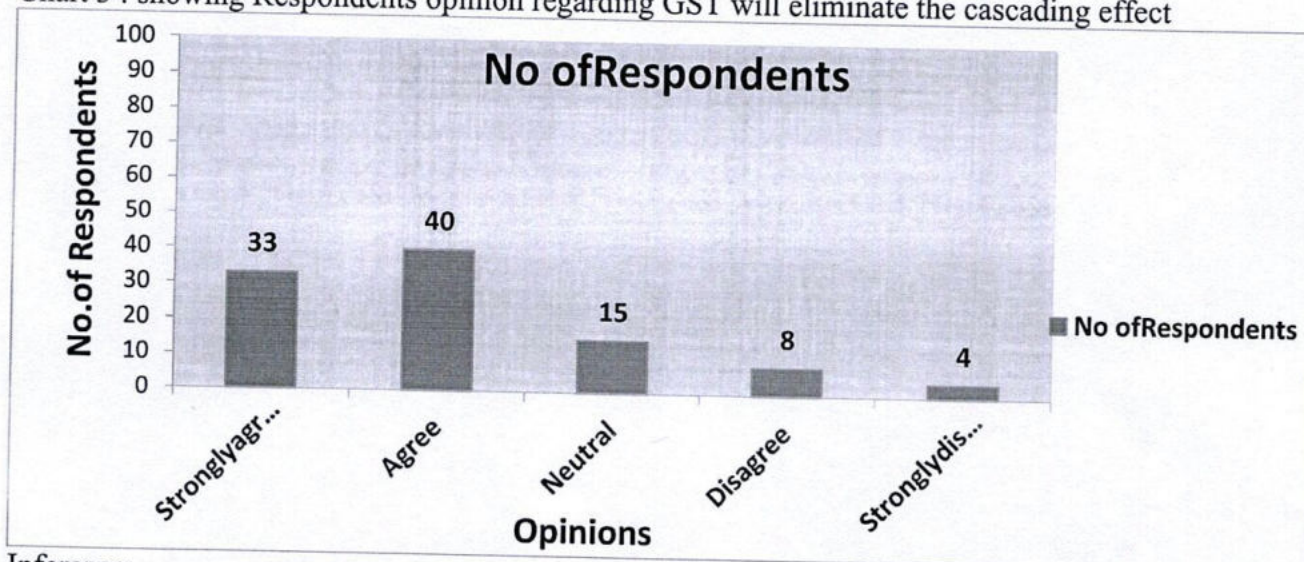
From the above more than 60% of respondents agreed that GST will generate employment by increasing the demand and supply of the goods which will eventually help in the economic growth. Such an economic development can definitely help in boosting up the employment in the country

**Cascading Effect**

Table 3 :showing Respondents opinion regarding GST will eliminate the cascading effect.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	33	33
Agree	40	40
Neutral	15	15
Disagree	08	08
Strongly disagree	04	04
Total	100	100

Chart 3 : showing Respondents opinion regarding GST will eliminate the cascading effect



Inference:-

From this we can conclude that more than 70% of respondents agreed that GST will eliminate the cascading effect. GST system provides seamless tax-credits i.e., reduces the burden of paying tax on tax throughout the value-chain and cross boundaries of states, would ensure that there is minimal cascading of taxes on goods and services. GST will bring a uniform taxation system in India, It will subsume many of the taxes collected by state and central government with a single tax this will eliminates cascading effect.

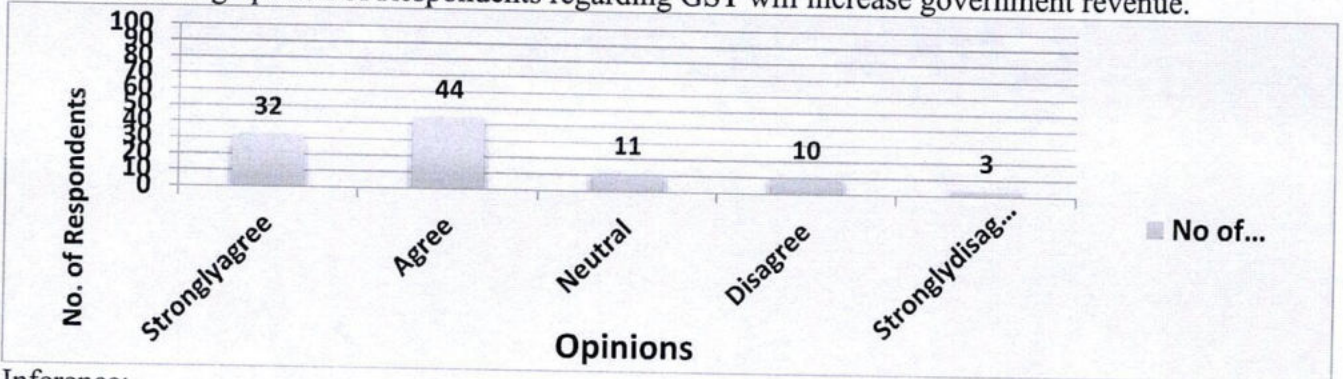
**Impact on Government revenue**

Table 4 :showing opinion of respondents regarding GST will increase government revenue.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	32	32
Agree	44	44
Neutral	11	11
Disagree	10	10

Strongly disagree	03	03
Total	100	100

Chart 4 :showing opinion of Respondents regarding GST will increase government revenue.



Inference:-

From the responses of this question it can be concluded that implementation of GST is going to increase the government revenue. The tax payers will pay taxes but understate their revenue, production and profits. With input and output reported and tax credit claims. Under GST, the suppliers as well as buyers won't allow an understatement because they would lose their tax credit, so a self-enforcing system is created and GST rates will be little high when comparing with the present system. This will lead to increase the government revenue.

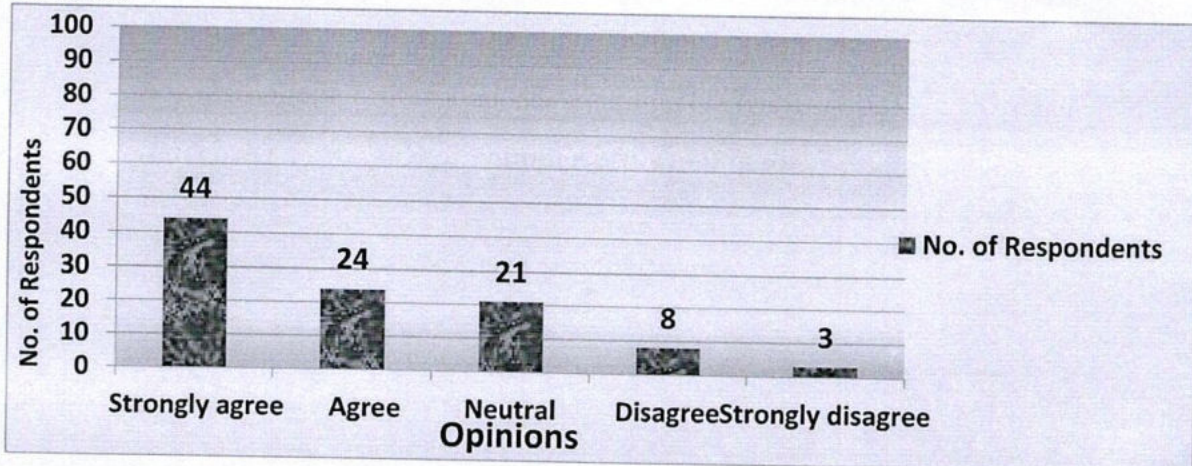
**GST is simplified and transparent tax structure**

Table 5: showing opinion of Respondents regarding GST is a simplified and transparent tax structure.

Chart 5: showing opinion of Respondents regarding GST is a simplified and transparent tax

Categories	Number of Respondents	Percentage (%)
Strongly agree	44	44
Agree	24	24
Neutral	21	21
Disagree	08	08
Strongly disagree	03	03
Total	100	100

structure.



Inference:-

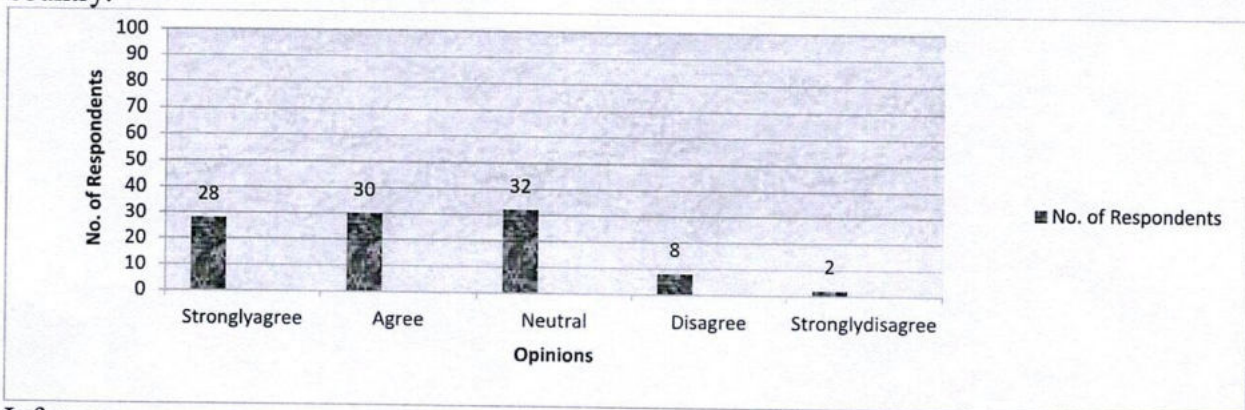
From the above chart we can conclude that GST is a simple and transparent tax structure. As “tax on tax system” will completely get removed from GST and tax system will be simplified. It subsumes many of the taxes collected by state government with a single tax to make a tax structure as a simple and transparent tax structure. Due to multiple indirect taxes being levied by the centre and state, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

#### Impact on production activities

Table6 :showing Respondents opinion regarding GST will increase production activities in the country.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	28	28
Agree	30	30
Neutral	32	32
Disagree	08	08
Strongly disagree	02	02
Total	100	100

Chart 6 :showing Respondents opinion regarding GST will increase production activities in the country.



Inference:-

GST will totally eliminate cascading effect from tax structure and tax system will be simplified. This will encourage manufactures to manufacture more and will also encourage new producers to produce and it will result in availability of goods and services to consumers at lower prices. These lower prices will create demand and demand creates the production. This will ultimately result in increase in the production activities of the country.

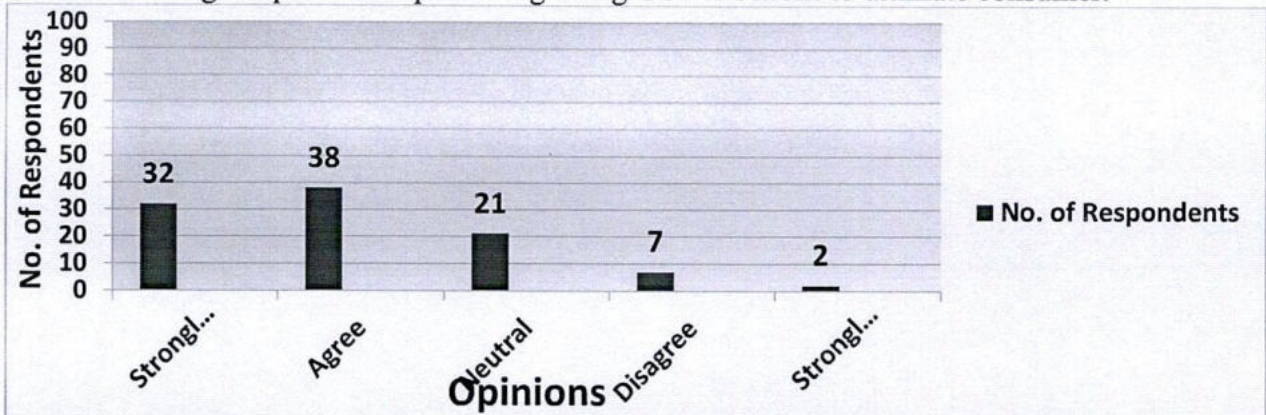
#### GST is Benefit to ultimate consumer

Table7 : showing Respondents opinion regarding GST is benefit to ultimate consumer.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	32	32
Agree	38	38
Neutral	21	21
Disagree	07	07

Strongly disagree	02	02
Total	100	100

Chart 7 showing Respondents opinion regarding GST is benefit to ultimate consumer.



Inference:-

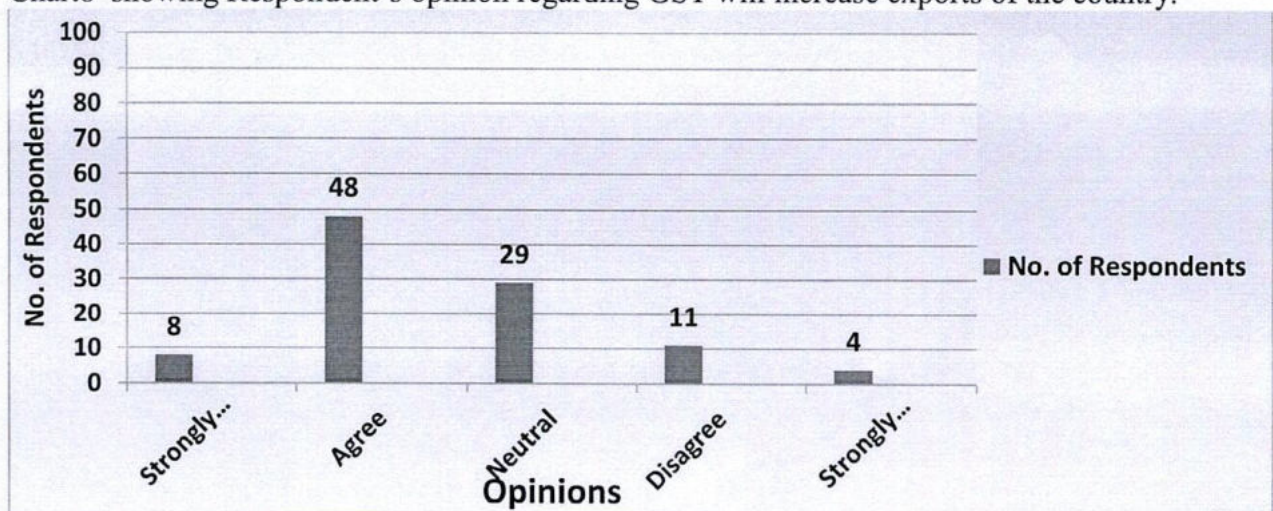
For consumer, GST will bring mainly 2 benefits, firstly cascading effect of taxes will be removed after implementing GST. This will reduce the cost of the products and ultimately it will help in lowering the prices of goods and services. Secondly, it will make entire India a unified market place with prices across states will not differ any more due to taxes. Relief in overall tax burden, because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down which will benefit the consumers.

**GST impact on exports**

Table8 : showing Respondent’s opinion regarding GST will increase exports of the country.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	08	08
Agree	48	48
Neutral	29	29
Disagree	11	11
Strongly disagree	04	04
Total	100	100

Chart8 showing Respondent’s opinion regarding GST will increase exports of the country.



Inference:-

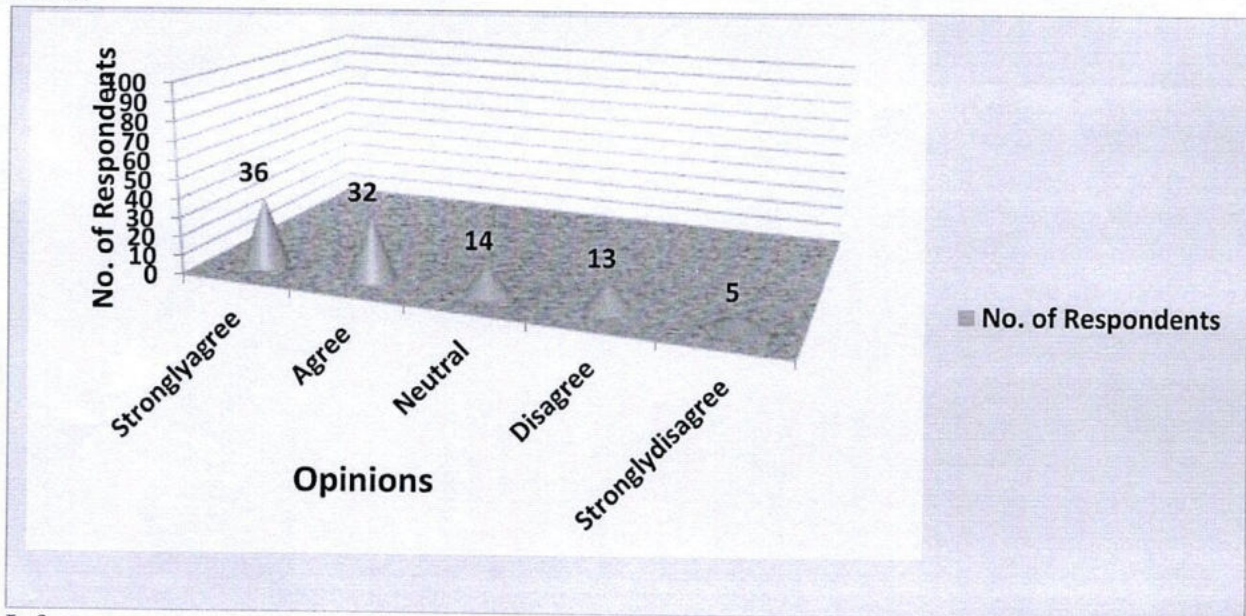
The above chart shows the opinion of respondents regarding GST will increase the exports. Most of the respondents thought that it will boost the exports; however exports have different provisions and laws. The subsuming of major central and state taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of central sales tax would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian goods.

#### Benefits to consumption states

Table 9: showing Respondents' opinion regarding GST brings benefits to the consumption states.

Opinions	Number of Respondents	Percentage (%)
Strongly agree	36	36
Agree	32	32
Neutral	14	14
Disagree	13	13
Strongly disagree	05	05
Total	100	100

Chart9 : showing Respondents' opinion regarding GST brings benefits to the consumption states.



Inference:-

The system will change from the current production- based taxation to consumption based taxation. In the GST regime the state which are consuming are going to get more benefit not only Tamilnadu but all manufacturing states get badly affected because tax will get to those state where actual consumption takes place hence the consumption state will be more benefited from GST. For first five years there will be compensation from the central government to those states having losses.

#### FINDINGS:

- The basic principle governing behind GST is to have single Taxation System for Goods and Services across the country. Currently Indian economy has various taxes on goods and services after implementing the proposed GST there will be one taxation system.
- It has been founded that the 95% of Academicians and Chartered Accountants have awareness about the proposed Goods and Service Tax.
- Most of all the respondents have positive perception towards the Goods and Service Tax.



- Nearly 65% of respondents are agreed that GST will generate employment in the country theoretically GST will generate employment but when practically thinking will not generate employment however, GST helps in the economic growth of the country.
- 73% of the respondents agreed that eliminating of cascading effect of taxes after implementation of GST is going to benefit the society.
- More than 75% of respondents agreed that implementation of GST is going to increase the government revenue. The production increases and cost incurred to collection of taxes become less so increases government revenue.
- Exports are fully exempted with Zero rates
- Input Tax Credit: taxes paid against CGST allowed as ITC against CGST. Taxes paid against SGST allowed as ITC against SGST.
- 70% of the respondents have agreed that implementation of GST is going to benefit the ultimate consumer as prices are going to come down.
- PAN based identification number will be allowed to each tax paper to have integration of GST with Direct Tax.
- The proposed GST would lead to a simplified tax regime and minimum compliance cost and maximizing revenues as majority of the respondents have strongly agreed to it.
- The proposed GST would lead to a simplified tax regime and easier compliance norms thereby decrease in litigation/disputes and achieving easy of doing business.
- GST is a destination-based consumption tax, more revenue will flow to the states where consumption is more, which can be utilized for development of infrastructure so that there will be balanced growth of industries in the country.

#### **CONCLUSION:-**

The proposed GST will replace most of the existing multiple taxes such as excise duty, service tax, VAT with a single tax. The states and the union government will impose the tax on almost all goods and services produced in India or imported. Exports will not attract GST. Eliminating a multiplicity of existing indirect taxes will simplify the tax structure, broaden the tax base, and create a common market across states and federally administered districts. Implementation of comprehensive GST would be the ultimate finale of the fiscal reform process in India which was embarked upon a decade ago. Once implemented, it will accelerate economic growth and take India to a commanding position in the world economy. Conceptually GST is expected to have numerous benefits like reduction in compliances in the long run since multiple taxes will be replaced with one tax. It is expected to bring down prices and hence the inflation since it will remove the impact of tax on tax and enable seamless credit. Everyone cannot get benefited of everything; there will be always chances and margin for loss to some part of the society. We must accept the change in taxation system for the betterment of whole country.

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