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A STUDY ON IMAPCT OF GST ON PERCEPTION OF SMALL TRADERS IN VADODARA CITY: AN EMPIRICAL

Accountancy

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ABSTRACT

GST is a value-based indirect tax levied on the supplier's value added. GST has been implemented in over 160 countries, with France being the first to do so in 1954. GST was implemented in India on 1st July 2017, with the motto "one nation, one market, one tax." In the history of Indian taxation, the introduction of GST brought about revolutionary changes by combining all indirect taxes under a single umbrella. The current study's goal is to look into traders' and manufacturers' perceptions of GST, their level of satisfaction with GST implementation, and any significant differences between their perceptions and satisfaction. This study was conducted mainly in Vadodara city with a total of 111 respondents, a chosen at random structured questionnaire was used. the test was applied is One Way ANOVA test. The response ware collected from respondents using the Five point Likert scale and the results revealed that the level of perception is high and agree with the perception of small traders about the impact of GST. Small traders aware of GST but they don't aware about how to file return and also faced the challenges in implementation of GST.

KEYWORDS

GST, challenges faced by Small traders, Positive & Negative Impact, Provisions of GST

INTRODUCTION:

GST (Goods and Services Tax) is a value-based tax levied on the value added by the supplier when goods or services are supplied (Padmashree, 2010). GST was introduced in India on July 1, 2017, with the goal of "one nation, one market, and one tax. Because this broad-based comprehensive tax subsumed all indirect taxes or surcharges levied on the supply of goods or services before the 1st July 2017 in a single customised umbrella, the implementation of GST brought revolutionary changes in Indian taxation history. Multiple indirect taxes or surcharges, such as the central sales tax, VAT, services tax, central excise duty, purchase tax, and luxury tax, are eliminated. Our Honorable Prime Minister Narendra Modi referred to the GST as a "good and simple tax" in addition to a "goods and services tax. GST is a destination-based consumption tax that is collected by the state government of the state in which the goods or services are actually consumed. In India, a dual GST model is used, with the central and state governments having equal authority to levy the tax. This dual GST model is also used in the Brazilian and Canadian economies. Because both are levied on the value added by the supplier, GST is similar to VAT. However, GST is an improvement over VAT because in the VAT framework, different tax rates were charged in different states for the same goods, which made doing business in different states more difficult, whereas in the GST framework, the same tax rates are charged in all states of the country. The introduction of GST transformed India into a common economic market and made doing business in India easier, as there are no barriers to the movement of goods or factors of production between states in the form of entry taxes, octroi, purchase taxes, luxury taxes, and so on.

REVIEW OF LITERATURE:

- In their paper 'Goods and Services Tax in India – A Positive Reform for Indirect Tax,' Khurana, and Sharma, 16 (2016) highlighted the objectives of GST and reforms in India's indirect taxation system. Finally, after the implementation of GST, manufacturers, wholesalers, and retailers can easily recover input taxes in the form of tax credits.
- Shefali Dani in her 2016 research paper "An Impact of GST on Indian Economy" that the proposed GST is a weak attempt to rationalise the indirect tax structure. According to Dani, before implementing the GST regime established by various other countries and their dropouts, the Government of India should study it. Without a doubt, GST will make taxation easier than it was previously, but during that time, the government must make an effort to protect the country's poor population, who will be impacted by GST's implementation.
- Harjinder Kaur 2018 has studied public awareness, knowledge, and understanding of GST in India, and the researcher discovered that consumers have received less information and promotions about GST, indicating that most of them lack information on GST, which leads to a negative perception of GST. The author also suggested that the government should take steps to implement extensive public education programmes in order to successfully implement GST.
- Gandal, Vinayak Revji In 2018, researchers investigated GST awareness among traders in Khalapur, Taluka of Raigad District, Maharashtra. Through this research, we discovered that traders supported the implementation of GST and were well-versed in its new provisions. According to this study, the government should organise new orientation programmes in rural areas to raise awareness and include all traders in the country's largest tax reform.
- Aakanksha Uppal et al.2019 investigate the perceptions and awareness of small business owners in the Ghaziabad region. The majority of SBPs have admitted that they had the wrong perception of GST, which was due to false information shared with them by people who are incompetent to make comments on such topics. They believe that the government could have taken a more proactive approach by providing them with training and software that would have highlighted the simplicity and benefits of GST.

RESEARCH METHODOLOGY:

OBJECTIVES:

- To study small traders awareness about the provisions of GST.
- To study the challenges faced by traders in implementations of GST.
- To study small traders perception about Positive & Negative impact of GST on business.
- To study small traders satisfaction with the provisions of GST.

STUDY AREA:

Vadodara city of Gujarat state.

SAMPLE SIZE:

The sample size is 150 small traders in Vadodara city. Among the 150 respondents, 37% is taxpayer or 63% is non-taxpayer. Among all respondents 39 traders have rejected to answer the survey questionnaire and hence present research analyses the response of 111 traders who have responded to the questionnaire. The data was collected through questionnaires designed on Likert scale.

DATA COLLLECTION METHOD:

The study in mainly based on primary. The data was collected through questionnaires designed on Likert scale. Which includes traders of Taxtile (ready made garments), parlour, provisions store (grocery or general store) and restaurants.

SAMPLING TECHNIQUE:

Judgment sampling has been used as the sampling technique of this research. The software used in this research is IBM SPSS version 20. The test are apply One Way ANOVA test.

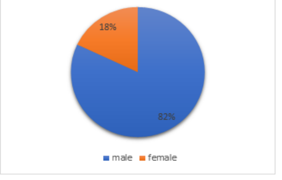
SCOPE OF THE STUDY:

The scope of the study confined to perception of small traders in Vadodara city which includes the satisfaction with the provisions of GST, Positive and Negative impact of GST on business, challenges faced by traders in implementation of GST.

Demographic profile:

TABLE 1: Gender

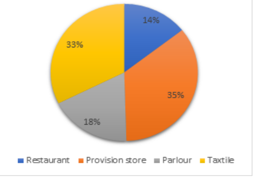
Gender	Responded
Male	91
Female	20



Interpretation of table 1: This table shows that 82% male & 18% female in the data analysis. Male are more interested about the data analysis and questionnaire about the GST.

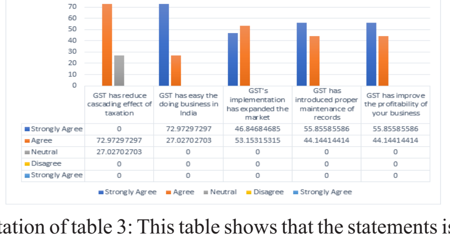
Table 2: Business sector

Business sector	Responded
Restaurant	16
Provision store	39
Parlour	20
Taxtile	36



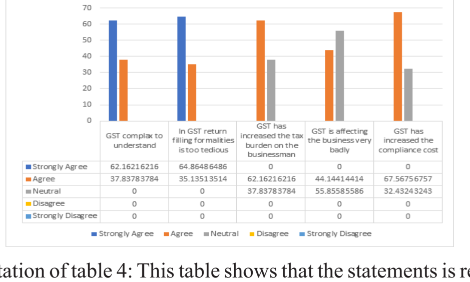
Interpretation of table 2: In this table Restaurant are 14%, Provision stores are 35%, Parlour are 18% and Taxtile (ready made garments) are 33%.

The following statement related to positive & negative impact of GST on business:



Interpretation of table 3: This table shows that the statements is related to positive Impact of GST on 5 point Likert scale with start with 5 (strongly agree) to 1 (strongly disagree). Small traders are marks the opinion about the positive impact of GST are all questions are mostly traders answer is strongly agree or agree with this statements and No one else the traders are disagree with this statements.

Table 4: Negative Impact of GST On Business:



Interpretation of table 4: This table shows that the statements is related to negative Impact of GST on five point Likert scale with start with 5 (strongly agree) to 1 (strongly disagree). Small traders are Marks the opinion about the negative impact of GST are all questions are mostly traders answer is strongly agree or agree with this statements and No one else the traders are disagree with this statements.

HYPOTHESIS:

- H0: There is no significant difference in the opinion about GST and type of business.
- H1: There is significant difference in the opinion about GST and type of business.

Mark your opinion for the following statements related to POSITIVE & NEGATIVE impact of GST on business. A One-Way ANOVA was performed to compare the impact of four different business sectors. The following table shows the results of One-Way ANOVA test.

TABLE 5: Positive & Negative impact of GST on business.

ANOVA						
Perception of small traders about GST	Sum of Squares	D0F	Mean Square	F	Sig.	
GST has reduce cascading effect of taxation	Between Groups	14.456	3	4.819	69.339	.000
	Within Groups	7.436	107	.069		
	Total	21.892	110			
GST has easy the doing business in India	Between Groups	14.456	3	4.819	69.339	.000
	Within Groups	7.436	107	.069		
	Total	21.892	110			
GST's implementation has expanded the market	Between Groups	27.640	3	9.213	.	.
	Within Groups	.000	107	.000		
	Total	27.640	110			
GST has introduced proper maintenance of records	Between Groups	19.933	3	6.644	95.612	.000
	Within Groups	7.436	107	.069		
	Total	27.369	110			
GST has improve the profitability of your business	Between Groups	19.933	3	6.644	95.612	.000
	Within Groups	7.436	107	.069		
	Total	27.369	110			
GST complex to understand	Between Groups	18.886	3	6.295	93.267	.000
	Within Groups	7.222	107	.067		
	Total	26.108	110			
In GST return filling formalities is too tedious	Between Groups	8.990	3	2.997	19.661	.000
	Within Groups	16.308	107	.152		
	Total	25.297	110			
GST has increased the tax burden on the businessman	Between Groups	9.461	3	3.154	20.269	.000
	Within Groups	16.647	107	.156		
	Total	26.108	110			
GST is affecting the business very badly	Between Groups	18.500	3	6.167	74.391	.000
	Within Groups	8.870	107	.083		
	Total	27.369	110			

GST has increased the compliance cost	Between Groups	12.211	3	4.070	28.034	.000
	Within Groups	15.536	107	.145		
	Total	27.748	110			

INTERPRETATION:

In this table the test was applied is One Way ANOVA test. In this table shown the perception of small traders about the impact of GST. ANOVA test in the between the group & within the group of sum of squares , degree of freedom , mean square , figures are find out.

A one-way ANOVA revealed that there was a statistically significant difference in mean score between at least two group [F(3,107) = (69.339)]. This is table that shows the output of the ANOVA analysis & whether there is a statistically significant difference between our group means. We can see that the significance value is 0.00 (i.e, P=000) which is below 0.05.

Second question is GST has easy the doing business in India, the mean square of statement for the between the group is 4.189 and for within groups is .069. The calculated value of F-ratio is less than the table value, hence the null hypothesis is accepted. There is no significant level of four Business sector.

Third question is GST's implementation has expanded the market the value of F-ratio is zero in this table that means there is not acceptable or rejectable both are equal.

Fourth statement the above table shows that calculated value F-ratio is less than the table value, hence the null hypothesis is accepted. There is no difference in the mean score of four business sectors.

Fifth question is GST has improve the profitability of your business statement the above table shows that calculated value F-ratio is less than the table value, hence the null hypothesis is accepted. There is no difference in the mean score of four business sectors.

Sixth to tenth are the same as the one to five statement results. There is no significant difference in the opinion about GST and types of business.

FINDINGS & CONCLUSION:

The present empirical study on the perception of small trades about the impact of GST. Their satisfaction from GST's implementation and the significant difference between the awareness and perception about the impact of GST. It has been based in this study most of the respondents were agree with the all positive and negative impact of GST. GST is a new transformation in Indian Economy as a common economy market. It GST has reduced the number of laws as compare to previous indirect tax system, GST has reduced the tax burden as compare to previous indirect tax system, GST has defined the power of central and state government properly as compare to previous indirect tax system, GST has introduced more liberal tax system as compare to previous indirect tax system, GST has introduced more transparent tax system as compare to previous indirect tax system. But the respondents were also agree that GST has various challenges like Difficulty in getting GSTIN, Multiple revision of GST slabs, Increased cost of filling return, Dependency on professionals (Accountant, CA), Lack of Knowledge regarding GST etc. These are some of the major issues yet to be resolved. This study suggests that government should make training and awareness program to make the small traders are more understand about the GST and aware about all provisions of GST.

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