

# Customers Perception towards GST (Good & Service Tax) in Distt Jind, Haryana (India)

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**Abstract:** *This Research Paper Purpose to examine the key factor that has contributed to the Customers Perception towards Goods and service Tax (GST) in Jind region of Haryana. In this study, several identifiable variables were selected concerning tax knowledge, tax morale, tax compliance. Using questionnaire as a research instrument, 50 sets of questionnaires had been distributed. Multiple regression analysis was used to test cause of relationship among tax knowledge, tax morale, and tax compliance with tax payer's awareness on GST.*

**Keywords:** tax knowledge, tax morale, tax compliance

## 1. Introduction

Taxation is the inherent power of the state to impose and demand contribution upon persons, properties, or right for the purpose of generating revenues for public purposes.

Taxes are enforced proportional contributions from persons to property levied by the law making body of the state by virtue of its sovereignty for the support of the government and all public needs.

### 1.1 Taxation System

Tax system of raising money to finance Government. All governments require payment of money taxes from people.

Government use revenues to pay soldiers and police to build dams and roads, to operate schools and hospitals, to provide food to the poor and medical care facilities etc and also hundreds of other purposes without taxes to fund its activities, govt could not exist.

So, taxation is the most important source of revenues for modern government typically according for 90% or more of their income.

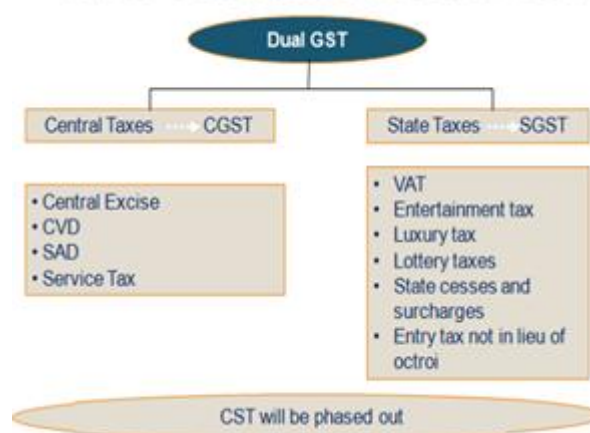
### 1.2 Concept of Goods and Service Tax (GST)

#### 1.2.1 Introduction of GST

The reference of GST was first made in the Indian Budget in 2006-07 by the Finance Minister Mr. P. Chidambaram as a single centralized Indirect tax. The GST constitution (122<sup>nd</sup>) Amendment Bill 2014 was introduced on December 19, 2014 and passed on May 06, 2015 in the Lok Sabha and yet to be passed in the Rajya Sabha.

The bill seeks to amend the constitution to introduce Goods and Services tax vide proposed new article 246 A. This article gives power to Legislature of every state and parliament to make laws with respect to goods and services tax where the supplies of goods or of service take place. Recently, Union Minister Mr. Arun Jaitley said that GST could be implemented as early as January 1, 2016.

## Taxes Subsumed in Dual GST



Note: The word bill may be interpreted as the constitution (122<sup>nd</sup>) Amendment Bill 2014.

#### 1.2.2 Meaning of Goods and Service Tax (GST)

Clauses 366 (12A) of the constitution Bill defines GST as “goods and service tax” means any tax on supply of goods, or services or both except taxes on the supply of the liquor for human consumption. Further the clause 366 (26A) of the Bill defines Services means anything other than Goods. Thus it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The proposed tax will be levied on all transactions involving supply of goods and services, except those which are kept out of its preview.

#### Purpose of GST:

The Two Important Purposes of GST are followings:

#### Single Umbrella Tax Rate:

GST shall replace a number of indirect taxes being levied by union and state government.

#### Removing Cascading Effect:

GST is intended to remove Tax on Tax Effect and provides to common national market for Goods and Services.

#### Types of Categories under GST rate:

The GST tax is levied based on Revenue Neutral Rate. For the purpose of imposing GST tax in India, the goods and

services are categorized into four. These are four categories of goods and services as follows:

#### Exempted Categories under GST in India:

The GST and council and other GST authorities notifies list of exempted goods. Such goods are not fallen under payment of GST tax. The authorities may modify or amend the list time to time by adding deleting any item if required by notification to public.

#### Essential Goods and Services for GST in India:

Essential Category of goods and services are charged very lower GST rate. Essential goods and services are the goods and services for necessary items under basic importance.

#### Standard Goods and services for GST in India:

A major share of GST tax payers falls under this category of Standard Goods and Service. A Standard rate is charged against the goods and services under this category.

#### Special Goods and Services for GST tax Levy:

Under special category of goods and services, GST rates would be high. Precious metals including luxury items of goods and services fall under special goods and services for GST rate implementations.

#### GST rates in India at a glance

Exempted categories: 0

Commonly used Goods and Services: 5%

Standard Goods and Services fall under 1<sup>st</sup> Slab: 12%

Standard Goods and Services fall under 2<sup>nd</sup> Slab: 18%

Special category of Goods and Services including Luxury Goods: 28%

#### Types of Goods and Service Tax in India:

- 1) CGST (Central Goods and Service Tax) :GST to be levied by the center.
- 2) SGST (State Goods and Service Tax ) : The GST is to be levied by the states is State GST (SGST) .
- 3) IGST (Integrated Goods and Service Tax ) : Integrated GST will be levied by the center and the states concurrently .

### 1.3 Objectives of the Study

- To Analysis customers perception regarding Goods and Service Tax (GST).
- To Asses Customers view regarding important of GST in Distt. Jind.
- To find out the perception and their views on new implemented taxation system.

## 2. Literature Review

The proposed GST is likely to change the whole scenario of current indirect tax system. It is considered as biggest tax reform since 1947. Currently, in India complicated indirect tax system is followed with imbrication of taxes imposed by unions and states separately. GST will unify all the indirect taxes under as umbrella and will create a smooth national market. Expert says that GST will help the economy to grow in more efficient manner by improving the tax collection is it will disrupt all the tax barriers between states and integrate

country by single tax rate.

GST was first introduced by France in 1954 and now it is followed by 140 countries. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system where tax imposed by central and state both. In India also dual system of GST is proposed including CGST and SGST.

- **According to Tan and Chin-Fat (2000)**, Malaysian understanding regarding GST was still low. Based on study conducted by Djawadi and Fahr (2013) pointed out that knowledge about tax is important to increase the thrust of authorities and also the citizens.
- **Tulu (2007)**, indicate that other factors such as taxpayers' attitude or morale found to be the result of lack of awareness has found to have little impact on taxpayers' attitude towards taxation. A lot of individuals or taxpayers might want to comply in full with the tax systems, but are unable to do so because they are not aware of and lack of understanding their full obligations. Even they understand their obligations they may not know how to comply with it because of there is no two way communications between the authorities and taxpayers. Dup (2014) claimed that the ability of taxpayers to comply with the tax laws have a strong relationship with tax awareness.
- **Ehtisham Ahmed and Satya Poddar (2009)** studied , “ Goods and service tax reforms and intergovernmental consideration in India ” and found that GST introduction will provide implies and transparent tax system with increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST.
- **(Saira et al, 2010)** , Based on the history of the implementation by the other countries around the world, most of the countries received a positive impact in terms of their revenue, despite the success of GST implementation the Malaysian citizens still feel uncertain with the GST, (Saira et al, 2010). The findings from the study showed that the majority of Malaysians not convinced with the GST system ,
- **Research by Mustapha and Palil (2011)** , stated that the influence of compliance behavior towards individuals' awareness has been proven in various researches. From the findings of Razak and Adafula (2013); Santi (2012) they found that taxpayers' awareness is significantly associated with tax compliance and this is also supported by study Jatmiko (2006).
- **International Journal of Scientist research and management (2014)**, Girish Gargh Assistant Professor from PGDAV College University of Delhi has published paper titled #Basic Concepts and Features of good and service tax in India. In this paper he has given the outline of GST and what does this tax system wants to achieve with threats and challenges opportunities that the free market economy can bring.
- **International Journal of innovative studies in sociology and humanities (2016)** , A study on impact of GST after implementation Milan-deep Kour and his co-authors Assistant Professor from Eternal University himachal Pradesh talks about the impact of GST and implementation of it, its benefit and challenges. He also emphasizes that GST is going to change things in current

situation.

- **Ahamd et al. (2016)**, found that the level of awareness of the GST is still not reached a satisfactory level. This is because the study involved only general questions that should be known by the respondents as end users. This cause the respondents gave high negative perception of the impact of implementation of GST. The respondents received less information and promotion of the authorities. Most of the respondents were unclear whether the goods and services are not subject to GST. Furthermore, due to the lack of information on GST, the respondents had a high negative perception. Therefore, the government must convince that GST will not have a lasting impact on the public as particularly convincing end users that no increase in prices of goods and services
- **Bar hate (2017)**, found that people have no doubt whatsoever regarding the proposed benefits of GST irrespective of their business type, legal status of business for the reason being they feel irritated by the present system which appears to be cumbersome. Most respondents believe that GST will bring monetary gains to their business and do not anticipate any significant boost in tax compliance costs. Interestingly, respondents expect the spending on tax compliance to go down after GST is implemented. The lack of information coupled with the apathy towards reforms may paralyze the speedy implementation of this system especially in small towns where still not a single orientation programs have been planned and executed till date by competent authorities.
- **Times of India dated (27 July, 2017)**, stated that the GST implication across different places for the same product has wider differences which the consumers are unaware, resulting them in surprise. Ex A Rasamalai sold in counter at a shop is taxed with 5% but if it is served in the hotel it is taxed with 18% this has resulted in difference of consumers shopping to purchase the similar products

### 3. Research Methodology

#### 3.1 Introduction of Research Methodology

Research is a logical and systematic search for new and useful information on a particular topic. Research methodology is a systematic way to solve a problem. It is a science of studying how research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called research methodology.

#### 3.2 About my Research Problem

The present research is exploratory in nature. Since GST is a new phenomenon in India, there are hardly any studies in this area. Specially there is a huge gap of empirical and behavior studies on GST in India. The study tries to find the significance of popular perception regarding GST.

#### 3.3 Problem Statement

The title of Project Report: **A Study on Customers Perception towards Goods and Service Tax in Haryana, Distt. Jind**

Manufacturer to wholesaler taxing on total bill for the product sold  
 Wholesaler to distributor taxing on total bill for the product sold  
 Distributor to Retailer taxing on total bill for the product sold  
 Retailer to Consumer itemized / total bill taxing for the product bought

#### 3.4 Research Design

A good research design has characteristics viz, problem definition, time required for research project and estimate of expenses to be incurred the function of research design is to ensure that the required data are collected and they are collected accurately and economically. A research design is purely and simply the framework for a study that guide the collection and analysis data. In this project the two basic types of research design are used:

##### Exploratory Research

All research projects must start with exploratory research. This is a preliminary phase and is absolutely essential in order to obtain a proper definition of problem in hand. The major emphasis on the discovery of ideas and insights. The exploratory study is particularly helpful in breaking broad and vague problems into smaller, more precise sub problem statements. Exploratory research is also used to increase the familiarity with the problem under investigation.

##### Descriptive Research

It is the design that one simply describes something such as demographic characteristics of people. The descriptive study is typically concerned with determining frequency with which something occurs or how two variables vary together. A descriptive study requires a clear specification of who, what, when and why apex of the research. It requires formulation of more specific hypothesis and the testing these through statically inference technique. This is the research design of the study and then it comes to develop the research plan, which means that what to do before going for the actual interpretation and it is discussed below.

##### Developing a Research Plan:

The present research is exploratory in nature. Since GST is a new phenomenon in India, there are hardly any studies in this area. Specially there is a huge gap of empirical and behavior studies on GST in India. The study tries to find the significance of popular perception regarding GST.

The data for this research project has been collected through self Administration. Due to time limitation and other constraints direct personal interview study method is used. A structured questionnaire was formed as it consumes less time duration and is very important from the point of view of information, easier to tabulate and interpret. More ever respondents prefer to give direct answer.

Development of research plan has the following steps:

- Sample Design
- Sample Unit
- Sample Size
- Sample Technique

**Population:** Population means the whole universe of study in which the researcher does his study / research and the

population for my research is people of Distt. Jind.Haryana

Service Tax " through questionnaire.

**Universe of Study:** For the present study purpose about the Perception of new implemented system of Goods and Service Tax.

A brief of analysis and interpretation given below:

**Sample Design**

The complete study of all items in the population is known as a census inquiry. Sample is a group of few items , which represents the population is or universe from where it is taken.

The Process of Selecting sample have been Multi Stratified in Nature. At the first Stage 2 blocks of region / area have been selected with the help of **convenient sampling**. At the 2<sup>nd</sup> Stage 25 respondents have been selected from these blocks with the help of **Simple Random Sampling**. The size of sample is 50 respondents.

**Sampling Size:**

The sample size of the study was **50**. The area of study was Jind Region.

**Sampling Method:**

The sampling method was **Judgment Sampling** (only those respondents were chosen who had some knowledge about GST)

**Data Collection:**

Data collection is the process to gather information about the relevant topic research , which is be Data Collection usually takes place early in an improvement project, and is often formalized through data collection plan which often contains the following activity :

- Pre collection activity on goals, target data, definitions and methods.
- Collection of Data.
- Presenting findings involving some form of sorting analysis.

For accomplishing the the objective of study, both Primary and Secondary data have been used .Data Collection through the Primary Data as well as Secondary Data Sources.

**Classification of Data**

The correct information is the key to success. Data information is of two types ; Primary Data and Secondary Data. Primary data is information collected by researcher or person himself where is secondary data is collected by other but utilized or used by researcher. Data can be classified under two categories depending upon source utilized. These categories are:

- Primary Data
- Secondary Data

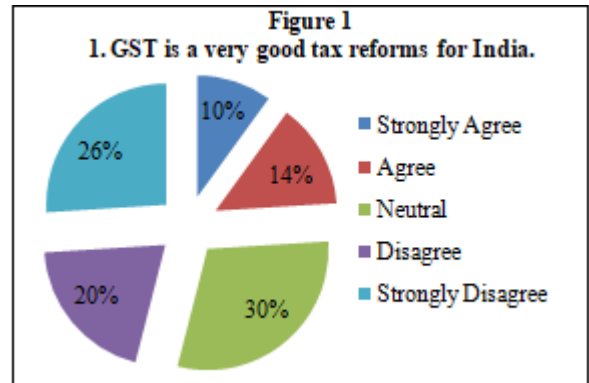
**4. Data Analysis & Interpretation**

**4.1 Data Analysis**

The data collected various respondents have to analysis for the drawing conclusion. So in this efforts have been made to analysis and interpret the collective data towards perception of customers of Distt. Jind (Haryana) on “ Goods and

**Table 1**

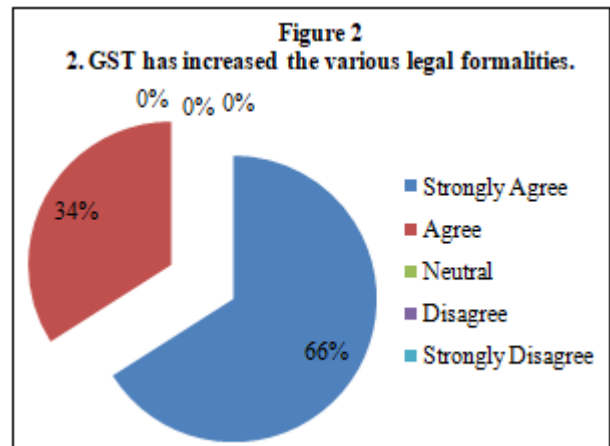
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	GST is a very good tax reforms for India.	10%	14%	30%	20%	26%



Note: Mostly people are agree with this statement.

**Table 2**

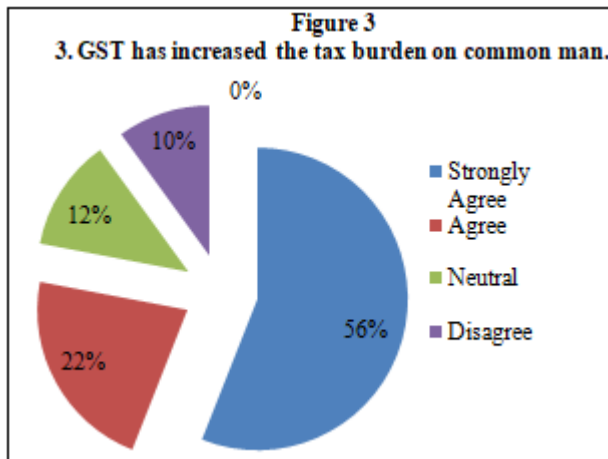
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
2	GST has increased the various legal formalities.	66%	34%	0%	0%	0%



Note: Mostly people are strongly agree with this statement

**Table 3**

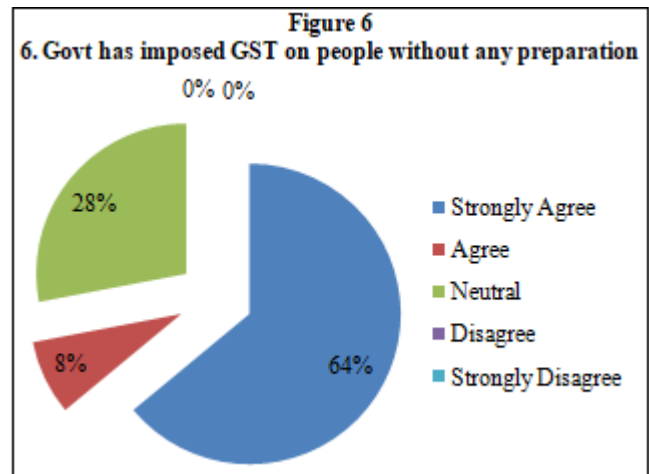
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
3	GST has increased the tax burden on common man.	56%	22%	12%	10%	0%



Note: Mostly people are strongly disagree with this statement

**Table 6**

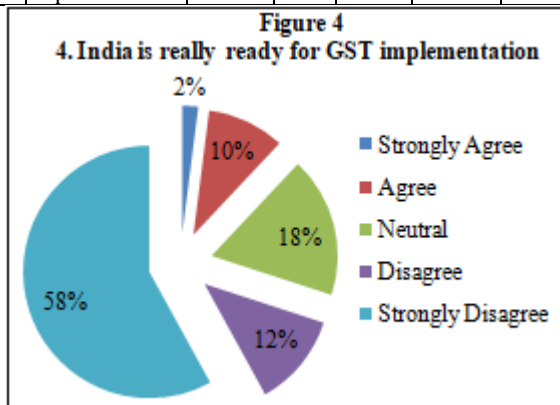
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
6	Govt has imposed GST on people without any preparation.	64%	8%	28%	0%	0%



Note: Mostly people are strongly disagree with this statement

**Table 4**

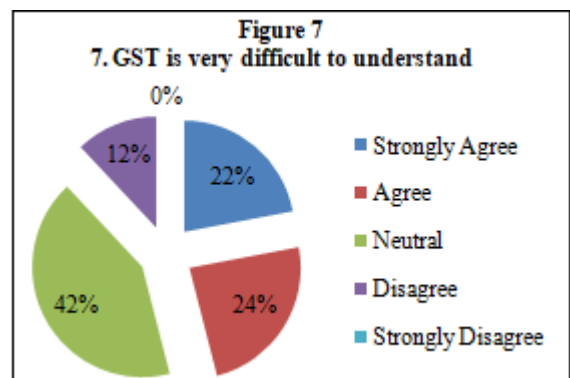
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
4	India is really ready for GST implementation.	2%	10%	18%	12%	58%



Note: Mostly people are strongly agree with this statement.

**Table 7**

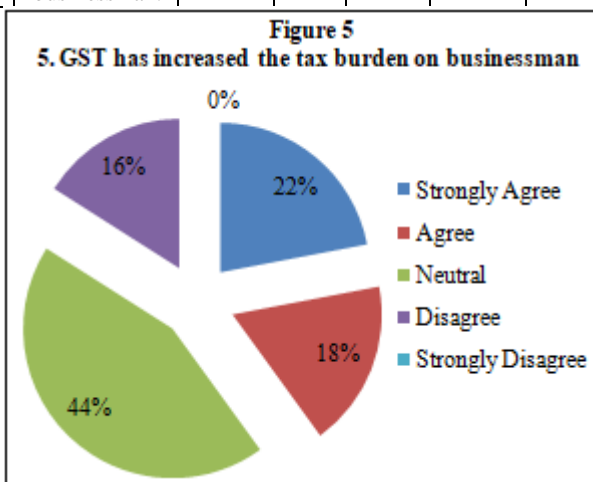
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
7	GST is very difficult to understand	22%	24%	42%	12%	0%



Note: Mostly people are neutral with this statement

**Table 5**

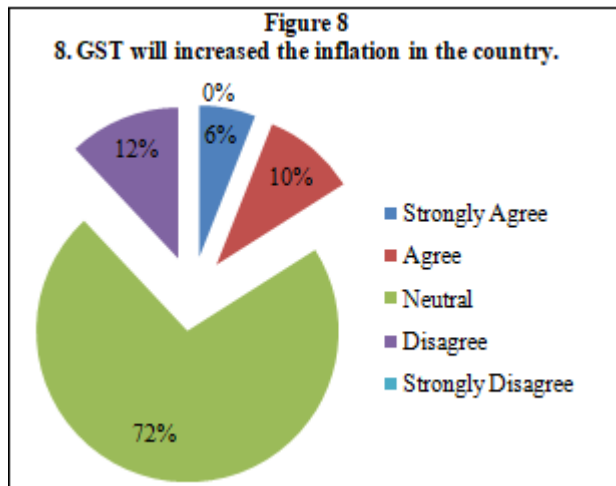
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
5	GST has increased the tax burden on businessman.	22%	18%	44%	16%	0%



Note: Mostly people are neutral with this statement

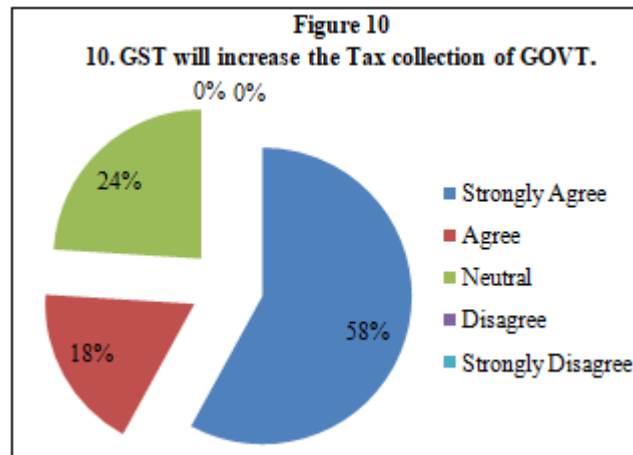
**Table 8**

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
8	GST will increase the inflation in the country.	6%	10%	72%	12%	0%



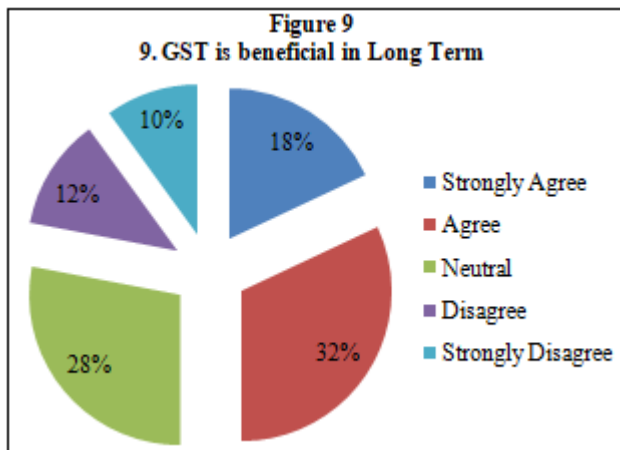
Note: Mostly people are neutral with this statement.

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
9	GST is beneficial in Long Term.	18%	32%	28%	12%	10%



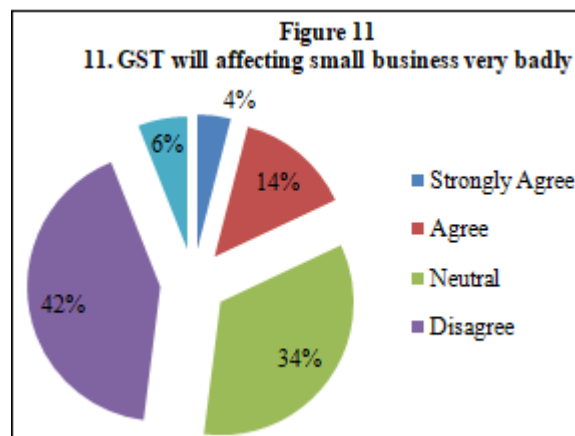
Note: Mostly people are strongly disagree with this statement

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11	GST will affecting small business very badly.	4%	14%	34%	42%	6%



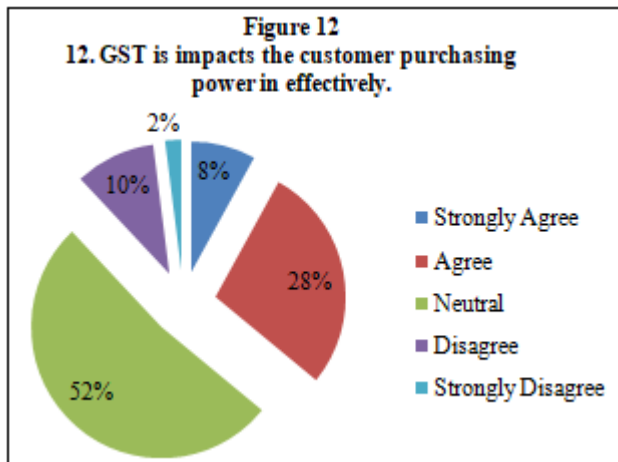
Note: Mostly people are strongly agree & agree with this statement

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10	GST will increase the Tax collection of GOVT.	58%	18%	24%	0%	0%

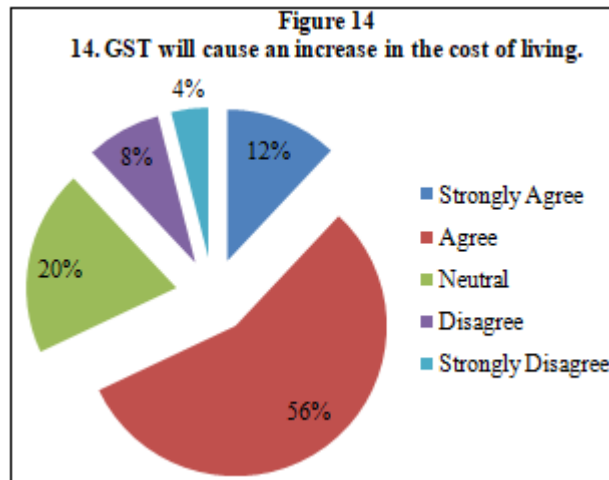


Note: Mostly people are neutral & disagree with this statement

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
12	GST is impacts the customer purchasing power in effectively.	8%	28%	52%	10%	2%



Note: Mostly people are neutral & agree with this statement.



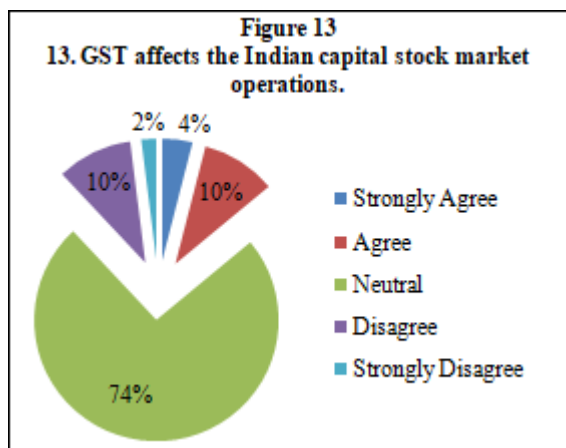
Note: Mostly people are agree with this statement.

**Table 13**

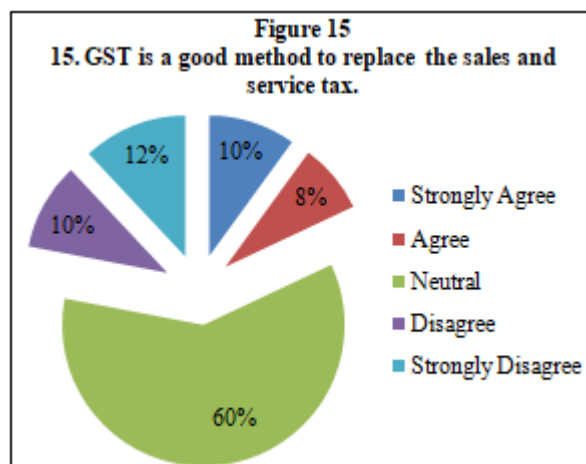
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
13	GST affects the Indian capital stock market operations.	4%	10%	74%	10%	2%

**Table 15**

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
15	GST is a good method to replace the sales and service tax.	10%	8%	60%	10%	12%



Note: Mostly people are neutral with this statement



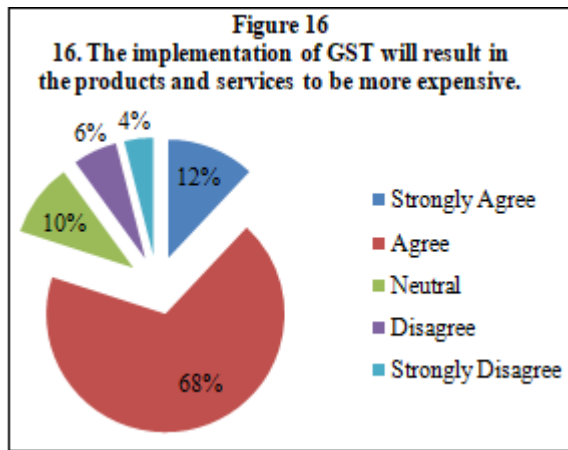
Note: Mostly people are neutral with this statement

**Table 14**

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
14	GST will cause an increase in the cost of living.	12%	56%	20%	8%	4%

**Table 16**

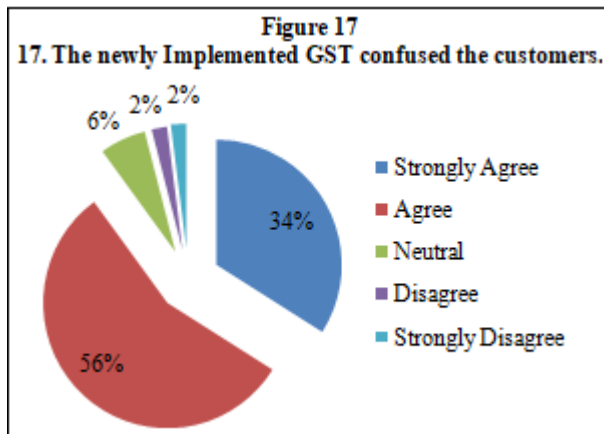
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
16	The implementation of GST will result in the products and services to be more expensive.	12%	68%	10%	6%	4%



Note: Mostly people are agree with this statement

**Table 17**

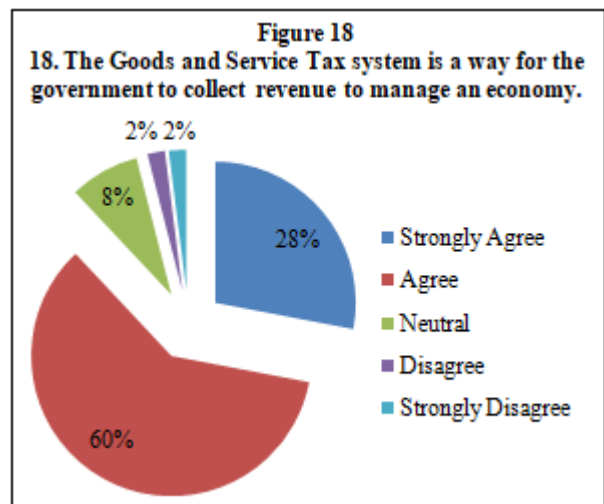
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
17	The newly Implemented GST confused the customers.	34%	56%	6%	2%	2%



Note: Mostly people are agree with this statement

**Table 18**

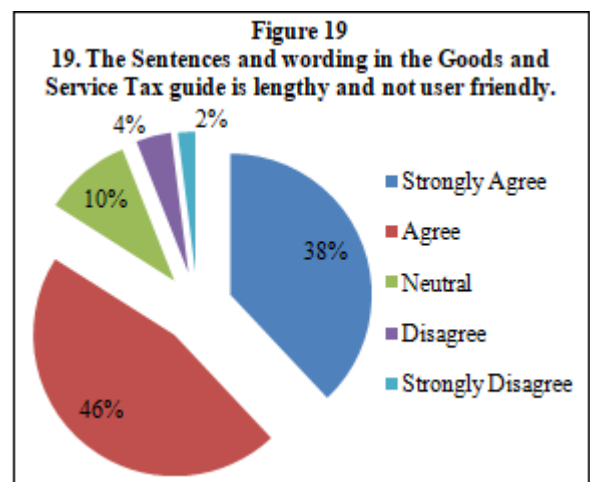
Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
18	The Goods and Service Tax system is a way for the government to collect revenue to manage an economy.	28%	60%	8%	2%	2%



Note: Mostly people are agree with this statement.

**Table 19**

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
19	The Sentences and wording in the Goods and Service Tax guide is lengthy and not user friendly.	38%	46%	10%	4%	2%

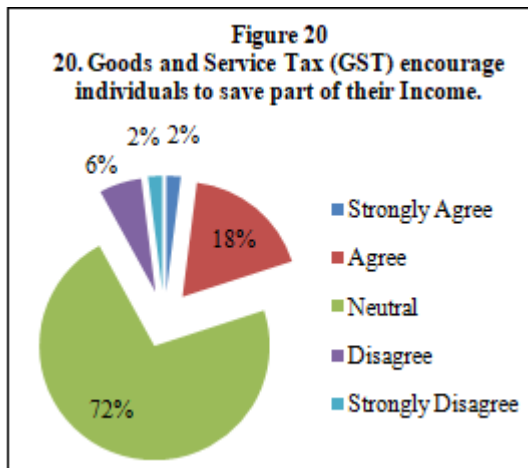


Note: Mostly people are strongly agree & agree with this statement.

**Table 20**

Sr. No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
20	Goods and Service Tax (GST) encourage individuals to save part of their Income.	2%	18%	72%	6%	2%





Note: Mostly people are neutral with this statement.

## 5. Limitations of Study

This study too has its limitations that limits the applicability and validity of study. The limitations are below

- 1) The sample size was small and cannot be applied to the entire population.
- 2) GST is new launched tax system so some complications are faced by the peoples.

## 6. Findings of the Study

After Analysis and Interpretation of the data these are followings findings were emerged:

- Most of the respondents are Male.
- Majority of the respondents i.e. 58 % comes under the age group above 40 years and 32% are comes under 25-40 years.
- More than 60% respondents are related to Businessman category.
- The most of respondent's perception are neutral towards the GST and they are aware of GST through the mass media.
- 24 % respondents are that opinion GST is very good tax reform for India and it is the turning point of the taxation system.
- Most of the customer's perception that GST is very beneficial in Long Term for economy of the country and also effect of GDP.
- 78% respondents are respond GST has increased the various Legal formalities.
- Majority of the peoples have perception that they still need more clarity on GST and opened that they discuss about GST with others.
- Most of the customer's opinion that GST is fair tax. And also GST is predominantly compliance tax.

## 7. Conclusion

This study highlighted the overall overview of GST in Jind Area of Haryana. The Government to put in more effort to ensure that Consumers have a clear understanding and develop a positive perception towards GST , leading to its acceptance . Good understanding among customers is important as it can generate a positive perception towards the taxation policy . The Haryana Custom Department could

initiate and promote an extensive publicity program mess which could help to create awareness and generate positive perception among customers in understanding the rationale and importance of GST in India.

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