

# A Study on Consumers' Awareness on Goods and Services Tax

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## **Abstract**

**T**he Goods and Services Tax (GST) -- India's biggest tax reform since independence formally launched in Parliament by Prime Minister Narendra Modi and President Pranab Mukherjee came into force after 17 tumultuous years of debate, unifying more than a dozen central and state levies. The new tax regime was ushered at the late night of 30<sup>th</sup> June and came into force on 1<sup>st</sup> July 2017. The one national GST unifies the country's USD 2 trillion economy and 1.3 billion people into a common market. As commented by Mr. Modi, GST is not just tax reform but its economic reform. GST is a way forward in the ease of doing business. In the language of law, it is called the goods and services tax, but the benefit of GST is really a Good and Simple Tax. Good because multiple taxes will be removed. Simple because it requires just one form and is easy to use. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. It renders numerous benefits to different parties such as business and industry, central and state governments and the ultimate consumers. An effort is made to understand the consumers' awareness on Goods and Services Tax. Everything that is introduced will attract agitation and unrest among different group of people and they can easily be overcome by designing programmes to clarify the objections of renowned economists. GST will surely have success when the confidence of every individual Indian citizen has been obtained.

**Key words:** Goods and Services Tax, Indian Economy, Rates applicable in GST, Awareness, Advertisement

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## **I. INTRODUCTION**

Goods and Services Tax is an indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

GST renders numerous benefits to different parties such as business and industry, central and state governments and the ultimate consumers. For business and industry, it enables easy compliance, uniformity of tax rates and structures, removal of cascading, improved competitiveness and gain to manufacturers and exporters. For Central and State Governments, it is simple and easy to administer, better controls on leakage, higher revenue efficiency. Finally, single and transparent tax proportionate to the value of goods and services are provided to consumers and they are relieved from overall tax burden.

## **II. OBJECTIVES OF THE STUDY**

- To understand the socio-economic background of the consumers,
- To know the awareness of GST and its major applicable rates among consumers,
- To consolidate the suggestions given by consumers for enlightenment of GST.

### III. RESEARCH DESIGN

This study is an empirical study and used both primary and secondary data. Primary data had been collected from the sample respondents by administering questionnaire. Secondary data had been collected from internet to understand the benefits of Goods and Services Tax. Questionnaire had been constructed bearing in mind the objectives of the study. The same was pretested and after which the data was collected. A sample of 50 respondents was selected at random for the purpose of collecting data. The collected questionnaire was checked to validate the responses of the sample respondents, entered in SPSS for further analysis and results were drawn. The study had also been put to reliability analysis and proved reliable. The results of the analysis and appropriate interpretations cum inferences are presented below.

Table 1 Demographic Factors of Respondents

SL. NO	DEMOGRAPHIC FACTORS	CLASSIFICATIONS	FREQUENCY	PERCENTAGE	CUMULATIVE PERCENTAGE
1.	Age	Less than 30	12	24	24
		30 to 40	19	38	62
		41 to 50	13	26	88
		Above 50	6	12	100
2.	Sex	Male	25	50	50
		Female	25	50	100
3.	Religion	Christian	7	14	14
		Hindu	24	48	62
		Muslim	19	38	100
4.	Job	Education	12	24	24
		Business	13	26	50
		Government Employee	13	26	76
		Private Employee	12	24	100
5.	Annual Income	Less than Rs.2,50,000	8	16	16
		Rs.2,50,001 to Rs.5,00,000	32	64	80
		Rs.5,00,001 to 10,00,000	9	18	98
		Above Rs.10,00,000	1	2	100

Source: Primary data

It is interesting that 38 per cent of the respondents belong to the age group of 30 to 40, 26 per cent fall under the age group of 41 to 50, 24 per cent are less than 30 years of age and 12 per cent are above 50 years of age and it is inferred that middle aged respondents can contribute more for the study. It is noted that 50 per cent of the respondents are male and the remaining 50 percent are female and it is understood that equal weightage have been given to both genders for the chance of being included in the study. It is very evident that 48 per cent of the respondents are Hindus, 38 per cent respondents are Muslims and the remaining 14 per cent are Christians and it is inferred that respondents belonging to Hindu religion contribute for the study as they are majority in India. It is to be noted that 26 per cent of the respondents are business wo/men and another 26 per cent are Government employees. Individuals in the education field and private employees amount to 24 per cent each and it is inferred that different category of people have been included for the purpose of the study. The greater majority of 64 per cent of the respondents' annual income is between Rs.2,50,001 to Rs.5,00,000 who are the tax payer, 18 per cent of the respondents have Rs.5,00,001 to 10,00,000 as annual income, 16 per cent respondents have less than Rs.2,50,000 and only 2 per cent have above Rs.10,00,000 as their annual income.

Table 2 Consumers' awareness about GST on various applicable areas

SL. NO	GST FIELDS	AWARENESS	FREQUENCY	PERCENTAGE	CUMULATIVE PERCENTAGE
1.	GST	Aware	47	94	94
		Not Aware	3	6	100

2.	GST Rates	Aware	19	40.4	40.4
		Not Aware	28	59.6	100
3.	GST on Hotel	Aware	47	100	100
		Not Aware	0	0	100
4.	GST on Lodges	Aware	30	63.9	63.9
		Not Aware	17	36.1	100
5.	GST on Services	Aware	39	83	83
		Not Aware	8	17	100
6.	GST on Food related goods	Aware	36	76.6	76.6
		Not Aware	11	23.4	100
7.	GST on Prestige goods	Aware	14	29.8	29.8
		Not Aware	33	70.2	100
8.	Registration by Seller	Aware	21	44.7	44.7
		Not Aware	26	55.3	100
9.	Economic Development	Aware	42	84	84
		Not Aware	8	16	100

Source: Primary data

It is well understood from the Table that 94 per cent of the respondents are aware of GST implementation and the remaining 6 per cent are not aware of it. 40.4 per cent are aware of various categories and different rates as applicable under GST and 59.6 per cent are not aware of different rates as applicable under GST. It is quite interesting to note that 100 per cent of the respondents are much aware of GST applicable to Hotels in India and it is understood that Hotel industry is the very basic industry at which all respondents have witnessed the levy of GST. It is revealed that 63.9 per cent are aware of GST on lodges and 36.1 per cent are not aware of it. It is obvious that the greater majority of 83 per cent of the respondents are aware of GST on numerous services and 17 per cent are not aware of it. Another majority of 76.6 per cent are aware of GST on food related goods and the remaining 23.4 per cent are not aware of GST on food related goods. 29.8 per cent of the respondents are aware of GST on prestige goods and the greater majority of 70.2 per cent are not aware of GST on prestige goods. It is to be noted that 55.3 per cent are not aware that whether the seller who charges GST is registered to collect or not and only 44.7 per cent are aware of knowing the GST registration of sellers. It is inferred that more people are to be educated to check the registration details of the sellers who levy GST as even ordinary sellers also collect GST from their customers. It is encouraging that the greater majority of 84 per cent are aware that GST is levied to develop the economy of India and only 16 per cent are not aware that GST is levied to develop the economy of India.

Table 3 Suggestions Ranked by Respondents

SL.No.	SUGGESTIONS	RANK
1.	Awareness Programmes to College Students	I
2.	Awareness Programmes at Work Places of Citizens	II
3.	Awareness through Social Media	III
4.	Organising Conferences/Seminars	IV
5.	Awareness through Television and Radio Advertisements	V
6.	Awareness through News Paper Advertisements	VI
7.	Awareness Programmes to School Students	VII
8.	Awareness Programmes at Streets jointly with NGOs	VIII

Source: Primary data

The analysis very clearly reveals that more efforts are to be taken to enlighten the citizens of India with regard to GST. There are various aspects are to be covered and they are rates for different category of items, commonly used areas on which GST is applied, GST registration procedures and mechanism to know whether

the seller who collects amount as GST is registered or not. Based on the above study, respondents have ranked their suggestions and accordingly, conduct of GST awareness programmes to college students will create a impact on their families as it is easier to make them understand the need for developing the economy of India more over young people are the leaders of tomorrow and educating them on GST is to be concentrate which is ranked I. The second rank is given to the GST awareness programmes to be conducted at work places of Indian citizens. The work places where hundreds of employees work are to be identified and then awareness programmes are to be conducted at their work places itself as they may not be willing to attend awareness programmes conducted elsewhere.

The third rank is given to awareness through social media as social media has become very popular among people in India and social media is widely used among different category of people and it is considered as pervasive. The fourth rank is given to organising conferences and seminars about GST and implication of GST. Funding is to be done and arts and science colleges and engineering colleges may be encouraged to organise forum for discussion about GST. The fifth rank is given to creating awareness through Television and Radio advertisements as they are mass media to reach out to greater number of people. Sixth rank is given to creating awareness through news papers as even ordinary people can be targeted and more over news paper is a medium used at the door steps of their homes. Conduct of Awareness Programmes to School Students is ranked seven. School students of higher secondary can well understand GST and related information to a very great extent and higher secondary schools are found in remote villages as well. The last rank is given to conduct of awareness programmes at streets jointly with Non-Governmental Organisations. Partnership with private institutions for a common cause will sure to have effect as every NGO is known for their service in their locality.

#### **IV. CONCLUSION**

GST has been introduced with a motive of development of Indian economy. Everything that is introduced will attract agitation and unrest among different group of people and they can easily be overcome by designing programmes to clarify the objections of renowned economists. GST has already implemented and months are over and instead of lamenting over it, individuals can plan well and extend their support. Any good can come out only after a long journey of struggles. The Government should also take necessary steps to create awareness on GST related issues. GST will sure to have success when the confidence of every individual Indian citizens have obtained.

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