Factors Influencing Perception of GST – Analytical Study In Bangalore City

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Abstract: *GST also known as the Goods and Services Tax is known as the huge indirect tax structures intended to support and enhance the economic growth of a nation. GST is an important reform measure and most recommended standard policy for countries wanted to go for an International Monetary Fund's structural adjustment programme. The idea of GST in India was pioneered by Vajpayee in 2000 during his tenure, but due to oppositions from stakeholders of nation, amendments were not passed during his period. Later in 2015, 15 years after the seed of GST was sowed by Vajpayee, the constitutional amendments for the GST was passed on 6th May 2015 by Loksabha and passed by Rajyasabha member approval in July. More than 150 countries have implemented GST so far considering the positive impact GST could create in their country's economy. India being politically strong nation with wide spread of parties and business people across all categories, it would be interesting to understand why this GST implementation may hamper the growth and development of the country. To evaluate the success of implementation, in first hand we should know the reach of GST to the society. In this paper in-depth analysis is carried out to analyse the awareness, understanding and perception of GST with certain set of people in and around Bangalore city. This paper also creeps into the details of relationship between the demographical differences and perception about GST of people involved in the study.*
Keywords: *GST, Amendments, Awareness, Understanding and Perception*

I.   Introduction

Goods and Service tax implemented in India from July 1st 2017 is expected to play a vital role in restructuring the economy of our country. The concept of one country, one tax is a foundation for more than 150 countries in the formation of their respective economies. Indian government is looking forward for the better reap from GST implementation in the near future. Since, there are lot of mixed opinion about GST Implementation from different political parties, social groups and media, the impact of GST in the growth of Indian economy could be seen only the coming days. Before analysing the impact of GST, it becomes necessary to know the fact that, this taxation has been introduced to benefit people of the country. So, it is important that, people of the country should be aware of the implementation. This study aims at identifying the awareness level of people from different groups of individuals from Bangalore city.

The Goods and Service Tax (GST) is an aid to support and enhance the economic growth of a nation by simplifying the massive tax structure of any nation. The concept of GST is very vast and that demands a lot of streamlining of processes involved in the economic system. GST is an inclusive structured tax imposed on manufacturing, sale and consumption of any goods and services at a national level. GST bill which is also referred as the Constitution Bill, 2014, will be an indirect tax at all stages of manufacturing to bring uniformity in taxation. Goods and service Tax (GST) will initiate an implementation of nationwide Value added Tax. GST implementation in India is expected to uplift the position of India in both domestic as well as international market, GST implementation has brought the unification of Central and State taxes into a single tax payment. The overall tax burden is expected to reduce for a consumer which is currently around 25-30%. In this system, cascading of taxes paid on inputs used for manufacturing of goods will be eliminated and the consumer will pay only the final tax for the finished goods, which they purchase for consumption. An effective input tax system assures the elimination of tax on tax payment by consumers. GST unifies taxes like excise duty and service tax at central level and VAT at the state level into a single tax and creates a uniform market throughout the country.

Benefits of GST:
* GST would bring in One-Country-One-Tax system.
* GST would include all indirect taxes at the Central and State levels.
* It would bring in transparency in taxation.

- Manufacturers could attain cost-competitiveness as GST would free them from cascading effect of taxes.
- Consumption of goods and Services would increase as GST would bring down the price of the products.
- It would create business-friendly environment, thus by increase tax-GDP ratio.
- It would enhance the ease of doing business in India.

Loopholes in Indian GST Regime:

The success of GST structure is likely to succeed only if the country has a strong Information technology network. India being in a budding stage in Information technology, it would be a tough task for the government to reap the fruits of GST in vast populated country like India. In addition to IT, India unlike other countries have adapted to complicated dual GST instead of national GST. This again brings in the difficulty for central government to coordinating with all states and union territories in implementing such regimes. Such measure is likely to create an economic and political turmoil. Revenue sharing between the states and the centre government is still a matter of disputation with no consensus arrived regarding neutral rate of revenue. Wall Street firm Goldman Sachs, in a note has put out estimates that show that the Modi Government's model for the Goods and Services Tax (GST) will not raise growth, will push up consumer prices inflation and may not result in increased tax revenue collections. The proposed GST in India seems to ignore the emerging sector of e-commerce. E-commerce does not leave signs of the transaction outside the internet and has anonymity associated with it. As a result, it becomes almost impossible to track the business transaction taking place through internet which can be business to business, business to customer or customer to customer. Again, there appears to be no clarity as to whether a product should be considered a service or a product under the concept of E-commerce.

II.   Objectives And Methods Of The Study

This prospective study was carried out on people of Bangalore city to find the following objectives:
- To analyze the level of awareness among people of Bangalore city regarding GST.
- To determine the relationship between demographic factors of respondents and their GST awareness.
- To determine the relationship between demographic factors of respondents and their understanding about GST.
- To measure the effect of awareness, support and understanding of GST on respondents perception about GST.

Ii.1. Research Design

A research design is the arrangement of conditions for collections and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Descriptive Research Design was used by the researcher since it includes surveys and fact-finding enquiries of different kind. The major purpose of descriptive research is description of state of affairs, as it exists at present.

Ii.2. Sample Design:

The researcher used interview schedule to collect data from the respondents. Non probability judgment sampling method was adopted and the researcher identified 250 respondents for this study from Bangalore city. The study was confined to Bangalore City in Karnataka. The study was conducted during the month of February2018. The respondents belong to the different social groups living in Bangalore city.

Ii.3. Statistical Tools Used:

The collected data have been analyzed with the help of Simple Percentage analysis and Chi- Square Test. One way Anova and Multiple regression analysis has been used in the study to find out what degree two variables under the study were association and the cause and effect relationship between the study variables.

III.   Data Analysis And Interpretaion

3.1 Relationship between Qualification, Occupation and Awareness of GST

Table 3.1.1: Relationship between Respondents Qualification and Awareness about GST

Cross Tabulation : Educational Qualification * Awareness

		Awareness				Total
		Not Aware	%	Aware	%	
Educational Qualification	Arts And Science Graduates	33	66	17	34	50
	Engineering Graduates	53	44	67	55.8	120
	Post Graduates	29	36	51	63.7	80
	TOTAL	**115**		**135**		**250**

Source: Primary data collected by Researcher.

The above table depicts the cross tabulation between the Educational Qualifications of the respondents and their awareness about GST implementation. From the table it can be inferred that, Post graduates have shown an increased awareness about GST implementation with 63.7% and Engineering Graduates stands next with 55.8% and the least awareness was observed from Arts and Science graduates.

Table 3.1.2: Chi-Square Tests : Table Showing relationship between Respondents' Qualification and awareness about GST

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.275[a]	2	**.004**
Likelihood Ratio	11.375	2	.003
Linear-by-Linear Association	10.051	1	.002
N of Valid Cases	250		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 23.00.
Source: Primary data collected by Researcher.

From the above Chi-Square analysis, (**p value .004**) indicates that, there is a significant difference at 95% confidence level between the respondents opinion on awareness of GST with respect to their educational qualification. Post Graduate respondents are more aware of GST than the other category respondents.

Table 3.1.3: Relationship between Respondents' Occupation and Awareness about GST
Cross Tabulation : Occupation * Awareness

		Awareness				Total
		Not Aware		Aware		
	Entrepreneur	10	24.3	31	75.6	41
	Government Employee	13	22	46	78	59
Occupation	IT Professionals	14	17.5	66	82.5	80
	Private Employees	36	51.4	34	48.6	70
	Total	**73**		**177**		**250**

Source: Primary data collected by Researcher.

The above table depicts the cross tabulation between the Occupation of the respondents and their awareness about GST implementation. From the table it can be inferred that, IT professionals have shown an increased awareness about GST implementation with 82.5% and Government Employee stands next with 78%, Entrepreneurs with 75.6% and the least awareness was observed from Private Employees.

Table 3.1.4: Chi-Square Tests : Table showing relationship between Respondents' Occupation and awareness about GST

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.952[a]	3	**.000**
Likelihood Ratio	23.007	3	.000
Linear-by-Linear Association	9.945	1	.002
N of Valid Cases	250		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.97.
Source: Primary data collected by Researcher.

From the above Chi-Square analysis, (**p value .000)** indicates that, there is a significant difference at 95% confidence level between the respondents opinion on awareness of GST with respect to their Occupation. IT Professionals and Government Employees and Entrepreneurs have shown an increased awareness

3.2 Relationship between Qualification, Occupation and Level of Understanding of GST

Table 3.2.1 ANOVA : Showing relationship between Occupation and level of Understanding of GST

			Sum of Squares	df	Mean Square	F	Sig.
Understanding * Occupation	Between Groups	(Combined)	125.459	3	41.820	84.368	**.000**
	Within Groups		121.937	246	.496		
	Total		247.396	249			

Source: Primary data collected by Researcher.

From the above analysis (**F=84.368, df- 3, p value .000**) indicates that, there is a significant difference at 95% confidence level between the respondents opinion on understanding of GST with respect to their Occupation. Although there found to be a difference among respondents from different occupation, from the above table, the researcher couldn't conclude which group of respondents have got good understanding.

Table 3.2.2: Mean Score of respondent's understanding level of GST with respect to their Occupation

Occupation	Mean	N	Std. Deviation
Entrepreneur	4.0244	41	.68876
Government Employee	2.5254	59	.70359
IT Professionals	3.8750	80	.76927
Private Employees	2.5000	70	.63131
Total	3.1960	250	.99677

Source: Primary data collected by Researcher.

The above table denotes the mean score of the respondents understanding of GST with respect to their Occupation. Entrepreneurs were found to be good in understanding GST with a mean value of 4.03, IT professionals' stands next with 3.88, Government Employees and Private employees stands last with a mean score 2.52 and 2.5 respectively. Thus it could be concluded that, Entrepreneurs have better understanding about GST compare to other group of respondents.

Table 3.2.3: Relationship between Respondents' Education and Level of Understanding of GST
ANOVA : Showing relationship between Education and level of Understanding of GST

		Sum of Squares	df	Mean Square	F	Sig.
Understanding * Education	Between Groups (Combined)	82.524	2	41.262	89.660	**.000**
	Within Groups	113.672	247	.460		
	Total	196.196	249			

Source: Primary data collected by Researcher.

From the above analysis (**F=89.660, df- 2, p value .000**) indicates that, there is a significant difference at 95% confidence level between the respondents opinion on understanding of GST with respect to their Education. Although there found to be a difference among respondents from different Education background, the researcher couldn't conclude which group of respondents have got good understanding. Hence the mean value is calculated.

Table 3.2.4: Mean Score of respondent's understanding level of GST with respect to their Education

Education	Mean	N	Std. Deviation
Arts And Science Graduates	2.6800	50	.62073
Engineering Graduates	4.1417	120	.55452
Post Graduates	3.3500	80	.85832
Total	3.5960	250	.88766

Source: Primary data collected by Researcher.

The above table denotes the mean score of the respondents understanding of GST with respect to their Educational Qualification. Engineering Graduates were found to be good in understanding GST with a mean value of 4.14, Post Graduates stands next with 3.35, Arts and Science Graduates stands last with a mean score 2.68. Thus it could be concluded that, Engineering Graduates have better understanding about GST compare to other group of respondents.

3.3 Relationship between Respondents' Perception towards GST their level of awareness, support and understanding of GST

A multiple regression model for evaluating respondents' perception towards GST (dependent variable) was attempted keeping the variables Awareness, Support and understanding of GST as independent variable.

The multiple Regression model is   **PC = β0+ β1 (S) + β2 (A) + β3 (U)**

Where, PC is the Perception of Respondents on GST, β0 is the constant and β1; β2 and β3 are regression coefficients to be estimated from the data. Regression Model Summary generated using SPSS is presented in Table 3.3.1 and results of ANOVA for Regression Analysis (Results from SPSS) is presented in Table: 3.3.2

3.3.1 Model Summary Showing relationship between Perception of respondents on GST and the awareness, support and understanding of GST by the respondents.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.720ᵃ	.519	.513	.50491	.519	**88.315**	3	246	**.000**

a. Predictors: (Constant), Awareness, Support, Understanding

The multiple correlation coefficient R = 0.519 shows a substantial correlation between the predictor variables and the dependent variable. The value of R2= 0.513 indicate that about 51.3% of the variance in the perception of respondents is explained by the 2 independent variables. The values of regression coefficients, reveals the relative influence of the independent variables on the dependent variable Perception. From the Table of coefficients, it is learnt that the variables 'Support, Awareness and Understanding' has got the positive influence on the Perception of the respondents.

Table 3.3.1 shows an analysis of variance among the independent variables. Table value of **F=88.315, df (3), P< 0.000)** indicates that there is a difference in support, awareness and understanding of GST towards the perception of GST by the respondents.

3.3.2 ANOVA: Showing relationship between Awareness, Support and Understanding of GST with the perception of GST by Respondents.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.543	3	22.514	88.315	**.000ᵇ**
	Residual	62.713	246	.255		
	Total	130.256	249			

a. Dependent Variable: Perception of GST

b. Predictors: (Constant), Awareness, Support and Understanding

3.3.3 Table Showing Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-.036	.119		-.299	.765
	Support	.269	.047	.283	5.692	**.000**
	Understanding	.232	.040	.313	5.822	**.000**
	Awareness	.446	.078	.309	5.696	**.000**

a. Dependent Variable: Perception of GST

From Table 3.3.3 it can be inferred that 28.3% of variation in perception is caused by Support variable, 31.3% of variation in dependent variable is caused by understanding and 30.9% of the variation in the perception of respondents towards GST is caused by awareness variable. Thus, it can be concluded that independent variables are found to be causing valiant effect on dependent variable.

IV.   Discussion
*   Awareness levels of GST among respondents vary significantly across their Educational Qualification and Occupations. Post graduates were found to be more aware.
*   Understanding of GST varies significantly across respondents Educational Qualification and Occupations. IT professionals and Entrepreneurs have understood the GST better than other category.
*   Perception of respondents on GST is affected significantly by the awareness, support and understanding of GST.
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V.   Limitations
*   The study is confine only to 2500 respondents in Bangalore City.
*   This study only estimates the perception of GST in usefulness perspective.
*   This study deploys only limited statistical analysis.

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