

# A Study on Retailer's Perception towards Goods and Services Tax with Special Reference to Palakkad Town

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*Abstract- Goods and services tax or GST is one indirect tax for the whole nation, which will make India one unified common market. It is a single tax on the supply of goods and services right from the manufacturer to the consumer. The tax came into effect from July 1 2017 through the implementation of one hundred and first amendment of the constitution of India .The tax replaced existing multiple cascading taxes levied by the central and state governments.The execution of GST in India emerges from the complications of the tax system of the country. GST targets to minimize the hitches in double taxation. Primarily eradicating cascading tax and smoothing the flow and structure to make it more seamless and organized it will assist in making full input tax credit possible at central and state level. GST would also help to restructure inter-state transactions. It also eases the launch of startups and makes business relatively easier. In a long term prospective, this may also lead to a rise in the economic growth of the country.*

*Indexed Terms- GST,Tax,consumer,governments,and transactions.*

## I. INTRODUCTION

Goods and services tax is a comprehensive tax levied on different stages of supply chain. Under GST there are no difference between goods and services regarding taxation. It tries to eliminate indirect taxes and mitigate cascading or double taxation issues and leads to a common national market, with elimination of state boundaries.Looking at the current picture of the Indian retail sector, the introduction of GST acts as a benefit at different stages of the value chain. To begin with, the procurement of raw materials, movement of goods would become less cumbersome, which opens gates for more suppliers/ vendors to merge. Following this, a wider base of distribution

would be available as state boundary paper work will not be a hurdle, resulting to better access and low transportation costs. A favorable environment for a supply chain would reduce on transit inventory, further reducing the working capital requirement. To conclude the key benefits of the GST, it will be the aid where the retailers create supply chain methods based on transportation models rather than taxation models. It will also focus on streaming the taxation methods at different levels across all the states in the country and between states and central government.

## II. SIGNIFICANCE OF THE STUDY

GST having been implemented for more than one year now, assessing the perception of retailers towards this taxation system would help in understanding Further, this study would put light on the key benefits and factors relevant to

## III. STATEMENT OF THE PROBLEM

The introduction of GST is considered to be a major tax reform in our economy. The end of age long practice of cascading taxation system brought several changes in pricing of products and services. Retailers have a pivotal role in the supply chain and cannot be exempted from the effects of GST implementation. Therefore a study on retailers' perception towards GST.

## IV. OBJECTIVES OF THE STUDY

- To understand the retailers awareness about GST.
- To study retailers perception towards GST.
- To study about the benefits and difficulties faced by the retailers after implementation of GST.

V. RESEARCH METHODOLOGY

- Research design: descriptive research design has been used for study.
- Sources of data: Data for the study has been collected from both primary and secondary sources.

Various types of secondary data including reports, government sites, and findings of various studies on similar projects are reviewed.

A survey was carried out for covering areas in Palakkad town. Primary data is collected through interview and meeting retailers on the selected area. All interview held based on structured questionnaire.

VI. SAMPLE DESIGN

- Population  
The retailers of Palakkad district
- Sampling technique  
Non probability sampling technique is used in this study.
- Method of sampling  
Convenience sampling method is used.
- Sample size  
120 respondents of Palakkad district

VII. TOOLS OF DATA COLLECTION

The primary data required for the study was collected with the help of structured questionnaire.

VIII. TOOLS OF ANALYSIS

The data collected from the respondents are analysed with the following tools:

- Weighted average
- Percentage analysis

IX. LIMITATIONS OF THE STUDY

- The sample size was limited to 120
- Incomplete responses of the respondents
- Period of study was limited to 3 months

X. ANALYSIS AND INTERPRETATION

Perception of GST

1.0 Source of Knowledge about GST

Multiple sources from the Retailers come to know about GST is collected and distributed in the table 1.0

Friedman Test

Table 1.0 Source of Knowledge about GST

	SOURCE	RAN K	RAN K	RAN K	RAN K	RAN K	MEAN	RAN K
1	NEWSPAPER	96	18	2	2	2	4.70	1
2	AUDITORS	17	17	24	50	12	2.80	2
3	INTERNET	2	8	36	72	2	2.46	4
4	CHAMBER OF COMMERCE	2	2	9	20	87	1.43	5
5	ACCOUNTING STAFF	2	12	48	44	14	2.53	3

Source: Primary data

Figure in the column represents frequencies highest mean is given rank hence it is in rank

Table 1.0 shows Friedman and from the above table it is clear majority of the respondents know about GST through the media newspaper (mean: 4.70). So it acquires first rank. Then from auditors acquired second rank, accounting staff acquires third rank and chamber of commerce acquires least rank.

2.0 Awareness about GST

This is the important content that is to be analyzed why because it studies the awareness level of retailers about GST.

Table 2.0 Awareness of retailers about GST

N	AWARENESS	V	H	N	L	V	Me	Ran
O		L				L	an	k
1	Tax rate is decided by the government	91	26	0	3	0	4.72	1
2	Rules regarding GST	21	62	31	6	0	3.81	3

3	Different rates of GST	19	46	53	0	2	3.66	6
4	Creation of tax invoice	19	48	48	5	0	3.68	5
5	Filing of GST returns	19	36	55	2	8	3.48	9
6	Governance of GST	5	57	55	14	2	3.73	4
7	Types of goods having GST	24	55	38	3	0	3.84	2
8	Goods exempted from GST	10	57	43	10	0	3.56	7
9	Payment of GST	12	57	39	10	2	3.55	8

Source: Primary data

VH=Very high, H =High, N=Neutral, L=Low, VL=Very low

Table 2.0 shows the awareness level of respondents towards GST awareness about Tax rate decided by the government is very high(AM=4.72),Rules regarding GST is high(AM=3.81),Different rates of GST is also high(AM=3.66),Payment of GST is high(AM=3.55),filing of GST returns is moderate(AM=3.48),Governance of GST is also high(AM=3.73),Types of goods having GST is high(AM=3.84),Goods exempted from GST and create a tax invoice in GST is also moderate (AM=3.68).

### 3.0 Factors Affected By GST

The factors affected by GST is collected and distributed in this table 4.9

Table 3.0 Factors affected by GST

NO	FACTORS	VH	H	N	L	VL	Mean	Rank
1	Quantity of products	26	34	50	10	0	3.64	4
2	Availability of products	14	70	19	17	0	3.68	3
3	Profit	48	41	24	5	2	4.06	2
4	Expenditure in business	24	39	48	7	2	3.62	5
5	Demand of goods	15	31	55	19	0	3.34	6
6	Supply of goods	10	26	46	36	2	3.04	7
7	Promotional activities	5	12	48	53	2	2.70	8

8	Absence of regular customers	53	41	19	5	2	4.14	1
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Source: primary data

(VH=Very high, H= High, N= Neutral, L=Low, VL= Very low)

Table 3.0 shows the Factors affected by GST. Quantity of products is highly affected(AM=3.64),Availability of products is also high (AM=3.68),Profit is very high(AM=4.06), Expenditure in business is high(AM=3.62),Demand of goods is moderately affected(AM=3.34),Supply of goods is moderate(AM=3.04),Promotional activities is also moderate(AM=2.70), Absence of regular customers is high(AM=4.14).

It is found that the Absence of regular customers and Profit is affected high and Promotional activities are affected least

Table 4.0 Benefits of GST

BENEFITS	SA	A	N	D	SD	mean	rank
Decrease the price of products	0	14	55	9	42	2.34	6
Increase the profit margin of business	10	24	45	20	21	2.51	5
Prompt billing	62	24	15	24	5	4.20	1
Reduce tax rate	0	27	35	30	28	2.00	7
Growth of retail market	66	12	38	4	0	4.16	2
More transparent	0	50	55	5	0	3.12	4
Supply chain efficiency	45	53	14	8	0	4.12	3

Source: primary data

(SA=strongly agree, A=agree, N-neutral, D=disagree, SD=strongly disagree)

The table shows that there is only low decrease in price of the products. Increase the profit margin of business is also low. Prompt billing is the best benefit obtained after the implementation of GST. Reduction in tax rate is also lower. Growth of retail market is high. Transparency is neutral. Supply chain efficiency is high.

### 5.0 Problems of GST

Problems faced by the retailers after implementation of GST plays an important role in their perception are collected and analysed here

Table 5.0 problems of GST

PROBLEMS	S	A	N	D	S	mean	rank
	A				D	n	k
Imposition of more tax	2	12	76	30	0	2.88	8
Price of products increased	56	43	10	9	2	4.18	3
Profit decreases	16	47	55	1	1	3.63	4
Sales volume of business decreases	6	1	66	46	1	2.70	9
Complications in billing	7	62	31	12	8	3.40	7
Inefficient web portal	93	12	14	1	0	4.64	1
Push to form new sale strategies	35	11	57	6	11	3.44	6
Increase in black marketing	2	9	61	43	5	2.66	10
Cost of business increased	17	66	19	3	15	3.55	5
Problems in distribution channels	10	3	5	80	22	2.15	11
Unavailability of input tax credit	85	9	16	7	3	4.38	2

(SA=strongly agree, A=agree, N-neutral, D=disagree, SD=strongly disagree)

Table 5.0 shows that the retailers' opinion on Imposition of more tax is lower (mean: 2.88). Price of products increased is higher (mean: 4.18). decrease in Profit is lower (mean: 3.63). Sales volume of business decreases is lower (mean: 2.70). Complication in billing is higher (mean: 4.40). Inefficient web portal is very high (mean: 4.64). Push to form new sale strategies is moderate (mean: 3.44). Increase in black marketing is limited (mean: 2.66). Cost of business increased a little (mean: 3.55). Problems in distribution channels is also lower (mean: 2.15) Unavailability of input tax credit is very high (mean: 4.38).

6.0 GST as a fair tax system

The opinion of retailers regarding GST as a fair tax system is analysed

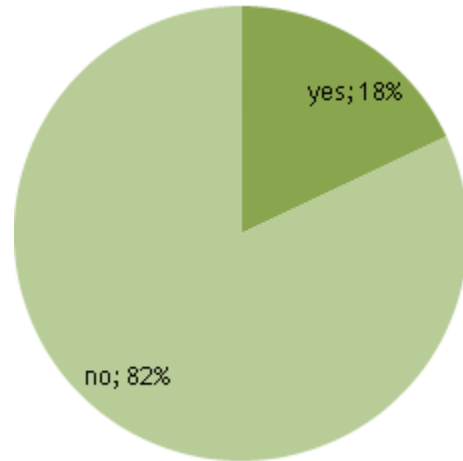
Table 6.0 GST as a fair tax system

opinion	No. of respondents	percentage
yes	79	66
no	41	34

Source: primary data

Diagram 6.0 GST as a fair tax system

Time of implementation of GST



Source: primary data

The diagram 4.12 shows that the major no. of respondents believe GST is a fair tax system. Ie, 66% of respondents believe GST is a fair tax and 34% of respondents believe not

FINDINGS

- 1) The widely used sources to know about GST are ranked with highest priority as Newspaper, auditors, accounting staff, internet, chamber of commerce.
- 2) Majority of the respondents are aware about GST system and tax rate decided by the government. Rules regarding GST, Different rates of GST, Payment of GST, Types of goods having GST, Goods exempted from GST and Cost for implementing GST is also highly aware by the respondents. Filing of GST returns and Governance of GST and to create a tax invoice in GST is moderately aware by the respondents.
- 3) Most of the respondents are getting benefited from GST. It is a positive response that most of them are getting benefits.
- 4) Majority of the respondents think GST is a fair tax system

SUGGESTIONS

- 1) Creating awareness about the GST among retailers through Seminars, Awareness classes etc.
- 2) Government should take proper steps to reduce the impact of GST.

- 3) Processes must be reduced to so that business can operate efficiently and effectively
- 4) Make the public aware about the benefits of GST system for economic growth
- 5) Improvement of IT facility helps the retailers to handle the tax Procedures more easily.
- 6) Providing adequate time for filing returns will help more to understand GST much better
- 7) Web portal should be updated and modify in order to help more users to access at same time.

### CONCLUSION

The topic is “perception of retailers on gst.”The scenario of GST in the present society is important to study. The basic objective of the study was to analyze the awareness of retailers about GST, analyze the level of business before and after implementing GST system and customers attitude towards it. The implementation of GST has so many advantages to the retailers but it also affects the business of retailers to a great extent. To increase Productivity, Efficiency of the GST System the government should reduce the tax on certain items.The study shows that the GST implementation in retail sector has positives and negatives. It increases the quality of billing and creates growth of retail market to a great extent. But majority among retailers it reduces the profit. Hence we can conclude that GST has influenced retailer in a good way.

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