

A Study on The Impact of GST on Common Man (With A Special Reference to Ramanathapuram District)

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Abstract- *The Goods and Services Tax (GST) was introduced in India on July 1, 2017, as a comprehensive indirect tax reform aimed at simplifying taxation, reducing the cascading effect of multiple taxes, and fostering economic growth. While GST has streamlined the tax system at the national level, its impact on the common man, particularly in semi-urban and rural areas, remains a subject of ongoing discussion. This study examines the effects of GST on the daily lives of individuals in Ramanathapuram district, Tamil Nadu, focusing on its influence on household expenses, business operations, employment opportunities, and overall economic well-being. A structured questionnaire was used to collect primary data from 100 respondents, including households, small business owners, and daily wage earners. The study employs statistical tools such as percentage analysis, weighted average methods, correlation, and chi-square tests to analyze the collected data. The findings suggest that while GST has led to increased awareness about taxation, it has also raised concerns about higher costs of essential goods, business compliance burdens, and employment challenges. The study concludes with recommendations to improve GST implementation.*

Indexed Terms- *Goods and Services Tax (GST), Common Man, Economic Impact, Taxation Reform, Small Businesses, Household Expenses, Ramanathapuram District, India*

I. INTRODUCTION

India is known for its democracy, socialism, and republic system. India's federal system includes both the central and state governments. Both governments share the main responsibilities, including assisting the country in meeting its expanding development needs. The main source of funding is taxation. Since taxes support government revenue leading to economic growth and the accomplishment of socioeconomic

objectives, they are really considered the government's most important source of funding. An economy's "goods and services tax (GST)" is a single, all-inclusive tax on the goods and services that were consumed. GST applies at every point in the production-distribution chain, with any necessary set-offs for tax paid earlier. Essentially, it is a tax on final consumption. Goods and services are subject to GST, which is a tax is applied at the point of supply or provision. The seller or service provider may claim an input credit for the tax that was paid at the time of the supply of goods or provision of services.

Correcting the flaws in the current legislation and simplifying the procedures are the primary goals of every new law. India had a double levy on indirect taxes, one from the Union and one from the State Government. Under several indirect tax laws, there were numerous registrations and other compliances. To fix the flaws in the current indirect tax laws, the GST was implemented. It is reasonable to take into account this extraordinary move by the government when India implemented the GST on July 1, 2017. The vast majority of indirect tax payers have been impacted by the GST. The structure and operation of indirect taxation in India has undergone a paradigm shift. The majority of indirect taxes at the federal and state levels have been absorbed by the new GST system. It has replaced multiple indirect taxes such as excise duty, service tax, value-added tax, octroi, entry tax, and luxury tax. This indirect taxation system has gone through multiple amendments since arriving at the current juncture. However, it must be noted that GST does not replace customs duty, which is still mandatory for imported goods and services. Every kind of product and service attracts a different tax rate under GST. For example, luxury or sin goods are categorized to attract a higher interest rate, whereas necessities have been included in lower or nil tax slab rates While it has brought several advantages, its impact on the common man has been a topic of on-

going discussion, especially in smaller districts like Ramanathapuram, a district in Tamil Nadu known for its rich cultural heritage and a predominantly agrarian and small-scale industrial economy, provides a unique lens to analyse the GST's influence. For the residents of Ramanathapuram, GST has transformed the pricing of goods and services, affecting daily expenses, business operations, and even employment opportunities. This introduction seeks sufficient to study how GST has influenced the common man's life in Ramanathapuram, highlighting both challenges and benefits while considering local economic dynamic.

II. STATEMENT OF PROBLEM

The implementation of the Goods and Services Tax (GST) in India was intended to simplify the tax system, promote economic growth, and reduce the cascading effect of multiple taxes. However, its real impact on the daily lives of ordinary citizens, particularly in semi-urban and rural regions like Ramanathapuram, remains unclear. Ramanathapuram's economy which is largely driven by agriculture, fisheries, and small-scale businesses, may face unique challenges under the GST regime. There is growing concern about whether GST has led to increased prices of essential commodities, higher living costs, and financial strain on low- and middle-income households in the region. This study seeks to explore the specific effects of GST on the common people in Ramanathapuram, focusing on changes in household and business expenses, and overall economic well-being. The findings will help in understanding whether GST has been beneficial or burdensome for the local population and provide insights for making the tax system more inclusive and supportive of regional development.

III. OBJECTIVES

1. To study impact of GST on common man, middleclass and different sectors.
2. To understand kinds of GST and comprehend its requirement.
3. To evaluate the awareness level of GST among the common people in Ramanathapuram district.

4. To analyse the benefits and challenges faced by people due to GST implementation.

IV. SCOPE OF THE STUDY

Examining the concept and framework of GST.

- Studying the impact of GST on the common man, middle class, and various sectors.
- Understanding the types of GST and its necessity in the current economic structure.
- Evaluating the awareness levels of GST among the residents of Ramanathapuram district.
- Analyzing the benefits and challenges faced by people due to the implementation of GST.

V. RESEARCH METHODOLOGY

The study is aimed at gathering data about the benefits and challenges faced by the common man due to the implementation of GST, with specific reference to its impact on daily life and economic activities in Ramanathapuram District.

COLLECTION OF DATA

Both primary and secondary data were used to support the current study. The questionnaire is well-structured and used to gather primary data. Books, journals, periodicals, reports, government-published documents, theses, and other publications are the sources of secondary data.

VI. REVIEW OF LITERATURE

SARANYA (2022) on her study The Goods and Services Tax (GST) is a comprehensive indirect tax on the manufacture, sale, and consumption of goods and services at the national level. It aims to replace all existing indirect taxes imposed by both the Central and State Governments. While GST is designed to streamline the tax system, there are concerns that its implementation may hinder the country's growth and development. The main objective of this study is to examine the impact of GST on the Indian economy, explore the various aspects of the GST system, and analyse its overall effects. The study is based on secondary data collected from magazines, newspapers, and authorized websites.

SONIA (2017), she studies a significant and long-awaited tax reform in India, the Goods and Services Tax (GST) was once scheduled to go into effect in April 2010 but was postponed because of political problems and competing interests. With the goal of replacing several current taxes, such as central excise, service tax, VAT, luxury tax, and others, with a single, unified tax, it is a comprehensive tax on the production, sale, and consumption of products and services. Eliminating the cascading effect of taxes on taxes is the main objective of the GST. The implications of the GST and the difficulties India faces in implementing it are the main topics of this paper, which also gives an overview of the GST's features and implementation schedule.

DR. S. LAKSHMI (2020) on her study, Goods and Services Tax (GST) aimed to simplify India's tax system by consolidating multiple indirect taxes (like VAT, service tax, and customs duty) into one unified tax. Before GST, indirect taxes accounted for 34% of India's total tax collection (14.5 lakh crore). GST lowered the overall tax burden for businesses from around 32% to 18-22%, reducing the complexity of dealing with multiple tax departments. This paper provides an overview of GST, its implementation, and its impact on small and medium enterprises (SMEs).

JAYESH VIJAYKUMAR PAWAR (2021) on his paper analyses the impact of Goods and Services Tax (GST) on the Indian tax system. GST is considered the most significant indirect tax reform since 1947, aiming to replace existing taxes like VAT, excise duty, service tax, and sales tax. GST is levied on the manufacturing, sale, and consumption of goods and services, and is expected to address the issues caused by the previous tax structure. Its main objective is to create economic unity across the country while maintaining a balance between the Central GST (CGST), State GST (SGST), and Integrated GST (IGST) between states

GOWTHAM RAMKUMAR (2017) on his research paper highlights the importance of understanding consumer behaviour, particularly in relation to taxation, as it significantly influences purchase decisions. Tax reforms, such as GST, can impact consumer behaviour by altering brand preferences, introducing new factors into purchasing decisions, and affecting spending ability. GST has affected various

sectors, causing price changes in everyday products, either increasing or maintaining the same price levels. The study explores the cause-and-effect relationship between GST and consumer spending ability, ultimately drawing meaningful conclusions and suggesting potential areas for further research in this field

VII. ANALYSIS AND INTERPRETATION OF DATA

APPLICATION OF CHI-SQUARE TEST

The chi-square test has been applied to find out the relationship between availability of small business after GST and impact of GST on common man.

AVAILABILITY OF SMALL BUSINESS AND IMPACT OF GST ON COMMON MAN

CALCULATION OF EXPECTED FREQUENCY $rt \times ct / \text{Expectation} = n$

RT= Row total, CT= Column total, N= Grand total

Degree of Freedom (df) = (r-1) (c-1) = (4-1) (4-1) = 3 x 3 = 9

For V = 9, $\chi^2_{0.05} = 16.92$ (Table value)

HYPOTHESIS

Since the Calculated value of Chi-square 4.19 is much lesser than the table value of 16.92. Therefore hypothesis is accepted. Hence it can be concluded that there is no significant relation between the availability of small business after GST and impact on GST on Common man Since the Calculated value of Chi-square 14.19 is much greater than the table value of 16.92.

VIII. FINDINGS OF THE STUDY

- 43% of respondents belong to the 20-30 age group.
- 64% of respondents are female.
- 34% of respondents are students.
- 41% have a monthly income between ₹10,000 - ₹25,000.
- 38% of respondents are graduates.
- 85% of respondents are aware of GST.
- 66% first heard about GST through news sources.
- 72% understand how GST is calculated.

- 71% are aware of GST tax rate slabs.
- 42% are satisfied with GST price transparency.
- 39% say GST has significantly increased household and business expenses.
- 55% say the prices of essential goods have increased.
- 41% say the prices of non-essential goods have significantly increased.
- 57% check GST rates sometimes after purchasing.
- 51% changed their shopping habits due to GST.
- 35% often purchase GST-benefited goods.
- 39% say real estate & medicine are the most impacted sectors.
- 38% believe GST has increased small business availability.
- 37% have become much more cautious about spending after GST.
- 38% say the biggest challenge due to GST is increased prices.
- 36% say GST has negatively impacted employment opportunities.
- 35% believe GST helps lower the tax burden.
- 44% say GST has decreased their savings.
- 45% rate GST implementation as effective.
- 56% do not want more tax reforms in the future.
- 61% were aware of GST before its implementation.
- 39% say restaurants are the most expensive service sector after GST.
- Hence There is a strong positive correlation between the checking GST rates and purchasing GST benefited quotes
- Hence there is a strong positive correlation between the household / business expenses and the ability to save or invest money after GST.
- Hence hypothesis is rejected this means he is significantly affects how satisfied people are with GST transparency

IX. SUGGESTIONS

- The government should launch more educational campaigns to ensure that the common man understands GST, its benefits, and how to comply with it easily.

- Lower tax rates on basic necessities such as food, healthcare, and education can reduce the financial burden on low- and middle-income households
- User-friendly mobile apps and portals can make GST filing more accessible for small business owners and individuals.
- Policies should be introduced to reduce the negative impact of GST on job losses in small businesses and informal sectors.
- GST filing procedures should be simplified and digitalized further, reducing paperwork and compliance costs for small and medium enterprises

CONCLUSION

The implementation of GST has revolutionized India's tax system, bringing transparency and uniformity. However, its impact on the common man has been mixed. While GST has eliminated multiple indirect taxes and reduced tax evasion, it has also led to higher costs on certain essential goods and increased compliance requirements for small businesses. 100 The study reveals that awareness about GST is high, but many still struggle with understanding its complexities. The results indicate that household expenses have risen, and while some businesses benefited from input tax credits, others faced operational challenges. Overall, GST is a necessary reform for India's economic growth, but policy refinements are needed to ensure that its benefits are more inclusive for lower-income groups, small businesses, and daily wage earners. With proper awareness, reduced tax rates on essentials, and simplified compliance procedures, GST can truly become a people-friendly tax system

FUTURE SCOPE

- Future research can analyze how GST affects GDP growth, employment rates, and investment patterns over a longer period.
- Detailed study on industry-wise impacts, such as retail, healthcare, and education, can offer better policy recommendations.
- Continuous monitoring of price fluctuations in essential and luxury goods can help assess GST's role in inflation.
- Future research can examine how GST affects job creation, wage structures
- Studying the

psychological impact of tax reforms on consumer spending and saving habits will be useful for economic planning.

- Hypothesis is accepted this means GST has not significantly affected the availability of small business

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