

AN ANALYTICAL STUDY OF AWARENESS AND PERCEPTION TOWARDS GST AMONGST TRADERS IN RURAL AREAS

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Abstract

The overture of Goods and Services Tax (GST) would be a very momentous step in the field of indirect tax. Goods and Services tax (GST) has been acknowledged as one of most imperative tax reform post-independence. It is a tax trigger, which will lead to business transformation for the industry. State assemblies, the Government of India give the impression to be on way to implement GST with effect from 1 July 2017. The sizeable efforts by the Government machinery to introduce the reforms at the earliest are worth appreciable but at the same time with stiffer deadlines it seems that government is in haste to implement this reforms at the earliest which may be paralyzed by lack of information and orientation of small traders in rural areas who form a sizeable community of traders. The study aims to be familiar with the perception towards existing Tax System, awareness of GST among the traders of different categories and their turnovers with problems and challenges. It is reported that 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. Further it is observed that neither business type or its legal status affect the opinion regarding opinion towards GST but business turnover seems to be associated with the opinion regarding present tax administration system with business having higher turnover reporting greater disappointment with present system. In lieu of this it is suggested associations, NGO's should come forward to organize such programs at town level to orient small traders so that nobody is left out of this biggest tax reform in the country.

Key Words: Goods & Service Tax, Perception, Awareness, Problems and challenges

INTRODUCTION

(SINGH, 2016)"It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold" – Kalidas in Raghuvansh eulogizing KING DALIP. Taxation in India is entrenched from the period of Manu Smriti and Arthasastra. Present Indian tax system is based on this ancient tax system which was based on the theory of maximum social welfare. Tax is an obligatory liability for every citizen of

the country. There are 2 types of tax in India i.e. direct and indirect. The Goods and Services Tax (GST) is set to become reality. But while the government has effectively resolved the political impasse, India Inc. faces several challenges before it can get ready for the new tax. GST is being predictable as one of the most major tax reforms in India from the time when Independence. It is probable to impact almost all spheres of business. The Union Government has left no stone unturned and is literally running from pillar to post at times even reaching out to opposition parties for a broad political consensus and even diluting its position at times. The formation of GST council and passing of GST Bill from both the houses of parliament have showcased the government intention to introduce the tax reforms which is pegged as the biggest tax reform in the country since independence at the earliest. Though the government claims regarding its preparation of GST mechanism through rigorous training of revenue officials history have demonstrated time and again that such reforms which are to be implemented at national level for 125 billion population needs careful deliberation. The paper aims to understand whether traders in smaller towns and rural pockets are prepared for this big bang reform and what are their perceptions and apprehensions regarding implementation of these reforms so that they could be assuaged of their fears which in turn would allow them to be part of this development journey.

LITERATURE REVIEW

GST is not novice and has been implemented and adopted world over. But nevertheless the challenges faced in the implementation of GST in a nation with such divert culture, huge population possesses a unique challenge where more than organized trade unorganized trade prevails and where political compulsion prevail prudence.

METHODOLOGY

The study aims to find perception, attitudes and apprehensions of small traders located at town level and hence Shrirampur which has rich cultural and business legacy from the British era was selected. It would be one of the few towns which was set considering the burgeoning importance of trade and commerce supported by agrarian economy setting a perfect case study for the given study. The study seek to assess trader's vigilance as well as perception towards GST .

STATEMENT OF THE PROBLEM

In this section the respondents were asked to report the perceived intensity of their apprehensions regarding the roll out of GST regime. The respondents were asked to rank the severity of their apprehensions according to their perceived severity in descending order where 1= very severe and 6= least severe. The major apprehensions regarding the implementation of GST regime as reported and ranked by the traders include lack of information and clarity followed by lesser number of training or orientations programs organized by government agencies or other bodies including chamber of commerce or similar such association at district level.

OBJECTIVES

1. To know the perception of traders towards existing Tax System
2. To gauge awareness of GST among the traders
3. To comprehend Problem trepidation regarding GST from the traders perspective
4. To identify the Correlation of problems faced by traders and their attributes

SAMPLE DESIGN

The population in this study was registered traders and manufacturers having turnover of more than 1 lakh per annum and whose business entity had legal title. The sampling frame was prepared according to available information with Central Excise Department and Central Sales Tax Office available on the website. The number of registered traders and manufacturers in Perambalur Distrist various categories of business. The sampling technique was convenience sampling for the obvious advantages such as simplicity and higher response rate. A structure questionnaire consisting of multiple choice questions was used. A 5 point Likert scale was used to understand the perceptions and apprehensions of the traders towards the existing system and new proposed GST regime.

PERCEPTION TOWARDS GST

GST is to be rolled out shortly. In this background the perception of the traders towards GST was obtained through ten variables related to GST using seven point likert scale. The responses testimony are put into a table to understand the perception towards GST

- 68% of the respondents agree that with introduction of GST, uniformity of rates especially in the neighboring states shall benefit traders and service providers.
- 67.5% of the respondents perceive that GST will improves the revenue growth to the state and country.
- 63% of the respondents perceive that GST will reduce material cost in comparison with the sales tax.
- 65.3% of respondents perceive that GST would check the tax evasion periodically at different stages of Purchase of goods and service.
- 73.4% of respondents agree with GST utility in better conformity and revenue resilience
- 67% of respondents agree that GST approach will improve Rate of Tax, Refund Procedure, and further help to improve accounting procedures.
- 61% of respondents report that GST will evade the cascading effect in Indirect tax regime.

- 67.4% of respondents feel that GST will result in a simple, transparent and easy tax structure; merging all levies on goods and services into one GST.
- 68% of respondents report that GST will bring uniformity with only two tax rates, it results in a good administration of tax structure.
- 65% of respondents perceive that GST may broaden the tax base.

It will increase tax collections due to wide coverage of goods and service In summary it can be seen that majority of respondents very clear about the probable benefits to the nation and society. This may be perceived as a positive booster and encouraging that the society perceives the various reforms in the present tax administration.

CONCLUSION

The respondents 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. This outlines traders optimism around the new tax. But having said that the traders have support for the introduction and implementation of GST it would be prudent to pay heed to the issues raised by these traders. More worrying is the fact that less than 50% of the respondent have registered for the new system and are mostly dependent upon their advisors to do so. 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. The association of business turnover with the apprehensions can be issue worth considering when designing training programs and modules. In lieu of this it is suggested associations, NGO's should come forward to organize such programs at town level to orient small traders so that nobody is left out of this biggest tax reform in the country.

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