

“An Empirical Study on Impact of Goods and Services Tax (GST) on Customers’ Perception in Rajkot District”

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Abstract:

The introduction of the Goods and Services Tax (GST) in India in July 2017 marked a significant milestone in tax reform. Its primary goal is to eliminate cascading effects and establish uniformity in taxation and market practices nationwide. Over the course of its three-year implementation, numerous amendments have been made to simplify processes and enhance user-friendliness. Customers, as key stakeholders in this reform, hold sway over its success. Their acceptance of the changes is paramount for the intended benefits to materialize. This study aims to assess the impact of GST on customer perceptions in Rajkot District. Utilizing structured questionnaires, data was collected from various areas within the district. Results indicate that over 95% of customers have a basic understanding of GST. Furthermore, factors such as education, profession, and location significantly influence perceptions regarding prices, expenditures, and consumption patterns post-GST. This underscores the necessity of considering diverse factors when evaluating the overall impact of GST on customer perspectives in Rajkot District.

Key Words:

Goods and Services Tax, Perception, Awareness, Taxation.

1. INTRODUCTION :

Taxation serves as a crucial revenue stream for the government, comprising both direct and indirect taxes. Indirect taxes, levied primarily on consumption, sales, and services, previously comprised over 27 types in India until July 2017. The introduction of the Goods and Services Tax (GST) on July 1, 2017, represents a significant milestone in indirect tax reforms, aimed at invigorating commerce and industry. GST was implemented with the core objective of eliminating the cascading effects of taxation and simplifying compliance with tax laws. Since its inception, numerous adjustments have been made to improve its simplicity and user-friendliness. The journey from conceptualization to implementation spanned nearly 13 years. The success of GST hinges on its genuine adoption by various stakeholders. Differing opinions on the rules, regulations, and procedures of GST have led to confusion among manufacturers, sellers, consumers, and practitioners. This raises a pivotal question: What are customers' perceptions of GST, and what is their level of awareness and understanding regarding it? Against this backdrop, this study seeks to evaluate the awareness levels and perceptions of customers in Rajkot District.

2. REVIEW OF LITERATURE :

Harjinder Kaur, 2018 has carried out Public Awareness, Knowledge and Understanding of GST in India. The study revealed that despite being in the early stages of implementation, the public seems to be unclear about the functioning of the GST system. Numerous questions and complaints have been lodged with the relevant authorities for further action. This situation raises concerns about the level of awareness and understanding among the populace regarding GST. A study has highlighted the need for specific attention to

these areas, and the present study aims to assess consumers' awareness regarding the implementation of GST in India.

Jaspreet Kaur, Resham Chopra, Navita Nathani, 2017 conducted an analysis on the Perception of Taxpayers Towards GST using a Fiscal and Social Psychology Model Approach. Their research examined the feasibility of implementing GST, pinpointing crucial factors that illuminate the perspectives of tax authorities. Drawing upon Fiscal and Social Psychological Theories as a framework, the study sought to comprehend the behavior of individual taxpayers.

Vineet Chouhan, Pushpkant Shakdwipee, Shagufta Khan, 2017 undertook a study titled "Assessing Awareness of GST Implementation: A Survey of Small Business Owners in Rajasthan." Their study sought to assess the awareness level among small business owners regarding GST and to identify potential challenges arising from inadequate awareness. They examined 148 small business owners in Rajasthan to determine their comprehension of GST regulations and the assistance provided under GST laws. The findings of the study revealed a significant deficiency in awareness among small business owners regarding GST and its regulations.

Sanjay Nandal, Diksha, 2018 conducted a study on the Perceptions of Traders and Manufacturers towards GST, focusing on three regions: Rohtak, Gurgaon, and Faridabad in Haryana. The study randomly selected 200 respondents and utilized t-test analysis. Results showed that 73% of respondents expressed satisfaction with the implementation of GST. Recommendations stemming from the study include organizing awareness and training programs to improve understanding of GST, rectifying technical errors in GSTN, expanding digital infrastructure, ensuring the benefits of reduced cascading effects reach end customers, and simplifying return filing formalities for a successful GST implementation.

Samira Patra, 2018 conducted an analysis on the Impact of GST on Prices in Rajkot District. This study utilized secondary data gathered from journals, the Department of Commercial Tax, Government of Rajkot District, and internet sources. The collected data underwent thorough tabulation and analysis employing well-designed methodologies. Findings from the study revealed that in Rajkot District, prices of various commodities such as branded suji, branded maida, branded atta, branded besan, vanaspati ghee, mustard oil, palmoline oil, and tea are anticipated to rise by approximately 0.95%, 0.98%, 0.96%, 0.97%, 0.99%, 0.97%, 0.96%, 0.79%, 5.73%, and 5.71%, respectively. Additionally, the prices of plastic footwear are projected to increase by 0.96%, while leather footwear is expected to witness an increase of 13.45%.

Dr. Meenu Baliyan, Punjika Rathi, 2018 Mr. A and Mr. B undertook a study on the Impact of GST on Various Sectors of the Indian Economy. The objective of this research was to evaluate both the potential advantages and drawbacks of GST on the hospitality industry and various sectors of the Indian economy. Through a comparison of challenges and benefits, it became apparent that the advantages surpass the challenges. GST is anticipated to offer the Indian economy a sturdy and effective tax system for economic progress. However, harnessing these benefits will require the establishment of a resilient mechanism.

3. OBJECTIVES OF THE STUDY:

During the past forty months, various research endeavors have taken place. However, a substantial portion of these studies has remained theoretical, predominantly drawing conclusions from secondary data or media sources. Particularly, there is a dearth of research conducted specifically within the boundaries of Rajkot District. The principal objective of this study is to:

- Evaluate the level of awareness about GST among the Customers in Rajkot District.
- Identify their perceptions about price, expenditure and consumption in GST regime.

4. RESEARCH METHODOLOGY:

The current research utilizes an analytical and empirical approach, focusing on Rajkot District as its study area. It involves a sample of 450 participants from this region, selected through random sampling techniques and surveyed with a structured close-ended questionnaire during October and November 2023. Among the 450 respondents, 401 have completed all sections of the questionnaire, comprising the effective sample size for practical analysis.

- There is no association between perception about price, expenditure, consumption in GST ear and Customers demographic profile.

5. RESULTS AND DISCUSSION:

5.1 Reliability Test:

To assess response consistency, the Cronbach's alpha reliability test was employed, and the results are presented in both Table-1 and Table-2. The Cronbach's Alpha coefficient obtained is 0.905, suggesting a high level of consistency for the scale used in these questionnaires. Additionally, the variance of responses is remarkably low, specifically 0.009 out of a total of 15 questions.

Table 1 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.903	0.909	15

Source: Authors calculations

Table 2 Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Inter-Item Correlations	.394	.193	.585	.393	3.061	.008	15

Source: Authors calculations

5.2 Descriptive Statistics:

The table offers a thorough analysis of the demographic characteristics of the respondents, offering valuable insights into the composition of the study's sample. Gender distribution shows a fairly balanced representation, with males constituting 54.11% and females 45.89% of the respondents. In terms of age, the majority fall within the 18-30 range, making up 89.78% of the participants. Smaller percentages are noted in the 31-45 age bracket (8.48%), the 46-60 age category (1.00%), and those aged above 60 (0.75%).

The educational qualifications of the respondents demonstrate diversity, with 0.50% having education below matriculation, 62.34% falling within the range of 10th to graduation levels, and 37.16% possessing education levels above graduation. In terms of professions, students comprise the largest category at 75.31%, followed by service holders (12.97%), professionals (6.23%), self-employed/business individuals (3.24%), and housewives (2.24%).

In terms of geographic distribution, a significant majority of respondents (54.61%) are from the Kuvadava area, while smaller proportions originate from Metoda (5.99%), Shapar (4.24%), and other locations (35.16%). Customers are categorized into retail and institutional segments, with 72.07% identified as retail customers and 27.93% as institutional customers.

The study includes 401 respondents, providing a comprehensive representation of the sample. This detailed breakdown enables a nuanced understanding of the diverse demographic attributes within the study population, which is crucial for effectively interpreting the research findings and implications.

Table 3 Sample Profile

Category	Demographic Profile	No.of Respondents	Percentage
Gender	Male	217	54.11
	Female	184	45.89
Age	18-30	360	89.78
	31-45	34	8.48
	46-60	4	1.00
	Above 60	3	0.75
Educational Qualification	Below Matriculation	2	0.50
	10 th to Graduation	250	62.34
	Above Graduation	149	37.16
Profession	Housewife	9	2.24
	Students	302	75.31
	Service Holders	52	12.97
	Self Employed/Business	13	3.24
	Professional	25	6.23
Geographical Location	Kuvadava	219	54.61
	Metoda	24	5.99
	Shapar	17	4.24
	Other	141	35.16
Type of Customers	Retail	289	72.07
	Institutional	112	27.93
Total		401	100

5.3 Assessment of Customers Opinion :

Table – 4 Responses on Common Idea on GST

Responses	Frequency	Percent	Cumulative Percent
YES	391	97.5	97.5
NO	10	2.5	100.0
Total	401	100.0	

Figure1 Responses on Common Idea on GST

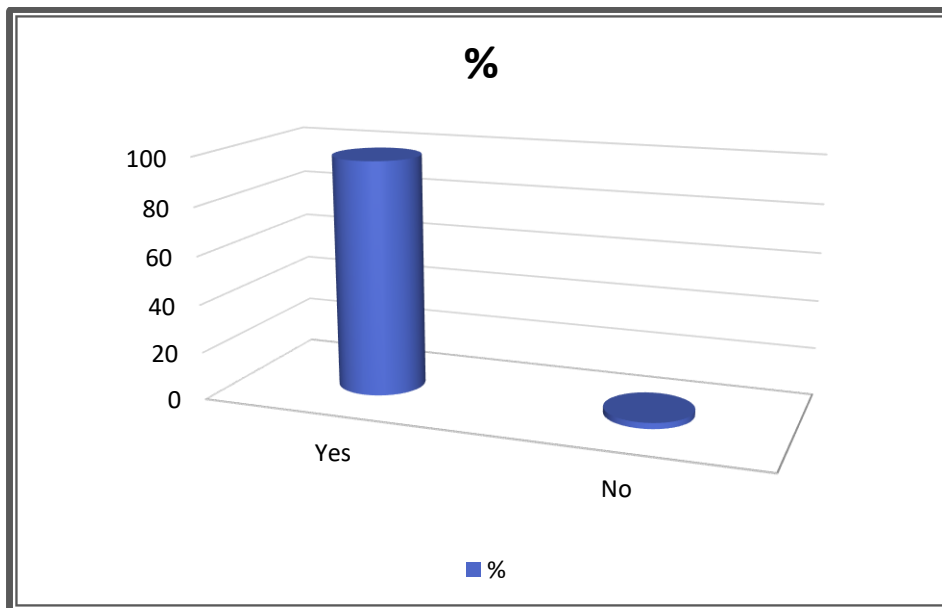


Figure2 Mode of getting Common Idea on GST

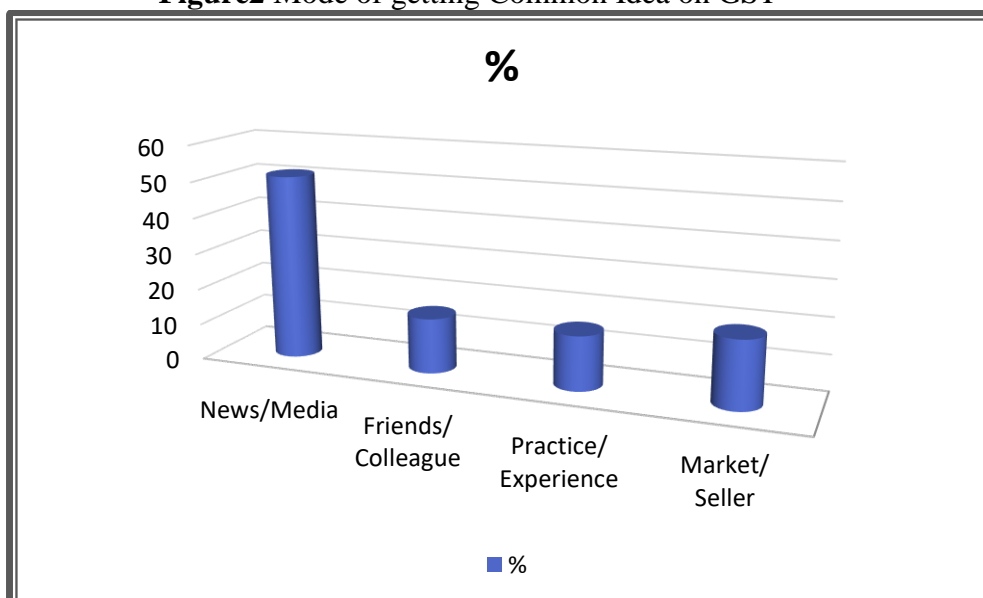


Table- 4 and figure -1 indicates about 97.5% of the respondents have a common idea about goods and services taxes that is being implemented since 2017.

Table 5 Mode of getting idea about GST

	Frequency	Percent	Cumulative Percent
News/Media	205	51.1	51.1
Friends/ Colleague	61	15.2	66.3
Practice/ Experience	60	15.0	81.3
Market/ Seller	75	18.7	100.0
Total	401	100.0	

Table-5 and Figure-2 explore the various channels through which respondents acquire awareness of the Goods and Services Tax (GST). Approximately 51.1% gain knowledge from news and media sources, while around 15% obtain awareness through friends, colleagues, practices, and market or sellers, respectively. This underscores the significant role that news and media play in educating customers about GST. Table-6 indicates that 42% of respondents believe that GST has led to increased prices for the majority of commodities, while 46% perceive price rises for selected goods after GST implementation. Regarding service prices, Table-7 clearly illustrates that 45% of the sample agrees on the increase in service prices during the GST regime. Concerning expenditure, Table-8 reveals that 51% of respondents believe GST has led to increased expenditure, while 15% perceive a decrease, and 20% observe no change. Regarding consumption, 50% of respondents see no change, while 25% note an increase in consumption following GST implementation.

5.4 Testing of Hypothesis :

Null Hypothesis-1: There is no association between customers' perceptions regarding the increase in prices of goods following GST implementation and their demographic profiles.

To examine this hypothesis, we employed the chi-square test, and the results are outlined in Table-6. Analysis of the table reveals that the p-values associated with educational qualification (0.003), location (0.012), and type of customers (0.007) are all below 0.05 at a significance level of 5%. Consequently, the null hypothesis is rejected. Thus, it can be inferred that customers' perceptions regarding the increase in prices of goods after the implementation of GST are significantly correlated with their educational qualification, the cities or areas they reside in, and the types of customers they represent. Conversely, for other demographic factors such as gender, age, and profession, the p-values exceed 0.05, indicating no significant association with their perceptions.

Table 6 Perception of Customers about increase of prices of goods after GST

Gender	Yes	No	InSelectedGoods	NoIdea	Chi-Square (χ ²)	P-Value
Male	85	25	98	10	5.392	0.145
Female	82	10	85	6		
Age group						
18-30	151	30	168	12	9.641	0.380
31-45	13	4	12	4		
46-60	2	1	1	0		
61 & above	1	0	2	0		
Educational Qualification						
up to10th	1	0	0	1	19.485	0.003
10 th to graduation	117	19	105	10		
Above graduation	49	16	78	5		
Profession						
Housewife	4	1	2	2	15.280	0.226
Student	127	25	141	8		
Serviceholder	24	4	22	3		
Self employed /business	5	1	5	1		

Profession	7	4	13	2		
Geographical Location						
Kuvadava	88	15	113	4	21.056	0.012
Metoda	13	1	6	3		
Shapar	6	3	5	2		
Other	60	16	59	7		
Type of Customer						
Retail	114	19	143	14	12.000	0.007
Institutional	53	16	40	2		

Hypothesis-2 There is no association between perception of customers about impact of GST on expenditure and their demographic profile.

To explore this hypothesis, we employed the chi-square test and summarized the results in Table-7. A thorough examination of the table reveals that the p-values associated with profession (0.002), location (0.041), and type of customers (0.001) are all below 0.05 at a significance level of 5%. Therefore, the null hypothesis is rejected. It can be inferred that customers' viewpoints regarding the impact of GST are significantly correlated with their profession, the cities or areas they reside in, and the types of customers they represent. Conversely, for other demographic factors—namely, gender, age, and educational qualification—the p-values exceed 0.05, indicating no significant association with their perspectives.

Table 7 Perception of Customers towards impact of GST on Expenditure

	Increase	Decrease	Constant	Noidea	Chi-Square (χ^2)	P-Value
Gender						
Male	117	32	42	27	0.571	0.903
Female	105	24	33	21		
Age group						
18-30	200	49	67	45	9.635	0.381
31-45	19	5	7	2		
46-60	2	0	1	1		
61 & above	1	2	0	0		
Educational Qualification						
up to 10 th	1	0	0	1	8.253	0.220
10 th to graduation	131	35	49	36		
Above graduation	90	21	26	11		
Profession						
Housewife	3	0	1	5	30.671	0.002
Student	165	44	58	34		
Serviceholder	36	6	7	4		
Self employed/business	5	0	3	4		
Profession	13	6	6	1		
Geographical Location						
Kuvadava	129	28	42	21	17.505	0.041
Metoda	12	1	2	8		

Shapar	8	4	2	2		
Other	73	23	29	17		
Type of Customer						
Retail	158	30	61	41	17.136	0.001
Institutional	64	26	14	7		

Null Hypothesis-3: There is no association between perception of customers about impact of GST on consumption and their demographic profile.

To assess this assumption, a chi-square test was conducted, and the results are outlined in Table-8. Upon reviewing the table, it becomes apparent that the p-values associated with profession (0.000) and type of customers (0.015) are both below 0.05 at a significance level of 5%. Thus, the null hypothesis is rejected. This implies that customers' perceptions regarding the impact of GST on their consumption are significantly correlated with their profession and types of customers. Conversely, for other demographic factors—specifically, gender, age, educational qualification, and location—the p-values exceed 0.05, indicating no significant association with their perceptions.

Table 8 Perception of Customers towards impact of GST on Consumptions

Gender	Increase	Decrease	Constant	Noidea	Chi-Square (χ²)	P-Value
Male	61	38	101	18	3.181	0.365
Female	39	41	89	14		
Age group						
18-30	89	68	176	28	15.784	0.072
31-45	7	11	12	3		
46-60	1	0	2	1		
61&above	3	0	0	0		
Educational Qualification						
up to10th	1	0	0	1	11.900	0.064
10 th to graduation	65	46	115	65		
Above graduation	34	33	75	34		
Profession						
Housewife	1	1	2	1	41.826	0.000
Student	73	62	143	73		
Serviceholder	10	13	26	10		
Self employed/ business	4	0	8	4		
Profession	12	3	11	12		
Geographical Location						
Kuvadava	56	44	104	56	5.014	0.833
Metoda	6	4	9	6		
Shapar	4	5	6	4		
Other	34	26	71	34		
Type of Customer						
Retail	68	48	148	26	10.431	0.015
Institutional	32	31	42	6		

6. CONCLUSION:

The Goods and Services Tax (GST) undoubtedly represents a significant stride in our nation's indirect tax system, poised to yield positive outcomes for our economy. Despite nearly six years since its inception, our economy still anticipates fully realizing the maximum benefits from this tax reform. Regarding awareness and perceptions surrounding this new tax system, the attitudes of customers, who are pivotal stakeholders, have notably evolved compared to the initial stages of its implementation. Our research findings indicate that over 95% of customers possess some level of awareness about GST, with news and electronic media playing crucial roles in disseminating this awareness. Furthermore, customers' educational backgrounds, professions, and locations significantly influence their perceptions regarding prices, expenditures, and consumption patterns following the implementation of GST.

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