

## **An Analytical Study on Awareness Towards GST Amongst Traders: A Case Study of Khalapur Taluka of Raigad District in Maharashtra**

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### **ABSTRACT**

*Tax has been recognized as one of the main sources of governments' income. Goods and Services Tax (GST) is an example of tax that contributes to the governments' income. GST is a tax has been implemented in many countries such as Canada, Australia and New Zealand. GST is a tax imposed on the sale of goods and services.*

*The Goods and Services Tax (GST) has become one of the most prominent topics discussed since it introduced in India. GST was effectively implemented in July 2017 despite the mixed reviews received from the practitioners, general public and most important businesses. The new tax policy implemented has brought about changes in the country particularly in tax administration system and business transactions. Thus, this study examines the awareness of GST amongst traders, particularly in Khalapur Taluka of Raigad district in Maharashtra. Based on literatures and previous studies, three factors have been identified that posed the most impacts to traders towards the GST implementation. These factors are the level of knowledge, subjective norm and demographic factors of traders. This study utilised survey method in gathering the data and 150 questionnaires has been distributed to traders in the area of Khalapur Taluka. Findings from this study would contribute to a more comprehensive understanding on awareness towards GST and their impacts on traders. Also, it could be used by the relevant authorities to come up with better policies on GST or taxation in general. Practitioners or business owners and general public also could benefit from the findings in dealing with their own taxation matters.*

**Keywords:** Goods & Service Tax, Impact, Awareness etc.

### **INTRODUCTION:**

Good and Service Tax is a new concept to the country. Its impact on various sectors is not well known. The impact of GST on traders has a widespread effect. Now a day there is a need to educate small traders about GST and its impact. Small traders will require mending their systems in order to adapt to the changing structures. It was argued that the implementation of GST in India brings many benefits to consumers and businesses. From the nation perspective, GST shall improve the living standard of Indians as the revenues from the GST could be used for development of social infrastructure such as institutions and health facilities, educational facilities and public facilities to improve their standard of living. In addition, it helps those who have the cost of doing business. With the implementation of GST, businesses can benefit from the recovery of input tax, thus reducing the cost of doing business. Under GST ruling, the tax is imposed equitably among all those involved, whether in manufacturing, wholesaling, retailing and services. Moreover, GST is administered in a fully computerized environment, thus accelerating delivery, especially for reimbursement. This makes it faster, more efficient and reliable. It is also argued that, consumers will benefit from the GST because they will know whether the items

bought are subject to tax or not and how much tax they pay for that.

As parts of business community, it is no doubt that GST implementation would also affect the small traders in India. Small trader plays vital roles in the Indian economy. Many small traders are not well aware about the new concept of GST. Thus, this study aspires to investigate the awareness amongst small traders towards Goods and Service Tax.

## LITERATURE REVIEW:

(Mawuli, 2014) The researcher stated that GST is not good for low – income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

(Binto, 2015) The researchers explained in their article entitled, “public awareness towards awareness towards GST in Kuala Lumpur and also revealed that all of three independent GST in Kula Lumpur, Malaysia” that the key factor that has contributed to the public variables were found to have significant impact towards the public awareness on GST.

(Lavanya, 2017) The researcher concluded in his research paper that the GST is very necessary for reduce tax burden and to reduce price of the produce GST main aim is to follow uniform single tax rate in the country , it leads to reduce malpractices in pricing of product . Introduction of GST will indeed be an important perfection and next step towards a wide spread of indirect tax in India. GST is new tax reform to develop the country by GST lot of central and state taxes will vanish and all over the country follow one tax rate , by this GST the tax on services will rises like Banking , Mobile services etc , but it is very useful for equal development in all over country.

(Nasir., 2015) The researcher concluded that tax morale is the most influence factors to tax awareness. This means government need intense focus on publics’ knowledge and attitude towards the implementation of GST.

(Neelvathi, 2004)The researcher mentioned in his paper that the execution of GST, charges moves from the root state to the utilization state because of that general financial action is required to broaden and it could expect a vastly improved GDP development that should push interest for vehicle crosswise over classes. Effect of duty falling will escape that may decrease general cost of auto creating as all assessments on input paid are counterbalanced with the yield obligation of GST.

## METHODOLOGY:

The study aims to study the awareness of small traders located in rural area hence Khalapur Taluka of Raigad district which has rich cultural and business legacy was selected. The study seeks to assess trader’s vigilance towards GST. In this connection research paper aims to study the awareness amongst traders towards GST.

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 number of registered traders and manufacturers in Khalapur Taluka of Raigad district included various categories of business which are tabulated in the following table. The sampling technique was convenience sampling for the obvious advantages such as simplicity and higher response rate. A structured questionnaire consisting of multiple choice questions was used.

## ANALYSIS:

This section presents the analysis of data that was collected from the respondents. The descriptive statistics about of 150 respondents is depicted in the following table.

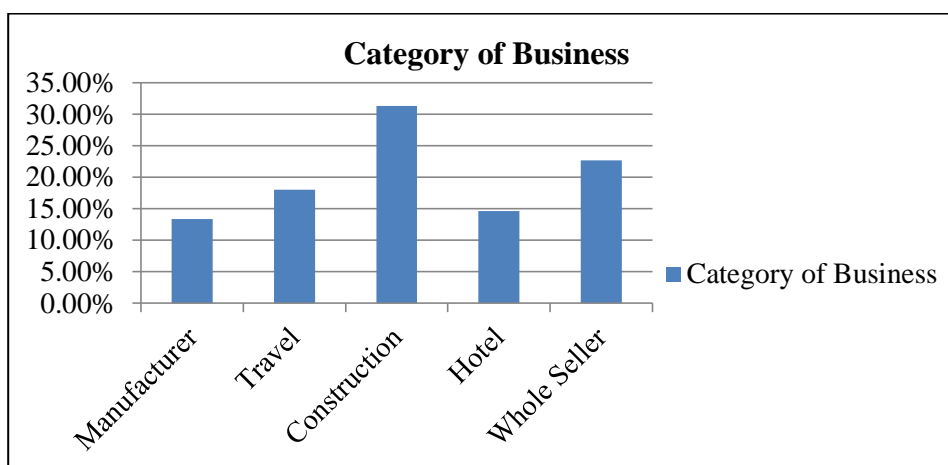
**Table 1: Descriptive Statistics About Sample**

| Particulars              | Particulars     | Frequency  | Percentage (%) |
|--------------------------|-----------------|------------|----------------|
| Category of Business     | Manufacturer    | 20         | 13.33%         |
|                          | Travel          | 27         | 18%            |
|                          | Construction    | 47         | 31.33%         |
|                          | Whole Seller    | 22         | 14.66%         |
|                          | Hotel           | 34         | 22.66%         |
|                          | <b>Total</b>    | <b>150</b> | <b>100%</b>    |
| Legal Entity of Business | Joint Venture   | 12         | 8%             |
|                          | Partnership     | 44         | 29.33%         |
|                          | Sole Trader     | 52         | 34.66%         |
|                          | Family Business | 42         | 28%            |

| Particulars                             | Particulars    | Frequency  | Percentage (%) |
|---|----------------|------------|----------------|
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |
| Annual Turn Over                        | 1 to 5 Lakhs   | 12         | 8%             |
|   | 5 to 10 Lakhs  | 34         | 22.66%         |
|   | 10 to 15 Lakhs | 44         | 29.33%         |
|   | Above 15 Lakhs | 60         | 40%            |
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |
| Awareness about GST                     | Yes            | 150        | 100%           |
|   | No             | 00         | 00%            |
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |
| Registration of Traders for GST         | Yes            | 58         | 38.66          |
|   | No             | 92         | 61.33          |
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |
| Attendance of various programme For GST | Yes            | 25         | 16.66          |
|   | No             | 125        | 83.33          |
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |
| Statutory Compliance for moving to GST  | Self           | 28         | 18.66          |
|   | Tax Consultant | 122        | 81.33          |
|   | <b>Total</b>   | <b>150</b> | <b>100%</b>    |

## DISCUSSION:

**Figure 1: Category of Business**



From the figure no: 1, it can be seen that out of total respondents 13.33% are manufacturers whereas 18% respondents are from travel business. 31.33% respondents are construction contractors whereas 14.66% and 22.66% respondents are engaged in whole sell and hotel business respectively. It can be also seen that 13.33% respondents are engaged in manufacturing whereas 86.67% respondents are engaged in providing services.

**Figure 2: Legal Entity of Business**

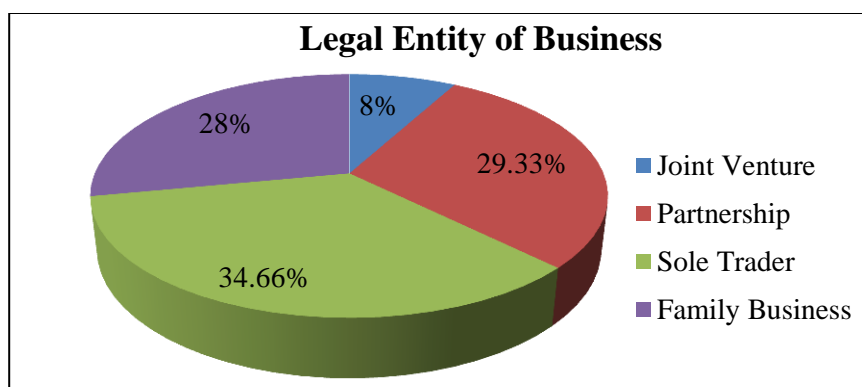


Figure no: 2, shows that out of total respondents only 8% respondents have reported legal status of business in joint venture whereas 29.33%, 34.66% and 28% respondents have reported business in partnership, Sole proprietorship and family business respectively.

**Figure 3: Annual Turnovers**

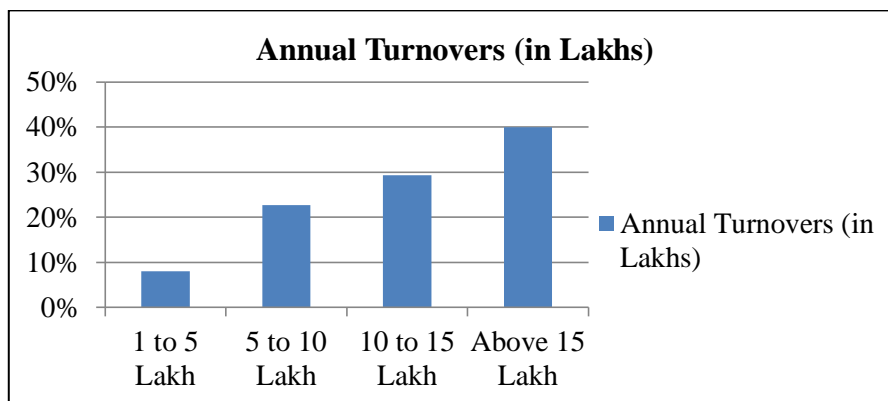
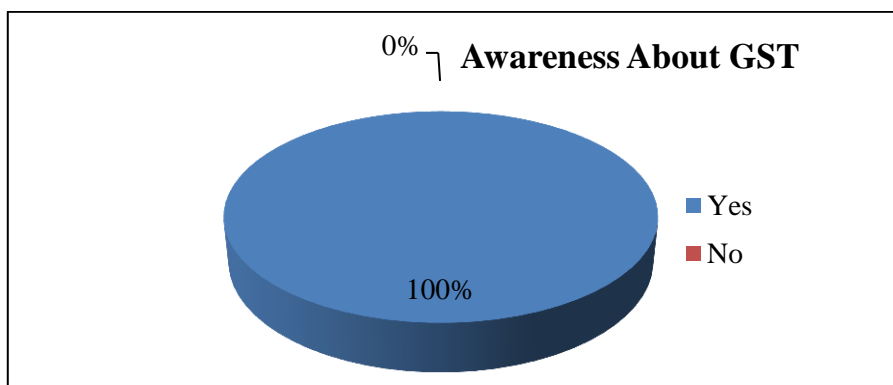


Figure no:3, shows that 40% entities in the sample have reported annual business turnover in range of above 15 Lakhs whereas 8%, 22.66% and 29.33% entities in the sample have reported annual turnover ranging from 1 to 5 Lakhs, 5 to 10 Lakhs and 10 to 15 Lakhs respectively.

**Figure 4: Awareness about GST**



From figure no: 4, it is stated that 100% respondents have reported that they are aware about GST but the question does not probe the detail knowledge of each respondents and the respondents merely indicate that they have heard about GST.

**Figure 5: Registrations of Traders for GST**

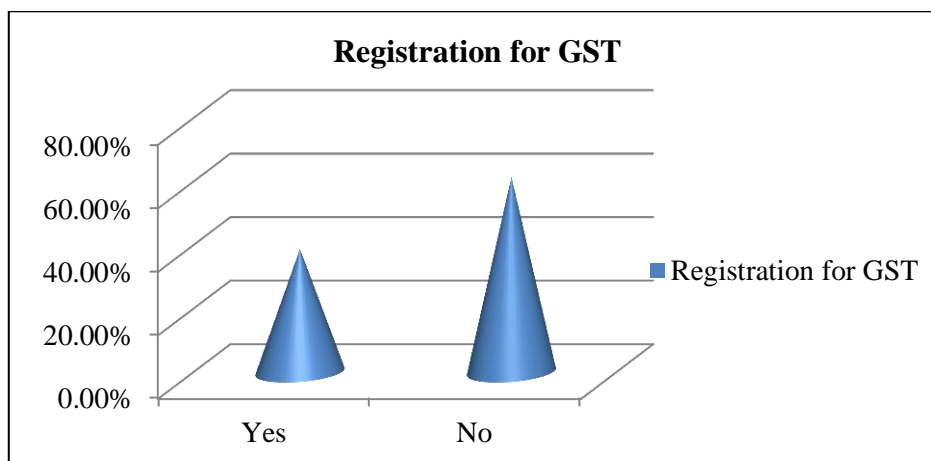
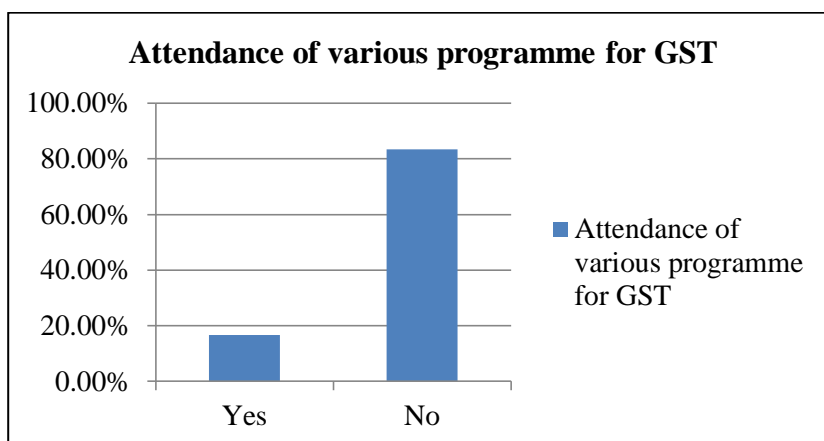


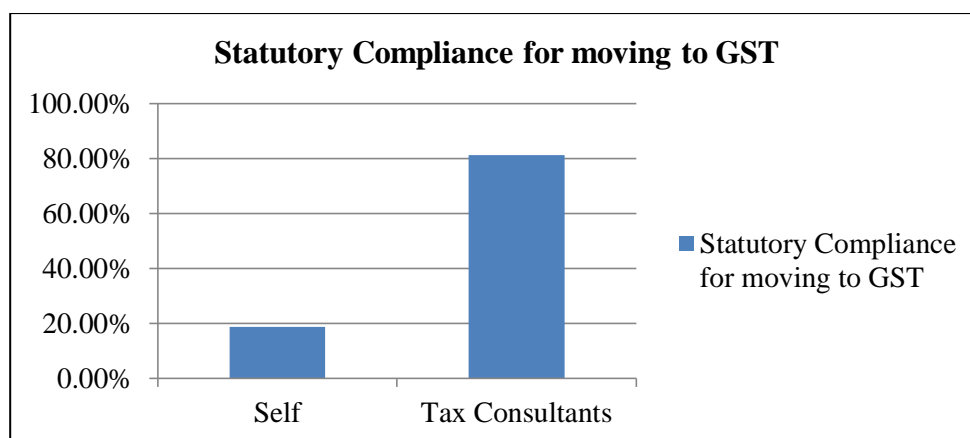
Figure no: 5, shows that 38.66% respondents have reported to register with GST which is less as compare to national average of 80% which implies that traders need to be oriented towards orientation programmes at Taluka level.

**Figure 6: Attendance of various programme for GST**



From figure no. 6, it can be seen that out of total respondents 16.66% respondents have attended various orientation programmes about GST whereas 83.33% respondents have not attended any orientation programmes. It indicates that there is to encourage trade to attend such programmes of GST to aware themselves.

**Figure: 7 Statutory Compliance for moving to GST**



From figure no: 7, it was found that the 81.33% respondents have reported that they rely on any tax consultants for compliance regarding GST whereas only 18.66% respondents have reported that they are doing their own calculations regarding GST.

## CONCLUSION:

The above discussion reveals that traders in Khalapur Taluka of Raigad district are generally agreed with the implementation of GST. However based on the analysis it is stated that almost all the traders are well aware about new GST and their provisions. Most respondents believe that GST will bring monetary gains to their business and do not anticipate any significant boost in tax compliance cost. More worrying is the fact that less than 40% respondents have registered for new GST system and are mostly dependent upon their tax consultant to do so. However there is need to encourage traders to make registration of their business for GST. The Government and NGO's should come forward to organise various orientation programmes particularly in rural areas to make traders more aware about GST in such a manner to cover all traders in this biggest tax reforms in the country.

## Limitations:

The study was limited to only 150 traders in Khalapur Taluka of Raigad district in Maharashtra. The content of the study was restricted to the awareness towards GST. Further the researcher administered simple

questionnaire to the respondents. Data collected was only confirmed to Khalapur Taluka, but is used to reflect the situation in other parts of the state as well as the country.

**Scope for Further Research:**

This study only targeted the traders in Khalapur Taluka of Raigad district in Maharashtra. To provide better understanding of awareness about goods and service tax among traders more research should be done.

**Acknowledgement:**

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