

Awareness and Impact of GST among Small Business owners: A study of Muzaffarpur City in Bihar

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ABSTRACT

GST (Goods and services Tax) is a visionary step intended towards rationalizing the giant indirect tax system in India. The Implementation of GST is reducing tax burden and enhancing the ease of doing business in the country. The Impact of GST has two segment Weight; One is to the business and second is to the customers who are the actual bearer of tax costs. Indian unorganized sector and portion of industry those who are enjoying the exemption will also contribute significantly to the growth of countries GDP. The basic purpose of conducting the study is know the awareness level of small businessman towards GST and to assess the actual impact as they are facing. As it is know that impact will be there either on manufacturing or selling but to know the extent of impact and level of satisfaction study is conducted. The study is survey based in which data was collected from 50 business man who are residing in Muzaffarpur City of Bihar. The tool used for collection of data was structured questionnarie. The results obtained after analysis revealed that businessman are aware GST implementation and opined that it's a fair tax system. But it requires more clarity, Simplification in procedure because they have to depend on CA's during the online submission. The paper had tried to attempt actual Impact of GST and suggestive measure have also been provided at the end of study.

Keywords : GST , GDP , VAT , State Tax , Central Tax .

I. INTRODUCTION

The word tax is derived from Latin word 'taxare' which means to estimate a compulsory contribution to state revenue, levied by the government on workers income and business profits or added to the cost of some goods, services, and transactions. A Tax is an imposed input, obtained pursuant to legislative authority, Indian

Taxation System comprise of Direct and Indirect Tax. Goods and Services Tax (GST) is one of the most contributory Indirect Taxation reforms. The only means of financing is Taxes the public goods because they cannot be priced appropriately in the market. They can only be provided by the Governments, funded by taxes.

The concept of GST that is goods and services is a Canadian Value-added tax levied on most of domestic consumption. The tax is levied to provide revenue for the government. The GST is aid by consumers, but it is levied and remitted to the government by businesses selling the goods and services.

Across the world India one of the 123 Countries that is following the VAT mode which was introduced at both centre and state level. At the national level GST is a fill inclusive of Indirect Tax levy on manufacture, sale and consumption of goods as well as services. All indirect taxes which will be imposed on goods and services by Central and State government of India under GST. It is aimed at being wide ranging for most goods and services. France is the first country in 1954 GST is first implemented the world.

Taxes are the only way for Financing the public goods because of their inappropriate pricing in the market. It can only be levied the government, Via funds collected from taxes. It is highly important that the taxation system is designed in such an appropriate manner that it doesn't lead to any sort of market distortion and failures in the economy. The taxation laws should be highly competitive so that revenue can be raised in a highly efficient and effective manner.

In India, the Taxation system was started in ancient times. The early taxation system's existence can be seen in many ancient books like Manu- Smrti and Arthashastra.

- In 1944 Baghchi Report suggests the introduction of “Value Added Tax (VAT) for taxing the Goods and services in India.
- In 2000, for the further discussion on GST started which was initiated by the Vajpayee Government by locating authorize committee, the Finance minister Asim Das Gupta of West Bengal was headed, the aim of designing the GST model and overseeing the IT back-end awareness for its rollout.
- GST in India included with Integration of Indirect Tax which was strongly recommended by Vijay Kelkar in 2004.
- Later in 2006, Shri P Chidambaram Union Finance Minister encouraged towards GST in his Budget and projected to introduce it by 1st April 2010.
- Constitution (122nd Amendment) Bill introduced introduced in the Parliament in December 2014.
- On 6th May 2015, Lok Sabha agreed the much-delayed Constitutional Amendment Bill to introduce (GST) Goods and services Tax. The new framework of it is extremely positive has taken into consideration the requirements of the common man.
- In 2017 GST Council finalizing the GST Rules and GST Rates.
- The Constitution (One Hundred and First Amendment) Act 2017 Modi Government has announced the GST Bill From 1st July 2017.

II. LITREATURE REVIEW

- **Kaur (2018)**

The purpose of study was point out the awareness among people about GST. And to find out the expectations of people after the implementation of GST. The study concluded that still people are not well aware about GST and due to lack of proper information they are having negative perception towards the act. It also shows the lack of goods and services information of the responded, not able to identity the slabs implemented.

- **Chouhan et.al (2017)**

The study focused on awareness of 148 small business owners in Rajasthan state. It also reveal the problems faced by the small business owner due to lack of adequate knowledge, and reliefs provided in the act. The major problems were that customers refuse to pay GST, which create a problem while submitting the taxation, other problem arises dur to the inclusion of technology in the process has created the

perception of difficult tax among the responded. The levels of awareness of the responded were low and moderate and majority not willing to support the act.

- **Banik and Das (2017)**

The study revealed the challenges to be faced by Indian Economy after the Implication of GST, It throw light on the comparison of GST with previews Tax System, there were 31 taxes including sales Tax, State Tax etc. Which are now turned into CGST, IGST, SGST making tax structure more complicated. The inclusion of technology in filling the GST has made the need to add trained employee for this purpose. The change in GST rate made the small vendors and businessman more confused about the act. The study conclude that GDP will fall down due to the introduction of unplanned tax system thus its needed to more simplification in the act.

- **Kumar (2017)**

The study analyzed the previous Indirect Tax System and GST, briefly explained the complete concept of the GST, its rate and its comparison wit the previous tax structure, the Present GST system has removed many hurdles while filling the taxation. The examples provide more clarification on how GST is levied on the Goods and how it is reducing the burden on small vendors and businessman. The study concludes that the GST is easier than earlier tax system. It will provide more benefit to the manufactures and thus increase the competition in market.

- **Mishra (2018)**

The study provided glimpse of the rates. It throw glance on the impact of GST, on pharmacy, agriculture, textile, mobile and accessories, telecommunication sector, real estate. FMCG, automobiles, banking, financing. The research paper concludes that the implication of single tax system will attract more manufacturer to get engage in the sector. The individual will also get benfit as the prices of the products will be decrease and consumption will increase which will lead to the increase in GDP. Increased GDP will attract the foreign investment which will directly or indirectly create the employment opportunity.

- **Kumar and Sarkar (2016)**

The study described the history of GST from international to National Level. It also provided brief analysis of previous and present taxation system, and its other supplementary taxes with facts and figures. The facts presented in the

study shows that how the GST is beneficial to customers, industries, exporters, and the economy. The study conclude that GST should be implemented as soon as possible as delay in the implication may delay may provide negative impact in the economy.

• **Bhuyan and Nayak (2017)**

The study accommodated the various advantages of implementing GST, says removing of cascading effect, increasingly the efficiency of logistic, regulating the unorganized sector etc. The paper on the basis of facts and figures shows the impact of GST on Telecom, Cement, baking and insurance, airlines, E-commerce, FMCG, technology sectors . The study conclude that the GST will provide the positive impact on economy and will increase the growth of GDP, and will generate the employment, but it will show the negative impact on the service sector as the rates of GST in the service sector has increased. GST will bring innovation, accountability, and transparence in the tax structure.

Objectives of Study

- To gain an in-depth understanding of GST taxation system evolution.

- Understanding in-depth the concept of new taxation system introduced- Goods and Services Tax (GST) in India.
- Understanding the features, working, and differentiating the current taxation system in India v/s GST.

Research Methodology

The study is descriptive in nature where small business owners were selected as respondents who are dealing in various businesses in the Muzaffarpur City. The chapter divided into three parts.

Sources of Data

Primary data were collected primarily through direct administration of the questionnaire. The study uses secondary data to support and substantiate primary data and also to from a strong theoretical base. The secondary data were collected from Research paper, SSRN, Shodhganga, Local bodies, Journals, Newspapers, Articles, GST portals, working papers etc.

Sample Size

40 Small Business Owners.

Sample Technique

In Non Probability method of sampling, convenient technique was applied.

PART A

Demographic Characterizes

Gender	Frequency in Percentage
Male	90%
Female	10%
AGE	
18-30	15%
30-50	65%
50 Above	20%
Literacy Level	
Illiterate	0
Up to Sr. Secondary	20%
Graduation	50%
Post Graduation	30%
Monthly Family Income	
Less than Rs 15000	10%
Rs 15000 – Rs 40000	25%
Rs 40000 – Rs 60000	50%
Rs 60000 Above	15%
Religion	
Hindu	70%
Muslim	15%
Sikh	15%
Jain	0

Any Other	0
Types Of Area	
Urban	60%
Semi Urban	15%
Rural	25%
Remote Area	0
Nature of Family	
Joint Family	80%
Nuclear Family	20%

Demographic Characteristics

A survey conducted on 40 People to find of the demographic character of respondent. It was found that out of 40 Respondent 90 % of the respondent are male and 10% of the Respondent are Female. Around 15% of respondent are of the age of 18-30 years. 65% of the Respondent are age of the 30-50 years. 20% of the Respondent are the age of 50 years or Above. About 20% of the Respondent are literate up to Senior Secondary level. 50% of the Respondent are literate graduated. 30% of the Respondent are literate Post Graduated. It shows the education Level of Good In Muzaffarpur District. 10% Of the Respondent earn monthly family income less than 15000. 25% of

The Respondent are earn the monthly income 15000 to 40000. 50% Of the Respondent are earn monthly family income 40000 to 60000 Rupee. 15% of The Respondent are earn monthly family income above 60000. Which clearly show that the income level of the respondent are high. 70% of the Respondent belong to the Hindu Religion. 15% Of the Respondent are belong to Muslim Religion. 15% of The Respondent are Belong to Sikhs Religion. 60% Of the Respondent are belong to Urban Area. 15% Of the Respondent are belong to Semi-urban area. 25% OF The Respondent are belong to the Rural area. 80% The maximum number of respondent are joint family nature and 20% of the Nuclear family.

PART B

How Many respondent has GST Awareness ?	
Yes	100%
No	
What was the source of awareness?	
Friends/Family	20%
Internet	60%
Media	10%
Teacher	10%
Others	
Does GST is burden for people?	
Yes	20%
No	80%
Is GST is a fair tax System ?	
Yes	70%
No	30%

Is Available Legislation is satisfactory in relation to GST?	
Yes – Satisfactory	30%
No – Need More clarity	70%
GST is easier than early tax system ?	
Yes	90%
No	10%
What Kind of Tax GST is?	
Indirect Tax	100%
Direct Tax	0
Does the business is registered under GST?	
Yes	90%
No	10%
Do the have knowledge about GST online portal?	
Yes	70%
No	30%
Does the available legislation in relation to propose GST is satisfying?	
Yes – Satisfactory	20%
No – Need more Clarity	80%
Does the Respondent current software equipped is capable enough to handle the proposed GST?	
Yes	90%
No	10%
Not Applicable	0
Need Assistance of lawyer of CA while filling the tax?	
Required	60%
Not Required	40%

The tabulation presentation shows that the Respondent have complete knowledge about the existence of GST and its embedment in the bill

passed in the Parliament, which indicate that the respondent are well aware of the changes in the tax implementing method. The next Table shows that

the major source of knowledge is from Media and Internet Which is the fastest and easy source of information to the public. The Internet influence the most to the Respondent. In the third record it shows the majority of the Respondent accept the GST is not burden on Income it has reduced the major drawbacks of the previous tax filing system. Whereas some respondent have the opinion to add more amendments in the present law to reduce some other effecting factors. The changes in system of filing Tax have given some Relief TO Respondent. Record four shows that the majority of Respondent states that the implementation of GST Is a fair tax and is acceptable by the Respondent. It indicate that the respondent accepted the change in system and they welcome, whereas some respondent are not satisfied with the Implementation of GST and need more changes in present tax system. Record four shows that the majority of Respondent i.e. 70% wants need to more clarification in the present GST legislation. Which shows that the GST legislation is a complicated concept which required more clarification and more relaxed abstracted among the respondent. Whereas 30% of the Respondent are satisfied with the legislation, doesn't ask for further clarification.

The Record sixth indicate that 90% of the respondent accepts that the implication of GST is much better than the earlier tax system, the filing and maintenance of the taxation is much easier, reliable and flexible. It reduce the extra efforts and paper works. Only 10% of the respondent feel that the GST is complicated and is not readily acceptable without much amendment. Record

Seven shows that the 100% of the Respondent are clear that the GST is Indirect GST tax, which indicates that each respondent has the perfect knowledge about what the kind of GST taxations. There are two types of taxation system in the country, the direct tax and indirect tax, the implication of GST is on the place of Indirect Tax which is filed by the organization. The record shows that 90% of the Respondent are registered Under GST, which indicates that there is majority of tax depositor in the Muzaffarpur District and business is conducted within the rules of Government. Only 10% of the Respondent are not registered under GST due to new entry in the market or change/expansion in the business. The registration of business is done under the rules and regulation provided by the government. Results indicated that 70% of the respondent has knowledge about the GST online portal through media, internet, friends also know the embedment, inclusion of new methods to file the GST and 30% of the Respondent are not knowledge about GST online Portal and to get the reimbursement from Government. GST online Portal has reduced the paper work and made the filing of taxation easy, Government declare the last date Via source, keeping in mind the date, filing the tax and take the advantage of reimbursement. In short they were completely satisfied with the introduction of new changes in the legislation. Whereas 80% of the Respondent Where in doubts regarding the introduction of the legislation and ask for more clarification and establish necessary amendments for or relaxation in the slaps and return.

PART C

Reduction of Corruption in the Economy.	Frequency in Percentage
Highly Agreed	10%
Agreed	60%
Neutral	15%
Less Agreed	15%
Fully Disagreed	0
Total	100%
GST legislation is Satisfactory.	
Highly Agreed	0
Agreed	40%
Neutral	30%
Less Agreed	10%
Fully Disagreed	20%
Total	100%
Ease in filing of GST .	
Highly Agreed	40%
Agreed	30%
Neutral	20%

Less Agreed	10%
Fully Disagreed	0
Total	100%
Rate Implication on the occupation satisfactory.	
Highly Agreed	20%
Agreed	20%
Neutral	10%
Less Agreed	40%
Fully Disagreed	10%
Total	100%
Benefit of the government schemes.	
Highly Agreed	10%
Agreed	20%
Neutral	40%
Less Agreed	30%
Fully Disagreed	0
Total	100%
Applied existence law is fairly applied.	
Highly Agreed	10%
Agreed	40%
Neutral	10%
Less Agreed	30%
Fully Disagreed	10%
Total	100%
Present system is beneficial then early tax system.	
Highly Agreed	40%
Agreed	20%
Neutral	20%
Less Agreed	10%
Fully Disagreed	0
Total	100%
Necessary Amendments should be introduces timely in the legislation.	
Highly Agreed	60%
Agreed	10%
Neutral	20%
Less Agreed	10%
Fully Disagreed	0
Total	100%
Government is taking corrective for the flexibility in the current taxation system.	
Highly Agreed	50%
Agreed	30%
Neutral	10%
Less Agreed	10%
Fully Disagreed	0
Total	100%
Inflation cost reduced due to GST.	
Highly Agreed	10%
Agreed	20%
Neutral	40%
Less Agreed	30%

Fully Disagreed	10%
Total	100%
Present tax system moved the pace of economy growth.	
Highly Agreed	30%
Agreed	60%
Neutral	5%
Less Agreed	5%
Fully Disagreed	0
Total	100%
GST affected the income.	
Highly Agreed	60%
Agreed	5%
Neutral	30%
Less Agreed	5%
Fully Disagreed	0
Total	100%
Implementation of GST increased the documentary procedure.	
Highly Agreed	10%
Agreed	20%
Neutral	50%
Less Agreed	10%
Fully Disagreed	10%
Total	100%
Implementation of GST reduced the manual work.	
Highly Agreed	60%
Agreed	20%
Neutral	20%
Less Agreed	0
Fully Disagreed	0
Total	100%
GST made it mandatory to provide the bill to customer.	
Highly Agreed	40%
Agreed	30%
Neutral	20%
Less Agreed	10%
Fully Disagreed	0
Total	100%
E-Way Bill is beneficial for business.	
Highly Agreed	30%
Agreed	20%
Neutral	30%
Less Agreed	10%
Fully Disagreed	10%
Total	100%

III. FINDINGS

- “GST has Reduced the corruptions” support the statement by 70% respondent.
- GST Procedure required CA consultancy as 60% of the Respondent are not train enough to comply all the requirements.
- 80% Respondent are in favor of GST that it’s not a burden.

- 76% of the Respondent are happy with the Ease Process of filing GST Online .
- 36% Of the Respondent are happy with the Rate Implication of GST.
- 80% Respondent required more clarity in Legislation.
- GST was not successful in reduction the economy, around 40% of the majority considers that GST has failed in reducing the inflation.
- A majority of around 90% of the Respondent are in the favor of the statement that GDP has increased the pace of economy growth.
- In the survey it was detected that 50% of the Respondent find the E-way Bill beneficial for business, which has reduce the documentation process as state wise documentation has been eliminated, and the system is user-friendly and it is easy to generate the Bill.
- Introduction of GST has increased the documentary process whereas it has reduced the manual work by providing the online registration in the filing process of tax. More the 30% of the Respondent answered that GST has increased in their documentation as for each transaction they need proof leading. Whereas introduction of online filing of tax has reduced their manual work as they need to submit the framed form with required information.

IV. SUGGESTIONS

- GST Council should work towards simplification of GST procedure.
- The rates implemented should be modulated.
- Training session for GST Should be conducted at regular basis especially in the semi urban areas.

V. CONCLUSION

In the ear of globalization there was the need for the powerful and systematic tax structure for competing India at International level. The GST will not only bring the transparency but also it will promote the ease of doing. Earlier every state used to have own levied tax rates which was complicated and increased the price of the goods by cascading effect which hindrance the foreign direct investment also. In the study the respond were well aware of the GST act and the rates implemented on the products but the small businessman were not much of the time and reduced paper work which was appreciated by responded. 70% of the Respondent agreed that there was reduction in corruption due to

introduction of GST in economy. Majority of Respondent felt that GST will for sure increase the pace of the economy. Growth of the country but it requires more clarity as suggested by the Study. GST Council should continue with efforts to boost Indian Economy.

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