

A study on the perception of consumer on GST –A special reference to restaurants in West Bengal, India

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Date of Submission: 06-03-2024

Date of Acceptance: 16-03-2024

ABSTRACT:

Goods and Service Tax (GST) is a destination based tax so the perception of consumer is very important when they are consumption of goods or services. In India GST was implemented on 1st July 2017. The study about to evaluate the consumer awareness towards the GST rates on restaurants, analyse the level of satisfaction of the consumers towards the GST rates in restaurants and the consumers perception towards the GST rates in restaurants. Several variables are chosen for the study and research it is based on both primary and secondary data. Primary data collected through structured questionnaires from the resident of West Bengal, based on convenience sampling. Secondary data collected from various books, national and international journals, government reports, articles, newspapers and magazines, publications from various websites which focused on various aspects of GST on restaurants.

Keywords: Indirect tax, GST, CGST, SGST, IGST, GST rate, GST council, Consumer Perception, Consumer awareness

I. INTRODUCTION:

'Tax', the word originates from the term 'Taxation' meaning an 'estimate'. Tax can be considered as the mandatory liability of every citizens of a country. Tax is a compulsory or obligatory payment under any statute to the Government of the country. It can be levied only by government on goods, income or any activity (Mokry, 2006). Taxes are imposed so that Government gets funds to meet the expenses incurred in defense, maintenance of law and order, carrying out different developmental and welfare activities, providing public goods and services etc. A nation's growth primarily depends on revenue generation and its spending. At the start of globalization and liberalization policies in India, the country's tax system has undergone major and

impressive changes and innovations over the years. Tax reforms in India today have historical origins and roots in tax history in ancient, medieval and modern India (Singh, 2017).

Implementation of GST in India: GST is a new tax regime which forms part of the indirect tax levied on the supply of products and services. This tax has largely replaced all other indirect taxes and is one indirect tax for the entire country. In the year 1999-2000, the definition of GST was first visualized. As first suggested in the year 2004-05 (CBIC, 2019) by the 12th Finance Commission, the Kelkar Committee recommended to roll out GST. Following the same advice, by 1st April, 2010, Finance Minister P. Chidambaram suggested a GST rollout. In previous years Indian Government charged different rates of State and Central taxes for buying different goods and services. Previously, the taxation system was multifarious and most of the people were able to evade taxes through loopholes in the whole system. After introduction of new tax regime namely GST higher proportion of taxes brought under one umbrella. It made it tougher for evaders to escape from paying taxes to the government (Bhattarai, 2017). Before the GST law, India adopted a dual system of taxation of goods and services which was distinct from GST as seen in the figure below (Aryan Agarwal, 2019).

Types of GST in India: GST is a dual tax. Tax is levied separately by both Central and specific states under GST. Central Government levy CGST and State Government levy SGST. The types of GST are stated below (CBIC, 2019):

CGST: This tax is governed by the Central Goods and Services Tax Act and is levied and collected by the Central Government. This is implemented when the supply of goods and services is inter-state. This tax has replaced all existing taxes such as the Central Excise Duty, Customs Duty, Service Tax, CST etc.

SGST: The State Government levies this tax. It is imposed on the sale of goods and services within the State. The State Government collects the tax. SGST replaced previous taxes such as entertainment levy, VAT, entry fees, cessations and surcharges.

IGST: IGST is levied on the transmission of goods or services between States. The central government raises tax and is allocated among the States. This is also chargeable on imports.

UTGST: UTGST is levied when goods and services are supplied in any of the Union Territories of the country, that is. Andaman & Nicobar Island, Daman and Diu, Haveli Dadra and Nagar, Chandigarh and Lakshadweep. It is levied along with CGST.

Objective of the study: To evaluate the consumer awareness towards the GST rates on restaurants. To analyze the level of satisfaction of the consumers towards the GST rates in restaurants. To analyze the consumers perception towards the GST rates in restaurants.

Scope of the study: To find out the relationship between the income level of consumer and the satisfaction levels of consumers. Number of times the consumers visited.

Limitation of the study:

This study limits to consumer perception towards GST rates on restaurants only, not the other sector. The study is limited to West Bengal only. Number of respondents limited to 134.

Review of Literature: Girish Garg (2014) – In his study "Basic concepts and features of goods and services tax in India" has found that, GST is a combination of the supply of various products and the provision of various services. All the sectors of financial systems have felt the Impact of GST. The major part of SMEs, EXIM, the professionals and the Consumer are almost directly suffering due to impact of GST. He opined that it improves the nations’ revenue collection and also boosts our countries’ economic development.

D. Poorani & Dr. J. Vidiya (2019)5 –In their research study titled "A study on customer's

perception towards Goods and services Tax (GST)" have stated that, GST will for sure increase the level of GDP and the Consumers are satisfied with the four tiers of GST. The Consumers are aware about the GST rate. The perception of the consumers depict that consumers have positive opinion amongst consumers.

GowthamRamkumar (2017) - "Impact of GST on consumer spending ability in Chennai city". In his research work, the researcher has come to a conclusion that the implementation of the GST affects the buyers spending ability and also it paved the way for a steep rise in the inflation level and also in reduction in price. Finally he concluded by suggesting to organisations that usually transfer the input tax credits to the buyer.

AnshuAhuja (2017)- in her study titled "Perception of people towards Goods & service tax" has envisaged that the GST are going to be fruitful in the process of the reduction of tax. It is also believed that it will work as a transparency system and a little too. The researcher concluded by saying that farmers and the small businessman should definitely provided with the tax relaxation. It will surely help in avoiding the unfavourable impacts tend to be caused by GST on their levels of income.

Research methodology: Validity of any research basically depends on systematic methods of collection of data and thereby analyzing the data in sequential orders with the logic that it relates to research, based on problems selected for the study.

Research design: Research Design is basically an arrangement made of conditions for collecting and analysing of data in a manner which usually aims at combination of relevance to purpose of research with the economy in accordance with the procedures.

Sample size: The sample size selected for the study is 134 respondents of Kolkata.

Analyse and interpretation:

GST RATES	RESPONDENTS	PERCENTAGE
YES, KNOW ABOUT GST	103	76.87 %
NO, DON'T KNOW	11	8.20 %
MAY BE, NOT SURE	20	14.93 %
TOTAL	134	100.00 %

The above table clearly depicts that around 76.87 % of respondents are actually aware about the GST rates, 8.20 % of the respondents are completely unaware about the GST rates.

SATISFACTION	RESPONDENTS	PERCENTAGE
HIGHLY SATISFIED	07	5.22 %
SATISFIED	23	17.17 %
NEITHER SATISFIED NOR DISSATISFIED	34	25.37 %
DISSATISFIED	44	32.84 %
HIGHLY DISSATISFIED	26	19.40 %
TOTAL	134	100.00 %

The above table clearly shows that only 5.22% of the respondents are actually highly satisfied with the GST rates charged in restaurants, where as 19.40% of the respondents highly dissatisfied with the GST rates charged in the restaurants.

Null Hypothesis: There is no significant relationship between age of respondents and level of satisfaction towards the rates of GST in restaurants.

Alternative Hypothesis: there is a significant relationship between the age of the respondents and the level of satisfaction towards the rates of GST in restaurants.

Calculated value of Chi square test =19.16

Table value of Chi square test for 6 df at 5% level = 12.592

Calculated value > Tabulated value 19.16 > 12.592

Inference: Null hypothesis is rejected and Alternative hypothesis is accepted.

II. FINDINGS:

The study revealed that 82.25% of the respondents visit restaurants below 5 times in a month. It is clear from the study that 78.2% of the respondents are aware about the GST Rates. It is evident from the study that 32.2% of the Respondents are actually dissatisfied with GST rates in Restaurants, 28.5% of the respondents are neutral, 16.9 % of respondents are satisfied with

rates of GST in restaurants .Majority of 79.9% of respondents are of the opinion that GST Rates on restaurants should be reduced. The study clearly shows that 50.8% of respondents are of the opinion that the GST rates are actually a cost burden. There is a significant relationship between the age of the respondents and level of satisfaction towards the rate of GST in Restaurants.

III. CONCLUSION:

The researcher concluded that based on the analysis of the perception of consumers it is clear that majority of the consumers are of the opinion that the GST rates must reduced since they are too high in restaurant sector. It is the need of the hour to conduct regular awareness programs regarding the GST rates in restaurants in order to prevent the consumers from being exploited. It is evident from the study that the consumers are most of the times restraining from going to restaurants due to high GST rates in many restaurants. Hence it is concluded that either the rates of GST should be reduced or the rates should be paid by the owners and should not pass on the consumers.

IV. SUGGESTION:

The research study suggested that the consumers must be made aware of GST rates on restaurants. Tax exemption must be given to those restaurants which fall under the 5% slab. Earlier the restaurants were allowed to claim Input Tax Credit

but once the GST came to the fore, they were deprived of this right. Since majority of the consumers are of the feeling that the GST rates charged are high and hence it is suggested that the GST rates should be reduced. It is opined and suggested that the restaurants must be continuously monitored in order to make sure that the restaurants are actually charging the correct rate of GST from their customers. The Government must consider bringing back ITC at-least in the restaurants sector in order to protect the interest of both the owners of restaurants as well as that of the consumers.

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