

A STUDY OF PERCEPTION OF RESPONDENTS WITH REGARD TO LESS COLLECTION OF GST SINCE ITS INCEPTION: A CASE STUDY OF UDAIPUR CITY

Anshu Garg*¹

*¹Raj Rishi Bhartrihari Matasya University, Alwar

DOI: <https://www.doi.org/10.56726/IRJMETS20949>

ABSTRACT

Purpose: To find out the reasons of less collection of GST since its implementation.

Design/methodology/approach –Primary data was collected from 138 respondents in the city of Udaipur. The researcher collected data using structured questionnaires and non-experimental quantitative surveys. At first, 150 persons were questioned, but only 138 of them offered useful information, and the remaining 12 were unengaged, incomplete responses that were deleted to make room for more study.

A set of ten Likert statements were formed to test the perception of reduced GST collection after its implementation, and statistical findings were produced from them.

Research limitations/implications – GST collection will fluctuate over time depending on future conditions. Because no existing studies have identified the causes of lower GST collection. This is the first time this research has been conducted.

The data was collected from the perspective of businesspeople in the city of Udaipur, with a small sample size (157 respondents); if the sample size had been larger, the conclusion would have been more accurate. Findings: GST collection is hampered by a variety of factors, including strict compliance, a lack of understanding, a slowing economy, and Covid-19.

Practical implications – The study gives insight into respondents' perceptions of lower GST revenue collection, and the results produced from the data are effective and valuable, with practical ramifications. Originality/value –The data collection was done on a first-come, first-served basis, and the write-up is based on the data collecting findings as well as the researcher's own perspective.

Key Words: GST, Covid-19.

I. INTRODUCTION

On July 1, 2017, the Goods and Services Tax (GST) went into effect. It is an indirect tax on the provision of goods and services in India. It is a multistage, destination-based tax that is imposed on the supply of goods and services. There are five different slab rates to choose from. GST has been implemented in 162 countries around the world, including India. The major goal of the GST is to bring all indirect taxes in India under one umbrella, such as the Central Excise Tax, Service Tax, VAT/Sales Tax, and so on.

The GST-based taxing system makes the taxation system more transparent. The Central GST Act of 2017 authorises the central government to charge the CGST on the supply of goods and services, or both, inside the state's borders. The Integrated GST Act of 2017 deals with the imposition of IGST by the central government on the delivery of goods and services, or both, outside the state's borders. Similarly, the State/Union Territory Act, 2017 regulates the imposition of SGST/UTGST by the State/Union Territory government on the supply of goods and services, or both, within the state's boundaries.

II. REVIEW OF LITERATURE

(John & Dauchy, 2021) On average, cigarettes, bidis and SLT have become increasingly affordable over the past 10 years. Bidis were found to be nine times more affordable than cigarettes. The GST has accentuated the increase in the affordability of cigarettes and SLT, and did not significantly alter the high affordability of bidis. In general, states with high (low) value-added tax rates during the pre-GST period experienced increases (decreases) in tobacco products' affordability after GST.(Nayyar & Singh, 2018) GST is one of the most crucial tax reforms in India which has been long pending.

This paper presents an overview of GST concept, explains its features along with its timeline of implementation in India. The paper is more focused on advantages of GST and challenges faced by India in execution.(Lourdunathan & Xavier, 2017) As the Goods and Services Tax Bill was passed in the Rajya Sabha, it also brought India at the center of the global economy. With the passing of the bill, many international newspapers published their views on how the GST Bill brings a new wave of economic reform in the country. The paper highlights the background, Prospectus and challenges in Implementation of Goods and services Tax (GST) in India. Finally, the paper examines and draws out a conclusion.(Rupa, 2017) Traditionally India's tax regime relied heavily on indirect taxes. Revenue from indirect taxes was the major source of tax revenue till tax reforms were undertaken during nineties. There are endless taxes in present system few levied by Centre and rest levied by state, to remove this multiplicity of taxes and reducing the burden of the tax payer a simple tax is required and that is Goods and Service Tax (GST). This paper throws an insight into the Goods and Service Tax concept, advantages, disadvantages and international scenario.(Kour, Chaudhary, Singh, & Kaur, 2016) GST is now accepted all over the world and countries are using it for sales tax system. This paper will help to show that, what will be the impact of GST after its implementation, difference between present Indirect Taxes and GST and what will be the benefits and challenges of GST after implementation.(Vasanthagopal, 2011) Despite the various impediments to the proposed transition, until the time GST is implemented, it would be worthwhile to assess its positive impacts on the various development areas viz. agriculture, manufacturing industry, MSME, housing, poverty reduction, employment, price level, EXIM trade, GDP, government revenue, etc. and this aspect is the subject matter of this paper.

1.1.1 RESEARCH GAP:

Various research articles have highlighted the impact of GST on the Indian economy, on various sectors, the benefits and drawbacks of GST implementation, and so on, but none of the available studies have identified the causes for the government's lower GST collection. As a result, this paper will attempt to address the explanations as well as the gaps in previous research.

III. OBJECTIVE

To figure out why the government has collected less GST since its start.

IV. RESEARCH METHODOLOGY

The mode of data collection opted for the study is primary in nature. Random sampling was used to collect the data. The area of study is Udaipur district and the number of respondents taken as sample are 138 respondents who are businessmen from Udaipur district. The statistical tools used for the purpose of data analysis are mean, standard deviation and one sample t-test.

V. ANALYSIS OF DATA

IKERT STATEMENTS TO KNOW THE PERCEPTION OF RESPONDENTS THAT WHY THE GOVERNMENT HAS COLLECTED LESS GST SINCE ITS START

- S_1.** It is not as handy as the traditional taxation concept.
- S_2.** GST is not meant for India; we are not that tech-savvy.
- S_3.** Even the tax professional is not so comfortable with it.
- S_4.** The resistance from the society has led to a weak collection of GST.
- S_5.** People are smart enough to conceal their income even with GST.
- S_6.** Covid outbreak was a significant factor contributing to less collection of GST by the Government.
- S_7.** The countrymen succeeded in finding out ways to escape GST as well.
- S_8.** Demonetisation already weakened the economy and GST added to its glory, revenue collection had to be low.
- S_9.** It came up accidentally, it took us time to accept to the new taxation regime.
- S_10.** The tax regime is very complex, its complexity led to non-acceptability and ultimately weak collection.

VI. HYPOTHESIS TESTING

H01: There is no significant difference in the perception of sample respondents regarding low collection of GST since inception.

To test the above-mentioned null hypothesis, a one-sample t-test was applied

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total Agreed	Total Disagreed	Mean	t-test
									St. Dev	Sign.
S_1	n	14	24	18	47	35	82	38	3.47	4.212
	%	10.14%	17.39%	13.04%	34.06%	25.36%	59.42%	27.54%	1.314	.000
S_2	n	45	40	20	22	11	33	85	2.99	5.621
	%	32.61%	28.99%	14.49%	15.94%	7.97%	23.91%	61.59%	1.302	.000
S_3	n	17	16	12	58	35	93	33	3.57	5.039
	%	12.32%	11.59%	8.70%	42.03%	25.36%	67.39%	23.91%	1.318	.000
S_4	n	20	20	16	37	45	82	40	3.49	3.958
	%	14.49%	14.49%	11.59%	26.81%	32.61%	59.42%	28.99%	1.441	.000
S_5	n	17	21	7	37	56	93	38	3.68	5.538
	%	12.32%	15.22%	5.07%	26.81%	40.58%	67.39%	27.54%	1.445	.000
S_6	n	20	20	10	48	40	88	40	3.49	4.089
	%	14.49%	14.49%	7.25%	34.78%	28.99%	63.77%	28.99%	1.415	.000
S_7	n	40	55	10	19	14	33	95	3.02	5.733
	%	28.99%	39.86%	7.25%	13.77%	10.14%	23.91%	68.84%	1.307	.000
S_8	n	14	19	12	53	40	93	33	3.62	5.597
	%	10.14%	13.77%	8.70%	38.41%	28.99%	67.39%	23.91%	1.308	.000
S_9	n	14	24	18	20	62	82	38	3.67	5.414
	%	10.14%	17.39%	13.04%	14.49%	44.93%	59.42%	27.54%	1.447	.000
S_10	n	12	13	28	29	56	85	25	3.75	6.751
	%	8.70%	9.42%	20.29%	21.01%	40.58%	61.59%	18.12%	1.311	.000

The calculated value of the t-test was (test value 3, df. 137), which was found to be positive in all statements; the significance value was less than 0.05, which confirms that the mean value of responses is more than 3. The researcher rejects that null hypothesis and concludes there is no significant difference in the perception of sample respondents regarding low collection of GST since inception.

VII. FINDINGS

1. Most businesses, particularly SMEs, were unaware of the complexities of the new tax structure. They did not want to register under GST because they found the new tax structure difficult to understand in relation to their companies.
2. Everything must be done online under the new tax framework. In India, the majority of taxpayers are not tech-savvy and lack access to internet compliance resources. As a result, consumers were having difficulty following the compliance requirements online.
3. Tax experts' lack of experience filing returns under the new tax regime led to their filing incorrect returns.
4. Due to the strict compliance requirements imposed by the law, people were unwilling to register under the new tax regime.
5. Tax evaders create false invoices to demonstrate the provision of goods and services when none has occurred.

6. Businesses took use of fake credits while they were ineligible for input tax credits.
7. Due to the slowing economy, lesser GDP growth has resulted in lower GST collections. GST is a transaction tax; thus, any drop-in economic activity has an influence on it.
8. Due to the economic freeze, GST collection in the first quarter of FY 2020-21 was substantially reduced, as most firms were closed and revenue generated by them was similarly reduced.

VIII. CONCLUSION

The government's objective for GST collection was not met due to a variety of factors. People initially found the new tax regime difficult to comprehend since they lacked the necessary expertise to comprehend how the system worked. Slowly but steadily, people began to register for the new tax.

Several times in recent years, the government has extended the deadline for submitting returns, decreased the interest rate on late fines, cut tax rates, and changed the threshold limitations in order to provide assistance to tax payers, as the law was recently enacted. Even after extending the deadlines and lowering tax rates, the government was only able to meet the target for a few months.

To raise revenue, the government is still working on the compliance procedure, modernising the internet portal, identifying tax evasion methods, and so on.

In the long run, the impact of GST will undoubtedly raise government revenues. As a result, the government's GST collection target may or may not be met, depending on future circumstances and the government's many adjustments.

IX. SUGGESTION

Making GST acceptable to Indian mass demand something big to be injected into the economy. Few suggestions based on the findings and researcher's personal opinion are to hold webinars to educate tax professionals, business owners, and others, to minimize the amount of time it takes to receive a refund, to make an effort to simplify compliance, to make the changes as basic as possible.

X. REFERENCES

- [1] Chanda, S., Roy, J., Mukhopadhyay, A., Chakraborty, T., & Mazumder, D. G. (2021). Modification of DNMTs Gene Expressions by GST O1 and GST O2 Polymorphism in Chronic Arsenic Exposed People with and without malignancy from West Bengal, India.
- [2] John, R. M., & Dauchy, E. (2021). Trends in affordability of tobacco products before and after the transition to GST in India. *Tobacco control*, 30(2), 155-159.
- [3] Law, C., Brown, K. A., Green, R., Venkateshmurthy, N. S., Mohan, S., Scheelbeek, P. F., . . . Cornelsen, L. (2021). Changes in take-home aerated soft drink purchases in urban India after the implementation of Goods and Services Tax (GST): An interrupted time series analysis. *SSM-population health*, 14, 100794.
- [4] Sharma, M. (2021). The possible impact of biggest tax reform (GST) in India. *IJAR*, 7(2), 31-34.
- [5] Shome, P. (2021). *Goods and Services Tax (GST): India Case Study*. Springer Texts in Business and Economics, 271-285.
- [6] Nayyar, A., & Singh, I. (2018). A comprehensive analysis of Goods and Services Tax (GST) in India. *Indian Journal of Finance*, 12(2), 57-71.
- [7] Lourdunathan, F., & Xavier, P. (2017). A study on implementation of goods and services tax (GST) in India: Prospectus and challenges. *International Journal of Applied Research*, 3(1), 626-629.
- [8] Rupa, R. (2017). GST in India: An Overview. *International Education & Research Journal*, 3(2), 88-89.
- [9] Kour, M., Chaudhary, K., Singh, S., & Kaur, B. (2016). A study on impact of GST after its implementation. *International Journal of Innovative studies in sociology and humanities*, 1(2), 17-24.
- [10] Vasanthagopal, R. (2011). GST in India: A big leap in the indirect taxation system. *International Journal of Trade, Economics and Finance*, 2(2), 144.
- [11] Das, N., & Kumar, S. P. *Goods and Services Tax (GST) in India*.