

## A study on level of awareness on gst (a study with special reference to puducherry)

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**Abstract:** Global experience shows that GST serves as a best tax system that contributes towards the revenue generating activities of the government; which might be one of the possible reason for being implemented in India. As implementation of GST is getting momentum in India. This study is attempts to investigate the level of awareness on GST in the city Puducherry among the selected traders based on convenient sampling of fifty respondents mostly general traders, with the help of a structured questionnaire. The findings of this study reveals that the level of awareness among the respondent on GST is still relatively low may be due to lack of adequate information on GST and its important features like input tax credit, refund, penalty etc. It is thus immediate necessary for the government to create mass awareness among the citizens and provide better and clear Knowledge on GST to enhance their knowledge and level of awareness in order to gain public confidence and achieve mass participation in new tax system.

**Keywords:** GST, Puducherry, Input tax credit

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### Introduction

Since 1950s the Union territory of Puducherry has witness and practiced several tax reforms right from the turnover tax system which is a single point tax system that need not required paying tax for second sales to the VAT, system that has many drawbacks of cascading effect of sales tax system. Now again Pondicherry is on its way to experience the new tax reforms with the coming of GST; which is said to have removed the cascading effect present in the old VAT system by allowing tax payers to avail input tax credit. The utmost important features of present GST system. The glimpse of the tax structure that Puducherry experience in the past decades has been given below:

**Table No. 1: Tax structure**

Year	Tax structure
1954 to 1966	Turnover tax(single point-single rate)
1967 to 1973	General sales tax (multi point multi rate)
1974 to 2000	General sales tax (single point-multi rate)
2000 to 2007	Uniform rate of tax(14 tax rates)
2007 to 2016	Value added tax 5 tax rates
2017 onwards	Goods and services tax (two tax rates)

Union territory of Pondicherry again is already set to welcome the new tax structure that is GST within its system. In this regard it is important for us to understand whether the citizens are aware or not about such major change in tax structure, if so they are aware than to what extent they are aware? Do they know the basic features and meaning GST? Do they know the benefits of such tax system etc. wonders in our minds? So to answer such questions, we attempt to undertake the study on level of awareness on GST.

### **Review of literature:**

The recent initiative of the government to implement Goods and Services Tax (GST) and its possible impact on economy has been a gaining momentum as the burning topic of interest for the researcher. Though it might have been already popular in developed nation if we take not of the global experience (Hooper & Smith, 1997), but it's always important in knowing that whether the citizens are fully prepared for adopting present GST tax system. Over the past there are doubts prevailing among the citizens what will be their fate with the new tax system. For which there may be conflicting views, between the proponents and opponents; thus providing necessary space for debates regarding merit and demerits of such tax system at present scenario.

Proponents of GST are of the view that budget deficit of the government can be addressed adopting such tax system (McGowan & Billings, 1997), bringing economic stability and increased income in the country. While opponents are of the view that GST will bring misfortune to its people especially to those who belong to lower income group by reducing its ability to (Hooper & Smith, 1997). (Bickley, 2003), opines about the difficulty involve in implementing such tax system within the country.

Contradictory views are always there among the citizens just as proponents and the opponents, some are pessimistic and some optimistic about the burden of such tax system (Csontos, Kornai, & Tóth, 1998; Cullis, Jones, & Jones, 2009), which may often lead to misconception in the level of awareness during the implementation of new tax system by the policy makers. For which requires a correct knowledge to be imparted in right way to increase the level of awareness among the citizens (Mei Tan & Chin-Fatt, 2000; Mohani, 2003). As it will clarify their misconception and give better compliance and understanding regarding such newly tax reform (Singh, 2003)

A citizens may not be aware of the actual expenditure and cost incurred for undertaking the welfare measures, which may often lead to doubt among the citizens, example like findings of the study conducted by (Csontos et al., 1998)in Hungaria, (Cullis et al., 2009)in UK arrived at similar conclusions when they investigated the level of tax knowledge among the citizens.

Thus increasing the level of awareness and knowledge among the citizens on new tax system is important to clear the misconception and to bring greater participation in the new tax system. For which first it is important for us to assess the present prevailing tax knowledge and awareness among the citizens; so that better and precise knowledge can be imparted to the audience regarding the new tax system to be implemented to gain better participation among the masses. In this scenario we find that it is important for us to take up the study before GST system is fully implemented.

**Data and Methodology:**

Primary data has been collected through questionnaire on the basis of convenient sampling. A total of fifty respondents that consist mostly of general traders in Puducherry region were identified and selected to fill the questionnaire based on which our study has been conducted.

**Result and findings:**

Table No.2 below put forward the demographic variables of the data collected from the respondents. Part-1 shows the gender and the percentage of respondents, it is clear that 86% of the respondents are male and rest 14% are female.

Part-2 shows the age group within which the respondents belongs, showing that majority of the respondents conveniently selected for the study purpose was at the age group of 45 and above that is 46%, followed by the age group of (40-44) amounting to 18% of respondent respectively as given below in the table.

Part- 3 of the descriptive statistics table shows the educational qualification of the respondents taken as sample for study. The result reveals that most of the respondents were degree holder, next comes post graduate and then diploma holder, (38, 36, 20) percent respectively.

**Table No.2: Demographic Variables**

<b>Part-1</b>	
<b>Gender</b>	<b>Percentage</b>
<b>Male</b>	86%
<b>Female</b>	14%
<b>Total</b>	<b>100%</b>
<b>Part-2</b>	
<b>Age</b>	<b>percentage</b>
18-24	6%
25-29	12%
30-34	10%
35-39	8%
40-44	18%
45 and Above	46%
<b>Total</b>	<b>100%</b>
<b>Part-3</b>	
<b>Education Level</b>	<b>Percentage</b>
10+2 and below	6%
Diploma	20%
Degree	38%
Post Graduate and above	36%
<b>Total</b>	<b>100%</b>

Table No.3 presents the basic awareness on GST by the respondents; we began to assess the awareness level first by asking the basic difference between direct tax and indirect tax. Most of the respondent (94%) were aware of such basic difference as given by the respondents. We then asked whether they have heard about the GST or not, the answer from respondents reveals that 98% of the respondents have heard of GST. And around 74% are aware of the

implementation of GST tax structure in India. Then we asked whether they have registered for GST or not showing only 6% of the respondents have registered for GSTIN and rest 94% not registered. Most of the respondent 92% preferred advice of external tax agents for the purpose of dealing with GST. When enquiring about the receiving of any guidance from GST administration the result reveals that the GST administration has not provided any guidance or assistance so far to this respondents. Regarding GST and economic reforms most of the people (90%) agree that GST is an economic reform undertaken by the government. The respondents (92%) are not much aware of the international experience on GST. Regarding the formation of GST council and its power on recommendation (92%) are not aware of such council and its power. Awareness of respondents on input tax credit the most common features of GST showed that (74%) are aware of the input tax credit but are not aware about the conditions for availing such credit. Awareness on other important features like availability of refunds and penalty showed that around (58%) of the respondents are aware of refunds facility but majority (9%) are not aware of the penalty under GST tax structures.

**Table No.3: Basic Awareness on GST**

Particulars	Yes	No
Do you know the difference between Direct Taxation and Indirect Taxation	94%	6%
Have you heard of GST	98%	2%
Are you aware about the implementation of GST in India	74%	26%
Have you registered for GSTIN	6%	
Do you use external tax agents/advisers for GST purposes	92%	
Did GST administrations and other agencies provide satisfactory guidance on GST issues	0%	
Do you agree with the statement GST is an Economic REFORM and not a mere tax amendment:	90%	10%
Are you aware of such international experience on GST	8%	92%
Have you heard about the formation of GST council	6%	
Can GST council make recommendations	6%	
Do you know input tax credit features under present GST	74%	
Are you aware of condition availing input tax credit	26%	74%
Do you know the refunds available under GST	58%	
Do you know the features of penalty under GST	6%	

Table No.4: gives out the views of respondents on GST. When asked about their views on whether GST is easier to comply other than other form of taxes (62%) of the respondent said

No and rest 24% were in confused state for they were not able to tell at this moment. The important views under this table on prevailing GST rates as 38% of the respondents were not comfortable with the present GST rates and majority of them 48% were not able to decide

about the present rate system whether suitable or not. 42% of the respondent feel that India is capable of implementing the GST tax system in India too but still 32% of them are not in a position to tell whether India can fully implement GST or not. The respondents were also asked to share their views regarding whether GST system will still continue to exist more than five years or not. (60%) of the Respondents were confident enough to tell that it will last more than five years rest 34% were not in a position to predict about the possibility of GST to

continue even after five years. We all know that input tax credit is an important features of GST tax system so the respondents were ask to share their views on Input tax credit whether they think it as important features or not. 62% of the respondents feels that input tax credit is an important features in the present GST tax system. While 26% feel that it is not the only important features and rest 14% of the respondents were not able to say whether ITC is important features or not.

**Table No. 4: Views of the Respondents on GST**

Particulars	Yes	No	Can't say
GST is easier to comply with in comparison with other type of Direct and Indirect taxes	14%	62%	24%
So do you think all transaction are liable to be GST if	0%	78%	22%
Are the prevailing Rates of GST comfortable to you	14%	38%	48%
Do you think India is ready and capable of fully implementing GST system	42%	26%	32%
5 years after implementing GST, do you think the current GST will continue	60%	6%	34%
Do you think that input tax credit is an important features of GST	62%	26%	14%

Table No. 5: presents the important opinion on the prevailing features present in GST. 32% of the respondents thinks that present features available under GST system are good enough, while 6% of the respondents argue that present features of GST tax system is not good and rest majority 62% of the respondents has no comments on the present features of GST tax system.

**Table No. 5: Opinion on the Features Present in GST**

Good	32%
Bad	6%
No Comments	62%

Table No. 6 below shows the comparative view of the people on GST or existing indirect tax system; which is in better position to provide benefit to both the government and the public, the answer (94%) of respondents reveals that GST tax system will better serve both the government and the people while rest 6% thinks that existing indirect tax system will provide better benefits to both the government and the people.

**Table No. 6: Comparative View of People towards GST and Existing Indirect Tax System on Providing Necessary Benefits to both Government and People**

GST	94%
Existing Indirect tax system	6%

Table No. 7: depicts the answer of respondents towards what are the possible benefits that GST will bring in the present economy. 34% of the respondents agree that GST will facilitate ease of doing business and will boost make in India initiative, they disagree with the statement that GST will lead to financial inclusion and Facilitate Digital India -skilling Indians to Scale INDIA. But if we look at the table most of the people have neutral view, that is they don't want to agree or disagree with the present statement about in which directions the GST will contribute. Approximately 60% of the respondent are silent on this statement.

**Table No. 7: Respondent's Views towards Why GST Is Implemented In India**

Particulars	Agree	Disagree	Neutral
Facilitate In Ease Of Doing Business In India	34%	6%	60%
Facilitate In Make In India	34%	6%	60%
Financial Inclusion	14%	26%	60%
Facilitate Swach Bharat Mission –A Drive Towards Cleanliness, Paperless Electronic Wonderland	18%	26%	74%
Facilitate Digital India -Skilling Indians To Scale INDIA	12%	42%	46%

In brief we can say that most of the respondents have heard about GST, but regarding its important features like conditions for availing input tax credit, penalty, GST council and its power and functions etc. respondents are not fully aware of. The find that respondents are still not in a position to comment on the GST system and its possible benefits that are yet to come soon after once it fully kick starts. The respondents are still not clear as to why GST is implemented in India by the government. One important findings in table no.2: shows that GST administration and the other agencies implementing it did not provide satisfactory guidance on GST Issues to the respondents as a result of which they are still in a state of confusion.

### **Conclusion:**

The GST is one of the most important tax reforms in India. One of the possible reasons of such reforms might be to do away with the inefficiency of present indirect system and increase the revenue of the exchequer. As government has already implemented the GST, it is important for us to study the present state of knowledge and awareness on new tax reform that is GST particularly in the city of Puducherry which will serve as a basis for the policy makers to take further steps in educating and increasing the level of awareness among the citizen of Puducherry. Overall findings of this study reveals that the level of awareness among the respondent on GST is still relatively low may be due to lack of adequate information on GST. It is thus immediate necessary to create mass awareness among the

citizens and provide better Knowledge on GST to enhance their knowledge and level of awareness in order to gain public confidence and achieve mass participation in new tax system.

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