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A Study on the GST Awareness among Business Retailers in Nagaland with Specific Reference to Dimapur District

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Abstract

Recently India witnessed a change in its indirect tax regime. There was much anarchy in the country as people did not have much knowledge and understanding for this new system, i.e., GOODS AND SERVICE TAX (GST). The Small and medium business persons (SBP) were the most affected segment in terms of the changes to be done because of GST. In this paper an attempt has been made to observe the awareness and perceptions about GST among Small retailers. Also, how far government is successful to get acquainted small retailers about GST particularly focused on small retailers' perception about the new the tax system (e.g., Transparency, burden on SBP's), and its administration. The results shows that initially there was low level awareness but as time progressed, the level of awareness also increased among the small retailers about GST, not all small retailers perceived the GST system as being reasonably simple or easy to understand. However, it was observed that most of the small retailers were making efforts to get acquainted with the new tax regime since starting, i.e., when the GST bill was passed Many Small retailers also specified that they depend on accounting software for keeping a proper record of their GST transactions. Though

GST was considered simple, there are some compliance costs which give burden to Micro and small business owners. This study is qualitative in nature and it is observation-based research.

Keywords: Perception, GST, Awareness, Small Businesses, IGST, SGST.

Introduction

India earlier had a dual system of taxation of goods and services which was fairly dissimilar from the present twin GST system. In India, the concept of GST was envisioned in 2004 by Kelkar Committee. The Kelkar Committee introduced the twin GST system, the committee was influenced that they will be able to tax nearly all the goods and services which will enhance revenue for the government. It is a major improvement in the tax structure in India where there are lots of issues related to transparency. In any country, the main basis of revenue is the tax and for good economic development, it is essential to have a good taxation system. In 1980, India started its tax system. Since its independence, India has faced many issues because of the complexities of the indirect tax system; GST was a great move in the Indian economy as some of the complexities as perceived are resolved in the present GST structure. As GST has replaced all indirect taxes to come up with simplified unique tax. SBPs pay a lot of indirect taxes such as VAT, Service tax, sales tax, octroi and luxury tax. The Goods and Services Tax (GST) will be acting as a much-needed stimulant for economic growth in India by removing all indirect taxation. It will also eradicate the cascading result of taxes. The implementation of GST will increase the ease of conducting business within India and also across borders. The implementation of GST is dual i.e., central GST which is levied by the Centre and state GST is levied by the state. When GST is implemented, all other indirect taxes are discontinued and now there is only one tax which is GST which is under the strict control of the central government. This system helps in eliminating tax-based thefts and makes the taxation system much clearer. Narayanan, (1991) stated

that GST has various revenue benefits but some compliance costs are also associated with that Henderson, (1985) GST applies to everyday consumer goods, and impact less on the services such as finance and insurance. Jackson and Milliron (1986) state that attitudes play a greater role in the determination of tax behaviour. Bird and Gendron (2009) point out that having a coordinated two-level sales tax structure requires significant effort. Each political agreement has dissimilar interests that need to be protected. And also, proper legal framework is needed and also appropriate administrative structure. Wadhwa, B., Vashisht, A., & Uppal, A. (2017), factors disturbing access to financial services by the weaker segments of society in India such as absence of awareness, low incomes and assets, and illiteracy are the barriers in the operation of any tax reform. Mohammad Ali Roshidi Ahmad, (2016) in his study regarding introducing the GST in Malaysia stated that the government should do careful planning, and a widespread public education program for the implementation of GST, Kaur, J., (2016) studied the impact of goods and service tax in India. Fishbein and Ajzen, (1975) say that if people prepare themselves for GST, it will create a favourable environment for the implementation of GST. Ling et al., (2016) in past research studies show the factors which discourage acceptance of GST implementation in Malaysia because of the low awareness of GST among consumers importance of GST One of the major problems of the earlier tax regime was the cascading of tax. It not only amounted to difficulties for the wholesaler/retailers but also extra tax burden on the ultimate consumers. In his study, Tait studied the effect of price changes due to GST & VAT on 36 countries and he found that the impact of GST & VAT was only on Consumer Price Index. Vashisht, A., Wadhwa, B. (2015) Weaker segments are often unnoticed by financial institutions that there is no business opening in offering amenities to them. Access to finance for these segments is a requirement for poverty lessening. It has to become an integral part of banks and government to promote growth among these sectors Poonam (2017). The two important problems in the Indian tax system are Cascading effect and evasion of taxes which can be controlled when GST is implemented. Nasir, (2015) states that tax optimism is the most influential factor for tax awareness. The government needs a strong focus on knowledge of the people and

their attitude towards the implementation of GST. Sehrawat, M., and Dhandha, U. (2015) studied the rewards of goods and service tax in India. In their study, they concluded that GST is a simple and transparent tax system which will help generate employment opportunities and increase the problem of cascading effect of the earlier tax regimes and its removal through GST can be understood from the table below.

Table 1: Cascading effect of tax in earlier system and removal through GST

Action	Cost	Tax @10%	Total	Cost	Tax @10%	Actual Tax Liability	Total
Buys Raw Material @ 100	100	10	110	100	10	10	110
Manufactures @ 40	150	15	165	140	14	4	154
Adds value @ 30	195	19.5	214.5	170	17	3	187
Total	170	44.5	214.5	170		17	187

Source: Field survey 2022

From the Table 1 it can be clearly understood that the tax is being paid on the amount on which taxes have already been paid. It also shows the removal of the cascading effect through GST. The actual tax liability at all the stages is low in GST, this shows there is no evidence of cascading tax. As shown in the above table the amount already paid in the previous tax system is Rs. 44.5 while after the implementation of GST, it is reduced to Rs. 17. Garg (2014) discussed the characteristics of GST in his study. Also, the lack of uniformity in the provisions and rates from one state to another resulted in a number of difficulties for the business to operate interstate or at the pan-India level. The occurrence of difficulty in management and the difficulty in determining the category of the product (sales vs service) added to the problem of lack of uniform tax rates. Additionally, there were cases of interpretational issues where the business firm used to interpret the law so that they could derive maximum benefit by paying less tax. Structure of GST- There are three kinds of GST applicable to goods and services – I. CGST – It is the Central GST. Here, the revenue will be collected by the central government. II. SGST – It is the State GST. Here, the revenue will be collected by the state government GST – It is the integrated GST. When there will be inter-state sales of goods and services, it will fall under IGST. Here, the GST revenue will be claimed by the central government.

Research Gap

Through these research papers we are able to understand that the GST bill passed long before it is implemented and when it finally is implemented it is not as optimal as it was planned to be because of the lack of awareness and the perceptions consumers have towards GST in Dimapur town.

Statement of the problem

Increasing the level of awareness and knowledge among the citizens on the 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 the GST system is fully implemented.

Objectives of the study

1. To study the awareness and the perception of GST among businessmen.
2. To examine the competency of businessmen and the governance level in assisting SBP's to get acquainted with GST.
3. To study the readiness for GST among businessmen.

Research Methodology

This section consists mainly of the procedure and the method by which the research is conducted and the technique that is used to collect and analyze the data for the study. The main objectives of the study *"A Study on the GST Awareness among business retailers in Nagaland with specific reference to Dimapur district"* and its purpose is to study the awareness and the perception of GST among businessmen and to examine the competency of businessmen and the governance level in assisting SBP's to get acquainted with GST. The methodology for this is therefore chosen carefully to answer the research questions and achieve

the objectives of the study and the sections include the research design, sources of data, statistical tools.

Area of the Study

Dimapur city, the major commercial hub in Nagaland, has a heterogeneous mix of people from all over India, and for which it is also known as "Mini India". Dimapur town is the commercial hub of the state and is the magnet around which the economic and development activities of the district are cantered; it is one of the fastest developing township of the North East. The history of business activity in the town can be traced back to British colonial period. The town is also a gateway to Nagaland and Manipur state. It is an important rail head and also has an airport. The National Highway 39 that connects Kohima, Imphal and Myanmar border of Moreh runs through Dimapur District.

Research Design

This research is exploratory in nature. Since GST is a new occurrence in India, this study tries to find the perception and awareness of GST among SBP's. The sample size of the study was 40. The area of study was Dimapur Sadar Region. We chose judgment sampling as only those respondents were selected who have some awareness about GST.

Sources of Data

The researcher has used appropriate methods. The collected data is meaningful in accordance with the objectives. Data were collected using both primary and secondary sources. It is well organized, analyzed and used as the basis for decision of data interpretation.

Methods of data collection

- Primary sources of data: Questionnaire and Personal interview.
- Secondary sources of data: Internet, research publication, journals and textbooks.

Questionnaire Design

Researcher used close ended well-constructed questionnaires and schedules for conducting the survey and pilot study. This research depend on both primary and secondary data. Questionnaire based on five-point scale constituted the instrument for the study. Percentages, mean deviation were employed in analyzing the data that emanated in the study.

Primary Data

Primary data were collected using "Survey Method" that is by questionnaires. The forms of questionnaire that were used for the purpose include open-ended questionnaire and closed-ended questionnaire.

- Multiple choices: Have three or more options in them.
- Likert's 5 point scale type questions.

Presentation, analysis and interpretation of the data based on the order of the research questions is carried out below:

Table 2: Demographic Profile

Questions	No. of Businessman	Percentage
Gender		
Male	31	78
Female	9	22
Total	40	100%
Age Group		
Below 30	14	35
31-50	17	43
Above 50	9	22
Total	40	100%
Qualification		
Primary	3	8
Higher Secondary	7	17
Graduation	18	45
Post Graduation	12	30
Total	40	100%

Marital Status		
Unmarried	12	30
Married	27	68
Others	1	2
Total	40	100%
Business Nature		
Proprietorship	25	63
Partnership	11	27
Private Limited Company	4	10
Public Limited Company	0	0
Total	40	100%
Business Investment		
Less than 100,000	0	0
100,000-200,000	3	8
200,000-500,000	21	52
Above 500,000	16	40
Total	40	100%

Source: Field survey 2022

Table 2 shows the demographic profile of the respondents. There are 78 % males and 22% females who have given their opinion about the goods and service tax. 27 (68%) of respondents were married and 12 (30%) respondents are single and 1 (2%) respondent is divorced. In terms of age, 14 (35%) respondents were aged less than 30 years old, 17 (43%) aged between 30 to 50 years and while only 9 respondents (22%) aged more than 50 years. 8% of the respondents are from Primary while 17% are undergraduate and 45% (majority) are graduates and the rest 30% respondents are PG degree holders or have a higher degree than PG. Regarding nature of Business, Majority i.e., 63% have proprietorship business while 27% have partnership business and only 10% have Private Limited Company. 8% respondents invested in business below 2 lakhs, whereas the Business investment of 52% (majority) of the respondents is from 2 to 5 lakhs, 40% of the respondents invested above 5 lakhs.

SBPs perception about GST among Dimapur Businessmen

Table 3: Perception about GST

Variables	SA (5)	A (4)	N.O (3)	D.A (2)	SDA (1)	SA	A	N.O	D.A	SDA	MEAN	SD
GST is a good tax reform in India	18	21	1	0	0	90	84	3	0	0	35.4	41.52
Legal compliances have been increased with GST	29	11	0	0	0	145	44	0	0	0	37.8	22
GST has indirectly increased the tax burden on SBPs	25	15	0	0	0	125	60	0	0	0	37	30
GST has increased the tax burden on Customer	26	14	0	0	0	130	56	0	0	0	37.2	28
Government has imposed GST on people without proper discussions	31	9	0	0	0	155	36	0	0	0	38.2	18
GST is not user friendly	13	18	9	0	0	65	72	27	0	0	32.8	33.974
GST is helpful for SBPs	27	13	0	0	0	135	52	0	0	0	37.4	26

Source: Field survey 2022

Table 3 shows the people's perception on Goods and Service tax. The most important point has come out to that 'GST has indirectly increased the tax burden on SBP's' with a mean value of 37 and it will also increase the tax burden on customer with a mean value of 37.2 and the next important aspect is that legal compliances has been increased with GST with mean value of 37.8. The other important aspect regarding SBP's perception about GST is that government has imposed GST on people without proper discussions with a mean value of 38.2. GST is not user friendly with mean value of 32.8. Lastly GST is helpful for SBPs scores mean value of 37.4.

Competency of businessmen and the governance level in assisting SBP's to get acquainted with GST:

Table 4: Competency of businessmen and the governance level

Variables	SA (5)	A (4)	N.O (3)	D.A (2)	SDA (1)	SA	A	N.O	D.A	SDA	MEAN	SD
Procedures under GST is easy	8	7	1	9	15	40	28	3	18	15	20.8	10.3
GST filing is costly affair	24	16	0	0	0	120	64	0	0	0	36.8	32
GST officers and Agents give proper training on maintaining manufacturing, sales record etc for filing	0	0	3	16	21	0	0	9	32	21	12.4	14
GST 24*7 online platform is easy to use for making GST payments	8	12	8	12	0	40	48	24	24	0	27.2	19.6
Is there a need to modify the rules and procedures in GST	20	13	7	0	0	100	52	21	0	0	34.6	24.6

Source: Field survey 2022

Table 4 shows the Competency of businessmen and the governance level in assisting SBP's to get acquainted with GST. Out of 40 respondents, the majority of the respondents gave a low score for the statement "Procedures under GST is easy" followed that "GST filing is costly affair" score highest mean value of 36.8. The statement, 'GST officers and Agents give proper training on maintaining manufacturing, sales record etc for filing" scores the lowest of 12.4 mean value and for "GST 24*7 online platform is easy to use for making GST payments" with 27.2 mean score. On the opinion of "Is there a need to modify the rules and procedures in GST", the mean score is 34.6.

Readiness for GST among businessmen

Table 5: Readiness for GST

Variables	SA (5)	A (4)	N.O (3)	D.A (2)	SDA (1)	SA	A	N.O	D.A	SDA	MEAN	SD
GST made our business easy	5	7	4	21	3	40	28	12	42	3	25	17.27
Do you prefer GST over previous Indirect Taxes	4	8	0	15	13	40	32	0	30	13	23	15.13
GST may bring inflation in India	16	22	2	0	0	40	88	6	0	0	26.8	43.093
Citizens are happy with GST implementation	3	2	7	25	3	40	8	21	50	3	24.4	21.079
GST as per Government means One Nation One tax	3	1	3	23	10	40	4	9	46	10	21.8	19.346

Source: Field survey 2022

Table 5 shows the readiness for GST among businessmen. Out of 40 respondents, the majority of the respondents gave a low score of 25 mean value for the statement "GST made our business easy" followed that "Do you prefer GST over previous Indirect Taxes" score mean value of 23. The statement, 'GST may bring inflation in India" scores the highest of 26.8 mean value and for "Citizens are happy with GST implementation" score 24.4 mean score. Lastly for the question "GST as per Government means One Nation One tax" has scored lowest mean score of 21.8.

Findings of the Study

Based on 1st Objective

Maximums BPS' admitted that they had a wrong perception about GST. The wrong perceptions were spread due to sharing of false information by people who were not competent enough to comment on GST.

Based on 2nd and 3rd Objectives

1. The training provided to the officers for GST, has not been provided at the right time. For proper implementation of GST, Training and availability of computer software is required.

2. Since GST is a consumption tax, it would be an added cost to the consumers. There could be some behavioural changes by consumers. Most of the SBPs' were dissatisfied with the efforts made by the government to make them aware about GST.

3. Consumers had varied opinions over the implementation of GST and most of them failed to understand the implications and benefits of GST on goods, services, and businesses.

Suggestions of the Study

1. Availability of government assistance for GST at an early stage would have ensured better acceptability of GST by the businessmen.

2. Taxpayers with more tax knowledge have a positive view about tax system acceptance as the only predictor of feelings towards GST while knowledge was found to have insignificant effect on GST. Awareness should be the priority in the implementation of GST. There is lack of awareness among taxpayers which also requires keen attention.

3. In many parts, there is no link of internet connection because of which work is not being completed on time. All this is adding up to the problems of the SBPs'.

4. The government should try to make people know more about GST. The government should communicate with the SBPs' through various online and offline platforms and should have an open talk about GST.

Conclusion

The GST is one of the most important tax reforms in India. One of the possible reasons for such reforms might be to do away with the inefficiency of the 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 Dimapur 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 Dimapur. Overall findings of this study reveals that the level of awareness among the respondents on GST is still relatively low may be due to lack of

adequate information on GST. It is thus immediately 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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