

Technological Impact of Gst On Consumer Behaviour

Shanti.S , A.V.N. Murty

Abstract: Technology plays a vital role in India for estimating goods and service tax . This reformed tax is implemented in order to modernize the tax reforms that are existed within India. GST created the high inflation rate after its implementation but it is more beneficial in long run. The main objective of this research is to find out the people's perception on GST and the impact of GST on the consumers purchasing and savings behaviour and the knowledge about the GST. Questionnaire is distributed to the people in Vijayawada in order to know what the reaction of the people about GST is and the data is analysed in Statistical Package called SPSS and the people of Vijayawada are favourable regarding the GST and the implementation of GST and it has changed the behaviour of the consumer regarding the purchasing of goods and their income savings.

Index Terms: GST, inflation rate, purchasing behaviour, savings behaviour, SPSS

I. INTRODUCTION

Tax planning is helpful in analyzing the financial situation of an individual. One can plan their finances in a proper manner with the help of taxes. Tax planning is useful for tax exemption and deduction of their tax liabilities. Income tax liability can be reduced through properly utilising tax planning. Wide tax saving options are available in India. Using section 80C to 80 U various taxes can be deducted. Under Income Tax Act 1961, various sections are available to reduce tax liabilities. Permissive tax planning , purposive tax planning and long and short range tax planning are different types of tax planning available in India. Main objective of tax planning is to reduce the overall liability, economic growth , stability of economy. There are two types of taxes in India: (a) Direct Tax (b) Indirect Tax. Direct tax is levied directly on individuals. This tax cannot be transferred or cannot be paid by others. Some direct taxes are income tax, wealth tax, gift tax and capital gain tax. Indirect taxes are indirectly levied on the public through goods and services. Some of the indirect taxes are value added tax, Octroi tax, Service tax and Customs duty.

What is GST:

GST the goods and service tax is an indirect tax which has replaced many indirect taxes in India. GST Act was passed on 29th March 2017 in Indian Parliament. It came into effect on 1st July 2017. It is a tax which is applicable on the supply of goods and services. GST has mainly removed the Cascading

effect on the sales of goods and services. In the year 2000 the idea of adopting GST was suggested by then Prime Minister of India Atal Bihari Vajpayee.

Under GST goods are categorized under different slabs according to their priority and are kept under 0%, 5%, 12%, 18%, and 28% tax slabs.

Main advantage of GST is it has removed various indirect taxes. It has simplified the tax policy, reduced manufacturing cost , relief for common man, demand for consumption goods has increased and it help in controlling black money and boosts Indian economy.

II. REVIEW OF LITERATURE

Agarwal Manoj Kumar “People’s perception about GST: An empirical Study”. KAAV international journal of economics, commerce & business management; Year of publication: 2017 states that GST has become the new buzz in the Indian Business Environment. India has introduced the GST on 1st July 2017 and he specifies that the biggest problem in today’s Indian tax system is like the cascading effect and the tax evasion due to which distortion happens due to which many changes had been made in financial system these distortions can be reduced by the GST. The GST implementation had also brought the many commercial benefits to the Indian economy due to which the revenue had been increased than the revenue at the VAT system.

Anand Nayar, Inderpal Singh “A Comprehensive analysis of Goods and Services Tax in India”; Indian Journal of Finance; Year of Publication: 2018 states that GST has shown different impacts on different sectors like IT companies, FMCG industry, online shopping, Telecom Sector, Automobiles, Small scale industries and entertainment. The GST on these sectors are different from each other. The GST on IT companies vary from 14%-15%, due to this the cost of electronic products like mobile phones, laptops has been increased and as of coming to FMCG industry there have been a very strong impact on production and consumption.

Shafali Dani; “A research paper on an impact of goods and service tax (GST) on Indian economy”; Business and Economic Journal; Volume no: 7; Issue no: 4; Year of Publication: 2016T article mainly describes about the impacts of GST on different sectors. The author selected some sectors and conducted the research on those sectors. The proposed GST rules and regulations has been favourable to different sectors and unfavourable to the different sectors. These GST rules and regulations has been unfavourable to telecommunication sector

Revised Manuscript Received on May 10, 2019

Shanti S, Research Scholar, Business School, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Guntur, Andhra Pradesh

Dr. A.V.N. Murthy, Professor, Business School, Koneru Lakshmaiah Education Foundation, Vaddeswaram, Guntur, Andhra Pradesh



Technological Impact Of Gst On Consumer Behaviour

which means that the GST is showing the negative impacts on the telecommunication sector. Some sectors like petroleum products, electricity and liquor has been benefited from the implementation of GST the sectors like the petroleum are exempted from the GST and the taxes on the sectors like the alcohol for human consumption is very less. The proposed GST regime has a capability to make a bond with newspapers and advertisements.

Priyanshu Sharma, Manoj Sain; “A review of goods and services tax (GST): impact on Indian stock exchanges and various stock sectors”; *international journal of scientific research and management*; **Volume no: 5; Issue no: 11; Year of Publication: 2017** article states that the GST is biggest tax reform until today in the Indian Taxation System, It has been implemented with an idea to boost up the financial system of India. It has showed a major change in the capital markets of Stock exchanges. But the GST has no impact on the Bank stock prices even though the prices of the banks have been affected by GST. The main reasons for the deflections in the stock market are demonetization and GST. After the implementation of GST the changes have been made in the stock markets. Due to the implementation of GST the stock markets had fallen into the bear market as inflation is prevailed in the country.

Meena G; “Impact of GST on Banking Sector”; *International journal of innovative research in management studies*; **Volume no:3; Issue no: 3; Year of Publication: 2018** author states that the due to GST implementation the banks need to increase the number of branches and every branch of the banks has become a hassle which means very difficult as the banks will be having the branches all over the country the registration process also would be a very hectic task and input tax credit and to be leveraged and deleveraged which means that input tax credit has to be converted to shares and again they need to be converted into the cash again.

Pavan Kumar, Kulkarni G, Bhaskaran S; “ Impact of GST on Banking- issues and challenges”; *International Journal of Pure and applied mathematics*; **Volume no: 118; Issue no: 15; Year of Publication: 2018** author has studied many issues in his research and many issues were raised like issues and impacts pertaining to the provisions of GST law, issues related to the revenue recognition under GST, implications of GST on banking sector, comparisons between the pre implementation and post implementation of GST, when coming to the issues regarding the issues related impacts pertaining of provisions of GST law the banks should be having many number of branches and registration of GST has become very difficult and very irritating and input credit has been leveraged and De- leveraged the assessment and adjudication made the bothersome

III. RESEARCH OBJECTIVES:

To know about the people’s perception on GST

To estimate technological impact of GST on consumer behaviour

To identify the impact of GST on purchasing and savings behaviour

To know about the people’s knowledge on GST

Design:

The research design is framed after review of literature has been done. As the research is a primary survey and the data is collected by using the questionnaire and the sample has been done by using the convenient sampling.

Sample Size:

The sample size of the study is 200 and convenient sampling is done in the study.

Source of Data:

The type of data used for research is primary as the data was collected from the sample.

Sampling Technique:

The sampling technique used is convenient sampling technique as the data was collected as per the researcher’s perception

Framing of Hypothesis:

The hypothesis are framed by basing upon the objectives of the research. The research has been framed and done basing upon the hypothesis.

Testing of Hypothesis:

The testing of hypothesis is done by using the SPSS package. The spearman correlation and Kruskal Wallis test has been done as there more than two categorical variables in the research.

IV. DATA ANALYSIS AND INTERPRETATION

In the present study data has been collected from survey by using questionnaire as it is primary data and questionnaire is prepared by using the research articles and prepare my questionnaire by basing upon those articles. The period of study is nearly four months.

The further area of research was on liberal mainly can be done upon the data basing upon the results that are found out by research and mainly impact can be measured basing upon the economy. As there are three objectives for the research, so three hypothesis has been considered. There is only one single independent variable and rest of the variables are dependent variables. The testing of hypothesis has been done by using statistical package called SPSS. As there are many categorical variables so the Kruskal Wallis test has been done. As the data is abnormal the non-parametric tests has been done so the spearman correlation has been calculated.

Descriptive Statistics:

Demographics (age, Gender, monthly income, Occupation, Identity, monthly Expenditure)

Age	Percent	Frequency
<25	28.5%	57
25-40	39.0%	78
>40	32.5%	65
total	100%	200

Table: Age



Education	Percent	Frequency
Graduate	23%	46
Post Graduate	55%	110
Others	22%	44
Total	100%	200

Table: Education

Occupation	Percent	Frequency
<2000	12.5%	25
2000-5000	26.5%	53
5000-8000	28.5%	57
>8000	32.5%	65
Total	100%	200

Table: Occupation

Income	Percent	Frequency
<9000	12.5%	25
10000-15000	21.5%	43
15000-20000	28.5%	57
>20000	37.5%	75
Total	100%	200

Table: Income

Gender	Percent	Frequency
Male	37%	74
Female	63%	126
Total	100%	200

Table: Gender

Occupation	Percent	Frequency
Trade	14.5%	29
Business Class	41%	82
Salaried	44.5%	89
Total	100%	200

V. TESTING OF HYPOTHESIS

H1: There is no significant difference between the people's perception and implication of GST

H2: There is no significant impact of GST on consumer behaviour

H3: There is no significant impact of GST on purchasing and savings behaviour

H4: There is no significant impact relationship between consumer awareness on GST

Technological Impact Of Gst On Consumer Behaviour

	pog	cb	pbg	kag
Correlation Coefficient	1.00	.390	.569	.279
Sig. (2-tailed)	.000	.000	.000	.000
N	200	200	200	200
Correlation Coefficient	.390	1.000	.236	.438
Sig. (2-tailed)	.000	.000	.001	.000
N	200	200	200	200
Correlation Coefficient	.569	.236	1.000	.100
Sig. (2-tailed)	.000	.001	.000	.158
N	200	200	200	200
Correlation Coefficient	.279	.438	.100	1.000
Sig. (2-tailed)	.000	.000	.158	.000
N	200	200	200	200

Table: spearman coefficient

Correlation is significant at the 0.01 level (2-tailed).

From the above correlation table the Spearman rho coefficient is significant with $p=0.000$ and value is 0.390 between GST and consumer behaviour which indicate a strong positive correlation.

From the table the Spearman rho coefficient is significant with $p=0.000$ and value is 0.569 between GST and Purchasing Behaviour which indicate a positive correlation.

From the table the Spearman rho coefficient is significant with $p=0.000$ and value is 0.279 between GST and knowledge on GST which indicate a strong positive correlation.

As the normality is not observed in the responses so the non-parametric are been done.

As more than two categorical variables are being observed Kruskal Wallis test is done.

Kruskal Wallis test was conducted to examine the opinion of people on GST by different demographics

The Chi-square value 45.949 between GST and consumer behaviour defines a close association between them and is significant at $p=0.0001 (<0.05)$

The Chi-square value 70.578 between GST an Purchasing behaviour defines a close association between them and is significant at $p=0.0001 (<0.05)$

The Chi-square value 59.493 between GST and peoples knowledge on GST defines there is close association between them and is significant at $p=0.0001 (<0.05)$.

association between the GST and consumer perception as the significance level is less than the 0.05

VI. FINDINGS OF STUDY

The GST has a very clear impact on the consumer perception as we can observe that the there is an clear association between the GST and consumer perception as the significance level is less than the 0.05. The GST has very clear impact on purchasing behaviour as the clear association between the GST and consumer purchasing behaviour can be observed by observing the significance level as it is less than the 0.05. The people also have knowledge on GST the significance level shows that people has knowledge on GST

VII. LIMITATIONS AND FUTURE SCOPE

- As it is a primary data the collection of data is more important only person's acceptance only the data can be collected.
- As GST is new to India many number of people do not know about the GST.
- The scope of research about GST is more as it is newly implemented in India and so many changes have been made after implementation of GST
- The research is conducted only on the consumer's perception only the research can be extended to different factors that have been affecting the Indian economy



REFERENCES

1. <https://acadpubl.eu/jsi/2018-118-14-15/articles/15/8.pdf> International Journal of Pure and Applied Mathematics Volume 118 No. 15 2018, 55-58 ISSN: 1311-8080 (printed version); ISSN: 1314-3395 (on-line version) url: <http://www.ijpam.eu> Special Issue IMPACT OF GST ON BANKS – ISSUES AND CHALLENGES Pavan kumar G Kulkarni1 , Dr. S. Baskaran2 1 MBA Department, Nitte Meenakshi Institute of Technology, Bengaluru, India 2 MBA Department, Dr. Ambedkar Institute of Technology, Bengaluru, India pavangkulkarni@gmail.com, rsbkaran@gmail.com
2. https://www.researchgate.net/publication/320892175_GST_AND_IT_S_IMPACT_ON_VARIOUS_SECTOR/download
3. <http://www.ijirms.com/downloads/0202201801-02-2018.pdf> International Journal of Innovative Research in Management Studies (IJIRMS) Volume 3, Issue 1, February 2018. Pp.14-17. IMPACT OF GST ON BANKING SECTOR G.Meena Assistant Professor, PG and Research Department of Commerce, Salem Sowdeswari College, Salem Email: meenagvk2008@gmail.com
4. <http://www.icmis.net/icmis17/icmis17cd/pdf/S204.pdf> International Conference on Management and Information Systems September 25-26, 2017 ISBN 978-1-943295-07-4 100 Critical Implications of Goods and Service Tax on the Banking Sector Narinder Kumar Bhasin Anupama R nkbhasin@amity.edu anupamar@amity.edu Amity University
5. https://www.researchgate.net/publication/323007997_A_Comprehensive_Analysis_of_Goods_and_Services_Tax_GST_in_India A Comprehensive Analysis of Goods and Services Tax (GST) in India Anand Nayyar Inderpal Singh
6. KAAV international journal of economics, Commerce & business management A refereed blind peer review quarterly journal Kijecbm/jul-sep (2017)/vol-4/iss-3/a1 page no.1-6 Issn: 2348-4969 impact factor(2017) – 7.8902 www.kaavpublications.org people's perception about gst: an empirical Study 1 Dr. Manoj kumar Agarwal I associate professor, department of commerce S.R.K. (P.G.) College, Firozabad (U.P.)
7. IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 19, Issue 10. Ver. VI. (October. 2017), PP 26-30 www.iosrjournals.org Goods and Services Tax and Its Impact on Indian Economy Dr. Yogesh Kailash Chandra Agrawal M.Com., M.Phil. (Commerce), UGC NET, Ph.D. M.A.(Eco.), B.lib. & Isc. Assistant Professor at Smt. L.R.T. College of Commerce, Ratanlal Plot, Akola 444001 (Maharashtra)
8. International Research Journal of Engineering and Technology (IRJET) e-ISSN: 2395 -0056
9. Volume: 04 Issue: 04 | Apr -2017 www.irjet.net p-ISSN: 2395-0072 GST: An economic overview: Challenges and Impact ahead Prof.Pooja.S.Kawle1, Prof.Yogesh.L.Aher2

AUTHORS PROFILE



Shanti Saripalli is a research scholar in Business School of Koneru Lakshmaiah Education Foundation, Vaddeswaram, India. She is a First class MBA graduate from Andhra University, Visakhapatnam. She has published 2 Scopus Indexed papers and her research interests include Financial Management, Literacy, & Women Empowerment



Dr. A. V. N. Murthy is a Professor in the Business School of Koneru Lakshmaiah Education Foundation, Vaddeswaram, India. He has authored several research papers in various reputed and peer reviewed Journals. He obtained his PhD from Berhampur University, Odisha, and his research interests include Commerce, Financial Literacy, & Women Empowerment. He has Guided more than 300 MBA projects and 10 scholars for PhD in different area of HR, Marketing and Finance.