

Awareness and Satisfaction Level of GST among Consumers in Kerala

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ABSTRACT

The implementation of Goods and Services Tax in India has been lauded as the single largest tax reform in the Republic of India. The indirect tax structure of the country was bundled with many defects which were suffocating the taxation system in the country and the stakeholders associated with it. The reform was expected to remove the defects of the earlier systems and bring in an era of 'One Nation, One Market, One Tax'. One year since its implementation, the reform has had tremendous impact on all the stakeholders concerned especially the Indian Consumer. The present study is aimed at finding out the awareness level of consumers about various aspects of GST, their level of satisfaction with its implementation and the influence of socio demographic variables on the awareness and satisfaction level of consumers.

1. Introduction

The Goods and Services Tax implemented from 1st July 2017 is said to be the biggest reform in the arena of indirect taxes in India. The reform is expected to unify the Indian market and achieve the objective of co-operative federalism in the country (Singh & Anand 2017). With its introduction, a host of central and state taxes which were choking the indirect tax structure of the country was subsumed.

The defects in the prevalent tax structure viz., the cascading nature of taxes, inadequate taxation of services, taxation of goods at the manufacturing stage and complexity in the tax structure provided the impetus to introduce the tax reforms. The reform was introduced in the country after an eleven year long journey since it was first proposed by the Union Finance Minister P. Chidambaram in his 2006-07 budget speech (Sury 2016).

The following rates 0%, 5%, 12%, 18%, and 28% are applicable to goods and services throughout India under GST. There are special rates, though, imposed on specific products: 3% for gold and 0.25% for rough precious and semi-precious stones. Additionally, a cess of 22% on top of the 0% to 28% rate is levied on certain products such as tobacco, luxury cars, and carbonated drinks. Alcohol for the purpose of consumption, five petroleum products viz., crude oil, petrol, HSD, ATF and natural gas, electricity charges and sale and purchase of real estate do not fall under the category of GST and continue to attract Value Added Tax and excise duty as before.

2. Review of Literature

As the reform is of recent origin, there is sparseness on the number of the studies conducted in the area. The available literature is presented in the following paragraphs.

Jain (2016) commented that the proposed GST regime would bring in a basket of benefits for the entire economy and therefore it should be implemented at the earliest. He also suggested that through proper planning and administration, giving timely guidance to the industry and providing training for

tax officers and tax payers on GST will aid in its smooth implementation.

Patnaik (2016) opined that GST is anti-constitutional as it violates the nature of federalist system in India which had empowered the states to take their own decisions. With the implementation of GST, the states will lose that power and will have to bargain with the centre in case any modification is required.

Mohanty and Chandran (2017) stated that although GST was announced as a move which would simplify the tax structure in the country, it had created many technicalities and confusions in its implementation. There were worries about filing tax returns, input tax credit, anti-profiteering mechanisms and various tax slabs. In fact, it was proving to be a procedural hazard for the small traders providing goods and services.

Muthupandi and Xavier (2017) highlighted the importance of imparting awareness and knowledge base about the various dimensions of GST to the stakeholders considered. They also stated that this could be achieved by organizing workshops, training sessions and short term courses to all interested parties.

3. Statement of the Problem

The Goods and Services Tax was introduced with much pomp and exposition in the country claiming that it would be a masterstroke which will align the unorganized sector of the economy with the organized sector, increase revenues for the Government and bring benefits to consumers through the reduction in prices of goods resulting from subsuming of multiple taxes in the country. A year has passed since its implementation and the consumers are still unacquainted about the various features of the new system of taxation. Hence it is found feasible to study the awareness of consumers about the various aspects of GST and whether the socio demographic variables influence the awareness level of consumers.

Although the system of GST is only a year old, the stakeholders involved are yet to experience the benefits from

the new reform. The satisfaction level of consumers with the implementation of GST is also studied in this paper.

4. Objectives of the Study

- To know the level of awareness of consumers about various aspects of GST.
- To analyse whether socio demographic variables influence the awareness level of consumers.
- To assess the satisfaction level of consumers as regards the implementation of GST.

5. Hypotheses of the Study

- There is no significant difference in the awareness level of consumers about the various aspects of GST.
- The socio demographic variables do not influence the awareness level of consumers about various aspects of GST.
- There is no significant difference in the satisfaction level of consumers as regards GST implementation.
- The socio demographic variables do not influence the satisfaction level of consumers as regards GST implementation.

6. Research Design

The study is based on primary data collected from respondents belonging to three districts of Kerala viz Thriuvananthapuram, Ernakulam and Kottayam. A total of one hundred and twenty respondents were chosen using convenience sampling and a structured questionnaire consisting of 14 questions were administered to them. The

reliability of the questionnaire was checked and it yielded a Cronbach Alpha Value of .718. The collected data were analysed using t-test, One-way ANOVA and Two-way ANOVA.

7. Data Analysis and Interpretation

7.1 Demographic Profile of Respondents

The study analysed the various demographic factors of the respondents such as gender, age, income, educational qualification and profession. The data were collected from 120 respondents through questionnaire. The study found that 51.7% percent of the respondents are females compared to males. The scanning of age group of respondents revealed that 34.2% of the respondents belong to the age group of between 41 and 60 years. 50.8% of the respondents are post graduates while 26.7% are under graduates. The probing of occupational status revealed that 38.3% of the respondents are employees working in public and private sector and 17.5% of the respondents are professionals. The income status revealed that 29.2% of the respondents fall in the monthly income range between Rs45,000-Rs60,000.

7.2 Awareness Level of Consumers about various aspects of GST

The first objective of the study was to find out the awareness level of the respondents about various aspects of GST. The following table shows awareness level of respondents about the various aspects of GST.

Table-1
Awareness of Respondents about various aspects of GST

Sl.No.	GST and its aspects	Aware	Unaware	No opinion	Total
1.	There are different tax rates in GST ranging from 0-28%.	96(80)	20(16.7)	4(3.3)	120
2.	The components of GST must be shown separate in invoices.	71(59.2)	34(28.3)	15(12.5)	120
3.	GST has subsumed major indirect taxes in the state such as VAT, excise duty, luxury tax etc.	70(58.3)	32(26.7)	18(15)	120
4.	Rationale behind Implementation of GST.	51(42.5)	45(37.5)	24(20)	120
5.	Applicability of GST.	28(23.3)	56(46.7)	36(30)	120
6.	Implications of GST for the economy.	36(30)	46(38.3)	38(31.7)	120

Source: Primary Data

Note: Figures in parentheses indicates percentage to total.

The percentage of respondents who are aware of various aspects of GST ranges from 23.3 percent to 80 per cent. From the above table, it can be concluded that the consumers have moderate awareness about the various aspects of GST.

A one sample t-test is used to test the hypothesis and it produced the following results [$t(119)=16.919, p=.000$].

Therefore the null hypothesis is rejected and it is concluded that there is significant difference in the awareness level of consumers as regards GST implementation.

7.3 Influence of Socio Demographic Variables on Awareness Level of consumers as regards GST

The next objective of the study is to find out whether the socio demographic variables influence the awareness level of respondents as regards various aspects of GST. To determine the relationship between the two, independent sample t-test and one-way ANOVA is used.

Table -2
Influence of Demographic Variables on Awareness Level of Respondents-Summary

Levene's Test Sig	D/F	Demographic Variable	Df	t/f	Sig
.379	118	Gender	118	1.035	.303
.771	3,116	Age	3,116	1.244	.297
.252	4,115	Education	4,115	4.588	.002
.153	4,115	Profession	4,115	1.513	.203
.147	3,116	Monthly Income	3,116	3.846	.011

Source: Computed from SPSSV.20

7.3.1 Gender

To determine the influence of gender on the awareness level of consumers as regards GST implementation, an independent sample t test was used. From the test, the study found that there is no significant difference in the awareness level of consumers as regards various aspects of GST based on gender as it yielded the following results [$t(118)=1.035$, $p=.303$].

7.3.2 Age

To determine the influence of age on the awareness level of respondents, one way ANOVA was used. The result produced was found to be not statistically significant as the values were [$F(3,116)=1.244$, $P=.297$]. Hence, it is concluded that age does not influence awareness level of consumers as regards various aspects of GST.

7.3.3 Education

The mean differences in the awareness level of consumers possessing different educational backgrounds were examined using one-way ANOVA. It produced a statistically significant result [$F(4,115)=4.588$, $P=0.002$]. Therefore, the null hypothesis of equality of means is rejected and it is concluded that there is a difference in the awareness level of consumers possessing different educational backgrounds. A post-hoc test (LSD) was conducted to identify the significance of mean difference between all possible combinations of educational backgrounds. The tests revealed that there is a difference between awareness level of consumers with educational backgrounds of upto SSLC and undergraduates, upto SSLC & Post Graduates, post graduates and others.

7.3.4 Profession

The mean differences in the awareness level of consumers having diverse occupational status were examined using one-way ANOVA. The test produced a statistically insignificant result [$F(4,115)=1.513$, $P=0.203$]. Therefore, the null hypothesis of equality of means is not rejected and it is

concluded that there is no difference in the awareness level of consumers having diverse occupational status.

7.3.5 Monthly Income

The mean differences in the satisfaction level of consumers having different monthly incomes were examined using one-way ANOVA. The test produced a statistically significant result [$F(3,116)=3.846$, $P=0.011$]. Therefore, the null hypothesis of equality of means is rejected and it is concluded that there is a difference in the awareness level of consumers belonging to different income groups. A post-hoc test (LSD) was conducted to identify the significance of mean difference between all possible combinations of monthly income. The tests revealed that there is a difference between awareness level of consumers with monthly incomes between less than Rs.30,000 and Rs45,000-60,000 and less than Rs.30,000 and above Rs.60,000.

From the above discussion it is concluded that the demographic variables do play a major role in influencing awareness of consumers as regards various aspects of GST.

7.4 GST and Satisfaction Level of Consumers

The third objective of the study is to analyse whether the consumers are satisfied with the implementation of GST. To determine the satisfaction level, the responses has been measured on a five point Likert's scale representing 5-Highly satisfied, 4-Satisfied, 3-Neutral, 2-Dissatisfied, 1-Highly dissatisfied.

A one sample t-test is used to test the hypothesis and it produced the following results [$t(119)=23.102$, $p=.000$].

Therefore the null hypothesis is rejected and it is concluded that there is significant difference in the satisfaction level of consumers as regards GST implementation.

A two way ANOVA was conducted to examine the effect of gender and education on the satisfaction level of respondents as regards the implementation of GST.

Table-3
Tests of Between-Subjects Effects

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	28.721 ^a	9	3.191	3.228	.002	.209
Intercept	433.055	1	433.055	438.051	.000	.799
Education	23.636	4	5.909	5.977	.000	.179
Gender	.012	1	.012	.012	.913	.000
education * gender	4.797	4	1.199	1.213	.309	.042
Error	108.745	110	.989			
Total	1418.000	120				
Corrected Total	137.467	119				

Source: Computed from SPSS V.20

There was a statistically insignificant interaction between the effect of gender and education on the satisfaction level of respondents as regards the implementation of GST as it yielded the following results $F(4,110)=1.213, p=.309$. Simple main effect analysis of education showed that there was statistically significant difference between SSLC and all other educational qualifications viz. undergraduate, postgraduate and

others. Also those possessing PG Degree was found to be most satisfied among other qualifications with the implementation of GST.

A two way ANOVA was conducted to examine the effect of gender and occupation on the satisfaction level of respondents as regards the implementation of GST.

Table-4
Tests of Between-Subjects Effects

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	23.473 ^a	9	2.608	2.517	.012	.171
Intercept	929.812	1	929.812	897.234	.000	.891
gender	.319	1	.319	.308	.580	.003
occupation	6.437	4	1.609	1.553	.192	.053
gender * occupation	19.075	4	4.769	4.602	.002	.143
Error	113.994	110	1.036			
Total	1418.000	120				
Corrected Total	137.467	119				

Source: Computed from SPSS V.20

There was a statistically significant interaction between the effect of gender and occupation on the satisfaction level of

respondents as regards the implementation of GST as it yielded the following results $F(4,110)=4.769, p=.002$.

Table -5
Univariate Tests

gender		Sum of Squares	Df	F	Sig.	Partial Eta Squared
Male	Contrast	16.731	4	4.036	.004	.128
	Error	113.994	110			
Female	Contrast	6.056	4	1.461	.219	.050
	Error	113.994	110			

Source: Computed from SPSS V.20

Partial eta squared is 0.128 for male and 0.05 for female. That is, the relative impact of male category is more than twice as strong as female. It was found that females were more satisfied with the implementation of GST when compared to males.

A two way ANOVA was conducted to examine the effect of gender and monthly income on the satisfaction level of respondents as regards the implementation of GST.

Table-6
Tests of Between-Subjects Effects

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	23.458 ^a	7	3.351	3.292	.003	.171
Intercept	1091.882	1	1091.88	1072.64	.000	.905
Monthlyincome	9.704	3	3.235	3.178	.027	.078
Gender	.100	1	.100	.099	.754	.001
Monthlyincome * gender	14.453	3	4.818	4.733	.004	.113
Error	114.008	112	1.018			
Total	1418.000	120				
Corrected Total	137.467	119				

Source: Computed from SPSS V.20

There was a statistically significant interaction between the effect of gender and monthly income on the satisfaction level of respondents as regards the implementation of GST as it yielded the following results $F(3,112)=4.733, p=.004$. Simple

main effects analysis showed that males differed significantly from females at all levels of monthly income as regards their satisfaction level of GST.

8. Results and Discussion

The implementation of GST was met with much expectation from the general public of India. In the present study, the researcher has attempted to assess the awareness and satisfaction level of consumers in the state of Kerala as regards GST. From the study, it can be seen that the consumers have moderate awareness about the various aspects of GST and that there is a significant difference in the awareness level of consumers. The socio demographic variables like education and monthly income influence the awareness level of consumers about various aspects of GST.

There is also a significant difference in the satisfaction level of consumers as regards GST implementation. Females were more satisfied with the implementation of GST than males. Considering the educational qualifications, those

possessing post graduate degree were found to be more satisfied with the implementation of GST than the other educational qualifications. Also males differed significantly from females at all levels of monthly income as regards their satisfaction level of GST.

9. Conclusion

The Goods and Services Tax is indeed a huge tax reform in the history of Independent India. It has created massive ripples in the Indian Economy in terms of its impact and affected all the stakeholders concerned. There are praises and protests raised about the reform from various sections of the society. The Government needs to be proactive and address the concerns of the masses so that the very purpose behind which the reform was introduced viz. 'One Nation, One Market, One Tax' is actualized in the long run.

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