



AWARENESS OF GST AMONG CONSUMERS IN INDIA: A STUDY

MRS. ASMA SIGH SIDAR

Assistant Professor Department of Commerce,
Govt. Adarsh College Korba.

Abstract

The Goods and Services Tax (GST), India's biggest tax reform since Independence emerged as a game changer and seems to be the masterstroke for economic alignment. The 122nd Constitutional amendment made it possible to introduce new tax regime to fix the gaps in the existing system which is estimated to make an incremental growth of 2% in GDP. GST was introduced in the recent times. Many people were not at all fully aware about GST. Like how it is implemented and how it is used, etc. My study focus on the awareness towards GST among consumers. Because the success of GST law depends on its consumer's awareness. It is to be noted that the consumers are the persons ultimately bear the tax burden of the goods they are purchased and hence the need for creating consumers awareness about GST is very important.

Key Words : *Goods and Service Tax, Consumer Awareness, Consumer's Education, India.*

1.1 Introduction

The significant of GST or goods and services tax has become a reality. The new tax system was launched at a function in Central Hall of Parliament on 1st July, 2017 (Friday midnight). The objective of GST, "one nation, one tax, one market" is aimed at unifying the country's \$2 trillion economy and 1.3 billion people into a common market. ¹

The elimination of multiple taxes system and provide a single tax platform for corporate, will improve the ease of doing business. It is beneficial for every level of people in India. For consumers, the biggest advantage would be in terms of a reduction in the overall tax burden on goods. "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefitted and extra resources will be used for welfare of poor and weaker section," Finance Minister Arun Jaitley said at GST launch event in Parliament. The Lok Sabha has finally passed the Goods and Services Tax Bill and it is expected to have a significant impact on every industry and every consumer. Apart from filling the loopholes of the current system, it is also aimed at boosting the Indian economy. This will be done by simplifying and unifying the indirect taxes for all states throughout India. ²

Consumer awareness of Goods and Services Tax (GST) is crucial for ensuring that individuals understand their rights, obligations, and the impact of taxation on prices. With GST being a significant tax reform, it aims to streamline taxation and reduce the cascading effect on goods and services. However, the level of consumer awareness varies, affecting the effectiveness of GST implementation. The role of education and information dissemination is key in bridging the knowledge gap.

1.2 Meaning of Goods and Service Tax (GST)

Clauses 366 (12A) of the constitution Bill defines GST as - goods and service tax means any tax on supply of goods, or services or both except taxes on the supply of the liquor for human consumption. Further the clause 366 (26A) of the Bill defines Services means anything other than Goods. Thus, it can be said that GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. Goods and Service Tax (GST) is a



comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level under which no distinction is made between goods and services for levying of tax. It will mostly substitute all indirect taxes levied on goods and services by the Central and State governments in India.

There are 3 types of GST, CGST - collected by Central Govt., SGST – collected by State Govt. and IGST- for interstate transaction. GST will remove cascading tax effects. ‘Cascading tax effect’ means tax on tax i.e. a consumer has to pay tax on tax.³

1.3 History of GST in India

On July 1st 2017, the Goods and Services Tax implemented in India. But, the process of implementing the new tax regime commenced a long time ago. In 2000, Atal Bihari Vajpayee, then Prime Minister of India, set up a committee to draft the GST law. In 2004, a task force concluded that the new tax structure should put in place to enhance the tax regime at the time.⁴

In 2006, Finance Minister proposed the introduction of GST from 1st April 2010 and in 2011 the Constitution Amendment Bill passed to enable the introduction of the GST law. In 2012, the Standing Committee started discussions about GST, and tabled its report on GST a year later. In 2014, the new Finance Minister at the time, Arun Jaitley, reintroduced the GST bill in Parliament and passed the bill in Lok Sabha in 2015. Yet, the implementation of the law delayed as it was not passed in Rajya Sabha. GST went live in 2016, and the amended model GST law passed in both the house. The President of India also gave assent. In 2017 the passing of 4 supplementary GST Bills in Lok Sabha as well as the approval of the same by the Cabinet. Rajya Sabha then passed 4 supplementary GST Bills and the new tax regime implemented on 1st July 2017.⁵

1.4 Literature Review

1. **S.Murugaiyan, R. Sasi Jeyanthiand and P. Siddharth (2017)** suggested that the awareness towards GST should be provided to the illiterate and the women community It is also suggested that the government should come forward to take short films with respect to the new GST Bill and screen the same in familiarized televisions. The educated should provide awareness to the general public so as to promote economic development and overall growth of the nation. Even the educated and the business people are not aware of the various important issues in the new GST Bill, so the Government should take necessary steps to make familiarize the concepts of the new GST Bill in India.⁶
2. **Mohanty and Chandran (2017)** analysed that the Goods and Services Tax (GST) has been touted as the single biggest tax reform in the Republic of India. The GST Act proposes to replace all the indirect taxes with a single GST. The profound positive impact of the Act has been reflected in many works in literature. However, the Act has also been criticised for its complex and retrospective nature. The papers focused on GST mainly focused on the brighter side of it and very few of them have provided an all-encompassing picture of the Act. The findings highlighted the benefits and concerns related to this Act by taking cues mainly from the write-ups published in the newspapers as well as academic works.⁷

1.6 Consumer Awareness Towards GST

Consumer awareness on GST is crucial for understanding how this tax affects prices, services, and overall purchasing power. It helps consumers know their rights, such as the transparency of tax rates and the availability of tax invoices. Awareness also aids in recognizing the impact of GST on product pricing and the benefits of input tax credits for



businesses. Consumers should be able to identify whether they are being charged correctly and report any discrepancies. Informed consumers can demand better compliance and make educated decisions about their purchases.

1.7 Importance of Consumer awareness about GST

Consumer awareness about GST in India is highly significant for a variety of reasons. Here's why:

1. **Informed Decision-Making:** Consumer awareness helps individuals make better decisions when purchasing goods and services by understanding the tax rates and their impact on pricing.
2. **Transparency in Pricing:** GST promotes transparency in the pricing of goods and services. Awareness helps consumers check whether they are being charged the correct GST rate, ensuring a fair price.
3. **Ensuring Fair Competition:** Awareness among consumers fosters fair competition between businesses, as they will know if a seller is charging the appropriate GST rate, promoting ethical business practices.
4. **Consumer Rights Protection:** Knowledge of GST empowers consumers to claim refunds or file complaints if they encounter errors in GST billing or overcharging, protecting their financial interests.
5. **Boosting Economic Growth:** Educated consumers contribute to the overall economic health by encouraging businesses to function legally and efficiently, which in turn supports economic growth.
6. **Improving the Tax System:** Awareness promotes a better understanding of the GST system, which in turn can reduce tax evasion and improve the overall tax revenue collection, benefitting the country.⁸

1.8 Factors Influencing Consumer Awareness About GST

Consumer awareness of the GST can be influenced by several factors. These factors can either enhance or limit the level of understanding and knowledge consumers have about GST. Here are some key factors:

1. **Media Coverage :** Media plays a significant role in informing consumers about GST. News outlets, television programs, and social media platforms often provide information, updates, and explanations about GST, its benefits, and how it works. The frequency and quality of such coverage can significantly affect consumer awareness.
2. **Digital Literacy and Internet Access :** With the growing use of smartphones and internet access, consumers can seek information about GST online. Those with better digital literacy and internet access are more likely to stay informed about changes in GST laws, updates on tax rates, and related government policies.
3. **Education and Training Programs :** Specialized training and workshops offered by government agencies, private organizations, and educational institutions can improve the understanding of GST. These programs target both consumers and business owners, helping them understand the broader tax system and their rights and obligations under GST.
4. **Complexity of the GST System :** The perceived complexity of GST can influence consumer awareness. If consumers find the system confusing, they may be less likely to engage with it. Simplification of the GST structure and clear guidelines can help improve consumer comprehension.



5. Technological Advancements : The development of mobile apps, websites, and tools that allow consumers to track GST-related information, such as GST rates or price changes, can enhance their awareness. These platforms can help consumers easily understand how GST impacts pricing and the final cost of products or services.⁹

These factors, shape the extent of consumer awareness regarding GST and its impact on their daily lives. Efforts to address these factors can contribute to greater consumer awareness and compliance with the tax system.

1.9 Government's Role in Enhancing Consumer Awareness About GST

The government plays a critical role in enhancing consumer awareness through a variety of initiatives and strategies. Here are some key subtopics outlining its role :

- 1. Education and Awareness Campaigns :** The government conducts campaigns through media, schools, and digital platforms to educate consumers about their rights, GST, and other important laws. These campaigns help consumers understand the implications of policies and regulations.
- 2. Regulation and Enforcement of Consumer Rights :** The government enforces laws and regulations that protect consumers from unfair practices. For instance, it mandates labelling, clear pricing, and correct invoicing to ensure transparency and fairness in the marketplace.
- 3. Digital Platforms and Help lines :** The government provides online resources such as websites, mobile apps, and help lines to offer guidance, answer queries, and resolve consumer complaints. These platforms help consumers easily access information and report grievances.
- 4. Consumer Protection Laws :** The government establishes consumer protection laws like the Consumer Protection Act, which safeguards against misleading advertisements, defective goods, and fraud. It also establishes consumer forums to resolve disputes efficiently.¹⁰

Through these efforts, the government aims to empower consumers, ensure fair practices, and create a more informed and responsible consumer base.

1.10 Challenges of GST in Indian Context:

The GST is a very good type of tax, the successful implementation of the same, there are few challenges which have to face to implement GST In India. Following are some of the determinants that must be kept in mind about GST :

- The understanding of GST by regarding its provisions and its impact on their business is still at emerging stage, and still many are findings the locations and places they need to be registered in.
- Various provisions of GST are still ambiguous. Classification of goods and services in various cases is still not clear. Provisions for anti-profiteering, as well as the now deferred e-way bill, which tracks consignments across states, are unclear.
- Various businesses are not yet map the accounting software and IT systems in concern with the new tax provisions, to create a invoices of GST , and abstract required reports.
- Staff with perfect required skill with efficient GST knowledge and their training subject are not easily available.¹¹

Conclusion

A great revolution is yet to take place in the near future in the indirect tax system i.e. GST, so the general public is almost unaware of the concepts. But, India being a democratic country



should make clear to its citizens about the emerging amendments. Therefore, it is the need of each and every citizen to have awareness about the new GST (Amendment) Bill.

Consumer awareness is more pronounced in urban areas, though rural regions still face challenges in fully grasping the nuances of the tax system. Despite increased efforts by the government, there is a need for more effective communication and educational initiatives. In conclusion, While GST has revolutionized India's tax structure, consumer awareness remains a critical factor for its successful implementation. Despite efforts to educate the public, many consumers still lack full understanding of its workings and impacts. Enhancing consumer knowledge and satisfaction with the tax system is necessary to foster greater compliance and transparency. Continuous efforts to educate consumers, particularly in rural areas, will contribute to more effective tax administration. Informed consumers are pivotal for realizing the full economic benefits of GST in India.

Reference

1. Singh, P. & Singh, R & Godara, R. L. (2022) Study Of Demographic Factors On Awareness Level of Goods And Services Tax System Implementation, *International Journal of Latest Trends in Engineering and Technology*, 8(1): Page No.- 691.
2. Singh, P. & Singh, R & Godara, R. L. (2022) Study Of Demographic Factors On Awareness Level of Goods And Services Tax System Implementation, *International Journal of Latest Trends in Engineering and Technology*, 8(1): Page No.- 692.
3. Rana, C. (2019) A Study on Impact of GST on Indian Economy, *International Journal of Science and Research*, 8(4): Page No.- 1909.
4. Raj, N. M. & Kumar, A. (2022) A Study on Awareness and Perception of Consumers towards GST with special reference to Restaurants in Bengaluru City, *International Journal of Creative Research Thoughts*, 10(7) : Page No.- 478.
5. Raj, N. M. & Kumar, A. (2022) A Study on Awareness and Perception of Consumers towards GST with special reference to Restaurants in Bengaluru City, *International Journal of Creative Research Thoughts*, 10(7) : Page No.- 479.
6. Murugaiyan, S. & Jeyanthiand, R. S. & Siddharth, P. (2017) A Study on Public Awareness towards Goods and Services Tax (Amendment) Bill in Sivakasi Region, *Asian Journal of Managerial Science*, 6(2): Page No.- 3.
7. Mohanty, P. & Chandran, A. (2017) GST and the paradigm shift: A peripheral view, *Vision: Journal of Indian Taxation*, 4(1), Page No.- 53.
8. Shinde, M. (2019) A Study of Impact And Challenges of GST on Various Constituents of Indian Economy, *International Journal of Research and Analytical Reviews*, 6(1) : Page No.- 212.
9. Maruthi, M. V. (2020) A Comprehensive Analysis Of Goods And Services Tax (Gst) In India, *International Review of Business and Economics*, 4(1) : Page No.-63.
10. Gupta, L. & Agarwal, A. (2017) Awareness and Understanding of GST among Indian Consumers: An Empirical Study, *Vision: Journal of Indian Taxation*, 4(2): Page No.-104.
11. Sandhu, V., Atwal, H. (2019) Goods and Services Tax: Issues and Challenges in India, *International Journal of Recent Technology and Engineering*, 8(2): Page No.-759.