

ISO 9001 - 2015

ISSN 2349 - 4891

Monthly

IF
4.665



Volume 4, Issue 8, August 2017

International Journal of
Recent Research and Applied Studies

SURRAGH PUBLICATIONS
SURRAGH PUBLICATIONS





Acceptance about GST- a study with special reference to manufacturing industry in Coimbatore

Dr.K.Veerakumar¹ & Ms.T. Mohana Sundari²

¹Assistant Professor in Commerce -BPS, NGM College (Autonomous), Pollachi, Tamilnadu, India.

²Assistant Professor in Commerce -BPS, NGM College (Autonomous), Pollachi, Tamilnadu, India.

Received 15th June 2017, Accepted 1st August 2017

Abstract

Introduction of GST will greatly improve the quality of the indirect tax system and, therefore, make it possible to have higher resources on a sustainable basis, which will make the fiscal situation more sustainable. This reform will solve many critical issues in the long run. According to a recent study on the impact of GST, India could gain as much as \$15 billion annually once the GST is in place. The study is to know about the level of acceptance about GST among the manufacturing industries in Coimbatore. 150 sample respondents were taken based on convenient sample method. The study concluded that new GST system changing old indirect tax structure into unified Indirect Tax Structure for engineering products.

Keywords: GST, Manufacturing industries, Tax.

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Introduction

The Goods and Services Tax Bill or GST Bill, officially known as The Constitution (One Hundred and twenty second Amendment) Bill, 2014, proposes a national Value added Tax to be implemented in India from 1 April 2017.

History

An empowered committee was set up by Atal Bihari Vajpayee government in 2000 to streamline The GST model to be adopted and to develop the required backend infrastructure that would be needed for its implementation. In his budget speech on 28 February 2006, P. Chidambaram, the then Finance Minister, announced the target date for implementation of GST to be 1 April 2010 and formed another empowered committee of State Finance Ministers to design the roadmap. The committee submitted its report to the government in April 2008 and released its First Discussion Paper on GST in India in 2009.

The Constitution (122nd Amendment) Bill, 2014 was introduced in the Lok Sabha by Finance Minister Arun Jaitley on 19 December 2014, and passed by the House on 6 May 2015. In the Rajya Sabha, the bill was referred to a Select Committee on 14 May 2015. The Select Committee of the Rajya Sabha submitted its report on the bill on 22 July 2015. The bill was passed by the Rajya Sabha on 3 August 2016, and the amended bill was passed by the Lok Sabha on 8 August 2016. The bill,

after ratification by the States, received assent from President Pranab Mukherjee on 8 September 2016, and was notified in The Gazette of India on the same date.

Manufacturing Industry in India

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India's ranking among the world's 10 largest manufacturing countries has improved by three places to sixth position in 2015. The Government of India has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently.

Market Size

India's manufacturing sector has the potential to touch US\$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

Review of Literature

Poh Jin Goh (2017), in his study "Consumers' Perception towards the Implementation of Goods and Services Tax (GST) In Malaysia: A Review Paper" This article aims to review the consumer's perception towards the implementation of GST in Malaysia. This paper is also expected to provide a better understanding for the Malaysian government on consumers' perception

Correspondence

Dr.K.Veerakumar

E-mail: lecturer75@yahoo.com

towards GST. Additionally, this could also assist the government in their policy making, especially in the areas of awareness rising pertaining to the benefits of GST, charging mechanism introduction, and collection, as well as enhancing society's confidence towards the government in implementing this tax policy.

Noormahayu Binti Mohd Nasir (2015), in his research paper "Public Awareness towards Goods and Services Tax (GST) in KUALA LUMPUR, MALAYSIA, This research aims to examine the key factor that has contributed to the public awareness towards Goods and Services Tax (GST) in Kuala Lumpur. In this study, several identifiable variables were selected concerning tax knowledge, tax morale and tax compliance. Using questionnaire as a research instrument, 302 sets of questionnaires had been distributed. Multiple regression analysis was used to test the cause of relationship among tax knowledge, tax morale, and tax compliance with taxpayer's awareness on GST. The results revealed that all of three independent variables were found to have significant impact toward the publics' awareness on Goods and Services Tax (GST).

Statement of Problem

In spite of the improvements made in the tax design and administration over the past few years, the systems at both central and state levels remain complex. The most significant cause of complexity is, of course, policy related and is due to the existence of exemptions and multiple rates, and the irrational structure of the levies. These deficiencies are the most glaring in the case of the CENVAT and the Service Tax. The key problem with the service tax is the basic approach of levying it on specified services, each of which generates an extensive debate as to what is included in the base. Ideally, the tax base should be defined to include all services, with a limited list of exclusions (the so-called "negative list"). The Government has been reluctant to adopt this approach for the fear that it could bring into the tax net many services that are politically sensitive.

Objective of the Study

- To study the impact of GST towards manufacturing of engineering products in Coimbatore.
- To analyse the level of acceptance of the respondents towards GST based on the existing tax procedure in the industry.

Analysis and Interpretation

Type of organization

Type of organization	Frequency	Percent
Sole trader	6	12.0
Partnership	33	66.0
Private limited	11	22.0
Total	50	100.0

Research Design

A research design is the specification of methods and procedure for acquiring the information needed. Research design classified under three broad categories – explanatory, casual and descriptive. But the researcher was concerned mainly with descriptive research design. The study was conducted in order to find out the.

Sampling Design & Tools Applied

Sampling Plan

One of the main elements in the research design is sampling plan which is further divided into sampling unit, sampling size, sampling type.

Sampling Unit

Sampling unit can be defined as the basic unit containing the manufacturers in Coimbatore.

Sampling Size

In this research, the sample size amount to one hundred and fifty, which are surveyed from manufacturers in Coimbatore?

Sampling Type

Convenience sampling was adapted in this research. It is a non-probability sampling and it refers to selecting a sample based on convenience.

Data Collection

The primary data the respondents which or collected with a questionnaire schedule was used with employees of the company. Secondary data were collected from the company profile, manuals, journals, magazines and newspapers etc. The Data Collected were analyzed using simple percentage analysis.

Limitations of the Study

- The study is limited to three months and a deep study about the concept cannot be made.
- There is a chance of bias in collection of data.
- The sample size is limited to 150.

The above table shows about the type of organization of the respondents were out of 50 respondents 12% are sole traders, 66% are running

partnership firm and 22% are running a private limited company. It shows that most of the respondents are running a partnership firm in our survey.

Years of experience in the field

Years of experience	Frequency	Percent
Less than 10 years	27	54.0
10-20 years	7	14.0
20-30 years	13	26.0
More than 30 years	3	6.0
Total	50	100.0

The above table shows about period of experience in the field were out of 50 respondents 54% are having experience less than 10 years, 14% are having experience from 10-20 years, 26% are having experience

from 20-30 years and 6% are having experience more than 30 years. It shows that most of the respondents are having experience more than 30 years.

Level of acceptance towards GST resulting in higher prices for goods and services for engineering products

Particulars	Frequency	Percent
Strongly agree	1	2.0
Agree	24	48.0
Neutral	16	32.0
Disagree	6	12.0
Strongly disagree	3	6.0
Total	50	100.0

The above table shows about level of acceptance towards GST resulting in higher prices for goods and services for engineering products were out of 50 respondents 2% strongly agree, 48% agree, 32% are neutral, 12% disagree and 6% strongly disagree for GST

resulting in higher prices for goods and services for engineering products. It shows that most of the respondents agree for GST resulting in higher prices for goods and services for engineering products.

Level of acceptance towards uniform e- registration process based on pan of entity with the industry

Particulars	Frequency	Percent
Strongly agree	15	30.0
Agree	8	16.0
Neutral	14	28.0
Disagree	11	22.0
Strongly disagree	2	4.0
Total	50	100.0

The above table shows about level of acceptance towards uniform E- Registration process based on PAN of entity with the industry were out of 50 respondents 30% strongly agree, 16% agree, 28% are neutral, 22% disagree and 4% strongly disagree for

uniform E- Registration process based on PAN of entity with the industry. It shows that most of the respondents strongly agree for uniform E- Registration process based on PAN of entity with the industry.

Level of acceptance towards new GST system changing old indirect tax structure into unified indirect tax structure for engineering product

	Frequency	Percent
Strongly agree	15	30.0
Agree	3	6.0
Neutral	16	32.0
Disagree	4	8.0
Strongly disagree	12	24.0
Total	50	100.0

The above table shows about level of acceptance towards new GST system changing old indirect tax structure into unified Indirect Tax Structure for engineering products were out of 50 respondents 30% strongly agree, 6% agree, 32% are neutral, 8% disagree and 24% strongly disagree for new GST system changing old indirect tax structure into unified Indirect Tax Structure for engineering products. It shows that most of the respondents are neutral about new GST system changing old indirect tax structure into unified Indirect Tax Structure for engineering products.

Suggestion

1. Government to make an effort to provide or add subject about basic taxation as main subject at schools to educate students at an early age and also the teachers. This could improve their tax knowledge, tax morale, and could change their perception towards the tax.
2. Social media, tax authorities should organize more talk programmers and collaborates with NGO'S to suburban residence especially to rural populations like the natives.
3. Government should seek feedbacks from the citizen. Thus it is necessary for government to hear voices from all parties. As a result, public will be more willing to comply with GST law.

Conclusion

The Goods and Services Tax Bill or GST Bill, officially known as The Constitution (One Hundred and twenty second Amendment) Bill, 2014, proposes a national Value added Tax to be implemented in India from 1 April 2017. Accordingly, this study attempts to find out what Level of Acceptance About GST. The results showed that the level of awareness was moderate and the majority of respondents give a high negative perception to the impact of GST. This eventually causes the majority of respondents did not accept the implementation of GST.

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