



A STUDY ASSESSING THE IMPACT OF GST ON CONSUMER PERCEPTIONS OF DURABLE GOODS CONCERNING ERODE DISTRICT

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ABSTRACT :

This study investigates the assessment and impact of GST (Goods and Services Tax) on Consumer perceptions of Durable goods in the Erode District. With a focus on enhancing knowledge about GST, the research aims to understand the level of impact regarding durable goods and their actual usage among consumers. Data was gathered from a representative sample of consumers across various demographics. Findings reveal the current landscape of impact and Consumer perceptions, shedding light on factors influencing taxation and barriers to implementation. The implications of these findings are discussed in policy recommendations and interventions aimed at changes in consumer viewpoints and perceptions in terms of satisfaction towards the impact of GST on consumer durable goods.

Keywords: Impact of GST, Durable goods, Consumer perceptions

INTRODUCTION :

The study's objectives are to ascertain how the Goods and Services Tax (GST) affects consumer durable goods and to comprehend how the GST and price inflation on these goods are related. The study will provide additional details on GST, especially with the unique allusion to durable consumer items. Additionally, this will make it easier for the next researchers to do more accurate research.

CONSUMER DURABLE GOODS :

They are a type of consumer product that does not wear out easily and therefore does not require regular replacement, they are classified as "durable goods" and they are expected to last at least three years without breaking. There are three categories of consumer durable goods. Consumer electronics, brown products, and white goods.

IMPACT OF GST ON CONSUMER DURABLE GOODS:

- When GST was implemented in India on 1 July 2017, most of the consumer durables goods GST rates were very high (28%) which led to an increase in the tax burden on the common public.
- GST tax rates play a major role in the price fixation of consumer durables goods.
- GST tax rates directly affect the price of the consumer durables goods.
- GST helps in simplifying the taxation system which leads to attracting more MNCs into the market which creates competition for the consumer durables goods manufacturer thus leading to creating more buying choices for the consumer.
- When the government observes that the demand for some consumer durables goods of the same market starts losing its demand because of uncertain reasons government reduces the GST rates on those goods. The government wants to create an equilibrium between demand & supply.
- Sometimes tax burden also shifted to the manufacture of consumer durables goods. This type of situation occurs when there are many competitors in the market; these competitors force the manufacturer to sell the goods at a loss.

TYPES OF GST:

1. CGST
2. SGST
3. IGST

4. UGST

STATEMENT OF THE PROBLEM

A study on the impact of GST on consumer durable products will help us understand more about GST and its implications on consumer durables. Taxes are the deciding factor that determines the price of things. This study assists consumers in fully understanding how they have profited from the implications of products and services, as well as the benefits and drawbacks of the goods and services tax. Data analysis will allow consumers to examine the differences between the current tax system and the indirect tax system in the consumer durable goods of the Indian economy.

OBJECTIVES OF THE STUDY

1. To Study the relationship between GST and price inflation in consumer durable goods.
2. To understand the benefits and drawbacks of GST.
3. To suggest measures to the consumers for the problems related to the impact of GST on durable goods.

RESEARCH METHODOLOGY

In this study, I want to understand how consumers in Erode use durable goods and how much they know about the impact of GST (Goods and Services Tax). First, I asked consumers in the Erode district some questions about the impact of GST through surveys and interviews. I look at their answers to see if there is any knowledge or common ideas. I also make sure to keep their answers private and get permission before sharing anything. However, I know that what I find might only apply to Erode and no other places. Finally, I put everything I've learned to work by assisting in assessing the impact of GST on Consumer perceptions of durable goods within the Erode district.

RESEARCH DESIGN:

The descriptive research design was adopted due to the nature of the study. To study the impact of GST on Consumer perceptions of durable goods a questionnaire was formed to know their opinion. The personal data of the respondents and their perception related to taking measures the improve their awareness level.

DESCRIPTIVE RESEARCH DESIGN:

Descriptive research also known as statistical research describes data and characteristics of the population or phenomenon being studied. The research is completely based on the description of the factors that impact GST in Consumer perceptions of durable goods. It helps in presenting data in a meaningful way.

SAMPLING TECHNIQUE:

Simple random sampling is used for analysis. The responses were collected from a mixed group of consumers from different working positions. Random sampling is the part of the sampling technique in which each sample has an equal to the chosen. The purpose of a randomly selected sample is to provide an objective depiction of the entire population. To select the sample, researchers adopted a simple random sampling method. Obtaining information about sampling is the process of studying the entire population by taking a small portion of it and studying the characters of the sample portion to know their behavior in the entire population. The sample area is individual consumers in the erode district.

SAMPLING METHOD:

The samples are collected from the consumers in the erode district. It was also collected through the various areas by having formal and informal communication and also by filling out the questionnaire. A sample size refers to the number of samples to be selected from the population. The total population is 100.

SAMPLE SIZE:

A sample of 100 consumers is chosen in this study.

DATA COLLECTION:

Data collection is the process of collecting information from relevant sources to find the answers to the research and evaluate the outcomes. The data collection method is divided into two categories; primary method of data collection and secondary method of data collection.

PRIMARY DATA COLLECTION:

Primary data are those which are collected for the time being and they are original in character. The primary data collection was done through a well-structured questionnaire which was circulated through Google Forms.

SECONDARY DATA COLLECTION:

The data for the theoretical framework of the study and review of literature were collected from journals and websites.

STATISTICAL TOOLS USED:

1. ANOVA
2. Ranking Method

REVIEW OF LITERATURE

Relationship between the rate of value-added tax and public value added by Fathima, (2022) Using a variety of experimental approaches, the authors investigated the relationship between the rates of value-added tax and public value added tax evasion. They conclude that there is no correlation between the two since in many countries with high VAT rates, enforcement is also high, and in countries with low VAT rates, evasion is high.

Genpact, (2021) In this article, Genpact summarizes how the results of a study they performed for a manufacturing customer who was subject to European VAT saved money as a result of some procedure improvements in the client's handling of VAT-related compliances.

Impact of GST on export goods by Bhatia, (2020) This study is based on the impact of GST on export goods and the author tells us how we can export at 0% GST and the ways by which we can claim this 0% GST rate on export. This study is based on a detailed analysis of the data related to the export. In this study, the author talks about LUT methods by which we can claim a 0% GST rate on exports.

Implementation of GST in the Indian context by Gupta, (2019) According to her research, implementing GST in the Indian context would result in commercial advantages that are not available under the VAT scheme, which would essentially contribute to economic growth.

Impact of GST on the Indian Economy by Rajamani, (2018) This study aims to determine the impact of GST on the Indian economy. In this study author would like to share his knowledge regarding the GST. The study is based on the concepts of CGST, SGST, and IGST. In this effect of GST on different sectors is also shown and the positives of GST and its negatives were explained in full detail.

ANALYSIS AND INTERPRETATION**ONE-WAY ANOVA****GST INCREASES THE TAX BURDEN ON THE COMMON PEOPLE AND BUSINESSMEN:****NULL HYPOTHESIS (H₀):**

H₀= There is no significant relationship between GST increases the tax burden on the common people and businessmen

ALTERNATIVE NULL HYPOTHESIS (H₁):

H₁= There is no significant relationship between the tax burden on the common people and businessmen

TABLE: 4 GST INCREASES THE TAX BURDEN ON THE COMMON PEOPLE AND BUSINESSMEN

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Common People	5	100	20	197		
Businessmen	5	100	20	96.5		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0	1	0	0	1	5.317655

Within Groups	1174	8	146.75			
Total	1174	9				

Source: Primary data

INTERPRETATION:

As the P value is greater than sig. value (0.01 and 0.05) in all the 2 cases of the tax burden on the common people and businessmen, the Null hypothesis is rejected.

Hence, it is concluded that there is a statistically significance difference among the tax burden on the common people and businessmen.

GST IS GOOD FOR THE ECONOMY AND GST INCREASES THE VARIOUS LEGAL FORMALITIES

NULL HYPOTHESIS (H₀):

H₀= There is no significant relationship between GST being good for the economy and GST increasing the various legal formalities.

ALTERNATIVE NULL HYPOTHESIS (H₁):

H₁= There is no significant relationship between GST being good for the economy and GST increasing the various legal formalities.

TABLE: 5 GST IS GOOD FOR THE ECONOMY AND GST INCREASES THE VARIOUS LEGAL FORMALITIES

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Good for the economy	5	100	20	710.5		
Increases legal formalities	5	100	20	182		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0	1	0	0	1	5.317655
Within Groups	3570	8	446.25			
Total	3570	9				

Source: Primary data

INTERPRETATION:

As the P value is greater than sig. value (0.01 and 0.05) all the 2 cases of GST are good for the economy and GST increases the various legal formalities, the Null hypothesis is rejected.

Hence, it is concluded that there is a statistically significance difference among the GST good for the economy and GST increases the various legal formalities.

RANKING METHOD

TABLE: 6 RECOMMENDATIONS TO RECOGNIZE THE OBSTACLES TO THE IMPACT OF GST ON CONSUMER DURABLE GOODS

S.NO	FACTORS	TOTAL SCORE	MEAN SCORE	RANK
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1	How much the impact of GST on durable goods does affect the consumers?	288	1152	2
2	To what extent does the lack of knowledge about GST affect the buying behavior in retail or wholesale shops?	283	1415	1
3	How much does Goods and Services Tax impact your lifestyle and engagement with day-to-day life?	301	602	4
4	How significant is the impact of GST on durable goods engagement with common people and businessmen?	295	885	3
5	To what extent do the common people know about the rules and regulations of GST?	304	304	5

Source: Primary data

INTERPRETATION:

It is stated from the above table that the major factor of the present performance appraisal system is '**Lack of knowledge about GST**' which ranked first with a weighted score of 1415 points. It was followed by the second rank assigned to '**Impact of GST in consumer durable goods**' with a weighted score of 1152. It was followed by the third rank assigned to '**Impact of GST in durable goods engage with common people and businessmen**' with a weighted score of 885. It is followed by the fourth rank assigned to '**Goods and Services Tax impact your lifestyle and engage with day to day life**' with a weighted score of 602. It is followed by the fifth rank assigned to '**Does the common people know about the rules and regulations of GST**' with a weighted score of 304. It is found from the analysis the majority of the respondent's factors of Performance appraisal as '**Lack of knowledge about GST and 'Impact of GST in consumer durable goods**'.

CONCLUSION :

This is predicated on the product and service tax's main features and how they affect consumer durable goods in the Erode district. The government must make different information platforms in which information regarding GST can be collected easily and this information must be in a format in which it can be easily understood by the consumer. Goods and services understanding among the consumer must be good and this good understanding will help in creating a positive perception towards GST. The Erode Customs Department needs to educate people about how the Goods and Services Tax affects consumer durable goods. Erode customs department must be aware people of the positives of GST and this will lead to creating a good perception of consumers towards GST.

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