

# A Study on the Awareness of GST among SME'S in Coimbatore

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**Abstract**— This research is based on a recent tax system GST [Goods and services tax] and its impact on the small and medium scale enterprises in and around Coimbatore. The implementation of new tax system can add a new path for the development of the business. It can be helpful to know about the various factors involved in the tax system and also the real phase of the financial aspects of business. The samples for this research will be of small and medium scale enterprises in Coimbatore. The main objective for this research will be of how the GST got awareness on the small and medium scale enterprises for many business sectors. These samples can give some interpretation on the factors involved in the new tax system. With the help of this research, it is easier to find the satisfaction level of the enterprises in the business sector. It helps to know about the awareness on the terms and conditions of GST on the samples in Coimbatore.

**Keywords**— Awareness, enterprises, factors & tax system.

## I. INTRODUCTION

GST Stands for Goods and Services Tax (GST). The GST Act was passed in the Lok Sabha on 29th March, 2017 and came into effect from 1st July, 2017. It was termed as One Nation One Tax. GST was introduced as The Constitution (One Hundred and First Amendment) Act 2017 following the passage of Constitution 122nd Amendment Bill. It is an Indirect Tax applicable throughout India which replaced multiple taxes (like Service Tax, Vat Tax) levied by Central & State Governments of India. The introduction of Goods and Services Tax (GST) is a very significant step in the field of indirect tax reforms in India. Many developing countries make use of this tax system and they are revealing a better result for the economic status. And that should be adapted by all the business people in their respective sectors of the country. In the specified domain, it includes various types of sectors that are emerging to be a large scale industries and it is relevant to know about their views on the new tax system implemented by the government. This research is based on many organizations in which it includes both manufacturing and service sectors in Coimbatore. Apart from many organizations, I have chosen the part of small and medium scale industries and its awareness on GST terms and conditions. Before implementation of GST, there was no tax levied on a certain turnover of up to 2 crores. From these SME's, I will be able to understand their views and perception on the new tax system implemented by the government. SME's plays a major role in the development of economic status in our country and the implementation of new system can cause a change in their regular systematic system. Since, there was a change happened from VAT to GST tax

system by making a lot of rules and regulations to the industrial sectors.

Section I contains the introduction of GST, Section II contain the Need for the Study of GST, Section III contain the Review of Literature for this study, Section IV contain the Objectives of the Study for GST, Section V explain the Research Methodology for this study, Section VI describes the Analysis part of the study with tables and charts, Section VII contain the Findings of the study, Section VIII includes the suggestions for the study, Section IX contain the Conclusion of the Study and Section X includes the Reference for this study.

## II. NEED FOR THE STUDY

SME's plays a major role in the contribution of Indian economy and also lots of startups are emerging from various states. So, the implementation of GST makes the compilation of many taxes in the state and central governments. GST also affects the SME's in various ways due to the lack of proper information to their respective sectors. Many sectors in Coimbatore are not aware of the entire terms and conditions of GST and it can cause a deteriorating effect in their business. Before GST, tax on tax was calculated and tax was paid by every purchaser including the final consumer. The taxation on tax is called the Cascading Effect of Taxes. GST avoids this cascading effect as tax is calculated only on the value added at each transfer of ownership.

GST will basically have three kinds of taxes namely

1. Central GST,
2. State GST and
3. integrated GST

This will help to tackle inter-state transactions. Many researchers have undergone on GST to know about the impact of new tax system implemented by the government.

**III. REVIEW OF LITERATURE**

1. Indirect Taxes Committee of Institute of Chartered Accountants of India (ICAI) (2015) submitted a PPT-naming Goods and Service Tax (GST) which stated in brief details of the GST and its positive impact on economy and various stakeholders.
2. The Institute of Companies Secretaries of India (ICSI) (2015) published a Reference on Goods and Service Tax to provide the information on the concept of GST in details.
3. Empowered Committee of Finance Ministers (2009) introduced their First Discussion Paper on Goods and Services Tax in India which analyzed the structure and loopholes if any in GST.
4. Sijbren (2013): Sijbren and others suggested that a modern goods and services to alleviate the problems of India’s current indirect tax system

**IV. OBJECTIVES OF THE STUDY**

- To check the awareness on each level of terms and conditions in GST to the business sectors.
- Comparing the various type of organization with their way of approaching the GST in the present condition.
- Analyze the satisfaction level in the implementation of GST and with their view on CGST and SGST.
- To study the response level for the GST compared to older taxes that they are followed.

**V. RESEARCH DESIGN**

This research consists of the samples of manufacturing and service sectors in Coimbatore that comes under small and medium scale industries. From these samples, I have taken a set of questions that describes about the awareness of GST on their sector. It can be differentiated with manufacturing and service sector along with their views collected in the questionnaire. From that table, I will be able to calculate the percentage values for different questions. And also I can use various techniques like

- Percentage analysis
- chi-square and
- ANOVA

to make an interpretation on the data collected from the business people.

**SAMPLING TYPE:**

**Simple random sampling:** This type of sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion in the sample and each one of the possible samples, in case of finite universe, has the same probability of being selected.

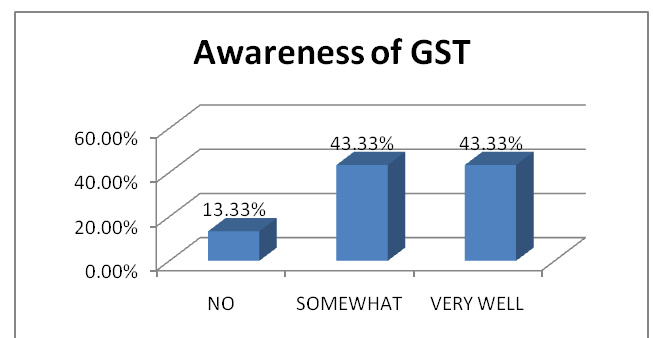
The total samples for this research consists of 30 SME’s in Coimbatore. The questionnaire for this research is done with the help of Google forms and it can be able to interpret with the help of respective significant questions.

**VI. ANALYSIS:**

**AWARENESS OF GST TERMS AND CONDITIONS:**

**Table 1.1** shows the awareness of GST terms and conditions

AWARE OF GST TERMS AND CONDITIONS	NO. OF RESPONSES	Percentage
NO	4	13.33
SOMEWHAT	13	43.33
VERY WELL	13	43.34
<b>Grand Total</b>	<b>30</b>	<b>100</b>



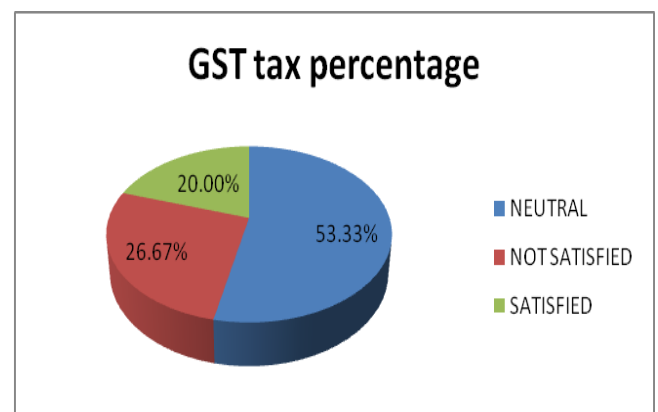
**CHART 1.1** shows the graph about awareness of GST

**INFERENCE:** From this graph, we can infer that 43.33% of business people are well known about the GST, 43.33% of business people are known somewhat on GST and 13.33% of business people are not known about the GST terms and conditions.

**RESPONSE FOR GST TAX PERCENTAGE.**

**Table 1.2** shows the response for GST tax percentage

RESPONSES for GST %	NO. OF RESPONSES	Percentage
NEUTRAL	16	53.33
NOT SATISFIED	8	26.67
SATISFIED	6	20
<b>Grand Total</b>	<b>30</b>	<b>100</b>



**CHART 1.2** shows the response for GST tax percentage

**Interpretation:** This graph suggests that 53.33% of business people are neutral in the response of GST tax percentage, 20% of business people are satisfied with the GST tax percentage but 26.67% of business people are not satisfied with the GST tax percentage.

**CHI-SQUARE TEST:**

**Types of sector vs. awareness on reverse charge in GST**

Table 2.0 shows Chi-Square factors

TYPES OF SECTOR	DO YOU KNOW ABOUT REVERSE CHARGE IN GST?		
	No	Yes	Grand Total
MANUFACTURING GOODS	8	8	16
SERVICE SECTOR	2	12	14
<b>Grand Total</b>	<b>10</b>	<b>20</b>	<b>30</b>

H0: There is a no significant relation between the type of sectors in business and the knowledge on reverse charge on GST.

H1: There is a significant relation between the type of sectors in business and the knowledge on reverse charge on GST.

Table 2.1: Chi-square results

Results			
Sector	No	Yes	Row Totals
Manufacturing goods	8 (5.33) [1.33]	8 (10.67) [0.67]	16
Service sector	2 (4.67) [1.52]	12 (9.33) [0.76]	14
<b>Column Totals</b>	<b>10</b>	<b>20</b>	<b>30 (Grand Total)</b>

**INTERPRETATION:** The chi-square statistic is 4.2857. The *p*-value is .038434. The result is significant at *p* < .05. So, H1 is accepted indicating that there is a significant relation between the type of sectors in business and the knowledge on reverse charge in GST.

**ANOVA-1: Types of sector vs. GST terms and conditions**

Table 3.0 shows ANOVA Factors

TYPES OF SECTOR	WHETHER SME'S ARE AWARE OF GST TERMS AND CONDITIONS?			
	NO	SOMEWHAT	VERY WELL	Grand Total
MANUFACTURING GOODS	1	5	10	16
SERVICE SECTOR	3	8	3	14
<b>Grand Total</b>	<b>4</b>	<b>13</b>	<b>13</b>	<b>30</b>

H0: There is no significant relation between the manufacturing goods and service sector in the awareness of GST terms and conditions.

H1: there is a significant relation between the manufacturing goods and service sector in the awareness of GST terms and conditions.

Table 3.1 shows ANOVA- SINGLE FACTOR

SUMMARY						
Groups	Count	Sum	Average	Variance		
MANUFACTURING GOODS	3	16	5.33	20.33		
SERVICE SECTOR	3	14	4.67	8.33		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.67	1	0.67	0.046	0.83	7.70
Within Groups	57.33	4	14.33			
<b>Total</b>	<b>58</b>	<b>5</b>				

**INTERPRETATION:** From the ANOVA table, F critical is greater than F value in this case. So, H0 is accepted indicating that there is no significant relation between the manufacturing goods and service sector in the awareness of GST terms and conditions.

**ANOVA-2: Types of sector vs. satisfaction level**

H0: There is a significant relation between the manufacturing goods and service sector in the satisfaction level of GST.

H1: There is no significant relation between the manufacturing goods and service sector in the satisfaction level of GST.

Table 4.0 shows ANOVA factors

SATISFACTION LEVEL	MANUFACTURING GOODS	SERVICE SECTOR	Grand Total
NEUTRAL	8	8	16
NOT SATISFIED	4	4	8
SATISFIED	4	2	6
<b>Grand Total</b>	<b>16</b>	<b>14</b>	<b>30</b>

Table 4.1 shows ANOVA single factor

SUMMARY				
Groups	Count	Sum	Average	Variance
Manufacturing goods	3	16	5.333	5.333
Service sector	3	14	4.666	9.333

Table 4.2 shows ANOVA results

ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.67	1	0.67	0.090	0.77	7.708
Within Groups	29.33	4	7.33			
<b>Total</b>	<b>30</b>	<b>5</b>				

**Interpretation:** In this ANOVA table, F critical value is greater than F value in this case. So, H0 is accepted indicating that there is a significant relation between the manufacturing goods and service sector in the satisfaction level of GST.

## VII. FINDINGS

1. It is known that 53.33% of business people are neutral in the response of GST tax percentage, 20% of business people are satisfied with the GST tax percentage but 26.67% of business people are not satisfied with the GST tax percentage.
2. From the analysis, we can infer that 43.33% of business people are well known about the GST, 43.33% of business people are known somewhat on GST and 13.33% of business people are not known about the GST terms and conditions.
3. From the ANOVA test, there is no significant relation between the manufacturing goods and service sector in the awareness of GST terms and conditions by considering the implementation of new tax system.
4. There is a significant relation between the manufacturing goods and service sector in the satisfaction level of GST with reference to the SME'S in Coimbatore district according to the survey taken for this study.
5. From the Chi-square test, there is a significant relation between the type of sectors in business and the knowledge on reverse charge in GST. Reverse charge considers being the main factor influencing the implementation of GST.

## VIII. SUGGESTIONS

1. Business sectors should know about the certain changes that happen in the present scenario of GST and make your contribution to the extent.
2. Business sectors should know about the factors involved in the GST tax system.
3. They should know about the GST terms and conditions with the help of help desk from the government or they can also consult with the Chartered Accountant for the further information.
4. There should be an update of information on the GST tax system and it should be implemented in your business field.

## IX. CONCLUSION

Implementation of GST had caused some changes in the business environment and it made a different path for the business people. To cope-up with the changes, they should be aware of the terms and conditions involved in the tax system. This research helps us to know the awareness level on GST involved by the business people. Certain factors are critical for the business and it should be followed by them to make a development in their field. It is the responsibility of the business people to make an update on all the terms and conditions given by the government. This kind of research can make the understandings of different factors involved in the present trend.

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