

# Gst Implementation: A Comparative Study Of Perception Of Traders And Professionals

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## Abstract

The implementation of GST in 2017 brought out a massive change in the Indian taxation system. As similar with any change, this was also perceived differently by different stakeholders. In this scenario, this study intended to investigate the perspective shared by professionals and traders after approximately seven years of GST implementation. The data for the study was collected from 120 traders and professionals of Chandigarh, Mohali and Panchkula. Chi-square test was used to compare the opinion of two stakeholders. The study found that traders as well as professionals shared positive attitude toward GST. They share similar perspective with regard to certain aspects of GST and also hold different in some aspects.

**Keywords:** GST, traders, professionals, indirect taxes

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## I. INTRODUCTION

Goods and services tax (GST) is a value added tax that is imposed on the majority of goods and services that are sold for domestic use. Although customers pay the GST, the companies that sell the goods and services are the ones who send it to the government. The cost of goods and services is subject to this indirect tax. Customers who purchase the product pay the sales price, which includes the GST, as the business owner includes the GST in the product's price.

The main goal of the Goods and Services Tax (GST) is to establish a single, national market, maintain a consistent tax system, and support homegrown goods when they are introduced to foreign markets. This destination-based tax is imposed at the time that goods and services are given by the supplier and is based on the value addition made to the product.

This indirect tax that is applied nationwide on the flow of products and services from the producer to the customer is called GST. GST has significantly and positively impacted many different industries, particularly the retail, wholesale, fast-moving consumer, and service sectors. Prior to the introduction of the Goods and Services Tax (GST), the principal indirect taxes that were levied in India were excise duty, VAT, CST, service tax, customs duty, luxury tax, purchase tax, entertainment tax, and other taxes without the possibility of an input tax credit.

The largest change to India's tax system in decades was the introduction of a dual GST structure on July 1st, 2017. The primary goal of implementing the Goods and Services Tax (GST) was to reduce the complexity of the tax system and do away with double taxation, which transfers taxes from the manufacturing to the consumer levels. Every transaction is subject to three taxes: IGST (Integrated GST), SGST (State GST), and CGST (Central GST). SGST and CGST are taxed on products moving within states, whereas IGST is levied on goods moving between states. The input tax credit (ITC) system included into the new GST regime allows credit for input tax paid on each transaction.

India has, since launching the GST on July 1, 2017, implemented the following **tax rates**:

- A 0% tax rate applied to certain foods, books, newspapers, homespun cotton cloth, and hotel services.
- A rate of 0.25% applied to cut and semi-polished stones.
- A 5% tax on household necessities such as sugar, spices, tea, and coffee.
- A 12% tax on computers and processed food.
- An 18% tax on hair oil, toothpaste, soap, and industrial intermediaries.
- The final bracket, taxing goods at 28%, applies to luxury products, including refrigerators, ceramic tiles, cigarettes, cars, and motorcycles.

## II. REVIEW OF LITERATURE

**Joshi & Chaudhary (2020)** investigated the respondents' degree of GST understanding in Haldwani, Uttarakhand. A properly designed questionnaire assisted in the collection of primary data for the study. As analysis tools, chi-square, mean, and standard deviation were used. Twelve respondents had a high degree of GST knowledge, thirty-five had a moderate level of knowledge, and thirteen had a poor level of understanding, according to the analysis. The results of chi-square analysis show that knowledge level is unaffected by age, gender, occupation, and educational attainment.

**Naveen Raj . M et al. (2022)** investigated the degree of customer awareness and perception of GST in dining establishments. Descriptive research design was adopted in the study. A random sample of one hundred patrons from various restaurants in Bengaluru city was selected. The study made use of both primary and secondary materials. Frequency and percentages were used to analyse the data, and the results were interpreted appropriately. According to the study's findings, most individuals are aware that restaurants must charge GST, including the applicable rate. They believe that the GST reforms will greatly benefit India's economic growth.

**Ameen (2020)** analysed the perception of consumers regarding GST on restaurants. The study intended to check satisfaction level of respondents. The research was based on the data of 124 respondents from the city Chennai. The findings concluded that majority of the respondents were aware about GST rates which applicable on restaurants. A major part of respondents were found dissatisfied with regard to GST rates applicable in restaurants. Their opinion was that GST rates applicable on restaurants are high and is burden for them and majority of them suggested to cut down GST rates.

**Sharma and Indapurkar (2020)** studied the awareness level and perception among small traders and shopkeepers regarding the GST. The survey was done taking a sample of 90 retailers. Factor Analysis was used to reach the appropriate results. It has been concluded that the perception regarding Goods and services tax among the small traders is based on two sources of information and the primary source is TV, newspaper and secondary source is Chartered Accountant and friends.

**Uppal, Wadhwa, Vashisht & Kaur (2019)** investigated the perceptions about GST among small business persons (SBPs). The results indicated that initially the level of awareness was low but the level of awareness increased as the time progressed. Most of the SBPs were putting in more efforts to increase awareness of the new tax system. Although Goods and Services tax is considered to be a simple tax system, but its compliance cost has become a big burden for SBPs.

**Sreekumar & Chithra (2018)** investigated the impact of GST on sales of small retailers and also impact of changes in GST rates on fast-moving consumer goods. Taxes have always been an inevitable part of the purchasing experience which implies that GST is bound to have an impact on the consumers. The price of consumer goods is almost dependent on GST rate along with the other factors. The majority of the consumers were aware of GST and the prime source of their awareness was mass media.

**Elavarasan & Jagadeesan (2018)** conducted a research to investigate the impact of Goods and Services tax on Indian industries with the special reference to FMCG sector. It was observed that few products have higher GST rate than the previous tax regime whereas some products have lower GST rates in comparison to previous rates. It was also observed that few companies in FMCG sector get benefitted with lower rate of taxes and also distribution costs. Also there are some companies which will suffer higher taxes and thereby will compensate losses by increasing their prices.

## III. NEED OF THE STUDY

Numerous research assessing people's awareness and perceptions of GST have been carried out. This study is relevant since it is the only one of its sorts. Many traders are unaware of the Goods and Services Tax (GST) or do not understand its various aspects. The purpose of this study is to compare how professionals and businessmen perceive GST.

## IV. OBJECTIVES

1. To understand the perception of traders with regard to GST implementation.
2. To understand the perception of traders with regard to GST implementation.
3. To compare the perception of traders and professionals with regard to GST implementation.

## V. RESEARCH METHODOLOGY

This research has been undertaken through a survey conducted to understand the perception of traders and professionals with regard to GST implementation in India. The data was collected from 120 respondents constituting equal number of professionals and traders who were selected randomly. The study is conducted in Tri-city Chandigarh, Mohali and Panchkula. The collected data was analysed using chi-square test.

**VI. RESULTS AND DISCUSSION**

**Table 1: GST implementation is a good tax reform to replace sales tax and service tax in India**

Group	Disagree	Neutral	Agree	Total
Traders	12	20	28	60
	20.0%	33.3%	46.7%	100.0%
Professionals	22	22	16	60
	36.7%	36.7%	26.7%	100.0%
Total	34	42	44	120
	28.3%	35.0%	36.7%	100.0%
Pearson Chi-Square		Value	df	p
		6.309	2	.043

(Source : Primary data)

Table 1 shows that majority traders (46.7%) agree with the statement ‘GST implementation is a good tax reform to replace sales tax and service tax in India’ but majority professionals are either disagree (36.7%) or neutral (36.7%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=6.309, p=.043).

**Table 2: GST has led to inflation**

Group	Disagree	Neutral	Agree	Total
Traders	32	14	14	60
	53.3%	23.3%	23.3%	100.0%
Professionals	35	10	15	60
	58.3%	16.7%	25.0%	100.0%
Total	67	24	29	120
	55.8%	20.0%	24.2%	100.0%
Pearson Chi-Square		Value	df	p
		.835	2	.659

(Source : Primary data)

Table 2 shows that majority traders (53.3%) disagree with the statement ‘GST has led to inflation’ and majority professionals also disagree (58.3%). The results of Chi-square revealed that perception regarding this statement is similar among traders and professionals (Chi= 0.835, p=.659).

**Table 3: GST has reduced tax evasion in the economy**

Group	Disagree	Neutral	Agree	Total
Traders	10	26	24	60
	16.7%	43.3%	40.0%	100.0%
Professionals	16	34	10	60
	26.7%	56.7%	16.7%	100.0%
Total	26	60	34	120
	21.7%	50.0%	28.3%	100.0%
Pearson Chi-Square		Value	df	P
		8.216	2	.016

(Source : Primary data)

Table 3 shows that quite a large number of traders (40.0%) agree with the statement ‘GST has reduced tax evasion in the economy’ but majority professionals are neutral (56.7%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=8.216, p=.016).

**Table 4: GST has made the tax system more transparent and accountable**

Group	Disagree	Neutral	Agree	Total
Traders	14	28	18	60
	23.3%	46.7%	30.0%	100.0%
Professionals	8	28	24	60
	13.3%	46.7%	40.0%	100.0%
Total	22	56	42	120
	18.3%	46.7%	35.0%	100.0%
Pearson Chi-Square		Value	df	P
		2.494	2	.287

(Source : Primary data)

Table 4 shows that majority traders (46.7%) have neutral opinion regarding the statement ‘GST has made the tax system more transparent and accountable’ and majority professionals also hold neutral approach (46.7%)

with regard to this statement. The results of Chi-square revealed that perception regarding this statement does not differ among traders and professionals (Chi=2.494, p=.287).

**Table 5: GST has affected the stock market operations badly**

Group	Disagree	Neutral	Agree	Total
Traders	27	28	5	60
	45.0%	46.7%	8.3%	100.0%
Professionals	44	9	7	60
	73.3%	15.0%	11.7%	100.0%
Total	71	37	12	120
	59.2%	30.8%	10.0%	100.0%
Pearson Chi-Square		Value	Df	p
		14.161	2	.001

(Source : Primary data)

Table 5 shows that majority traders (46.7%) are neutral with the statement ‘GST has affected the stock market operations badly’ but majority professionals disagree (73.3%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=14.161, p=.001).

**Table 6: GST has increased the revenue collection of the Government**

Group	Disagree	Neutral	Agree	Total
Traders	10	12	38	60
	16.7%	20.0%	63.3%	100.0%
Professionals	12	8	40	60
	20.0%	13.3%	66.7%	100.0%
Total	22	20	78	120
	18.3%	16.7%	65.0%	100.0%
Pearson Chi-Square		Value	df	P
		1.033	2	.597

(Source : Primary data)

Table 6 shows that majority traders (63.3%) agree with the statement ‘GST has increased the revenue collection of the Government’ and majority professionals also agree (66.7%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement does not differ among traders and professionals (Chi=1.033, p=.597).

**Table 7: GST is beneficial in the long run**

Group	Disagree	Neutral	Agree	Total
Traders	12	34	14	60
	20.0%	56.7%	23.3%	100.0%
Professionals	20	14	26	60
	33.3%	23.3%	43.3%	100.0%
Total	32	48	40	120
	26.7%	40.0%	33.3%	100.0%
Pearson Chi-Square		Value	Df	P
		13.933	2	.001

(Source : Primary data)

Table 7 shows that majority traders (56.7%) are neutral with the statement ‘GST is beneficial in the long run’ but majority professionals agree (43.3%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=13.933, p=.001).

**Table 8: GST reduced the tax burden on businessmen and professionals as compared to previous tax system**

Group	Disagree	Neutral	Agree	Total
Traders	14	26	20	60
	23.3%	43.3%	33.3%	100.0%
Professionals	10	32	18	60
	16.7%	53.3%	30.0%	100.0%
Total	24	58	38	120
	20.0%	48.3%	31.7%	100.0%
Pearson Chi-Square		Value	Df	p
		1.393	2	.498

(Source : Primary data)

Table 8 shows that majority traders (43.3%) have neutral opinion regarding the statement ‘GST reduced the tax burden on businessmen and professionals as compared to previous tax system’ and majority professionals also hold neutral approach (53.3%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement does not differ among traders and professionals (Chi=1.393, p=.498).

**Table 9: More businessmen and professionals are encouraged to take registration in GST regime**

Group	Disagree	Neutral	Agree	Total
Traders	12	24	24	60
	20.0%	40.0%	40.0%	100.0%
Professionals	8	12	40	60
	13.3%	20.0%	66.7%	100.0%
Total	20	36	64	120
	16.7%	30.0%	53.3%	100.0%
Pearson Chi-Square		Value	df	p
		8.800	2	.012

(Source : Primary data)

Table 9 shows that majority traders are either agree (40%) or neutral (40%) with the statement ‘More businessmen and professionals are encouraged to take registration in GST regime’ but majority professionals agree (66.7%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=8.800, p=.012).

**Table 10: GST is very difficult to understand**

Group	Disagree	Neutral	Agree	Total
Traders	23	25	12	60
	38.3%	41.7%	20.0%	100.0%
Professionals	31	14	15	60
	51.7%	23.3%	25.0%	100.0%
Total	54	39	27	120
	45.0%	32.5%	22.5%	100.0%
Pearson Chi-Square		Value	df	p
		4.621	2	.099

(Source : Primary data)

Table 10 shows that majority traders (41.7%) are neutral with the statement ‘GST is very difficult to understand’ but majority professionals agree (25.0%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement does not differ among traders and professionals (Chi=4.621, p=.099).

**Table 11: Did you face challenges while complying with GST regulations**

Group	Disagree	Neutral	Agree	Total
Traders	10	34	16	60
	16.7%	56.7%	26.7%	100.0%
Professionals	6	16	38	60
	10.0%	26.7%	63.3%	100.0%
Total	16	50	54	120
	13.3%	41.7%	45.0%	100.0%
Pearson Chi-Square		Value	df	p
		16.443	2	.000

(Source : Primary data)

Table 11 shows that majority traders (56.7%) are neutral with the statement ‘face challenges while complying with GST regulations’ but majority professionals agree (63.3%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differ among traders and professionals (Chi=16.443, p=.000).

**Table 12: GST affected pricing strategy for your goods and services**

Group	Disagree	Neutral	Agree	Total
Traders	6	16	38	60
	10.0%	26.7%	63.3%	100.0%
Professionals	30	20	10	60
	50.0%	33.3%	16.7%	100.0%
Total	36	36	48	120
	30.0%	30.0%	40.0%	100.0%
Pearson Chi-Square		Value	df	p

	32.778	2	.000
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(Source : Primary data)

Table 12 shows that quite a large number of traders (63.3%) agree with the statement ‘GST affected pricing strategy for your goods and services’ but majority professionals disagree (50.0%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=32.778, p=.000).

**Table 13: GST increased the various legal formalities for your business**

Group	Disagree	Neutral	Agree	Total
Traders	20	28	12	60
	33.3%	46.7%	20.0%	100.0%
Professionals	6	22	32	60
	10.0%	36.7%	53.3%	100.0%
Total	26	50	44	120
	21.7%	41.7%	36.7%	100.0%
Pearson Chi-Square		Value	df	p
		17.349	2	.000

(Source : Primary data)

Table 13 shows that quite a large number of traders (46.7%) are neutral with the statement ‘GST increased the various legal formalities for your business’ but majority professionals agree (53.3%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=17.349, p=.000).

**Table 14: GST affected the profitability of your business/profession**

Group	Disagree	Neutral	Agree	Total
Traders	16	34	10	60
	26.7%	56.7%	16.7%	100.0%
Professionals	10	14	36	60
	16.7%	23.3%	60.0%	100.0%
Total	26	48	46	120
	21.7%	40.0%	38.3%	100.0%
Pearson Chi-Square		Value	df	p
		24.414	2	.000

(Source : Primary data)

Table 14 shows that quite a large number of traders (56.7%) are neutral with the statement ‘GST affected the profitability of your business/profession’ but majority professionals agree (60.0%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement differs among traders and professionals (Chi=24.414, p=.000).

**Table 15: GST improved the cash inflow in your business / profession**

Group	Disagree	Neutral	Agree	Total
Traders	14	10	36	60
	23.3%	16.7%	60.0%	100.0%
Professionals	12	18	30	60
	20.0%	30.0%	50.0%	100.0%
Total	26	28	66	120
	21.7%	23.3%	55.0%	100.0%
Pearson Chi-Square		Value	df	p
		2.985	2	.225

(Source : Primary data)

Table 15 shows that quite a large number of traders (60.0%) agree with the statement ‘GST improved the cash inflow in your business / profession’ and majority professionals also agree (50.0%) with regard to this statement. The results of Chi-square revealed that perception regarding this statement does not differ among traders and professionals (Chi=2.985, p=.225).

## VII. FINDINGS

- More number of traders in comparison to professionals agree that GST implementation is a good tax reform to replace sales tax and service tax in India.
- Both traders and professionals disagree that GST has led to inflation.

- Both traders and professionals hold a neutral opinion that GST has reduced tax evasion in the economy.
- Both traders and professionals hold a neutral opinion that GST has made the tax system more transparent and accountable.
- Both traders and professionals disagree that GST has affected the stock market operations badly.
- Both traders and professionals agree that GST has increased the revenue collection of the Government.
- More number of professionals in comparison to traders agree that GST is beneficial in the long run.
- Both traders and professionals hold a neutral opinion that GST reduced the tax burden on businessmen and professionals as compared to previous tax system.
- Majority traders and professional agree that more businessmen and professionals are encouraged to take registration in GST regime.
- Very few traders and professional agree that GST is very difficult to understand.
- More number of professionals in comparison to traders agree that they face challenges while complying with GST regulations.
- Majority traders agree that GST affected pricing strategy for goods and services but majority professional disagrees with this opinion.
- More number of professionals in comparison to traders agree that GST increased the various legal formalities for their business.
- More number of professionals in comparison to traders agree that GST affected the profitability of their business/profession.
- Both traders agree that GST has improved the cash inflow in their business / profession.

### **VIII. CONCLUSION**

The Indian tax structure has undergone considerable modifications as a result of GST. Its goals were to streamline tax processes, do away with the cascade effect, and encourage a single market; yet, technical breakthroughs and compliance problems remain obstacles to be addressed. Both traders and professionals hold a positive perspective toward GST implementation. Both had shown a similar opinion with regard to different statements covered in the study. In case of some statements, they hold a contrast opinion too. As far as the comparison is concerned it has been found that professionals are in better position than traders. The obvious reason could be higher education levels of professionals. According to traders and professionals GST has a good effect on the economy; nonetheless, ongoing changes are required to ensure its seamless operation.

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