

# Consumer Behaviour and GST Technology

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## Abstract

In India, technology is essential for calculating goods and service tax. The purpose of this newly adopted tax is to bring India's previous tax reforms up to date. After it was implemented, there was a significant increase in inflation, but in the long run, GST was more advantageous. The major goal of this study is to learn how people view the GST and how it affects their spending and saving habits as well as their general awareness of the tax. The people of Cuttack were given questionnaires to fill out, and the results were analyzed using the statistical program SPSS. The results showed that the people of Cuttack were in favour of the GST and its implementation, and that it had altered how consumers behaved when making purchases and saving money.

**Keywords:** GST, Inflation rate, Spending Patterns, Saving Patterns, and SPSS

## INTRODUCTION

Tax planning is useful in assessing a person's financial status. With the aid of taxes, one may properly organize their financial situation. For tax exemption and deduction of their tax liabilities, tax planning is beneficial. Utilizing tax planning effectively helps lower income tax obligations. In India, there are numerous possibilities for reducing taxes. Various taxes can be written off using sections 80C to 80U. Several portions of the Income Tax Act of 1961 can be used to lower tax obligations. Different types of tax planning are accessible in India, including permissive tax planning, purposeful tax planning, and long- and short-range tax planning. The main goals of tax planning are to lower overall liabilities, promote economic growth, and maintain economic stability. India has two different tax systems: direct tax and indirect tax. On individuals, direct taxation is imposed. This tax cannot be reimbursed or paid by another party. Income tax, wealth tax, gift tax, and capital gains tax are a few examples of direct taxes. The public is charged indirect taxes through the use of products and services. Value added tax, octroi tax, service tax, and customs duty are a few examples of indirect taxes.

## What is GST:

In India, several indirect taxes have been replaced with the goods and services tax (GST). The GST Act was approved by the Indian Parliament on March 29, 2017. It becomes active on July 1st, 2017. It is a tax that is levied when goods and services are supplied. The Cascading effect on the sales of goods and services has mostly been eliminated by the GST. Atal Bihari Vajpayee, who was India's prime minister at the time, proposed the GST in the year 2000.

According to their priority, items are divided into distinct GST tax slabs and kept in the 0%, 5%, 12%, 18%, and 28% tax brackets.

The primary benefit of the GST is the elimination of different indirect taxes. It has streamlined tax regulations, decreased manufacturing costs, aided the ordinary man, created demand for consumer goods, assisted in reducing the flow of illicit funds, and strengthened the Indian economy.

### **REVIEW OF LITERATURE**

Agarwal Manoj Kumar "People's perception about GST: An empirical Study". According to the KAAV International Journal of Economics, Commerce & Business Management, GST has emerged as the newest business hot topic in India. India implemented the GST on July 1st, 2017, and according to him, the cascading effect and tax evasion, which cause distortions in the financial system and are the biggest issues with the current Indian tax system, can be mitigated by the GST. The GST adoption also provided the Indian economy with numerous commercial advantages, which led to an increase in revenue over that of the VAT system.

Inderpal Singh and Anand Nayar, According to "A Comprehensive analysis of Goods and Services Tax in India"; Indian Journal of Finance; Year of Publication: 2018, GST has had a variety of effects on various industries, including IT firms, the FMCG sector, online shopping, the telecom industry, automobiles, small-scale businesses, and the entertainment industry. These sectors each have a separate GST rate. The cost of electronic products like mobile phones and laptops has grown as a result of the GST on IT businesses, which ranges from 14% to 15%. Since the GST has entered the FMCG industry, there has been a significant impact on both production and consumption.

The article "A review of goods and services tax (GST): impact on Indian stock exchanges and various stock sectors" by Priyanshu Sharma and Manoj Sain was published in the international journal of scientific research and management in volume no. 5, issue no. 11, and year of publication, 2017, and claims that the GST is the largest tax reform to date in the Indian Taxation System and that it was implemented with the goal of bolstering the country's financial system. It has revealed a significant shift in the stock exchanges' capital markets. However, despite the fact that GST has an effect on bank prices, it has no effect on bank stock prices. Demonetization and GST are the key causes of the stock market swings. The stock markets have changed since the GST was put into effect. The introduction of the GST caused the stock markets to enter a bear market since inflation was out of control in the nation.

Meena G. "Impact of GST on Banking Sector" in International Journal of Innovative Research in Management Studies, Volume No. 3, Issue No. 3, Published in 2018. Input tax credits must be leveraged and deleveraged, which means they must be converted into shares and back into cash again. The author claims that due to the implementation of GST, the banks must increase the number of branches they have, and every branch of the banks has become a hassle, or very difficult task. Since the banks will have branches all over the country, the registration process will also be a very demanding task.

Impact of GST on Banking: Issues and Challenges, International Journal of Pure and Applied Mathematics, Volume No. 118, Issue No. 15, Pavan Kumar, Kulkarni G., and Bhaskaran S. 2018 is the year of publication. The author's research covered a wide range of topics, and many issues were brought up, including concerns about the provisions of the GST law, concerns about revenue recognition under GST, implications of GST on the banking sector, and comparisons of the pre- and post-implementation

periods. Concerns about the impacts of these provisions on banks' branch networks and registration requirements were also raised.

**RESEARCH OBJECTIVES:**

1. To know about the people's perception on GST
2. To estimate technological impact of GST on consumer behavior
3. To determine how the Goods and Services Tax affects people's spending and saving habits

After conducting a literature study, the research design is developed. Due to the fact that the study is a primary survey, data is gathered using a questionnaire, and a convenient sampling method was used to create the sample,

**Sample Size:**

The study has a 200-person sample size and employs convenient sampling.

**Source of Data:**

The major form of data used in research is that which was gathered from the sample.

**Sampling Technique:**

Given that the data were gathered in accordance with the researcher's perception, the sampling technique used is a convenient sampling technique.

**Framing of Hypothesis:**

Based on the objectives of the study, the hypothesis is formulated. The hypothesis has been used to frame and guide the investigation.

**Testing of Hypothesis:**

By utilizing the SPSS program, hypotheses are tested. As there are more than two categorical variables in the study, the Spearman correlation and Kruskal Wallis tests have been conducted.

**DATA ANALYSIS AND INTERPRETATION**

In the current study, survey data was gathered using a questionnaire as main data. I constructed my questionnaire based on the research articles and used them to create the survey.

The next field of study focused on liberal policies, the influence of which can primarily be assessed using data based on research findings and the state of the economy. Three hypotheses have been taken into consideration because there are three study aims. The other variables are dependent variables, and there is only one independent variable. Statistical software named SPSS was used to examine the hypotheses. The Kruskal Wallis test was performed due to the large number of categorical variables. The spearman correlation has been determined since non-parametric tests have been performed due to the aberrant or abnormal data.

**Descriptive Statistics:**

Demographics (age, Gender, monthly income, Occupation, Identity, monthly Expenditure)

Age	Percent	Frequency
<25	28.5%	57
25-40	39.0%	78
>40	32.5%	65
total	100%	200

**Table: Age**

Education	Percent	Frequency
Graduate	23%	46
Post Graduate	55%	110
Others	22%	44
Total	100%	200

**Table: Education**

Income	Percent	Frequency
<9000	12.5%	25
10000-15000	21.5%	43
15000-20000	28.5%	57
>20000	37.5%	75
Total	100%	200

**Table: Income**

Gender	Percent	Frequency
Male	37%	74
Female	63%	126
Total	100%	200

**Table: Gender**

Occupation	Percent	Frequency
Trade	14.5%	29
Business Class	41%	82
Salaried	44.5%	89
Total	100%	200

  

Occupation	Percent	Frequency
<2000	12.5%	25
2000-5000	26.5%	53
5000-8000	28.5%	57
>8000	32.5%	65

Total	100%	200
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**Table: Occupation**

**TESTING OF HYPOTHESIS**

**H1:** There is no significant difference between the people’s perception and implication of GST

**H2:** There is no significant impact of GST on consumer behavior

**H3:** There is no significant impact of GST on purchasing and savings behaviour

**H4:** There is no significant impact relationship between consumer awareness on GST

**Technological Impact of GST On Consumer Behaviour**

	pog	cb	pbg	kag
Correlation Coefficient	1.00	.390	.569	.279**
Sig. (2-tailed)	.000	.000	.000	.000
N	200	200	200	200
Correlation Coefficient	.390**	1.000	.236	.438**
Sig. (2-tailed)	.000	.000	.001	.000
N	200	200	200	200
Correlation Coefficient	.569**	.236**	1.000	.100
Sig. (2-tailed)	.000	.001	.000	.158
N	200	200	200	200
Correlation Coefficient	.279**	.438**	.100	1.000
Sig. (2-tailed)	.000	.000	.158	.000
N	200	200	200	200

The Spearman rho coefficient between GST and consumer behavior is significant with a value of 0.390 and a p-value of 0.000 from the aforementioned correlation table, indicating a strongly positive link.

According to the table, there is a substantial positive association between GST and Purchasing Behavior, with a Spearman rho coefficient of 0.569 and a value of p=0.000.

According to the table, there is a substantial positive correlation between GST and GST knowledge, with a Spearman rho coefficient of 0.279 and a p-value of 0.000.

Since there is no evidence of normality in the replies, non-parametric analyses have been conducted. The Kruskal-Wallis test is used when there are more than two category variables being examined. The Kruskal-Wallis test was used to analyze public opinion on the GST according to various demographics. A close correlation between GST and customer behavior is indicated by the Chi-square value of 45.949, which is significant at  $p=0.0001$  (0.05). A close correlation between GST and purchasing behavior is indicated by the Chi-square value of 70.578, which is significant at  $p=0.0001$ (0.05). A tight correlation between GST and peoples' GST awareness is indicated by the Chi-square value of 59.493, which is significant at  $p=0.0001$ (0.05). Correlation is significant at the 0.01 level (2-tailed).

### **FINDINGS OF STUDY**

The GST has a very evident impact on consumer perception, since the significance threshold is less than 0.05, and there is a definite relationship between the GST and consumer perception. The GST has a very clear impact on purchasing behavior, since the significance level is less than 0.05, indicating a definite relationship between the GST and consumer purchasing behavior. People are also knowledgeable about GST. The importance level indicates that individuals are aware of GST.

### **LIMITATIONS AND FUTURE SCOPE**

- Because it is primary data, the collection of data is more essential than the person's consent to collect it.
- As GST is new to India, a large number of people are unaware of it.
- As GST has only recently been implemented in India and so many changes have occurred since its implementation, there is a greater scope for research on GST.
- The research is limited to the consumer's perspective; however, it can be expanded to include other previously identified factors impacting India's economy.

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