

GST- AWARENESS, PERCEPTION AND PRACTICAL DIFFICULTIES OF ENTREPRENEURS IN THE UNORGANIZED SECTOR OF BEED DISTRICT

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ABSTRACT

The GST Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017. It is levied on the supply of goods and services. After three years from implementation of GST, people are not much aware of the provisions of GST. The outcome of the study is consistent with that of the previous studies. The level of awareness among entrepreneurs is low towards GST. Most of them are still not in support of the implementation of GST, and they are facing lot of difficulties in the matter related to GST and also due to its implementation.

This study aims to evaluate the awareness, perception, and practical difficulties that entrepreneurs of the unorganized sector in Beed district, have towards the Goods and Services Tax (GST) As per this study for the efficient and successful rollout of the GST, (1)the GST system and mechanism should be made clearer to tax payers(2)other professional bodies should be appointed to assist in execution and (3) Schemes and policies should be framed and offered to protect the interest of vulnerable small traders and manufacturers.

Keywords: *GST, entrepreneurs, unorganized sector, Beed district*

INTRODUCTION

GST (Goods and Services Tax) is the biggest indirect tax reform of India. GST is a single, destination based tax on the supply of goods and services. GST eliminates cascading effect on the sale of supply of goods & services, that impact on the cost of goods. In this way GST regime

eliminates taxes on taxes hence the price of goods and services decreases.

Before GST there are about 17 different types of taxes are levied like central excise duty, Cess, VAT, central sales tax, luxury tax etc., All these taxes are replaced by one single tax & three types of taxes are levied under GST,

1. SGST – This tax levied by State Government for intra-state sales of goods
2. CGST – This tax levied by the Central Govt. for intra-state sales of goods
3. IGST – This tax levied by Central Govt. for inter-state sales of goods

These results increase in product demand and due to this increase in the revenue of both state government & central government also.

GST not only combines all laws and procedures as well as tax rates in all over the country and provides a simplified and uniform taxation system. This also improves collection of tax and removes indirect tax barriers among different states. Major advantage of GST is it prevents tax evasion. In GST all types of activities like registration of GST, return filing, refund application and response to the notices etc. are doing online which increases the speed of tax filing process and improves transparency also.

Unorganized sector: -

The unorganized sector is including small and scattered units which are run by one individual or complete family. It involves production of goods and services and selling as well. These small units are

outside the control of government. There are certain rules and regulations for these business units but they are not following these them since these business units are not registered with government.

Ex.: - Various Shopkeepers, bakeries, farmers, rikshaw pullers, various partnership firms and proprietorship firms etc.

These business units are run with about 10 workers/ employees. These employees are not having fixed working hours, low paid and not getting facilities like employees of organized sector.

However, GST is technologically driven that helps in regulation of these business units that working in unorganized sector.

In this research paper, trying to find out that how much they are aware of GST, what is their perception related to that, and what are the practical difficulties they are facing after the implementation of GST.

LITERATURE REVIEW: -

- Jayalaksmi M.& Venkateswarlu G. in their paper highlights the impact of GST on MSME.
- Dr R. Vasanthagopal (2011) studied about GST in India and found a balance among the conflicting interests of various stakeholders with the

implementation of GST. He further noted that GST could be a positive step in booming the Indian economy.

- Syed Mohd Ali Taqvi (2013) has made a study on the challenges and opportunities of GST in India. He described the possible opportunities and threats that GST brings and stated that GST was the only indirect tax that directly affects all sectors and sections of our economy. It aimed at creating a single unified market in the country.
- Girish Garg (2014) has studied the basic concepts and features of Goods and Services Tax (GST) in India and found that all sectors of the economy have to bear the impact of GST. He pointed out that all sections of society, viz; big, medium, small scale units, intermediaries, exporters, importers, traders and consumers will be directly affected by GST. He mentioned the advantages of GST as the end to a cascading effect, growth of revenue in states and union, reduction in transaction costs and unnecessary wastages, avoids multiplicity of taxes, reduces tax burden and corruption. He also highlighted certain challenges in the

implementation of GST with respect to tax threshold, nature of taxes, rates of taxation, number of enactments of statutes, tax management and infrastructure.

- The study conducted by Gautam, A., Lodha G., and Vdera, M.L. (2019) discusses the impact of GST on the IT sector. They stated that the implementation of GST had affected the IT sector significantly. Even though the rates prescribed for various products and services of the IT sector are higher than the previous rates, but it would benefit the IT sector because of the other provision of the system.
- Nithin Kumar (2014) has made a study on Goods and Services Tax (GST) and found that GST could be helpful in removing economic distortions created by the existing tax system. According to him, advantages of GST included compliance, reduction in prices, higher revenue, improved competitiveness and better control on leakages.

OBJECTIVES OF THE STUDY: -

- To study the awareness of GST among entrepreneurs in the unorganized sector.
- To study the perception of GST among entrepreneurs in the unorganized sector.
- To identify the practical difficulties encountered by the entrepreneurs in the unorganized sector.

RESEARCH METHODOLOGY: -

- The type of research used in this study is exploratory research. The study tries to turn out the awareness, perception, and practical difficulties towards GST among entrepreneurs in the unorganized sector. The area of study is Beed district and the sample size is 98.

Age Groups (in years)	No. of Entrepreneurs	Percentage
18- 24	11	11.2
24-30	13	13.3
30-36	30	30.6
36 & Above	44	44.9
Total	98	100
Educational Qualification	No. of Entrepreneurs	Percentage
Below 10 th	39	39.8
10 th	37	37.8
12 th	19	19.4
Graduation	03	03.1
Total	98	100
Annual Income	No. of Entrepreneurs	Percentage
Below 50000	66	66.3
50000- 100000	21	21.4
100000- 150000	07	07.1
150000 & above	06	06.1
Total	98	100

RESULTS & DISCUSSION: -

- Table 1 shows the demographic profile of the respondents. There is a total of 98 respondents, In terms of age, 11(11.2%) respondents are between the age group of 18-24 years, 13(13.3%) are between 24-30 years, 30(30.6%) are between 30-36 years and 44 (44.9%) respondents aged more than 36 years. Educational qualification of the respondents are as follows: 39.8% are under matriculation, 37.8% up to matriculation, 19.4% are intermediate passed, and 3.1% of respondents are graduates. 67.3% of respondents are below 50 thousand, while 21.4% earn between 50 thousand to 1 lakh, 7.1% earn between 1 lakh to 1.5 lakhs, and lastly, 4.1% of the respondent earn above 1.5 lakhs.
- Keeping in view the objectives of the study, which is awareness among entrepreneurs regarding GST is presented and analyzed in Table 2.

The analysis has done by applying suitable statistical tools, i.e., Mean, Standard deviation, Skewness and Standard error of Skewness. It is evident from the above table that the majority of the respondents are not aware of the different rates prescribed under GST. The mean value of the responses is more than the average standard score, S.D. in the opinion is .502 while skewness is -.125. Also, the majority of respondents are not aware of the different types of GST having mean value 1.84, S.D. 372, and skewness -1.851. They even do not know the option of voluntary registration available under GST as the mean value of responses is more than the average standard score. The respondents do not aware about the validity of the GST registration certificate, the mean value is 1.77, S.D is .426 and skewness is -1.272 but they are aware that GST is charged at every point of sale which have mean value less than the average standard score, S.D .419, and skewness 1.341.

Table 2:-

	Statistic			Skewness		No. of responses			
	N	Mean	Std. Deviation	Statistic	Std.Error	Yes		No	
						Frequency	%	Frequency	%
Q.1 Do you know different rates prescribed under GST	98	1.53	.502	-.125	.244	46	46.9	52	53.1
Q.2 Do you know about different types of GST in India?	98	1.84	.372	-1.851	.244	16	16.3	82	83.7
Q3. Do you know about voluntary registration options available under GST?	98	1.79	.412	-1.414	.244	21	21.4	77	78.6
Q.4 Do you know the validity of GST registration certificate?	98	1.77	.426	-1.272	.244	23	23.5	75	76.5
Q.5 Do you know that GST is charged at every point of sale?	98	1.22	.419	1.341	.244	76	77.6	22	22.4
Valid N (listwise)	98								

Table 3: -

	Statistic			Skewness		No. of responses			
						Yes		No	
	N	Mean	Std. Deviation	Statistic	Std. Error	Frequency	%	Frequency	%
Q.1 Do you know different rates prescribed under GST	98	1.61	.490	-0.468	.244	38	38.8	60	61.2
Q.2 Do you know about different types of GST in India?	98	1.78	.419	-1.341	.244	22	22.4	76	77.6
Q3. Do you know about voluntary registration options available under GST?	98	1.35	.478	.653	.244	64	65.3	34	34.7
Q.4 Do you know the validity of GST registration certificate?	98	1.28	.449	1.021	.244	71	72.4	27	27.6
Q.5 Do you know that GST is charged at every point of sale?	98	1.14	.352	0.273	.244	84	85.7	14	14.3
Q.6 Do you think GST boosted/will boost the economic activities and economic growth?	98	1.47	.502	.125	.244	52	53.1	46	46.9
Valid N (listwise)	98								

Table 3 represents the perception of respondents about GST. It represents that the majority of the respondents not agreed with the implementation of GST as the mean value is more than the average mean score, S.D is .490 and skewness is -.468 and the majority of the respondents think that all businesses need not register under GST as the mean value of the responses is more than the average mean standard, S.D in the perception and skewness are noted .419 and -1.341 respectively. Majority of the respondents think that GST has increased the burden on the consumer having a mean value of the response lower than the average mean standard, S.D is .478, and skewness is .653. The respondents also perceive that the legal compliances have increased with GST, which have mean value 1.28, S.D and skewness are noted .449 and 1.021, respectively. According to the majority of the respondents, GST brings uniformity in tax rates. The mean value of responses is 1.14; S.D and Skewness are noted .352 and 2.073, respectively. The mean value of the question, i.e., whether GST boosted or will boost the economic activities and economic growth is 1.47, S.D is .502 and skewness is .125.

FINDINGS & CONCLUSION: -

The GST which was introduced in India on 1st July 2017 affected the different sectors

differently. While GST favoured most of the firms and manufacturers in the formal sector who are already in Indirect Tax Net, it adversely affected the small firms and manufacturing units in the informal sector as they were now directly or indirectly brought into the Tax Net. Even if they evade from the GST registration and payment of taxes, they will face the difficulty of carrying out sale and trade with other firms and units especially in the formal sector due to accountability and handing over tax payment receipts.

This study was conducted to analyze the knowledge, perception, and practical difficulties, the entrepreneurs of the unorganized sector in Beed District,

The findings are as follows

1. As per the analysis, the researcher found that entrepreneurs in the unorganized sector are much less aware of GST, and this has caused a negative perception about GST among them.
2. Respondents have a different notion on the implementation of GST, and the majority of them are not satisfied with it.
3. Most of the difficulties they are facing are because of the lack of awareness, but the provisions of input tax credit have significantly affected them negatively.

4. In order to make them more aware of the various provisions of GST, adequate information must be provided to them through various modes.
5. For the efficient and successful rollout of the GST, (1) the GST system and mechanism should be made clearer to taxpayers (2) other professional bodies should be appointed to assist in execution and (3) Schemes and policies should be framed and offered to protect the interest of vulnerable small traders and manufacturers.

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