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PUBLIC AWARENESS AND THE IMPACT OF GST: A STUDY OF COMMON PEOPLE IN WEST GARO HILLS, MEGHALAYA

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ABSTRACT

The Goods and Services Tax (GST), implemented in India on 1 July 2017, is a major tax reform aimed at simplifying the indirect tax system and promoting economic efficiency. This study examines its impact on the common people of West Garo Hills, Meghalaya, focusing on household expenditure, small businesses, employment, and awareness levels. The research is based on primary data collected from 150 respondents through a structured questionnaire, along with secondary sources. Chi-square test and percentage analysis were used for the study data. The findings show that while GST has improved tax awareness, many respondents perceive an increase in essential goods prices and compliance burdens on small businesses. The study suggests raising awareness and simplifying GST procedures to improve implementation.

KEYWORDS*: Goods and Services Tax (GST), Common Man, Small Business, Household, West Garo Hills District, Meghalaya*

INTRODUCTION

France is regarded as the first country to introduce the Goods and Services Tax (GST) in 1954. Since then, around 160 countries have adopted GST due to its transparent and well-organised system of indirect taxation. In India, the process began with the Constitution Amendment Bill, 2014, which was passed by the Lok Sabha on 6 May 2015 and by the Rajya Sabha on 3 August 2016. After approval by more than half of the states, the Constitution (101st Amendment) Act, 2016 received Presidential assent on 8 September 2016, enabling the implementation of GST from 1 July 2017. It replaced multiple indirect taxes such as excise duty, service tax, customs duty, and entry tax, with the objective of creating a unified national market.

GST is a value-added, destination-based tax applied at different rates, including 0%, 5%, 12%, 18% and 28%, depending on the category of goods and services. Essential supplies are taxed at lesser rates or exempted, while luxury items are placed in higher tax slabs. Although GST has simplified the tax structure and improved transparency, public awareness remains limited and many consumers are unaware that GST is included in the prices of daily goods and services. While some products, especially electronic goods, have become relatively cheaper due to the removal of multiple indirect taxes, the overall impact on prices varies across categories. This study therefore examines the impact of GST on common people in terms of awareness, price changes, and its economic effects on households.

LITERATURE REVIEW

Ramkumar, G. (2018) emphasised that the destination-based Goods and Services Tax is a substantial tax change for the nation. Common people were first badly affected; however, changes have lessened this burden. Consumers are content with items under the 0% slab, according to research that uses a microeconomic approach and accounts for disposable income and purchasing power, and they do not see a rise in personal income following the tax. The study's findings are presented using straightforward descriptive statistics, making it a valuable starting point for more study on the topic. The results might serve as a starting point for more investigation into the Goods and Services tax.

Roshni and others (2017) in their study found out the impact on agriculture which is evident in the post-GST period. The cost of many things has risen, while the cost of others has fallen. The research investigates the impact of the Goods and Services Tax (GST) and updated tax rates on various industries, with a special emphasis on agriculture and its related sectors in the state of Tamil Nadu. It emphasises the advantages of GST, such as better marketing efficiency and a lower tax burden. Only study in the state of Tamil Nadu. The study is credible for making future decisions in the stated state.

Gupta, S. (2023), looks at how consumption taxes affect saving habits, especially for people who are getting ready to retire. The authors discovered that an increase in service tax rates had a substantial impact on people's spending and PPF saving behaviour using a difference-in-differences regression technique. Individuals boosted their PPF savings by 16% while reducing their expenditure by 14% on average. The impact was stronger for people nearing retirement with lower balances in conventional savings accounts. The study also showed that those with withdrawal limitations and budgetary constraints did not considerably cut their spending. The results might aid Indian policymakers in developing suitable budgetary policies.

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OBJECTIVE OF THE STUDY

To examine the impact of the Goods and Services Tax (GST) on the common people, the middle-income group, and various economic sectors in West Garo Hills District, Meghalaya.

METHODOLOGY

The study is based on both primary and secondary data sources. Various books, journals and relevant websites have been consulted to make the study effective.

Analysis And Interpretation of Data:

Application of the Chi-Square Test

The chi-square test was used to assess the association between the accessibility of small businesses after GST and the impact of GST on the common man.

Availability of small businesses and impact of GST on common man's calculation of expected frequency

$$rt \text{ x } ct \text{ /Expectation} = n$$

rt= row total, ct= column total, n= grand total

Degree of freedom (df) =(r-1) (c-1)

= (6-1) (6-1)

= 5 x 5 = 25

For df = 25,

At the 5% level of significance, the critical Chi-square value for 25 degrees of freedom is 37.65. The calculated Chi-square value is 4.19. Since 4.19 < 37.65, the null hypothesis is not rejected. Therefore, it is concluded that there is no significant relationship between the accessibility of small businesses after GST and the impact of GST on common man.

RESULTS

- A majority (53%) of the respondents were in the 19–55 years Age Group.
- Half of the respondents (50%) were students.
- Only 22% of the respondents reported being aware of GST.
- Most respondents (72%) learned about GST through news and media sources.
- About 32% of respondents understood the GST calculation method.
- Only 21% were familiar with the different GST tax rate slabs.
- About 59% believed that GST has increased household and business-related expenses.
- Nearly 70% felt that the prices of essential goods had risen after the implementation of GST.
- About 30% of respondents reported that they sometimes check GST rates when making purchases.
- A majority (68%) believed that GST has improved the availability of small businesses.
- Increased prices were identified as the major challenge of GST by 58% of the respondents.
- Around 35% believed that GST has helped in reducing the overall tax burden.
- Only 31% rated the implementation of GST as effective.
- About 21% of the respondents were aware of GST before its implementation.
- Nearly 62% considered restaurants to be the service sector most affected by higher prices after GST.
- The analysis indicates a positive relationship between checking GST rates and purchasing behaviour.
- A positive relationship was also observed between increased household/business expenses and the ability to save or invest after GST.
- The hypothesis was rejected, indicating that GST transparency significantly influenced respondents' satisfaction.

SUGGESTIONS

1. Consider reducing GST rates on vital goods and services such as food, healthcare and education to ease the financial burden on consumers.
2. Introduce simple and user-friendly digital platforms to make GST filing easier for individuals and small business owners.
3. Strengthen public awareness programmes to improve understanding of GST provisions, tax rates, and calculation methods.
4. Conduct regular educational campaigns through print, electronic, and social media to enhance awareness and promote informed compliance with GST.

CONCLUSION

The implementation of GST has generated diverse opinions and reactions among the public. The findings indicate that many people in Meghalaya have limited awareness and understanding of GST and its benefits. Respondents suggested that the taxation system should be simplified through clear procedures and easy-to-understand provisions. To improve the effective implementation of GST, the government should provide proper guidelines and conduct awareness programmes. Maintaining stability in GST rates would also help reduce confusion among taxpayers. The study further indicates that local vendors experience more challenges in complying with GST than the general public. Since GST is administered by both the Central and State Governments, businesses may face higher compliance requirements, increasing compliance costs.

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