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A study on attitude of small traders towards goods and services tax in Bengaluru City

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Abstract--The main objective of GST is to eliminate the cascading impact of taxes on production and distribution cost of goods and services. GST serves a superior reason to achieve the objective of streamlining indirect tax regime in India and it has positive impact on small traders. The small traders are possessing favourable attitude towards Goods and Service Tax and they are agreed with are they supporting Goods and Service Tax fully, they are realizing essentiality for Goods and Service Tax, they are highly interested to know a lot of things about Goods and Service Tax, they feel Goods and Service Tax is simplified one, they are getting benefits because of Goods and Service Tax, they are free from paying multiple taxes due to Goods and Service Tax, they are ready to pay Goods and Service Tax in time and they think Goods and Service Tax is the best suitable method, Significant difference is prevailing amongst profile of small traders and their attitude towards Goods and Services Tax and their profile. Attitude of small traders towards Goods and Services Tax is positively, significantly and moderately related with their performance. Hence, small traders should clearly understand the developments in Goods and Service Tax and they must be comfortable with varying rates of Goods and Service Tax.

Keywords---Attitude, Goods and Services Tax, Small Traders.

Introduction

The main objective of GST is to eliminate the cascading impact of taxes on production and distribution cost of goods and services (Banik and Das, 2017).

The exclusion of cascading effects is significantly improve the competitiveness of original goods and services which leads to beneficial impact to the Gross Domestic Product (GDP) growth (Khan, 2018). It is felt that the GST serves a superior reason to achieve the objective of streamlining indirect tax regime in India (Yadav and Kumar, 2018) which can remove cascading effects in supply chain till the level of final consumers only when all indirect taxes are completely included in GST.

GST is based on the "Destination principle". GST is applied on goods and services at the place where final / actual consumption happens. GST is collected on value-added goods and services at each stage of sale or purchase in the supply chain (Chandu, 2015). GST paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. The manufacturer or wholesaler or retailer pay the applicable GST rate but will claim back through tax credit mechanism (Daga, 2019). But being the last person in the supply chain, the end consumer has to bear this tax and so, in many respects, GST is like a last-point retail tax. GST is going to be collected at point of sale and it has positive impact on small retailers (Shaik et al 2015). With this backdrop, the current research is made study attitude of small traders towards Goods and Services Tax

Review of related literature

Tripathi et al (2011) found that GST would be a one tax structure that would eliminate indirect taxes and it would be transparent and easy to implement. GST would increase tax revenues of Government and it would provide goods and services at lower prices to people and it would have impacts all segments in the society. GST would help people for doing business easy and would increase their production and distribution.

Firth and Mckenzie (2012) concluded that GST had positive impact on performance and efficiency of different sectors and financial services were exempted from GST. GST had positive impact on service sectors and customers and exemptions were made in GST periodically based on tax collection and performance of sectors. GST had positive impact on insurance, investment and breakage services and it had increased their operational efficiencies.

Mansor and Ilias (2013) revealed that the GST had applied in all the stages of business operations and it had removed all indirect taxes and it had reduced tax on goods and services. GST had increased tax compliance and revenues to Government and it had positive impact on all sectors and economy. GST had improved efficiency of production, business operations and marketing activities and it had reduced price of goods and it had improved sales, turn over and profit of major sectors.

Garg (2014) indicated that GST would be an effective tax system that would remove all indirect taxes and it would cover all the sectors in the economy. GST would be implemented as SGST and CGST and it would generate common tax structure across all states and it would create uniform market for all products and services. GST would impact MSMEs, manufacturing, service and agriculture

sectors, exports and imports, retailers and consumers. Central and State Governments would improve collection of taxes and then growth of economies.

Sehrawat and Dhanda (2015) showed that GST was an exclusive and uniform tax structure and it gave various treatments to different goods and services. GST had reduced tax for many sectors and it had positive impact on their operational efficiencies and profits. GST had uniform and simplified tax structure and it had decreased price of goods and it had increased consumption and demand for products among consumers. GST had positive impact on logistics, FMCG, information technology and export sectors.

Swarupa (2016) found that GST would eliminate all indirect taxes and it would be a single tax structure and it would be transparent and easy to adopt by various sectors. GST would have positive impact on manufacturing, agriculture and service sectors. GST would improve the growth of economy by around two per cent and it would give transparent and one tax across the nation and it would improve collection of tax and compliances and growth of various sectors. GST would decrease price of goods and it would increase demand and sale of products among consumers.

Kawle and Aher (2017) concluded that GST was positively impacting trade, industry, services and agriculture sectors and it had improved performance and efficiency of these sectors considerably and it had increased growth of economy. Indian consumer needed to have professionalism to acknowledge the GST and it was sure that India would join the international standards of taxation, corporate laws and managerial practices and also be among the world leaders.

Jayalakshmi (2018) revealed that small retailers had affected more through GST comparatively other groups of retailers and there was significant relation between sales and the areas and types of retailers. She also found that 97.50 per cent of retailers believed that there was an increase of 8-12 percent hike in the price of consumer goods and 78 per cent reported the 10-20 per cent hike in the price of all goods. Poor support from authorities, extra pricing by producers, non access to software and billing, poor knowledge and lack of interest for adoption were problems faced by them in implementing GST.

Kankariya and Dongre (2019) indicated that GST was one of the effective measures for complete removal of barriers in trading and help doing business activities easily. The GST collection had significantly increased over the period of years and it indicated that common people and traders were accepted it. Traders were facing problems namely purchasing from non registered dealers, filling of return, high cost of compliance and operation, movement of goods among states, tax credit on inputs and eligibility and delay in refund. GST had significantly increased business activities, sales and profit of traders.

Rafee and Arunjyothi (2020) showed that implementation of GST were having positive and negative impact on restaurants. Higher GST rate had reduced flow of customers, volume of business and profits of restaurants and lower GST had increased inflow of customers, business operations and profits of restaurants and it had largely positive impact on customers in selection and availing food services

of restaurants. Higher GST rates had decreased visiting of customers, operations and profitability of restaurants. Food and beverage operations and small restaurants were highly benefited and it also had positive impact on food delivery business activities.

Methodology

The current research is conducted in Bengaluru city. Small traders are randomly chosen and data are gathered from 300 small traders by using questionnaire. Percentage analysis is done to understand profile of small traders and mean and standard deviation are used to know attitude of small traders towards Goods and Services Tax. Difference amongst attitude of small traders towards Goods and Services Tax and their profile is found by employing ANOVA and t-tests. Relation amongst attitude of small traders towards Goods and Services Tax and their performance is analyzed by carrying out simple correlation analysis.

Results

Profile of Small Traders

The profile of small traders is shown in Table-1. The results show that 63.67 per cent of them are sole proprietorship, 33.00 per cent of them are having investment of Rs. 3,00,001 – Rs.4,00,000, 45.00 per cent of them are functioning in their own establishment, 42.33 per cent of them are providing employment to 3 – 5 persons and 35.00 per cent of them are having an annual turnover of Rs.10,00,001 – Rs.15,00,000.

Table-1
Profile of Small Traders

Profile	Number (N = 300)	Percentage
Ownership		
Sole Proprietorship	191	63.67
Partnership	109	36.33
Investment		
Less than Rs.2,00,000	47	15.67
Rs.2,00,001 – Rs.3,00,000	69	23.00
Rs.3,00,001 – Rs.4,00,000	99	33.00
More than Rs.4,00,000	85	28.33
Establishment		
Own	135	45.00
Leased	107	35.67
Rented	58	19.33
Employment		
Less than 3	101	33.67
3 – 5	127	42.33
More than 5	72	24.00
Annual Turnover		
Below Rs.5,00,000	66	22.00

Rs.5,00,001 – Rs.10,00,000	105	35.00
Rs.10,00,001 – Rs.15,00,000	96	32.00
Above Rs.15,00,000	33	11.00

Attitude of small traders towards goods and services tax

The attitude of small traders towards Goods and Services Tax is shown in Table-2.

Table-2
Attitude of Small Traders towards Goods and Services Tax

Attitude	Mean	Standard Deviation
I am supporting Goods and Service Tax fully	3.90	0.75
I am realizing essentiality for Goods and Service Tax	3.86	0.82
I am highly interested to know a lot of things about Goods and Service Tax	3.83	0.87
I feel Goods and Service Tax is simplified one	3.80	0.91
I am clearly understanding the developments in Goods and Service Tax	3.36	1.05
I am getting benefits because of Goods and Service Tax	3.76	0.97
I am free from paying multiple taxes due to Goods and Service Tax	3.78	0.94
I am comfortable with varying rates of Goods and Service Tax	3.34	1.07
I am ready to pay Goods and Service Tax in time	3.88	0.78
I think Goods and Service Tax is the best suitable method	3.74	1.01

The small traders are agreed with they are supporting Goods and Service Tax fully, they are realizing essentiality for Goods and Service Tax, they are highly interested to know a lot of things about Goods and Service Tax, they feel Goods and Service Tax is simplified one, they are getting benefits because of Goods and Service Tax, they are free from paying multiple taxes due to Goods and Service Tax, they are ready to pay Goods and Service Tax in time and they think Goods and Service Tax is the best suitable method, while, they are neutral with they are clearly understanding the developments in Goods and Service Tax and they are comfortable with varying rates of Goods and Service Tax.

Attitude of small traders towards goods and services tax and their profile

The difference amongst attitude of small traders towards Goods and Services Tax and their profile is shown below.

Attitude of Small Traders towards Goods and Services Tax and Ownership

The difference amongst attitude of small traders towards Goods and Services Tax and ownership is shown in Table-3.

Table-3
Attitude of Small Traders towards Goods and Services Tax and Ownership

Ownership	N	Mean	Standard Deviation	t-Value	Significance
Sole Proprietorship	191	36.92	5.05	4.554**	.000
Partnership	109	39.83	4.18		

** Significant in 1% level

Mean value of attitude of small traders towards Goods and Services Tax for partnership is 39.83 and it is 36.92 for sole proprietorship and it indicates that small traders in partnership are having better attitude towards Goods and Services Tax in comparison with sole proprietorship. The t-value is 4.554 is showing that there exists significant difference amongst ownership of small retailers and their attitude towards Goods and Services Tax.

Attitude of Small Traders towards Goods and Services Tax and Investment

The difference amongst attitude of small traders towards Goods and Services Tax and investment is shown in Table-4.

Table-4
Attitude of Small Traders towards Goods and Services Tax and Investment

Investment	N	Mean	Standard Deviation	F-Value	Significance
Less than Rs. 2,00,000	47	36.67	7.73	5.796**	.000
Rs. 2,00,001 – Rs. 3,00,000	69	39.14	4.15		
Rs. 3,00,001 – Rs. 4,00,000	99	37.77	5.11		
More than Rs. 4,00,000	85	37.39	4.40		

** Significant in 1% level

Mean value of attitude of small traders towards Goods and Services Tax is varying from 39.14 for small traders with investment of Rs. 2,00,001 – Rs. 3,00,000 to 36.67 for small traders with investment of less than Rs. 2,00,000 and it indicates that small traders with investment of Rs. 2,00,001 – Rs. 3,00,000 are having better attitude towards Goods and Services Tax in comparison with others. The F-value is 5.796 is showing that there exists significant difference amongst investment of small retailers and their attitude towards Goods and Services Tax.

Attitude of Small Traders towards Goods and Services Tax and Establishment

The difference amongst attitude of small traders towards Goods and Services Tax and establishment is shown in Table-5.

Table-5
Attitude of Small Traders towards Goods and Services Tax and Establishment

Establishment	N	Mean	Standard Deviation	F-Value	Significance
Own	135	37.50	4.32	7.035**	.000
Leased	107	39.71	5.36		
Rented	58	36.47	5.20		

** Significant in 1% level

Mean value of attitude of small traders towards Goods and Services Tax is varying from 39.71 for small traders in leased to 36.47 for small traders in rented establishment and it indicates that small traders in leased establishment are having better attitude towards Goods and Services Tax in comparison with others. The F-value is 7.035 is showing that there exists significant difference amongst establishment of small retailers and their attitude towards Goods and Services Tax.

Attitude of Small Traders towards Goods and Services Tax and Employment

The difference amongst attitude of small traders towards Goods and Services Tax and employment is shown in Table-6.

Table-6
Attitude of Small Traders towards Goods and Services Tax and Employment

Employment	N	Mean	Standard Deviation	F-Value	Significance
Less than 3	101	36.60	5.11	5.628**	.000
3 – 5	127	38.23	4.89		
More than 5	72	39.19	4.73		

** Significant in 1% level

Mean value of attitude of small traders towards Goods and Services Tax is varying from 39.19 for small traders providing employment to more than 5 persons to 36.60 for small traders providing employment to less than 3 members and it indicates that small traders providing employment to more than 5 persons are having better attitude towards Goods and Services Tax in comparison with others. The F-value is 5.628 is showing that there exists significant difference amongst employment of small retailers and their attitude towards Goods and Services Tax.

Attitude of Small Traders towards Goods and Services Tax and Annual Turnover

The difference amongst attitude of small traders towards Goods and Services Tax and annual turnover is shown in Table-7.

Table-7
Attitude of Small Traders towards Goods and Services Tax and Annual Turnover

Annual Turnover	N	Mean	Standard Deviation	F-Value	Significance
Below Rs.5,00,000	66	36.91	4.09	6.370**	.000
Rs.5,00,001 – Rs.10,00,000	105	37.70	5.57		
Rs.10,00,001 – Rs.15,00,000	96	37.86	5.07		
Above Rs.15,00,000	33	39.52	4.38		

*** Significant in 1% level*

Mean value of attitude of small traders towards Goods and Services Tax is varying from 39.52 for small holders having an annual turnover of above Rs.15,00,000 to 36.91 for small holders having an annual turnover of below Rs.5,00,000 and it indicates that small holders having an annual turnover of above Rs.15,00,000 are having better attitude towards Goods and Services Tax in comparison with others. The F-value is 6.370 is showing that there exists significant difference amongst annual turnover of small retailers and their attitude towards Goods and Services Tax.

Relation amongst attitude of small traders towards goods and services tax and their performance

The correlation analysis is applied to analyze relation amongst attitude of small traders towards Goods and Services Tax and their performance and the result is shown in Table-8.

Table-8
Attitude of Small Traders towards Goods and Services Tax and their Performance

Particulars	Coefficient of Correlation
Attitude of Small Traders towards Goods and Services Tax and Their Performance	0.57**

*** Significant in 1% level*

The correlation coefficient amongst attitude of small traders towards Goods and Services Tax and their performance is 0.57 and it reveals that they are positively and moderately inter-related amongst them.

Conclusion

The foregoing analysis elucidates that small traders are possessing favourable attitude towards Goods and Service Tax and they are agreed with and are supporting Goods and Service Tax fully, they are realizing essentiality for Goods and Service Tax, they are highly interested to know a lot of things about Goods and Service Tax, they feel Goods and Service Tax is simplified one, they are getting benefits because of Goods and Service Tax, they are free from paying multiple taxes due to Goods and Service Tax, they are ready to pay Goods and Service Tax in time and they think Goods and Service Tax is the best suitable method, Significant difference is prevailing amongst profile of small traders and

their attitude towards Goods and Services Tax and their profile. Attitude of small traders towards Goods and Services Tax is positively, significantly and moderately related with their performance. Hence, small traders should clearly understand the developments in Goods and Service Tax and they must be comfortable with varying rates of Goods and Service Tax.

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