

IMPACT & PERCEPTION OF GOODS AND SERVICES TAX (GST) ON ONLINE SHOPPERS WITH REFERENCE TO KADAPA CITY

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Abstract

The Goods and Services Tax (GST) has become one of the important famous topics since its introduction in India. GST was effectively started in July 2017. The new tax policy implemented has brought about changes in the country particularly in income tax and online and off-line business transactions. Based on literatures and previous studies, few factors have been identified to know the perceived impacts of GST on online shoppers. These factors are the changes in the shopping behaviour, level of knowledge, and demographic factors of online shoppers. Thus, this study examines the perceived impacts of Goods and Services Tax implementation on online shoppers in Kadapa city, particularly in Kadapa urban area. This study used survey method for collecting the data of 100 respondents. Questionnaires have been distributed to online customers who are living in Kadapa urban area. The findings indicated that there is an impact on online shoppers since the buying preferences were changed and observed that level of knowledge is less towards GST.

Keywords: Goods and Services Tax, online shoppers, online stores, India

Introduction

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST is one indirect tax for the entire country.

So, before Goods and Service Tax, the pattern of tax levy was as follows:

Insert figure 1

Under the GST regime, the tax will be levied at every point of sale. In case of intra-state sales, Central GST and State GST will be charged. Inter-state sales will be chargeable to Integrated GST.

Now let us try to understand the definition of Goods and Service Tax – “GST is a comprehensive, multi-stage, destination-based tax that will be levied on every value addition.”

Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

Insert figure 2

Value Addition

Insert figure 3

Journey of GST in India

The GST journey began in the year 2000 when a committee was set up to draft law. It took 17 years from then for the Law to evolve. In 2017 the GST Bill was passed in the Lok Sabha and Rajya Sabha. On 1st July 2017 the GST Law came into force.

Insert figure 4

What is GST in India?

GST is one indirect tax for the whole nation, which will make India one unified common market. GST is a single tax on the supply of goods and services. GST is a destination-based tax which is levied only on value addition at each stage because credits of input taxes paid at procurement of inputs will be available. Thus, the final consumer will bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages

What taxes will be levied under GST?

1. Central GST (CGST)
2. State GST (SGST)

Insert figure 5

Online shopping is a form of electronic commerce which allows customers to directly buy goods and services from a seller over the Internet using a web browser. Consumers directly find number of a product of interest by visiting the website which displays the same available products at different e-retailers. As of 2016, customers can shop online using a range of different computers and devices, for online shopping.

Literature Review

- 1) Jaspreet Kaur (2016)³ “studied “Goods and service tax (GST) and its impact” The main aim of GST is to replace all

taxes with single tax, bringing it all under single umbrella. The objective is to eliminate tax on tax. This paper will throw light on GST its features and also effect of GST on prices of goods & services. Some of the goods prices fallen down and vice versa. But overall it will be a great change

- 2) Dr. Ramesh R Kulkarni (2016)⁴, examined that “Awareness and preparedness about goods and services tax among the retail businesses in India - an empirical study of Hubli-dharwad city” The GST system is not only seen as the main source of revenue for the government, but it is also assume to change the way how the retail traders do their business and comply with the tax structure .An analysis has been made in this study to know the awareness about the GST among retail traders in a city like Hubli-Dharwad. Interestingly, the study has found that a majority of the respondents are aware of the new GST reform; a large number of those traders are still not prepared to adopt the GST. While the new GST tax structure is likely to be implemented from the next financial year (2017-18).

- 3) Amanuddin Shamsuddin, Deviga C. Seagaran, Ghirthanah Rajasegaran, Logeshvini J, Keshenan, Sathiya Kumar Selvam (2016)⁵, conducted a study that examines the perceived impacts of Goods and Services Tax implementation on the Small Medium Enterprise (SMEs) in Malaysia, particularly in Johor Bahru area. Based on previous literature, 3 factors have been identified that posed the most impacts to Small Medium Enterprises towards the GST implementation. These factors are the level of knowledge, subjective norm and demographic factors of SMEs. The findings indicated that level of knowledge and subjective norm have significant relationships with perceived impact of SMEs towards GST implementation. Findings from this

study is a more comprehensive understanding on GST and their impacts on businesses, in particular SMEs.

4) Mr. Pratiksinh Vaghela (2014)⁶, “A study on consumer perception towards online shopping, analyzed that online consumer perception. The objective of this research is to study the perception of the customers towards online shopping and also discriminate this perception gender wise it is found that most of the customers were perceived that online shopping is better option than manual shopping and most of the customers were satisfied with their online shopping transactions.

5) Bo Dai, Sandra Forsythe & Wi-Suk Kwon (2014), “The impact of online shopping experience on risk perceptions and online purchase intentions: does product category matter” Finding indicate that online shopping experience is a strong positive predictor of online shoppers’ purchase intentions for the two product categories (i.e. non-digital and digital products) examined. Online shopping experience is negatively related to perceptions of product and financial risks associated with online shopping regardless of product category.

6) Thompson S. H. TEO (2002) “Attitudes toward online shopping and the Internet” Find that Internet usage in Singapore is most prevalent among ages 20 to 24 years. Online stores providing customized advertisements to target this potential group & the desired target group to meet their needs and, ultimately.

Statement of the Problem

Indian E-Commerce industry is the third largest industry in the world after China and US. It is growing at an average growth rate of 40%-50% annually. For the last 2 to 3 years its growth rate has been 50% to 60%. The old indirect tax structures in India were acting as obstacles in the growth of E-commerce industry. In fact, old laws were

not framed keeping in mind the on-line business. The VAT, Service tax, CST were creating confusions and litigations. Despite huge growth of E-Commerce business in India. E-commerce is making rapid strides in today’s world. In simple words, e-commerce can be described as the carrying out of any commercial activity using the Internet as a medium. The various e-commerce transactions are treated under the prevailing indirect tax regime is full of ambiguities and disputes. Considering the issues plaguing the current indirect tax regime, India is all set to usher in a comprehensive indirect tax regime under the goods and services tax (GST). Since the introduction of the GST regime will affect the very fundamentals of how business is carried out in India, it is essential to take a look at the impact of GST on online shoppers.

Objectives of the Study

- 1) To study the impact of GST on online shoppers in Kadapa city.
- 2) To find out the most important GST variables having a significant impact on online shoppers.

Hypotheses

H01: there is a no significant impact of various parameters of GST on online shoppers.

H1: there is a significant impact of various parameters of GST on online shoppers.

Research Methodology

The present study is descriptive in nature, Researcher used survey methods for collecting the data. The data were collected from the online shoppers in kadapa city. A well-structured questionnaire is designed with 16 variables in that 6 variables are demographical, 8 are independent variables and 3 are dependent variable, based upon the GST impact on online shoppers. A five –point likert scale from 1-5 pints (1-

strongly disagree, 2- disagree, 3-Neutral, 4-agree and 5-Strongly agree) was measure the questionnaire responses. Questionnaires have been distributed to online customers who are living in kadapa urban area.

A sample size for the study is 115 respondents, out of 115 respondents only 100 respondents' response is useful. Respondents are selected based on those who have more than one-year experience in online shopping. An online shopper has been chosen from kadapa city, which kadapa is a one of the district in the state of Andhra Pradesh, India. The respondents were selected on the basis of convenience sampling.

Data were analyzed through percentages, mean and regression using SPSS 20.00. The time period of the study research work is from May to June 2018. To measure the consistency across various items in questionnaire reliability test is conducted. Cronbach's Alpha is one of the most frequently used metrics to measure a scale's reliability. The overall reliability (Cronbach's Alpha) of the GST concerning factors was 0.913.and Impact on online shopping is 0.824 respectively. Reliability Cronbach's Alpha Indicating good consistency and stability of the instrument. The results of the reliability tests are highlighted in Table 1.

Insert table 1

Data Analysis

Insert table 2

The respondent profile as displayed in table -2 indicates the online shoppers, kadapa city Demographic. Socio Economic profile. Majority of respondents are in the age group of 25-30 years (48%), between 30-40 years (38%), below 25 years (10%)and 40 above (04%). Males (75%) and female (25%). Majority of the respondents Occupation is employees (51%), Business (29%), House wife (0%) and others are (10%). Most of the respondents' monthly income 25000-50000 (48%), 10000-25000

at (45%), below 10000 (5%), and above 1 lacks at (02%).

Insert table 3

Table -3 shows how long customers have been dealing with Retail electronic shopping Majority of the online shoppers dealing with electronic retail shopping are (40%) 3-4 years, (25%,) 2-3 years,(20%), above 4 years,(15%), 1-2 years.

Insert table 4

Mean and standard deviation of GST aspects is presented in table-4. The average mean score of GST concerning factor is 2.35, which indicates that the online shopper's opinion is not satisfactory towards GST structure. But the transparency factor is a positive indicator in GST. The mean value of Transparency is 3.89, Reasonable tax structure 2.12, Cost of product is less due to GST is 2.14, After GST all the products are same tax structure, 2.15, No price changes after GST is 2.10, GST would provide products at economical prices is 2.13, GST is a cascading tax is 2.16, and GST Advantageous for online shoppers is 2.13, respectively. Except transparency all concerning factors mean values are less than 3.00.

Insert table 5

Mean and standard deviation of Impact of GST on online shoppers is presented in table-5. The Average means score of Impact of GST on online shoppers is 2.15, which indicates that there is an impact of GST on online shoppers. All the mean value of Impact of GST on online shoppers' parameters are less than 3.00.

Insert table 6a, 6b and 6c

From the table 6 (a), (b) and (c), we can see that the value of R^2 is equals 0.530, indicating that there is 53% of the variation in the dependent variables by the above mentioned independent variables. The R^2 is

significant as indicated by the p- value (0.000) given in the ANOVA table 7(which is less than the assumed level of significance, that is, 0.05). this also tells that the model is statistically significant. the null hypothesis is rejected, and alternative hypothesis is accepted. It can be concluded that the reduce GST rate will lead to attract more online shoppers. There is an impact of GST on online shoppers.

Suggestions

From the above analysis it is better to Reduce of GST rates on products and services will results into increase of number of online shoppers. Composition Scheme should be extended to Inter-State Supplies. There is a need to give awareness on GST to the customers through advertisements. Reduce of GST rates on products and services will results onto increase of number of online shoppers.

Conclusion

Now a day's everything available in the internet, now we are living in digital world. Online shopping is the one the activity in human life. In the modern world, many products have become part of basic needs. Most of the individual purchasing products through online. But product cost and taxes also consider while purchasing products and services Before GST most of the product cost is lite bit less in online stores. Due to GST in online stores some products cost and service charges are increased. So, the present study focused on the impact of goods and services tax (GST) on online shoppers with reference to kadapa city, it reveals that in the perception of online shoppers towards GST had an impact on their online shopping. Due to increase of product prices and service charges. But there is advantage for online shoppers with GST that is transparency exist in online billing and guaranty.

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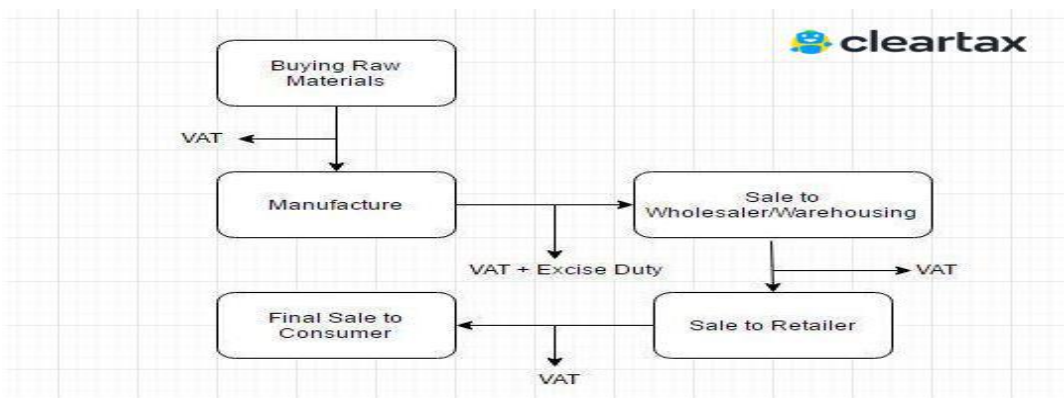
transparency exist in online billing and guaranty.

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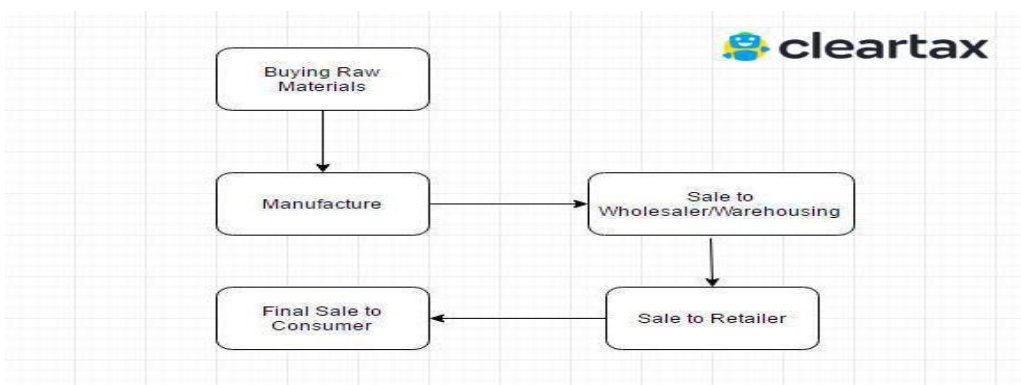
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Figure 1



Source: Cleartax.in

Figure 2



Source: Cleartax.in

Figure 3 Value Addition

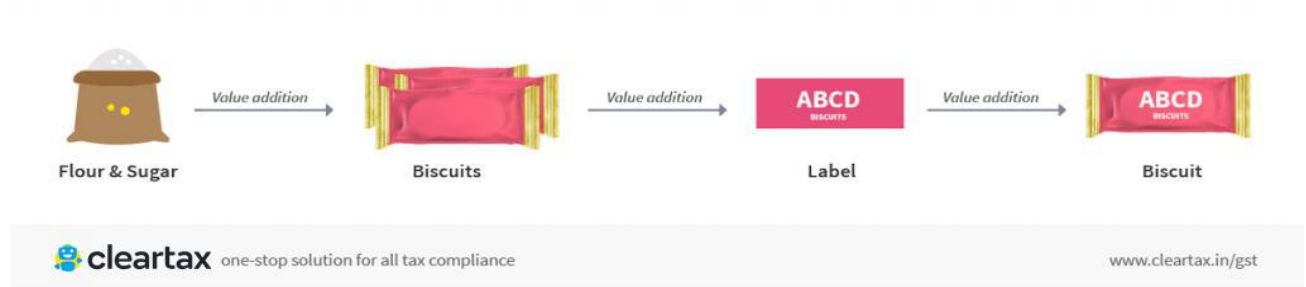
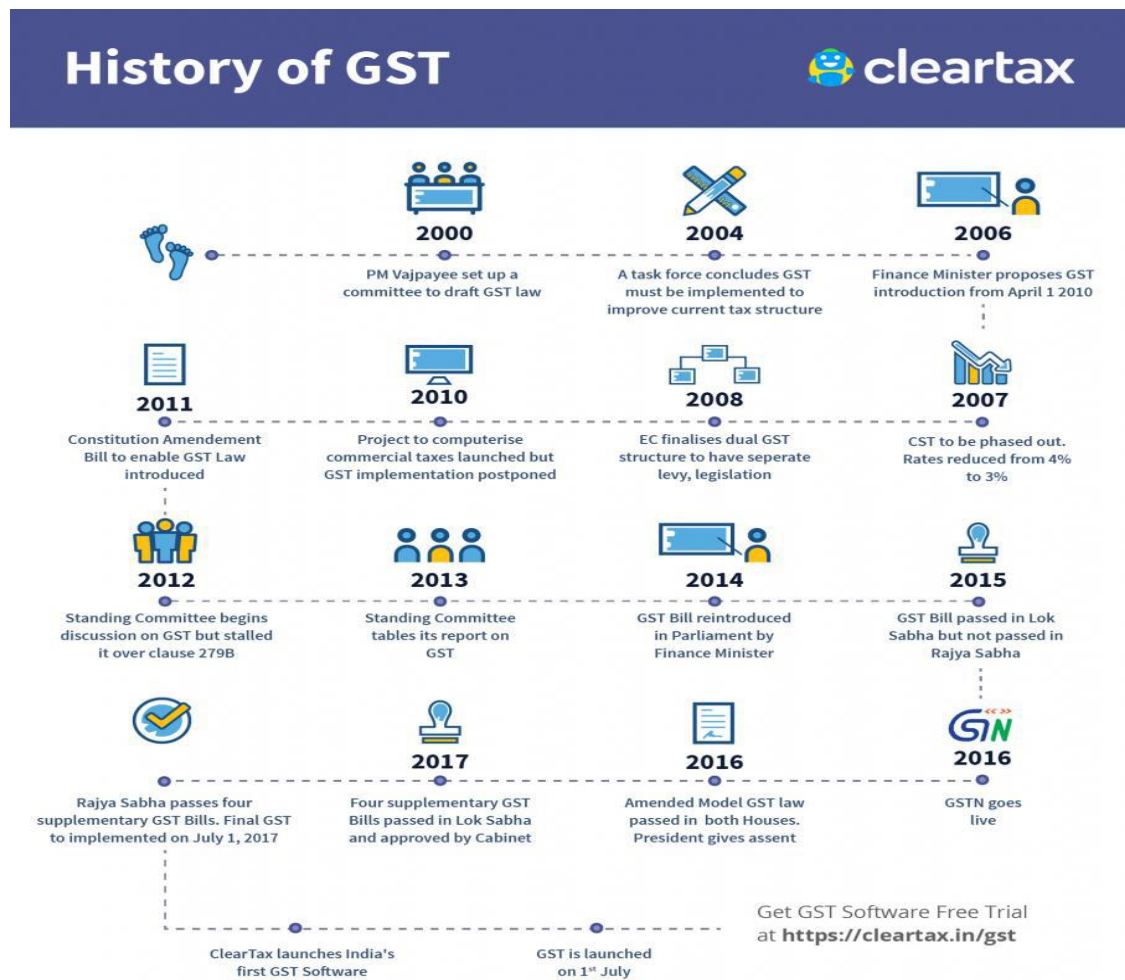


Figure 4



Source: Cleartax.in

Figure 5



Source: taxmann.com

Table 1 - Reliability Statistics

	Cronbach 's Alpha	N of Items
GST Concerning Factors	.913	8
Impact on Online Shopping	.824	3

Table 2 - Frequency Analysis on Age, Gender, Occupation and Income

S. No.	Particulars	Frequency	Percentage
1	Age		
	Below 25	10	10
	25-30	48	48
	30-40	38	38
	40 Above	4	4
	Total	100	100
2	Gender		
	Male	75	75
	Female	25	25
	Total	100	100
3	Occupation		
	Employee	51	51
	Business	29	29
	House wife	00	00
	Others	10	10
	Total	100	100
4	Income per month		
	Below Rs. 10000	5	5
	10000-25000	45	45
	25000-50000	48	48
	Above 1 Lakh	02	02
	Total	100	100

Source: Primary data

Table 3 - Length of Relation with Retail Electronic Shopping

S. No.	No. of years	No. of respondents	% of respondents
1	< 6 months	15	15
2	6-12 months	25	25
3	1-3 years	40	40
4	Over 3 years	20	20
	Total	100	100

Source: Primary data

Table 4 - Mean and Standard Deviations of GST aspects

1.Descriptive Statistics- GST Concerning Factors (Parameters)			
	N	Mean	Std. Deviation
1.Transparency	100	3.89	0.3994
2.Reasonable tax structure	100	2.12	0.4090
3.Cost of product is less due to GST	100	2.14	0.4025
4.After GST all the products are same tax structure	100	2.15	0.4352
5.No price changes after GST	100	2.10	0.3893
6. GST would provided products at economical prices.	100	2.13	0.4182
7.GST is a cascading tax	100	2.16	0.4431
8.GST Advantageous for online shoppers	100	2.13	0.3933
Average mean score of GST	100	2.35	0.3244
Valid N (listwise)	100		

Table-5: Means and Standard Deviations of GST aspects

2.Descriptive Statistics- Impact of GST on online shoppers			
	N	Mean	Std. Deviation
No impact on online shopping Behavior after GST	100	2.12	0.477
Satisfied with the present GST Rates	100	2.1	0.389
I prefer to purchase online products due to GST	100	2.23	0.529
Average mean score of Impact of GST on online shoppers	100	2.15	0.403
Valid N (listwise)	100		

**Table 6 (a) - Regression Analysis
 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728 ^a	.530	.525	.27783

a. Predictors: (Constant), GST CONCERNING FACTORS

Table 6 (b) - ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.519	1	8.519	110.368	.000 ^b
	Residual	7.564	98	.077		
	Total	16.083	99			

a. Dependent Variable: **Impact of GST On Online Shoppers**

b. Predictors: (Constant), **GST CONCERNING FACTORS**

Table 6 (c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Hypotheses results
		B	Std. Error	Beta			
1	(Constant)	.023	.204		.111	.912	
	GST CONCERNING FACTORS	.904	.086	.728	10.506	.000	Rejected

a. Dependent Variable: **Impact of GST On Online Shoppers**