

# **CHAPTER 1**

## **INTRODUCTION**

GST is a new buzz in the arena of Indian Business environment. GST in a very small time period has become the talk of town and the matter of discussion for all. Goods and Service tax is one of the largest tax reforms after the independence of this country. GST is a destination based tax and levied at a single point at the time of consumption of goods or services by the ultimate consumer. GST is based on the principle of value added tax (VAT). GST law emphasizes on voluntary compliance and on accounts based reporting and monitoring system. It is a comprehensive levy and envisages tax collection on both goods and services at the same rate.

Internationally, GST was first introduced in France and now more than 160 countries have introduced GST. Most of the countries, depending on their own socio-economic formation, have National level GST or Dual GST.

GST is collected and paid at all stages of the supply chain. All business pays GST when they buy, supplies assets, or services for running their business. GST registrants will charge and collect GST on taxable goods and services that they provide. The GST paid on their purchases (input tax) will be set off from the GST they charged and collected (output tax). If the output tax exceeds the input tax the difference is to be remitted to the customs authorities. On the other hand, the end customer is borne to pay the ultimate GST. It is levied and collected on value addition at each stage of sale or purchase of goods or supply of services based on input tax credit method without state boundaries, there is no distinction between taxable goods and taxable services. That they are taxed at single rate in a supply chain of goods and services till the goods and services reach the consumer. The administrative power generally vests with a single authority to levy tax on goods and services.

Goods & Services Tax Law in India is a comprehensive, multi-stage, destination - based tax that will be levied on every value addition. To understand this, we need to understand the concepts under this definition. Let us start with the term „Multistage“. Now, there are multiple steps an item goes through from manufacture or production to the final sale. Buying of raw materials is the first stage. The second stage is production or manufacture. Then, there is the warehousing of materials. Next come

the sale of the product to the retailer. And in the final stage, the retailer sells you – the end consumer – the product, completing its life cycle. Goods and Services Tax (GST) is an indirect tax which was introduced in India on 1 July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments.

## **1.2 SIGNIFICANCE OF THE STUDY**

The idea behind having one consolidated indirect tax to subsume currently existing indirect taxes is to benefit the Indian economy in a number of ways. It will help the country's businesses gain a level playing field. It will put us on par with foreign nations who have a more structured tax system. It will also translate into gains for the end consumers who not have to pay cascading taxes any more. There will now be a single tax on goods and services. In addition to the above, the Goods and Services Tax Law aims at streamlining the indirect taxation regime. As mentioned above, GST will subsume all indirect taxes levied on goods and service, including State and Central level taxes. The GST mechanism is advancement on the VAT system, the idea being that a unified GST Law will create a seamless nationwide market. It is also expected that Goods and Services Tax will improve the collection of taxes as well as boost the development of Indian economy by removing the indirect tax barriers between states and integrating the country through a uniform tax rate

## **1.3 STATEMENT OF THE PROBLEM**

GST is the single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set off benefits at all the previous stages. In this, context local trader (last dealer) should have a thorough knowledge on GST and its application on various products. Therefore it is important to analyze and study the awareness level of traders about goods and service tax. Hence this study is conducted.

## **1.4 OBJECTIVES OF THE STUDY**

- To check awareness of traders about goods and service tax
- To identify issues encountered by local traders while applying GST\

- To know the level of satisfaction towards the implementation of GST
- Overview on traders attitude towards GST

## **1.5 SCOPE OF THE STUDY**

The study titled “**AWARENESS ABOUT GST AMONG LOCAL TRADERS WITH SPECIAL REFERENCE TO KANNUR AREA**” is limited in Kannur district

## **1.6 METHODOLOGY**

It may include publications, research interviews, surveys and other techniques and could include both present and historical information. Research methodology has many dimensions and research methods to constitute a part of research methodology. Simply research methodologies are a way to systematically solve research problem.

### **1.6 .1 SOURCE OF DATA**

Both primary and secondary sources are used for smooth conduct of study.

- **PRIMARYSOURCE**

In order to achieve the objective of the study, primary data were collected by using well-structured questionnaire from 50 traders who pay GST

- **SECONDARY SOURCE**

These are the data already collected by someone else for his purpose, is utilized by the investigator for his purpose. The various secondary data that are used for the study are articles, journals, website, newspaper, journals etc.

### **1.6.2 RESEARCH DESIGN**

The Combination of descriptive and analytical design is used in this study to describe the state of affairs of the individuals and approach towards specific research.

- **SAMPLE SIZE**

This refers to the number of items to be selected from the population constitute the sample. The sample size used for study is 50.

- **SAMPLING TECHNIQUE**

Convenience sampling technique is used for the study. That means sampling is obtained by selecting such units of the universe which may be conveniently located and contacted.

### **1.6.3 TOOLS FOR ANALYSIS OF DATA**

#### **A. PERCENTAGE METHOD**

The present study used percentage analysis method. Percentage analysis is the method to present raw streams of data as a percentage for better understanding. Simple percentage method has been used for analysis of primary data collected.

Percentage of respondents = number of respondents / total number of respondent \*100

### **1.7 LIMITATIONS OF THE STUDY**

- Some of the respondents were not co-operate with the survey.
- The study was undertaken only for a particular period.
- Time is less.
- The survey was on the awareness level of traders in a particular area hence the results is applicable to that area only.
- The data are collected through personal interview. So they may be chance of personal bias so there is lack of accuracy.

### **1.8 CHAPTERISATION**

This study consist of five chapters

- Chapter 1 consists of introduction and design of the study
- Chapter 2 consist of Review of literature
- Chapter 3 consist of Profile of the study
- Chapter 4 consist of data analysis and interpretation
- Chapter 5 consist of finding conclusion and suggestions