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GST And Its Impact on Consumer Buying Behaviour in Insurance and Automobile Sector

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Abstract – Insurance and Automobile Industries are growing sector with distinctive products and services in India. At present, the industries taxes have been changed and formulated by Indian government as Goods and Service Tax (GST). Goods and Services tax is considered to be an important tax reform in the country. Goods and Services tax is based on destination principle which means tax accrues at the place of consumption rather than the place of manufacturing. Common people are more affected by the goods and services tax and the effects were adverse at the time of introduction of goods and services tax. Tirupur District is fairly populated area and containing more textile work employees in Tamilnadu State. The researcher has collected primary data from 100 sample respondents from July 2017 to November 2017. The convenient sampling method has been used for choosing the sample size and the present study. The study also analyses the effect of GST on the buying behaviours changes of customers and it has examined that the influences of the GST concept in Tirupur District. Such an analysis is likely to be helpful for providing the idea about effectiveness of GST initiation in Indian economy. The present study has focused on the customer's problems and clear perception on GST system in Tirupur district. The selected respondents are paying GST for products and services in various places and business concern in selected study area. This present study provides that actual position and condition on the basis of demographic factors and their perception on GST tax system in Tirupur District. The present study helps to recommend the changes in current GST tax slabs in our developing country.

Keywords: Automobile, Insurance, Good and Service Tax, Consumer, Behaviour, Perception, Textile Industry

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1. INTRODUCTION

Tax payment is a mandatory legal duty regarding every single resident of the country. Indian tax framework is characterized into direct tax and indirect tax. The Goods and Services Tax (GST) is charged and actualized as indirect tax for all items and services. Indian government has effectively executed and settled the complications after the implementation. The vast majority of the industries have confronted various difficulties after its reception and changed their bookkeeping practices with online GST registration. The structure of GST gathering and passed GST Bill from the two houses to be specific Lokshaba and Rajyashaba, which have displayed the government reason to actualize the tax reforms. In spite of the fact that the government claims with respect to its arrangement of GST mechanism through thorough training of revenue authority's history have shown consistently that such reforms which are to be executed at national dimension for 125 billion populace needs cautious deliberation.

Indian government has been changed the esteem included tax idea as Goods and Service Tax (GST) after first July 2017. Presently multi day, the general

population have for all intents and purposes received this GST in their life and executed in different sales and service ideas. The government has encircled indirect tax rate upto 28 percent and the tax rate is arranged into more pieces from 5 to 28 percent dependent on the products and services in India. In that manner, the Insurance and Automobile Industries GST rate connected as 18 percent and 28 percent separately. These industries are developing portions with particular products and services in India. At present, the industries taxes have been changed and detailed by Indian government as Goods and Service Tax (GST). The majority of the general population have embraced the GST idea started and practiced by the clients in the country. Tirupur District is genuinely populated zone and containing progressively textile work representatives in Tamilnadu State. In this locale, the people were involving transcendent spot as a huge variable to recognize in the changing phenomenon.

Different examinations were completed before the implementation of GST on how it will function and profit the Indian economy. Dr. R. Vasanthagopal (2011) expressed that GST will be a positive

advance in blasting the Indian economy. Ehtisham Ahmed and Satya Poddar (2009) additionally expressed that GST will prompt increment in yield and production effectiveness of the Indian economy and the advantages relies on the structure of the GST rates. With this foundation on the investigation of the GST in different stages, this exploration paper looks to discover the consumer perceptions on their disposable salary and spending capacity after goods and services tax implementation.

1.1 GST

Full type of GST is Goods and Services Tax. It is a single indirect tax for the entire nation, one which will make India a bound together common market. It is a single tax on the supply of goods and services, directly from the manufacturer to the consumer. Through GST, the government plans to make a single complete tax structure that will subsume the various littler indirect taxes on utilization like service tax, and so on.

GST has gotten 'one nation one tax' system, yet its impact on different industries is somewhat extraordinary. The primary dimension of separation will come in relying upon whether the industry manages producing, appropriating and retailing or is giving a service.

Tax arrangements assume an essential job on the economy through their effect on both productivity and value. A good tax system should keep in view issues of salary appropriation and, in the meantime, likewise attempt to produce tax revenues to help government use on open services and infrastructure improvement. GST, according to government gauges, will help India's GDP Author: around 2 percent.

GST would have momentous effect in transit individuals, retailers and business worries in India. The majority of the industries, GST tax chunk rate have been expanded dependent on the diverse criteria which would be extensively affected by GST is the automobile, insurance and retail sector. The present examination has assumed greater liability to investigate the customers' perception on GST and it likewise depicts the advantages and disadvantages of the GST system in India.



Figure 1 GST

1.2 Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax evaluates in the nation out of which just the main 50 paid over half of the tax gathered nationwide. The vast majority of the tax trouble is borne by spaces, for example, IT services, media transmission services, the Insurance industry, business support services, Banking and Financial services, and so on. These container India organizations as of now work in a brought together market and will see consistence trouble getting to be lesser. Be that as it may, they should independently register each spot of business in each state.

• **Automobiles**

The automobile industry in India is a tremendous business creating an extensive number of autos every year, fuelled generally by the gigantic populace of the nation. Under the past tax system, there were a few taxes material to this sector like extract, VAT, sales tax, street tax, motor vehicle tax, registration duty which will be subsumed by GST.

Table 1: GST Tax Slabs in Automobile and Insurance Industry in India

Industry	Products	Tax Slab in % (Maximum)
Automobile	Most of the Goods	28%
Insurance	Medical Insurance	18%
	Life & Endowment Policy	4.5%

Source: Business Line

2. LITERATURE REVIEW

Agog Mawuli (May 2014) considered, "Goods and Service Tax-An Appraisal" and found that GST isn't good for low-salary nations and does not give wide based development to poor nations. On the off chance that still these nations need to actualize

GST, at that point the rate of GST ought to be under 10% for development

Garg (2014) contemplated "Fundamental Concepts and Features of Good and Service Tax in India" and found that a tax is certainly not voluntary payment or donation, however an implemented commitment, claimed as per authoritative expert" and is any commitment forced by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name. All sectors of economy whether the industry, business including Govt. divisions and service sector will need to endure effect of GST. All areas of economy viz., enormous, medium, little scale units, mediators, shippers, exporters, brokers, experts and consumers will be directly influenced by GST.

Gowtham Ramkumar (2017) in his examination titled "Effect of GST on consumer spending capacity in Chennai City" reasoned that consumers are left with less cash after GST, ascend in swelling level and fall in costs of specific goods after GST implementation. He further presumed that GST rates will significantly affect the spending capacity of the consumers and proposed that advantages of info tax credit must be exchanged by the organizations to the consumers.

3. OBJECTIVES OF THE STUDY

The principle targets of the present examination are,

- To realize the perception level of customers towards existing GST rates of insurance and automobile industry in Tirupur District.
- To experimentally investigate the customers' perception on GST with exceptional reference to insurance and automobile industries in Tirupur District
- To examine about the pros and cons of GST implementation on customer's view.
- To investigations the impact of GST on the purchasing conduct changes of customers and it has inspected that the impacts of the GST idea in Tirupur District
- To distinguish the significant contrast between demographic subtleties and customers perception on GST.

4. RESEARCH METHODOLOGY

The present investigation has required exertion to empirically explore the customers' perception on GST with uncommon reference to insurance and automobile industries in Tirupur District. The investigation additionally examinations the effect of GST on the buying conduct changes of customers

and it has analysed that the influences of the GST idea in Tirupur District.

• Sources of data collection

The data has collected on the premise Tirupur south, north, east and west of the investigation zone. The researcher has collected primary data from 100 example respondents from July 2017 to November 2017 (Short period think about like case analysis).

• Tools for data collection

The researcher has utilized organized questionnaire for the data collection and it contains Likert's scale to assess the customers' perception on GST in descriptive way. The convenient sampling method has been utilized for picking the example measure and the present examination.

• Statistical tools used

The researcher has embraced the analytical tools like percentage analysis, Garrett positioning system, ANOVA test for the figurings IBM SPSS 20.0 software version. Such an analysis is probably going to be useful for giving the thought regarding effectiveness of GST commencement in Indian economy.

5. RESULT AND ANALYSIS

The tax system is critical one for economic improvement and more infrastructure changes in the nation. The greater part of the companies and retailers are basically giving greater quality goods and services to the general population. In that way, the government integrated the tax rates dependent on the goods and services for the rebuilding in India. For the reason, the researcher has broken down the customer's perception on GST dependent on demographic factors of the example respondents in the present examination. The researchers have attempted to find the GST sway and the growth of such industries like automobile and insurance industry in Tirupur District.

Table 1: Demographic Profile of Respondents

Sl. No.	Variables	Particulars	Frequency	Percentage
1	Gender	Male	54	54%
		Female	46	46%
2	Age in years	Below 30 years	27	27%
		31 - 40 years	60	60%
		Above 40 years	13	13%
3	Marital Status	Married	55	55%
		Single	45	45%
		Schooling	21	21%
4	Educational Qualification	Upto HSC	29	29%
		UG	15	15%
		PG & above	35	35%
5	Occupation	House wife	10	10%
		Retailer / Employed	65	65%
		Retired	12	12%
		Unemployed	13	13%
6	Monthly Family Income	Below Rs.20,000	45	55%
		Rs.20,001-30,000	25	25%
		Rs.30,001-40,000	10	10%
		Above Rs.40,000	20	20%
7	Residential Area	Urban	53	53%
		Semi-urban	24	24%
		Rural	33	33%
Total			100	100%

Source: Primary Data

The above Table 1 uncovers that the demographic factors of the GST paying customers in the present investigation. Out of one hundred respondents, 54 percent are guys and 46 percent are female respondents. The analysis result demonstrates that the 31-40 years age classification people who are for the most part buying goods and there were increasingly married people. The sample respondents who have post-graduation degree and who have the month to month family salary of underneath Rs. 20,000. They were living urban zone of Tirupur area.

Table 2: Pros and Cons of Implemented GST System

Sl. No.	Reason	Rank
PROS		
1.	Transparent Tax	2
2.	No hidden Tax	1
3.	Price Reduction in Some automobile Products	3
4.	Goods and Services Tax Verification	5
5.	Integrated cost and tax platform	4
6.	GST paid by manufacturer directly	6
CONS		
1.	GST increased in real estate and automobiles	4
2.	No major reduction in number of tax layers	5
3.	Insurance premium of product is more expensive	3
4.	Not implemented by small retailers	6
5.	Trouble in adoption and migration to the New GST system	2
6.	Retailers have included old VAT amount with GST system	1

Source: Primary Data

The above table-2 positioned the pros of GST system as integrated tax system and transparent tax opportunities. There are the majority of the cons on GST system is given in the above table like increasingly expensive and inconvenience in the business on implementation. The customers have confronted more issues and getting benefits on GST system in Tirupur locale.

Table 3: Satisfaction Level of customers towards GST system

Satisfaction Level	No. of Respondents	Percentage
Low	30	30%
Medium	25	25%
High	45	45%
Total	100	100%

Source: Primary Data

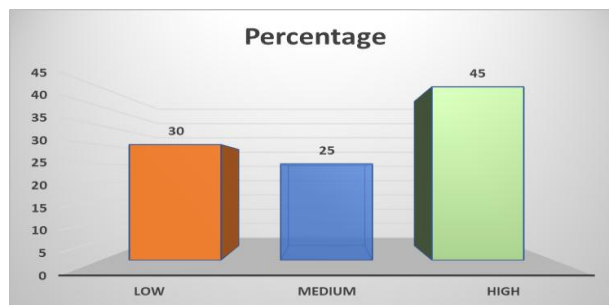


Figure 2: Satisfaction Level of customers towards GST system

The above table-3 uncovers that the perception level of the sample respondents in Tirupur. The 25 customers' have medium level perception with the GST payment system pursued by 30 respondents have low level perception in Tirupur District. There were 60 respondents who have exceedingly disappointed in the present investigation. The 45 sample respondents who have for the most part good perception level due to the could possibly by the pros and a few cons of GST system in Tirupur District.

Table 4: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	11477.204	2	5738.602	24.699	.000
Within Groups	92237.953	97	232.337		
Total	103715.157	99			

Source: Calculated Value

The above ANOVA table-4 shows Changes Between Perception Variables and Demographic Details it presumes that the variable perception has noteworthy changes at the estimation of 0.000 in Tirupur City. The customer's demographic variables (autonomous variable) have differences and changes in perception level (dependent variable) on GST in Tirupur District.

6. CONCLUSION

Goods and services tax are considered as the essential tax reform for the nation. It looks to make the nation one common economic market. Be that as it may, the idea of goods and services tax followed in our nation is unique in relation to the way it is pursued abroad. GST idea has been creating by the more noteworthy investment of individuals and the business worry in Indian economy. The present investigation offers that the GST system with customers confronting more issues in some different conditions. They are uninformed about the GST system in legitimate way and more tax chargeable for both automobile and insurance industry like 28 percent and 18 percent separately. The customers' who have high good perception level due to the might possibly by the pros and a few cons of GST system in Tirupur District. The customer's demographic factors have contrasts and changes in perception level on GST in Tirupur District. The government ought to give more awareness program and training on GST idea. It would build up the nation with more inte-grated tax and revenues to the government. The discoveries of the investigation demonstrate that the customers' having good perception that GST idea acquires clarity taxation structure is nearly superior to anything Value Added Tax (VAT) in India. Over the most recent two decades, the customers' preferences and inclinations have been quickly expanded in the automobile and insurance industry because of the mechanical improvement. The GST payment system for the most part received the customers by impulse in the examination zone. The researcher has recommended that the GST idea has not reasonable effectively to entire populace in the nation. The government ought to give more mindfulness program and training on GST idea. It would build up the nation with increasingly integrated tax and revenues to the government.

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