

# A STUDY ON THE IMPACT OF GST IN CO-OPERATIVE SECTOR WITH SPECIAL REFERENCE TO MALAPPURAM DISTRICT

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**Abstract:** Goods and Services Tax is broad and single comprehensive tax levied on goods and Services consumed in economy. GST is levied at stages of the production- distribution chain with applicable set off in respect of tax remitted at previous stages. It is basically a tax on financial consumption. The GST is the proposed Indirect tax system which is levied on the manufacture, sale and the consumption of goods and services. It will replace all the indirect tax system such as sales tax and value added tax. The main purpose of GST is to bring about the single uniform system of taxation in the manufacture, sale and the consumption of goods and services in India. The study figure out the impact and benefits of GST in the co-operative sector.

**Key Words:** GST, indirect tax, co-operative sector.

## 1. INTRODUCTION:

The introduction of Goods and Service Tax in India may be considered as the most important financial reform ever in the history of our country. In midnight of June 30, 2017 the joint session of Parliament was convened to proclaim and witness the transition of the whole country towards the new indirect tax regime applicable with effect from July 1, 2017.

The GST is said to bring about the economic integration said by our Union Finance Minister Arun Jaitley during the Budget speech at 2016. The Goods and Service Tax is levied on the manufacture, sale and consumption of the goods and services. Through the implementation GST, all other taxes like Value Added Tax, Sales Tax will be removed and a uniform tax system on goods and services will be followed.

Act 2017 under the GST goods and services taxed at following rates 0%, 5%, 12%, 18%, and 28% there is special rate of 0.25 % on rough precious and semi precious stone and 3% gold in addition a less of 15% or other rates on top of GST applies on few items like generated drinks, luxury cars and tobacco products a single GST replaced several existing taxes and levies. Which includes central excise duty, services tax, addition customs duty, surcharges, and State level value added tax and octroi. After being exempted by the government of India during products of milling industries fresh vegetable & fruits, meat products other groceries and necessities are exempted.

## 2. OBJECTIVES OF THE STUDY :

- ❖ To study about the concepts of GST.
- ❖ To study about the challenges faced by the co-operative sector after implementation of GST.
- ❖ To study about the needs and importance of GST relating to co-operative sector.
- ❖ To study about the comparison of other tax system and GST relating to co-operative sector.

## 3. RESEARCH METHODOLOGY:

The methodology means various techniques used to collect, analyze and interpret the data which includes graph and table (percentage), correlation study, averaging etc...

## 4. AREAS OF THE STUDY:

The study is conducted with the members of co-operative society in Malappuram district

## 5. METHOD OF DATA COLLECTION :

Data is collected through various sources such as

- Primary data
- Secondary data

### Primary data

Primary data are collected through direct population survey method from the members of co-operative society regards “GST”.

### Secondary data

A secondary source of data includes books, journals, publication and internet.

## 6. LIMITATION OF THE STUDY:

- ✓ Time was major constraint in conducting this study.
- ✓ The institution did not provide their internal details wholly.
- ✓ Costly for transportation.

## 7. REVIEW OF LITERATURE:

According Marziana, Norkhazimah and mohmed Sakrnor (2010), the taxpayer perceptions associated with knowledge and experience. Studies conducted earlier showed that different views and opinion regarding the implementation of GST and had misconceptions of the implications on goods and services, business and economic development (Lai and Choong, 2006). Many opinions arise because consumers are interested to know how GST will effect and affect their interest with some agree and some refuse of GST. Some respondent believe that GST would result in negative impact on their lives. This is proven by a number of studies related to the implementation of GST.

Studies conducted by Mohd Rizal and Mohd Azha (2011) shows a majority of respondents are worried in price hikes and cost of living rise when GST is implementing in Malaysia. This finding was supported by Saira et al. (2010) in which the results of research showed that respondents disagreed with the GST believes GST will affect the price of goods and services and this particularly effects the purchasing power of low-income people. Hopper and smith (1997) also state that GST will have give impact on lower income group than higher income groups.

The study conducted by Lai Choong (2006), shows the same finding as previous studies whereby the majority of participants in their study felt that the GST will affect the price of goods and services as well as the rise in wages. Result study indicate that more than half of the respondents expected the GST will affect the spending habit and perceived that they would spend less and maintain their investment and saving amount after implementation of GST. Theoretically, GST did not result to inflation, but the study found that most participants predicted that GST will result in inflation.

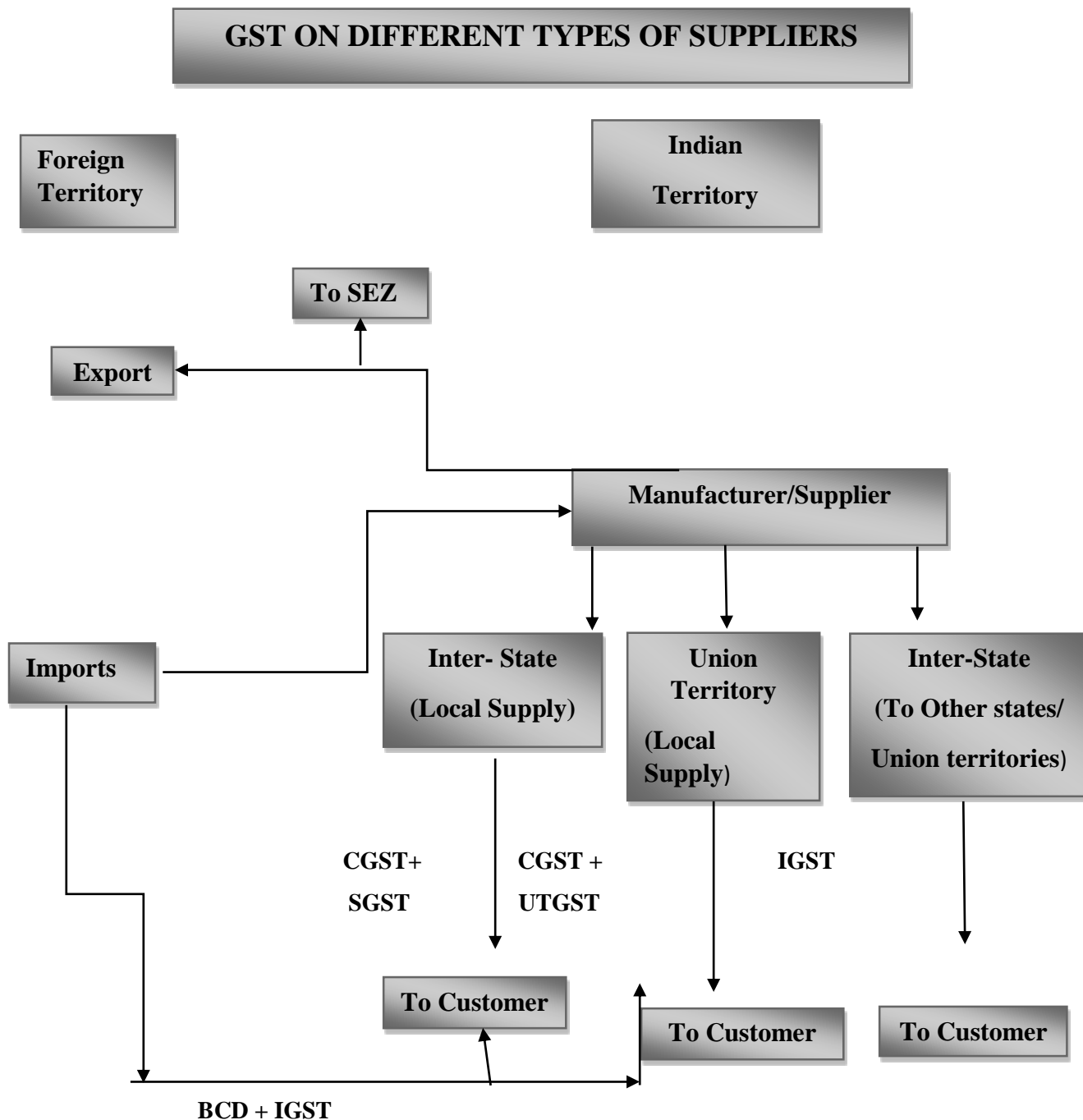
## 8. NEED AND IMPORTANCE FOR GST:

- To bring about the uniformity in the system of indirect taxation.
- To remove the cascading effect of Tax.
- To bring about the economic integration.
- Generally, the Taxes are imposed at various rates among various states in India. So, there is a huge loss of revenue to the central as well as state government. Through GST a uniform tax rate is followed all over the country and so that there will no such loss of revenue.
- Reduces complexities and increases more number of economic transactions.
- The GST brings about a competitive pricing. As all the products are taxed uniformly across the country, the various forms of indirect taxes will remove and which in turn will reduce the tax burden of the consumers. This will reduce the prices of the products and increase the consumption which in turn will be more beneficial for the companies.
- Generally the main aim of GST is to bring about the single tax system which will reduce the cost of production for the manufacturers, So that it will be a big boost for those producers who made their products at lower cost and involves in international trade that is exports.
- As it is the Single Tax System, the tax burden for starting industrial unit will be reduced; As a result when more industries were created it will ultimately result on more employment.
- Through GST the government more amount of Tax revenue which will be utilized for the service to the public.
- As there is more transparency in the system of GST and since it is a system of single taxation, the chances of corruption will be very low.
- The country is said to have one market economy, as through GST the number of numerous markets divided by various tax will be avoided.
- To avoid the Tax burden of the common consumers and the public by marketing it into a single tax system.

## 9. BENEFIT OF GOODS AND SERVICE TAX:

- Eliminates cascading effect of taxes across all supply chain reducing cost of doing business and make the economy competitive.

- Eliminate multiplicity of tax, rates, exemption and exceptions.
- Eliminate dual taxation of the same transaction (e.g. VAT & Service tax on EPC (engineering, procurement and construction) contracts).
- Reduce cost of production.
- Achieves, uniformity of taxes across the territory, regardless of place of manufacture or distribution.
- Provides greater certainty and transparency of taxes.
- Ensure tax compliance across the economy.
- Augments and creates buoyancy in the economy.



**LEGAL FORMALITIES INCREASED AFTER IMPLEMENTING GST IN CO-OPERATIVE SOCIETY**

Table No. 4.5

Particulars	No. of Respondents	Percentage
Increased	50	100

Decreased	0	0
Cannot Say	0	0
Similar	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

Source of Primary data

### Interpretation:-

In the Above table reveals that, out of 50 Co-operative societies 100% respondents tell Implementation of GST result in increasing the legal formalities of co-operative society.

### GST BRINGS TRANSPARENCY IN BUSINESS TRANSACTION

**Table No. 2**

Particulars	No of Respondents	Percentage
Strongly Agree	0	0
Agree	30	60
Strongly Disagree	0	0
Disagree	0	0
Neutral	20	40
<b>Total</b>	<b>50</b>	<b>100</b>

Source: Primary Data

### Interpretation:

Table shows that out of 50 co-operative societies 60% respondents opinion Agree because GST bring transparency in business transaction remain 40% opinion is neutral.

### 10. Findings :

- Majority 100% of the co-operative society tells GST is the most beneficiary after implementation of GST is Government.
- Majority 100% of co-operative society tells GST has increased the tax collection of government of India.
- Majority 50% of co-operative society opinion is comparing all other tax mode GST is best for supply and marketing of co-operative societies.
- Majority 80% of the co-operative society's opinion about GST is a very good method to replace the sales and service tax.
- Majority 80% of the co-operative society opinion about GST will result in the product and service to be more expensive.
- Most 70 % of the co-operative society provides the information is our current software system is not properly equipped to handle the GST.
- Most 40% of the co-operative society opinion that the present threshold limit should not better.
- Most 60% of the co-operative society opinion about GST should bring transparency in business transaction.
- After the implementation of GST there are no proper changes for sales and purchase goods. It is similar as old method.
- After the implementation of GST there are no proper changes in profit/ or loss. It is similar.
- Most 50% of the co-operative society tells failing GST return is not economical.
- VAT and CENVAT provided some tax concession to the co-operative society but after the implementation of GST there is no such concession availed. So they are dissatisfied in the implementation of GST.

### 11. SUGGESTIONS:

- There should introduce proper software facility for handling GST returns.
- The authorities should provide a basic GST awareness classes to all stakeholders.
- Co-operative society should provide proper training to employees for handling GST related functions.
- Co-operative Society should implement GST billing facility.
- Developing proper infrastructural facilities for handling GST related matters
- Provide user friendly procedure for failing GST return.

- GST rules should be revised and provides some tax concession, so as to eliminate the dissatisfaction of the co-operative society.

## 12. CONCLUSION:

During the pre-GST system the state in which sale take place had the right to levy and collect tax. So the manufacturing states were able to collect huge amount of sales tax, during the pre-GST period. Conversely, under GST system the state in which consumption take place is eligible to get half share of tax collected. The GST levied and collected at the time of supply of goods or services is shared equally by the Central Government and concerned State Government or Union Territory to which the goods or services move. Basically GST has two component named 'Central Goods and Services Tax' (CGST) and 'State Goods and Services Tax' (SGST). In the case of Union territories, there is Union Territory Goods and Service Tax (UTGST) in place of SGST.

In case of different form or organization there is different threshold limit for GST registration. If the aggregate turnover exceeds Rs 20 lakh Co-operative society are compulsorily required to get registered, there is no other exemption for registration.

## Abbreviations

CGST - Central Goods and Service Tax  
SGST - State Goods and Service Tax  
UTGST - Union Territory Goods and Service Tax  
IGST - Integrated Goods and Service Tax  
SEZ - Special Economic Zone  
BCD - Basic Customs Duty

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