

## **AN EMPIRICAL STUDY ON PERCEPTION OF RETAILERS' OF HEALTH CARE PRODUCTS TOWARDS GST IN BENGALURU**

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### ***Abstract***

*GST is a comprehensive indirect tax system introducing with the intention of increasing the efficiency of taxation, economic growth, and brings the whole nation to one single market. It is expected to fill the potholes of old indirect taxation and boost up the Indian economy. GST is expected to create a business friendly environment, so as to establish favorable macro and micro economical factors in long run as a uniform tax rate is applied. This helps in removing the cascading effect of tax on tax, and benefit is passed on to the consumers. Many indirect taxes are merged in GST, due to which the tax paid by the end-users will reduce. As in Economics, less price increases demand for that product, results in more consumption of goods, which will be helpful to companies. With this background, an attempt is made in this research paper to explore the perception of retailers' of healthcare products towards GST.*

**Key Words:** Goods and Service Tax, Healthcare, Retailers'

### **Introduction**

Indirect tax is one of the main sources of income to Government, which contributes lot to the economy of the country. Goods & Service Tax (GST) is a type of indirect tax, which subsumed many state and central taxes. More than 150 countries are already enjoying the benefits of GST across the world but in India it came to effect from 1<sup>st</sup> July 2017 in India. GST framework is inarguably and without risk of exaggeration the most sweeping tax reform measure ever undertaken in India. More than 17 years of intensive discussions and deliberations went into its making. And although what emerged at the end may have fallen somewhat short of the promise of a 'single tax' and a 'simple tax'. GST is implemented with a quote that 'One Nation, One Tax and One Market' to establish a common market across India. GST is destination based taxation system, which creates a path for the under developed states to generate more revenue to the government. It is very much useful for the balanced economic growth of the country. GST is transparent system of taxation, due to which government is able to increase its revenue. Each sector contributes lot to the economy of the country including health care. In GST regime goods and services are taxed at the rates of 0%, 5%, 12%, 18% and 28%. GST is imposed on all the activities such as sale, purchase, transfer, lease, barter and imports of goods or services. India has been adopted a dual GST model, that taxation system is administered by both the Central and State Governments.

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Transactions made within the state will be levied with Central GST (CGST) by the central government and State GST (SGST) by the state government where goods consumed. Integrated GST (IGST) is imposed on inter-state transactions, and it is divided as CGST & SGST. In the earlier indirect tax regime, a unit whose turnover in the preceding financial year was less than Rs.4 cr. could opt to not pay excise duty on turnover up to Rs. 1.5 cr. in the financial year. Under GST regime, all tax payers are treated at par. Those with turnover below Rs.40 lakhs need not register to pay GST provided their business is restricted to intra-state activities.

### **Review of Literature**

**Journal of Contemporary Research in Management, January (2008)** Value Added Tax and its impact on pharmaceutical products (a perception study among staff at higher secondary schools in Madurai district) - journal of contemporary research in management, January (2008) states that, a long felt necessary to cope with global markets has compelled India to adopt this inevitable system.

**Anshu Ahuja (2017)** in the research paper titled “Perception of people towards goods and services tax,” identified that consumers are satisfied, that GST will reduce the tax evasion in the country and will enhance the transparency in the tax structure. He further recommended that the government should give some relaxation to farmers and small-scale businesses to avoid the negative impact of GST on their income level.

### **Statement of the Problem**

GST is indirect taxation structure for the country; it has a great impact on healthcare sector as well. Earlier, the healthcare products used to face multiple taxes in supply chain. GST is the single taxation system in India, ease of doing business transactions which will help in reducing time, cost, and effort. An implementation of Goods and Service Tax Bill caught the attention throughout all sectors in India since it is uniform structure across the country. Hence this study seeks to explore the perception of retailers’ towards Goods and Service Tax with special reference to healthcare products in Bangalore city.

### **Objectives of the Study**

1. To understand the conceptual framework of Goods & Service Tax.
2. To know and analyze the perception of retailers of healthcare products towards Goods & Service Tax.

### **Hypothesis Framed**

**H1:** There is no significant association between gender, awareness and perception of retailers' towards GST

**H2:** There is no significant difference between age of respondents, their level of awareness and, perception towards GST

**H3:** There is no significant association between annual income and effect of GST on price of healthcare products

### **Methodology**

This study is empirical in nature. The primary data has been collected from the retailers' of healthcare products in Bengaluru. Here the data is collected on the questionnaire basis. The secondary information collected through various websites, books, journals, newspapers etc.

**Sample Size:** The sample size will be restricted to only 60, which comprised of mainly retailers' in Bengaluru.

**Tools For Analysis:** Chi-square test and one way analysis of variance used for analysis of data and information.

### **Analysis and Interpretations**

**Table 1 - Showing Demographic Characteristics of Respondents**

SL NO.	Demographic Characteristics	Respondent Categories	Frequenc y	Percentag e
1	Gender	Male Female	46 14	77 23
		Total	60	100
2	Respondents Age Group	Below 30 30 to 40 40 to 50 Above 50	12 28 16 04	20 47 26 07
			60	100
3	Marital Status	Married Unmarried	49 11	82 18
		Total	60	100

4	Annual Income	Below 400000 400000 to 600000 600000 to 800000 800000 to 1000000 1000000 & above	5 14 24 11 6	8 23 40 18 11
		Total	60	100

(Source: Primary data)

**Table 2 - Showing are you aware about rates of GST applicable to healthcare products**

Particulars	No. of respondents	Percentage
Yes	43	72%
No	17	28%
Total	60	100%

(Source: Primary data)

### Analysis and interpretation

From the above table, only 28% percentages of the retailers' are unaware about GST, where these people have lack of knowledge about GST and, followed by 72% are aware of GST.

**Table 3 - Representing the introduction of GST in India, has affected on the demand of healthcare products.**

Particulars	No. of respondents	Percentage
Strongly agree	6	10%
Agree	36	60%
Neutral	11	18%
Disagree	7	12%
Strongly disagree	00	00%
Total	60	100%

(Source: Primary data)

### Analysis and interpretation

From the above table it is observed that 10% of the respondents have strongly agreed, 60% have agreed, 18% of the respondents are neutral, and 12% have disagree to the statement. But none of the respondents have strongly disagreed that GST has affected the demand for the health care products.

**Table 4- Representing whether the sales have increased after implementation of GST.**

Particulars	No. of respondents	Percentage
Strongly agree	00	00%
Agree	08	13%
Neutral	28	47%
Disagree	20	33%
Strongly disagree	04	07%
Total	60	100%

(Source: Primary data)

#### **Analysis and interpretation**

From the above table, it is observed that none of the respondents have strongly agreed that sales have increased after GST, 13% of respondents have agreed, most of the respondents i.e., 47% have a neutral perception to the statement. 33% of respondents have disagreed, 7% of respondents have strongly disagreed.

**Table5-Representing the GST has resulted higher prices on the healthcare products.**

Particulars	No. of respondents	Percentage
Strongly agree	08	13%
Agree	16	26%
Neutral	06	10%
Disagree	21	35%
Strongly disagree	09	16%
Total	60	100%

(Source: Primary data)

#### **Analysis and interpretation:**

From the above table, it is observed that 13% of respondents have strongly agreed, 26% of respondents have agreed, and 10% of respondents have neutral perception. 35% of the respondents are disagreed, and 16% have strongly disagreed to the statement. Hence, most of the respondents have negative response to the statement stating that GST has not resulted higher prices on the healthcare products.

**Table 6- Representing whether GST has impacted the procurement or distribution supply chain of healthcare products.**

Particulars	No. of respondents	Percentage
Yes	28	47%
No	10	17%
May Be	22	36%
Total	60	100%

(Source: Primary data)

#### **Analysis and interpretation**

From the above table, 47% of respondents have stated yes, 17% of respondents have stated No and 36% of respondents have stated May Be to the statement. Hence, majority of the respondents are favor to the statement. Thus, GST has impacted the procurement or distribution supply chain of healthcare products.

**Table 7- Representing on an overall basis the GST is likely to have positive impact on healthcare sector.**

Particulars	No. of respondents	Percentage
Strongly agreed	07	12%
Agreed	31	52%
Neutral	14	23%
Disagreed	06	10%
Strongly Disagreed	02	03%
Total	60	100%

(Source: Primary data)

#### **Analysis and interpretation**

From the above table, where 12% of the respondents have strongly agreed, 52% of respondents have agreed, 23% of respondents have neutral perception. 10% of the respondents are disagreed, and 3% are strongly disagreed to the statement. Thus, GST is likely to have a positive impact on healthcare sector.

**Table-8 showing the perception of the retailers' regarding overall satisfaction about rates of GST and its online billing system with respect to healthcare products.**

Retailers' Perception	No. of respondents	Percentage
Strongly satisfied	10	18%
Satisfied	26	44%
Neutral	06	8%
Dissatisfied	18	30%
Strongly Dissatisfied	00	00%
Total	60	100%

(Source: Primary data)

### **Analysis and interpretation**

From the above table, it is observed that, where 18% of the retailers' have strongly satisfied, 44% have satisfied, and 6% of the respondents' have remained neutral to the statement. 30% of the respondents have dissatisfied, and none of the respondents have strongly dissatisfied to the statement. Hence, most of the respondents have given positive response to the statement regarding overall satisfaction about rates of GST and its online compliance.

**Table-9 Representing whether GST is beneficial to the retailers' or not.**

Particulars	No. of respondents	Percentage
Yes	24	40%
No	21	35%
May Be	15	25%
Total	60	100%

(Source: Primary data)

### **Analysis and interpretation**

From the above table, it is analyzed that, where 40% of the retailers' have stated GST is beneficial to them, and 35% are stated that, it is not beneficial to retailers,' and 25% of the respondents have stated May Be to the statement.

### **Testing of Hypothesis**

**H1:** There is no significant association between gender, awareness and perception of retailers' towards GST

**Gender & Awareness**

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	46.189 <sup>a</sup>	1	.000		
Continuity Correction	41.700	1	.000		
Likelihood Ratio	49.349	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	45.419	1	.000		
N of Valid Cases	60				

**Gender & Perception**

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	42.609 <sup>a</sup>	3	.000
Likelihood Ratio	46.123	3	.000
Linear-by-Linear Association	32.673	1	.000
N of Valid Cases	60		

Level of significance: 5%

**Inference:** The calculated value is .000 is less than 0.05(p value .000 < alpha value .05) since the null hypothesis is rejected, and alternative hypothesis is accepted. It means that there is significant relationship between genders, awareness, and perception of retailers' of healthcare products towards GST.

**H2:** There is no significant difference between age of respondents, their level of awareness and, perception towards GST



### ANOVAs Table

		Sum of Squares	df	Mean Square	F	Sig.
AWARENES S	Between Groups	9.746	3	3.249	74.635	.000
	Within Groups	2.438	56	.044		
	Total	12.183	59			
PERCEPTIO N	Between Groups	64.088	3	21.363	174.765	.000
	Within Groups	6.845	56	.122		
	Total	70.933	59			

Level of significance: 5%

**Inference:** The calculated value i.e. 74.635 and 174.765 are more than table value since the null hypothesis is accepted, and alternative hypothesis is rejected. It means that there is no significant difference between age of the respondents, their awareness and, perception towards GST.

**H3:** There is no significant association between annual income and effect of GST on price of healthcare products

### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	115.835 <sup>a</sup>	16	.000
Likelihood Ratio	104.705	16	.000
Linear-by-Linear Association	46.321	1	.000
N of Valid Cases	60		

Level of significance: 5%

**Inference:** The calculated value is .000 is less than 0.05 (p value .000 < alpha value .05) since the null hypothesis is rejected, and alternative hypothesis is accepted. It means that there is significant relationship between annual income and, effect of GST on price of healthcare products.

## **Findings**

- It is found that majority of the retailers' are aware about rates of GST applicable to healthcare products.
- Most of the retailers' felt that GST has impacted on the demand and sales of healthcare products, but they could not figure out either positive or negative impact of GST on healthcare products.
- Majority of the retailers' assumed that prices of the healthcare products not increased after implementation of GST in India.
- It is found that majority of the retailers' are having positive perception and, satisfaction about GST rates and, it's online billing system with respect to healthcare products.
- It is found that most of the respondents felt that GST is very much beneficial for them and to the economy of the country in long run.
- The study reveals that, most of the retailers felt overall GST system applicable to healthcare products is more flexible and compatible to the present scenario as compare to old indirect taxation system.

## **Conclusion**

India is a heaven of opportunities for the stakeholders of healthcare sector. India's healthcare industry is one of the fastest growing sectors, which is much diversified in every segment includes providers, payers and medical technology. Healthcare is termed as key sector in the economy, which consists of medical equipment and services, hospitals, diagnostic centers, labs, clinics etc... GST subsumed various taxes of the complex tax system in the country into one uniform tax system, which eliminates cascading effect of tax on tax. This will helpful to avail input tax credit legitimately. GST rates, online system and compliance should be reasonable and flexible for the healthcare sector's growth and development in the country. GST should be a constructive effect on the healthcare industry particularly the pharmacy sector. Many developed countries have adopted a position of providing 'zero rating' benefit to healthcare. This will help in reducing the cost burden for many stakeholders of healthcare sector and, give them the ability to pass on the benefit directly to the final consumers. On an overall basis; the GST regime is likely to have a positive impact on the healthcare sector. Retailers' have also given a positive response about Goods and Service Tax. As, GST leads to a more transparent and simpler tax structure in the

country, it is going to benefit the Indian healthcare sector in a long run. Therefore, on the whole, GST is benefiting all stakeholders of the healthcare sector, and thus leads to the economic growth of the country.

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