



STUDY OF GOODS AND SERVICES PRICES OF SELECTED CONSUMER DURABLES GOODS

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ABSTRACT

Goods and Services Tax (GST) is a broad tax levy on Sale, manufacture, and consumption of goods and services at a national level. One of the chief taxation reforms in India the (GST) is all set to integrate State economies and boost overall growth. Earlier, companies and businesses pay lot of indirect taxes such as VAT, service tax, sales tax, entertainment tax, octroi and luxury tax. July1, 2017 Once GST is implemented, all these taxes have to in cease to exist. Now There is only one tax, that too at the national level, supervised by the central government. India is a developing Economy and in the context of Indian population and their consumption pattern we must see the impact of GST on different prices of goods and commodities. the consumer durables goods industry is operating in a highly competitive, complex and rapidly changing business environment. Business leaders of consumer durable white goods organizations known their importance of having ready to access timely, accurate, consistent information and data for the purpose of establishing, managing customer realations across divisions. India is the second largest consumer market in the world. The Indian consumer profile has been developed and changed in terms of income .there is a shift in consumer brand preference for durables products for the past decade with the influx of modern technology.

Keywords: GST, Goods and services, Economy, Impact on sector, GST benefits



INTRODUCTION

The introduction of GST was a very significant step in the field of indirect tax reforms in India. To mitigate the problem of double taxation or cash effect it amalgamates a large number of Central and State taxes into a single tax. For all persons & dealers it opens the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%- 30%. Introduction of GST would also make Indian products competitive in the domestic and international markets & would have a positive impact on economic growth. Due to GST transparency increases & self policy making will be done. By integrating most central and state taxes in single tax and adjusting the credit of taxes paid on supply paid at earlier stage in entire value chain will reduce cascading in businesses, increases competition & improves liquidity. GST is a destination based tax & follows multi point collection method. Tax payment to be made at every stage & tax paid on previous stage will be available for set off at next stage.

From this, the tax burden is transferred to the final consumer and Industries get benefitted from better cash flows and better working capital management. The GST brought with it a swing of overarching impacts on a large number of commercial sectors. The consolidation of various levies into a remarkable structure has affected almost every aspect of consumption in our Life, hence, we are doing a series of blogs about the Impact of GST across various sectors such as consumer, automobile, IT, banking, the stock market, healthcare etc. GST is an indirect tax use India on the supply of goods abed services.

Impact of GST

1. **Technology Driven:** GST is based on technology to a great extent. Due to this human interference will reduce to a great extent & it would boost decision making.
2. **Easier to do business:** It will help in making our products more competitive in the both national & international market and also boost “Make in India” campaign.



Import of services would be treated as inter- State supplies and would be subject to IGST Which is equal to CGST & SGST .This will result in equality in taxation on local and Imported goods.

3. Increase in Government Revenue: GST is expected increase the Government Revenue by widening the tax base and improving the taxpayer compliance. GST is likely to improve India's ranking in the Ease of Doing Business Index and is estimated to increase the GDP by 1.5% to 2%.

4. Transparency: GST will bring more transparency to indirect tax laws Since the entire supply chain will be taxed at the rate of the first stage of supply, the economics and tax value of supplies are easily identifiable. This will help the industry to take credit and the government to verify the correctness of taxes paid.

5. Less compliance than existing laws: The taxpayers will not be required to maintain records and show compliance with a central government and state governments like Central Excise, Service Tax, VAT, Central Sales Tax, Octroi, Entry Tax, Luxury etc. All intra-state supplies (which are nearly identical laws) for the Goods and Services Tax Act and the Integrated Goods and Services together with the Central Goods and Services Tax Act and State (or Union Territory) Tax for all interstate supplies (which also has most of its basic features derived from the CGST and the SGST Act).

MEASURING IMPACT

The Goods and Services Tax (GST) has been termed a prospective game changer, the single chief tax reform in India, According to Indian Government it is the concept of "one nation, one market, one tax". GST has brought in 'one nation one tax' system, but its effect on various prices of goods and commodities is slightly different. How the goods and services tax will affect the prices of selected consumer-facing sectors of the Indian economy. What remains to be seen, however, is how the GST rates—from 5% to 28%—will affect various consumer-facing sectors of the Indian Economy. A look at some of these sectors and how GST will impact them:



AUTOMOBILE: The car used by passengers part is expected to see an overall decrease in tax outgo, with bigger cars and sport utility vehicles (SUV segment) benefiting from lower tax rates. GST adds to the challenges the sector has faced, from demonetisation and then implementation of more stringent emission norms. The passenger car segment is expected to see an overall reduction in tax outgo, with bigger cars and sport utility vehicles (SUV) benefiting from lower tax rates. ICRA Ltd has estimated the total tax on small cars at 29% from the current 31.4%, while for an SUV, the tax rate will fall from 55.3% to about 43%. In the near term, however, car dealers have been cutting down on stock levels, which are expected to affect sales growth. The bright spot is that demand growth forecasts are robust, and analysts expect sales growth of 8-12% in FY18 for passenger cars and two wheelers. GST is not expected to have a significant impact on commercial vehicle sales, According to ICRA. The base tax rate for the segment is 28%, compared with the current rate of 30.

REFRIGREGRATORS

In the modern age, many electronics appliances have become part of basic needs. Every household has a fridge, washing machine, vacuum cleaner, for the fulfilment of basic needs. The average VAT rate on most of the household appliances is charged around 11-12.5 % is the most of states. Excise duty is charged at the rate of 12.5% on household electronics appliances. An average total tax at the rate of around 25-26% on such goods (including cst and other local taxes.) the rate for each household electronic appliances like the fridge, washing machine, vacuum cleaner etc is fixed at the rate of 28% under GST. GST rates changes hit industries and trade bodies. Everyone from business to consumers evaluates their position as a result of this change.

COMPUTRS AND LAPTOP ACCESSORIES

The GST rate applicable to the goods and services in the country are determined by the GST council. the government takes measures to lower the applicable rate of GST on a given product when the GST revenue collection surpasses the projections. the applicable rates are constantly altered based on the suggestions



and approval of the members of the GST council. The officials monitor and consider the ongoing scenario within the country when approving the applicable rate of interest. Laptop rate of GST is 18 % and desktop computer 18% memory chips (RAM)18% ETC.

CONSUMER DURABLES: White good players were previously taxed at 27 per cent(including 13.5 per cent VAT) against 28 percent under the new GST regime. There are expectations that with GST coming in picture, there will be some increase in the prices of most consumer durable items. However, market analysts do not see any significant impact on the margins of the consumer durable companies post GST implementation. One should keep an eye on companies like Crompton Greaves, Symphony, Whirlpool, Havells and Voltas.

TELECOM: Telecom companies, already weighed down by high taxes and levies, now need to contend with an additional 3% tax with the shift to GST. Telecom companies, already weighed down by high taxes and levies, now need to contend with an additional 3% tax with the shift to GST. A service tax of 15% applied to telecom services earlier. Post-paid subscribers will see a roughly 2.6% additional to their gross bill. But incumbents such as Bharti Airtel Ltd and Idea Cellular Ltd are likely to absorb the additional cost for many of their pre-paid tariff packs. On the other hand, the availability of input tax credit is expected to reduce operating costs and capital expenditure. Thus, the impact on profit margins could be small.

The highlights of the current changes are as under:

The government also had reduced the GST rate of paints from 28 per cent to 18 per cent and the paint too is a fast moving category during festival and wedding season. “The Indian paint market is expected to reach Rs 70,875 crore by 2019-20 according to the Indian Paint Association. The reduction in GST will accelerate the expected growth. This step is a reprieve for the paint industry and its consumers as the high GST rate on paint had added to the consecutive price hike caused by a surge in the cost of raw materials, the last few years. This decision will augur well for the industry as the consumption will subsequently rise. Nippon Paint will reduce its prices in accordance with the revised GST rates to the benefit of the .



CONCLUSION

Goods and services tax (GST) has become a actuality from July 1, 2017. There are expectations that the tax reform will improve the Indian economy and enormous shift will be seen from unorganised to organised sector. Consumer durables have arisen as one of the fastest growing sectors in India. The purpose of this paper is to comprehend the satisfaction of buying behaviour of consumer durables goods. To analyse the sources of influence on consumers in respect of purchase decision on durable, to understand the problems while purchasing consumer durables. The consumer durables are consumer goods that do not wear out quickly. The consumer durables industry comprises durable goods and appliances that are used domestically such as refrigerators, television, air conditioners and washing machine. It may be observed that consumer durables goods are all important products but available for all... they expect good satisfaction from the brand they purchase. They have inclination to change brand to acquire more benefits from the product.

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