



CORE BANKING APPLICATIONS FOR GST NETWORK: CUSTOMERS' AWARENESS AND ADAPTABILITY

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Cite This Article: K. Malathy & Dr. Subhashinisrivatsa, "Core Banking Applications

for GST Network: Customers' Awareness and Adaptability", International Journal of Advanced Trends in Engineering and Technology, Volume 2, Issue 2, Page Number 178-184, 2017.

Abstract:

Core Banking Solutions were installed by the bankers' long back in 1970's to meet the requirements of the customers anywhere and at any time electronically as well as through other branches and banks. Core Banking channels enable the customers to conduct their banking transactions directly without approaching the bank branches. With the launching of Digital India campaign by the Indian Prime Minister Sri Narendra Modi on 2nd July 2015, the concept of Core banking received greater momentum in India. Channels of Core Banking, particularly Internet banking, ATMs, RTGS/NEFT are highly useful for making all sorts of payments including payment of GST. GSTN (Goods and services Tax Network) is a non profit non government organisation vested with the powers to administer GST in India. It is the technology backbone for GST in India. For the payment of GST, one has to register under GSTN (Goods and Service Tax Network) and obtain GSTIN (Goods and Service Tax Identification Number) from this organisation. This paper is an attempt made to study the opinions of businessmen in general regarding GSTN registration and what role Core banking channels like Internet banking, Debit Cards/Credit cards; NEFT/RTGS play in meeting their requirements as regards payment of GST. Study is based on the opinions of selected businessmen of Mangaluru city. Opinions of 100 respondents are collected by using a questionnaire. Study is empirical and descriptive in nature. Secondary data is incorporated from newspapers and internet.

Key Words: Core Banking, GST (Goods and Service tax), GSTN (Goods and Service Tax Network), GSTIN (Goods and Service Tax Identification Number), Customers Awareness & Adaptability

Introduction:

Kelkar Task Force on Indirect tax suggested the introduction of Goods and Service Tax (GST) in India in the year 2003 and after many years of long deliberations by different committees GST bill was presented in the parliament on 06.05.2015. Since there were oppositions and disagreements regarding certain statements of GST bill, it was sent back for further discussions and a new Amendment Act was passed in the year 2017 and on 1st July 2017, in the historic midnight session of both the houses of parliament, former President of India, Sri Pranab Mukherjee and Prime Minister of India Sri Narendra Modi launched GST bill in India. Simplifying the tax structure by reducing the multiplicity of taxes, harmonizing the laws, procedures and rates of tax across the country, developing robust end to end IT system for tax administration were the main objectives of launching GST bill.

Goods and services Tax Network (GSTN), the technology backbone for GST in India, is a non profit non government organisation established to manage the entire IT system of GST portal in India. By registering jointly to this organisation Central and State Governments track every financial transaction. GSTN provides services of registration, returns and payments to all tax payers. It provides backend IT modules for certain States that include processing of returns, registration, audits, assessments, appeals etc. For the smooth administration of GST, all States, Accounting authorities, RBI, and banks are preparing their IT infrastructure in India.

As per the GST law prevailing in the country, every person carrying out a taxable supply of goods or services whose annual turnover exceeds the threshold limit of 20 lakhs (Rs.10 lakhs for North Eastern and hill states) will register under GST as normal taxable persons. Registration has to be online and while registering it is compulsorily to submit the PAN Number. Persons required to get fresh registration under the GST LAW are also required to submit their Bank account numbers and bank statements with IFSC code numbers. Maximum Bank account numbers allowed are 10. Registered tax payers will get Goods and Service Tax Identification Number (GSTIN) which facilitates strict compliance of GST returns and payments.

Payment of GST can be done by the customers through technology driven Core banking channels like Internet banking, NEFT/RTGS or through traditional banking channels like cheque or cash payment by filling up the challans at bank counters. Banks being the premier institutions in the financial sector of the economy have a major role to play in GST administration. Since the concept of digital banking is more in use and gaining more popularity over traditional banking concept, Core banking channels receive greater importance everywhere.

Objectives of Study:

- ✓ To know the opinions of businessmen regarding GST and GSTN registration.

- ✓ To find out the problems faced by the businessmen in general in the process of GSTN registration
- ✓ To study the application of Core Banking Solutions and its channels for the payment of GST

Significance of Study:

Goods and Service Tax (GST) is one of the drastic steps taken by Prime Minister Sri Narendra Modi to replace various forms of indirect taxes levied by Central and State Governments by levying single tax. GST is regarded as a significant tax reform introduced in the country after independence. It is presumed that this largest reform brought in the field of indirect tax will bring more revenues to the government by covering many of the businessmen who are not paying taxes today. GSTN registration is compulsory for businessmen whose annual turnover exceeds 20 lakhs (Rs.10 lakhs for North Eastern and hill states) as per GST law prevailing in the country. To fulfil the statutory regime, GSTN registration has been made by a large number of businessmen. Initially many problems and challenges were faced by them in the process of registration. Knowledge of these problems helps the decision makers and the government to focus on these issues and introduce measures to overcome them. In recent years, application of Core Banking channels for making business payments have been increased. They are also used for making GST payments. It is necessary to know the benefits and problems faced by the businessmen while using them for GST payments.

Review of Literature:

Milandeep Kour, Kajal Chaudhary, Surjan Singh, Baljinder Kaur (2016) in their research paper on “A Study on impact of GST after its implementation” tried to analyse the impact of GST after its implementation by stating the differences between present Indirect taxes and GST. Benefits and challenges of GST after its implementation are also highlighted in their study. They supported GST implementation in the country to get rid of multiple tax system in the country. They have not included the concept of Core banking and GSTN in their study.

Mohamad Ali Roshidi Ahmad, Zuriadah Ismail, and Hazianti Abdul Halim (2016) conducted a study in Malaysia on “Awareness and Perception of Taxpayers towards Goods and Services Tax (GST) Implementation” and found that the level of awareness among people of Malaysia regarding GST is moderate and majority of them have a high negative perception about the impact of GST. They advised the Malaysia Government to have careful planning and detailed preparation before implementing GST. They also stressed the need for community participation and public education program for the success of GST. They have not made any focus on the implementation of GST in India.

Shelfali Dani (2016) in his article on “A Research Paper on an Impact of Goods and Service Tax (GST) on Indian Economy” focussed on how the proposed GST regime may hamper the growth and development of the country. According to him proposed GST regime is a half-hearted attempt and the Government of India should study the GST regime set up by various other countries before implementing it. GST will simplify existing indirect tax system only if there is a clear consensus over issues of threshold limit, revenue rate and inclusion of petroleum products, electricity, liquor and real estate. In his article he advised the Government not to implement GST regime until consensus is reached. This study was made by him before the introduction of GST in India. No mention is made by him about GSTN registration and about Core banking applications.

Sonia (2017) in her article on “GST In India & Its Impact on Common Man” presented an overview of GST concept, explained its features and focussed on impact of GST on common men, by stating the challenges involved in its execution. She demanded for the implementation of GST in India by stressing the need for user-friendly and transparent tax system in the country. In her opinion, challenges in the process of GST implementation won't last for a long period and they can be met through proper implementation of GST. She urged the need for GST to ensure qualitative change in the tax system of the country. She did not make any reference about role of Core Banking applications and GST Network.

Several studies were made by different tax experts and scholars on the concept of GST, its impact on various sectors of the economy and on various sections of the society. Benefits and challenges involved in its implementation are also covered by them in their study. But no literature is available on Core banking applications for GST Network: Customers' Awareness and Adoptability. Hence this study is undertaken.

Research Methodology:

The study is both empirical and descriptive in nature. Both primary data and secondary data are used for the purpose of study. Primary data is collected by directly interviewing the businessmen and by using a structured questionnaire. 100 businessmen of Dakshina Kannada District are surveyed for the purpose of study. Most of the businessmen belong to Mangaluru city. Convenience sampling method is used for selecting the businessmen.

Hypotheses:

1. Awareness of Businessmen about GST and GSTN Registration

H0: Businessmen of Dakshina Kannada District do not lack awareness and knowledge about GST and GSTN registration

H1: Businessmen of Dakshina Kannada District lack awareness and knowledge about GST and GSTN registration.

2. Challenges and Problems Faced in the Process of GSTN Registration

Ho: Businessmen of Dakshina Kannada District have not faced any problems in the process of GSTN registration

H1: Businessmen of Dakshina Kannada District faced many problems in the process of GSTN registration

3. Application of Core Banking Channels & its Adaptability

H0: Core Banking channels are not convenient for customers for making GST payments, and traditional method of making payment is superior

H1: Core Banking channels are convenient for customers for making GST payments, and Core Banking is superior

Limitations of Study:

Sample size is just 100 businessmen, who have been chosen by convenience sampling method. Study concentrated mainly on businessmen of Mangaluru city alone. It's a micro study undertaken to obtain general opinions of businessmen regarding GST, GSTN and usage of Core Banking channels for payment of GST. There is scope for making a macro study of this topic by covering the opinions of businessmen operating in different parts of the district and the country.

Data Analysis:

To extract meaningful information from the data collected by conducting a survey among 100 businessmen of Dakshina Kannada District, data analysis is carried out. Only simple statistical tools like percentage analysis, Comparative analysis with ranking and chi square tests are used for the purpose of study.

Table 1: Distribution of Respondents on the basis of type of business concerns

Type of Concern	Number of Respondents	Percentage
Manufacturers	05	05
Traders	60	60
Service providers	35	35
Total	100	100

Source: Primary Data

Table 1 shows that among 100 businessmen surveyed, most of the respondents (60 percent) are traders, 35 percent are service providers and only 5 percent are manufacturers. This is due to the fact that businessmen are selected by convenience sampling method.

Table 2: Distribution of Respondents on the basis of their Annual turn over

Annual Turnover (Rs.)	Number of Respondents	Percentage
Less than Rs.20 lakhs	10	10
20 lakhs to 40 lakhs	42	42
40 lakhs to 60 lakhs	28	28
60 lakhs & above	20	20
Total	100	100

Source: Primary Data

From table 2, it is clear that most of the respondents (42 percent) have annual turnover of Rs.20 lakhs to 40 lakhs, 28 percent of respondents have annual turnover of Rs.40 lakhs to 60 lakhs, 20 percent of respondents have annual turnover of 60 lakhs and above. It means that 90 percent of respondents surveyed come under the threshold limit of GSTN registration as per GST regime prevailing in the country.

Table 3: Perception of Respondents regarding the impact of GST on the price of goods & services

Impact of GST on Price of Goods & Services	Number of Respondents	Percentage
Increase in price	60	60
Decrease in price	30	30
No opinion	10	10
Total	100	100

Source: Primary Data

From table 3, it is clear that, most of the respondents (60 percent) perceive that GST results in increase in the price of goods and services. This is due to lack of awareness about GST among businessmen.

Table 4: Distribution of Respondents on the basis of source of information for GST

Source of Information	Number of Respondents	Percentage
Friend/Family	04	04
Mass Media	06	06
Online Source	08	08
Chartered accountants	60	60
Tax Consultants	19	19
Others	03	03
Total	100	100

Source: Primary Data

Table 4 reveals that, Chartered Accountants are the main source of information for GST. 60 percent of respondents rely upon Chartered accountants for GST information. 19 percent of respondents collect information from their Tax Consultants. 8 percent of respondents depend on online source, 6 percent of respondents get information through mass media and 4 percent of respondents collect information from friends and family members. It is due to the fact that businessmen do not have much awareness about GST, and they seek the guidance of professionals who are expert in the field of taxation.

Table 5: Distribution of Respondents on the basis of their perception regarding GSTN registration

Perception Regarding GSTN Registration	Number of Respondents	Percentage
Compulsory for all businesses	90	90
Not compulsory for all businesses	08	08
No idea	02	02
Total	100	100

Source: Primary Data

From Table 5, it is evident that 90 percent of respondents perceive that GSTN registration is compulsory for all businessmen. Only 8 percent of respondents perceive that it is not compulsory for all businessmen. 2 percent of respondents have no idea about GSTN registration.

Testing of Hypothesis:

1. Awareness of Businessmen about GST and GSTN Registration

H0: Businessmen of Dakshina Kannada District do not lack awareness and knowledge about GST and GSTN registration

H1: Businessmen of Dakshina Kannada District lack awareness and knowledge about GST and GSTN registration

Form table 3, 4, and 5 it is very clear that businessmen of Dakshina Kannada district lack awareness about GST and GSTN registration. Hence null hypothesis is rejected and alternative hypothesis is justified. We therefore conclude that, Businessmen of Dakshina Kannada District lack awareness and knowledge about GST and GSTN registration.

Table 6: Distribution of Respondents Registered under GSTN

GSTN Registration	Number of Respondents	Percentage
Registered	90	90
Not Registered	10	10
Total	100	100

Source: Primary Data

Table 6 shows that 90 percent of respondents have done GSTN registration and only 10 percent of respondents have not done GSTN registration. It is due to the fact that annual turnover of 90 percents of respondents exceeds Rupees 20 lakhs which is the threshold limit imposed by GST regime in the country.

Table 7: Opinion of Respondents about implementation of GST in India

Opinion about Implementation of GST	Number of Respondents	Percentage
Fully happy	04	04
Partially happy	10	10
Not at all happy	85	85
Neither happy nor sad	06	06
Total	100	100

Source: Primary Data

From table 7, it is clear that 85 percent of respondents are not at all happy about the implementation of GST in India. Only 4 percent of respondents are fully happy about its implementation. It is mainly due to lack of awareness about GST and due to the problems faced by them in the process of GSTN registration.

Table 8: Distribution of respondents on the basis of their perception about impact of GST on their business

Perception about Impact of GST on Business	Number of Respondents	Percentage
GST is a burden on business	85	85
GST is not a burden	04	04
No idea	11	11
Total	100	100

Source: Primary Data

Table 8 reveals that 85 percent of respondents perceive that GST is a burden on their business. Only 4 percent of respondents perceive that it is not a burden. 11 percent of respondents have no idea about its impact on their business. Again it is a clear signal of lack of awareness about GST among businessmen.

Table 9: Multi Choice responses for major challenges faced by the Respondents in the process of GSTN registration

S.No	Nature of challenge	Multi Choice Responses	Percentage	Rank
1	Lack of adequate knowledge about the registration process	90	24.12	I
2	Internet problem	85	22.80	III
3	Fear about shifting to new system	88	23.60	II
4	Lack of knowledge about computer and internet operation	45	12.06	IV
5	Lack of technology infrastructure	30	08.04	VI
6	Professionals charging exorbitant charges for their services	35	09.38	V
	Total Multi Responses	373	100	

Source: Primary Data

Table 9 shows various problems and challenges faced by the businessmen in the process of GSTN registration. Lack of adequate knowledge about the registration process accounted for highest multi choice responses and it is 24.12 percent of total multi choice responses. Fear about shifting to new system received 23.60 percent of multi choice responses, Internet problem accounted for 22.80 percent of multi choice responses. Various problems faced by the businessmen are ranked in the above table on the basis of multi choice responses received by them.

Testing of Hypothesis:

1. Challenges and Problems Faced in the Process of GSTN Registration

Ho: Businessmen of Dakshina Kannada District have not faced any problems in the process of GSTN registration

H1: Businessmen of Dakshina Kannada District faced many problems in the process of GSTN registration

From table 9, it is evident that businessmen of Dakshina Kannada District faced many problems in the process of GSTN registration. Hence null hypothesis is rejected and alternative hypothesis is justified. We therefore conclude that businessmen of Dakshina Kannada District faced many challenges and problems in the process of GST registration on account of lack awareness about New Indirect tax policy introduced by the government.

Table 10: Distribution of respondents on the basis of banking channel that comes first in their mind when they think of banking

Banking Channels	Number of Respondents	Percentage
Traditional Banking	12	12
Core Banking- Internet banking, NEFT/RTGS etc	88	88
Total	100	100

Source: Primary Data

From table 10, it is clear that, Core Banking channels come to the mind of majority (88 percent) of respondents when they think about Banking. Only 12 percent of respondents think about traditional banking channel ie visiting the bank personally to conduct banking transactions. It means that businessmen of today prefer to have cashless and paperless transactions.

Table 11: Distribution of respondents on the basis of methods used for making GST payments

Method Used for GST Payment	Number of Respondents	Percentage
By Cash/Cheque & filling up the Challan at bank	30	30
Through Core Banking Channels	60	60
None of the above	10	10
Total	100	100

Source: Primary Data

From Table 11, it is clear that most of the respondents (60 percent) use Core Banking Channels for making GST payments. Only 30 percent of respondents make GST payments by filling up the challans at bank. It is mainly due to the convenience in usage and the facility available for anytime and anywhere banking in Core Banking Channels.

Table 12: Distribution of respondents on the basis of the method they consider convenient for making GST payment

Method Convenient for Making GST Payment	Number of Respondents	Percentage	Rank
Personally visiting the bank and filling up the challan	30	33.33	II
Internet banking	58	64.45	I

NEFT/RTGS	02	02.22	III
Total	90	100	

Source: Primary Data

From table 12 it is clear that most of the respondents (64.45 percent) consider Internet banking as the most convenient method for making GST payment. The traditional method of visiting the Bank is preferred by 33.33 percent of respondents on account of the fear they have as regards the usage of technology driven core banking channels.

Table 13: Distribution of respondents on the basis of their perception regarding adaptability & superiority of banking channels for making GST payment

Responses	Perceived that Core Banking is Superior for making payment	Perceived that Traditional Banking is superior for making payment	Total
Yes	60 (a)	30(b)	90
No	30(c)	60(d)	90
Total	90	90	180

Source: Primary Data

From table 13, it is evident that most of the respondents (60 percent) perceive that Core Banking channels provide many advantages and they are superior to traditional banking.

Testing of Hypothesis:

3. Application of Core Banking Channels & Its Adaptability:

H0: Core Banking channels are not convenient for customers for making GST payments, and traditional method of making payment is superior

H1: Core Banking channels are convenient for customers for making GST payments, and Core Banking is superior

Chi Square Test:

Calculation of Chi square value from table 13

$$\text{Chi Square value} = \frac{NX (ad-bc)^2}{(a+b)(c+d) (a+c) (b+d)}$$

$$\text{Chi square Value} = \frac{180 \times (30 \times 30 - 60 \times 60)^2}{90 \times 90 \times 90 \times 90} = 20$$

$$\text{Chi Square value} = \frac{NX (ad-bc)^2}{(a+b)(c+d) (a+c) (b+d)} = 20$$

$$V = (r-1) (c-1) = (2-1) (2-1) = 1$$

For V = 1 Table value of Chi square at 5% level of significance = 3.84

The calculated value of Chi square is greater than the Table value of Chi square; hence the null hypothesis is rejected. We therefore conclude that Core Banking channels are convenient for making GST payments, and Core Banking is superior to traditional banking.

Findings:

- ✓ 90 percent of respondents surveyed fall under the threshold limit of GSTN registration as per GST regime prevailing in the country.
- ✓ 60 percent of respondents surveyed perceive that GST results in increase in the price of goods and services. This is due to lack of awareness about GST among businessmen.
- ✓ Chartered Accountants are the main source of information about GST. 60 percent of respondents rely upon Chartered accountants for GST information in the study area.
- ✓ 90 percent of respondents perceive that GSTN registration is compulsory for all businessmen.
- ✓ Businessmen of Dakshina Kannada District lack awareness and knowledge about GST and GSTN registration.
- ✓ 90 percent of respondents have done GSTN registration and only 10 percent of respondents have not done GSTN registration. It is due to the fact that annual turnover of 90 percent of respondents exceeds Rupees 20 lakhs which is the threshold limit imposed by GST regime in the country.
- ✓ 85 percent of respondents are not at all happy about the implementation of GST in India and they consider it as a burden on the part of their business.
- ✓ Businessmen of Dakshina Kannada District faced many challenges and problems in the process of GST registration on account of lack awareness about New Indirect tax policy introduced by the government
- ✓ Core Banking channels come to the mind of majority (88 percent) of respondents when they think about Banking.
- ✓ Most of the respondents (60 percent) use Core Banking Channels for making GST payments.
- ✓ 64.45 percent of Respondents consider Internet banking as the most convenient method for making GST payment.
- ✓ Core Banking channels enhance customers' ecstasy in making GST payments and are adaptable.

- ✓ Core Banking channels are used by the businessmen to save their time and efforts. They enable them to concentrate more on various other areas of business.

Suggestions:

- ✓ All State Governments should show positive approach towards GST implementation.
- ✓ Traders should be encouraged to understand the importance and benefits of GST in the economic growth of the Nation.
- ✓ GST regulations should be brought to the notice of traders in local languages.
- ✓ There is a need to educate both businesses and customers about GST and its benefits.
- ✓ Special taskforce consisting of professionals like Chartered Accountants and Tax consultants can be formed at various places all over the country to guide the traders regarding GSTN registration.
- ✓ Technology infrastructure should be properly developed.
- ✓ Usage of Core Banking Channels for GST payments should be increased.
- ✓ Digital India dream of our Prime minister Sri Narendra Modi can be visualised only through proper usage of Core Banking channels in every sector of the economy for diversified purposes including for payment of taxes.

Conclusion:

GST, the biggest reform in the field of Indirect Tax in India is the master plan of Sri Narendra Modi , the honourable Prime Minister of India to ensure transparency in taxation and to bring a lot of black money into the mainstream of the economy. GSTN registration is compulsory for taxpaying population. In fact it promises to widen the taxpaying population in our country. Government of India is very clear about cash less economy and is providing more emphasis on digital banking concept by encouraging people to use more and more technology driven Core banking channels. GSTN the technology backbone of GST in India is expected to create wonders in the field of taxation in the near future in India.

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