

**“IMPACT OF GST ON BANKING SECTOR WITH REFERENCE TO
THRIKKAKRA REGION”**

(Project Report submitted to Mahatma Gandhi University, Kottayam)

In partial fulfillment of the requirement for the award of
DEGREE OF BACHELOR OF COMMERCE

SUBMITTED BY

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DEPARTMENT OF COMMERCE

BHARATA MATA COLLEGE

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BHARATA MATA COLLEGE
THRIKKAKARA ,KOCHI, KERALA
DEPARTMENT OF COMMERCE

(Affiliated to Mahatma Gandhi University, Kottayam)

BONAFIDE CERTIFICATE

We hereby state that the project, "IMPACT OF GST IN BANKING SECTOR WITH REFERENCE TO THRIKKAKARA REGION," completed by K S ABHIRAMI, JOJITH GEORGE, and JISLY MARY ALEX in partial fulfillment of the Bachelor of Commerce degree at Mahatma Gandhi University under the direction of Asst. prof. SOUMYA VARGHESE, is a genuine piece of project work. No degree, fellowship, associateship or other honour has ever been made using it as the foundation.

They are allowed to submit this project.

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DECLARATION

We, K S ABHIRAMI, JOJITH GEORGE, JISLY MARY ALEX, hereby declare that project report titled **“IMPACT OF GST ON BANKING SECTOR WITH REFERENCE TO THRIKKAKARA REGION”** is a Bonafide Record of work done by us under the supervision of Asst.prof. SOUMYA VARGHESE. Department of B.Com Finance and Taxation , Bharata Mata College , Thrikkakara .We also declare that this report embodies the findings based on our study and observation and has not been submitted earlier for the award of any Degree or Diploma to any institute or university.

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CHAPTER 1
INTRODUCTION

"IMPACT OF GST ON BANKING SECTOR WITH REFERENCE TO BANKS IN THRIKKAKARA REGION"

1.1 INTRODUCTION

One of the largest and most wealthy industries in our economy is banking. India is a nation with incredibly excellent banks that have enough capital and are subject to well-established laws and regulations. It is essential to an economy's operation and growth economically. One of the most significant industries in India is banking. It provides almost 7.7% of GDP. One of India's largest service industries is this one. The introduction of GST has a significant effect on the banking industry, causing a change in how they previously conducted business. Banks play a crucial role in the creation and implementation of financial policy in every economic system.

The services offered to the clients were subject to a service tax. In the years 1994–1995 it was first made available in India. Since it's an indirect tax, the responsibility for paying it may be transferred to another party. Service tax was enacted at a rate of 5% by Dr. Manmohan Singh in Budget 1994–1995 due to the sector's 40% GDP contribution. The indirect tax base was supposed to be expanded.

Value-added tax (VAT) was introduced into the Indian tax system on April 1, 2005. The Value Added Tax Act of 2005 and related VAT regulations replaced the prior general sales tax laws. Value-added tax, or VAT, is a particular type of indirect tax levied on goods and services. At every point in the supply chain, the producers pay it to the government. Only items sold within a specific state are subject to VAT tax, thus both the customer and the vendor must be located there.

Whereas service tax is levied on non-physical products like services, VAT is charged on tangible objects like goods. VAT is levied by the State Government, but services tax is levied by the Central Government. The law of the relevant state applies to VAT. Service Tax, on the other hand, is governed by the Finance Act of 1994.

The Goods and Services Tax, or GST, a new tax system that went into effect at midnight on July 1st, 2017, was one of the most significant changes that the industry experienced during this time. Now that the new tax system has been in place for a year, there have been numerous modifications which occurred in the banking sector throughout the course of this 12-month period. One of the most hard and risky roles for the government was the implementation of GST in the banking industry. GST has taken the place of Value Added Tax (VAT), which was imposed on goods and services. The prevention of double taxation on goods and services is the main objective of the GST's adoption. The prevention of double taxation on goods and services is the main objective of the GST's adoption. It has a self-regulatory tax system and a simpler tax structure that lessens the number of taxes.

1.2 STATEMENT OF THE PROBLEM

Ultimately, it can be claimed that the GST will have a significant impact on how the nation's industries operate as a whole. The current cost of banking and financial services has increased due to GST. For previously priced banking services, there was a rise in tax rate. The tax rate on each and every good and service provided by banks has increased under GST, making them more expensive and less accessible to the general public. As the interest rate on loans has raised from 15% to 18%, customers are under pressure to repay the debt and are unsure whether they will be able to do so. Also, there has been an increase in the tax on services such offering deposits, loans or advances, selling or buying foreign currency between banks, etc.

1.3 SCOPE OF STUDY

Banking sector is regarded as an indispensable part of the economy. It is always been one of the most vital sector for the economy to function as there is a significant increase in the volume of financial transactions. The purpose of analysis is to know the impact of GST on the Banking Sector and its effect on the customers and to know whether the tax rate has created an impression in the banking sector and growth of the banking industry.

1.4 OBJECTIVES

- (1) To know the issues faced by the banking sector after implication of GST.
- (2) To know the impact of GST and VAT on banking sector.

1.5 RESEARCH METHODOLOGY

It serves as the guideline for gathering and measuring data. The general operational framework of the study specifies what data must be gathered from what sources and how it must be done.

1.5.1 DESIGN OF THE STUDY

For the current study, a descriptive and explanatory research design was used. The purpose of descriptive research is to understand the current situation by verifying hypotheses that have been put out in relation to it. It is chosen for the study in order to derive at the impact caused by GST on banking sector.

1.5.2 POPULATION

All the employees in Thrikkakara Region is defined as the population of this study.

1.5.3 SAMPLE SIZE

The sample size for the present study comprises 50 employees of banks in Thrikkakara region.

1.5.4 DATA COLLECTION INSTRUMENT

Source of data:

I: Primary Data collection

The data were collected by means of questionnaires to the employees

II: Secondary Data collection

Secondary data sourced from journals, Internet, articles, previous research paper which focused on the various aspects of goods and service activities. The accessible secondary data is used for study.

1.5.5 TOOLS USED FOR ANALYSIS OF DATA

The collected data were tabulated and analysed with statistical quantitative analysis. The statistical techniques used for analysis is bar graph , percentage analysis.

1.6 LIMITATIONS OF THE STUDY

- The Research is conducted with short span of time, so detailed and comprehensive study could not be made.
- Lack of experience in conducting research study.
- Questionnaire was only able to conduct with few people and most of them were not ready to respond due to lack of time and interest.

CHAPTER 2

REVIEW OF LITERATURE

REVIEW OF LITERATURE

A kind of review article is a narrative or literature review. A literature review is a scientific publication that summarises the existing knowledge on a subject, including significant results as well as theoretical and methodological contributions. Review of the literature is secondary and does not present new, original experimental work. they are typical in prospectus or research proposals.

Kamruddin shaik Mishab P T (JULY 2022) “ IMPACT OF GST ON BANKING SECTOR : AN OVERVIEW GST” is one of the Government of India's progressive initiatives for fiscal reform aimed at creating a single market and one nation with a single tax. The GST introduces development and reforms along with the usual quantity of risks and difficulties that come with dramatic changes. Due to their diverse operations and widespread presence across India, compliance with the new tax regime The GST presents a significant challenge to the banking industry, but over time it will streamline, accelerate, and fully enact the entire taxation process. This article examines the advantages and difficulties that banks will face as a result of the GST on the banking industry.

TARU MAHESWARI AND MUKTA MANI (2022)” Benefits of Goods and Service tax on banking industry implementation in India An analytical hierarchy process approach” The purpose of this study is to objectively assess the benefits of GST implementation in India from the perspectives of various stakeholders. To uncover the several benefits of GST adoption in India, the study looked at the body of existing literature. The findings offer major, intermediate, and minor benefits of GST implementation that can be used for academic and administrative objectives by a variety of academics and policymakers. The study's findings indicate that "removal of cascade effect" and "improvement of threshold limit" are of the utmost importance, and GST will eventually be advantageous for the economy.

SANJEEB KUMAR DEY (2021) , Impact of Goods and Service tax on indirect tax revenue of India With reference to Odisha state. One of the most radical tax measures since India's independence is the Goods and Services Tax. With a more transparent approach, this new taxing system aims to enhance revenue collection while removing the cascade effect. The current study aims to assess how this new taxing system will impact indirect tax collection in India overall and in Odisha specifically. With the exception of a few months due to administrative issues and the ongoing Corona pandemic, the findings show an upward trend in indirect tax in India as a result of the adoption of the new tax.

Syed Mohd Ali Taqvi, Srivastava and Srivastava (2020), “Illustration of goods and services tax or GST on Indian banking sector in an efficient manner.” They talked about how, despite being required by the tax system, transactions between branches were not taxed in any way. Banks frequently share similar services like software security or call centres that are supported by the corporate office. Once the GST system has been implemented, banks are required to provide solutions to customers at any branch, for example, each branch will be responsible for resolving the PAN Indian account issue for customers and also for giving local information. Due to the GST programme, the banking industry must deal with a great deal of issues.

B. Savithri, M.Com., M.Phil., Ph.D(2020) “GST IT’S IMPACT ON BANKING SECTOR” one of India's leading service industries. The introduction of GST has a significant effect on the banking industry, causing a change in how they previously conducted business. The current cost of banking and financial services may rise as a result of GST. For previously priced banking services, there was a rise in tax rate.

Santosh H Raghavendra (2020)”A study before and after Goods and Service Tax on banking sector” research explains Bank services are currently taxed at a rate of 14.5%, but under the GST system, those services are projected to cost more at a standard rate of 17–18%. Certain banking operations are now excluded from service tax, such as interest paid on deposits, savings accounts, and issued loans, which would otherwise be subject to GST unless specifically exempt. Several services offered to society's weaker groups could be taxed if not exempted, increasing the cost of the services.

Yadav, S. S. and Shankar, R (2019)”Difficulties encountered by the banking sector with the implementation of GST” Yadav and Shankar's paper study outlines the challenges facing the banking industry. The banks' need to control the number of branches and the difficulty of registration were two of the key issues. Every state mandated that banks obtain a unique registration. Because of the government's goods and service tax, input tax credits caused the country to leverage and deleverage. Because assessment could only begin once the branch was registered with the state, it was a problem. Every arm of government in the state is obligated to defend their stance in light of chargeability.

Laveena Mehta, Rajat Juneja, Baljinder Kaur (2018) International Journal of Innovative Research and Advanced Studies (IJIRAS) The whole Indian economic system, including both the private and public sectors, has been touched by the goods and services tax. The initiative's major goal is to improve the nation's taxation structure. Indirect taxes that were present in the nation are effectively eliminated with the aid of this approach. The citizens of the nation are obligated to abide by compliance and legal requirements. The federal and state governments have found this to be a straightforward administrative process.

Revathi Radhakrishnan, LM Madhushree, PS Aithal (2018) “Case Study on Impact of Goods and Service Tax in the Banking Sector” A new tax system called the "Goods and Services Tax" went into effect at midnight on July 1st, 2017. The new tax system has already been in place for a year, and during that time, the banking industry has seen a great deal of change. One of the most hard and risky roles for the government was the implementation of GST in the banking industry. Value Added Tax (VAT), which was levied on goods and services, has been replaced by GST. The primary goal of the GST's implementation is to prevent the double taxation of goods and services. It is a self-managed tax system with a simplified tax structure that lowers the number of taxes.

Nayyar and Singh (2018) assert that the good and service tax had a favourable effect on the banking industry and that bankers also benefited from a few benefits. One of them is that the bank is able to offset some of its obligations for goods and services tax against the credit it has accrued from receiving payments for purchases of products. Second, banks have gained partial qualification to claim partial credit for excise duty and service tax paid on qualifying and purchased items as well as on services utilised in connection with output services.

Sanjay Rane (2018) “GST , a replacing tax in banking industry” Sanjay Rane, CA & Auditor, was quoted as saying in an article that appeared in The Business World on 12/8/2018 that "GST is replacing all taxes with one tax and the change is the supply concept of goods and services that has come into existence. In the past, banks collected input credit while also charging service tax. Following the advent of the GST, they now charge input credits and charge Tax on services rendered. The terms "Input" and "Output" refer to two different types of services, with the Output service being analogous to the service tax system.

Purohit and Purohit (2018) Purohit and Purohit contend that the impact of GST on the banking industry has been favourable for them because the bank does not receive a tax credit for the state VAT it has paid on any purchases it makes. Banks are now able to claim the credit for the goods and service tax on the purchased products. Second, the bank is permitted to employ input tax credits to make any kind of external supply. The effectiveness of the goods and services tax was demonstrated in lowering tax evasion. Due to the increased demand for funds, the business growth will contribute to an increase in bank transactions.

Sehrawat& Dhanda (2018) “GST, benefits to banking industry” benefits to the banking industries were stated in the paper. The GST's transparency and effective reduction of the nation's indirect taxes are two of its main benefits to the Indian banking industry. Banks will be able to effectively compare the revenue they earn from the sale of products and services to their tax obligations for both. Under the CENVAT method, banks will be qualified to claim a portion of the excise tax and service tax paid on the purchases of qualifying goods and the services required to provide the output service. The banking industry will be granted tax credit under the GST framework, enabling them to make outward supplies.

YADAV AND SHANKAR (2018)”impact of GST on Banking industries”According to research, it is crucial that the location of the service receiver be listed as the place of supply for banking and other financial services, or BOFS, on the records of the service supplier. In any event, the supply location should be the service supplier location if the location is not shown on the supplier records. Therefore, banks may have various accounting records, customer records, or vendor records, and it is now their responsibility to manage a single customer id for multiple accounts, which proves to be difficult for bankers. Business growth will be helpful in increasing the number of transactions in the bank because of the increased demand for funds.

Sharan Kumar Shetty (2018)’Understanding the effects of the goods and services tax on the Indian banking industry” has been offered by Sharan Kumar Shetty. The goods and service tax has made adjudication and assessment more challenging. All of the bank's registered branches are obliged to justify their positions in accordance with their chargeability in each individual state. In certain states, banks are required to give a good basis for using the ITC. In contrast, if it's an adjudication issue, the procedure is stretched, which results in the possession of jurisdiction over several adjudications.

Nishitha Guptha (2017)” Impact of Goods and service Tax in banking industry” Due to modifications and alterations made to all of the banking sector's rules and standard operating procedures, the banking sector was alone responsible for managing the overall framework. The implementation of the goods and services tax had a significant influence on the Indian banking industry because it resulted in the replacement of about 17 central and state taxes, paving the way for the creation of a single national taxation system. Consumers are finding the banking industry to be increasingly expensive, which will need a change from centralised to state-based compliance. The country's proposal to impose a goods and services tax has altered the entire business process in the banking industry.

Baljinder Kaur (2017) “GST an anticipated Tax on Banking Industry” According to Baljinder Kaur's analysis, the interest rate for GST services is expected to be around 18%. From the current tax rate of 15%, the rate has increased by 3%. Due to this, bank services, such as issuing chequebooks and requesting draughts, have become slightly more complicated and pricey, especially for clients who are retailers. It is also vital to keep in mind that banks presently deal with commodities like gold or silver where a concessional GST rate is anticipated to be applicable. Banks must exercise caution when paying the appropriate amount of goods and services tax on modified products.

Kumar and Rafee(2017) “Effects of implication of GST in bank industries” The cost of compliance for banks increased with the introduction of GST. For their workers to be trained and compliant with the new tax laws, banks had to make investments in technology. lowering the cost of transactions Another study conducted in 2017 by Ernst & Young discovered that the GST improved the banking industry by lowering transaction costs. According to the study, banks' transaction costs decreased as a result of the tax code's simplification and enhanced transparency. An increase in loan rates, brought on by the GST's

implementation, was experienced by banks. While banks were unable to claim input tax credits on some items, their cost of funds increased as a result.

N Bhasin, R Anupama(2017) 2017 Conference on International Management and Information Systems

One of India's main service industries is the banking industry. Due to the higher GST rates compared to the current service tax rate and the widespread geographic reach of most banks, the implementation of the Goods & Services Tax (GST) will probably prove to be difficult for the sector on two counts. The banking industry needs to make sure they are prepared for this new tax system as the GST is quickly approaching after demonetization.

Khurana and A. Sharma (2017) “ A research on Goods and service Tax on banking industry”

According to their research piece, banks must register with the GST if their total revenue for the fiscal year surpasses Rs. 20 lakhs. Banks that operate in numerous states must register separately in each of those states. They added that banks must adhere to a number of GST regulations, including the submission of GST returns, the upkeep of records, and the timely payment of Tax. Penalties and other legal repercussions may result from non-compliance.

CHAPTER 3
THEORETICAL FRAMEWORK

THEORETICAL FRAMEWORK

A theoretical framework is a basic analysis of other theories that acts as a guide for creating the justifications you'll employ in your own work. Researchers create theories to explain phenomena, discover connections, and predict the future. A theoretical framework investigates the connections among variables in a certain phenomenon in a comprehensive and all-encompassing manner. A framework can help you organise your thoughts with relevant research, which will aid other researchers in understanding and using your ideas in more research.

3.1 INTRODUCTION

A tax is a mandatory fee or financial charge that a government imposes on a person or a business in order to raise money for public projects like building the greatest infrastructure and services. Several public expenditure programmes are then funded with the funds that have been raised. Direct taxes and indirect taxes are the two types of taxes in India.. Although direct taxes are assessed on taxable income received by both individuals and corporations, it is the assessee's responsibility to deposit taxes.

3.2 TAX SYSTEM

The Central Government and the State Governments each levy their own taxes under India's system of taxation. Local governments like the Municipality and Local Governments also impose a few small levies. Money is needed to handle a state's business and administer its government.

3.3 DIRECT TAX AND INDIRECT TAX

Direct and indirect taxes are two separate categories of taxes. The distinction is in how these levies are applied. Certain taxes, like the dreaded income tax, wealth tax, corporate tax, etc., are paid directly by you, whilst others, like the value added tax, good and service tax, sales tax, etc., are indirect taxes.

Direct Taxes

A direct tax can be defined as a tax paid directly by a person or organization to a taxable entity (usually a government). Direct taxes cannot be transferred to another person or entity. Any individual or organization to which a tax is imposed is responsible for paying the tax. The Central Committee on Direct Taxes deals with matters related to the imposition and collection of direct taxes and the formulation of various policies related to direct taxes.

Indirect Taxes

The term indirect tax has multiple meanings. In colloquial terms, indirect taxes, such as sales tax, specific tax, value added tax (VAT), and goods and services tax (GST), are taxes that an intermediary

(such as a retailer) imposes on the bearer. Ultimate financial burden of taxes (e.g. consumers). The intermediary will later file the tax return and forward the tax revenue to the government along with the return. In this sense, the term indirect tax is contrasted with direct tax, which the state imposes directly on the taxable person (corporal or natural person).

3.4 VALUE ADDED TAX

Value Added Tax (VAT) is an excise tax added to the selling price of a product. It represents a tax on the "value added" of the entire production process of a product and is a kind of tax that is assessed step by step in our daily life. It is taxed on the actual transaction value of a product or service at any stage of production, distribution, or sale to the final consumer. VAT is an indirect tax. This is because the person who ultimately bears the tax burden is not necessarily the same person who pays the tax to the tax authority. VAT is usually introduced as a destination tax, where a tax rate is applied to the sales price based on the consumer's location. The terms VAT, GST and the more general sales tax are sometimes used interchangeably.

3.5 GOODS AND SERVICE TAX

GST is known as Goods and Services Tax. An indirect tax introduced to replace various indirect taxes such as VAT, service tax, purchase tax, consumption tax, etc.

The four different types of GST are given below:

1. **Central Goods and Services Tax** : CGST is charged on the intra state supply of products and services.
2. **State Goods and Services Tax** : SGST, like CGST, is charged on the sale of products or services within a state.
3. **Integrated Goods and Services Tax** : IGST is charged on inter-state transactions of products and services.
4. **Union Territory Goods and Services Tax** : UTGST is levied on the supply of products and services in any of the Union Territories in the country, viz. Andaman and Nicobar Islands, Daman and Diu, Dadra and Nagar Haveli, Lakshadweep, and Chandigarh. UTGST is levied along with CGST.

GST is required by all Bank ,As per rule 10A, the newly registered taxpayer is required to furnish bank account details after receiving the certificate of registration in Form GST REG-06 and after receiving the GSTIN, i.e. Goods and Service Tax Identification Number.

GSTN - Goods and Service Tax Network

The GSTN is the Goods and Services Tax Network which is responsible for managing the IT system concerning the GST Portal. It is a non-profit, non-government organization and is the database for the official GST Portal.

Features of GSTN

The salient features of the GST Network can be listed as follows:

- Keeping the information of all the taxpayers safe and secure.
- Maintaining confidentiality of the taxpayers' information.
- It is a trusted National Information Utility (NIU).

Functions of GSTN

The main functions of the GST Network or GSTN can be summed up as follows:

- It is responsible for handling the invoices
- It is responsible for handling the registrations
- It is responsible for handling the payments and refunds (if any)
- It is responsible for handling different types of returns.

3.6 DIFFERENCE BETWEEN GST AND VAT SYSTEM

BASIS	VALUE ADDED TAX(VAT)	GOODS AND SERVICE TAX(GST)
Structure	Under the old taxation system, the central taxes applicable were custom duty/central excise duty, central sales tax on commodities and services, surcharge and cusses. The state taxes included state VAT, WCT, entertainment tax, luxury tax, tax on gambling, betting and lottery, sales tax deducted at source, and surcharge and cusses.	Under GST, all the central and state taxes will be subsumed and a single tax will be levied on all commodities and services apart from motor spirit, petroleum, natural gas etc.
Basis of Levy	Under VAT, <u>tax</u> will be levied at the place where goods are manufactured or sold, or the place at which services are rendered.	Under GST, tax will be levied at the place of consumption, like a destination-based tax.
Registration	Under VAT, the registration is decentralized under state and central authorities.	Under GST, there will be uniform e-registration depending upon the PAN of the entity.
Validation	Under VAT, the system will partly validate the returns, and full verification will be subject to assessments by state or central authorities.	Under GST, the validation will take place on the system, and consistency checks will be carried out on input credit availed, tax payments, and utilization.
Filing of Returns and Collection of Tax	Under the old scenario, service tax and central excise were uniform, but VAT varied from state to state.	Under GST, the process is uniform and the dates for collecting or depositing tax and filing returns are common.

Service Tax	Under VAT, the center charges service tax on a list of services under the Finance Act on provision/payment basis.	Under GST, the State GST subsumes service tax depending upon rules relating to Place of Supply.
State Tax	Under <u>VAT</u> , all commodities apart from those exempts are taxed.	Under GST, the State GST subsumes this tax.
Excise Tax	Under VAT, excise duty will be levied up to the point of manufacturing.	Under GST, the excise duty will be replaced by Central GST and tax will be levied up to retail level.
Basic Customs Duty	Under VAT, the Centre charges tax on imports under a separate act.	No change.
Special Additional Duty	Under Vat, the Centre charges tax on imports separately.	Under GST, this duty is subsumed by State GST.
Entry Tax	Under VAT, entry tax is charged by certain states for inter-state transfers, detained as import in local area.	Under GST, entry tax is not applicable, but an additional 1% will be levied as tax on inter-state supply of certain commodities.
Central sales Tax	Under VAT, CST is charged at a concessional rate of 2% so far as inter-state transfers are concerned against C-Forms. The full rate applicable otherwise ranges from 5% to 14.5%.	Under GST, the Integrated GST subsumes CST.
Tax on export of Commodities and Services	Under VAT, this tax is exempt.	No change.
Tax on Inter-State Transfer of Commodities to Agent or Branch	Under VAT, this tax is exempt against Form F.	Under GST, this tax is levied but dealers will have access to full credit.
Cross Set off of Levy	Under VAT, set-off of service tax and excise duty is permitted.	Under GST, set-off between State GST and Central GST is not allowed.
Tax on transfer of commodities to agent or branch	Under VAT, this tax is generally exempt, but its applicability depends upon state procedures.	Under GST, this tax may be levied unless TIN of the transferor and transferee is the same.

Disallowance of credit on certain items	Under VAT, there are a few non-creditable commodities and services under VAT as well as CENVAT rules.	Under GST, there will be no such disallowance unless the GST Council specifically allows it.
Disallowance of inputs or input services utilized in exempted commodities or service	Under VAT, this is not permitted.	Under GST, there will be no such disallowance, unless the GST Council finalizes a list of those items falling under the Negative List.
Cascading effect	Under VAT, credit between service tax and excise duty is available, but there is no set-off against VAT on excise duty.	Under GST, credit available on the whole amount of taxes up to retailer.
Threshold limits for levy of tax	Under VAT, the threshold for central excise is Rs.1.5 crore, and the threshold for VAT ranges between Rs.5 lakh to Rs.20 lakh depending upon the state. The threshold for service tax is Rs.10 lakh .	Under <u>GST</u> , the State GST will range between Rs.10 lakh to Rs.20 lakh based on recommendations of the GST Council.
Levy of tax on NGO and Government bodies	Under VAT, certain government bodies, non-profit organizations and PSUs will be covered.	No changes.
Exemptions	Under VAT, certain areas such as the North-East will be able to enjoy exemptions.	Under GST, there will be no such exemptions, and the GST Council may introduce an Investment Refund Scheme for certain zones.

3.7 BANKING SECTOR

In India, modern banking began in the middle of the 18th century. The management and protection of hard-earned money is a financial activity. Banks provide services to many kinds of people, small enterprises, and big corporations. Investors and savers converge in the banking industry. The financial system and the nation's whole economic structure both depend heavily on banking.

3.8 BANKING PROCESS

1. Loan processing

Robotic Process Automating a procedure can reduce it from taking months to a mere 10–15 minutes. Automation enables important data to be extracted from customer-submitted documents in order to validate all details. System utilizes machine learning to provide more conclusive choices based on data analytics, supported by simpler statistical methods. Intermediary bots generate automated confirmation letters and extract business logic, urging the user to correct any inaccurate entries to ensure safer loan choices

2. Account closure process

The number of requests for account closure that banks must deal with each month is just too great. The main cause of this overburden is the clients' noncompliance, which causes them to submit required documents later than they should. By continuously monitoring all accounts and sending customers an automated message and further reminders for on-time submissions, RPA enables banks to address this issue. With readily available online forms, automation enables cancellation of standing orders and direct debits, modification of interest rates, and fund transfers.

3. Know Your Customer (KYC)

Know Your Customer (KYC) is not just the most challenging compliance procedure for every bank, it is also a crucial one. For this process to check the customer, at least 150 FTEs and possibly thousands are needed.

4. Accounts payable

Accounts payable (AP) is a complicated and tedious procedure that calls for digitalizing vendor bills using optical character recognition (OCR), collecting data from all the invoice's relevant fields, and promptly confirming it. Businesses can use robotic process automation to automatically credit all payments to the vendor's account following thorough validations and error reconciliation.

5.Credit card application processing

Earlier, credit card applications required a waiting period of several weeks, which annoyed customers and occasionally led them to cancel their requests. Yet, banks can expedite the distribution of credit cards with the use of RPA.

The RPA programme can now gather all customer paperwork, perform credit checks with thorough background investigations, and make informed decisions based on pre-established criteria in just a few hours. The entire credit card processing process has been flawlessly streamlined by RPA, making life easier for both customers and banking staff.

6.Fraud Detection

Banks are concerned about strengthening their fraud detection system as the banking fraud landscape changes. The emergence of modern technologies has only increased the number of banking frauds. Therefore, it is virtually impossible for banks to manually review every transaction in order to spot fraud trends in real time. RPA uses an intelligent "if-then" strategy to spot suspected fraud and flag it for speedy resolution by the department in question.

7. General ledger

In order to properly prepare financial statements, banks are required to keep their general ledgers current with important data like revenue, assets, liabilities, expenses, and revenue. The manual management procedure is very error-prone given the enormous amount of data from many platforms. In this situation, RPA comes to the rescue by combining data from many historical systems to cooperatively provide them in the necessary way. As a result, less time and effort is spent handling data.

8. Mortgage processing

Both banks and their customers, mortgage processing requires a lot of work and is time-consuming. Before processing each loan request, banks manage their mortgage process for more than a month, going through a number of worrying stages such as job verification, credit checks, and inspection. The processing of the mortgage loan could be significantly delayed even by the smallest mistake made by the consumer or the bank.

But for banks, RPA has speeded up this procedure. Robots follow a predetermined set of rules to get rid of any potential bottlenecks and expedite the processing of mortgages.

9.Bank Reconciliation

Each year, businesses spend a lot of resources manually authenticating and verifying online transactions. Although the introduction of various technologies and dispersed solutions has lessened the laborious process of monitoring journal entries, banks are still swimming upstream towards many obstacles like

convoluted processes, transaction volumes, and endless sources of data feed. RPA enables businesses to quickly cut costs while adjusting the workload of their back-office workers so that they may work on more rewarding projects. Banks might create reconciliation systems with automatic journal entries, complex data comparison, and long-term preservation by utilising RPA solutions.

3.9 GST-IMPACT ON BANKING SECTOR:

Banking and finance transaction costs are projected to rise as a result of the government's decision to charge them under the 18% tax band under the new GST tax system. Due to the increase in tax rates, individuals will now pay an additional Rs. 3 for every Rs. 100 they previously paid in banking transaction fees for these services, which were previously taxed at 15%.

For instance, if you exceed the number of free transactions and withdraw money from an ATM other than your bank's ATM, you would normally be charged RS.20 plus service tax, which amounts to RS.23 with the implementation of GST. This amount can therefore reach RS.23.60.

Review of banking Tax Rate implied on the product and services under GST

The table shows a brief description of the products and services of Corporation bank and which help us to have a quick understanding of various tax rates imposed on various products and services.

ITEMS	TAXABLE	NON TAXABLE	TAX RATE
Deposits	-	-	18%
Debit card	T	-	18%
Credit card	T	-	18%
Loan	T	-	18%
Investments	T	-	18%
Banking Facilities	T	-	18%
Pension	-	NT	-
Remittance (RTGS, NEFT)	T	-	18%
Insurance	T	-	18%
ATM	T	-	18%
Input credit card	T	-	18%

3.10 BEFORE AND AFTER IMPLEMENTATION OF GST IN BANKING SECTOR

TAXATION BEFORE IMPLEMENTATION OF GST:

- On income received in the form of interest income, no service tax is due.
- Earned commission income is subject to service tax.
- Earned brokerage income is subject to service tax.
- Banks must pay service tax on any agency services they receive.
- Service tax is applicable to Portfolio Management Service.
- Service tax-exempt charges on credit and debit cards.
- Service tax must also be paid on income received in the form of fines and retention fees.
- The exchange of foreign currency between banks or authorised foreign exchange dealers is not subject to service tax.
- The Reserve Bank does not charge service tax for its services.
- According to the CENVAT credit regulations, banks may choose to pay every month an amount equivalent to 50% of the CENVAT credit that was used for input and input services during that month. Also, the CENVAT credit could be used with no reversal restrictions.

TAXATION AFTER IMPLEMENTATION OF GST:

- Prior to implementation, the service tax rate was 15%; following GST adoption, the tax rate was increased to 18%.
- Under GST, centralised registration is not an option. Each state in which a bank has a branch requires a separate registration (section 22 of CGST Act). If a bank has several branches in a given state, only one registration is needed for all of those branches.
- Banks are required to submit three returns each month and one return annually.
- Interbank or approved foreign exchange traders are prohibited from buying or selling foreign currency to one another.
- likewise subject to GST because there is no exemption.
- RBI services are also subject to GST because there is no exemption.
- According to the definition of "Service" provided under section 2(102), it refers to anything other than products. Inferring from this, interest income received by banks will also be subject to GST.

Moreover, schedule III lists acts or transactions that are not to be considered as the provision of goods and services. Any banking services are not exempted. If interest is excluded from the scope of GST, the Indian GST law needs to make that clear.

- The GST is a supply-based tax system. As a result, the bank will have to decide where GST will be paid for each transaction involving GST.
- A reduction in credit of 50% on capital goods under the GST will result in an increase in the cost of capital since 50% of the CENVAT credit that was previously claimed against inputs, input services, and capital goods must be reversed.

3.11 ISSUES IN THE BANKING SECTOR DUE TO THE ADVENT OF GST BASED ON THE OBSERVATION

(i) Registration process

For each state separate registration has to be done, if a bank or trader has branches in numerous states. Businesses with more than 1 vertical can register individually for each of them. Banks have to register each and every branch in which they operate in. Any transactions or business activities are conducted only when the bank or the company is registered under GST

(ii) Interstate Transaction between two branches of the same bank

Before the implication of GST, the transaction between two branches of the same bank was not subject to any tax. but under GST tax regime interstate supply of goods and services or both between the same bank's two branches located in two states are taxable which is known as integrated goods and service tax (IGST). Generally, banks have a lot of common and shared services being supported by Head Office such as security software, call center etc. Moreover, a branch will frequently assist other branches internally, for as by addressing a customer's pan-India account issue or giving them access to local information. If GST is to be charged on such supplies, even though the same is made without consideration, it would cause pointless hardship. But solution is provided in the valuation rules that in case of a transaction with distinct persons, value disclosed on the invoice shall be deemed to be taken as an open market value, however still valuation issues may creep as this rule does not apply if the receiving branch is not able to avail the full credit due to any reason whatsoever. Since, in a banking sector tracking such transactions would prove to be a cumbersome task and lead to multiple interpretations and disputes, therefore one suggestion is that by virtue of Rule 6(7) of GST Valuation Rules, banking services be categorized in such class of services where value for any transactions undertaken between the distinct persons is deemed to be considered as Nil.

(iii) GST charges on banking activities

(1) TRANSACTION CHARGES:

Transaction charge is something which we pay when we are in need of a quick cash and it is a tendency to run to the nearest ATM's available. The changes in the ATM's transaction charges, making multiple trips to withdraw cash or check balance will cost you more under the tax system GST. Transaction charges have been increased to 18% which was 15% earlier. The shocking news is that the ATM transactions are restricted to a certain point i.e., first 5 withdrawals are free after 5 withdrawals Rs.20 per withdrawal is charged in order to reduce the withdrawal of money through ATM's which will automatically increase the usage of internet banking. Also, the usage of cheque books will be expensive if any customer uses more than 50 cheques a year and it is charged less than Rs.100. The individuals have to pay Rs.3 more for every Rs.100 paid for banking transactions

(2) LOANS:

As per information, it is said that all the loans are taxable under GST for 18% and there is no chance of tax percentage to go beyond the tax slab of 18%. But there is a big concern about the home loans which was availed to the borrowers for a VAT of 5% for construction materials and 3.5% service tax, overall of 8.5 which is now available only as per the GST rate 18% which will be little more expensive for the borrowers. And there is a chance of an increase in the interest rate added on home loans by the banks and lenders too.

(3) INVESTMENTS:

Investments like mutual funds are affected negatively due to the introduction of GST. GST bang on the income of mutual funds will certainly have an effect on the consumers. For an investment company, an expense ratio is a cost incurred by them to operate their mutual funds. The Goods and Service tax will be on the Total Expense Ratio of the mutual funds and has been increased by 3%. In case of the policyholders, they have to pay high premiums amount on their insurance assuming, a family spend a sum of Rs 50,000 per annum on insurance exclusive of service tax, their expenses will be increased by 3%, i.e., Rs 1500. Earning up to Rs 20 lakh will stay exempted from GST for mutual fund distributors

(4) INSURANCE:

GST has a severe effect on insurance as there is a rise in the premium, especially for life, health, and car insurance policies. The tax rate has increased from 15% to 18% under GST. For example, if the complete premium is for life insurance, a tax rate of 18% will affect the entire premium.

(5)INPUT TAX CREDIT:

As a result of the GST, 50% of the CENVAT credit that was used for inputs, input services, and capital goods must be reversed, leaving them in the situation of having a 50% credit reduction on capital goods, which raises the cost of capital. Input tax credit is covered under GST only when your supplier has deposited the tax he collected from you. It is to be matched and validated before claiming it. So, it is compulsory that all supplier must be registered under GST

(6)OTHER SERVICES:

Banking facilities like locker facilities, tax payment, billing, and shopping etc. which are offered by the banking sector are taxable for 18% under GST which is 3% higher than the early tax rates. The pension is charged under salary even if it is service provided by the bank.

(iv) Exceptions in GST ·

In accordance with GST Law 2017, the Reserve Bank of India does not have to pay GST on any services it receives from abroad in regard to managing its foreign exchange reserves. The rate of GST due on services the RBI receives from outside India related to managing foreign exchange reserves is therefore zero percent.

- In the banking industry, services include extending loans or advances and accepting deposits as long as payment is made in the form of interest or a discount (other than the interest in credit card services).
- Services involving the exchange of foreign currency between banks or authorised foreign exchange dealers, or between banks and such dealers.
- The provision of services by the prospectively acquired bank to any person in connection with the settlement of any sum of money up to Rs. 2000 in a single transaction made using a credit card, debit card, charge card, or other payment card service.

3.12 BENEFITS TO BANKING SECTOR

1. All the transactions are online transactions which increases the transparency.
2. Banks would be permitted to deduct their Tax obligations from credit received for product purchases.
3. Banks are not eligible for input tax credits for State VAT paid on any purchases they make. Banks will be able to claim credit for GST paid on the purchase of products because all of these indirect taxes will be incorporated into the GST.
4. With the present CENVAT regulations, input tax credits are not permitted. Yet, under the GST regime, a bank would be permitted to use an input tax credit when making an outbound supply under GST. This will aid in lowering tax avoidance. The GST will make doing business simple. The growth of the economy will raise the need for money. As more money is needed, there will be more bank transactions because present circumstances and corporate demands call for digital transactions.

3.13 DIFFICULTIES TO BANKING SECTOR

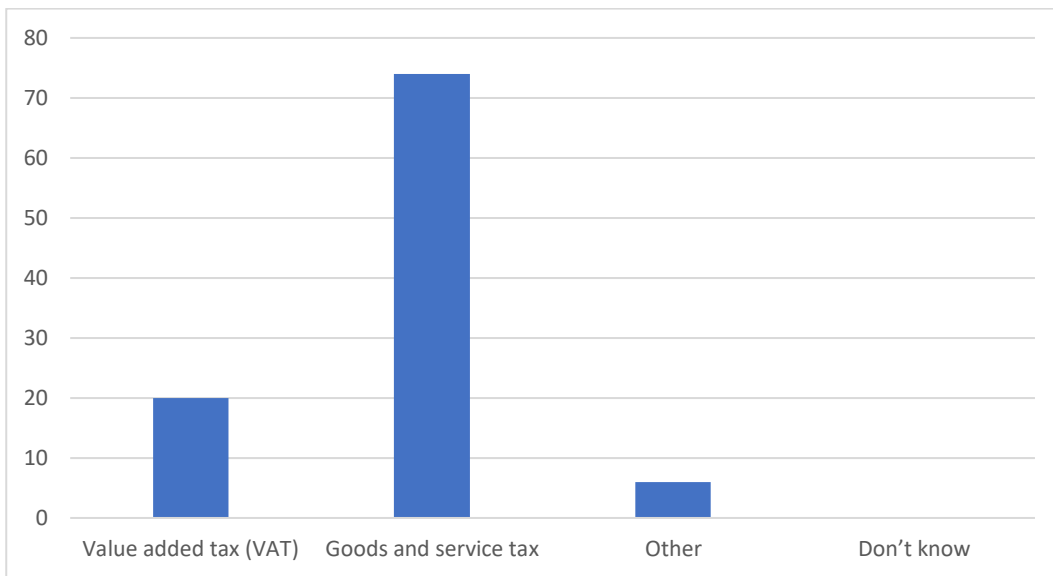
1. Every bank must register for each of its office locations.
2. They must keep separate books of accounts to keep track of all input tax credits, both used and unused.
3. Several banks and financial organisations could face serious difficulties as a result of the registration of all locations, as the complexity of paying taxes under the GST may only grow.
4. There would be additional compliance costs associated with adhering to the requirements of the reverse charge and partial reverse charge mechanisms.

CHAPTER 4
DATA ANALYSIS AND
INTERPRETATION

TABLE NO 4.1 TYPE OF TAX SYSTEM PREFERABLE.

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTGE%
1	VALUE ADDED TAX (VAT)	10	20
2	GOODS AND SERVICE TAX (GST)	37	74
3	OTHER	3	6
4	DON'T KNOW	0	0
	TOTAL	50	100

FIGURE NO 4.1 TYPE OF TAX SYSTEM PREFERABLE.



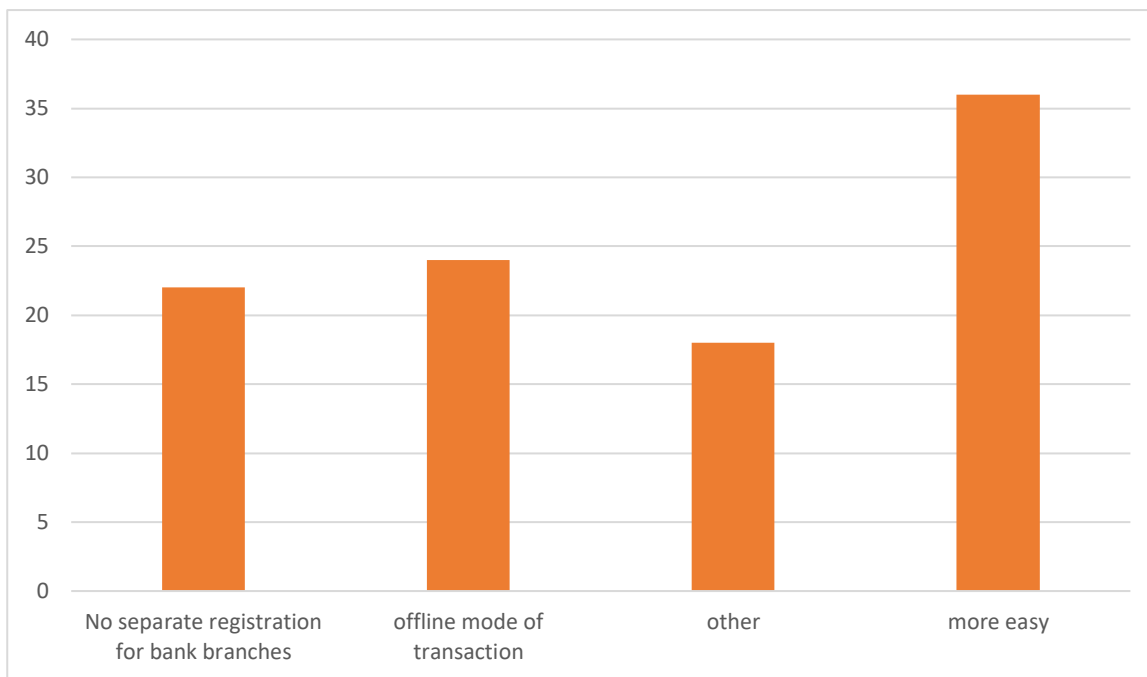
INTERPRETATION

Almost 74% respondents have choose Goods and Service Tax (GST).This shows a strong back up for the study. GST is a single tax on the supply of goods and service , right from the manufacture to consumer.

TABLE NO 4.2 VALUE ADDED TAX (VAT) IS PREFERABLE .

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	NO SEPARATE REGISTRATION FOR BANK BRANCHES	11	22
2	OFFLINE MODE OF TRANSACTION	12	24
3	OTHER	9	18
4	MORE EASY	18	36
	TOTAL	50	100

FIGURE NO 4.2 VALUE ADDED TAX (VAT) IS PREFERABLE



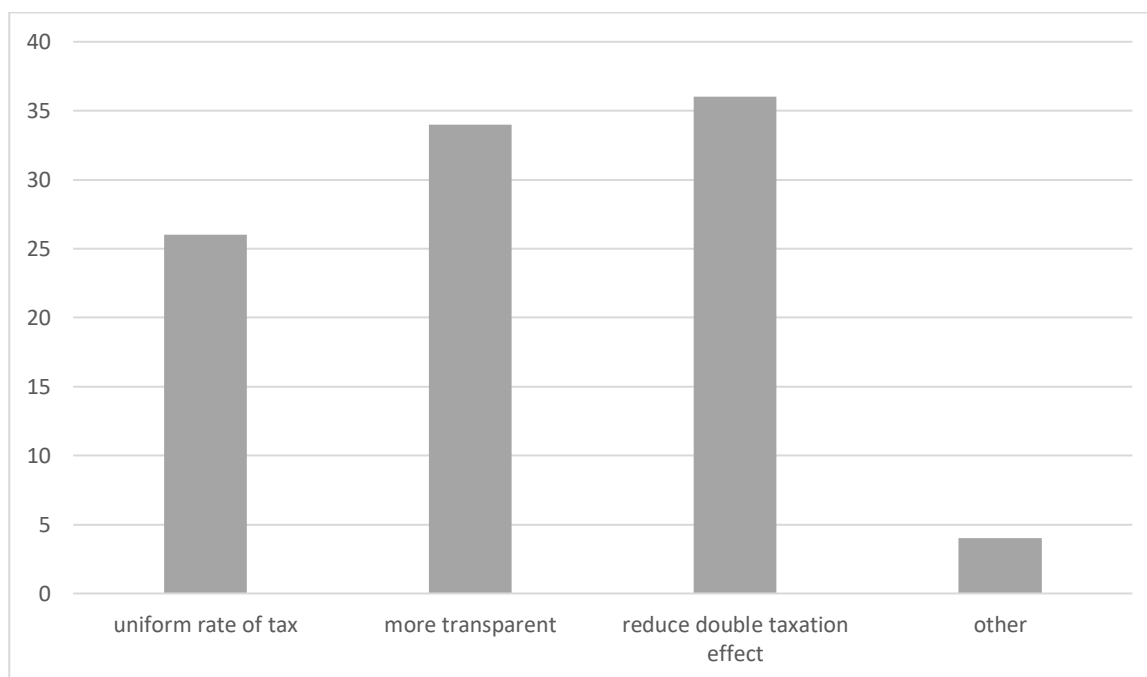
INTERPRETATION

VAT transactions was more easy compared to GST and About 24% respondents have choose offline mode of transaction Others chose vat due to which is collected at different stage of sale. Offline mode of transaction was easier compared to online mode if error occurred they can correct it manually.

TABLE NO 4.3 OPTION GOODS AND SERVICE TAX (GST) IS PREFERABLE

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	UNIFORM RATE OF TAX	13	26
2	MORE TRANSPARENT	17	34
3	REDUCE DOUBLE TAXATION EFFECT	18	36
4	OTHER	2	4
	TOTAL	50	100

FIGURE NO 4.3 GOODS AND SERVICE TAX (GST) IS PREFERABLE



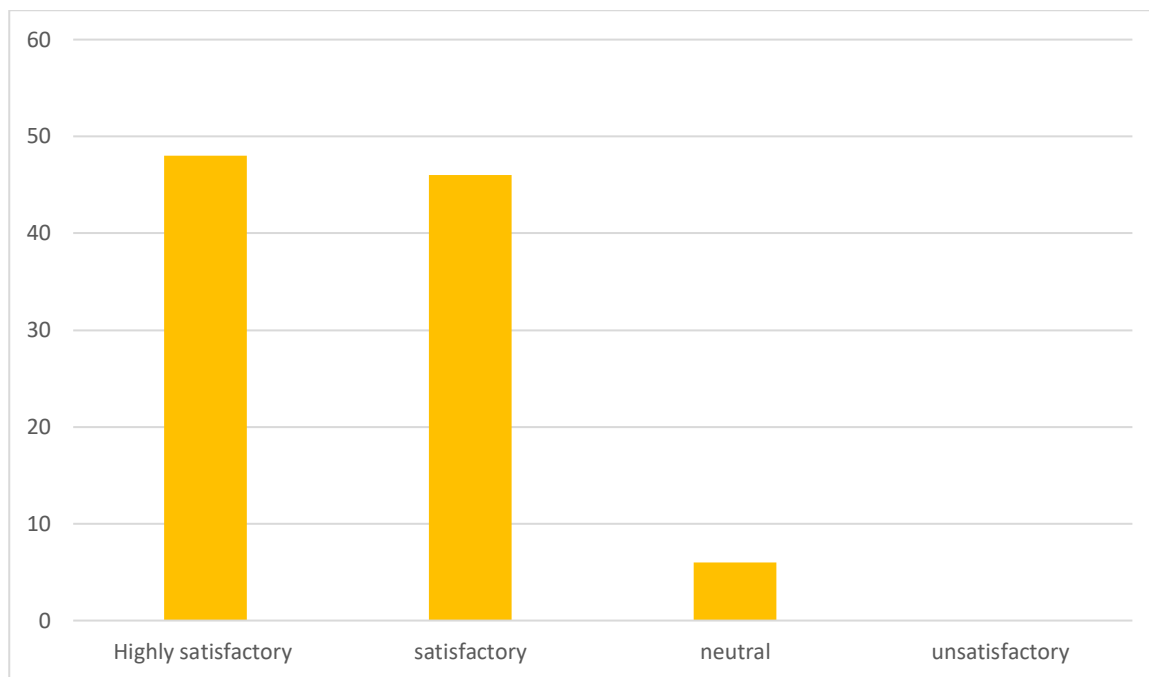
INTERPRETATION

36% choose GST due to avoidance of double taxation effect and almost 34% choose Goods and Service Tax due to the transparency in the transaction. GST reduces the need to comply with excise, service tax etc.

TABLE NO 4.4 RATE YOUR OVERALL EXPERIENCE AFTER INTRODUCING GST

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	HIGHLY SATISFACTORY	24	48
2	SATISFACTORY	23	46
3	NEUTRAL	3	6
4	UNSATISFACTORY	0	0
	TOTAL	50	100

FIGURE NO 4.4 RATE YOUR OVERALL EXPERIENCE AFTER INTRODUCING GST



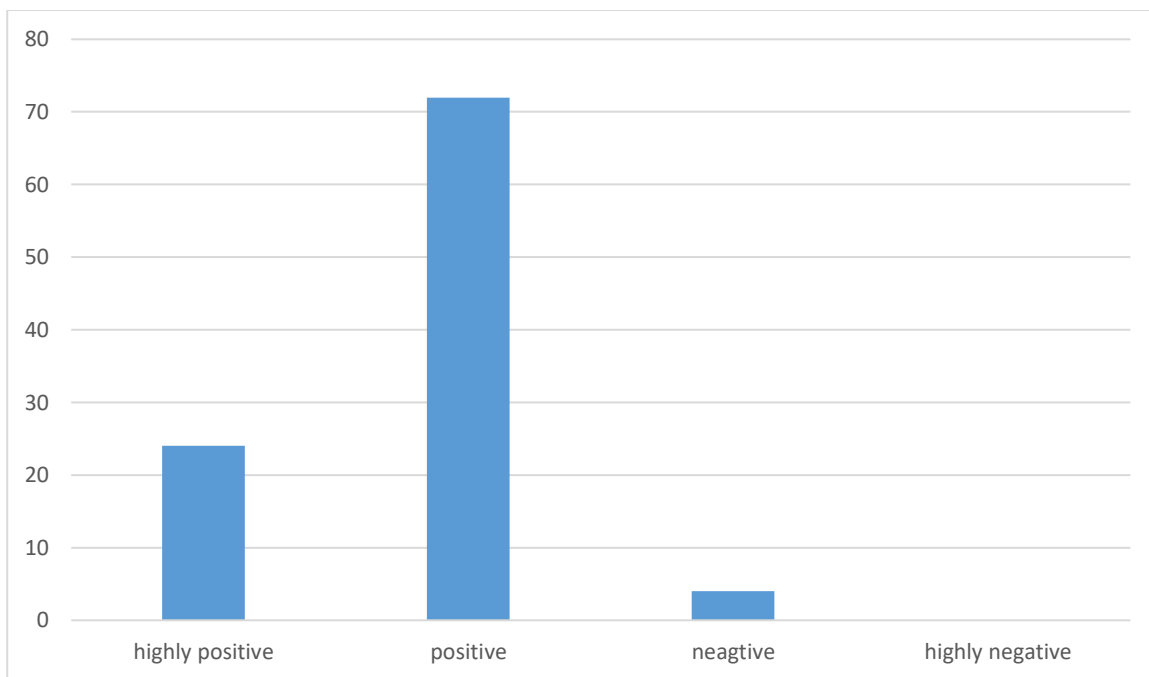
INTERPRETATION

Almost 48% responded that the experience after introduction was highly satisfactory because after introducing GST the transactions are done online so that paper works can be avoided and can save time.

TABLE NO 4.5 DOES BANKS AVAILING THE BENEFITS OF GST

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	HIGHLY POSITIVE	12	24
2	POSITIVE	36	72
3	NEGATIVE	2	4
4	HIGHLY NEGATIVE	0	0
	TOTAL	50	100

FIGURE NO 4.5 DOES BANKS AVAILING THE BENEFITS OF GST



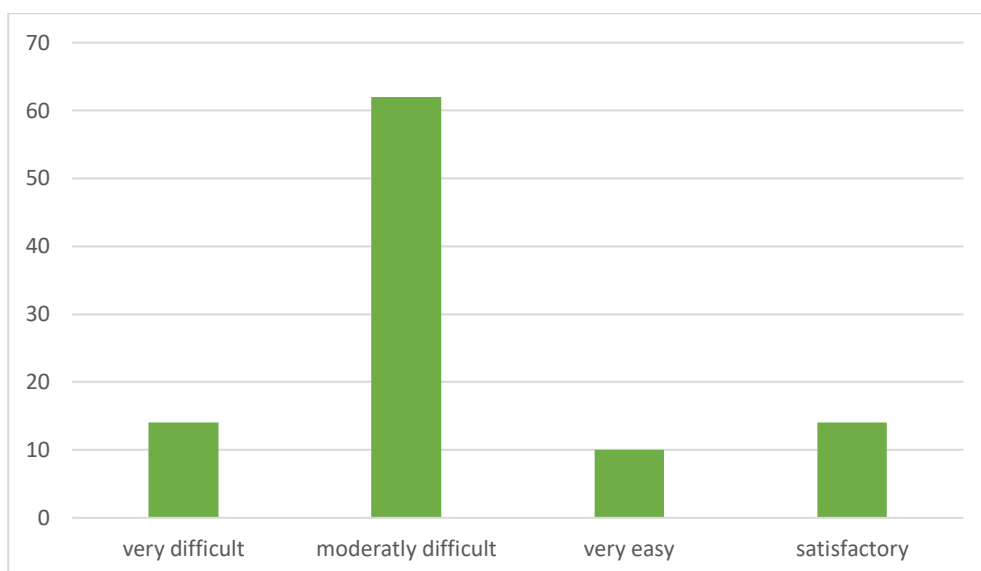
INTERPRETATION

72% of the banks are positively availing the benefit of GST. This means that the introduction of GST affected the bank positively and helps to more gain. Banks will be allowed to claim the GST that was paid while purchasing goods and services

TABLE NO 4.6 ONE BANK HAS TO REGISTER MULTIPLE TIMES IN ALL BRANCHES IN DIFFERENT STATES, WHAT DO YOU FEEL AT THE TIME OF GST INTRODUCTION PERIOD

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	VERY DIFFICULT	7	14
2	MODERATLY DIFFICULT	31	62
3	VERY EASY	5	10
4	SATISFACTORY	7	14
	TOTAL	50	100

FIGURE NO 4.6 ONE BANK HAS TO REGISTER MULTIPLE TIMES IN ALL BRANCHES IN DIFFERENT STATES, WHAT DO YOU FEEL AT THE TIME OF GST INTRODUCTION PERIOD



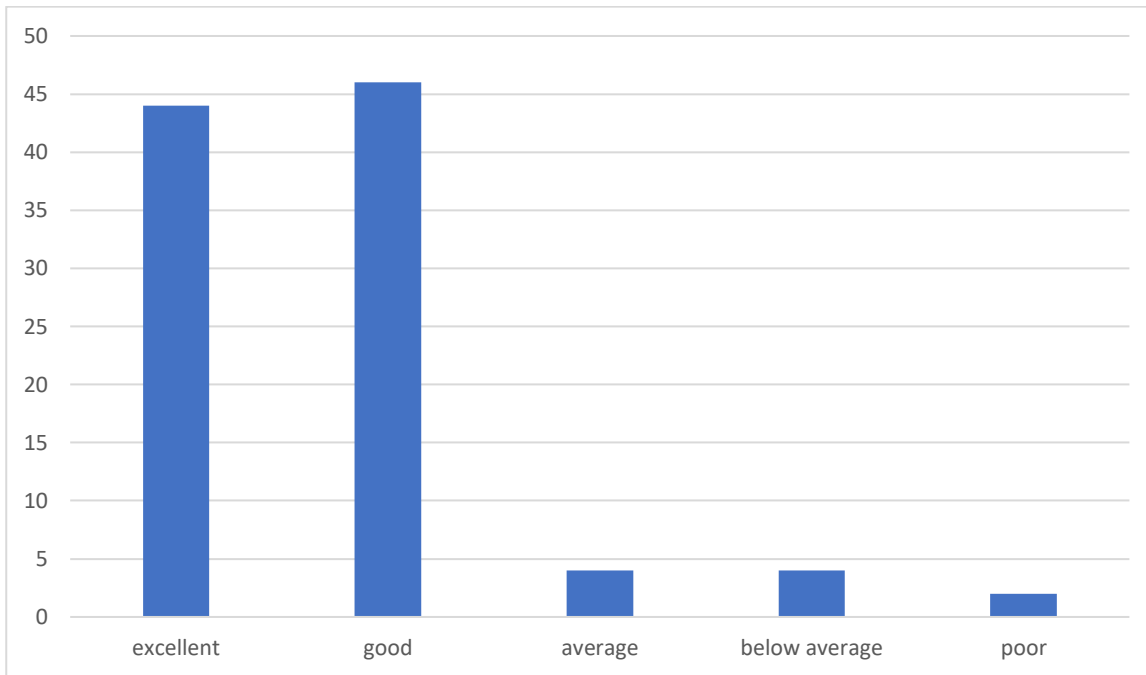
INTERPRETATION

62% responded that it was moderately difficult to register one bank multiple times in all branches at the time of introduction period. Multiple registration cost a huge amount to invest in the registration process

TABLE NO 4.7 SERVICE PROVIDED BY GSTN PORTAL

SL NO	OPTIONS	NO OF RESPONDANTS	PERCENTAGE%
1	EXCELLENT	22	44
2	GOOD	23	46
3	AVERAGE	2	4
4	BELOW AVERAGE	2	4
5	POOR	1	2
	TOTAL	50	100

FIGURE NO 4.7 SERVICE PROVIDED BY GSTN PORTAL



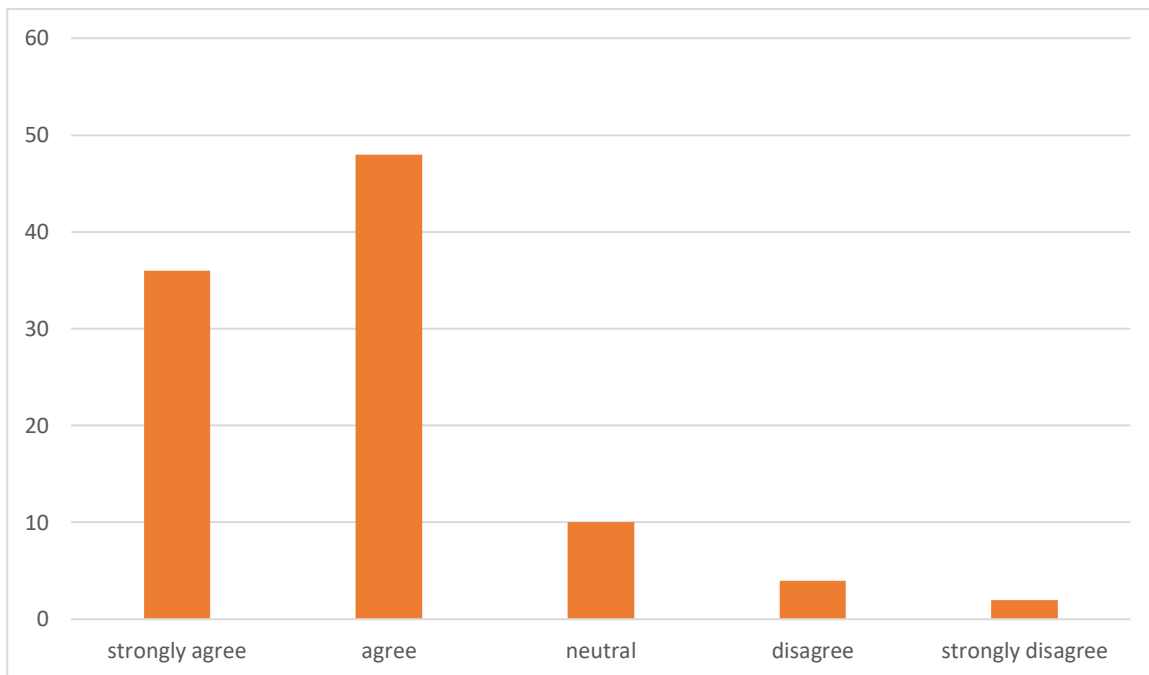
INTERPRETATION

46% responded that the service provided by the GSTN portal is Good. It means that the employees can use the portal in an efficient manner. It provides IT infrastructure and service to both central and state governments including taxpayers and other stakeholders.

TABLE NO 4.8 GST INCREASES THE COMPLIANCE COST

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	STRONGLY AGREE	18	36
2	AGREE	24	48
3	NEUTRAL	5	10
4	DISAGREE	2	4
5	STRONGLY DISAGREE	1	2
	TOTAL	50	100

FIGURE NO 4.8 GST INCREASES THE COMPLIANCE COST



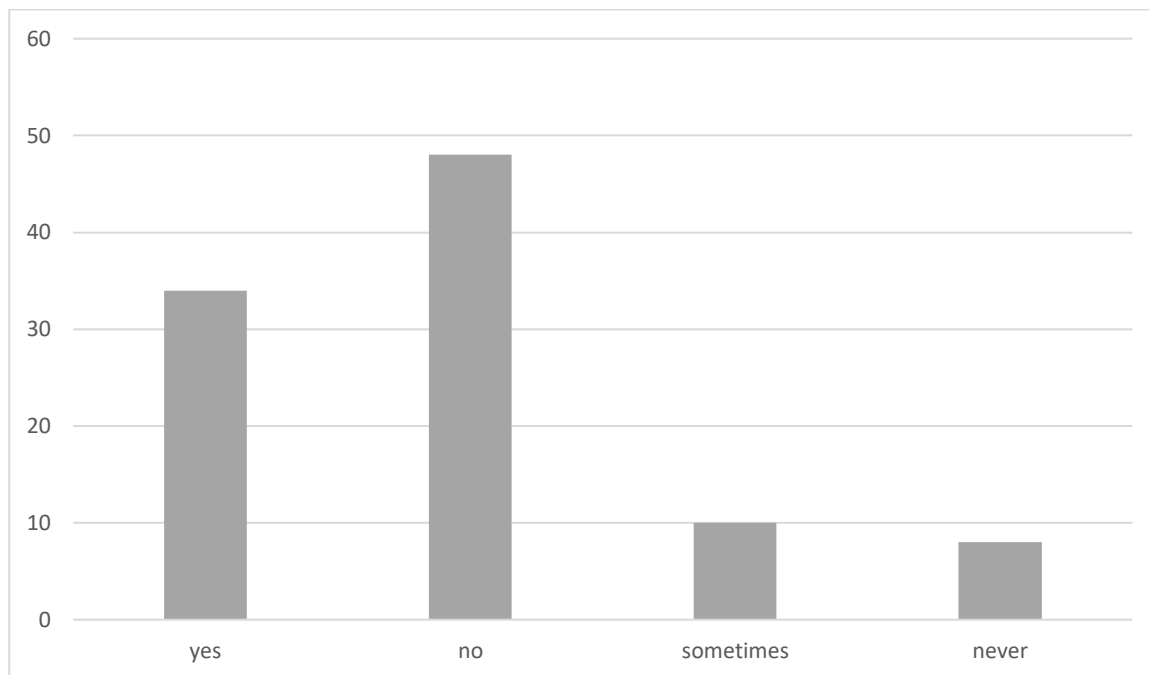
INTERPRETATION

48% agree that GST increases the compliance cost it means that most of the cost are associated with complying with the requirements of a tax system. It includes all the expenses to adhere to government regulations and also includes expenses to other regulations as well.

TABLE 4.9 DO YOU AGREE WITH ANY ADDITIONAL GST LEVIED ON BANK TO BANK TRANSACTIONS

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	YES	17	34
2	NO	24	48
3	SOMETIMES	5	10
4	NEVER	4	8
	TOTAL	50	100

FIGURE NO 4.9 DO YOU AGREE WITH ANY ADDITIONAL GST LEVIED ON BANK TO BANK TRANSACTIONS



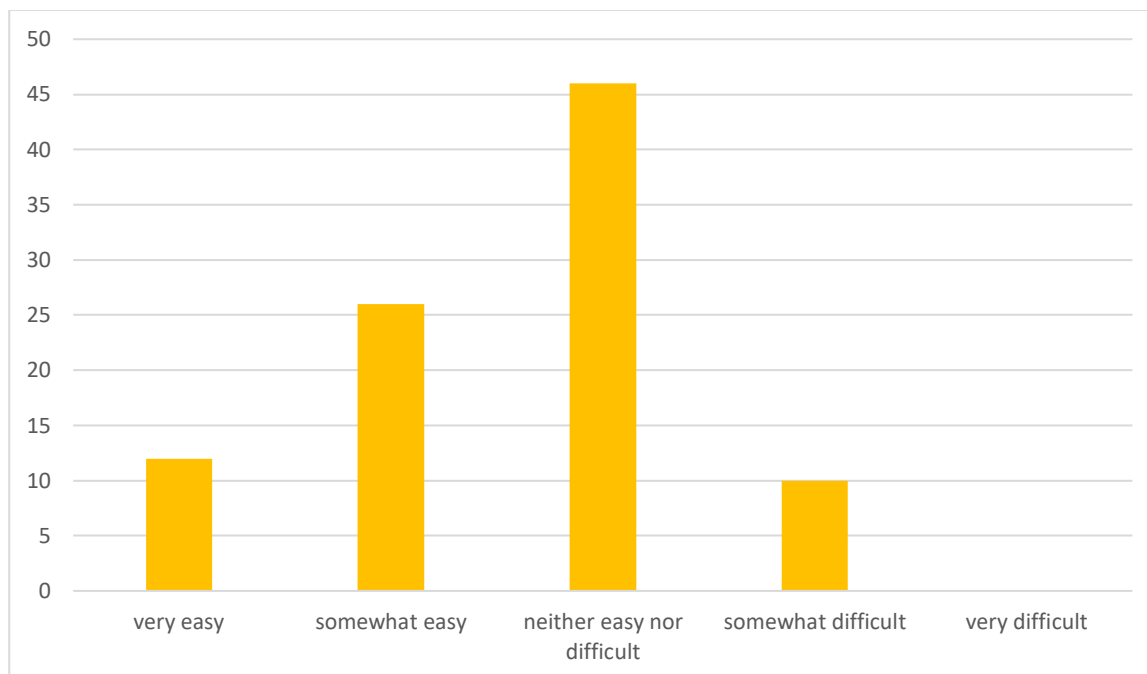
INTERPRETATION

About 48% does not agree with additional GST levied on bank to bank transactions. Because in a bank there are more number of transactions are occurring so that certain percentage of amount is to be used for additional amount charged.

TABLE NO 4.10 IMPLEMENTATION OF GST MADE YOUR JOB

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	VERY EASY	9	12
2	SOMEWHAT EASY	13	26
3	NEITHER EASY NOR DIFFICULT	23	46
4	SOMEWHAT DIFFICULT	5	10
5	VERY DIFFICULT	0	0
	TOTAL	50	100

FIGURE NO 4.10 IMPLEMENTATION OF GST MADE YOUR JOB



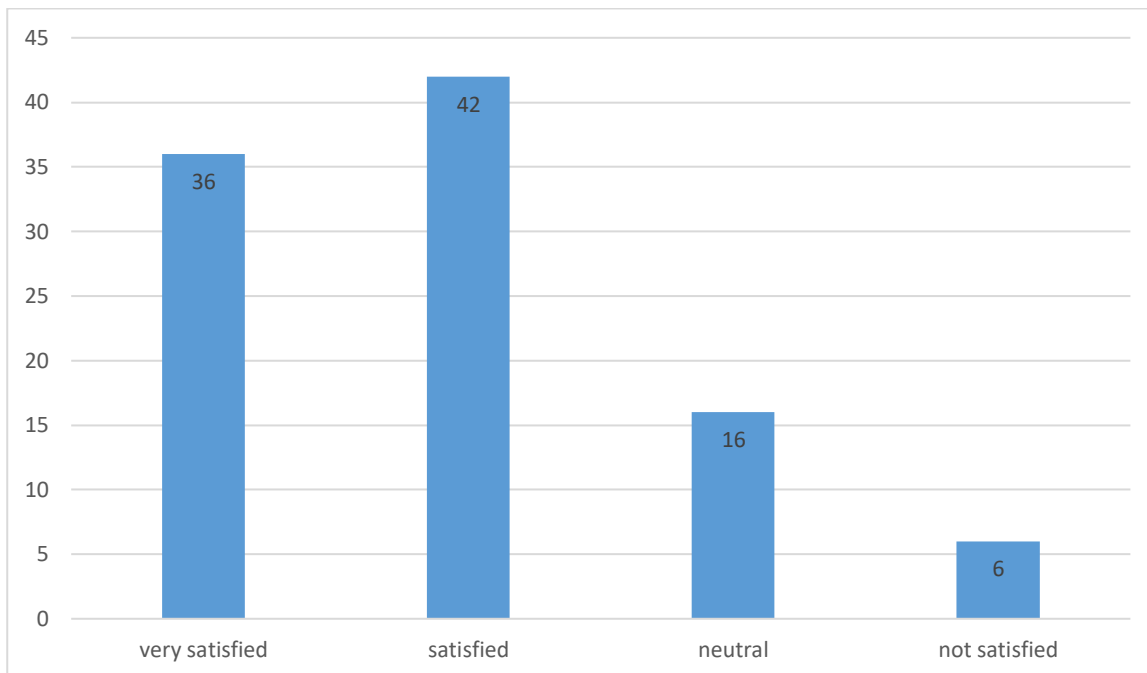
INTERPRETATION

48% responded that implementation of GST was neither easy nor difficult. GST have more positive as well as negative impact . GST prevents cascading of taxes by providing single, unified tax reform. It has eliminated many existing indirect taxes.

TABLE NO 4.11 THE TRANSITION FROM VAT SYSTEM TO GST REGIME WAS SMOOTH

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	VERY SATISFIED	18	36
2	SATISFIED	21	42
3	NEUTRAL	8	16
4	NOT SATISFIED	3	6
	TOTAL	50	100

FIGURE NO 4.11 THE TRANSITION FROM VAT SYSTEM TO GST REGIME WAS SMOOTH



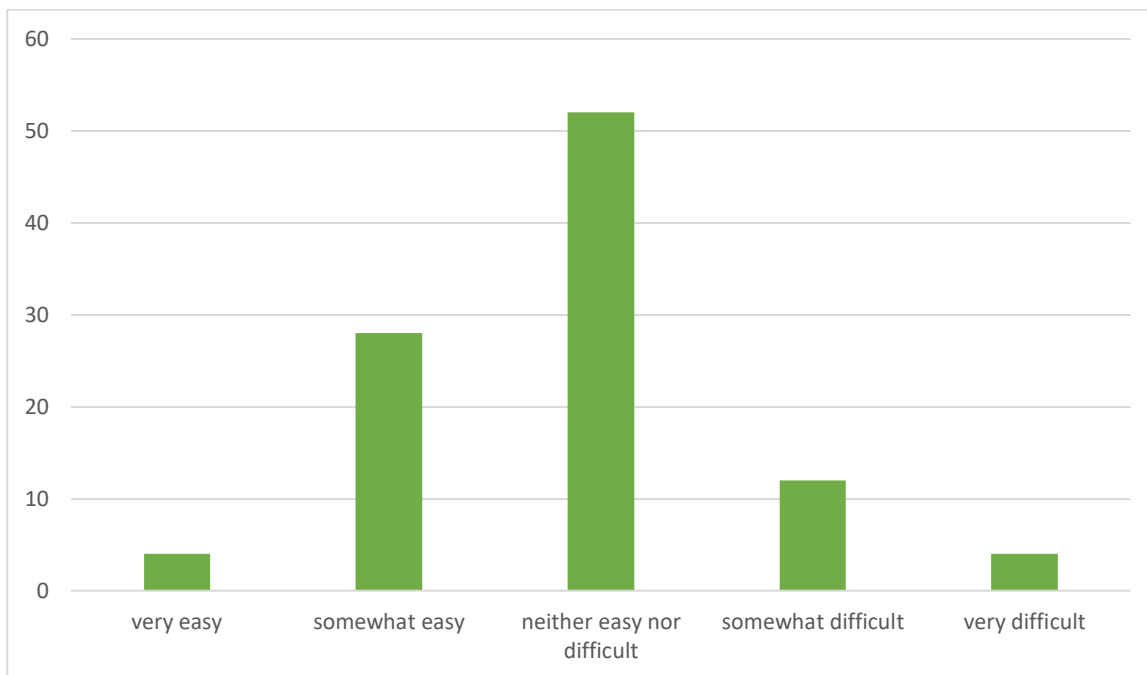
INTERPRETATION

42% are satisfied with smooth transition from VAT system to GST system. as it provide uniform rate of taxes and removes the cascading effect, the implementation of GST has proved to be more efficient in every ways.

TABLE NO 4.12 IS DOCUMENTATION TEDIOUS

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	VERY EASY	2	4
2	SOMEWHAT EASY	14	28
3	NEITHER EASY NOR DIFFICULT	26	52
4	SOMEWHAT DIFFICULT	6	12
5	VERY DIFFICULT	2	4
	TOTAL	50	100

FIGURE NO 4.12 IS DOCUMENTATION TEDIOUS



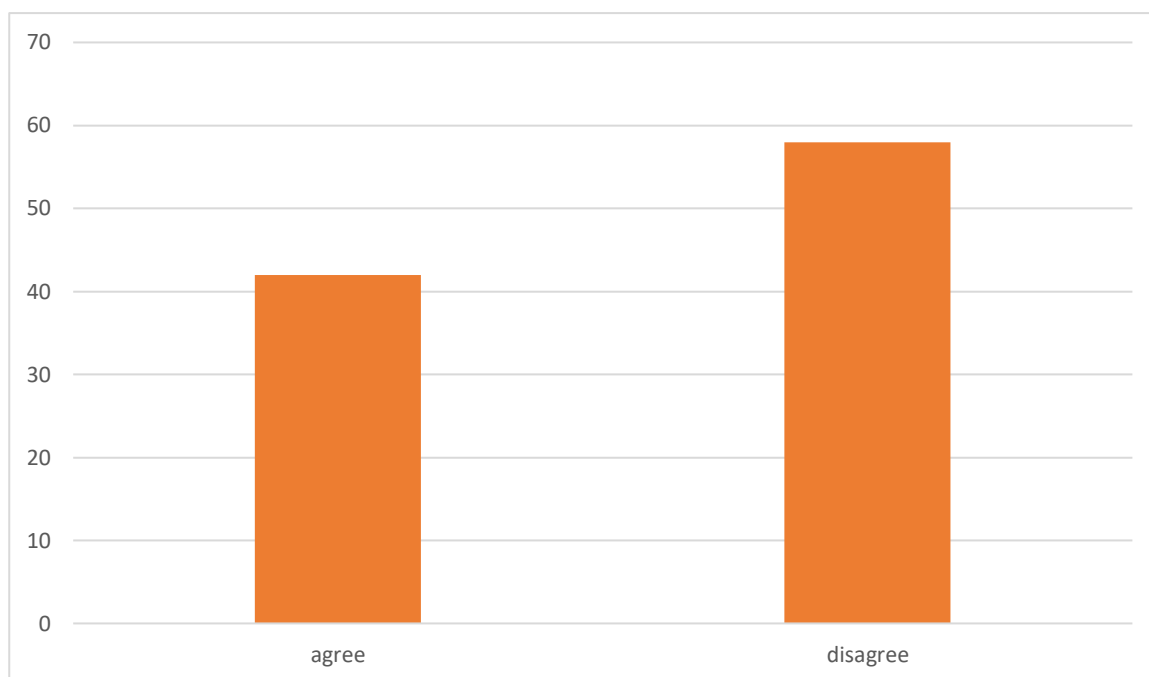
INTERPRETATION

52% respondents feels that documentation was tedious. For every transactions they have to keep separate documents and have a lot of paper works. It can be laborious and also it can be filed with software provided by Goods and Service tax Network(GSTN)

TABLE NO 4.13 DO YOU USE THE HELP OF EXTERNAL CONSULTANTS FOR CURRENT GST MATTERS

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	AGREE	21	42
2	DISAGREE	29	58
	TOTAL	50	100

FIGURE NO 4.13 DO YOU USE THE HELP OF EXTERNAL CONSULTANTS FOR CURRENT GST MATTERS



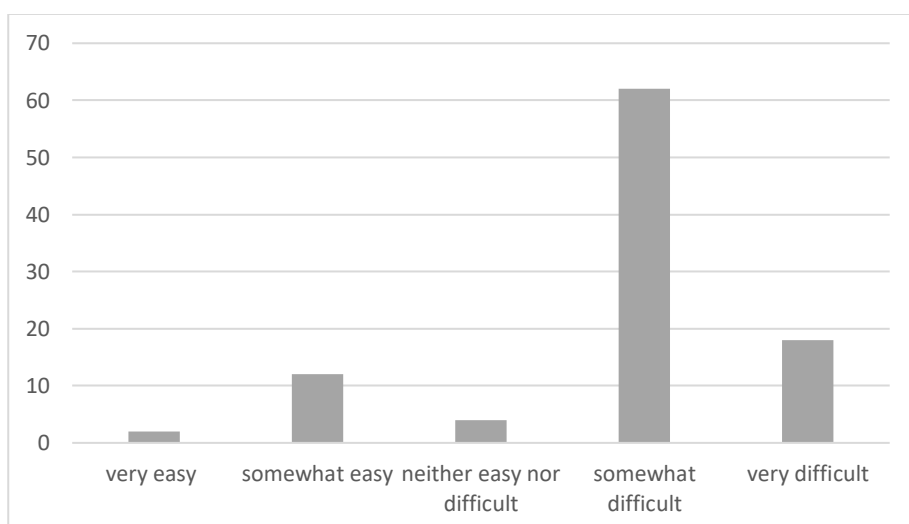
INTERPRETATION

58% disagree that they don't use the help of external consultants. It shows that the employees are trained accordingly to use the portal and the portal performs well and it provide effective services based on IT infrastructure to ensure seamless tax payments

TABLE NO 4.14 SEPARATE REGISTRATION OF EACH BRANCH OF THE SAME BANK FORCES THE BANK TO DO MULTIPLE AUDITS, WHAT DO YOU FEEL

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	VERY EASY	1	2
2	SOMEWHAT EASY	6	12
3	NEITHER EASY NOR DIFFICULT	2	4
4	SOMEWHAT DIFFICULT	32	62
5	VERY DIFFICULT	9	18
	TOTAL	50	100

FIGURE NO 4.14 SEPARATE REGISTRATION OF EACH BRANCH OF THE SAME BANK FORCES THE BANK TO DO MULTIPLE AUDITS, WHAT DO YOU FEEL



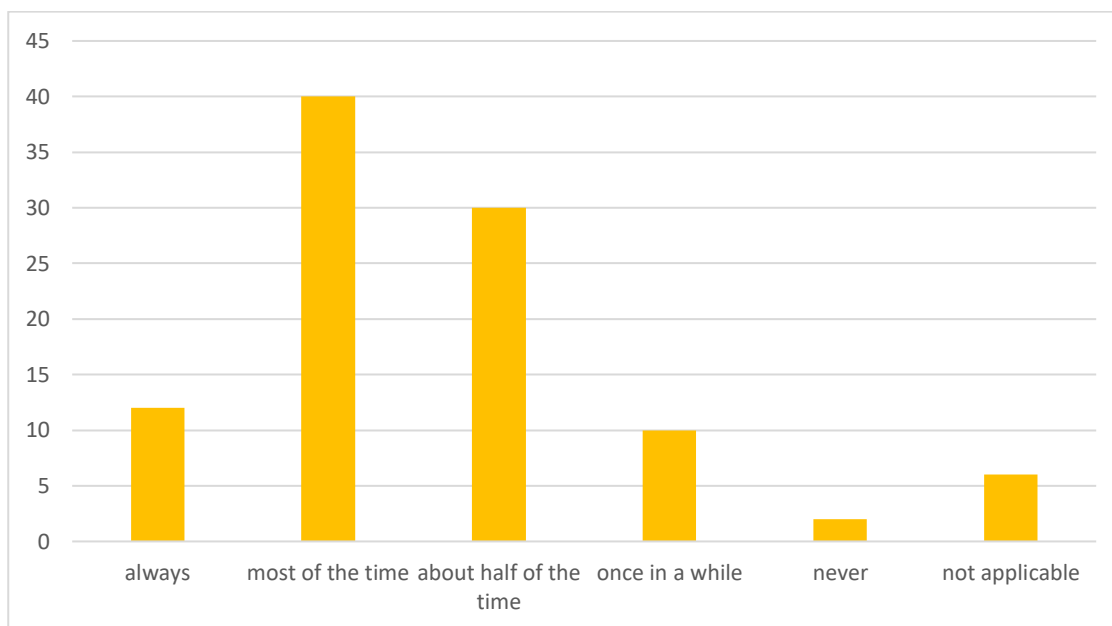
INTERPRETATION

62% responded that it is somewhat difficult to do multiple audit of separate registration of each branch of the same bank due to additional financial burden on account of any fees and other expenses. It cause huge finance.

TABLE NO 4.15 ARE GST TRANSACTION ALWAYS SUCCESSFUL

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	ALWAYS	6	12
2	MOST OF THE TIME	20	40
3	ABOUT HALF OF THE TIME	15	30
4	ONCE IN A WHILE	5	10
5	NEVER	1	2
6	NOT APPLICABLE	3	6
	TOTAL	50	100

FIGURE NO 4.15 ARE GST TRANSACTION ALWAYS SUCCESSFUL



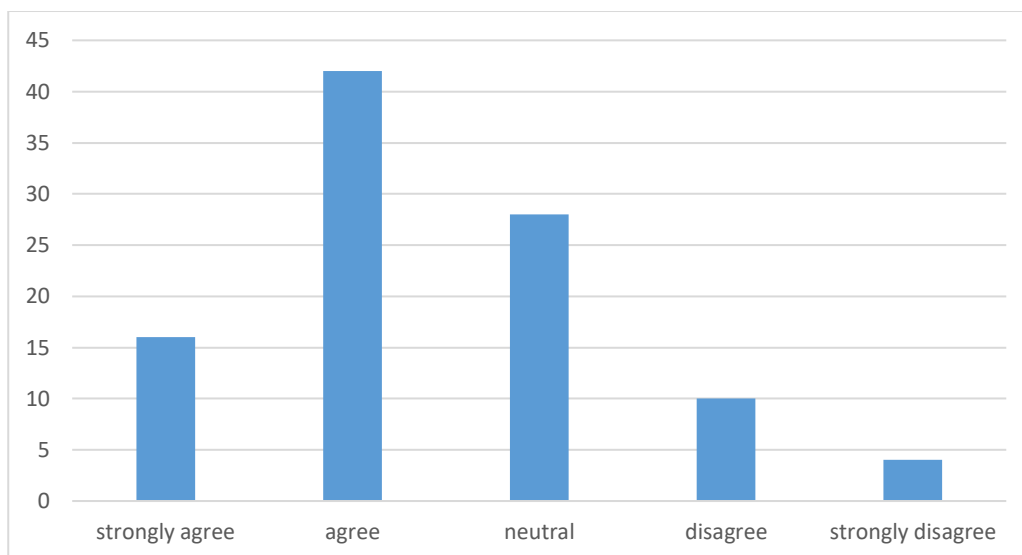
INTERPRETATION

40% responded that GST transactions are successful most of the time because of the efficiency of the portal and of large investments in the same. IT infrastructure ensures the portal is working efficiently.

TABLE NO 4.16 INTRODUCTION OF GST IMPROVED BANKING SERVICES

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	STRONGLY AGREE	8	16
2	AGREE	21	42
3	NEUTRAL	14	28
4	DISAGREE	5	10
5	STRONGLY DISAGREE	2	4
	TOTAL	50	100

FIGURE NO 4.16 INTRODUCTION OF GST IMPROVED BANKING SERVICES



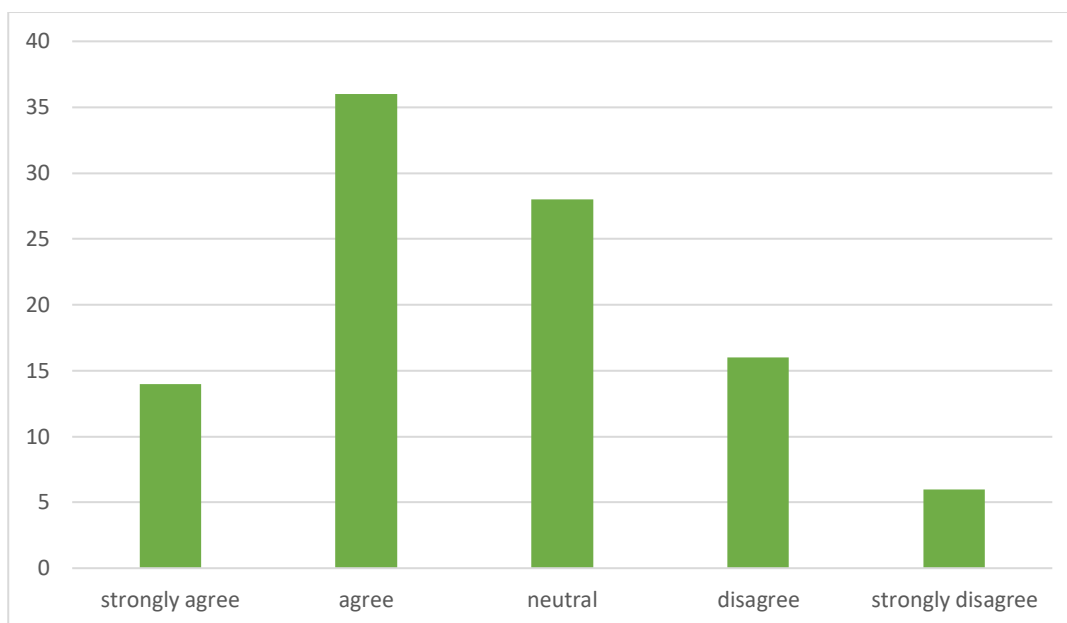
INTERPRETATION

42% agreed that after introduction of GST the banking services had improved by simplifying the Tax structure that they don't deal with multiple tax rates. GST provide single and uniform tax rates.

TABLE NO 4.17 INTRODUCTION OF GST LEAD TO INCREASE IN BANK PROFIT

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	STRONGLY AGREE	7	14
2	AGREE	18	36
3	NEUTRAL	14	28
4	DISAGREE	8	16
5	STRONGLY DISAGREE	3	6
	TOTAL	50	100

FIGURE NO 4.17 INTRODUCTION OF GST LEAD TO INCREASE IN BANK PROFIT



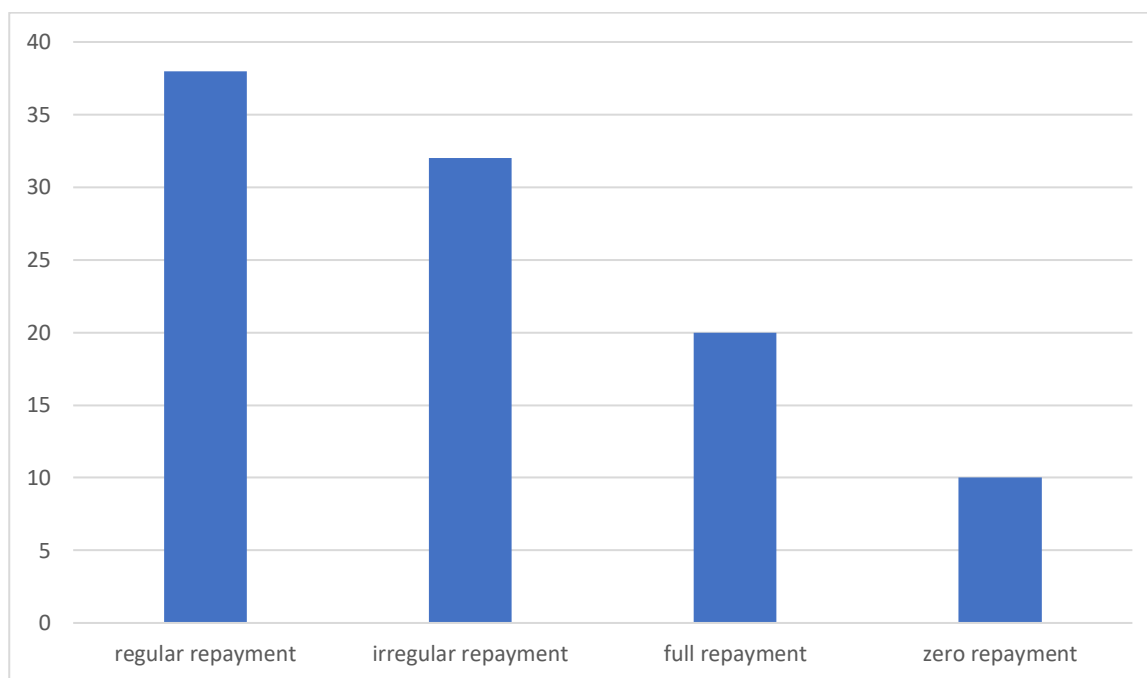
INTERPRETATION

36% agreed that the introduction of GST lead to increase in bank profit, the tax rates are increased so it get about some profit from the transactions.

TABLE NO 4.18 AFTER INCREASING THE GST RATE TO 18% DOES IT AFFECT THE LOAN REPAYMENT

SL NO	OPTIONS	NO OF RESPONDENT	PERCENTAGE%
1	REGULAR REPAYMENT	19	38
2	IRREGULAR REPAYMENT	16	32
3	FULL REPAYMENT	10	20
4	ZERO REPAYMENT	5	10
	TOTAL	50	100

FIGURE NO 4.18 AFTER INCREASING THE GST RATE TO 18% DOES IT AFFECT THE LOAN REPAYMENT



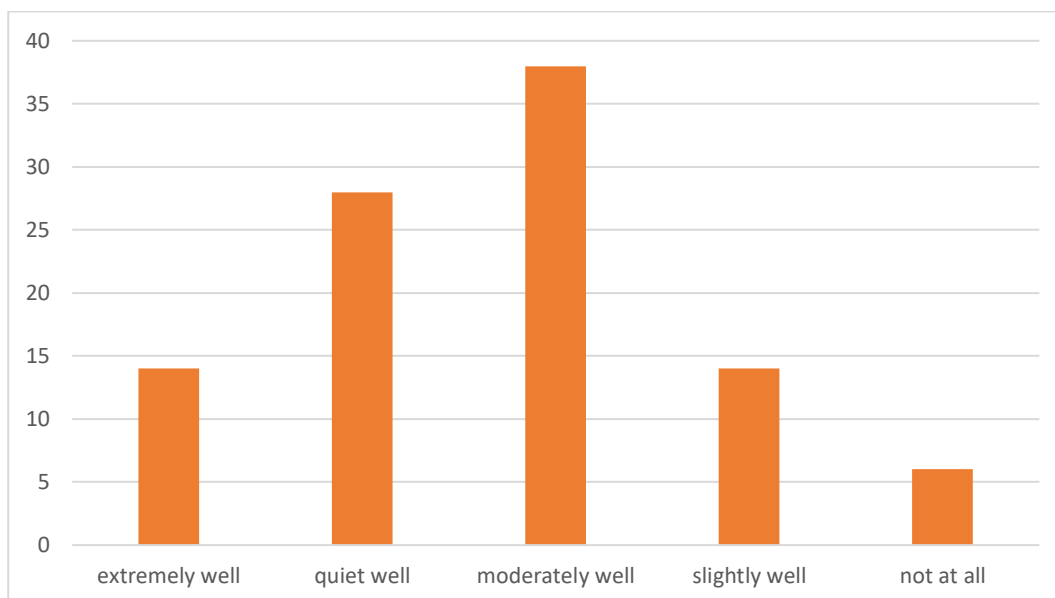
INTERPRETATION

38% are regular interest payers after increasing the GST rate. Customers are repaying regularly because of the transparency and they are wealthier.

TABLE NO 4.19 WELL KNOW ABOUT ALL GST TRANSACTIONS WHICH ARE OCCURING DAILY

SL NO	OPTIONS	NO OF RESPONDENTS	
1	EXTREMELY WELL	7	14
2	QUIET WELL	14	28
3	MODERATELY WELL	19	38
4	SLIGHTLY WELL	7	14
5	NOT AT ALL	3	6
	TOTAL	50	100

FIGURE NO 4.19 WELL KNOW ABOUT ALL GST TRANSACTIONS WHICH ARE OCCURING DAILY



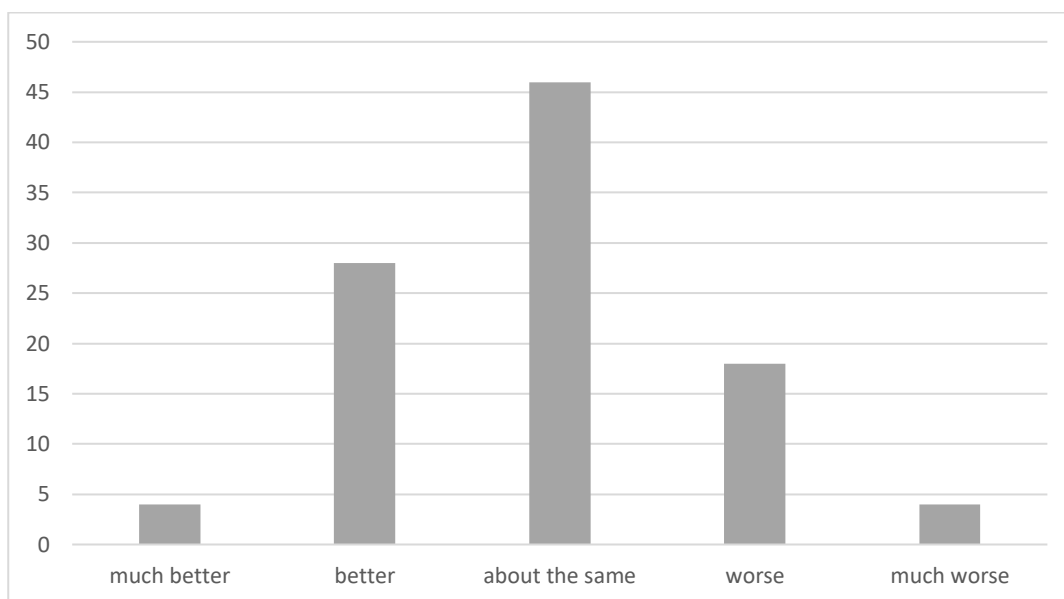
INTERPRETATION

38% employees moderately know about the GST transactions which are occurring daily. employees are tutored and trained accordingly.

TABLE NO 4.20 CUSTOMER REACTION AFTER INCREASING TAX RATE

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	MUCH BETTER	2	4
2	BETTER	14	28
3	ABOUT THE SAME	23	46
4	WORSE	9	18
5	MUCH WORSE	2	4
	TOTAL	50	100

FIGURE NO 4.20 CUSTOMER REACTION AFTER INCREASING TAX RATE



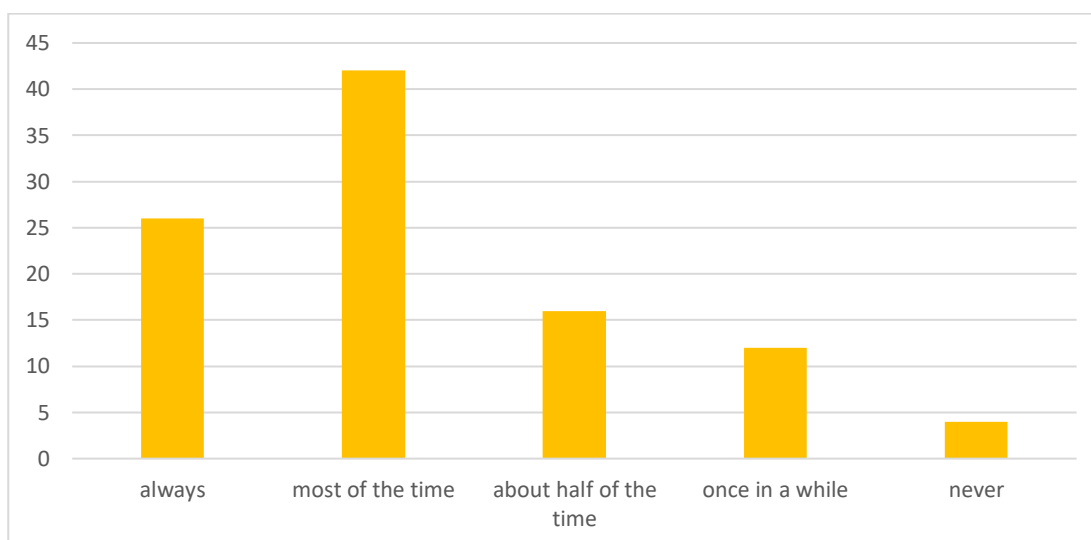
INTERPRETATION

46% customers feel about the same after increasing the tax rate. Employees says that they didn't show any reaction after increasing tax rate because they are wealthier customers.

TABLE NO 4.21 PERCEPTION OF CUSTOMERS TOWARDS AVAILING THE BANK FACILITIES LIKE LOCKER FACILITES, TAX PAYMENT, BILLING ETC AFTER INTRODUCING GST

SL NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE%
1	ALWAYS	13	26
2	MOST OF THE TIME	21	42
3	ABOUT HALF OF THE TIME	8	16
4	ONCE IN A WHILE	6	12
5	NEVER	2	4
	TOTAL	50	100

FIGURE NO 4.21PERCEPTION OF CUSTOMERS TOWARDS AVAILING THE BANK FACILITIES LIKE LOCKER FACILITES, TAX PAYMENT, BILLING ETC AFTER INTRODUCING GST



INTERPRETATION

After introducing GDT regime 42% most of the time frequently avail the bank facilities like locker facility, tax payment, billing etc.

CHAPTER 5
FINDINGS, SUGGESTIONS AND
CONCLUSION

FINDINGS

- ❖ Almost 74% respondents have choose Goods and Service Tax (GST).This shows a strong back up for the study. GST is a single tax on the supply of goods and service , right from the manufacture to consumer.
- ❖ 36% responds as they choose value Added Tax system because compared to GST transactions VAT is more easy and was comfortable in offline mode of transactions. VAT transactions was more easy compared to GST and About 24% respondents have choose offline mode of transaction Others chose vat due to which is collected at different stage of sale. Offline mode of transaction was easier compared to online mode if error occurred they can correct it manually.
- ❖ Almost 48% responded that the experience after introduction was highly satisfactory because after introducing GST the transactions are done online so that paper works can be avoided and can save time.
- ❖ The analysis shows more transparency in Goods and Service Tax is the reason for choosing GST system. GST reduces the need to comply with excise, service tax etc.
- ❖ After introduction of GST the experience of respondents shows neutral, this means they are well and advanced. Most of the Banks are positively availing the benefits of Goods and Service Tax system 72% of the banks are positively availing the benefit of GST. This means that the introduction of GST affected the bank positively and helps to more gain. Banks will be allowed to claim the GST that was paid while purchasing goods and services
- ❖ Analysis shows that it was moderately difficult to register multiple times in all branches in different states. Multiple registration cost a huge amount to invest in the registration process
- ❖ GST increases the compliance cost most of the cost are associated with complying with the requirements of a tax system. Banks have to invest more in technology and training and other government regulations.
- ❖ Overall service provided by the GSTN portal is good. That means the banks are availing the portal facility very well and advanced.
- ❖ About 48% does not agree with additional GST levied on Bank transactions. It means that include high charge in Bank to Bank transaction. Because in a bank there are more number of transactions are occurring so that certain percentage of amount is to be used for additional amount charged.

- ❖ Implementation of GST was neither easy nor difficult in their job , they feel a neutral mode after implementing the GST system.
- ❖ About 42% are satisfied with the smooth transition from VAT system to GST system.
- ❖ Almost 52% responded that documentation is tedious because it was long and often repeated. 52% respondents feels that documentation was tedious. For every transactions they have to keep separate documents and have a lot of paper works. It can be laborious and also it can be filed with software provided by Goods and Service tax Network(GSTN)
- ❖ Almost 58% disagree that they don't use the help of external consultants and they are expertise in that. All the employees are well trained.
- ❖ About 62% feel difficult in separate registration of each branch of the same bank audit. Because it include high task for employees.
- ❖ Most of the time the GST transactions are always successful. IT infrastructure ensures the portal is working efficiently.
- ❖ Almost 42% agreed that introduction of GST improved banking service because of online transaction and transparency, uniform tax policy.
- ❖ 36% agreed that introduction of GST led to increase in bank profit. Credit management , efficiency have influence on bank profitability.
- ❖ There is a regular payment on interest on loan after increasing the GST rate. Customers are repaying regularly because of the transparency and they are wealthier.
- ❖ 38% knows moderately well about all GST transactions which are occurring daily. Because GSTN portal provides the best service and best features.
- ❖ Most of the customers feel about the same after the increase in tax rate. Employees says that they didn't show any reaction after increasing tax rate because they are wealthier customers
- ❖ Most of the time the customers frequently avail the bank facilities, like locker facility, tax payment, billing etc after introduction of GST.

SUGGESTIONS

- The increase in the tax rate of the home loan, which was far lower than the present tax regime, is the finding from the aforementioned study that is most frustrating for the consumer. A standard tax rate of 18% is applied to all bank products and services. I'd like to make the suggestion that the bank could greatly increase customer happiness if they could lower the rates they charge for some of the services they offer. There could be a rise in banking activity.
- Although the Goods and Services Tax (GST) has brought about consistency throughout the country, the tax levied on the various goods and services provided by banks is now significantly higher than it was previously. It concludes that the cost of banking services and goods has increased. GST should be applied to low-income groups at a reduced rate.
- Transactions between two branches of the same bank in two separate states are subject to the GST, sometimes known as the integrated goods and services tax (IGST). The transactions will be complicated and difficult for the banks to follow when there are numerous transactions coming from several branches of the same bank. One of the relaxations is the need that banking services be classified under the GST regulation so that the value of any transaction carried out between distinct people is judged to be Nil.
- Under the observation it shows that the necessity to educate the basis GST system to the common people so that it will be easy and time consuming for the employees or else they need to explain about the tax imposed in the bill.
- All the uneducated people should be well educated about the Goods and Service Tax and its processing for a better cause.

CONCLUSION

The study's conclusion is that a consistent tax is imposed on all goods and services and that the government's adoption of the GST is a risky and challenging step towards sustainable banking. In order to understand how challenging it was to implement GST in the banking sector, the problems that the banking sector experienced are highlighted. Every state where they initiate a transaction is registered in the banks. All services are subject to the same tax.

Input tax credit, checks, loans, and investments are impacted because of the implementation of GST, which increased the cost of all services for consumers while also generating a sizable amount of revenue for the Indian banking industry.

The transaction of products and services between the same bank's two branches in different states was previously tax-free, but after the implementation of the GST tax regime, this has changed. This is known as integrated goods and service tax (IGST). The location of the recipient of services must be recorded on the records of the service provider in order to comply with GST Law for banking and other financial services. The banking industry has now adapted to the changes and is operating smoothly with the current tax rates.

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ANNEXURE

Questionnaire

Name :

Designation :

Bank Name :

Branch :

Experience (in years):

1) Type of tax system preferable?

A Value Added Tax(VAT)

B Goods and Service Tax (GST)

C Other

D Don't know

2) Value Added Tax is preferable.

A No separate registration for bank branches

B Offline mode of transaction

C Other

D More easy

3) Option Goods and Service Tax is preferable.

Uniform Rate of Tax

More Transparent

Reduce double taxation effect

Other

4)Rate your overall experience after introducing GST

A Highly satisfactory

B Satisfactory

C Neutral

D Unsatisfactory

5) Does Banks availing benefits of GST

A Highly positive

B positive

C Negative

D Highly negative

6) One bank has to register multiple times in all branches in different states, what do you feel at the time of GST introduction period.

A Very difficult

B Moderately difficult

C Very Easy

D Satisfactory

7) service provided by GSTN portal

A Excellent

B Good

C Average

D Below average

E Poor

8) GST increases the compliance cost.

A Strongly agree

B Agree

C Neutral

D Disagree

E Strongly disagree

9) Do you agree with any additional GST levied on bank to bank transaction.

A Yes

B No

C Sometimes

D Never

10) Implementation of GST has made your job easier

A Very easy

B Somewhat easy

C Neither easy nor difficult

D Somewhat difficult

E Very difficult

11) The transition from the VAT system to GST Regime was smooth

A Very satisfied

B Satisfied

C Neutral

D Not satisfied

12) Does documentation is tedious

A Very easy

B Somewhat easy

C Neither easy nor difficult

D Somewhat difficult

E Very difficult

13) Use the help of external consultants for current GST matters

Agree

Disagree

14) Separate registration of each branch of the same bank forces the bank to do multiple audit, what do you feel

A Very easy

B Somewhat easy

C Neither easy nor difficult

D Somewhat difficult

E Very difficult

15) Are GST transactions always successful

A Always

B Most of the time

C About half of the time

D Once in a while

E Not applicable

16) Introduction of GST improved the banking services

A Strongly agree

B Agree

C Neutral

D Disagree

E Strongly disagree

17) Introduction of GST has leads to increase in bank profits

A Strongly agree

B Agree

C Neutral

D Disagree

E Strongly disagree

18)After increasing the GST rate to 18% does it affect the loan repayment

A Regular Repayment

B Irregular Repayment

C Full Repayment

D Zero Repayment

19)Well know about all GST transactions which are occurring daily

A Extremely well

B Quiet well

C Moderately well

D Slightly well

E Not at all

20)Customer reaction after introduction of GST

A Much better

B Better

C About the same

D Worse

E Much worse

21) Perception of customers towards availing the bank facilities like locker facilities, tax payment, billing etc. after introducing GST

A Always

B Most of the time

C About half of the time

D Once in a while

E Never