

**“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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Place :Thrikkakara

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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.

On April 1, 2005, value-added tax (VAT) was incorporated into the Indian tax code. The previous general sales tax rules were replaced by the Value Added Tax Act of 2005 and related VAT regulations. A specific form of indirect tax levied on products and services is value-added tax, or VAT. The producers pay the government at each stage of the supply chain. The buyer and the vendor must both be situated in the same state because VAT tax is only applied to goods sold 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

The banking industry is recognised as a crucial component of the economy. Although there is a considerable increase in the volume of financial transactions, it has always been one of the most important sectors for the economy to run. The analysis is to determine how the GST will affect the banking sector and how it will affect clients. It also aims to determine whether the tax rate will have an impact on the banking sector's development.

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

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” study explains The GST system is expected to increase the cost of bank services, which are presently charged at a rates of 14.5% but will be taxed at a standard rate of 17–18% under the GST system. The interest earned on savings accounts, provided loans, and other banking activities that would typically be subject to GST unless expressly exempt are now exempt from service tax. A number of services provided to society's poorer sections could be taxed or otherwise made more expensive.

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 fundamental critique of previous theories that serves as a roadmap for developing the arguments you'll use to support your own claims. Theories are developed by researchers to explain phenomena, find connections, and make predictions about the future. A theoretical framework thoroughly and comprehensively examines the relationships between the various factors in a certain occurrence. You can better organise your ideas by adopting a framework, which will help other researchers comprehend and apply your concepts to more study.

3.1 INTRODUCTION

In order to raise money for important public projects like providing the best infrastructure and services, a government must levy taxes on individuals and businesses. The revenues obtained are then used to fund a number of public expenditure programmes. In India, there are two sorts of taxes: direct taxes and indirect taxes. Although both individuals and companies are subject to direct tax assessments on taxable income, it is the assessee's duty to deposit taxes.

3.2 TAX SYSTEM

Under India's taxation structure, both the Central Government and the State Governments each charge their own taxes. A few small taxes are also collected by local governments like the Municipality and Local Governments. To manage a state's affairs and run its government, money is required.

3.3 DIRECT TAX AND INDIRECT TAX

There are two different types of taxes: direct taxes and indirect taxes. The way these levies are used is what makes them different. You are directly responsible for paying some taxes, such as the dreaded income tax, wealth tax, corporate tax, etc., while paying indirect taxes, such as the value added tax, good and service tax, sales tax, etc.

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.

All banks must comply with GST. After receiving the certificate of registration in Form GST REG-06 and the GSTIN, or Goods and Service Tax Identification Number, the newly registered taxpayer is required to provide bank account information in accordance with Rule 10A.

Goods and Service Tax Network (GSTN)

The Goods and Services Tax Network, or GSTN, is in charge of overseeing the IT infrastructure for the GST Portal. This non-profit, non-governmental organisation serves as the official GST Portal's database.

Qualities of GSTN

The following is a list of the GST Network's key characteristics:

- Protecting the confidentiality of the taxpayers' information; and • Keeping the data of all taxpayers safe and secure.
- The National Information Utility is reputable (NIU).

Activities of GSTN

The GST Network's or GSTN's primary duties can be summed up as follows:

Invoices, registrations, payments, and refunds (if any) are all handled by this department, along with a variety of returns.

3.6 DIFFERENCE BETWEEN GST AND VAT SYSTEM

BASIS	VALUE ADDED TAX(VAT)	GOODS AND SERVICE TAX(GST)
Framework	Custom duty/central excise duty, central sales tax on goods and services, surcharge, and cusses were all relevant central taxes under the previous taxation regime. State VAT, WCT, entertainment tax, luxury tax, wagering tax, lottery tax, sales tax withheld at source, surcharge, and cusses were among the state taxes.	With the exception of motor spirit, petroleum, natural gas, and other exempt goods and services, all federal and state taxes will be combined under the GST and only one tax will be applied to all goods and services.
Levy Basis	In a VAT system, taxes are collected at the locations of the production, sale, or provision of products or services.	GST imposes tax at the point of consumption, much like a destination-based tax.
Process of Registration	The registration process for VAT is decentralised under state and federal oversight.	Depending on the entity's PAN, e-registration will be uniform under GST.
Verification	In the case of VAT, the system will only partially check the returns; the results of a full verification will be subject to state or federal authority evaluations.	With GST, the system will be validated, and usage, tax payments, and utilised input credits will all be subject to consistency checks.
Returns Filing and Tax Collection	Under the previous case, service tax and central excise were uniform, while state-by-state VAT variations existed.	With GST, the procedure is standardised, and there are standard deadlines for collecting or depositing tax as well as for filing returns.
service levy	On a provision/payment basis, the centre levies service tax under VAT on a list of services covered by the Finance Act.	Service tax is subsumed under the GST depending on rules pertaining to the place of supply.

Interstate Tax	All goods, with the exception of those that are exempt, are subject to VAT.	This tax is replaced by the State GST under the GST.
Excise Duty	Excise tax will be charged up until the point of manufacture under the VAT system.	Excise duty will be replaced by Central GST under GST, and tax will now be charged up to the retail level.
Basis Customs Duty	Under VAT, the Center levies tax on imports in accordance with a different act.	The same.
Extra Special Duties	The Center levies a separate import tax under Vat.	This duty is covered by State GST under GST.
Entry Levy	Several governments impose an entry tax under the VAT regime on transfers between states that are treated as imports in the local region.	Entry tax is not applicable under GST, but a 1% surcharge will be added to the price of some commodities when they are supplied between states.
Central sales Levy	When it comes to interstate transactions against C-Forms, CST is levied under VAT at a special rate of 2%. Otherwise, the whole rate that is applicable ranges from 5% to 14.5%.	The Integrated GST incorporates CST under GST.
Export-related taxes on goods and services	This tax is exempt from VAT.	The same.
Tax on Interstate Commodity Transfer to Agent or Branch	This tax is exempt under VAT when applied to Form F.	This tax is imposed under GST, however dealers will be eligible for a full credit.
Levy Cross Set Off	Service tax and excise charge can be offset under VAT.	Set-off between State GST and Central GST is not permitted under GST.
VAT on commodities transferred to an agent or branch	This tax is often excluded under VAT, however state laws may affect whether it is applicable.	Unless the TIN of the transferor and the transferee is the same, this tax may be assessed under GST.

credit not being given for some items	A few goods and services are not creditable under the VAT and CENVAT regulations.	There won't be a disallowance of this kind under GST unless the GST Council expressly permits it.
Refusal of materials or input services used in products or services that are free from tax	This is not allowed by VAT.	Unless the GST Council finalises a list of the items falling under the Negative List, there won't be any such disallowance under GST.
Cascade impact	With VAT, there is no excise duty set-off against service tax, but there is a credit between the two taxes.	Credit is allowed under GST for the full amount of taxes paid up to the retailer.
Threshold amounts for tax levy	The threshold for central excise under VAT is Rs. 1.5 crore, and the threshold for VAT varies by state from Rs. 5 lakh to Rs. 20 lakh. The service tax exclusion amount is Rs. 10 lakh.	According to the GST Council's proposals, the State Tax under the GST will be in the range of Rs. 10 lakh to Rs. 20 lakh.
Tax on government and non-profit organisations	Some governmental entities, nonprofits, and PSUs will be covered by the VAT.	The same.
Shall be exempt	Some regions, including the North-East, will be eligible for VAT exemptions.	There won't be any such exemptions under GST, and the GST Council might develop an investment refund programme for some 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 Method A process can be automated to go from consuming weeks to just 10 to 15 minutes. Important information can be automatically collected from customer-submitted documents in order to verify all information. The system makes use of machine learning to offer decisions that are more decisive and supported by straightforward statistical techniques based on data analytics. In order to make safer loan decisions, intermediary bots extract business logic, issue automatic confirmation letters, and urge the user to remedy any errors.

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. Processing credit card applications

Prior to this, credit card applications needed a several-week waiting time, which irritated clients and occasionally caused them to withdraw their requests. Yet, banks can speed up the issuance of credit cards by using RPA.

In just a few hours, the RPA programme can now compile all customer documents, carry out credit checks with full background checks, and reach choices based on pre-established criteria. RPA has completely optimised the entire credit card processing process, making life simpler for both clients and banking personnel.

6.Fraud Detection

As the banking fraud landscape develops, banks are worried about bolstering their fraud detection system. Modern technology's development has only led to an increase in banking fraud. As every transaction must be manually reviewed, it is practically impossible for banks to identify fraud tendencies in real time. RPA detects suspected fraud using an intelligent "if-then" method and flags it for prompt resolution by the relevant department.

7. General ledger

Banks must maintain up-to-date general ledgers containing vital information like revenue, assets, liabilities, expenses, and revenue in order to effectively prepare financial statements. Because there is so much data from so many different systems, the human administration process is particularly prone to errors. RPA steps in to the rescue in this scenario by merging data from several previous systems to collectively give them in the required fashion. The handling of data takes less time and effort as a result.

8. Mortgage processing

Mortgage processing is labor- and time-intensive for both banks and their clients. Banks manage their mortgage process for more than a month before approving each loan request, going through a variety of stressful steps such job verification, credit checks, and inspection. Even the slightest error made by the customer or the bank could cause the processing of the mortgage loan to be severely delayed.

RPA, however, has sped up this process for banks. In order to eliminate any bottlenecks and speed up the processing of mortgages, robots adhere to a predetermined set of criteria.

9.Bank Reconciliation

Businesses invest a lot of money and time manually authenticating and validating online transactions each year. The hard task of monitoring journal entries has been made easier by the development of new technologies and scattered solutions, but banks are still up against many challenges due to complex

procedures, high transaction volumes, and an infinite supply of data feed. RPA gives companies the ability to quickly reduce costs while modifying the workload of their back-office staff so that they may focus on more fulfilling initiatives. By utilising RPA technology, banks can develop reconciliation systems with automated journal entries, sophisticated data comparison, and long-term preservation.

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.

Analysis of banking Under the GST, there is an implicit tax rate on goods and services.

In the table, Corporation Bank's products and services are briefly described. This information allows us to quickly comprehend the various tax rates that are applied to different goods 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 IMPLIMENTATION 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

If a bank or dealer has branches in several states, separate registration must be completed for each state. Companies with many verticals can register for each one separately. Each and every branch that a bank operates in must be registered. Only when a bank or corporation is registered for GST are any transactions or business activity carried out.

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

The exchange of goods and services between two branches of the same bank was tax-free prior to the implementation of GST. Nonetheless, the interstate delivery of goods and services, or both, between two branches of the same bank in different states is subject to the integrated goods and services tax (GST) (IGST). In general, banks have a lot of shared and common services that are maintained by head office, such as call centres, security software, etc. Additionally, a branch frequently offers assistance to other branches internally, for as by resolving a customer's problem with their pan-Indian account or providing them with local information. Even though these supplies are supplied without receiving anything in return, applying GST to them would be an unnecessary hardship. However, a solution is offered by the valuation rules, which state that in the event of a transaction involving distinct parties, the value disclosed on the invoice shall be deemed to be taken as an open market value. However, valuation issues may still arise because this rule does not apply if the receiving branch is unable to use the entire line of credit for any reason. One suggestion is that banking services be classified in the class of services where the value of any transactions undertaken between the distinct persons is deemed to be Nil in accordance with Rule 6(7) of the GST Valuation Rules because tracking such transactions in the banking sector would prove to be a difficult task and result in multiple interpretations and disputes.

(iii) GST charges on banking activities

(a) TRANSACTION CHARGES:

When we need money quickly, we typically head to the closest ATMs, which results in us paying transaction fees. Under the GST tax regime, you would pay extra due to changes in ATM transaction fees, additional trips to withdraw cash or check your balance, and other expenses. Transaction fees, which were formerly 15%, have been raised to 18%. The alarming information is that ATM transactions are limited to a specific number, i.e., the first five withdrawals are free after five withdrawals. To discourage cash withdrawals from ATMs, which would inevitably boost the use of internet banking, a fee of Rs. 20 per withdrawal is levied. Also, if a consumer writes more than 50 checks each year and is charged less than Rs. 100, using a cheque book will be pricey. Individuals must pay an additional Rs. 3 for every Rs. 100 spent on banking transactions.

(b) LOANS:

According to information, all loans are subject to GST at a rate of 18%, and there is no possibility that the tax rate will increase. However, there is a significant issue with the home loans that were previously made available to the borrowers for an overall rate of 8.5 with a VAT of 5% for construction materials and 3.5% service tax, which is now only available at an 18% GST rate, making them slightly more expensive for the borrowers. Also, there is a possibility that banks and lenders will raise the interest rates they add to home loans.

(c) INVESTMENTS:

Mutual fund investments are significantly impacted by the implementation of the GST. The impact of the GST prohibition on mutual fund revenue on consumers is apparent. An expense ratio is a charge made by an investing business to run its mutual funds. The total expense ratio of mutual funds will now include a 3% increase in the Goods and Services Tax. In the case of policyholders, they must pay large premium amounts for their insurance. For example, if a household spends Rs 50,000 annually on insurance, excluding service tax, their costs will rise by Rs 1500, or 3%. Mutual fund earnings up to Rs 20 lakh would continue to be excluded from GST.

(d) INSURANCE:

The GST has a significant impact on insurance because it raises premiums, particularly for life, health, and auto insurance plans. Under the GST, the tax rate raised from 15% to 18%. For instance, if the full premium is for life insurance, an 18% tax rate will have an impact on the entire amount.

(e)INPUT TAX CREDIT:

A 50% credit decrease on capital goods as a result of the GST enhances the cost of capital since 50% of the CENVAT credit that was used for inputs, input services, and capital goods must be reversed. Only until your supplier has remitted the tax he has collected from you is input tax credit covered by GST. Prior to being claimed, it must be matched and validated. Therefore, it is required that every supplier register for GST.

(f)OTHER SERVICES:

Banking services provided by the banking industry, such as locker facilities, tax payment, billing, and purchasing, are subject to an 18% GST tax, which is 3% more than the early tax rates. Even though the pension is a bank-provided service, it is charged under salary.

(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. 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.

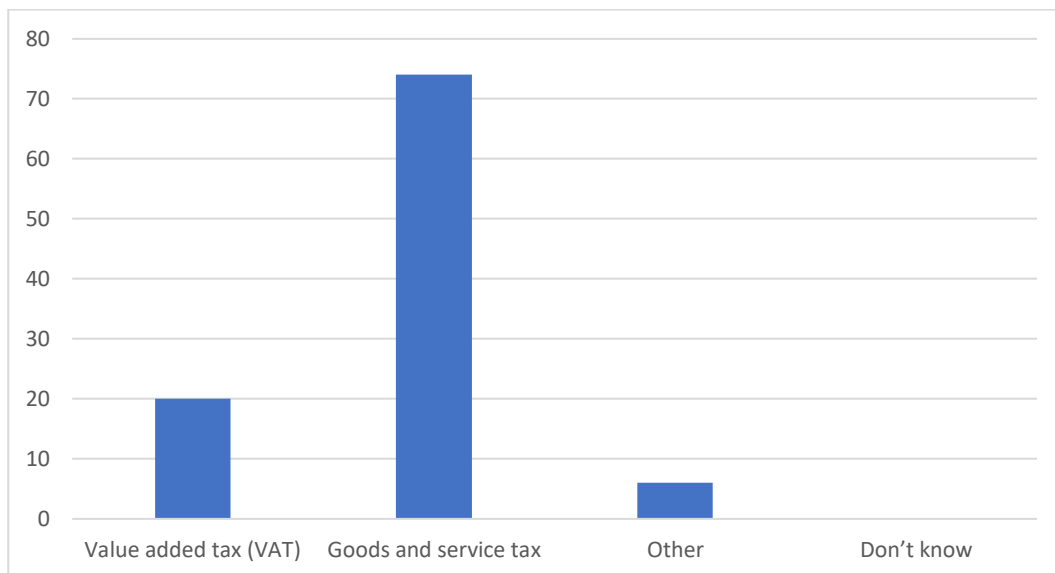
CHAPTER 4

**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.



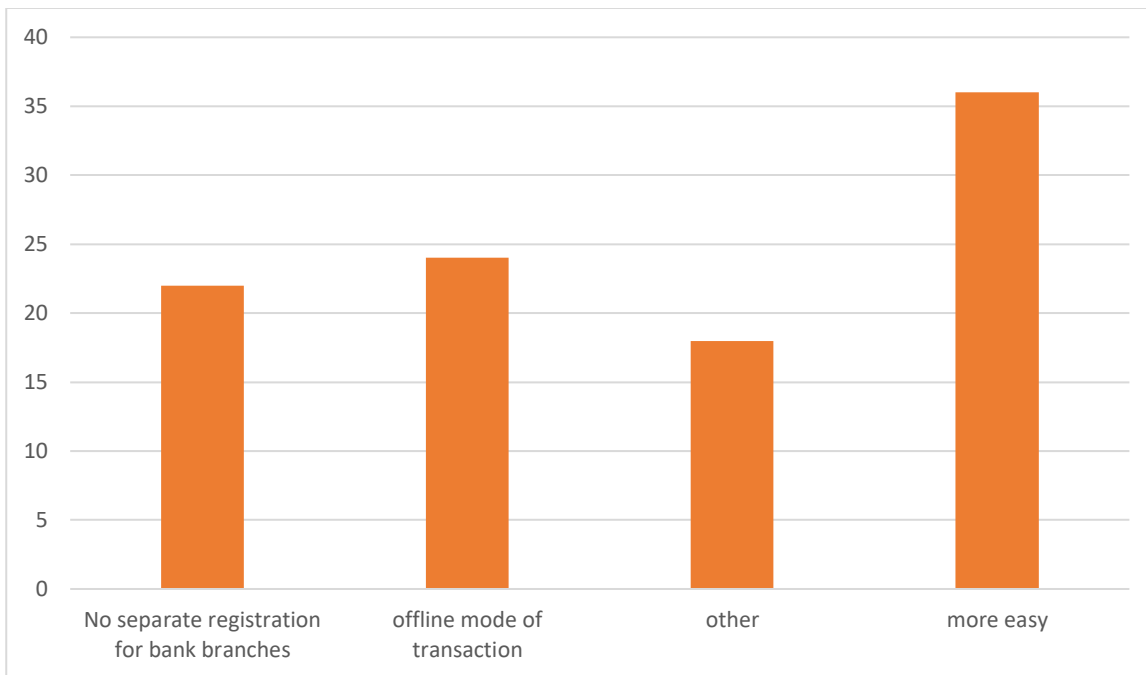
INTERPRETATION

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



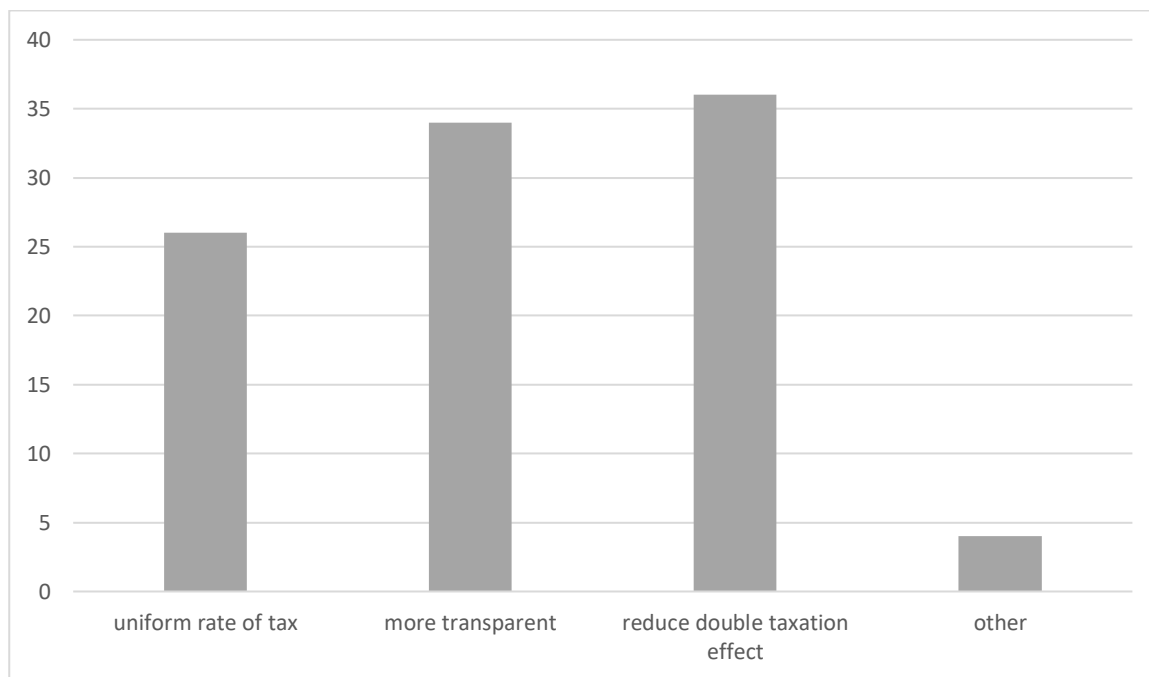
INTERPRETATION

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



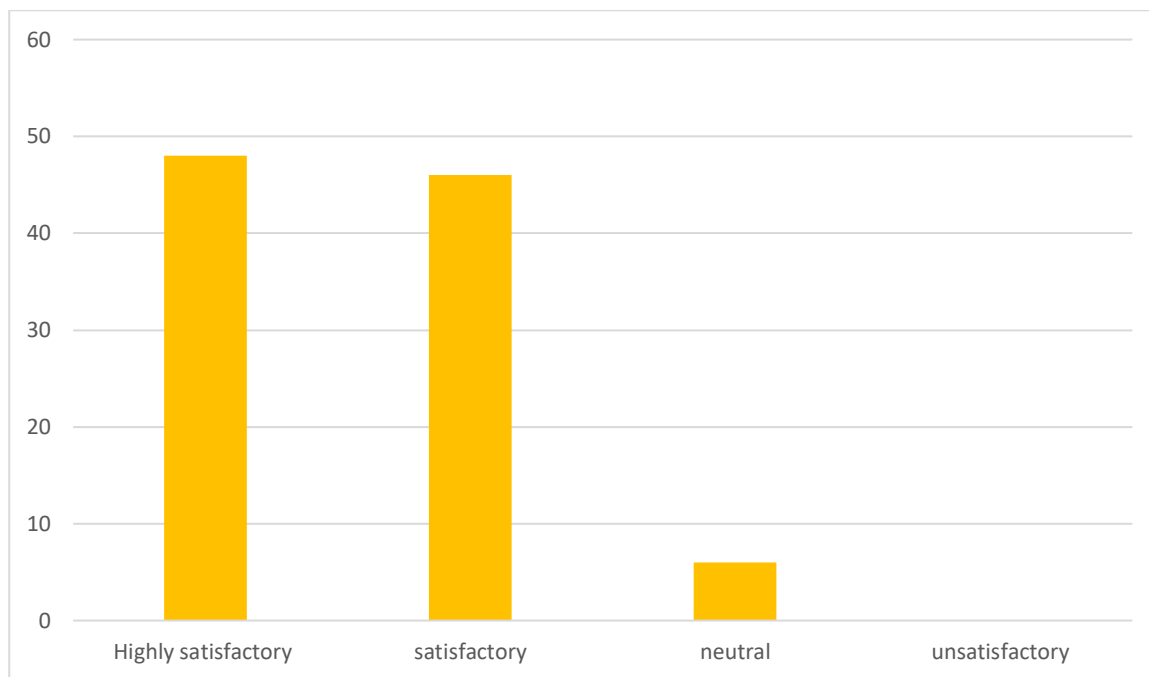
INTERPRETATION

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



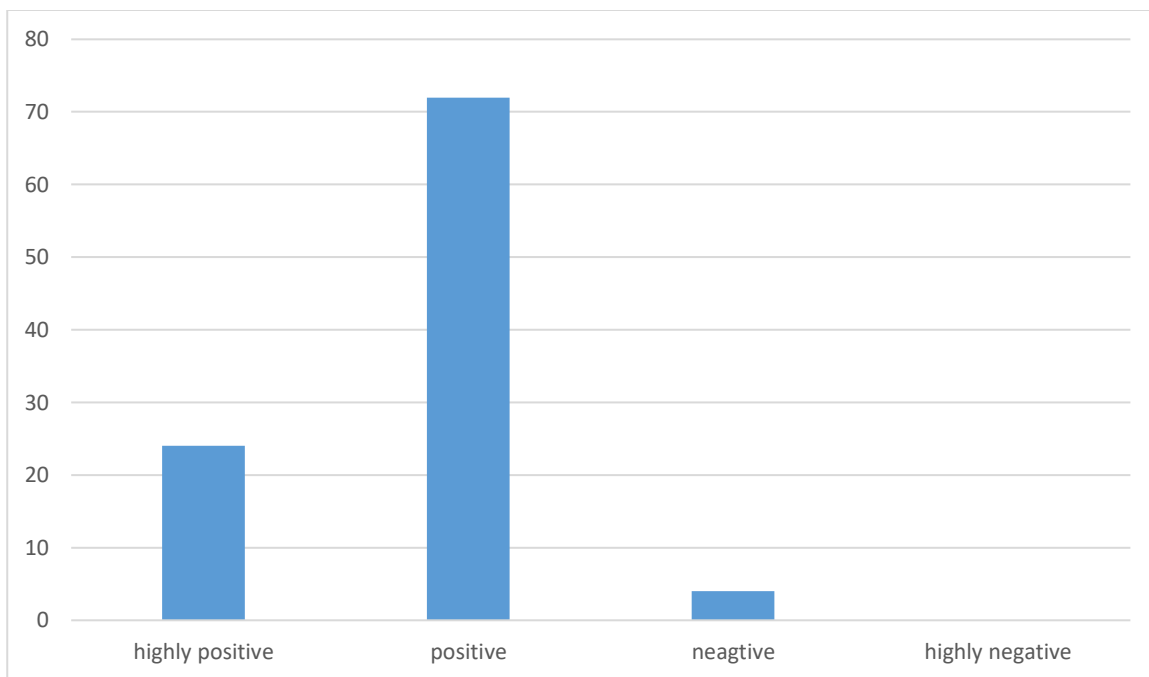
INTERPRETATION

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



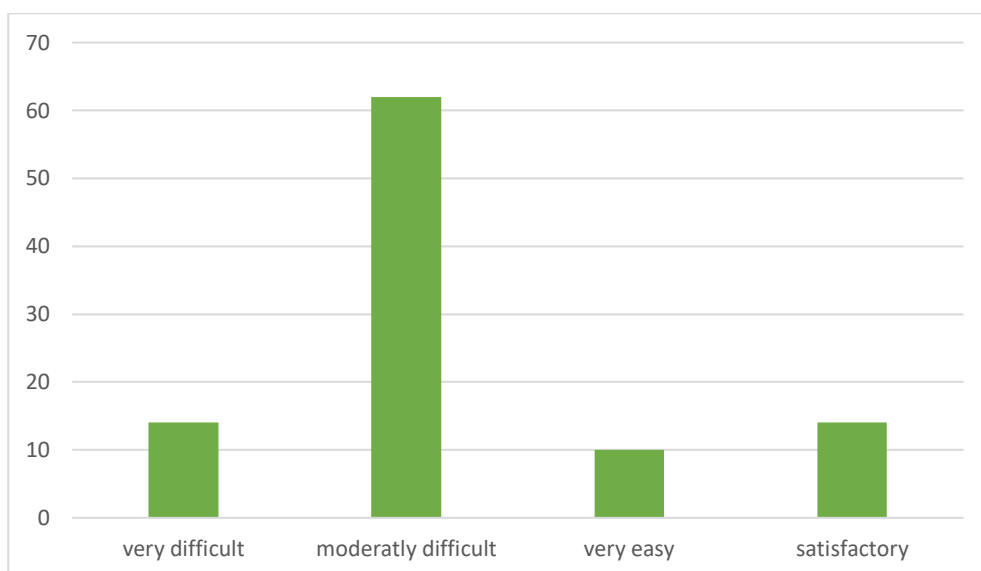
INTERPRETATION

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



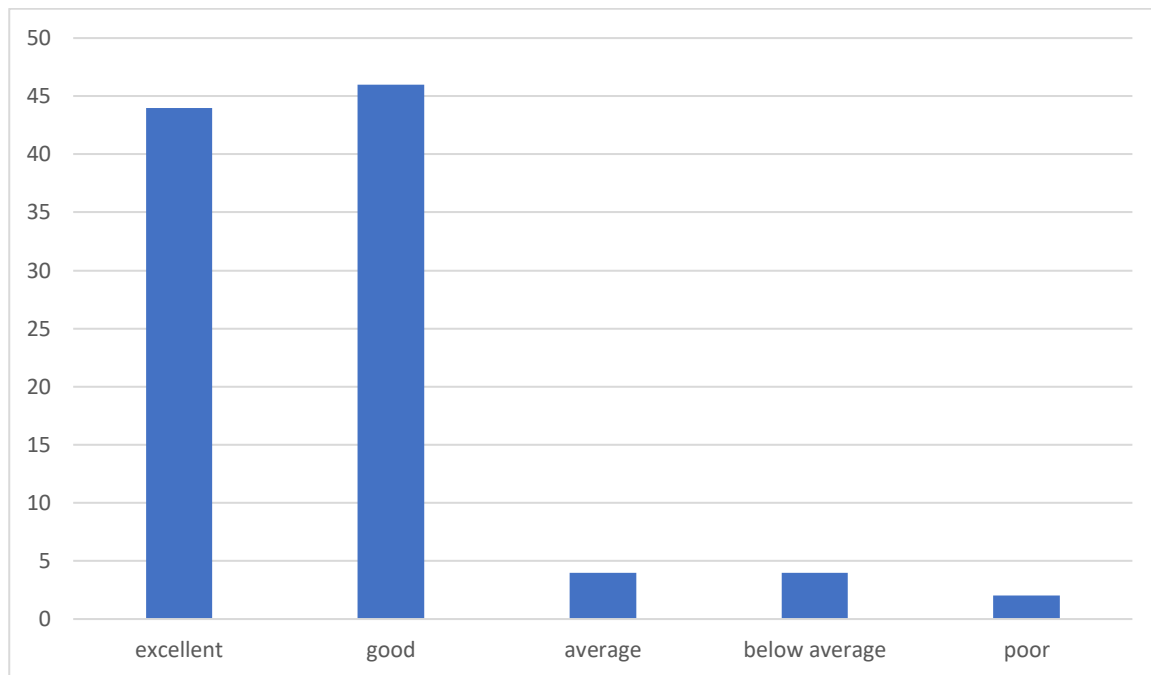
INTERPRETATION

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



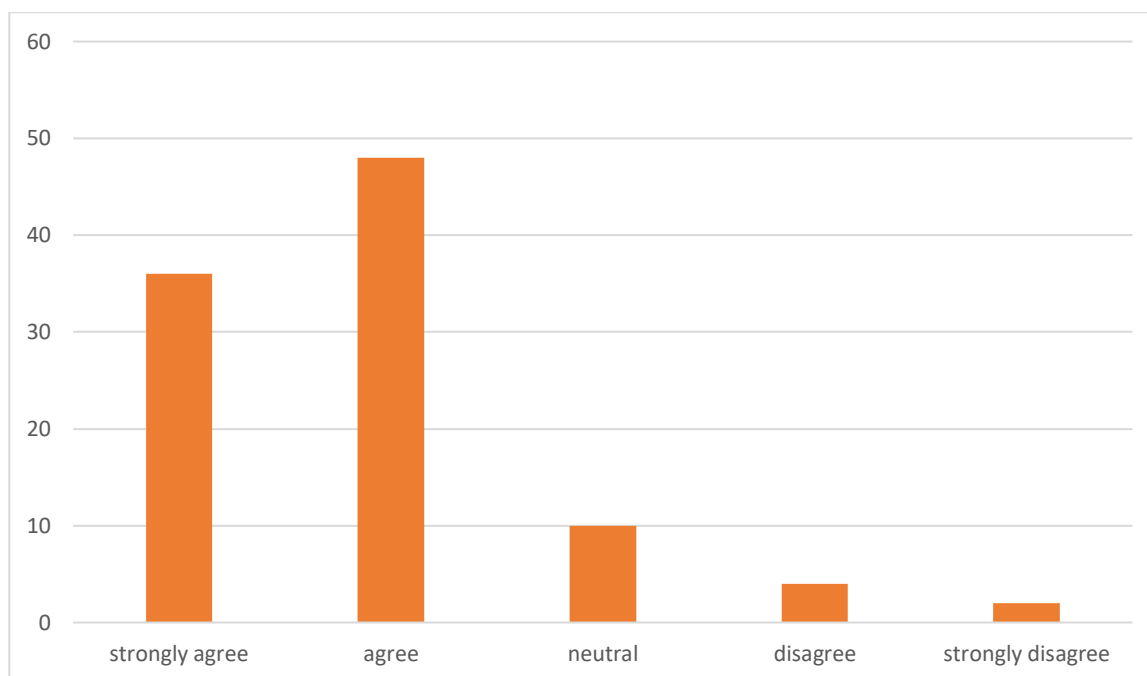
INTERPRETATION

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



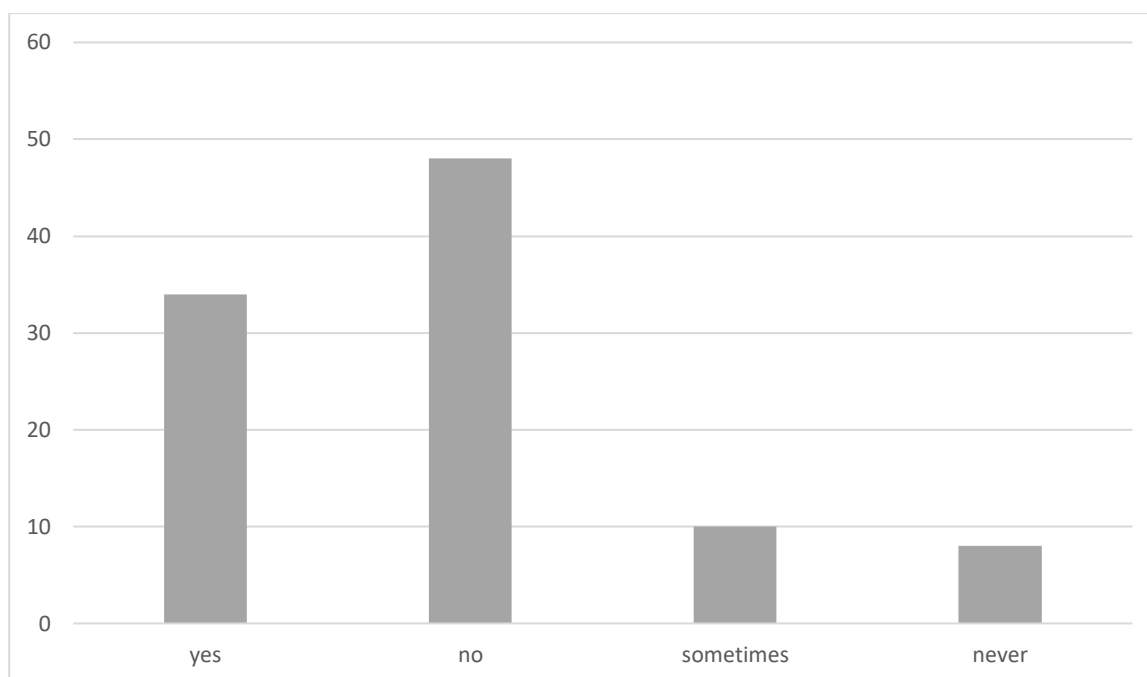
INTERPRETATION

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



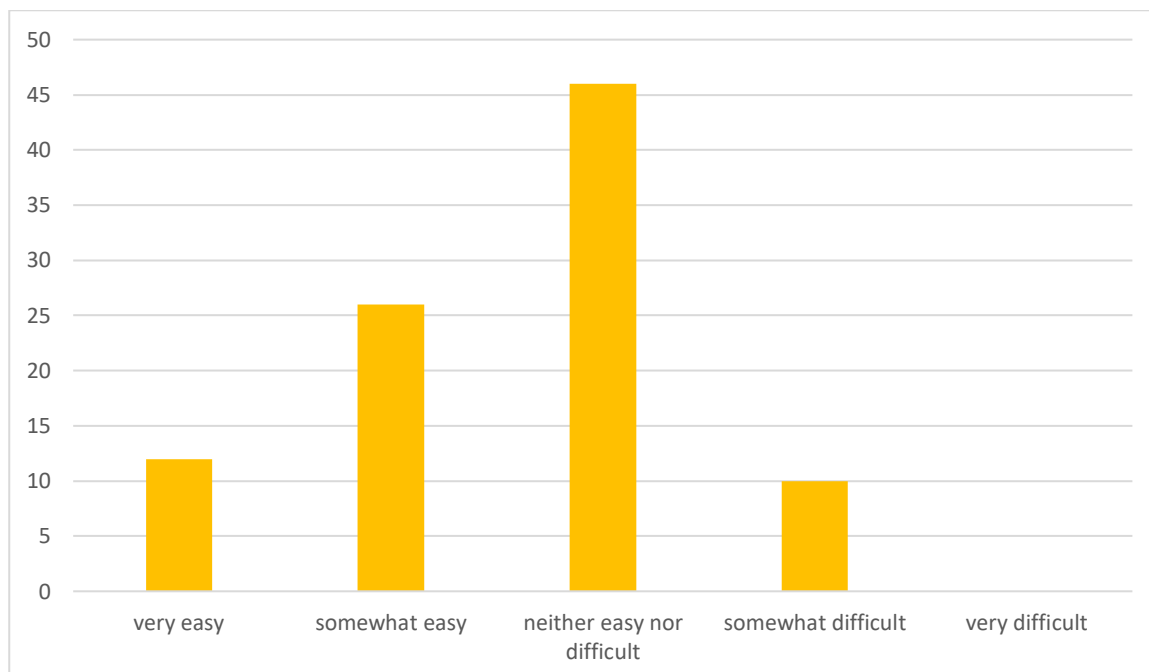
INTERPRETATION

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



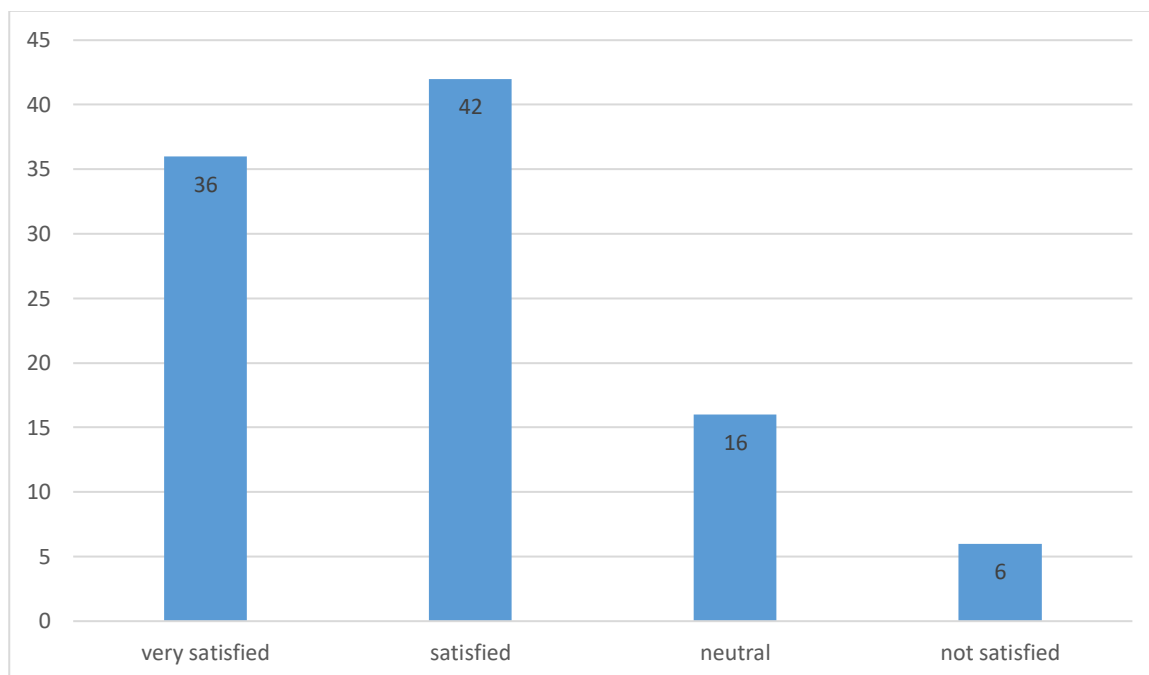
INTERPRETATION

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



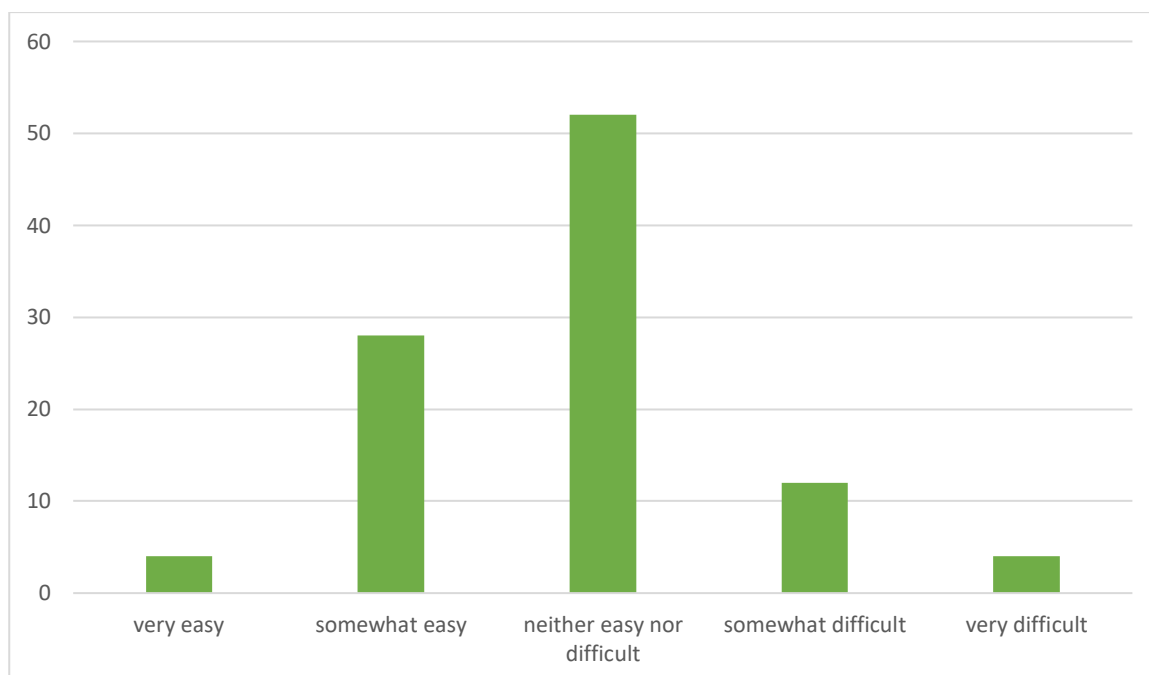
INTERPRETATION

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



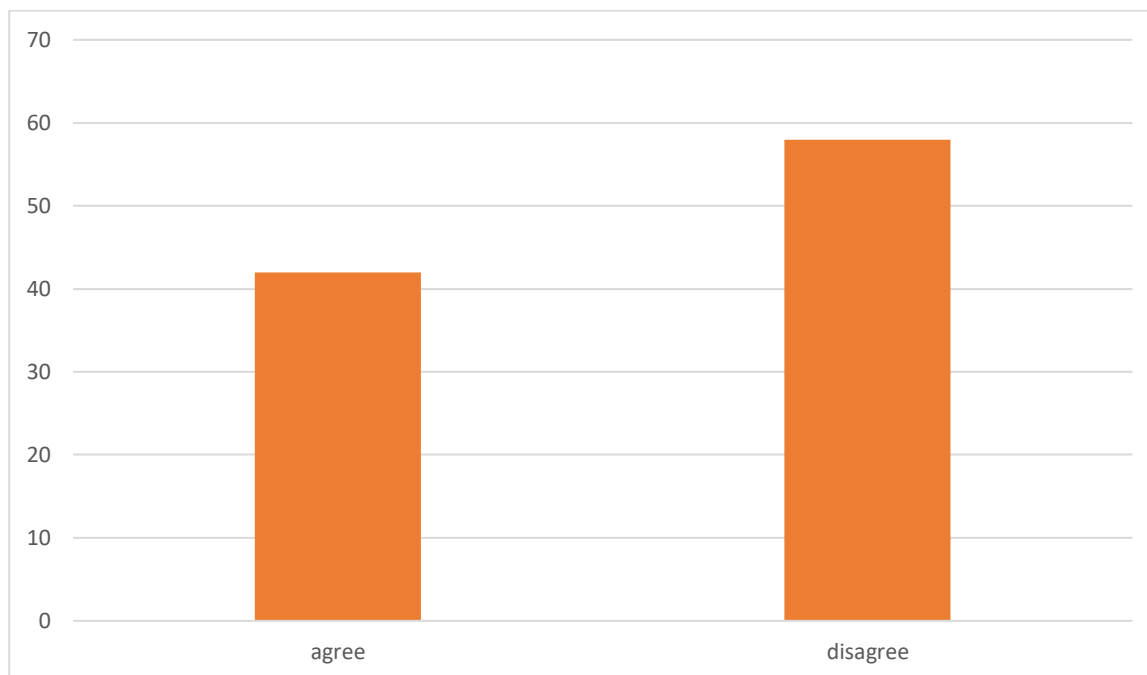
INTERPRETATION

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



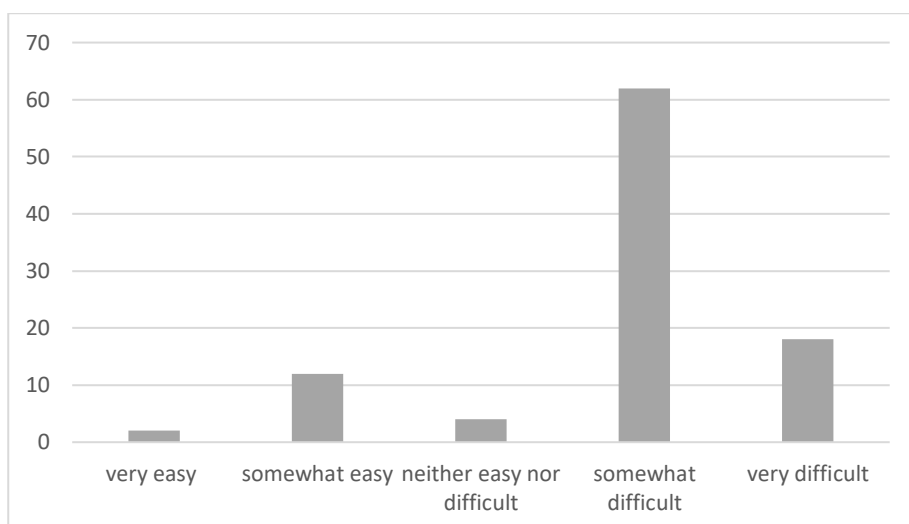
INTERPRETATION

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

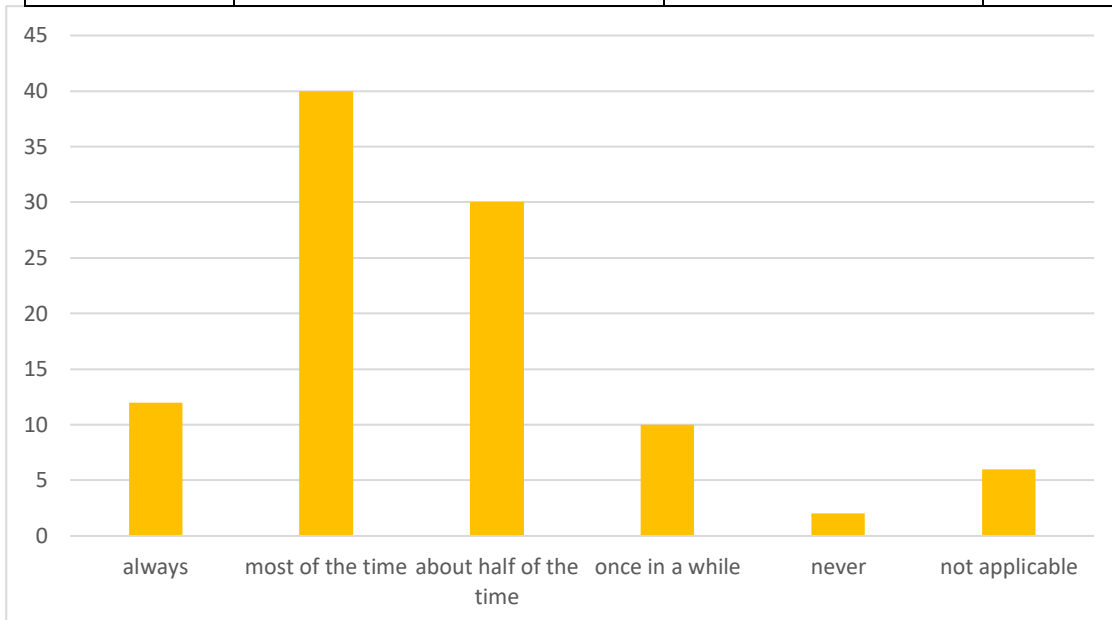
62% responded that it is somewhat difficult to do multiple audit of separate registration of each branch of the same bank due to additional financial burden on account of any fees and other expenses. It cause huge finance.

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

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

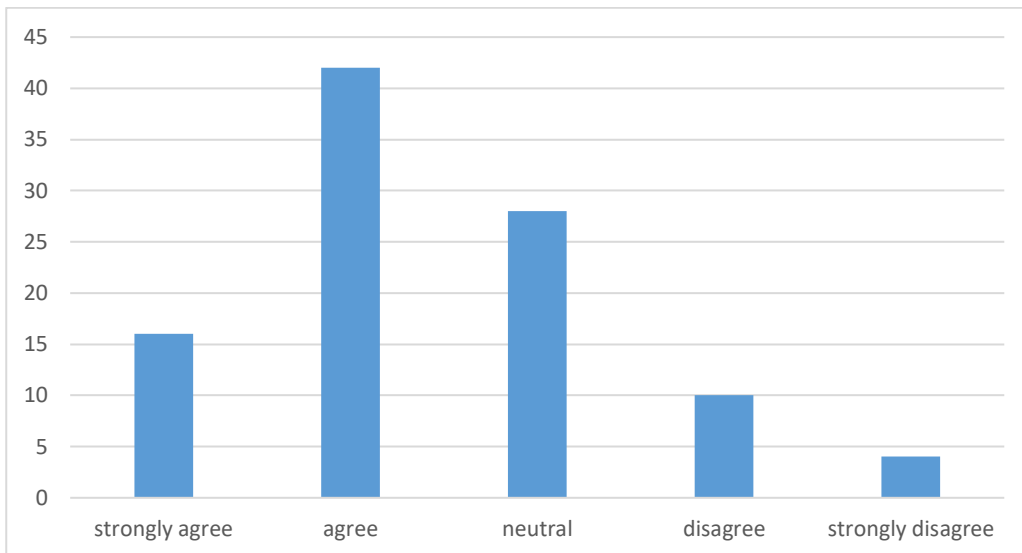


INTERPRETATION

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

FIGURE NO 4.16 INTRODUCTION OF GST IMPROVED BANKING SERVICES



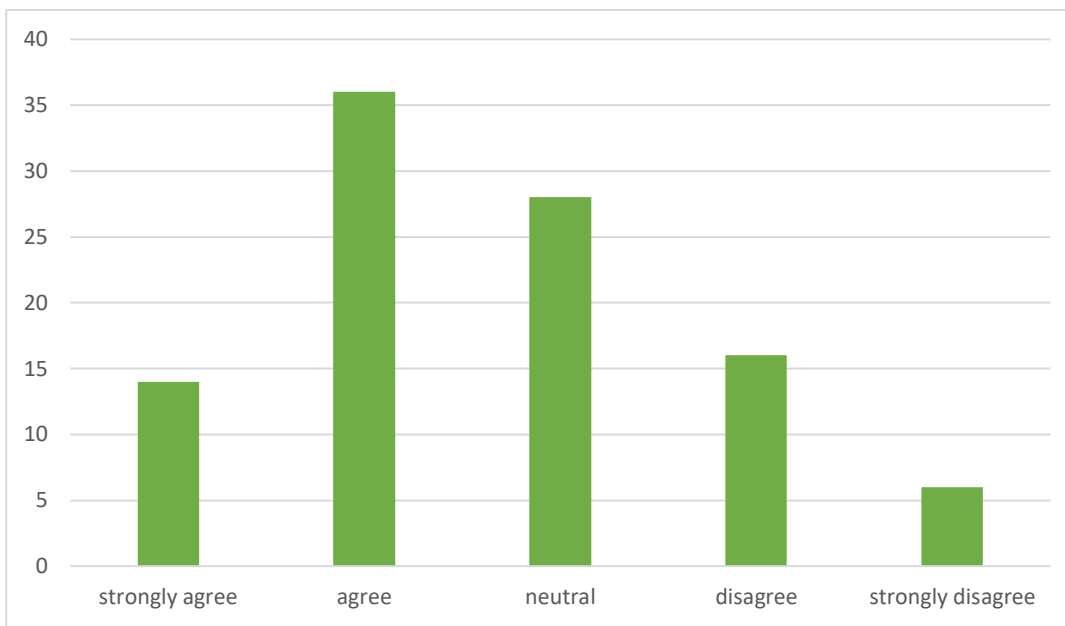
INTERPRETATION

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



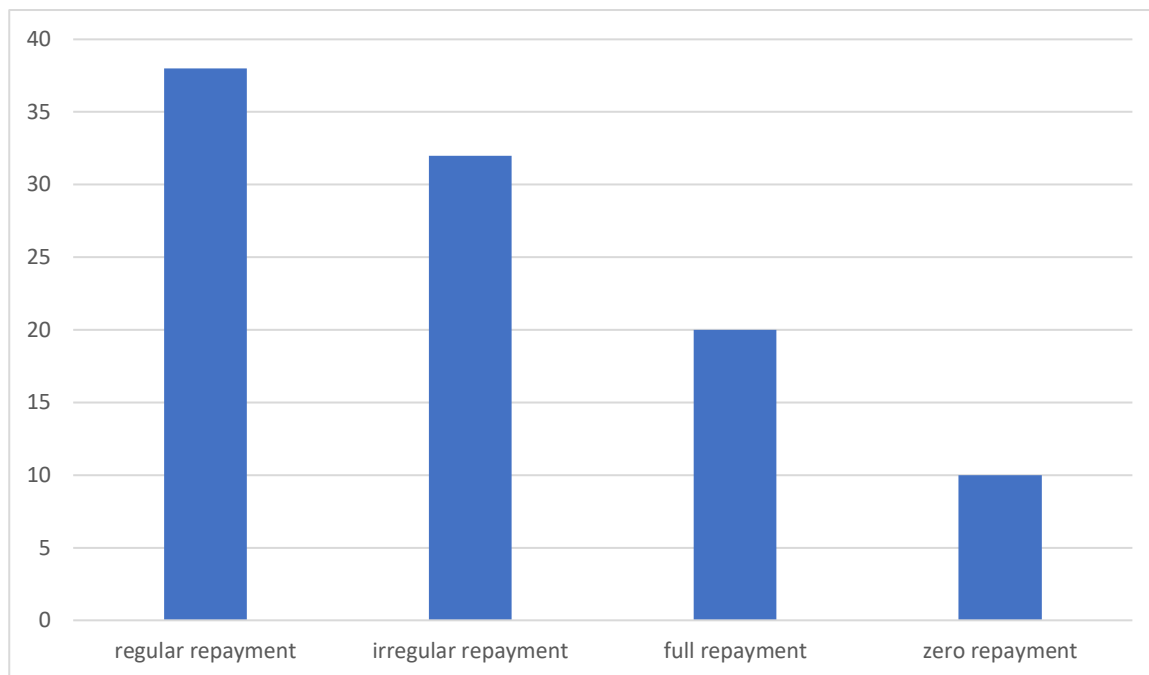
INTERPRETATION

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



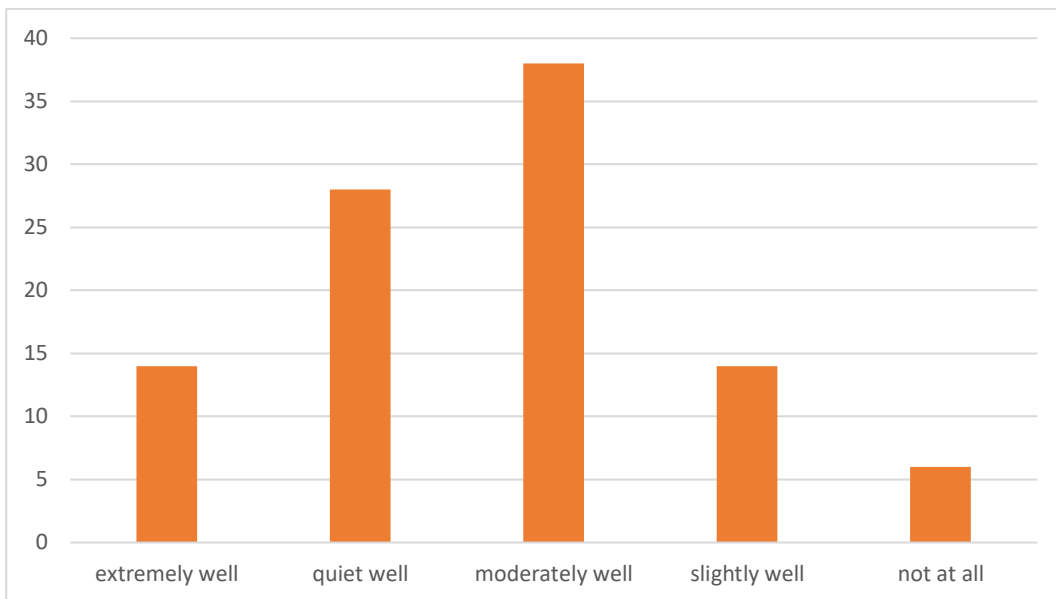
INTERPRETATION

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



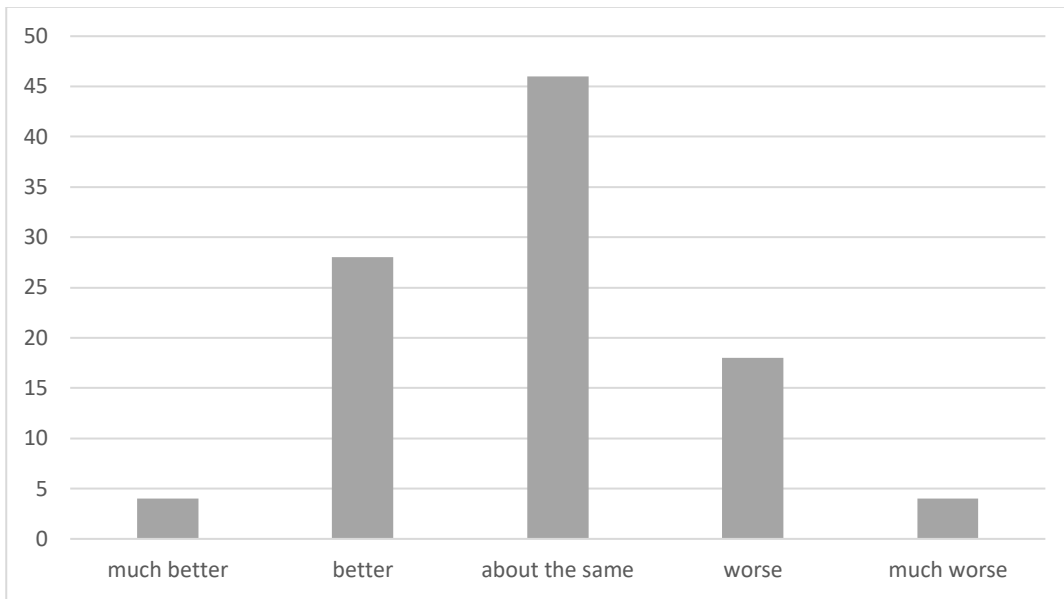
INTERPRETATION

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



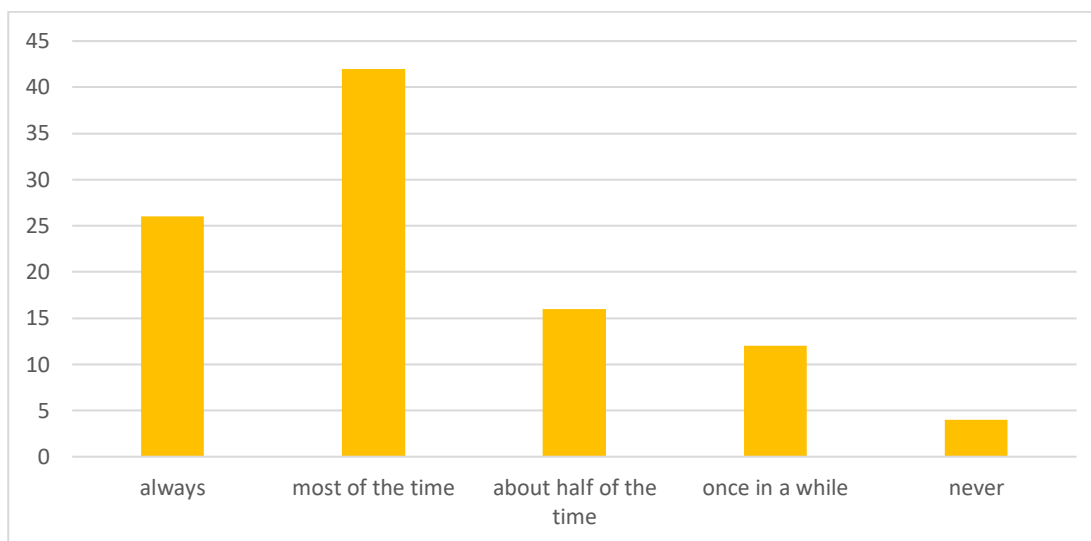
INTERPRETATION

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 4.21 PERCEPTION 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