

A STUDY ON AWARENESS AND LEVEL OF IMPACT DUE TO CHANGE IN GST AND BUSINESS LOAN RATES ON REVENUE OF ENTREPRENEURS AND FAMILY BUSINESS IN MUMBAI

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Abstract - This research paper is to analyse the awareness about the emerging perspective of new GST rates and changes in business loan rates on entrepreneurs and family business based in Mumbai. The purpose of study is to find out the level of awareness of change in Lending rates, implication of GST and its impact on the revenue. Several studies show impact of such changes in rates on job creation, productivity etc; To study the impact of such financial reforms on small family business or entrepreneurships we have collected primary data from respondents through a specific formed questionnaire. The data has been analysed through ANOVA and Chi Square. The study concludes that GST implication has impact on revenue of Entrepreneurs as well as family business.

Keywords: Level of Awareness, Impact, Emerging perspectives in finance, Entrepreneur and Family business.

INTRODUCTION

A family business is commercially organised by family members. Decision-making in family business is influenced by multiple generations of a family, related by blood or marriage or adoption, who influence the vision of the business and also sets probable goals for it. Entrepreneurship on other hand is process of setting up of new Business along with accepting financial risk involved in it. Due to controlling nature of family business and naive entrepreneurs, there can be lack of awareness of emerging financial reforms. Financing options for such businesses also become limited.

Economic influences such as interest rates can help your company or hold it back. India observed hike in bank rates from June, 2018 to February 2019. During this period the bank charges for business loans were also high. Post April 2019, the bank rates started reducing marginally. This change in the rates can influence the decision making of the entrepreneur/ Family businessman. Expansion, increase in profitability, venturing into new project majorly depends on financing options available at given interest rates. To effectively seek out and solidify the relationship between the changes in GST rate and bank rates a survey was conducted.

LITERATURE REVIEW

Bhavana Sahu (2016) in her research paper, "GST in India- Its Realities and Impact" cleared that GST will be advantageous for GDP of India and it will create employment opportunities and will make Indian products competitive in International market. He further stated that prices of some goods and services will hike while some of them will become cheaper.

Jaspreet Kaur (2016) in her research paper, "Goods and Services Tax (GST) and its Impact" (2016) studied impact of GST and concluded that electronic goods, medicines, SUV cars, entertainment and restaurant services will see cut down in their prices but there will be more tax burden in case of packaged food, jewellery and mobile services.

Sakhram Mujalde, Avi Vani (2017) in their research paper, “Goods and Services Tax (GST) and its outcome in India” concluded that implementation of GST will bring transparency and simplicity in Indian taxation system with uniform tax rate.

Bernard Boateng (2018) have explained in their paper about the Ghanaian family business owner of Kent takes some financial decision for the growth of the company by following some traditional business strategy of family business.

RESEACRH GAP IDENTIFIED

- The previous researches have helped in understanding the impact of change is GST and Lending rate son different sectors
- But none of the studies highlight the awareness level of these financial reforms amongst Family business and Entrepreneur.
- This present study is aimed to know the awareness level and its impact of Change in GST and bank loan rates on revenue of Entrepreneur and family businesses.

RESEARCH METHDOLOGY

SCOPE OF THE STUDY

This study is restricted to Mumbai.

OBJECTIVES OF THE STUDY

1. To study the awareness level among Entrepreneur and family business owner about change in GST rates and Business loans rate.
2. To study the impact of change in GST rates and Business loan rates on the operations of Family businesses and entrepreneur.
3. To study the change in Revenue due to change in such emerging financial perspective – GST and Loan rates

HYPOTHESIS OF THE STUDY

1. H₀₁: There is no significant difference in awareness about emerging perspective on entrepreneur and family business
H₁₁: There is a significant difference in awareness about emerging perspective on entrepreneur and family business.
2. H_{02A}: There is no significant difference across operations due to Impact of GST on the business.
H_{12A}: There is a significant difference across operations due to Impact of GST on the business.
3. H_{02C}: There is no significant difference across operations due to new Bank Rates on the business.
H_{12C}: There is a significant difference across operations due to new Bank Rates on the business.
4. H_{03A}: There is no significant change in the revenue of the business due to Impact of GST.
H_{13A}: There is a significant change in the revenue of the business due to Impact of GST.
5. H_{03B}: There is no significant change in the revenue of the business due to Impact of new Bank Rates.
H_{13B}: There is a significant change in the revenue of the business due to Impact of new Bank rates

TECHNIQUES OF DATA COLLECTION

The data was collected through primary and secondary sources. The primary data is collected through a specially designed questionnaire. The secondary data is collected from books journals and information available on the internet.

SAMPLING UNIVERSE

Investors in Mumbai.

SAMPLE SIZE

100 investors in Mumbai.

TECHNIQUES OF SELECTION

Random Sampling.

STATISTICAL TOOLS USED

The data collected is duly processed with the help of MS-Excel and SPSS Software. The researchers have selected ANOVA testing and Chi square test for this study.

DATA INTERPRETATION AND ANALYSIS

ANOVA					
Mean_awareness: Emerging Perspective					
	Sum of Squares	Df	Mean Square	F	p-value
Between Groups	.093	1	.093	.000	.987
Within Groups	18060.140	50	361.203		
Total	18060.233	51			

Interpretation

Above results indicate that calculated p-value is 0.987. It is more than 0.05. Therefore F-test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

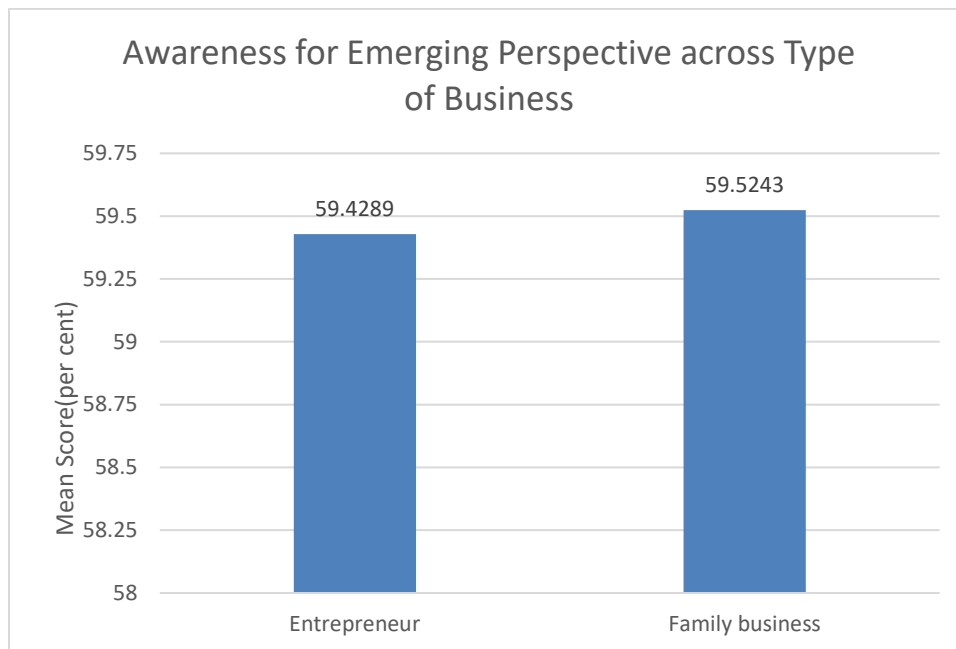
Conclusion

There is no significant difference in awareness about emerging perspective on entrepreneur and family business.

Finding is that the mean scores for Emerging Perspective is highly indifferent across the type of Business. This can be observed in the following table:

Report			
Mean_awareness_EP			
Business	Mean	N	Std. Deviation
Entrepreneur	59.4289	38	17.66981
Family business	59.5243	14	22.37430
Total	59.4546	52	18.81814

The above table indicates that the mean score for awareness of Emerging perspective for Entrepreneur is 59.42 per cent and that for Family business is 59.52 per cent. This supports our findings. This information is represented graphically in the below Bar chart:



Test Statistics	
	Q8. GST Impact on revenue
Chi-Square	4.885 ^a
Df	2
p-value	.087
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 17.3.	

Interpretation

The p-value is 0.087. This is more than 0.05. Hence the Chi-square test is accepted. Hence Null Hypothesis is accepted and Alternate Hypothesis is rejected.

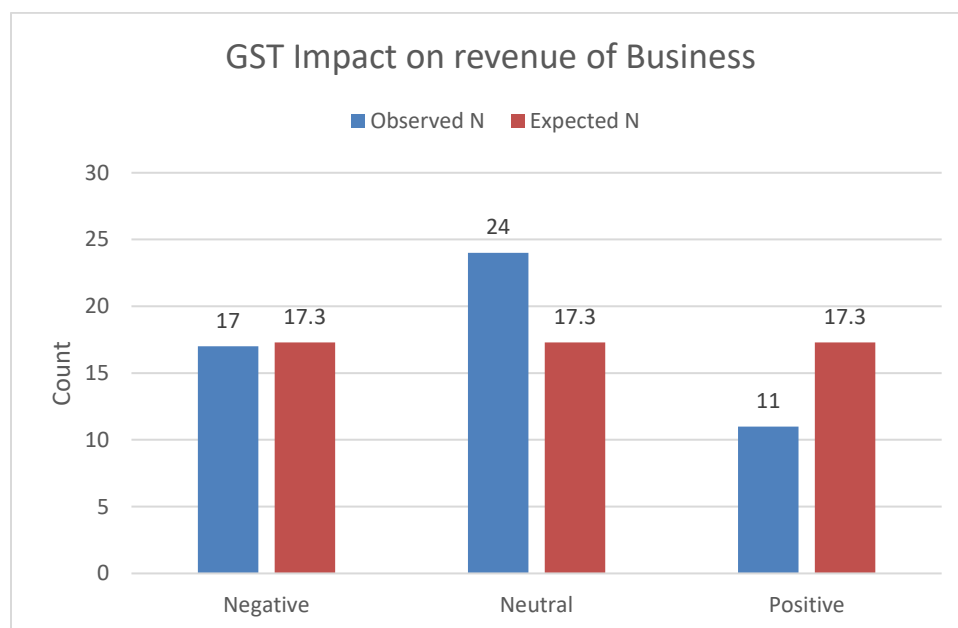
Conclusion

There is no significant difference across various Impact of GST on the business.

GST Impact on Business Operation across			
	Observed N	Expected N	Residual
Negative	17	17.3	-.3
Neutral	24	17.3	6.7
Positive	11	17.3	-6.3
Total	52		

Finding

The above table indicates that actual responses for all the Impacts of GST on revenue of the business are almost as the expected responses at 17. This validates our findings about the Impact of GST on revenue of the business. This can graphically represented in a Bar chart as follows



Test Statistics	
	Impact of change in bank loan rate
Chi-Square	16.192 ^a
df	2
p-value	.000
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 17.3.	

Interpretation

The p-value is 0.000. This is less than 0.05. Hence the Chi-square test is rejected. Hence Null Hypothesis is rejected and Alternate Hypothesis is accepted.

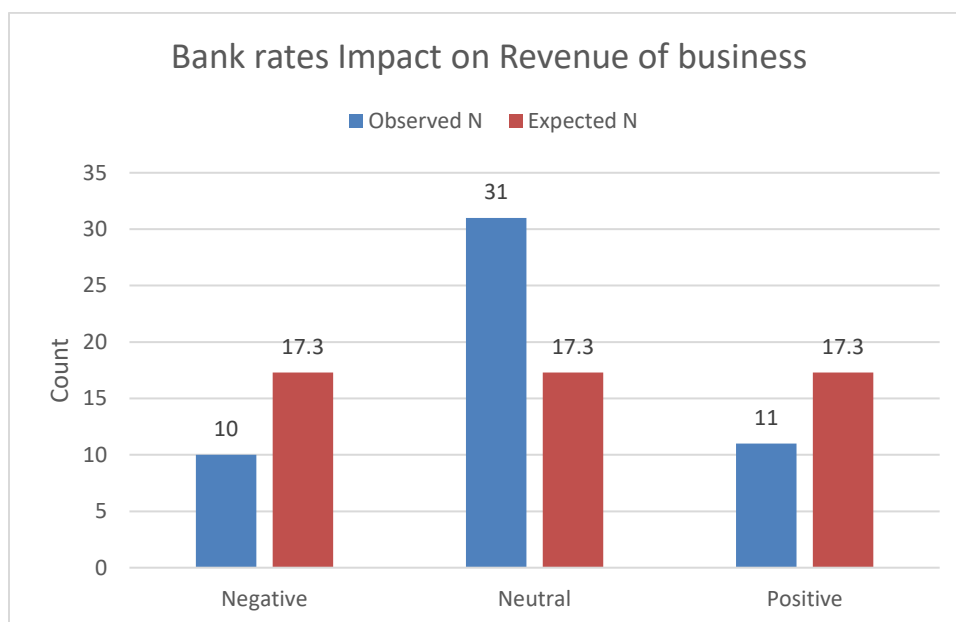
Conclusion

There is a significant difference across various Impact of new Bank rates on the revenue of the business.

Finding is that according to the responses there is no change in the operations of the business across as an Impact of new Bank rates. This can also be observed in the below table:

Impact of change in bank loan rate			
	Observed N	Expected N	Residual
Negative	10	17.3	-7.3
Neutral	31	17.3	13.7
Positive	11	17.3	-6.3
Total	52		

The above table indicates that actual responses for ‘Neutral Impact’ of new Bank rates on the revenue of the business is 31, which is higher than the expected responses for the same at 17 suggesting that there is no change in the operations of the Business as an Impact of new Bank Rates. This validates our findings. This can graphically represented in a Bar chart as follows:



Test Statistics	
	Change in revenue due to GST
Chi-Square	17.538 ^a
df	3
p-value	.001
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.0.	

Interpretation

The p-value is 0.001. This is less than 0.05. Hence the Chi-square test is rejected. Hence Null Hypothesis is rejected and Alternate Hypothesis is accepted.

Conclusion

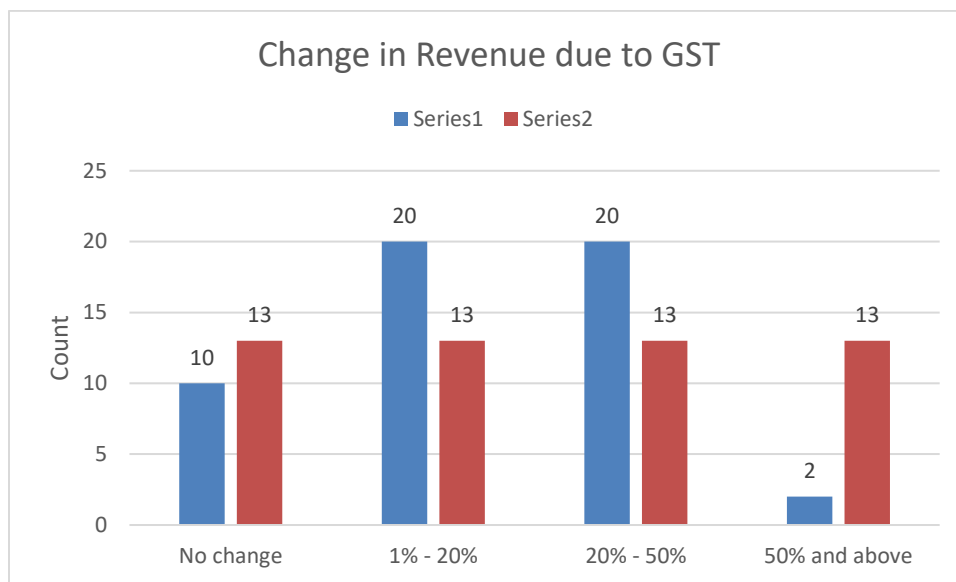
There is a significant change in the revenue of the business due to Impact of GST.

Finding is that according to the responses there is a significant change in the Revenue of the business due to GST. This can also be observed in the below table:

Change in revenue due to GST			
	Observed N	Expected N	Residual
No change	10	13.0	-3.0
1% - 20%	20	13.0	7.0
20% - 50%	20	13.0	7.0
50% and above	2	13.0	-11.0
Total	52		

The above table indicates that actual responses for ‘1%-20% change’ in the revenue of the business due to GST is 20, also the actual responses for ‘20% - 50% change’ is 20, which is higher than the expected responses for the same at 13, suggesting that there is a significant change of upto 50% in the revenue of the Business due to GST. This validates our findings.

This can graphically represented in a Bar chart as follows:



Test Statistics	
	Extent of change in revenue due to change in bank loan rate
Chi-Square	16.308 ^a
Df	3
p-value	.001
a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 13.0.	

Interpretation

The p-value is 0.001. This is less than 0.05. Hence the Chi-square test is rejected. Hence Null Hypothesis is rejected and Alternate Hypothesis is accepted.

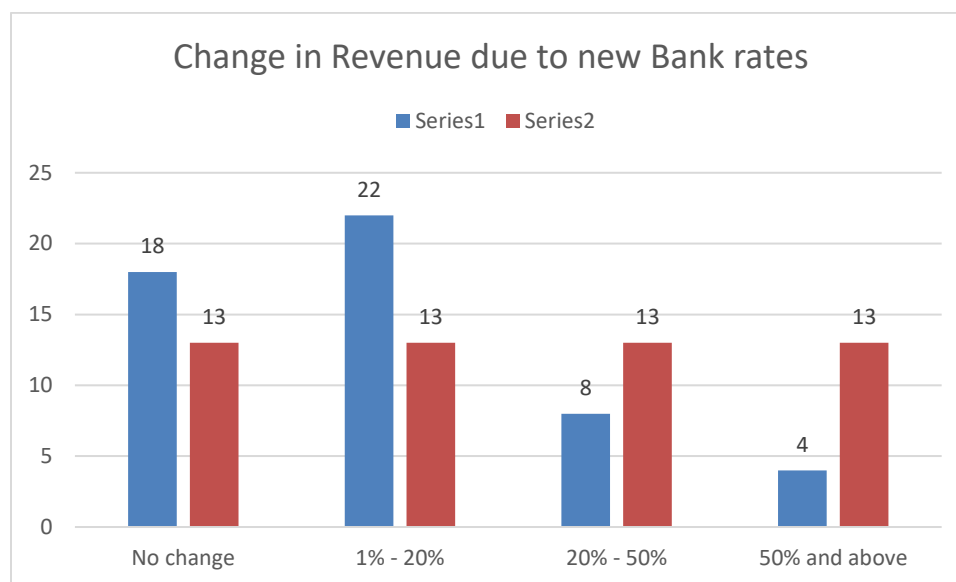
Conclusion

There is a significant change in the revenue of the business due to Impact of new Bank rates.

Finding is that according to the responses there is a significant change in the Revenue of the business due to the impact of new Bank rates. This can also be observed in the below table:

Extent of change in revenue due to change in bank loan rate			
	Observed N	Expected N	Residual
No change	18	13.0	5.0
1% - 20%	22	13.0	9.0
20% - 50%	8	13.0	-5.0
50% and above	4	13.0	-9.0
Total	52		

The above table indicates that actual responses for ‘1%-20% change’ in the revenue of the business due to impact of new Bank rates is 20, which is higher than the expected responses for the same at 13, suggesting that there is a significant change of upto 20% in the revenue of the Business due to new Bank rates. This validates our findings. This can graphically represented in a Bar chart as follows:



FINDINGS

1. There is no significant difference in level of awareness among the family business owners and Entrepreneur. Both the parties have almost same extent of awareness about change is GST rates and business loan rates.
2. The changes in GST rates and also business loans rates have not majorly impacted the operations of the business across.
3. Impact of Change in GST is higher in comparison to impact of change in business loan rate on revenue of the business
4. The change is revenue is upto 50% due to impact of GST where else, it is upto 20% due to impact of change in business loans

CONCLUSION

Due to emerging perspectives like change in GST rates and business loan rates there is no change in awareness and also the operations across the business as Null hypothesis is accepted.

However, there is change in revenue due the impact of these changes as Null hypothesis is rejected and alternate hypothesis is accepted.

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