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A STUDY ON IMPACT OF IMPLEMENTATION ON GST AMONG RETAILERS

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Abstract:

The Goods and Services Tax (GST), implemented in India in 2017, marked a significant reform in the indirect tax system. This study investigates the impact of GST on retailers, exploring both the positive and negative aspects of its implementation. Through a survey of retailers and analysis of secondary data, the research examines changes in tax burden, compliance procedures, and operational efficiency. The findings reveal that GST has streamlined the tax structure, reduced cascading effects, and facilitated easier inter-state transactions. However, challenges such as initial compliance complexity, technology adoption costs, and potential disruptions for smaller retailers were also identified. The study concludes that GST's impact on retailers is multifaceted, offering long-term benefits alongside initial hurdles.

Keywords: GST, Retail Sector, Tax Reform, Compliance, Efficiency

INTRODUCTION:

The Indian retail sector plays a crucial role in the country's economy, contributing significantly to GDP and employment. The introduction of GST in 2017 aimed to simplify the indirect tax structure, eliminate cascading effects, and create a unified national market. This study examines the impact of GST implementation on retailers, analysing its influence on various aspects of their business operations.

OBJECTIVES OF THE STUDY

- Assess retailers' sentiments and support levels regarding the GST system.
- Identify challenges encountered by retailers as a result of GST implementation.
- Evaluate retailers' comprehension and understanding of GST.

SCOPE OF STUDY

- The objective of the study, "Impact on of GST among retailers," was to determine how the introduction of the GST will affect retailers and to ascertain their opinions and level of knowledge on the tax. It is helpful to identify both the good and negative effects of GST on the retail industry.
- In order to ensure that GST has a favourable effect on the retail industry. Since the GST is only applied to the value added at each stage of ownership transfer, the cascading impact will be avoided. All of the nation is subject to one indirect tax, known as GST.

STATEMENT OF THE PROBLEM

- India's indirect tax structure has been simplified by the Goods and Services Tax (GST), facilitating both local and foreign commercial transactions. The retail industry has been required by the GST to upgrade its systems, costs, supply chains, and strategies. Because of their lower cost structures, unorganized shops have outperformed their organized competitors. In the long run, small and medium-sized businesses and consumers would profit from GST, given its challenges.

REVIEW OF LITERATURE

KRISH IYER, WAL – MART INDIA PRESIDENT & CEO (JUNE, 2017)

GST has a new way of doing business. GST will create one unified national market and hence make supply chain and Indian retail sector more efficient. With GST the bottlenecks around the country a check post, octroi payments and therefore the amount of time that the trucks have to wait and hence their lack of easy movement of goods from one state to the other.

ABHINAV JAIN, CO- FOUNDER & DIRECTOR, BEACON (22 JUNE, 2017)

Opines that though GST is saving cost at the back end but causing a major pain in the Retail Segment. Rental cost which incurs a service tax of 15%, unlike other industries Retailer can give up this cost but has to view it has additional expense.

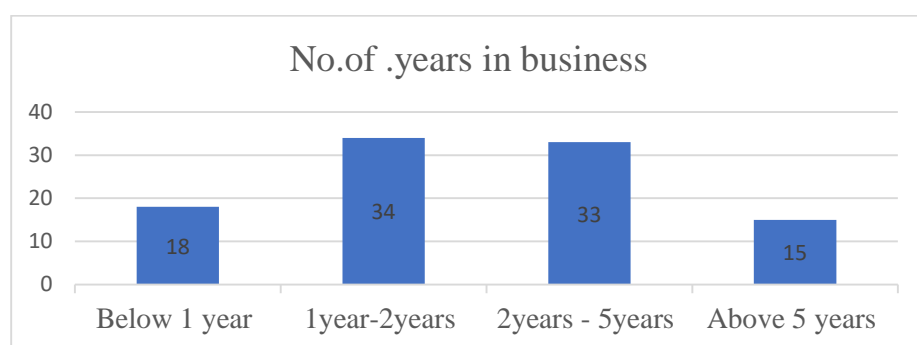
MRS. POONAM (2017)

In her study stated that the introduction of GST would be a very significant step in the field of indirect tax. The cascading or double taxation effects could be reduced by combining many central and state taxes. Consumer's tax burden will reduce to 25% to 30% after introduction of GST. After introduction of GST Indian products would become more competitive in the domestic and international markets. This tax would instantly encourage economic growth.

DATA ANALYSIS AND INTREPETATION**ON THE BASIS OF NUMBER. OF. YEARS IN BUSINESS**

No. of years in business	No.of. Respondent	percentage
Below 1 year	18	18
1year-2years	34	34
2years - 5years	33	33
Above 5 years	15	15
Total	100	100

Source: Primary data

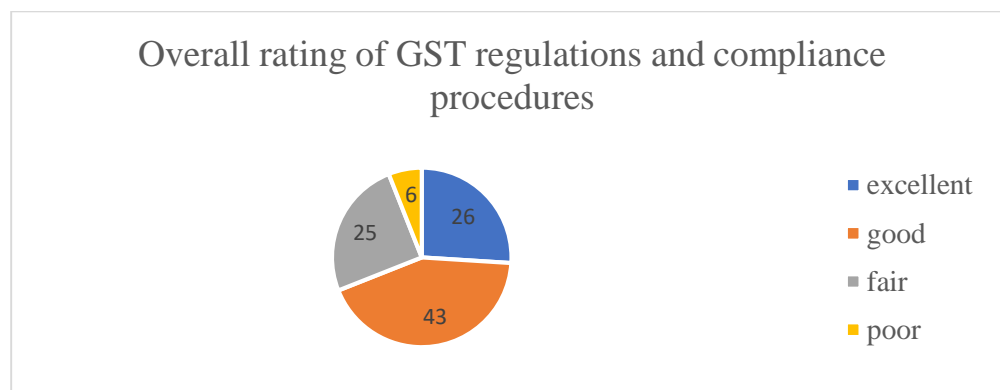
**INTERPRETATION**

The above chart shows that 18% of the respondent are belong to below 1 year, 34%of the respondent are belongs to 1 year -2years, 33% of the respondent are belongs to 2 years – 5 years and 15% of the respondent are belong to above 5 years. So, the majority 34% of the respondent are in the basis of 1 year -2 years

ON THE BASIS OF OVERALL RATING OF GST REGULATIONS AND COMPLIANCE PROCEDURES

Respondents	No. of respondent	Percentage
Excellent	26	26
Good	43	43
Fair	25	25
Poor	6	6
Total	100	100

Source primary data



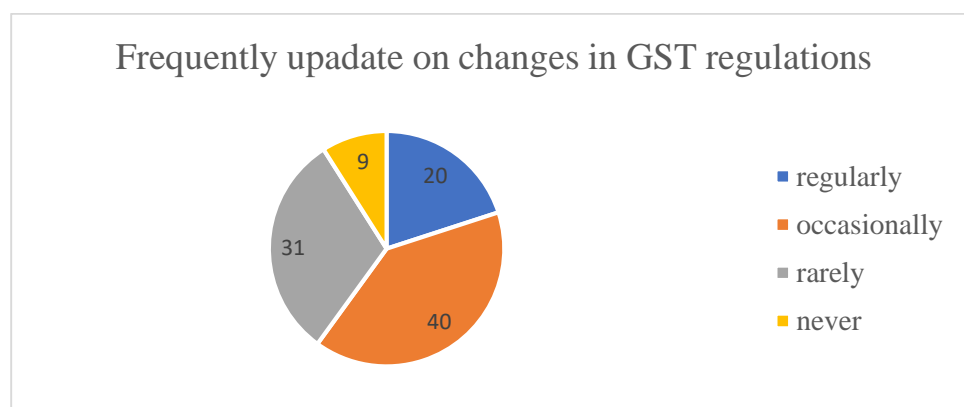
INTERPRETATION

The above chart shows that 26% of the respondent are belong to excellent, 43% of the respondent are belongs to good, 25% of the respondent are belongs to fair and 6% of the respondent are belongs to poor. So, the majority 26% of the respondents are in the basis of excellent.

ON THE BASIS OF FREQUENTLY UPDATE ON CHANGES IN GST REGULATIONS

Respondents	No. of respondent	Percentage
Regularly	20	20
Occasionally	40	40
Rarely	31	31
Never	9	9
Total	100	100

Source: primary data



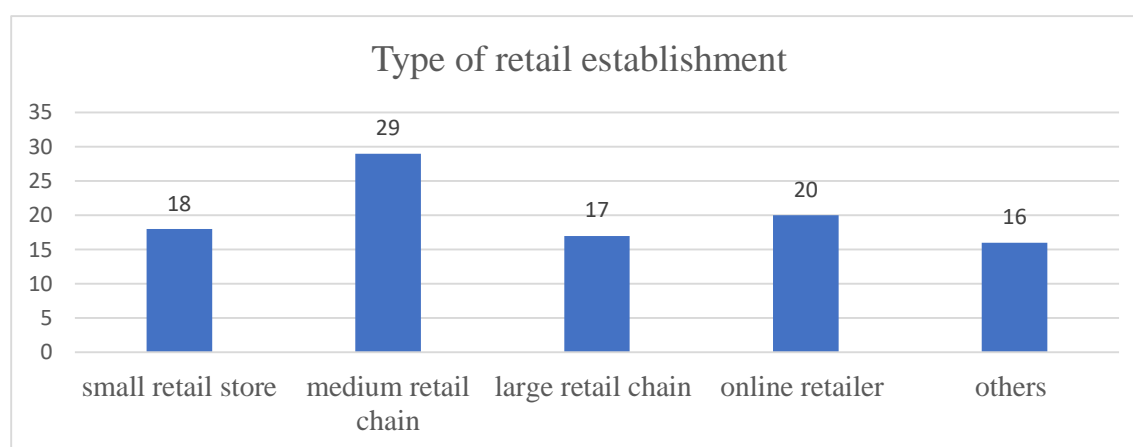
INTERPRETATION

The above chart shows that 20% of the respondents are belong to regularly, 40% of the respondents are belongs to occasionally, 31% of the respondents are belongs to rarely and 9% of the respondents are belongs to never. So, the majority 40% of the respondents are in the basis of occasionally.

ON THE BASIS OF TYPE OF RETAIL ESTABLISHMENT

Type of retail establishment	No. of respondent	Percentage
Small retail store	18	18
Medium retail chain	29	29
Large retail chain	17	17
Online retailer	20	20
Total	100	100

Source: primary data



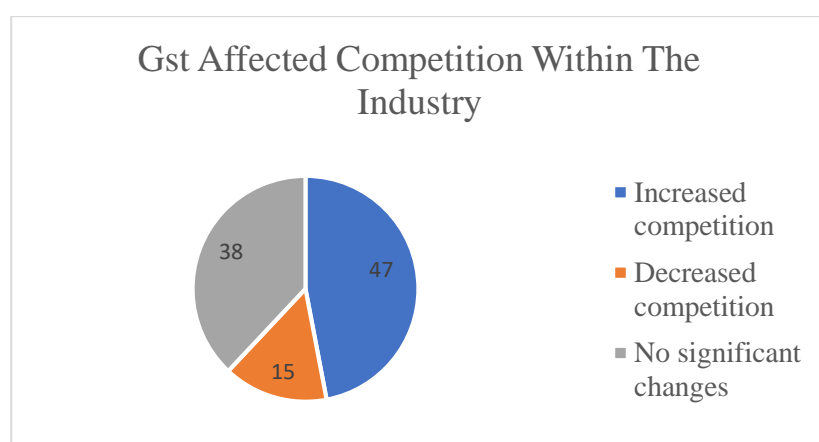
INTERPRETATION

The above chart shows that 18% of the respondent are belong to small retail store ,29% of the respondent are belongs to medium retail chain, 17% of the respondent are belongs large retail chain ,20% of the respondent are belongs to online retailer and 16% of the respondent are belongs to others. So, the majority 29% of the respondent are in the basis of medium retail chain.

ARE IN THE BASIS OF GST AFFECTED COMPETITION WITHIN THE INDUSTRY

Respondent	No.of. Respondent	Percentage
Increased competition	47	47
Decreased competition	15	15
No significant changes	38	38
Total	100	100

Source: primary data



INTERPRETATION

The above chart shows that 47% of the respondents are belong to increased, 15% of the respondents are belongs to decreased and 38% of the respondents are belongs to no significant changes. so, the majority 47% of the respondents are in the basis of increased competition.

FINDINGS, SUGGESTIONS AND CONCLUSIONS

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SUGGESTIONS

- The data reveals a predominantly youthful customer base, with a notable satisfaction level regarding product/service quality, particularly with 26% rating it as excellent. However, there's a notable opportunity for enhancing customer retention, as 40% of respondents only make occasional purchases. Implementing customer engagement initiatives, like loyalty programs, could foster more consistent patronage.
- Medium retail chains emerge as the favoured retail option, signalling potential for strategic partnerships and targeted marketing efforts. Despite a perceived uptick in competition, employing tactics such as product diversification and nurturing customer relationships can help navigate this landscape effectively.
- By capitalizing on positive brand sentiment and refining retention strategies, especially within the 1 to 2 years age bracket, alongside prioritizing collaborations with medium retail chains and adapting to competitive pressures, your business stands poised for sustained growth and market success.

CONCLUSION

The implementation of GST in India in 2016-17 has had a significant positive impact on dealers and retailers. It reduces indirect taxes, streamlines input tax credit, and enhances supply chain efficiency. GST eliminates state boundaries for taxation and documentation, simplifying processes and reducing complexity. It promotes seamless transportation of goods across borders and encourages vendor/supplier mergers. By eliminating various indirect taxes, GST reduces compliance burdens and fosters economic growth. Despite challenges, GST plays a dynamic role in India's growth and economic progress.

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