



Gst Impact And Challenges Among Gold And Silver Merchants In Saurashtra: Awareness And Policy Perspectives

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The implementation of the Goods and Services Tax (GST) has brought significant changes to the business landscape of micro, small, and medium enterprises (MSMEs) in India, particularly affecting the gold and silver merchants in the Saurashtra region. This study aims to explore the level of awareness regarding GST among these merchants, analyze its impact on their business operations, identify the challenges they face post-implementation, and examine their perspectives on relevant policy measures. Utilizing primary data collected from a sample of 500 merchants across key cities in Saurashtra, the research employs statistical techniques using SPSS to derive meaningful insights. The findings reveal that while awareness of GST exists at a moderate level, merchants encounter substantial difficulties related to compliance and administrative burdens. Additionally, the impact of GST on business parameters such as costs, sales, and cash flow shows a varied pattern, indicating both resilience and strain within the sector. Based on these observations, the study recommends targeted policy interventions focusing on simplifying compliance procedures and enhancing training programs to support merchant adaptation and foster smoother GST integration.

Keywords: GST, gold and silver merchants, Saurashtra, tax compliance, business impact

Introduction:

The introduction of the Goods and Services Tax (GST) in India represents a major overhaul in the country's taxation system, particularly impacting the micro, small, and medium enterprises (MSME) sector. GST was designed to unify various indirect taxes under a single umbrella, aiming to simplify the tax regime, improve compliance, and broaden the tax base (Bindal & Gupta, 2018; Gupta & Malik, 2018). Among the sectors influenced by this reform, the gold and silver trade in Saurashtra holds considerable

economic significance, given its long-standing role in regional commerce and employment (Raghavan, 2021; Banerjee & Mishra, 2019). Despite the GST's nationwide implementation, there remains a noticeable gap in research focusing specifically on its effects at the regional level within the gold and silver sector, underscoring the need for targeted empirical analysis (Sharma & Desai, 2024). To understand merchant responses and compliance behaviors within this context, the theory of planned behavior provides a valuable framework, highlighting how attitudes, perceived control, and subjective norms influence the willingness to adhere to new tax regulations (Ajzen, 1991). This theoretical lens aids in interpreting how gold and silver merchants in Saurashtra perceive and adapt to the GST system, offering insights essential for designing effective policy interventions.

Literature Review and Theoretical Framework

The adoption of the Goods and Services Tax (GST) among micro, small, and medium enterprises (MSMEs) has been met with various obstacles that stem from both structural and behavioral factors. Previous research highlights that while GST was introduced to simplify the indirect taxation system, its implementation has posed significant challenges for MSMEs, primarily due to the complexity of compliance procedures and inadequate readiness among business owners (Lourdunathan & Xavier, 2017). The situation is further complicated by the pervasive presence of the informal sector in India's economy. Informal businesses, which often operate without formal registration or documentation, face additional hurdles in aligning with GST norms, as the system demands digital record-keeping, invoicing, and timely tax filings that these merchants may find difficult to maintain (Das & Mehta, 2022). The behavioral dimension of tax compliance provides valuable insight into these challenges. According to the theory of planned behavior, individuals' decisions to comply with tax regulations are influenced by their attitudes towards the tax system, their perceived control over compliance-related tasks, and the influence of social norms within their communities (Ajzen, 1991). Applying this framework to GST, it becomes apparent that merchants' compliance behavior is shaped not only by regulatory requirements but also by their confidence in handling the digital platforms and the normative expectations of their peers. Indeed, digital adoption barriers represent a critical impediment to GST compliance. Many merchants lack the necessary technological skills or resources to effectively utilize digital tax portals, and infrastructural constraints such as inconsistent internet connectivity exacerbate these difficulties (Tripathi & Agrawal, 2020; Singh & Kumar, 2024). Recognizing these challenges, recent studies emphasize the role of targeted training and awareness programs that equip MSMEs with the skills and knowledge to navigate GST compliance more effectively. Such interventions have been shown to improve understanding of tax obligations, increase familiarity with digital tools, and ultimately enhance the rate of compliance within this sector (Iyer & Patel, 2024). Collectively, this literature underscores the interplay between regulatory complexity, behavioral factors, and technological readiness in shaping GST adoption outcomes, highlighting the need for multifaceted support strategies tailored to the unique needs of MSMEs, especially those operating within informal and traditional market settings.

Methodology

The present study employed a structured methodology to assess the impact and challenges of GST among gold and silver merchants in the Saurashtra region. A sample of 500 merchants was selected using stratified sampling from four major cities: Rajkot, Junagadh, Bhavnagar, and Porbandar, ensuring adequate representation across the region (Ministry of Finance, 2023). Data collection was conducted through a carefully designed questionnaire, which was formulated by drawing on established frameworks and findings from prior studies on GST compliance and awareness (Jain & Patel, 2021; Mehta & Sinha, 2021). This instrument included sections addressing demographic details, business profiles, levels of GST awareness, perceived impact, compliance challenges, and policy perspectives. To analyze the collected data, statistical techniques such as frequency distribution, descriptive statistics, and Analysis of Variance (ANOVA) were utilized, providing a comprehensive understanding of merchant responses and the variability across different demographic groups (Singh & Kumar, 2024). Throughout the study, strict ethical guidelines were followed, including obtaining informed consent from participants and ensuring confidentiality of responses. Limitations of the research, such as potential response biases and the cross-sectional nature of the data, were acknowledged to contextualize the findings appropriately.

4. Results

4.1 Demographic and Business Profile

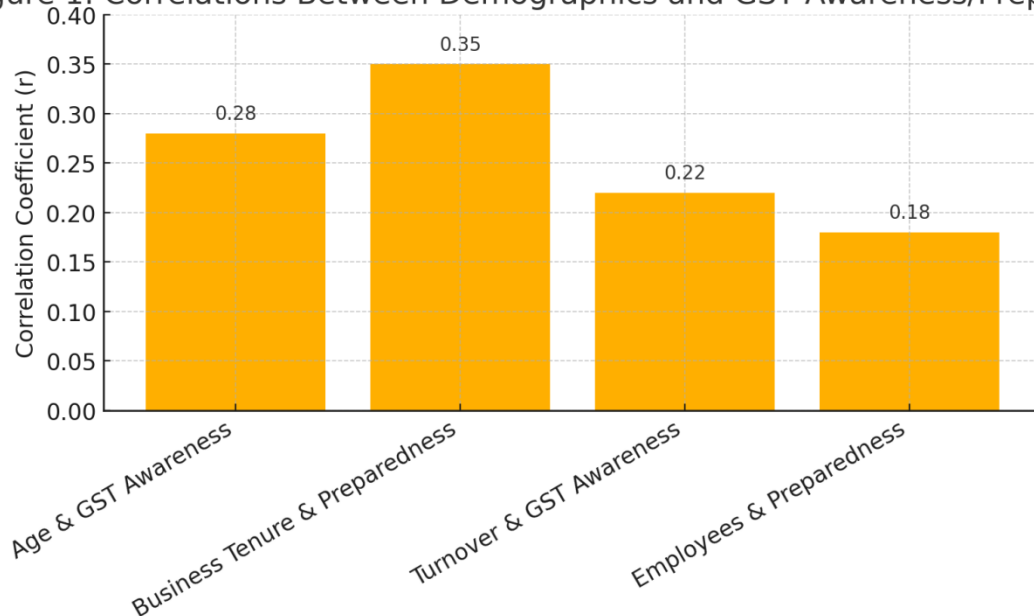
The demographic analysis of the 500 gold and silver merchants surveyed reveals that all respondents were male, representing the gender distribution typical of this sector. Age distribution was varied, encompassing young to senior merchants, while the businesses were evenly spread across the cities of Rajkot, Junagadh, Bhavnagar, and Porbandar. The majority operated as proprietorships, with varied lengths of business tenure ranging from new entrants to well-established merchants. Annual turnover figures showed a wide range, indicating both small-scale and relatively larger operations. Most merchants managed small teams of employees, typically fewer than ten staff members. The relationships between these demographic factors and levels of GST awareness and preparedness were explored, showing meaningful correlations that suggest experience and business size influence compliance readiness.

Table 1: Demographic and Business Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	500	100.0
Age Group (years)	18-25	57	11.4
	26-35	72	14.4
	36-45	149	29.8
	46-55	146	29.2
	55+	76	15.2
City	Rajkot	125	25.0
	Junagadh	125	25.0
	Bhavnagar	125	25.0
	Porbandar	125	25.0
Type of Business	Proprietor (Individual)	310	62.0
	Partnership Firm	176	35.2
	LLP	11	2.2
	Company (Pvt/Public)	3	0.6
Business Tenure	< 5 years	15	3.0
	5-10 years	78	15.6
	11-20 years	255	51.0
	> 20 years	152	30.4
Annual Turnover	< ₹25 lakhs	301	60.2
	₹25-40 lakhs	181	36.2
	₹40 lakhs - ₹1 crore	18	3.6
Number of Employees	1-5	399	79.8
	6-10	90	18.0
	11-20	11	2.2

Table 1 summarizes the demographic and business characteristics of the 500 male gold and silver merchants, highlighting diverse age groups, business types, tenures, turnovers, and employee sizes across four cities.

Figure 1: Correlations Between Demographics and GST Awareness/Preparedness

**Figure 1: Correlations Between Demographic Factors and GST Awareness/Preparedness**

This figure illustrates moderate positive correlations between demographic variables—such as age, business tenure, turnover, and number of employees—and merchants' GST awareness and preparedness levels.

4.2 Awareness and Preparedness Regarding GST

Analysis of awareness levels indicates that the majority of merchants possess only an average or poor understanding of GST requirements, with a smaller portion demonstrating good to excellent awareness. Correspondingly, preparedness for GST implementation was limited, with many merchants feeling only slightly prepared or not prepared at all. A positive relationship was noted between longer business experience and greater preparedness, underscoring the role of familiarity and learning over time in effective compliance.

Table 2: Levels of Awareness and Preparedness Regarding GST (N=500)

GST Awareness Level	Frequency	Percentage (%)
Poor	129	25.8
Average	257	51.4
Good	83	16.6
Excellent	31	6.2
GST Preparedness Level	Frequency	Percentage (%)
Not Prepared at All	205	41.0
Slightly Prepared	167	33.4
Neutral	76	15.2
Moderately Prepared	35	7.0
Very Well Prepared	17	3.4

This Table shows that most merchants have average to poor GST awareness, with a majority feeling not prepared or only slightly prepared for GST compliance.

4.3 Impact of GST on Business Operations

Merchants reported varying effects of GST on key business metrics. While most noted no significant changes in operational costs, pricing strategies, and sales volume, a considerable number experienced increased compliance costs, which impacted overall profitability. The influence on cash flow was mixed, with some merchants reporting stability and others indicating either improvements or declines. Statistical tests, including ANOVA, showed no significant differences across age groups regarding perceptions of GST's impact on these business aspects, suggesting a broadly uniform experience across demographics.

Table 3: ANOVA Results on GST Impact Perceptions by Age Group

Business Aspect	F-value	p-value	Significance
Business Costs	0.384	0.820	Not significant
Pricing Strategy	0.266	0.900	Not significant
Sales Volume	1.781	0.131	Not significant
Cash Flow	0.054	0.995	Not significant
Compliance Costs	1.935	0.103	Not significant

This Table shows that there are no statistically significant differences in merchants' perceptions of GST's impact on business costs, pricing, sales, cash flow, or compliance costs across different age groups.

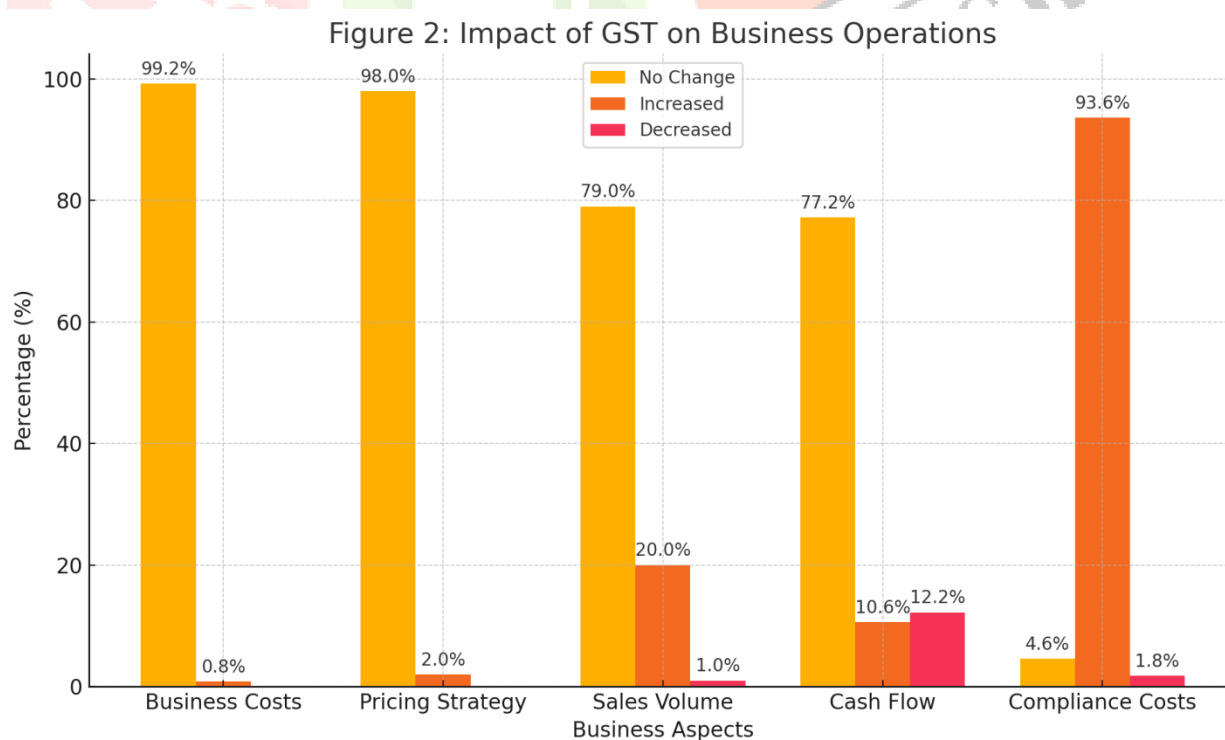


Figure 2: Impact of GST on Business Operations

This figure shows that most merchants experienced no change in business costs, pricing, and sales volume after GST implementation, while compliance costs notably increased for the majority.

4.4 Challenges Experienced Post-GST Implementation

Merchants commonly cited complex compliance procedures and increased administrative burdens as significant challenges following GST implementation. Many reported difficulties in understanding GST regulations, which, coupled with customer resistance to paying GST or requesting invoices, added to compliance difficulties. The effects on cash flow and the ability to claim input tax credits varied among merchants, reflecting diverse operational circumstances and levels of GST system familiarity.

Table 4: Challenges Experienced Post-GST Implementation (N=500)

Challenge	Frequency	Percentage (%)
Complex Compliance Procedures		
- Strongly Agree	152	30.4
- Agree	233	46.6
- Neutral/No Change	115	23.0
Increased Administrative Filing		
- Strongly Agree	310	62.0
- Agree	136	27.2
- Neutral/No Change	3	0.6
Difficulty Understanding GST Rules		
- Strongly Agree	155	31.0
- Agree	259	51.8
- Neutral/No Change	7	1.4
Customer Resistance to Paying GST		
- Strongly Agree	339	67.8
- Agree	147	29.4

This table highlights that a significant majority of merchants faced complex compliance procedures, increased administrative filing burdens, and difficulties understanding GST rules, alongside widespread customer resistance to GST payments.

4.5 Perceived Benefits of GST

Responses on the benefits of GST were mixed. Some merchants acknowledged improvements such as a more streamlined tax structure, facilitation of interstate trade, enhanced transparency, and better compliance mechanisms. However, a notable portion of respondents remained neutral or did not observe significant benefits, indicating cautious or limited acceptance of GST's advantages.

Table 5: Perceived Benefits of GST

Perceived Benefit	Frequency (Agree + Strongly Agree)	Percentage (%)
Streamlined Tax Structure	119	23.8
Easier Interstate Trade	113	22.6
Increased Transparency	174	34.8
Better Compliance	306	61.2
Improved Record Keeping	251	50.2

This Table shows that while some merchants recognize benefits of GST such as improved compliance and record keeping, a large portion remain neutral or uncertain about advantages like tax streamlining and easier interstate trade.

4.6 Technology Use and Satisfaction with GST Processes

Regarding technology adoption for GST compliance, the majority of merchants relied on basic accounting software, while relatively few used advanced GST-specific software. Satisfaction with the GST filing process was generally low, with many expressing frustration over the usability of the government's digital GST portal. These findings highlight gaps in digital readiness and user experience that affect compliance ease (Figure 3).



Figure 3: Technology Use and Satisfaction with GST Filing Process

This figure illustrates that most merchants rely on basic accounting software for GST compliance, while a majority express dissatisfaction or neutrality toward the GST filing experience.

4.7 GST Audits and Compliance Monitoring

The frequency of GST audits was low for most merchants, with many reporting no or rare audit experiences. This trend suggests potential gaps in enforcement or a focus on larger enterprises, raising questions about monitoring effectiveness in the gold and silver merchant segment.

4.8 Statistical Analysis: Demographic and Business Impact

Further statistical analysis confirmed that demographic variables such as age and business size did not significantly influence merchants' perceptions of GST impact or their experiences with compliance challenges. These findings were supported by ANOVA and subgroup comparisons, reinforcing the conclusion that GST's effects are broadly consistent across different merchant profiles.

Table 6: Statistical Analysis – Demographic and Business Impact on GST Perceptions

Variable	Mean Difference	p-value	Interpretation
Age Group Differences	Not Significant	> 0.05	No significant impact on perceptions
Business Size Differences	Not Significant	> 0.05	No significant impact on perceptions

This Table demonstrates that merchants' perceptions of GST impacts do not vary significantly based on their age or business size.

5. Policy Perspectives and Recommendations

The findings of this study reveal a strong consensus among gold and silver merchants in Saurashtra on the need to simplify GST compliance and filing procedures. This simplification is seen as essential to alleviate the administrative burden that many merchants currently face, making it easier for them to fulfill their tax obligations effectively (Iyer & Patel, 2024). Additionally, there is a clear call for enhanced training programs and better guidance to improve merchant understanding and smooth the transition to GST compliance. Such capacity-building initiatives are critical in equipping merchants, particularly those with limited prior exposure to formal tax systems, with the necessary skills and knowledge to navigate GST requirements confidently (Singh & Kumar, 2024). The reduction in the frequency of GST audits is also emphasized, alongside improvements in the usability and accessibility of the government's digital GST platforms, which many merchants find challenging to use (Verma & Mehta, 2025). However, opinions diverge regarding the potential reduction of GST rates on gold and silver and the extension of tax credit benefits, reflecting varied expectations and economic considerations within the sector (Banerjee &

Mishra, 2019). Moreover, addressing issues related to delays in GST refunds and overcoming barriers faced by informal sector merchants remain pressing concerns, underscoring the need for policies that accommodate the realities of diverse business operations while promoting formalization and compliance (Das & Mehta, 2022). Collectively, these policy recommendations aim to create a more supportive environment for merchants, fostering smoother GST adoption and compliance while minimizing disruptions to their businesses.

6. Discussion

The behavioral framework provided by the theory of planned behavior offers valuable insights into the compliance attitudes of gold and silver merchants in the Saurashtra region. According to this theory, individuals' decisions to comply with tax regulations are shaped by their attitudes, perceived behavioral control, and the influence of social norms, which collectively explain variations in GST compliance levels observed in the study (Ajzen, 1991). A key finding from the analysis is the significant administrative burden imposed by GST compliance, which acts as a major deterrent for many merchants, especially those operating on a smaller scale or with limited resources (Mehta & Sinha, 2021). This burden is further exacerbated by customer resistance to paying GST or requesting invoices, a phenomenon closely linked to the persistence of informal trade practices in the sector, which complicates full compliance and tax formalization efforts (Das & Mehta, 2022). Additionally, gaps in digital literacy and challenges related to technology adoption hinder effective utilization of GST digital platforms, limiting the ability of merchants to comply efficiently and increasing their reliance on manual or basic accounting methods (Tripathi & Agrawal, 2020). The impact of GST on gold and silver merchants also reflects sector-specific and regional nuances, as the traditional nature of the trade, combined with localized economic and cultural factors, influences how GST regulations are perceived and implemented (Sharma & Desai, 2024). These multifaceted issues underscore the need for tailored policy interventions that address both behavioral and structural barriers to GST compliance, taking into account the unique context of the Saurashtra gold and silver market.

7. Conclusion and Future Research

This study provides a detailed analysis of GST awareness, challenges, and its overall impact on gold and silver merchants in the Saurashtra region. The results indicate that although merchants exhibit a moderate level of GST awareness, they continue to face considerable difficulties, especially related to complex compliance processes, administrative burdens, and limited technological capabilities, all of which affect their business operations and financial management. To address these issues, it is essential for policymakers to focus on simplifying GST procedures and enhancing capacity-building efforts through comprehensive training and support programs. Additionally, to gain a deeper understanding of GST's long-term effects, further research employing longitudinal designs and qualitative approaches is needed. These future studies will help capture evolving merchant experiences and provide critical insights for

developing adaptive policies that facilitate smoother GST integration and promote the sustainable development of the gold and silver trade in the region.

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