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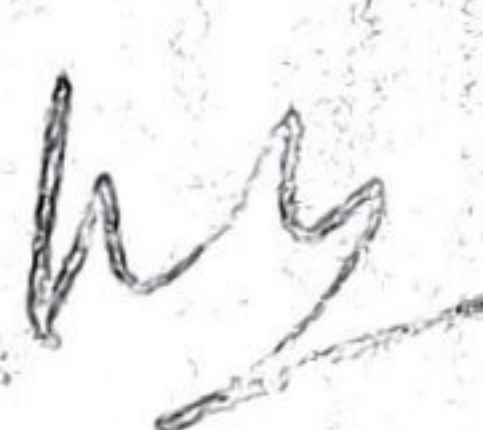
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on


*Innovative Strategy and Policy in Business,
Economics and Social Science*

21ST MAY 2022

This is to certify that *Dr. H. Sabeena Farveen*, Assistant Professor
of *Commerce*, *Muslim Arts College*, *Thiruvithancode*
has participated / presented a paper entitled *A Study on the Impact of GST
on Retail Business in Tamil Nadu South Coastal Region*
in this International Conference.


Lt. Dr. M. Jagathish
(Organizing Secretary)

Dr. G. Edwin Sheela
(Principal)


Lion Dr. H. Mohamed Ali
(Secretary)

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INTERNATIONAL CONFERENCE ON

Innovative Strategy and Policy in Business, Economics and Social Science

Edited by
Lt. Dr. M. Jagathish
Dr. H. Sabeena Farveen

21st May, 2022



Organised By
**DEPARTMENT OF COMMERCE
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A STUDY ON THE IMPACT OF GST IN RETAIL BUSINESS IN TAMILNADU SOUTH COASTAL REGION

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Abstract

Tax is a levy charged by a Government on a product, income or activity. If tax is levied directly on personal or corporate income. If tax is levied on the price of goods and service then it is called indirect tax. On 1st July 2017 goods and service tax has implemented and all the retailers whose annual turnover above 40 lakhs is required to file GST returns. The study intended to carry out the impact of GST in retail business in Tamilnadu south coastal regions. GST has replaced indirect tax such as service tax, VAT, excise tax CST etc., and shall simplify business and accounting process. This study entitled the impact of GST on retail business has much scope in the present scenario.

Keywords: GST, GSTIN, Retailing etc.

Introduction

Goods and service tax, commonly known as GST, is a new tax system launched to replace the various taxes already in place at the state level and the central level in India. GST has been introduced with the aim to device of one tax system for all goods and services through the country. Many indirect taxes like VAT, service tax etc. were replaced with GST by an Act of the Parliament in 2017.

The retailers can file GST in two ways i.e.; regular and composite. In the case of regular dealers, they have to file GST monthly returns (GSTR 3B, GSTR 1, 2, 3) + Annual returns), whereas in the case of composite dealers, they file quarterly returns (GSTR 4) + Annual returns. And also, regular dealers can make interstate sales as well as local sales and higher sale of tax is applicable for them. (5%, 12%, 18%, 28%). It is applicable for large assesses having turnover more than 1.5 crores. If the turnover is less than 1.5 crores, still normal scheme can be chosen. While, the composite dealers cannot make interstate sales and they can only sell within the state and their rates of tax are lower i.e.; 1% for traders, 1% & 2% for manufactures and 5% for restaurants. It is applicable for small assesses having turnover up to 1.5 crores in previous year. The impact of GST on retail sector is going to be positive as it will bring down total indirect taxes, increase supply chain efficiency and facilitate seamless input tax credit. After the implementation of GST, state boundaries will be irrelevant from taxation and documentation point of view. Vanishing state boundaries will reduce the complexity for retailers and increase the distribution reach as well as efficiency.

Statement of the problem

The introduction of a new regime into the tax structure of the Indian subcontinent has a huge impact on the retailers that are a major part of the society of this developing country. This research work attempts to study the impact and influence of such a change on the retailers. The study attempts to analyse the impact of Goods and Services Tax among retailers.

Objectives of the study

- 1 To analyse the impact of implementing GST.
- 2 To analyse problem based analysed due to GST implementation.
- 3 To study the retailer's overall attitude towards GST implementation.
- 4 To analyse the opinion of retailers on the impact and difficulties of GST.

Methodology of the study

The retail business who are tax payers are the population of our study. The sampling technique adopted for the study was convenience sampling. 75 respondents selected in south coastal area of Tamilnadu. It includes kanniyakumari, Thoothukudi and Ramanathapuram from different types of business enterprises are the samples of this study. Primary survey was used in the process of data collection. An online survey method was conducted and the link was shared through whatsapp and facebook. Data analysis was done through SPSS. The collected data was analysed using simple



statistical tools like, Garrett ranking, weighted average method and measure of central tendency and percentage analysis etc.

Review of literature

Dr. Manmohan Singh, Former Prime Minister, Former RBI Governor (2017): The hasty implementation of the Goods and Services Tax slowed down the economic growth soon after demonetisation. Both demonetisation and the GST have had some impact on the GDP growth. The GDP growth rate came down from 7.2 per cent in 2015-16 to 5.7 per cent. The small industries and traders were badly hit by the implementation of GST. **Dr. Thomas Isaac :Finance Minister of Kerala(2017):** Opined that the BJP government was abandoning consensus in favour of a Centralised approach towards evolving a framework for GST implementation. The introduction of Goods and Service Tax resulted in price rise and the economic crisis will become severe in the coming days.

Research gap

Even though various studies have been conducted at different parts of the world about GST. No particular study has been done in this particular area i.e. related to the impact of GST on retail business. This fact makes this study an exploratory one.

Data analysis

Table 1 Nature of Retail business

Nature of business	No of respondents	Percentage
Textile	38	51
Medical shop	15	20
Ladies collection	09	12
Grocery	09	12
Others	04	05
Total	75	100

From table 1, it is evident that 51 per cent of the business falls under textile industry, 20 per cent constitute medical shops, Ladies collection and groceries both constitute 12 per cent each and others (hardware and shoe shops) constitutes 5 per cent are from other forms of retail shops.

Table 2 Implementation of GST

Opinion	Agree		Neutral		Disagree		Total	Mean score	rank
Cause Higher prices of goods	65	195	12	24	03	3	222	2.96	I
Benefit to government	58	174	15	30	02	2	206	2.75	II
More profit of retailer	9	27	18	36	48	48	111	1.48	IV
Decrease the volume of sales	05	15	24	48	46	46	109	1.45	V
Very Good for tax reforms in India	35	105	25	50	15	15	170	2.27	III

The above table 2 reveals that the implementation of GST has been 2.96 meanscore got in 1st rank of it will cause higher prices of goods .2.75 mean score got in 2nd rank of benefit to government and 3rd rank got very good for tax reforms in India the mean score is 2.27. The 4th and 5th rank of implementation of GST got 1.48 and 1.45 mean score of the variables in more profits earned by retailers and decrease the volume of sales.

Table 3. Problems faced in implementation of GST

Issues	Garrett mean score	Rank
No clarity on provisions	50.32	2
Computer infrastructure	46.25	5
Software issues	44.39	6
Trained personnel	48.05	4
Complex formalities and documentation	52.35	1
Resistance from customers	49.58	3

The above table 3 shows the problems faced an implementation of GST by retailing business 52.35mean score got 1st rank in complex formalities and documentation, 2nd rank score is 50.32 in no clarity on provisions, 3rd rank got to resistance from customers the mean score is 49.58, and 4th, 5th and 6th problems are trained personnel, computer infrastructure and software issues the mean scores are 48.05, 46.25 and 44.39.

Table 4. Impact of GST in Retailers

Impacts	Mean	Standard deviation
GST results in ease of operations	1.88	78774
GST reduces tax burden for stakeholders	2.07	62230
GST will ultimately improve business operations	2.84	36907
GST reduces tax evasion	3.88	80085



GST reduces government cost	4.48	.70443
GST results in speedy movements of goods and services	3.04	.25680

The table 4 deals with the influence of various factors of GST among retailers. They have a strong sense of agreement towards GST reduces the government costs. The respondents also showed agreement towards the factors like GST reduces tax evasion and GST results in speedy movement of goods and services. However, the level of agreement towards the ease of operations, reduces tax burden and improve business operations is comparatively low.

Table 5

Opinion about implementation of GST in retail business

Opinion	No of respondents	Percentage
Highly satisfied	02	2
Satisfied	05	7
Moderate	20	27
Dissatisfied	38	51
Highly dissatisfied	10	13
Total	75	100

The above table 5 deals with opinions about the implementation of GST in retail business 64 percent of the majority respondents are dissatisfied and highly dissatisfied, 27 percent respondents opinions are moderate and 9 percent of the respondents are satisfied and highly satisfied.

Findings

On the basis of analysis of the data collected and processed using various statistical tools, the following findings have been arrived at;

- Major portion of the retailers among the respondents were from textile industry and followed by medical shops.
- The implementation of GST 2.96 weighted average mean score got 1st rank in the main causes of higher prices of goods.
- The main problems of implementation of GST is complex formalities and documentation, it got the 1st Garrett ranking mean score 52.35.
- They had a strong sense of agreement towards GST reduced the government costs.
- More than half of the retailers were dissatisfied with the implementation of GST.

Suggestions

1. The majority of the dealers have an opinion that GST can be improved through a good system by reducing the tax rates.
2. Avoiding excess formalities and other related issues will leads to a favorable platform for GST.
3. The GST process must be ease to operate so that business can efficiently contribute to the interest of the people and for economic growth.
4. GST can be improved by a strong revamping of the procedures prevailing in GST.
5. The existing system can be modified into an effective system by taking adequate measures to reduce the issues faced by the retailers.

Conclusion

The implementation of GST in retail shops affects our everyday lives in different ways. Implementation of GST is one of the best decisions taken by the Indian government. The impact of GST on retail sector is going to be positive from taxation and operation point of view. During the implementation stage of GST, the retailers faced some complexities because they were not fully aware about GST. Sometimes consumers feel higher price for goods and services after the implementation of GST. But in certain circumstances, they will also get benefits from GST. They were relieved from earlier overall tax burden. Whether the impact of GST is good or bad, its implementation in retail shops helps our society work in more efficient and cost-effective manner.

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