

# The Effects of the Goods and Services Tax on Retailers in City

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**Abstract:** The adoption of the Goods and Services Tax (GST) in several nations has brought about considerable transformations in numerous sectors, notably in the retail business. This abstract offers a complete analysis of the effect of GST on retailers. The research evaluates the impact of GST on merchants and how well they have grasped it. It explores how GST has changed merchants' compliance burden, cash flow management, and profitability. Furthermore, the abstract addresses the obstacles experienced by retailers during the transition to the GST system, including administrative complications, technological uptake, and adaptation to new tax arrangements. Drawing upon empirical data and theoretical frameworks, the analysis gives insights into the methods employed by retailers to negotiate the hurdles of GST implementation and harness its potential advantages. It also reveals the substantial association between the educational status and awareness level of GST and sources of information about GST. Overall, the study contributes to a better knowledge of the transformational impacts of GST on the retail sector and offers valuable insights for future research and policy development.

**Keywords:** GST, Retailer, Cash Flow Management, Profitability.

## 1. INTRODUCTION

A watershed points in the fiscal environment, the Goods and Services Tax (GST) was introduced, which had a significant influence on the retail sector in particular. The goal of implementing the Goods and Services Tax (GST), a thorough overhaul of indirect taxes, was to simplify and harmonize the tax system by doing away with the domino effect of several indirect taxes. Many parts of the economy have felt the effects of GST since it went into effect, but few have been more impacted than the retail sector.

There are a number of ways in which GST will affect stores, including operational shifts, pricing tactics, and customer habits. Retailers have rethought their pricing strategies, supplier networks,

and compliance obligations in light of GST's implementation.

Investments in technology and training have also been substantial in order to facilitate the shift to GST and guarantee efficiency and compliance.

There are many forms of goods and services tax (GST). One is the central goods and services tax (CGST), which is imposed on products and services supplied inside a state by the federal government. The federal government receives the funds collected from CGST.

The intra-state supply of goods and services is subject to state goods and services tax (SGST), which is a component of GST imposed by state governments. The state governments get the funds collected from the SGST. IGST, or the Integrated products and Services Tax, is a federal tax that is collected from states on products and services that are supplied over state lines. When products and services travel from one state to another, this new tax takes the place of the previous Central Sales Tax (CST).

One such tax is the Union Territory Goods and Services Tax (UTGST), which is comparable to the State Goods and Services Tax (SGST) but applies only to the Indian Union Territories that do not have their own legislature. The administration of the Union Territory receives the funds received from UTGST. With the goal of establishing a common national market via the consolidation of various taxes levied by the Central government and individual states, the Goods and Services Tax (GST) in India represents a major development in the country's indirect tax reforms. This would make Indian goods more competitive in both domestic and international markets while also lowering the overall tax burden on products. Legal rules stipulate that at least 80% of sales must go to end users for a business to be classified a retailer. This means that retailers offer products or services directly to

consumers. This research looks at the views, knowledge, and effect of merchants on the GST rollout in the following industries: fast-moving consumer goods (FMCG), textiles, hotels, medical stores, and jewellery.

## 2. REVIEW OF LITERATURE

The installation of GST has little to no effect on retailers' operations, according to a June 2020 paper by Chandana S. Poojary and Babitha titled "RETAILERS PERCEPTION TOWS GST: A STUDY WITH REFERENCE TO UDUPI CITY." The only retailers affected are industrial merchants. Despite some dissenting views, the majority of merchants hold the belief that GST will ultimately have a favorable effect. In her article titled "IMPACT OF GST ON RETAILE SECTOR -A STUDY OF GUNDLUPET TOWN" (2020), Dr. Mahesha M.B. examined the extent to which retailers are aware of GST and its effects on them. The research looked at how well-known GST is and how it has affected shops in Gundlupet town; it has only been in the last few years that the whole nation has realized how much of an economic influence GST has.

According to Ms. Shabana Malled's (2020) research paper "Impact of Goods and Services Tax (GST) on Retail Sale: A Study of Textile Market in Vijayapura District of Karnataka State", the textile industry in Vijayapura district has been dealing with a number of problems since the introduction of the Goods and Services Tax (GST) in India. In his December 2019 paper titled "Impact Of GST With Special Reference To Food Retail Market," Pradeesh G. draws the conclusion that the Goods and Services Tax (GST) will have a positive effect on the food retail sector in relation to taxes and operations, which will result in more business growth and overall economic growth in India. It will streamline input tax credit, increase supply chain efficiency, and decrease indirect taxes. Dr. Usha C. (2024) examines the evolution of India's retail industry and its many organizational structures, as well as the effects of Goods and Services Tax (GST) on consumers' purchasing habits in relation to brick-and-mortar stores. Due to its regressive nature and reliance on expenditure, this research finds that the Goods and Services Tax (GST) disproportionately affects consumers with middle- and lower-incomes. All public sectors despise this system, and ignorant

consumers have a detrimental impact on the economy.

## 3. OBJECTIVES

To identify the knowledge of retailers about GST.  
To analyse the impact of implementation of GST among retailer.

## 4. RESEARCH METHODOLOGY

Data type: Survey responses from City merchants provide the primary data set. Secondary data is sourced from public sources such as academic journals, websites, and books. Retailers in City, Karnataka, India: That's who we're studying. We will choose 50 stores in City as our sample size. The Convenience Sampling Method

Data Gathering Instruments: Surveys and Questionnaires Weighted average technique, chi-square table, and charts were the statistical tools used for the study.

Disadvantages: Respondents could have biases when giving information; Research and data collecting might need more time. Data analysis and interpretation.

Table 1: Distribution based on demographics variables of samples

| Sl.No | Age                 | Responses | Percentage% |
|-------|---------------------|-----------|-------------|
| 1     | Below 25            | 20        | 40          |
|       | 25-45               | 15        | 30          |
|       | 45-55               | 11        | 22          |
|       | Above 55            | 4         | 8           |
|       | Total               | 50        | 100         |
| 2     | Gender              | Responses | Percentage% |
|       | Male                | 37        | 74          |
|       | Female              | 13        | 26          |
|       | Other               | 0         | 0           |
|       | Total               | 50        | 100         |
| 3     | Working Area        | Responses | Percentage% |
|       | Departmental Stores | 12        | 24          |
|       | Textile             | 11        | 22          |
|       | Medical Shop        | 3         | 6           |
|       | Food                | 8         | 16          |
|       | Other               | 16        | 32          |
|       | Total               | 50        | 100         |
| 4     | Educational Status  | Responses | Percentage% |
|       | Below 10th          | 1         | 2           |
|       | 10th Pass           | 6         | 12          |
|       | 12th Pass           | 13        | 26          |
|       | UG                  | 25        | 50          |
|       | PG                  | 5         | 10          |
| Total | 50                  | 100       |             |

## 5. INTERPRETATION

Age, gender, place of employment, and level of education all play a role in City's retail workforce distribution. There are 40% under the age of 25, 30% between the ages of 25 and 45, 22% between the ages of 45 and 55, and 8% beyond the age of 55. Males make up 74% and females 26%. Department stores, clothing boutiques, pharmacies, grocery

stores, and other types of retail establishments are owned by the majority. As far as educational attainment is concerned, 2% have not completed the tenth grade, 12% have, 26% have completed the twelveth, 50% have finished undergraduate, and 10% have completed graduate school.

Table 2: Distribution based on awareness level about GST

| Awareness Level of GST | Highly Aware | Aware | Moderate | Unaware | Highly Unaware | Total |
|------------------------|--------------|-------|----------|---------|----------------|-------|
| Responses              | 19           | 21    | 9        | 1       | 0              | 50    |

The results show that out of 21 merchants, 19 have a good understanding of GST, 9 have a mediocre understanding, and 1 have no idea what it is.

Table 3: Chi-square test between educational status and awareness level of GST

| Particulars      | Highly Aware | Aware             | Moderate        | Unaware     | Highly Unaware | Total |
|------------------|--------------|-------------------|-----------------|-------------|----------------|-------|
| Below 10th       | 0            | 1                 | 0               | 0           | 0              | 1     |
| 10th Pass        | 0            | 5                 | 0               | 1           | 0              | 6     |
| 12th Pass        | 4            | 3                 | 6               | 0           | 0              | 13    |
| UG               | 11           | 12                | 2               | 0           | 0              | 25    |
| PG               | 4            | 0                 | 1               | 0           | 0              | 5     |
| Total            | 19           | 21                | 9               | 1           | 0              | 50    |
| Calculated Value | Table Value  | Degree of Freedom | Null Hypothesis | Result      |                |       |
| 27.78            | 26.30        | 16                | Rejected        | Significant |                |       |

With a computed value of 27.78, which is higher than the table value of 26.30, the findings demonstrated a significant association. Therefore,

we can reject the null hypothesis and conclude that education significantly impacts the degree of GST awareness.

Table 4: Distribution based on source of getting knowledge about GST

| Sources            | 1  | 2  | 3  | 4  | 5  | Score | Rank | Weighted average |
|--------------------|----|----|----|----|----|-------|------|------------------|
| Trade Union        | 14 | 20 | 48 | 24 | 20 | 126   | 5    | 2.52             |
| Professionals      | 10 | 12 | 42 | 56 | 30 | 150   | 4    | 3                |
| Friend & relatives | 5  | 12 | 51 | 56 | 40 | 164   | 2    | 3.28             |
| Mass media         | 9  | 12 | 36 | 64 | 35 | 156   | 3    | 3.12             |
| Online Sources     | 4  | 20 | 39 | 52 | 50 | 165   | 1    | 3.3              |
| Others             | 19 | 10 | 57 | 20 | 10 | 116   | 6    | 2.32             |

## 6. FINDINGS

Figure 5: Opinion about GST structure

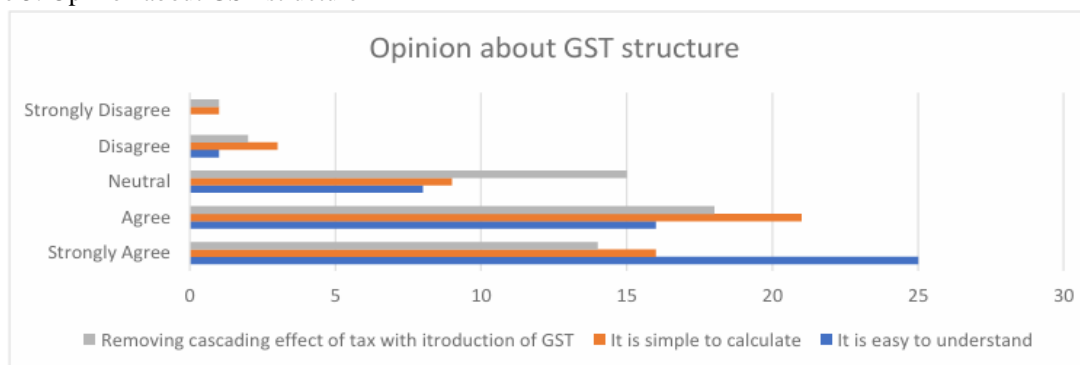


Figure 5: Opinion about GST structure

There is a considerable correlation between educational level and GST knowledge, according to the findings of the survey, which demonstrates that the majority of shops in City are aware of the Goods and Services Tax (GST). On the other hand, shops gave the highest rating to online sources, and 54 percent of them registered with the GST composition program. The majority of people believed that the GST was more advantageous than the VAT.

Seventy-six percent of merchants were in favor of the adoption of the GST, and fifty-six percent of them agreed with the statement. The Goods and Services Tax (GST) structure was regarded to be simple to comprehend, and the rise in profit level that occurred after the GST was implemented was a key element.

## 7. CONCLUSIONS

To summarize, the findings of the research emphasize how critical it is to have a comprehensive knowledge of the variables that influence the level of GST awareness and implementation among merchants in City. The majority of shopkeepers in City are aware of the Goods and Services Tax (GST), according to the findings of the survey, and there is a substantial correlation between individuals' educational levels and their level of GST knowledge. There was a consensus among respondents that online sources were the most informative, and 54 percent of shops registered with the GST composition program. The majority of people believed that the GST was more advantageous than the VAT. During the GST processes, sixty percent of the participants did not have any complications, while forty percent had some challenges. Twenty percent of retailers found the implementation of the Goods and Services Tax (GST) to be great, forty-eight percent found it to be good, twenty-two percent found it to be moderate, eight percent found it to be terrible, and one shop found it to be extremely negative for their company. The structure of the Goods and Services Tax (GST) was easily understood and seen favorably by the majority of merchants, with 76% of them being in favor of the GST. There was also a crucial component that was the rise in profit level that occurred following the installation of GST.

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