

Impact of GST on Small Scale Businesses in Jamakhandi taluk

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Abstract—The introduction of the Goods and Service Tax marked a significant shift in India's taxation system, affecting businesses of all sizes. This study examines the impact of GST on small scale businesses, focusing on areas such as compliance, financial performance, operational efficiency and market adaptability. Through a structured survey and data analysis, the research highlights the awareness levels of business owners, the effect of GST on pricing, sales, and profit margins, and the challenges associated with tax compliance. Therefore, the present study is conducted to assess the perception, acceptance and impact of GST on small firms and businesses. While GST has streamlined taxation and improved transparency, small enterprises continue to face difficulties related to compliance costs and policy complexities. The study concludes with recommendations for policy refinements to enhance GST effectiveness for small businesses.

Index Terms—Goods and Service Tax; Small Scale Businesses; Tax Compliance; Financial Impact; Operational Challenges; Input Tax Credit; Market Adaptability

I. INTRODUCTION

The Goods and Service Tax was Implemented in India with the objective of unifying the indirect tax system, reducing tax evasion, and simplifying compliance. However, its implementation has varied effects across industries, especially on small scale businesses, which form the backbone of the Indian economy. This study explores how GST has influenced these enterprises, analyzing its effect on business revenue, operational costs, and tax compliance.

India's government began collecting a goods and service tax on July 1st, 2017. The Indian Constitution has undergone its 111th amendment. India switched from the VAT system to the GST system. A unified tax, known as the goods and service tax, replaces the several domestic taxes that are now in effect. Unlike, the prior origin-based tax scheme, it is "destination-based tax" on the production, consumption, and sale of products and service across all of India. "One Nation, One Tax" is the GST catchphrase. GST is already in use in 160 Countries.

II. REVIEW OF LITERATURE

1. Harishekar Lichchavi & Manoj Greeshma, (2021) in their Study Titled "GST & it's impact on Small & Medium Scale enterprises in Bangalore" it was discovered that critically analyses that impact of Goods & Service Tax on small Scale Industries Specifically in Karnataka This paper further identifies the need of reforms with respect to Separation of definition of job work & labor work Penalties for non-payment of GST & issues Pending from the Precious for regime.
2. Mohammad Khan(2021) in their Study titled "A Study on impact of GST on non-Professionals" (Business man & Sellers) in the Bhopal School of Social Science, This Study Focuses. on impact of GST on Sales of Seller & to provide a Concept of frameworks of GST As well as the research Provide a wider Scope on how business have adopted GST & gained or loss from it.
3. Dr.V.Sudha, Dr.C.H.Hariharasudhan & Dr.A.Kungumapiya (2023) in their Study titled

"Impact of GST on Small Scale Sector" A study with Special reference to footwear industries The Study emphasis how GST has affected Indian SSIS This Study used applying Survey Method, the data for the Study have been Collected from the entrepreneurs of footwear industries in Calcutta region.

4. Vibhuti Mittal & T.V.Raman (2021) their Study titled "Perception & Impact of Goods & Service Tax on Micro, Small & Medium enterprises" This Study was conducted to assess the perception acceptance & Impact of GST on Small firms & businesses As well as GST Satisfaction & awareness also taken into account The survey was Conducted through the Structured Questionnaire & The responses were gathered from msme Owners.
5. Dr.bhuvaneshwari, & Deepak M (2022) their Study titled "Impact of GST among Small Scale Business" The Study focuses on awareness level

of small Scale entrepreneurs towards GST & the challenges faced by Small Scale enterprise.

III. OBJECTIVES OF THE STUDY

- To study the GST awareness among small scale entrepreneurs in Jamakhandi taluk.
- To examine the impact of GST on financial performance of small-scale businesses in Jamakhandi taluk.

HYPOTHESIS

H0: Small scale business owners have no awareness about GST regulations.

H1: Small scale business owners have awareness about GST regulations.

H0: The Implementation of GST has no impact on financial performance of small-scale business.

H2: The Implementation of GST has impact on financial performance of small-scale business.

IV. RESEARCH METHODOLOGY

Particulars	Explanation
Primary Data	The researcher conducted a survey to assess Impact of GST on Small Scale Businesses in Jamakhandi taluk
Secondary Data	Websites, research papers and financial reports were used as secondary data sources.
Data Collection Tool	The data for this study was collected using a self-administered and well-structured questionnaire with 18 different questions and given to respondents to respond using manually papers.
Sample Size	60
Sample Point	Small Scale Businesses in Jamakhandi taluk
Sample Method	Simple random sampling method was selected for choosing samples.
Data Analysis	MS Excel, T-Test, Descriptive Statistics from IBM SPSS software was used for the data analysis.

SCOPE OF THE STUDY

This study is conducted to examine the Impact of Goods and Service Tax on Small scale businesses. Small-scale investment in India is Categorized based on investment in plants & machinery. The entrepreneurs were followed value added tax system

till 2017. GST means to bring every indirect tax into one unified value added tax system. Though sudden changes of tax system made so many challenges will review the various impacts of GST on small Scale business in Jamkhandi.

DATA ANALYSIS AND INTERPRETATION

One-Sample Test						
	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Are you aware of GST	28.367	59	.000	1.050	.98	1.12
Can you find different gst rates	22.001	59	.000	1.083	.98	1.18
Are you aware of types of gst	18.335	59	.000	1.167	1.04	1.29
Do you update yourself on gst rule changes	16.517	59	.000	1.350	1.19	1.51
Do you understand the concept of ITC	13.857	59	.000	1.617	1.38	1.85

Interpretation:

From the above one-sample T-test table majority of the results are shown here. The majority Sig. (2-Tailed) values of our results are lower than the level of significance (0.05) and t values are falls outside

critical value -2.000 and +2.000. We can conclude that H1 (alternative hypothesis) “Small Scale business owners have the high level of awareness about GST regulations” is accepted and Null hypothesis is rejected.

One-Sample Test						
	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Has implementation of gst increase your business revenue	20.963	59	.000	1.200	1.09	1.31
Do you believe gst has decreased CGS	16.996	59	.000	1.283	1.13	1.43
Has gst helped increase your business profit	17.906	59	.000	1.283	1.14	1.43
Has better tax transparency under gst boosted your sales	17.906	59	.000	1.283	1.14	1.43
Have gst refunds & ITC benefited your business	13.814	59	.000	1.733	1.48	1.98

Interpretation:

From the above One-Sample T-test majority of the results are shown here. The majority Sig. (2-tailed) value in our results are lower than level of significance (0.05) and t values are falls outside critical value -2.000 and +2.000. Because of this we can conclude that H1 (alternative hypothesis) “Implementation of GST has positively impacted on financial performance of small-scale businesses in Jamakhandi Taluk”, is accepted and Null hypothesis is rejected.

V. FINDINGS

- The majority of groups (92%) are male, indicating a significant gender gap. Only small fractions (8%) are female.
- Nearly half (45%) of those surveyed have finished degree and 30% of those were completed PUC. On those 17% were finished their SSLC.

Smaller portion of them (3%) are below SSLC and 5% of them have finished PG.

- Most businesses (43%) are between 2 to 5 years old, followed by 5 to 10 years (32%). Fewer businesses are younger or older, each making up 25% of total.
- Trading oriented business are most common, comprising 42% of the total. Manufacturing oriented business are 38%, and service-oriented businesses make up 20% of the total.
- Micro sized businesses are the most common, comprising 55% of the total. Small sizes businesses make up 37%, while medium sized businesses are 8%.
- Sole proprietorship are the most common ownership type, accounting for 87% of the total. There is only one private limited and 7 partnership business, total make up 13% of total.
- The majority Sig. (2-Tailed) values of our results are lower than the level of significance (0.05). We can conclude that The business owners in Jamakhandi taluk have awareness about GST.
- The majority Sig. (2-Tailed) values of our results are lower than the level of significance (0.05). We conclude that GST has impacted on financial performance of businesses in Jamakhandi taluk.

VI. SUGGESTIONS

- The Government has to conduct regular training sessions and workshops to enhance understanding of GST rules, ITC, and refunds.
- The government has to Simplify ITC claim procedures to ensure more businesses can take full advantage of Input Tax Credits.
- Reduce refund processing time to improve cash flow and financial stability for small businesses.
- The government evaluates ways to reduce compliance costs for small businesses, such as simplifying tax filling procedures.

VII. CONCLUSION

In Summary, the introduction chapter talks about how small-scale businesses are super important in India, especially in places like the Bagalkot District in Karnataka. The study explores the impact of GST on small-scale businesses in Jamakhandi, a growing

commercial hub in Karnataka's Bagalkot district. With a mix of manufacturing, trading & service-based enterprises, the region has seen significant Changes since GST was introduced. The research examines GST awareness among business owners and its effect on financial performance. Findings indicate that most businesses are aware of GST regulations and different tax structures.

Business owners generally have a good understanding of GST and many feel it has simplified taxation, improved transparency and positively influenced their financial performance. However, challenges like complex regulations, and refund delays remain areas of concern. Overall, while GST brought both opportunities and hurdles, its long-term impact on businesses in Jamakhandi appears largely positive, with further improvement.

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