An Impact of Gst on Textile Retailers – A Study on Textile Shop in Mysuru

Dr. Sukanya R

Assistant Professor, Department of Commerce Karnataka State Open University

***Abstract*—The study is on "Impact of GST on textile retailers – a study on textile shop in Mysuru" to study the impact of GST on textile retailers in Mysuru. Mysuru is famous for textiles, handlooms and for quality Mysore silk. As Mysuru has long history and its tourist place. Textile products production and sales is more. To concert with Mysore silk, quality silk is manufactured in Mysore and Mysore silk contribute to Indian export too. As in human beings life basic needs are food, clothing and shelter. But now a days clothing is not only need but adorable thing. Even if a human's has sufficient cloths but purchasing behavior as not come down. More and more of trends in market build and rise the demand. So this study in done to know how new tax reform which was introduced called Goods and Service Tax (GST) how it is impacting on textile shops. As this study aims to examine impacts of GST on retailers operating in textile industry in India, findings and results of the research can certainly be useful for small and medium retailers or users of the report to boost their thoughtful on GST and find out ways to minimalize issues in including GST tax system. Therefore, attention is required for Impact of GST on textile retailers – a study on textile shop in Mysuru". As textile manufacturers occupies major part in Indian economy. After implementation of GST new amendments was framed and for benefit of manufactures amendments was also modified by government.**

***Index Terms*—GST, retailer business & textile business**

I. INTRODUCTION

As topic of GST was introduced from 2017, the literature review is been done after implementation of GST. Because as impact of GST is been evaluated. The GST is mainly an indirect tax that brings most of taxes levied on maximum of goods and service, under single field at national level. The GST is a consumption based tax. At each of sales or purchases in supply chain, this tax is collected on value added goods and services, through a tax credit mechanism. As textile industry is playing important role in economy. As in human life basic needs are 3: food, clothing and shelter. But no more textile or clothing is basic. Even though lot cloths are with individual still purchasing of cloths habit as not been stopped. Hence to select topic "A study on GST impact on textile in Mysore" is to know how GST is impacting on clothing which is known as basic need for human.

POPULATION

In order to implement GST taxation in India, Constitution 122nd amendment bill was introduced and passed by Rajya Sabha on August 3rd 2016 and by Lok Sabha on August 8th 2016. The GST council framed officially on 8th September 2016. As GST is applicable allover India. After implementation of GST knowing the benefits and challenges of new tax system is essential. GST has its own impact on different sector. Textile sector is one of the important sector in Indian economy, it is contributing identifiable portion to GDP. In Karnataka national garment production is around Rs 75,000 crore which accounts to 20%. 11% of India's export. This study confined only to retail shops in Mysore, Karnataka.

DATA and SOURCE

The data is totally primary data. The collected data from 50 respondents' of textile retailers in Mysore city with random sample selection. The collected data are arranged in tabular format, analyzed by presented in graphical representation and drawn interpretation.

The data collected can be interpreting data with the help of graphical interpretation which helps to understand complex data in simple form with fact interpreted with help of tables. So for each questions I have drawn interpretation by graphical representation.

II. OBJECTIVE OF THE STUDY

- To study the GST provisions related to textile sector.
- To analyze the impact of GST on retailers of textile sector.
- To identify the benefits and challenges of textile retailers with GST implementation.

GST ON TEXTILE RETAILS & APPAREL INDUSTRY

As retailers exist in supply chain of marketing, GST without any exemption at any point in supply chain so retailers also imposes tax. Tax for all sections of the industry at a single constant rate has been describe as "critical" for this compromise to overcome. In extension of GST fabrics and apparel expected to intensifications and substantial growth of tax. Expecting if tax rate of 5% would rise revenue of 13000 crore and three fold increases over current revenues from the sector.

GST is supportive to continue the privileged tax regime for cotton fabrics and unbranded apparel. Because if this section high rate of tax imposed then it effect the leakages, job creation and growth of this sector.

PRUCHASING TREND IN TEXTILE RETAILS SHOPS

In 2019 total revenue generated is 13000 crore. As consumer expenditure expecting 9% of their total income. Annual consumer expenditure on clothing 208 billion dollars in world. It is expected to reach 223 billion dollar by 2021. Even 14% of overall index of industrial production (IIP). Total export of textile earning is 38.7 billion dollars. Demand for clothing is 15.03 billion according to ministry of textile, Indian textile journal. In India 3165 manufacturing apparel in medium and small scale. 6.01 million Are engaged in wearing apparel in medium and small scale.

According to India business of fashion report, Retail sector of apparel is expected to grow 11% in 2021. As textile retailer is second biggest retail after food and grocery in India. It contribute 11.5% of Compound Annual Growth Rate (CAGR) for period of 2012-17 and expected growth at 11% of CAGR in 2017-21. This fashion retail market as dynamic key growth, even new demographics, increasing urbanization, increasing purchasing attitude in middle level income group, creating brand name and retaining loyal consumers, easy accessibility and availability of goods near to customers.

GST AMENDMENTS RELATED TO TEXTILE SECTOR

Recent amendments on Textiles it has been 250 plus days since the implementation of GST and the Government has issued a slide of notifications in the rate as well as non-rate areas. An enormous 26 GST Council Meetings have taken place across India starting from September 22, 2017 to March 10, 2018 that is an average of one meeting every 10 days. Primarily, with overview of GST the textile sector had a major gush on exports. However, over era of time exports dipped for nearly around 40%. It was rise the Government for such strong approach. However due to number of important amendments, professionals need to be modernized.Textile industry endures to be the second-largest employment generating sector in India. It offers direct employment to over millions in the country and due vagaries have to made in law to elude producing any adversity to the textile sector. Here is quick snap of procedures under textile Processes complicated in textile industry can be approximately confidential as: - Process Output from the procedure Ginning Man-made Fiber, Cotton, Jute, Silk, Wool Spinning Yarn Weaving or interweaving Fabric Processing Processed Textile Attire making Apparel The above processes were mostly exempted under the pre-GST regime. This had an adverse effect on textile industry since it filled the flow of credit in the value sequence. The recent amendments that will be having important effect on the operative of the textile sector have abridged under: Reverse Charge Mechanism (RCM) Applicability on Acquisition of Raw Cotton: [Notification No. 04/2017-CGST dated June 28, 2017 as amended] While RCM on definite services was a dominant in the onetime service tax regime, the business industry is well versed with the impression of RCM. However, the GST law has also carried in a new concept of RCM on specified goods u/s Section 9(3) of CGST Act, 2017 and Section 5(3) of IGST Act, 2017.

The list of specified goods contains which are liable to RCM when a registered person purchases:
a) Silk Yarn from any person who productions silk yarn from raw silk or silk worm cocoons
b) Raw Cotton from an agriculturist this provision would have a far-reaching suggestion since the acquisitions of raw cotton from an agriculturist is the elementary prerequisite for production of yarn or fabric. It is very significant to note that even however RCM has been deferred on obtaining from Unregistered Dealers up to June 30, 2018, RCM would last to be related on specified goods and services u/s 9(3) of CGST Act and 5(3) of IGST Act. Relief to Job workers in the textile industry [Notification No. 11/2017-June 28, 2017 as amended] in positions of the notification, the job work in relative to textile yarns which were man-made fibre (MMF) was livable to tax @ 18%. However, subsequently, vide amendment to the notification the benefit of reduced rate of 5% has been extended to textiles and textile products dropping under Chapter 50 to 63 Refund of Accumulated ITC: [Notification No. 05/2017-dated June 28, 2017 as amended] As per Section 54(3) of CGST Act, 2017, refund is allowed only in two situations

(a) Zero rated supplies without payment of tax.
(b) Buildup of credit on account of rate of tax on inputs being higher than the rate of tax on output

supplies (commonly mentioned to as "Inverted Duty Structure") excluding on notified supplies
a) Inverted Duty Structure: Vide Not. 5/2017 – Central Tax (Rate), the Government has given a list of knit and woolen fabrics on which repayment of accrued ITC would not be accessible. Vide Not. 44/2017 – Central Tax (Rate), the Government has additional added knotted nets, corduroy fabrics and slender woven fabrics into the above list.
b) Exports: Vide Circular 18/18/2017 – GST, the Government has irradiated that though on the above declared detailed classifications of goods [Fabrics], refund of collected ITC duty upturned duty assembly would not be allowable normally, but in case of export of fabrics or textiles, refund of 40collected ITC would be allowable.

Notification No. 40/2017- Central Tax (Rate) follows to mention Central Tax rate of 0.05% on intra-State supply of taxable goods by a registered supplier to a registered beneficiary for export subject to thorough conditions. Corresponding, notification has also been transported under SGST for state tax rate of 0.05% for intra-state supplies and even under IGST for inter-state supplies also rate of 0.10% has been decided. Performance of Cut Pieces of Fabric.Vide Circular 13/13/2017 – GST, the Government has illumined that before attractive ready-to-wear articles or an apparel, the fabric is cut from packages and sold in that unstitched state. These fabrics are assembled under chapters 50 to 55 of First Schedule to the Customs Tariff Act, 1975 on the basis of their it vital materials and appeal a uniform GST rate of 5% with no repayment of the unutilized input tax credit. Meagre cutting and packing of fabrics into pieces of different lengths from packages will not change the environment of these goods and such pieces of fabrics would endure to be classifiable under the discrete caption as the fabric and attract 5% GST rate.

Explanation Rate of GST or Reduced rate of GST for MMF yarn from 18 to 12 per cent wouldbenefit the whirling and power loom sector. This would help to avoid cost appreciation of yarn and enable the clout loom sector to remain competitive.
Vide Notification. 1/2018 – CGST (Rate), the Government has brought the rate of tailoring services to 5%. Composition Scheme for Textiles A registered person, whose aggregate turnover in the previous financial year did not exceed one crore rupees, may be the obligation to pay tax under the structure scheme. Rates under Composition Scheme: S No Category of Registered Persons Rate of Tax 1 Producers, other than producers of such goods as may be informed by the Government 1% to any other supplier eligible for composition levy under section 10 and the provisions of this Chapter 1% of the turnover of taxable supplies of goods.
Manufacture has been defined in the CGST Act as follows: "Manufacture" means processing of raw material or inputs in any way that results in appearance of a new product having a separate name, character and use. Job Work has been definitely preserved as Supply of Service as per Scheduled II of the CGST Act. From the above we can conclude that

if a registered person engages in any activity which amounts to manufacturing can obtain to pay tax under the composition scheme and has to pay tax @ 1% Also, if a dealer who involves in the transaction of readymade clothes can also pay tax @ 1%

Note: A registered person who obtain to pay tax under composition scheme has to comply with the other conditions as mentioned under Section 10 of the CGST Act and also under the Composition Rules.Schedule II to the CGST Act, 2017 lists a few actions which are to be preserved as supply of goods or supply of services. For example, any transfer of title in goods would be a supply of goods, while any transfer of right in goods without transfer of title would be measured as services. Also any handling or process which is applied to another person's goods is a supply of services. Further Schedule III to the CGST Act, 2017 enchantments out doings which shall be preserved as neither supply of goods nor supply of services or outside the scope of GST. Under the above legal requirements the impact of GST on Textile Sector is summarized as under. The textile sector containing of the following major sub-sectors. Various supply chains in Textile Sector
1) Fabric to Yarn
2) Fabric and
3) Garments

III. RESEARCH METHODOLOGY

The progression by which brings sense and meaning are made of the data gathered in qualitative exploration, and by which the developing facts is practical implemented to situation difficulties. This data often takings from the respondents group thoughts and interviews and filling questionnaires'. Through procedures of reconsidering and involvement in the data information, and complete multifaceted actions of structuring format, re-structuring or otherwise sightseeing it, the study looks for a patterns and visions related to the key area study and uses of these study where it help to implementation. This interpretation helps implementation of study.

Analysis involves approximating the principles of parameters of the random population and drawing inferences. The aim of present study is the "IMPACT OF GST ON TEXTILE RETAILERS – A STUDY ON TEXTILE SHOP IN MYSURU."

DATA INTERPRETATION

The data collected can be interpreting data with the help of graphical interpretation which helps to understand complex data in simple form with fact interpreted with help of tables. So for each questions we have drawn interpretation by graphical representation.

Is GST important for textile sector?
Introduction of GST as impacted on many sectors so to know how important role GST playing in textile business. The question was asked to respondents that GST implementation is importance to textile business.

TABLE No 01: Is GST important for textile sector?

Particulars	Frequency	percentage
Yes	36	72
No	14	28
Total	50	100

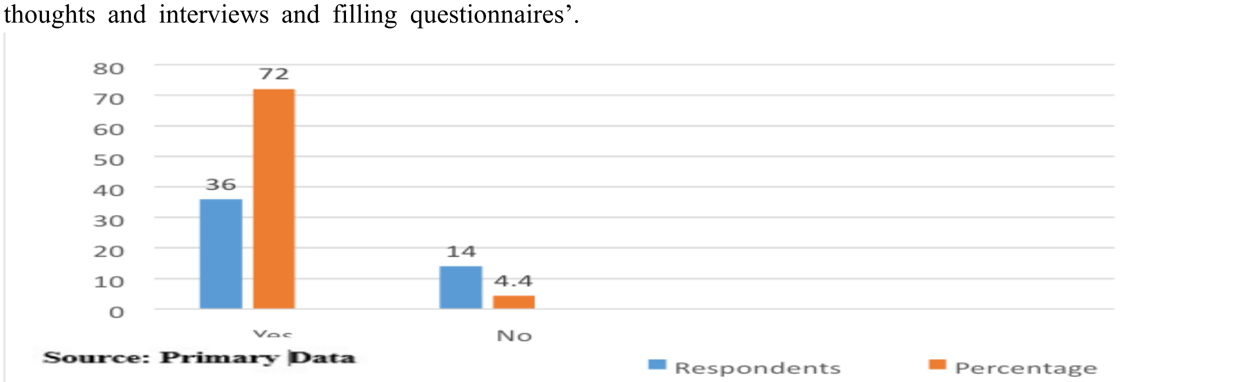

CHART No: 01

Is GST important for textile sector the majority respondents' agreed GST is required for textile sector where 72 percent respondents agreed and 28 respondents disagreed with the above statement.
Prominent objectives of GST among following
Introduction of GST was with many objective. To know which maybe the prominent objective the question was is asked to the respondents that according to them which was prominent objective of GST.

TABLE 02: Prominent objectives of GST

Particulars	Frequency	Percentage
Generation of additional economic activity	18	36
Promotion of domestic investment	5	10
Employment generation	8	16
To bring more business transaction in tax net	16	32
Promotion of domestic investment	3	6
Total	50	100

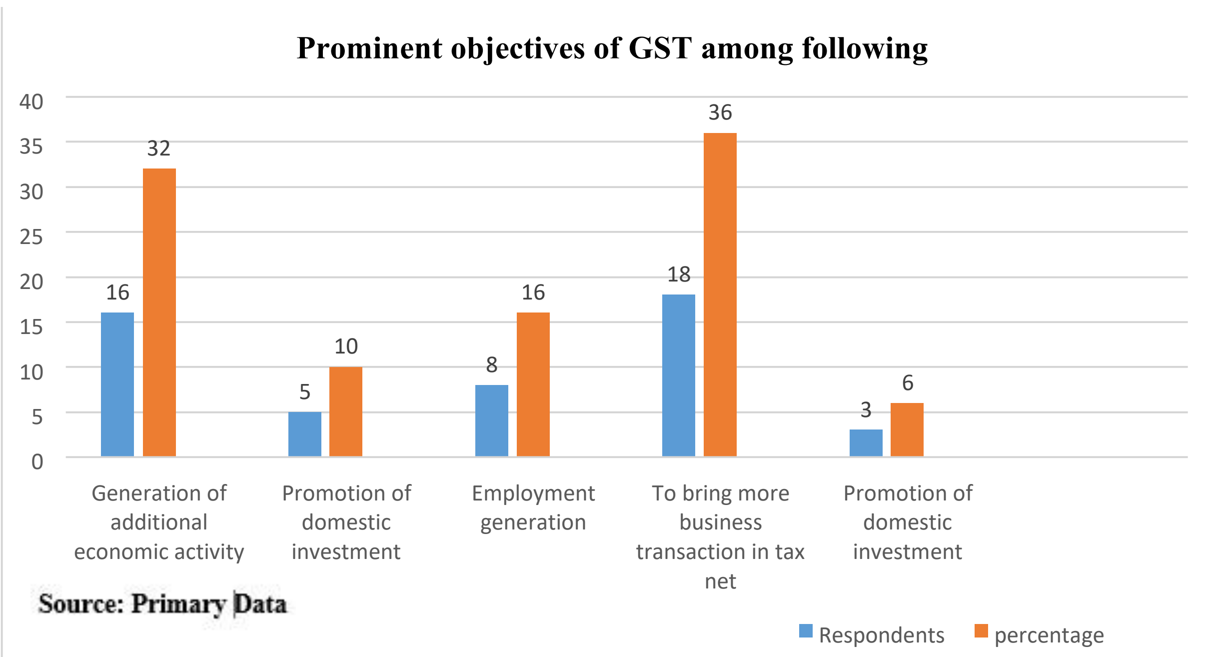

CHART No 02

The data shows the prominent objectives of GST among following. First option was Generation of additional economic activity where 32 percent of respondents opted. Second option was providing benefits of customers where 10 percent respondents opted. Third option was employment generation where 16 percent of respondents opted. Forth option was to bring more business transaction in tax net for this option, 36 percent of respondents selected this option. Last option was promotion of domestic investment where 6 percent respondents agreed with it.

According to this study the highest respondents that is 36% of respondents agreed that GST implementation is the prominent objective was to bring more business transaction in tax net.

Textile Business is benefiting by implementation of GST?
Implementation of GST is benefiting to different business in economy but to know whether GST is benefiting textile business the question was asked to respondents according to them implementation of GST benefiting textile business.

TABLE No: 03 Textile Business is benefiting by implementation of GST

Particulars	Frequency	Percentage
Strongly agree	9	18
Agree	26	52
Neutral	10	20
Disagree	4	8
Strongly disagree	1	2
Total	50	100

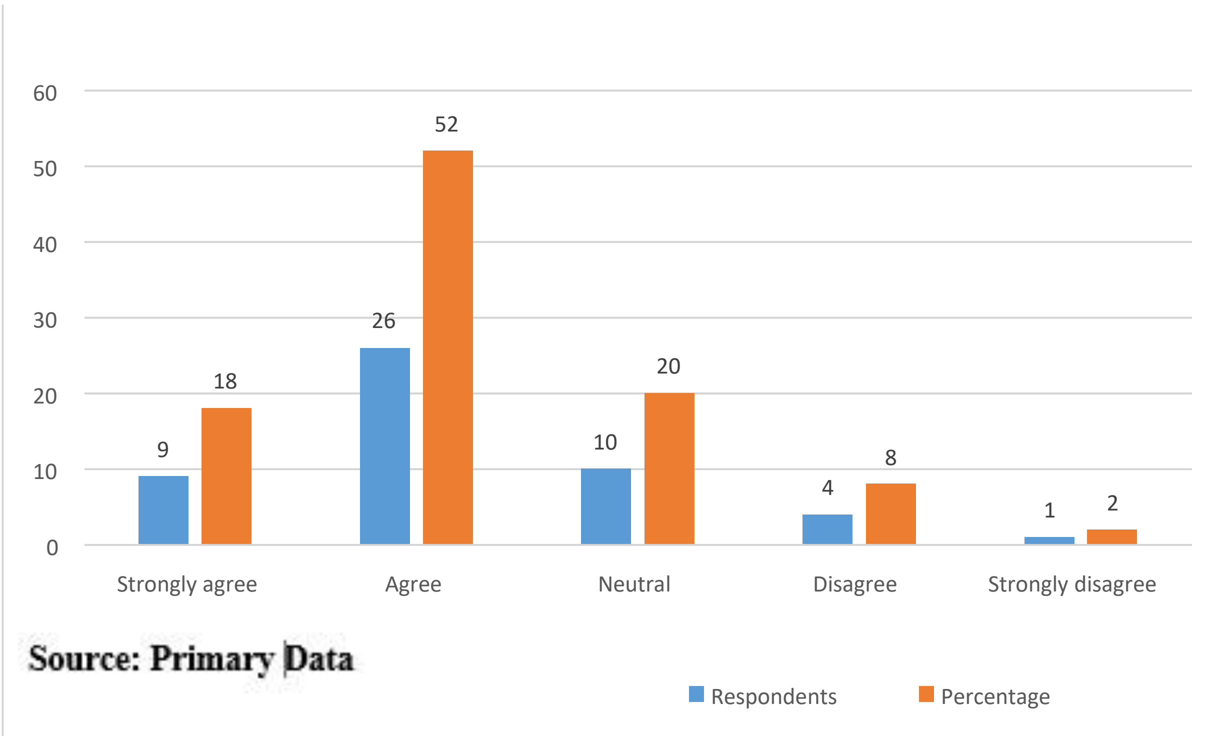

CHART No: 03

The respondents was asked that textile business is been benefiting thought implementation of GST. Among total respondents, 18 percent of respondents strongly agree and 52 percent of respondents agreed, 20 percent respondents were neutral for this statement. 8 percent of respondents disagreed and 2 percent of respondents strongly disagreed for the statement.

52 percent of respondents agreed that textile business is been benefited thought implementation of GST.

The textile price is standard after implementation of GST

After implementation of GST the whole economic condition was different and price and purchasing power on money was low even available of money was less with people. So respondents was asked whether price of textile business standard to market demand.

TABLE No: 04 the textile price is standard with implementation of GST

Particulars	Frequency	Percentage
Strongly agree	5	10
Agree	28	56
Neutral	8	16
Disagree	6	12
Strongly disagree	3	6
Total	50	100

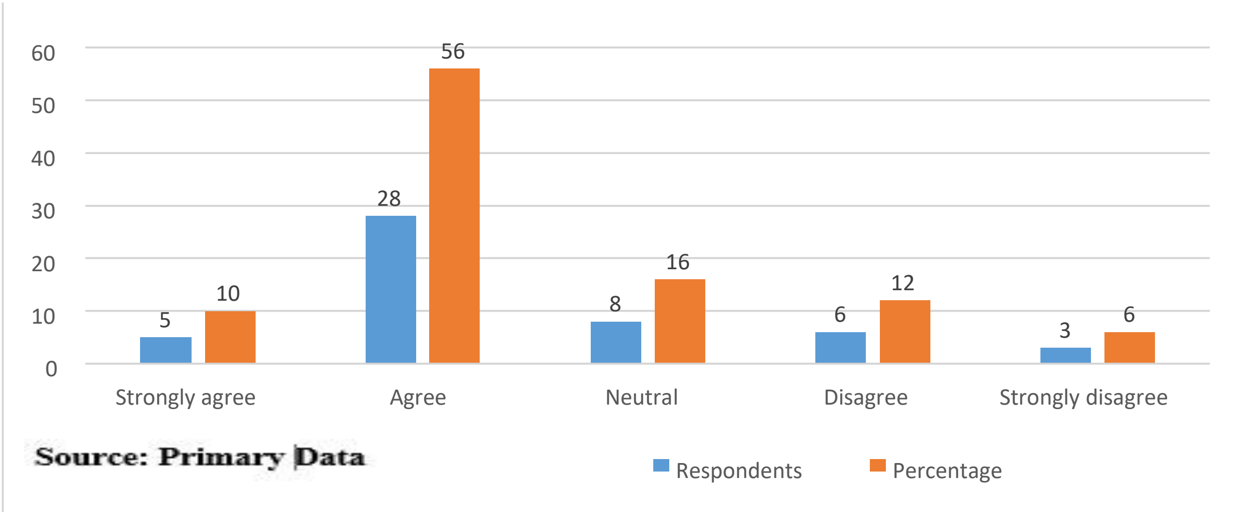

CHART No: 04

The respondents was asked that the textile price is standard after implementation of GST. Among total respondents 10 percent of respondents strongly agree and 56 percent of respondents agreed to the statement. 16 percent respondents were neutral for the statement. 12 percent of respondents disagreed and 6 percent of respondents strongly disagreed for statement.

Finally 56 percent of respondents agreed that price has been standard, after implementation of GST.

Implementation of GST as increase the profit of textile business

As GST is indirect tax and it's a payment which should be made by sellers, the question was asked that whether Implementation of GST as increase the profit of textile business.

TABLE No: 05 Implementation of GST as increase the profit of textile business

Particulars	Frequency	Percentage
Strongly agree	2	4
Agree	16	32
Neutral	10	20
Disagree	21	42
Strongly disagree	1	2
Total	50	100

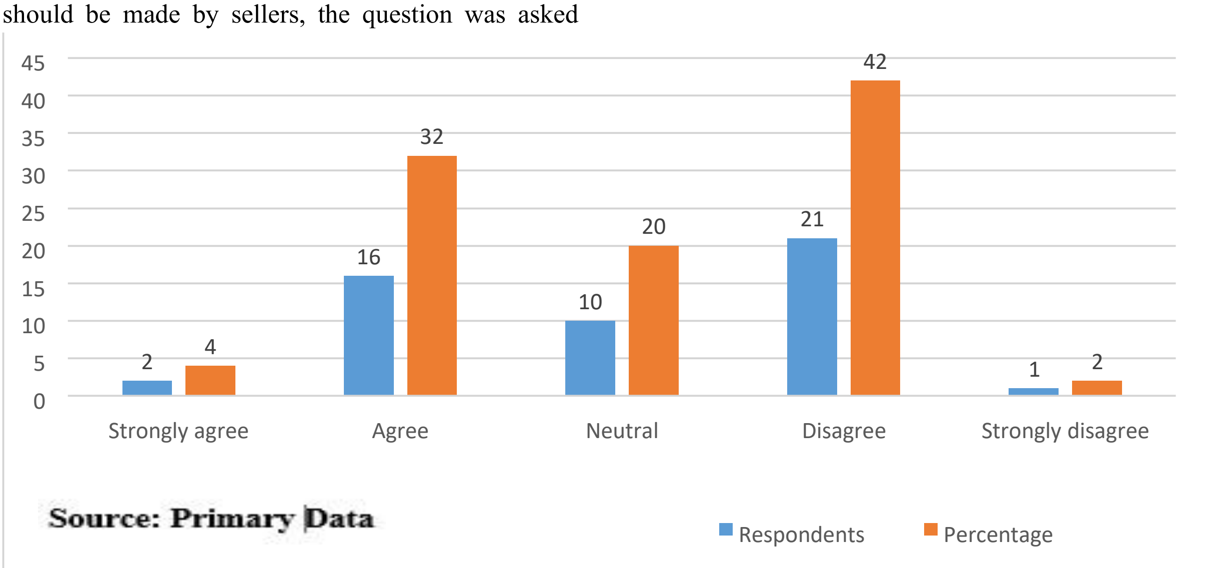

CHART No: 05

The respondents was asked that Implementation of GST as increase the profit of textile business.
Among total respondents, 4 percent of respondents strongly agree and 32 percent of respondents Agreed to the statement. 20 percent respondents were neutral for this statement. 42 percent of respondents disagreed with and 2 percent of respondents strongly disagreed for statement. Finally 42 percent of respondents disagreed that Implementation of GST as not increase the profit of textile business

Compare to old tax structure GST implementation is friendly for textile business.
As for many years businessmen was using old tax structure and ones GST was introduced it was compared with old structure. Hence question was asked according to respondents that compare to old tax structure GST implementation is friendly for textile business.

TABLE NO: 06 Compare to old tax structure GST implementation is friendly for textile business.

Particulars	Frequency	Percentage
Strongly agree	2	4
Agree	32	64
Neutral	5	10
Disagree	11	22
Strongly disagree	0	0
Total	50	100

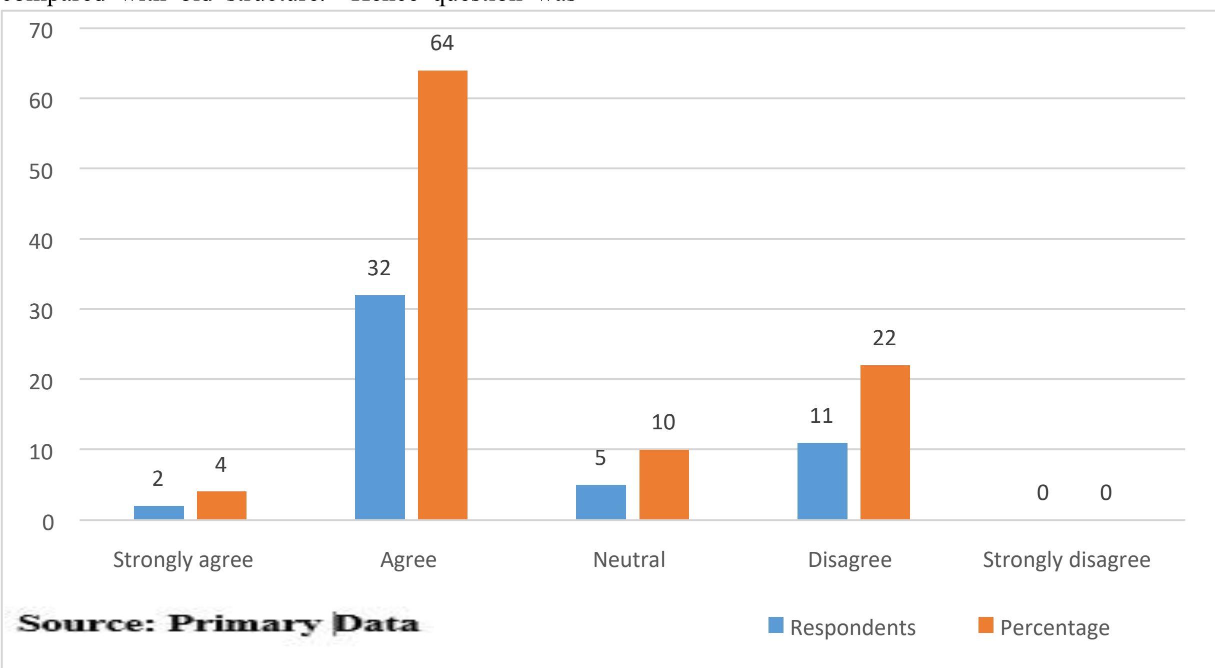

CHART No: 06

The respondents was asked that, compare to old tax structure GST implementation is friendly for textile business. Among the total respondents 4 percent of respondents strongly agree and 64 percent of respondents agreed to the statement. 10 percent respondents were neutral for the statement. 22 percent of respondents disagreed and 64 percent of respondents agreed that compare to old tax structure GST implementation is friendly for textile business.

IV. MAJOR FINDINGS AND SUGGESTION OF THE STUDY

1) Textile industry plays most significant character in the expansion of the Indian economy in positions of employment, GDP, export promotion and others. The textile industry is measured as the second largest employment sector. The expansion of textile industry is able to adversely affect Indian economy and also goal to touch US$ 185 billion by 2024 to 2025.

2) There was many objective for implement of GST, According to the study most prominent objective of GST is to bring more business transaction in tax net.
3) Majority respondents agreed that the GST is importance for textile sector. There are many significant reason for implementation of GST, According to the study the majority agreed for is GST implementation helps to remove multiple tax.
4) Majority of responding agreed that textile business is been benefiting thought implementation of GST.
5) Majority of responding agreed that implementation of GST as increase the profit of textile business.
6) The analysis result in implementation of GST as positive impact on GDP. Majority agreed with the statement of positive impact on economy after implementation of GST.
7) Majority agreed that compare to old tax structure GST implementation is friendly for textile business.

V. SUGGESTION OF THE STUDY

1. GST is implemented for benefits of consumers' hence real benefit has to be taken by consumers by not avoiding the bill to reduce price. Customers should ask for bill to receive the real benefit.
2. Every year government takes initiative to promote awareness towards GST. Hence this opportunity should be utilize by retailers and consumers.
3. GST council has taken initiative to release free billing software hence retailers can use this benefit to reduce cost.
4. Few respondents feel GST is not importance to textile business. According to them cost of adoption is more in GST it requires more working capital to run business. The consultancy fess is high where small and medium scale organization cannot bear cost. Hence council can provide technical knowledge to retailers.
5. Textile rate of GST is 5% if value of product is less than Rs.1000. in same way if product purchased for Rs.10 same 5% rate of tax imposed where lower income group people should be considered and GST council can fix exemption slab for smaller amount purchases.
6. GST is a technology driven, which would pose difficulties to small retailers and small business, who may find it difficult to adapt. Council should consider this group before bring any new updating.

VI. CONCLUSION

GST can play a significant role in fetching transparency and one tax system in prevailing tax regime. However, as instant influences of GST were taken into account, it would be authentic truth to state that such problems were only limited to initial few months after GST was implemented as later they were rather familiar with the procedure that endure no lengthier an issue for retailers. In spite of the fact that GST has caused to damages for many small level businesses in textile industry which occasioned even shutdown for many days, GST has been observed as an optimistic improvement for Indian textile industry over the long pull. GST would definitely bring alteration more definitely in the input tax credit system harmonizing organized and unorganized sectors of the industry and overhauling existing indirect tax slabs.

Impacts of GST implementation on Indian textile industry have been discussed in this study taking both primary and secondary data findings. Using theoretical argument made in the literature review chapter, findings from the questionnaire have been maintained and deliberated critically. It can be observed exactly that prose appraisal has led the researcher to gain visions on numbers of factors that provision the essential for GST in the industry and on the other hand primary data findings mainly existing the impact of GST on textile industry as negative. Retailers were found not in favor of this improvement where they had to expression array the issues of after GST implementation. Numerous policy involvements along with technology and invention will continue to play energetic role in generating a business approachable environment for the retailers. GST is aimed to rise the taxpayer base, majorly retailers into its possibility and will put an encumbrance of acquiescence and related costs to them. But in the long run, GST will turn these retailers more modest with a level playing ground between large initiatives and them. In fact, newly government has also fashioned a special and professional committee to look afterward main issues faced by retailers' textile sector in GST.

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APPENDIX

QUESTIONNAIRE FOR MEASURING IMPACT OF GST ON TEXTILE RETAIL SHOPS IN MYSORE

1) Is GST important for textile sector?

Yes

No

2) Which is prominent objectives of GST among following?

a) Generation of additional economic activity
b) Providing benefits of customers
c) Employment generation
d) To bring more business transaction in tax net
e) Promotion of domestic investment

3) Textile Business is benefiting by implementation of GST?

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

4) The price is standard with implementation of GST?

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

5) Implementation of GST as increase the profit of textile business

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

6) Consumers are benefited by implementations of GST?

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

7) Tax burden on consumers has increased after implementation of GST

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

8) The consumers are real beneficiaries of GST

a) Strongly disagree
b) Disagree
c) Neutral

d) Agree
e) Strongly agree

9) Buying behavior of consumer changed after GST Implementation
a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

10) Compare to old tax structure GST implementation is friendly for textile business.
a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree