

## **Awareness And Impact Of Goods And Service Tax (Gst) On Retailers In India**

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### ***Abstract***

*GST is giant steps in tax reforms in India to inspire confidence from manufacturers and investors to drive the economy ahead, and one can expect for more reforms in every budget for further propel GDP growth. Although the government take steps to increase its revenue through taxes, it is obvious that it remains concentrated on making tax laws easy so that every individuals as well as corporations, bring into the tax net and making every Indian aware of his or her social duty to pay taxes that make the nation more taxable. In this sense, the research entitled "Awareness and impact of Goods and Service Tax (GST) on Retailers in India" aims to wants to probe into the fact about the awareness and their opinion about GST among retailers with special reference to Coimbatore District and its impact on them. The study concludes that the Implementation of GST helps to ease of starting new business and eliminates the distinction between goods and services. But it has no impact on increased business transaction, customers, price, sales, profit, and market. At the same time it increased the tax*

*burden of the retailers and leads to closure of business.*

**Key Words:** *GST, Tax reforms, GDP growth, Retailers, Indian Economy, Economic Development*

## **INTRODUCTION**

Fiscal reforms are an important part of any country's economic growth. In recent years, even the developed countries like the United Kingdom and the United States, which are also the role models for emerging countries such as India, have undergone reforms too. For example the UK, which is the Liberal Democrat Conservative coalition government, undertook reforms between 2010 and 2015. In the changes started in 2013, when the Chancellor of the Exchequer proposed the budget, two million people were exempted from paying income tax altogether. Indian tax reforms are of no exception. After the announcement of Economic reforms in the early 1990s, tax reforms have been a crying need too. After much deliberation, the then government felt that every tax scheme should be equitable, fair and non-discriminatory, so that not only the individual taxpayer in the category of direct taxes but the business and industry that accounts for the majority of indirect taxes became tax-compliant, yet feel the social and civic obligation to pay taxes that are the foundation of every government's commitment to develop projects. Until 2016, tax reforms were one fluid mechanism across successive governments. The values remained essentially the same, an open, equal, equitable and reasonable scheme of taxation that was easy to administer. The day's governments regularly tried to justify the direct tax system in such a way that most benefited the individual tax payer. Year after year, though gradually, the entry-level tax threshold has been removed and the direct taxation slabs are now easily and clearly divided into three slabs. 10 percent, 20 percent and 30 percent flat for income ranging between Rs2.50 lakhs to Rs 5 lakhs to Rs10 lakhs respectively. That is, those earning less than Rs2.50 lakhs paid no tax, between Rs2.50 to Rs 5 lakhs paid at 10 percent and Rs 5 lakhs to Rs 10 lakhs at 20 percent and those above Rs.10.lakhs.paid.at a flat 30 percent tax on their incomes. The corporate taxes also have been rationalized. In addition to an overburden of excise and customs levies were made simpler. The main goal of both was to enable citizens to become tax claimants and to get a greater population into the tax net. Although the tax-to-GDP ratio may be incremental, the tax on the population is atrocious, it is said that hardly 2% of the population pays tax which is concentrated in the metropolitan agglomerate.

While the government is introducing more and more reforms to bring more and more people into the net and boost tax collection viscosity, Goods and Services Tax (GST) is the single most important tax reform that stands out. Codifying all taxes into one, so that producers haven't met the country's burden of multiple taxation, and goods movement is simpler. GST is a large step in tax reforms for the country to get confidence from manufacturers and investors to drive the economy forward and one can hope for more reforms in the forth coming budgets to further propel GDP growth. While the government authorities might

take time on corporate India's bucket list, it is apparent that it will remain focused on the fundamental objective of making tax laws easy to make existence less difficult for the individuals and also enterprise besides bringing large populations into the tax net and making each Indian mindful of his social duty towards paying taxes, making the India greater tax compliant. In this context, the research entitled "Awareness and Impact of Goods and Service Tax (GST) on Retailers in India" wants to probe into the fact about the awareness and their opinion about GST among retailers with special reference to Coimbatore and its impact on them

## RESEARCH METHODOLOGY

For this empirical study, Primary data has been collected through structured questionnaire from 100 retailers in Coimbatore city using structured questionnaire adopting purposive sampling technique and were subsequently analyzed descriptively to obtain the frequency and percentage using the software Statistical Package for Social Science (SPSS) version 23.0 for Windows. Secondary data were collected from published articles in journal, past studies, newspapers, web articles to framework the background of the study. The data so collected were analyzed using Simple percentage, Mean, Standard Deviation Chi-square test and ANOVA.

## REVIEW OF LITERATURE

**Alamelu.L and Sharon David (2015)**, in their study have opined that, implementing the GST bill would have a positive impact on producers and retailers, as the cascading effect is minimized, the expense of the supply chain will also decrease. This not only decreases the ultimate price on the goods but also improves the industry's profitability alongside profits and creates a common market. They have also opined that the GST bill not only reduces paperwork but also increases producers and distributors' compliance. In the present indirect tax structure, there is 'tax on sales' effect on the final sale price, but in the GST regime there would be a single tax imposed with input tax mechanism. This means that every individual has to pay tax only on the value that he adds. The good's costs would also be high, as the overall tax charged is lower. Ultimately, they concluded that both the manufacturing sector and end customers would benefit from the introduction of the GST bill. **Bagyalakshmi (2015)** has made an attempt to study the "Impact of Goods and Services Tax on different sectors in India. She concluded that the dual GST varies considerably from the current indirect tax system, so a major training program at both the federal and state levels will be needed to familiarize the respective administrations with the dual GST concepts and procedures. Consumers are much more affected by GST, she added. **Mohamad Ali, Zuriadah Ismail (2015)** have discussed that many communities were less understood and confused regarding GST system and gave a negative perception about it.

Accordingly, this study is an attempt to assess the level of awareness and perception to GST taxpayers in Malaysia. The results showed that the level of awareness was average, and the majority of respondents gave a high negative perception to the impact of GST. **Nurulhasni Shaari and Alizah Ali (2015)** have explained on different responses, objections and perceptions across the country as a result of the government's decision to introduce the Goods and Services Tax (GST) from 1st April 2015. Some of them gave positive feedback and some others gave negative feedback as the policy led to higher costs of goods and services and thus this tax may result in burden on citizens. **Amanuddin and Deviga C (2016)** examined the perceived impact of the implementation of GST on small and medium-sized enterprises (SMEs) in Malaysia, especially in the Johor Bahru region. Based on literature and previous studies, three factors were identified such as awareness level, subjective standard and demographic factors that valued SMEs' cost impacts on the implementation of GST. **Murugaiyan, Sasi Jeyanthi (2016)** have discussed about new GST Bill in India and gave brief summary on overview of GST and have opinion that the general public was almost unaware of the concepts of GST. Therefore, India as a democratic nation must make clear about the new amendments to its people and they have concluded that the awareness and knowledge of the new GST (Amendment) Bill is the need of each and every citizen. **Pankaj Kumar, Subhrangshu Sekhar (2016)** have opined that the introduction of GST which will assimilate under the umbrella of all indirect taxes, which will be Landmark in the history of indirect tax reforms. They also sought to analyze GST's key features and concentrated on the investigations that central and state governments are likely to face. **Shefali Dani (2016)** found that the GST will simplify the present complicated tax structure and remove the tax in efficiencies. He added that the GST is implemented and successful in over 150 countries. But in India there may be chances of flatter due to inflation. Industries like Telecommunication is highly impacted by GST he observed. **Geetanjali Sharma and Miriam George (2017)** have discussed the origin of the Indian tax system with reference to the Arthashastra and Revenue Act of 1924. The research targets on the emergence of GST and the analysis of present and GST tax regime, how GST should function in India, the economic consequences of GST that unifies India, and the fundamental challenges that GST faces. **Lourdhan and Xavier (2017)** opined that GST would make one tax, one Nation. It may produce relief to producers and consumers through input credit set off and will also result in revenue generation to both Central and State government. **Vasundra Jain and Reema Aggarwal (2017)** have highlighted the advantages and disadvantages of implementing GST. They opined that the change is often resisted, and it is not an easy transition but still it is necessary one. The new policy of changes in Tax system will make the Indian market more competitive than before and will increase the taxpayer base and bring the unorganized sector under the purview. Though individuals and some small sectors may be affected due to GST, but some sectors

and industries will be benefitted they added.

From the above reviews and discussion, the study on GST, its implications and impact in Indian Economy in general has been done and no study has been done with special emphasis to retailers and that to in Coimbatore which is ranked as 15th' competitive among Indian Cities, Commercial hubs with more than 2500, saree shops, 1 800 registered retail stores which its share is 6 percent to 7.5 percent of total retailers. This study has been conducted among registered and organized retailers in Coimbatore

### DISCUSSION AND RESULTS

Table No: 1 (a) and I (b) shows the demographic profile of retailers

**TABLE NO. 1 (a)**  
**DEMOGRAPHIC PROFILE OF RETAILERS**

Sl. No	Gender	N and %	Age	N and %	Educational Qualification	N and %	Designation	N and %	Annual Income	N and %
1	Male	90	18-35	44	Up to SSLC	14	Owner	40	Up to Rs. 150000	38
2	Female	10	36-50	42	HSC	28	Manager	30	Rs.150001-350000	40
3			51-65	14	Graduation	48	Accountant	16	Rs.350001-500000	20
4			Above 65	0	Post Graduation	10	Partner	14	Above Rs.500000	2
Total		100		100		100		100		100

Sources: computed

**TABLE NO.1 (b)**  
**DEMOGRAPHIC PROFILE OF RETAILERS**

Sl. No	Nature of business	N and %	Years of experience	N and %	Sales volume per annum	N and %
1	Textile	12	Up to 3 years	22	Up to Rs.500000	20
2	Fancy	24	3-5 years	20	Rs.500001-1000000	30
3	Electronics	32	5-10 years	26	Rs.1000001-2000000	10
4	Jewelry	6	Above 10 years	32	Above Rs.2000000	40
5	Medical shops	10				
6	Super Market	14				
7	Two-wheeler showroom	2				
Total		100		100		100

Sources: computed

The table shows that the Majority 90% of the respondents are male ,44% of the respondents are of the age category of 18-35, 48% of the respondents are graduates which shows the educated people are

more aware of GST, 40% of the respondents are the owner of the retail shop, 40% of the respondents comes under the income slab between Rs.150001-300000, 32% of the respondents are doing electronics retail business, 32% of the respondents having above ten years of experience in their field, Majority 40% of the respondents having the sales volume of above Rs.20 lakhs.

**TABLE No: 2**  
**SOURCES OF KNOWLEDGE ABOUT GST**

Sl.No	Variables		Yes	No	Total	Mean	SD
1	Friends & Family	N	8	92	100	1.92	0.274
		%	16	184			
2	Mass media	N	70	30	100	1.3	0.463
		%	140	60			
3	Online Source	N	30	70	100	1.7	0.463
		%	60	140			
4	Others	N	20	80	100	1.8	0.404
		%	40	160			

Sources: computed

Table No:2 shows that the mass media plays a major role as a source of knowledge about GST (70%) followed by online source (30%). The source of knowledge is gained from least of the friends and family hat is only 16%.

**TABLE No: 3**  
**AWARENESS ABOUT GST PROCEDURES**

Sl.No	Variables	Yes (N and %)	No (N and %)	No Idea (N and %)	Total	Mean	SD
1	GST Registration	84	14	2	100	1.18	0.438
2	Started imposing GST	98	2	0	100	1.22	1.556
3	GST Benefits	42	32	26	100	1.84	0.817
4	VAT Benefits	40	40	20	100	1.8	0.756
5	GST implementation	72	18	10	100	1.38	0.667
6	GST-Rate Structure	84	8	8	100	1.24	0.591
7	GST-Applicability	24	76	0	100	1.76	0.431
8	GST Compliance Rating	58	28	14	100	1.56	0.733
9	GST Paper Work	64	22	14	100	1.5	0.735

Sources: computed

From TableNo:3, it is known that the majority 84% of the respondents have awareness about GST, 98% of respondents started imposing GST, 84% knew about rate structure, 58% have knowledge about compliance rating and 64% about paperwork. Only 42% and 40% of the respondents have opined that GST and VAT beneficial to them respectively. Majority 76% of the respondents don't know about the applicability of GST. This result is tested using one –way ANOVA.

*Null Hypothesis: There is no significant difference between the level of awareness about GST procedures and gender of the respondents*

**Table No: 4**  
**ANOVA Table**

S.No	Variables	Sum of Squares	df	Mean Square	F	Sig.	Null Hypothesis
1	Registration	0.012	2	0.006	0.030	0.97	Rejected
2	Implementation	0.335	2	0.168	0.303	0.74	Rejected
3	Impose	3.08	2	1.54	0.627	0.54	Rejected
4	GST Beneficial	0.781	2	0.39	0.574	0.57	Rejected
5	VAT Beneficial	0.171	2	0.085	0.144	0.87	Rejected
6	Rate Structure	0.791	2	0.395	1.138	0.33	Rejected
7	Applicability	0.538	2	0.269	1.472	0.24	Rejected
8	Compliance	0.77	2	0.385	0.708	0.50	Rejected
9	Paper work	3.857	2	1.929	4.003	0.03	Rejected

Source: computed

Level of significance: 5 %

Table 4 shows that there is significant difference between level of awareness about GST procedures and gender of the respondents as the null hypothesis is rejected 5% level of significance. From this male respondent are highly aware of GST procedures than the female respondents.

#### **Impact of GST on Various business transactions**

The second objective of the study is to analyze the impact of GST on business of the retailers. To carry out this objective two-way analysis is done and tested using chi square analysis @ 5% level of significance.

**TABLE No: 5**  
**IMPACT OF GST AMONG RETAILERS**

Sl.No	Variables	Agree (N and %)	Neither agree nor disagree (N and %)	Disagree (N and %)	Total	Mean	SD
1	Increased Business transaction	8	32	60	100	2.52	0.646
2	Increased Customers	8	22	70	100	2.62	0.635
3	Higher price	70	12	18	100	1.48	0.789
4	Burden the people & customer	70	20	10	100	1.4	0.67
5	Helps boost up sales	8	24	68	100	2.6	0.639
6	Profit Increased	12	18	70	100	2.58	0.702
7	Ease of starting new business	32	24	44	100	2.12	0.872
8	Leads closure of business	28	34	36	100	2.7	4.446
9	Enhance market expansion	18	42	40	100	2.22	0.737
10	Tax reduction on new business	16	38	46	100	2.3	0.735
11	Eliminates distinction	42	36	22	100	1.8	0.782
12	Leads working capital blockage	20	22	58	100	2.38	0.805

Source: computed

From this table it is inferred that majority 60%, 70%, 68%, 70%, 44%, 36%, 40%, 46% and 58% disagreed with the statements viz, increased business transactions, customer, sales, profit, Ease of starting business, leads to closure of business, enhanced market expansion, and blockage of working capital respectively. But majority 70%, 70%, and 42% respondents opined that the GST will increase price, burden the people and customer, eliminates distinction respectively. From this, it is inferred that the GST will be good for them, because it does not block working capital and eliminates distinction between goods and services.



**Table No: 6**  
**Chi – Square Table**

Null Hypothesis: *Impact of GST on various business transactions is Zero*

Sl.No	Variables	Value	df	Sig.	Null Hypothesis
1	Increased Business transaction	7.247	6	0.299	Accepted
2	Increased Customers	8.873	6	0.181	Accepted
3	Higher price	10.093	6	0.121	Accepted
4	Burden the people & customer	4.714	6	0.581	Accepted
5	Helps boost up sales	1.626	6	0.951	Accepted
6	Profit Increased	6.093	6	0.413	Accepted
7	Ease of starting new business	3.355	6	0.763	Accepted
8	Leads closure of business	10.771	6	0.292	Accepted
9	Enhance market expansion	15.950	6	0.014	Accepted
10	Tax reduction on new business	5.503	6	0.481	Accepted
11	Eliminates distinction	5.703	6	0.457	Accepted
12	Leads working capital blockage	5.610	6	0.468	Accepted

Source: computed

Level of significance: 5 %

From table No: 6, it is inferred that the null hypothesis is accepted @ 5% level of significance. So, it can be concluded that the GST have no impact on increased business transaction, customers, price, sales, profit, and market. But it increased the burden of the people and the customer and leads to closure of business. Implementation of GST also helps to ease of starting new business and eliminates the distinction between goods and services **SUGGESTIONS and CONCLUSION**

The research on the topic Awareness and Impact of GST on Retailers in Coimbatore City was carried out after the completion of one year from the implementation of GST in India by our Government. Though so many benefits enjoyed by retailers because of GST, it has its own negative impact on the retail business in many ways even to the closure of small and medium retailers in turn leads to loss of employment in this sector. The retailers also facing challenges viz: Complication in HSN Code, while entering goods into their stock list. Because, the same product has different HSN Code for different company, Confusion about what will do the old stocks, whether it is needed to add in GST or not. The software updating company has a greater number of clients. So, updating process became late, Due to variations happened frequently, it is difficult to change the rate of goods into another rates, The GST rates changed from lower to higher. So, the difference amount is compelled to pay out of their personal earnings. Hard to study and understand

about GST system and Lack of training and coaching from GST authority made the retailers to face the difficulties a lot. Customers are preferred to buy goods without GST bill. This leads to reduction in the number of customers. They felt that the online e-filing was difficult. In earlier days, tax collected from customers. Now it becomes composition scheme. Also, confusion in rate structure, thereby retailers need to pay tax out of their profit, Improper e-way bill and the same product from different companies or supplier may not have same rate structure made them hesitate to pay GST in prompt manner. So, the Government should take initiative to make the people aware about GST at ground level starting from the registration, its benefits till e-filling. Conducting open discussion forum and GST training campaign at all levels are the need of the hour to fulfill the objectives of implementing GST in India.

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