

Impact of GST on Retailers with Reference to Hosur City

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Abstract

The implementation of the Goods and Services Tax (GST) in many countries has brought about significant transformations in various sectors, particularly in the retail industry. This abstract outlines a comprehensive analysis of the impact of GST on retailers. The study examines the effects of GST on retailers and how well they have understood it. It investigates how GST has influenced retailers' compliance burden, cash flow management, and profitability. Furthermore, the abstract explores the challenges faced by retailers during the transition to the GST regime, including administrative complexities, technology adoption, and adaptation to new tax structures. Drawing upon empirical evidence and theoretical frameworks, the analysis offers insights into the strategies adopted by retailers to navigate the complexities of GST implementation and leverage its potential benefits. It also shows the significant relationship between the educational status and awareness level of GST and sources of knowledge about GST. Overall, the study contributes to a deeper understanding of the transformative effects of GST on the retail sector and provides valuable insights for future research and policy development.

Keywords: GST, retail industry, policy, awareness

Introduction

The introduction of Goods and Services Tax (GST) stands as a pivotal moment in the fiscal landscape, particularly impacting the retail sector. GST, a comprehensive indirect tax reform, was introduced with the aim of unifying and simplifying the tax structure while eliminating the cascading effect of multiple indirect taxes. Since its implementation, GST has significantly influenced various sectors of the economy, with the retail industry being one of the most profoundly affected.

The impact of GST on retailers encompasses several dimensions, ranging from operational changes to pricing strategies and consumer behaviour. With the introduction of GST, retailers have had to adapt to new compliance requirements, restructure their supply chains, and revise their pricing mechanisms. Additionally, the transition to GST has necessitated significant investments in technology and training to ensure compliance and efficiency.

Types of GST:

- **Central Goods and Services Tax (CGST):** CGST is the component of GST that is levied by the central government on the intra-state supply of goods and services. The revenue generated from CGST goes to the central government.

- State Goods and Services Tax (SGST): SGST is the component of GST that is levied by state governments on the intra-state supply of goods and services. The revenue generated from SGST goes to the respective state governments.
- Integrated Goods and Services Tax (IGST): IGST is levied on the inter-state supply of goods and services and is collected by the central government. It replaces the earlier Central Sales Tax (CST) and is applicable when goods or services move from one state to another.
- Union Territory Goods and Services Tax (UTGST): UTGST is similar to SGST but is applicable to Union Territories of India that do not have their own legislature. The revenue collected from UTGST goes to the Union Territory's administration.

Statement of the Problem:

The Goods and Services Tax (GST) in India is a significant step towards indirect tax reforms, aiming to create a shared national market by combining multiple Central and State taxes into a single tax. This would reduce the total tax burden on products and increase the competitiveness of Indian goods in both local and global markets. Retailers, those selling goods or services directly to customers, are considered retailers, with legal definitions requiring at least 80% of sales activity to be to end users. The study focuses on FMCG, textiles, hotels, medical shops, and jewellery, and examines merchants' opinions, understanding, and impact on the GST implementation.

Review of Literature

Chandana S.Poojary & Babitha (June, 20218) in their paper titled “RETAILERS PERCEPTION TOWARDS GST: A STUDY WITH REFERENCE TO UDUPI CITY”, it indicates that GST implementation does not significantly impact retailers' business, with only industrial retailers impacted. However, most retailers believe GST will have a positive future impact, despite some negative opinions. Dr. Mahesha M.B (2020) in her paper titled “IMPACT OF GST ON RETAILE SECTOR -A STUDY OF GUNDLUPET TOWN”, she has analysed the awareness level of GST among retailers and the impact of GST on retailers. The study examined the impact of GST on retail stores in Gundlupet town and its level of awareness, finding that only in recent years has the entire country become aware of GST's economic impact.

Ms. Shabana Malled (2020) in her paper titled “Impact of Goods and Services Tax (GST) on Retail Sale: A Study of Textile Market in Vijayapura District of Karnataka State”, studies about historical background of the Indirect Tax system in India and impact of GST on Textile Market in Indian Retail Market and assess the various issues and challenges faced by Textile Market in retail market through GST in Vijayapura district.

Pradeesh G (December, 2019) in his paper titled “Impact Of GST With Special Reference To Food Retail Market”, it concludes that The GST is expected to positively impact the food retail sector in terms of taxation and operations, leading to increased business growth and overall Indian economy growth. It will reduce indirect taxes, improve supply chain efficiency, and facilitate seamless input tax credit.

Dr. Usha C (2024) in her paper titled “Impact Of GST On Buying Behaviour Of The Consumer Towards Retail Outlets”, it studies about the growth of retail sector and the forms of organised retail sector in India and also analyses the impact of GST on buying behaviour of the customers towards retail sector. This paper concludes that GST, a consumption-based tax, burdens middle- and lower-income consumers, as it is regressive and charged based on spending. This system is disliked by all public segments, and customers with limited knowledge spread negative effects on the economy.

Objective of the study:

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

Hypothesis of the study:

- H0: There is no significant relationship between the educational status and the awareness level about GST of retailers.
- H1: There is a significant relationship between the educational status and the awareness level about GST of retailers.

Scope of the study:

- The real challenges are faced by the retailers in the present GST system will be sourced through this study and suggested for better integration of state economies and boost overall growth.
- The study is more applicable to know that the GST system is more likely to boost up India’s economic progress by deploying uniform tax rate which erupt all tax barriers between states.
- This study will help to defined the impact of implementation of GST among retailers and to understand their knowledge about GST, and also their opinion.

Research Methodology

Data type- Primary data is collected from the retailers in Hosur by using questionnaire.

Secondary Data - It is gathered from internet, research papers and articles.

Population - Population of the study is the retailers in Hosur, Tamil Nadu, India.

Sample Size - It is decided to select 50 retailers in Hosur.

Sampling Method - Convenience sampling

Tools for Data Collection - Surveys and Questionnaires

Statistical tools used for analysis - Weighted average method, Chi-square Table & charts.

Limitation -

- Limited Time for research and collection of data.
- The respondents may be biased in providing information.

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

Interpretation:

The distribution of retailers in Hosur is based on age, gender, working area, and educational status. 40% are under 25, 30% are 25-45, 22% are 45-55, and 8% are above 55. 74% are male & 26% are female. The majority own departmental stores, textile stores, medical shops, food-related businesses, and other retail shops. Educational status varies, with 2% below 10th, 12% passing 10th, 26% passing 12th, 50% completing UG, and 10% completing PG.

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

Interpretation:

The survey indicates that 21 retailers are aware of GST, with 19 being highly aware, 9 having moderate knowledge, and 1 being unaware.

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	

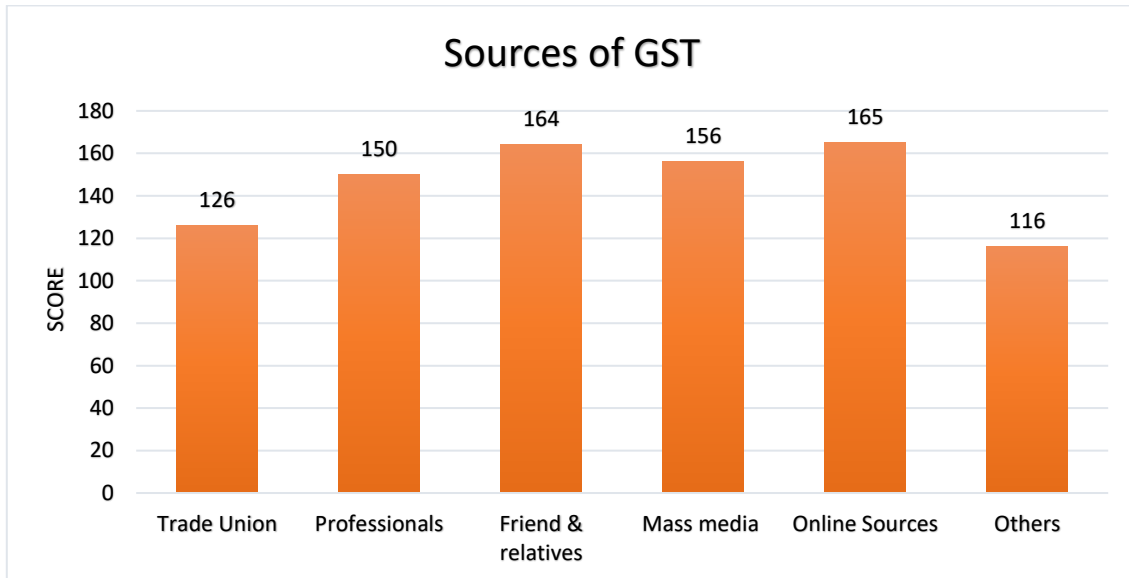
Interpretation:

The results showed a significant relationship, with a calculated value of 27.78 which is greater than table value 26.30, rejecting the null hypothesis and concluded that the education has significant impact on awareness level of GST.

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

Figure 1: Sources of GST



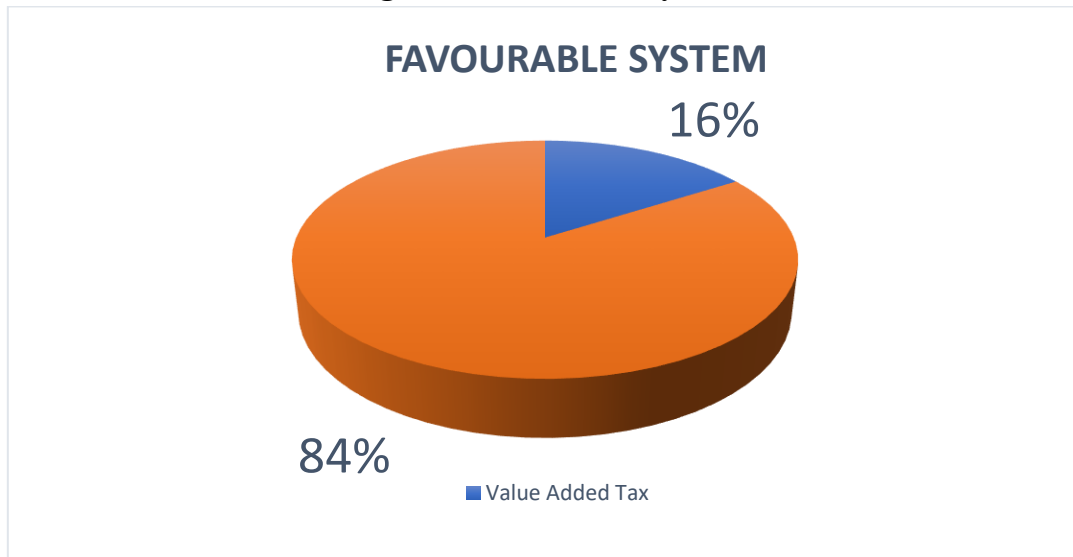
Interpretation:

Retailers rate sources of GST knowledge, with online sources having the highest scores at 165. Friends and relatives, media, professionals, trade unions, and other sources are ranked in order of importance. A weighted average is calculated for transparency.

Table 5: Distribution based on favourable system

System	Responses	Percentage %
Value Added Tax	8	16
Goods and Service Tax	42	84
Total	50	100

Figure 2: Favourable system



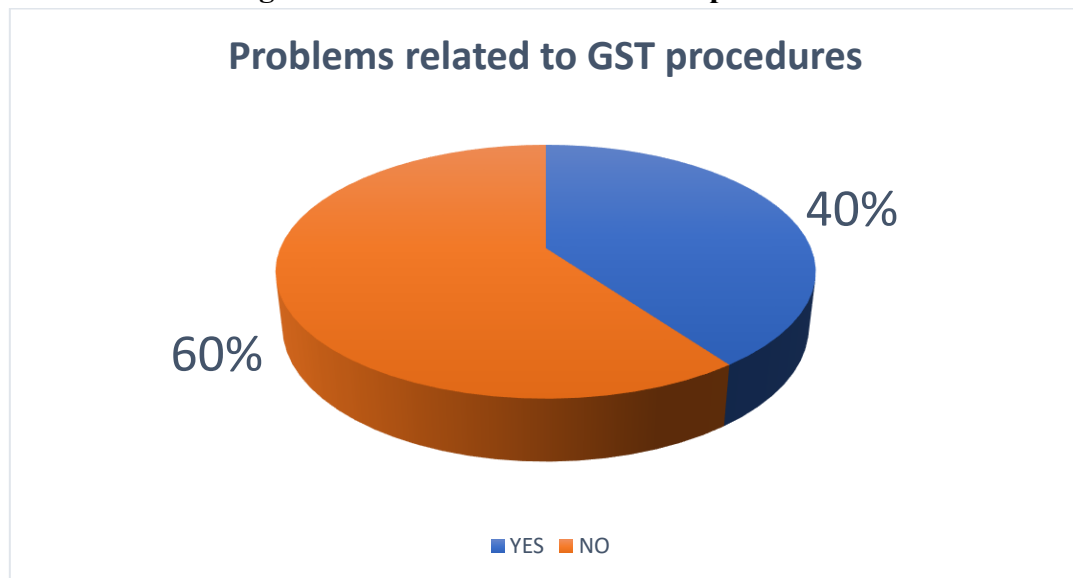
Interpretation:

Table 5 and fig 2 show retailers' preference for Value Added Tax (VAT) or Goods and Service Tax, with 84% and 16%, respectively, stating that GST is more beneficial than VAT.

Table 6: Distribution based on problem faced during GST filing procedures

Particulars	Responses	Percentage %
Yes	20	40
No	30	60
Total	50	100

Figure 3: Problems related to GST procedures



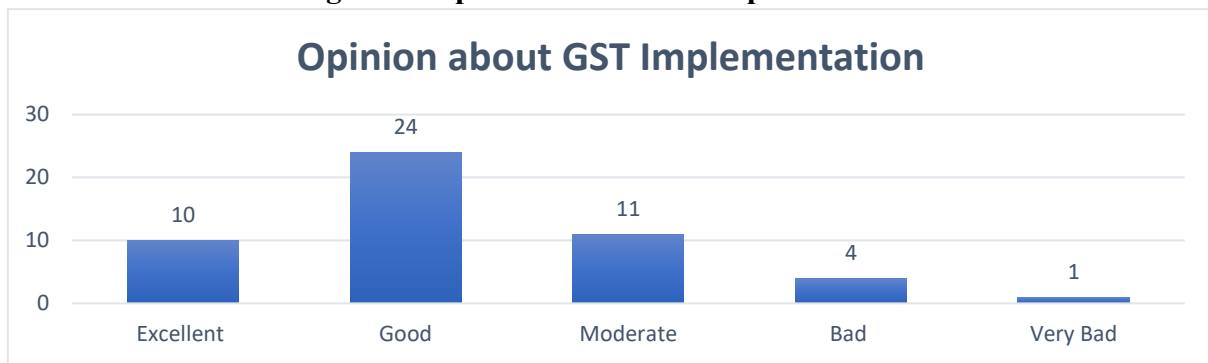
Interpretation:

Table 6 and fig 3 show that 60% of retailers faced no problems during GST procedures, while 40% encountered some issues, indicating a majority of retailers had no problems.

Table 7: Distribution based on opinion about GST implementation

Opinion	Responses	Percentage %
Excellent	10	20
Good	24	48
Moderate	11	22
Bad	4	8
Very Bad	1	2
Total	50	100

Figure 4: Opinion about GST Implementation



Interpretation:

The distribution of retailers' opinions on GST implementation is as follows: 20% find it excellent, 48% find it good, 22% moderate, 8% bad, and 1 retailer feels it's very bad.

Table 8: Distribution based on opinion about GST structure

GST Structure	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
It is easy to understand	25	16	8	1	0	50
It is simple to calculate	16	21	9	3	1	50
Removing cascading effect of tax	14	18	15	2	1	50
Total	55	55	32	6	2	150

Figure 5: Opinion about GST structure

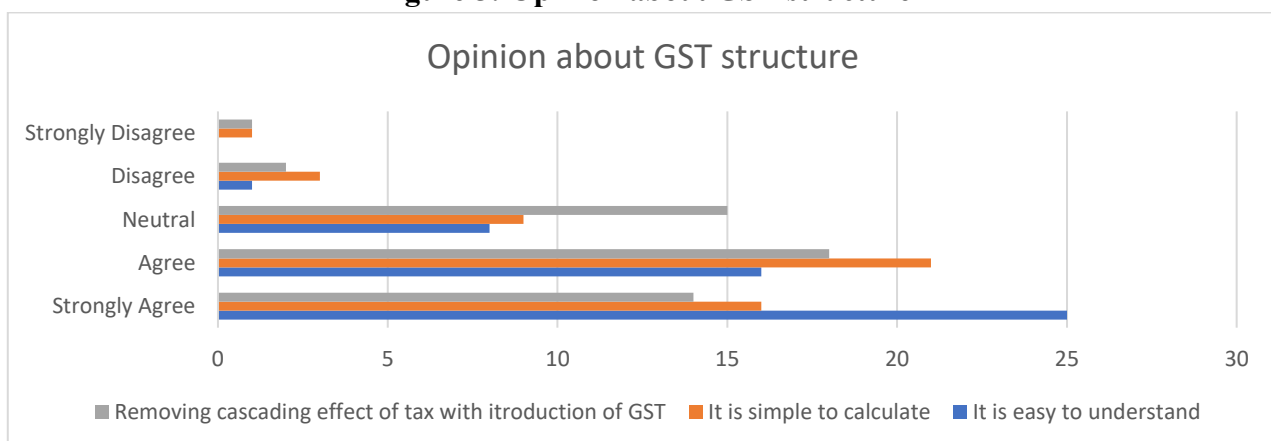


Table 9: Weighted Average

GST Structure	5	4	3	2	1	Marks	Weighted Average	Percentage %
It is easy to understand	125	64	24	2	0	215	4.3	35.54
It is simple to calculate	80	84	27	6	1	198	3.96	32.73
Removing cascading effect of tax	70	72	45	4	1	192	3.84	31.74

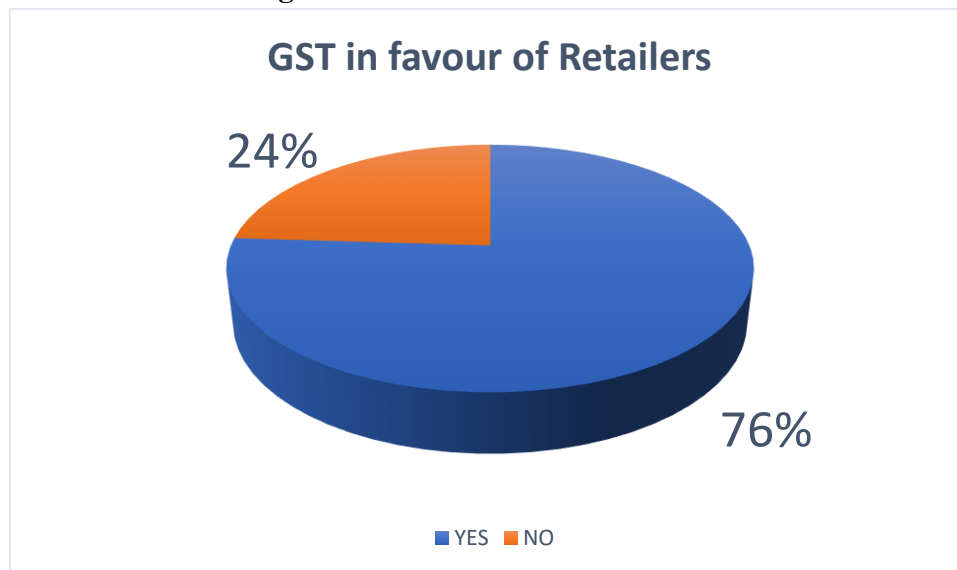
Interpretation:

The distribution of retailers' opinions on the GST structure is overwhelmingly positive, with 55 strongly agreeing, 32 neutral, 6 disagreeing, and 2 strongly disagreeing. Table 8.1 shows the weighted average and percentage calculation.

Table 10: Distribution based on GST in favour of retailers

Particulars	Responses	Percentage %
Yes	38	76
No	12	24
Total	50	100

Figure 6: GST in favour of retailers



Interpretation:

Table 9 and fig 5 show that 76% of retailers support GST, with 24% not in favour, indicating a majority of retailers are in favour.

FINDINGS

- The study shows that most retailers in Hosur are aware of the Goods and Services Tax (GST), with a significant relationship between educational status and GST awareness.
- Online sources were rated highest by retailers, and 54% registered with the GST composition scheme. Most felt GST was more beneficial than VAT.
- Most retailers had a good opinion about GST implementation, with 76% in favour and 56% agreeing.

- The GST structure was deemed easy to understand, and the increase in profit level after GST implementation was a significant factor.

CONCLUSION

In conclusion, the study highlights the importance of understanding the factors influencing GST awareness and implementation among retailers in Hosur. The study reveals that most retailers in Hosur are aware of the Goods and Services Tax (GST), with a significant relationship between educational status and GST awareness. Online sources were rated as the most knowledgeable, and 54% of retailers registered with the GST composition scheme. Most felt GST was more beneficial than VAT. During GST procedures, 60% faced no problems, while 40% faced some issues. Most retailers had a good opinion about GST implementation, with 20% feeling it was excellent, 48% feeling it was good, 22% feeling moderate, 8% feeling bad, and 1 retailer feeling very bad for their business. The GST structure was deemed easy to understand and positively viewed by most retailers, with 76% in favour of GST. The increase in profit level after GST implementation was also a significant factor.

APPENDIX

1. Age of the respondent
 - Below 25
 - 25-45
 - 45-55
 - Above 55
2. Gender of the Respondent
 - Male
 - Female
 - Other
3. Educational Status of Respondent
 - Below 10th
 - 10th Pass
 - 12th Pass
 - UG
 - PG
 - Other
4. Working area of the Respondent
 - Departmental store
 - Textile
 - Medical Shop
 - Food
 - Other
5. Awareness level of the GST
 - Highly Aware
 - Aware
 - Moderate

- Unaware
- Highly unaware
- 6. Source of getting knowledge about GST
 - Trade Union
 - Professional
 - Friends & Relatives
 - Mass Media
 - Online source
 - Others
- 7. Is the Respondent has registered with the composition scheme.
 - YES
 - NO
- 8. Which is more beneficial GST or VAT
 - GST
 - VAT
- 9. Problems faced related to GST filing procedures
 - YES
 - NO
- 10. What is your opinion about Implementation of GST?
 - Excellent
 - Good
 - Moderate
 - Bad
 - Very Bad
- 11. What is your opinion about GST structure
 - GST is easy to understand
 - GST is simple to calculate
 - Removing cascading effect of tax with introduction of GST
- 12. Is GST favourable to Retailers
 - YES
 - NO
- 13. Is there any increment of profit level after GST implementation
 - YES
 - NO

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