

# A Study on Business Environment for Retailers on the Implementation of GST

Daisy Das<sup>1</sup>

## Abstract

Goods and service tax (GST) is a complete duty on services and goods having an esteem option at various stage with complete and a chain set of advantages from the producer to retailer. The objectives of this study were to determine the viability of GST in the Indian economy and determine benefits of retailers in implementing GST. The study was descriptive in nature and the researcher used convenient sampling technique. Primary data and secondary data were collected for the study. The study helped to know the impact of GST on retailers. The researcher found that retailers have poor knowledge about implementation and laws related to GST. The researcher suggested that government should take initiative to create awareness for retailers and regular updates should be made available to clients on GST related issues.

**Keywords :** Goods and Service Tax, Indian economy, retailers

Paper Submission Date : December 24, 2022 ; Paper sent back for Revision : January 15, 2023 ; Paper Acceptance Date : January 20, 2023 ; Paper Published Online : March 5, 2023

The reference to GST was first made in the Indian Budget in 2006–07 by the Finance Minister Mr. P. Chidambaram as a single centralized Indirect Tax. The GST constitution (122<sup>nd</sup>) Amendment Bill 2014 was introduced on December 19, 2014 and passed on May 06, 2015 in the Lok Sabha and on August, 2016 in the Rajya Sabha. From the manufacturer to the consumer, GST is a single tax for supplying goods and services, . GST is a complete duty on service and goods having an esteem option at various stages with complete and a chain of persistent set of advantages from the producer to retailers. In this chain, the consumer or the ultimate user being the last in chain has to suffer tax/assessment through an expense credit component, this tax is gathered on final included products and services at various phases offered in the store network.

Entrepreneurs create their own formula to become successful. The retail industry has transformed both in terms of business model and behaviour of customers. Many retail entrepreneurs are produced by India who have made life changing experience in the retail sector. The retail sector is a tremendous opportunity to test business ideas. Retailers sell products or services for the consumption of customers. The retail sector provides huge employment opportunities in the country. To get success, it is important to study the minds of customers. Retail entrepreneurs truly try to understand the mind of the target market.

## Review of Literature

Ahmed & Poddar (2009) gave a point by point clarification about deficiencies of the present expense administration and the target of duty change. Apart from these, they additionally gave alternatives for state and central GST. They highlighted the rate of different segments of assessment and expense base and finished up with giving methods for blending charges and methods for managing them.

---

<sup>1</sup> Assistant Professor, Department of Management, Gauhati Commerce College, Guwahati, Assam - 781 021. Email : classgcc@gmail.com ; ORCID iD : <https://orcid.org/0000-0002-7878-746X>

DOI : <https://doi.org/10.17010/amcije/2023/v6i1/172746>

Mawuli (2014) studied that GST is not helpful for nations with low salary and does not provide vast development to nations which are poor. It is in this context that these poor nations still need to actualize their GST and the rate should be under 10% for development.

## Objectives

The objectives of the present paper were:

- (1) To examine retailer's benefit due to implementation of GST
- (2) To study the impact of GST on business environment

## Research Methodology

The study was descriptive in nature. Both primary and secondary data were collected by the researcher. The sample size for the study was 50 and convenience sampling technique was used by the researcher. Questionnaire and interview methods were used for collecting data. For presenting data table, pie diagram, and bar diagrams were used by the researcher.

## Goods and Service Tax

Article 366 (12A) of the Constitution of India defines GST as Goods and Service Tax which means that any tax on supply of goods, or service or both, except taxes on the supply of liquor for consumption of humans. Further, clause 366 (26A) of the bill defines that *services* means anything other than goods.

### ***Purpose of GST***

- ↳ Single umbrella tax rate: GST shall replace a number of indirect taxes being levied by the Union and state governments.
- ↳ Removing cascading effects: GST is intended to remove tax on tax effects and provides common national market for goods and services.

Different taxes are covered under GST. State taxes which add up in SGST are:

- ↳ VAT/Sales Tax
- ↳ Luxury Tax
- ↳ Entertainment Tax (unless it is levied by local bodies)
- ↳ Taxes on lottery, betting, and gambling.

Central Taxes which add up in CGST are:

- ↳ Central Excise Duty
- ↳ Additional Excise Duty
- ↳ Service Tax
- ↳ The excise duty levied under the medical and toilet preparation Act.
- ↳ Additional Customs duty
- ↳ Education Cess
- ↳ Surcharges

Taxes that will not be subsumed are:

- ↳ Stamp duty
- ↳ Electricity duty
- ↳ Other entry taxes and Octroi Entertainment Tax ( levied by local bodies)
- ↳ Basic customs duty and safeguard duties on import of goods in to India.
- ↳ Professional tax

Goods and service Tax Network (GSTN) was set up as a private company in 2013 by the government under section 25 of the Companies act, 1956. GSTN is expected to offer the front end services of registration, payment, and returns to tax payers. It would develop back-end technical modules that will be utilized by 25 states that opted in. Private players own 51% share in the GSTN and the rest is owned by the Government. The GSTN will handle:

- ↳ Invoices
- ↳ Various returns
- ↳ Registrations
- ↳ Payments and refunds

GST and Retail Industry : GST will lead to the unification of markets as it will streamline state and the central taxes and will eliminate all the confusion of taxation in different markets. Retailers can easily expand their business beyond boundaries as they must register their business only once and then can carry on operations in all the states. This will contribute towards the growth of the retail market and help boost the economy of the country. With single registration the retail business can be carried out in every state.

## Data Analysis and Findings

Table 1 shows that 100% of the respondents were aware of the changing taxation in India. Table 2 and Figure 1 show that 4% were running mobile store, 26% had baggage store, 4% had computer shop, and 56% of the respondents were running other types of business.

**Table 1. Awareness on Changed Taxation in India**

Responses	Number of Respondents	Percentage (%)
Yes	50	100%
No	0	0%
<b>Total</b>	<b>50</b>	<b>100%</b>

Source : Field Survey

**Table 2. Types of Retail Shops**

Store	Number of Respondents	Percentage (%)
Mobile Store	2	4
Bags & Baggage Shop	13	26
Gift Store	5	10
Computer Shop	2	4
Others	28	56
<b>Total</b>	<b>50</b>	<b>100</b>

Source : Field Survey



**Figure 1. Types of Retail Shops**

**Table 3. Weekly Credit Purchase Before and After Implementation of GST**

Amount	Number of Respondents		Percentage (%)	
	Before	After	Before	After
₹ 1,000 – 5000	8	13	16	26
₹ 5,001 – 10,000	27	24	54	48
₹ 10,001 – 15,000	9	5	18	10
₹ 15,000 – Above	6	8	12	16
<b>Total</b>	<b>50</b>	<b>50</b>	<b>100</b>	<b>100</b>

Source : Field Survey

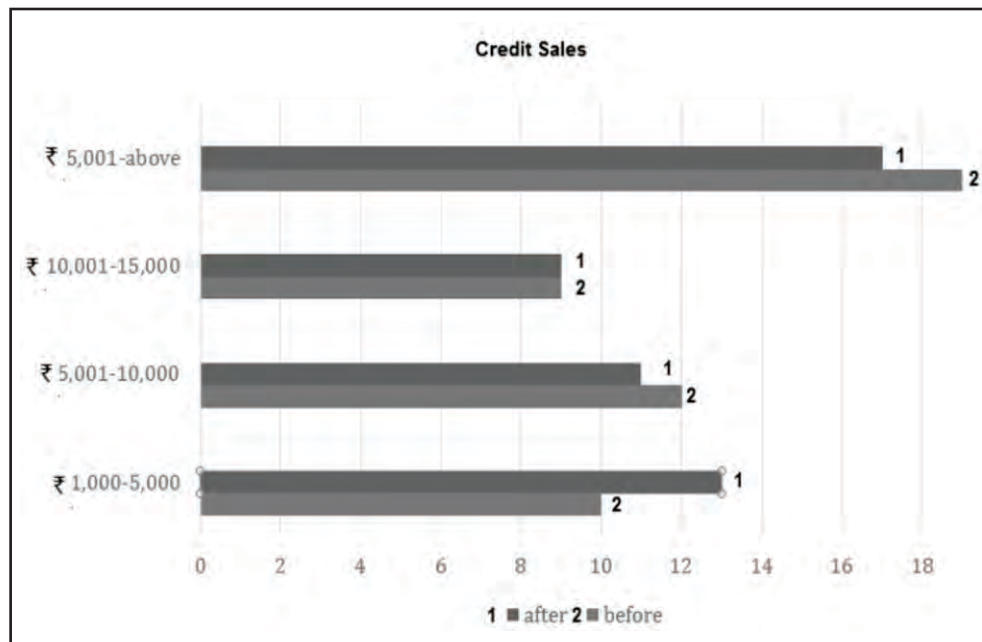
**Table 4. Cash Sales Before and After GST Implementation-**

Sales(₹)	Number of Respondents		Percentage (%)	
	Before	After	Before	After
1,000 – 5,000	10	13	20	26
5001 – 10,000	12	11	24	22
10,001 – 15,000	9	9	18	18
15,001 – above	19	17	38	34
<b>Total</b>	<b>50</b>	<b>50</b>	<b>100</b>	<b>100</b>

Source : Field survey

Table 3 shows that before GST implementation, 16% of the respondents made credit purchase between ₹ 1,000 and ₹ 5,000, which increased to 26% after GST implementation. 54% of the respondents made credit purchase between ₹ 5,001 and ₹ 10,000 before GST implementation and it reduced to 48% after GST implementation. 12% of the respondents made credit purchase of ₹ 15,000 and above before and it increased to 16% after GST implementation.

Table 4 shows that 20% of the respondent made weekly cash sales between ₹ 1,000 and ₹ 5,000 before GST



**Figure 2. Credit Sales Before and After Implementation of GST**

**Table 5. Changes in Sales Pattern**

Responses	Number of Respondents	Percentage (%)
Yes	50	50
No	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

Source : Field survey

**Table 6. Rate of Changes in Sales Pattern**

Change	Number of Respondents	Percentage (%)
Increase in value of goods	23	46
Changing customer behavior	18	36
Less customer consumption	8	16
Changes in customer loyalty	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

Source : Field survey

implementation and it increased to 26% after GST implementation. 24% of the respondents made weekly cash sales between ₹ 5,001 and ₹ 10,000 before GST implementation and it reduced to 22% after implementation of GST. 38% of the respondents made weekly cash sales of ₹15,001 and above before GST and it reduced to 34% after GST implementation. Table 5 shows that there was 100% change in sales pattern.

Table 6 shows that after implementation of GST, 46% of the respondents believed that there had been an increase in the value of goods, 36% of the respondents believed in changing customer behaviour, 16% believed in less customer consumption, and 2% believed that there were changes in loyalty of customers.

## **Suggestions**

- ✎ People have very poor knowledge about implementation of GST and government should take initiative to teach the public about GST and its implementation.
- ✎ Retailers with more numbers of customers should develop a standard amount of knowledge about GST.
- ✎ The government should provide regular updates on GST related issues.

## **Managerial Implications**

The study will create awareness and increase understanding of GST and its implications on retailers. The study can also help government in taking proper steps and implementing policies related to GST.

## **Limitations**

The limitations of the study are:

- ✎ During the survey the respondents may have given biased answers.
- ✎ Only retailers were included due to the shortage of time and money constraints.

## **Conclusion**

The introduction of GST has impacted the retail sector to a great extent. There is a vast change in customer behavior, customer consumption, and purchasing pattern due to implementation of GST. The retailers need not depend on middlemen and can directly pay taxes online. GST has laid a more organized and transparent path for the retail sector. The council on GST can certainly reduce these issues and ensure proper compliance by taking effective measures like creating awareness among people through social network and different NGOs.

## **Scope for Future Research**

The study is limited to only retailers of Guwahati city. In future, the area of study can be enlarged and impact of GST can be studied on wholesalers and customers also.

## **Author's Contribution**

The author was actively involved in the presented work completely. She worked on review of literature and collected data. She collected data, processed it, and presented it with the proper tools. The author worked on the references.

## **Funding Acknowledgement**

The author received no financial support for the research, authorship and/or for the publication of the article.

## **Conflict of Interest**

The author certifies that she has no affiliation with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in the manuscript.

## References

- Ahmed, E. & Poddar, S. (2009). GST reforms and intergovernmental considerations in India. Economics, Working Paper No.1/2009-DEA. Department of Economic Affairs, Ministry of Finance, Government of India.
- GST – Goods and service tax*. Bankbazaar.com. Retrieved January 31, 2022 from <https://www.bankbazaar.com/tax/gst.html>
- Impact of GST on wholesalers and retailers*. Cleartax.in. Retrieved January 31, 2022 from <https://cleartax.in/s/impact-gst-wholesalers-retailers>
- Impact of GST over retail sector*. Taxguru.in. Retrieved January 31, 2022 from <https://taxguru.in/goods-and-service-tax/impact-gst-retail-sector.html>
- Kothari, C. R. (2014). Research methodology, methods and techniques. In New Age International( 3<sup>rd</sup> ed.). New Age International (P) Ltd. Publishers.
- Mawuli, A. (2014). Goods and Service Tax- An Appraisal. Paper presented at the PNG Taxation Research and Review Symposium, Holiday Inn, Port Moresby, 29–30.

### About the Author

**Daisy Das** is Assistant Professor of Gauhati Commerce College, Guwahati, Assam. She has been working with the college since 2017. She is pursuing PhD from Department of Commerce, Gauhati University.