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A STUDY ON IMPACT OF IMPLEMENTATION OF GST AMONG RETAILERS IN MADURAI CITY

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ABSTRACT:

The Goods and Services Tax (GST) Act has radically reshaped the Indian economy. This Act has been considered the biggest indirect tax amendment so far which was long anticipated and certainly guaranteed to create an independent platform for all goods and services offered in India. The objective of this study is to analyze the significant effect of the GST system on Retailers' business in the Madurai District. Presumably, the GST system has created uneasiness among various sectors of the Indian economy. The case of the retail sector has a predominant effect as it generates wide employment opportunities in rural and urban sectors and also enables a large volume of transactions. As per the global scenario, India is considered to be the highest in terms of per capita retail space and the fifth largest preferred retail destination. However, India's vibrant retail sector is based on the Compound Annual Growth Rate (CAGR).

KEYWORDS:

IMPACT ON GST, RETAILERS, MARKET.

1.1 INTRODUCTION

The Goods and Services Tax (GST) is the biggest reform in India's indirect tax structure since the economy began to open up 25 years ago. With the approval of the Rajya Sabha, the Constitution (122nd) Amendment Bill is now set to become a reality. The government has successfully united political parties on the GST Bill, paving the way for the much-awaited rollout of this landmark tax reform. The GST will create a common market of 1.25 billion people and be a game-changing reform for the Indian economy. It will significantly reduce the cascading effect of tax on the cost of goods and services, develop a common Indian market, and have a profound impact on the Tax Structure, Tax Incidence, Tax Computation, Tax Payment, Compliance, Credit Utilization, and Reporting, leading to a complete overhaul of the current indirect tax system. The law provides for 100% compensation to States for any loss of revenues arising due to GST, for a period that may extend to five years, based on the recommendations of the GST Council. Every taxpayer will be issued a 15-digit common identification number called "Goods & Service Tax Identification Number" (GSTIN), which is a PAN-based number. GST is a consumption-based tax levied on the sale, manufacturing, and consumption of goods and services at a national level. It subsumes many taxes, including the following.

1.2 STATEMENT OF THE PROBLEM

The term retail encompasses the process of selling goods or services directly to consumers or end-users. A retailer is an entity or an individual that engages in this activity. It is worth noting that some retailers may also cater to business clients, and that is known as non-retail activity. In some legal jurisdictions, the definition of retail stipulates that at least 80% of all sales activities must target end-users. The retail industry is quite diverse, with various types of businesses falling under this category. For instance, it includes establishments such as lodging facilities, clinical shops, jewellery stores, and many more. Furthermore, there is a focus on retailers' knowledge about GST, the impact of GST implementation on retailers, and an assessment of retailers' opinions about the GST implementation.

1.3 REVIEW OF LITERATURE

Dr. C. Subathra, Dr. C. Aiswarya (December 2019) studied, GST is a fixture diversion reform for Indian economy by developing a common Indian market and reducing the cascading effect of tax on the cost of goods and service. It is a consumption-based tax levied on sale, manufacturing and consumption of goods and services. Under GST various indirect taxes would be subsumed and hence it is going to result in simpler tax regime especially in retail sector. In this sector GST would have an impact on the pricing, working capital etc. The sale of retailers and the monthly budget of common people regarding fast moving consumer goods should have an impact of GST. Moreover, the concept of GST awareness among common man is an important matter to be analysed. The present study deals with the impact of GST with special reference to retailers in Nagercoil town. The objectives of the study are to known about the GST and enquire the impact offset after its implementation in retail sector. This study will help us to examine the impact of GST after its implementation, it will show the gap between present indirect taxes and GST, & also the study will show benefits and challenges which G ST may face after implementation.

Dr. R. Sridevi (MAY 2018) studied,Good and services Tax (GST) Act has radically reshaped Indian economy. This Act has been considered as a biggest indirect tax amended so far which was long anticipated and certainly guarantee to create independent platform for all goods and services offered in India. The objective of this study is to analyse the significant effect of GST system in Retailers business with reference to Coimbatore District. As per global scenario, India is considered to be highest in terms of per capita retail space and the fifth largest preferred retail destination. The rapid growth of retail sector has made a way for GST era to move forward and it is an important discussion across several division. However, India's vibrant retail sector is based on Compound Annual Growth Rate (CAGR). The real challenges 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.

1.4 OBJECTIVIES

1. To recognize the information on retailers about GST in Madurai city.

2. To figure out the effect of execution of GST among retailers in Madurai city.

3. To concentrate on the assessment of retailers about the GST execution.

1.5 RESEARCH DESIGN

The present study is empirical research based on the survey method, and it is purely based on primary data. For this, 100 samples of social media influence consumer decisions in selected FMCG products have been selected from Madurai district by using the Non-Probability Convenient Sampling Technique. But it is not possible to get such data. As a consequence of this, it is decided to use the non-probability convenient sample method. A well-structured questionnaire has been used to collect the required primary data from 50 sample respondents in Madurai district. The statistical tools Percentage Analysis,been used to analyses the collected data with the help of MS-Excel and IBM SPSS 29(Version) Tools.

1.6 DATA ANALYSIS AND DISCUSSION

TABLE 1

FACED ANY CHALLENGES IN FILING GST RETURNS OR MAINTAINING PROPER RECORDS

Particulars	No. of Respondents	Percentage (%)
Yes	28	56 %
No	22	44 %
Total	**50**	**100 %**

According to the data represented in the table, a majority of 56% respondents have Retailers faced challenges in filing GST returns or maintaining proper records.

CHART- 1

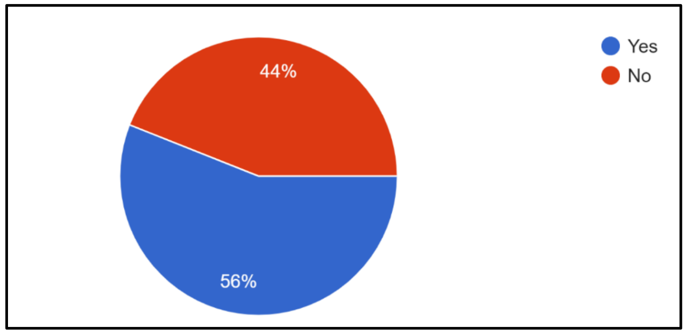


TABLE- 2

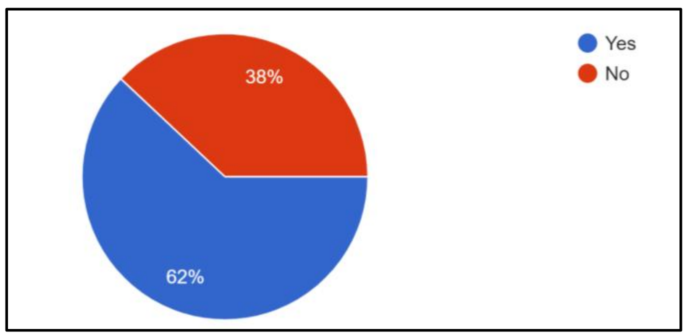
RATE THE OVERALL IMPACT OF GST ON RETAIL BUSINESS (A SCALE OF 1 TO 10)

PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE (%)
Yes	31	62 %
No	19	38 %
Total	**50**	**100 %**

According to the data represented in the table 2, 62% percentage of respondent says YES, they faced difficulties in understanding or complying with GST regulation and balance 38% of respondent says NO.

Chart- 2

RATE THE OVERALL IMPACT OF GST ON RETAIL BUSINESS (A SCALE OF 1 TO 10)



1.7 FINDINGS& CONCLUSION

- 56% majority of respondents are Medium Retail store, business peoples.
- 66% majority of respondent faced any challenges related to input tax credit (ITC) under the GST regime.
- 40% majority of respondent say increase in sales volume since its implementation.
- 56% majority of respondent faced any challenges in filing GST returns or maintaining proper records.

According to a recent study, the proposed GST regime would subsume various Indirect Taxes, resulting in a simpler tax system, especially for industries like FMCG, textiles, hotels, medical shops, and jewellery. The simplification of tax compliances is not the only benefit; the tax rate would also significantly impact these sectors. For instance, the FMCG sector's current VAT rate is between 22-24%, but under the GST regime, it would range from 5% to 28%. Similarly, in the textile industry, the VAT rate is 4-5%, but under GST, it would range from 5% to 18%. The hotel industry's VAT rate currently ranges from 5-20%, but it would be in the range of 5% to 18% under GST. In the medical sector, the VAT rate is 4%, but under GST, it would range from 5% to 12%. Lastly, the jewellery industry's VAT rate is 1%, but under GST, it would be 5%. Therefore, the GST implementation would have both positive and negative impacts on these sectors. In conclusion, it can be said that the Central government would benefit more from the GST implementation, while the retailers would be the primary losers. As such, GST would have both positive and negative impacts across these sectors.

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