

A Study on Impact of Implementation of GST among Selected Retailers of Chhattisgarh

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ABSTRACT

An important change to the indirect tax system was made in 2017 when India introduced the Goods and Services Tax (GST). This study examines the advantages and disadvantages of implementing the GST as it relates to retailers. The study looks at changes in tax burden, compliance practices, and operational efficiency through a survey of retailers and secondary data analysis. The results show that the GST has simplified the tax code, lessened cascading effects, and made interstate transactions simpler. But there are drawbacks as well, like the difficulty of initial compliance, the expense of adopting new technology, and possible disruptions for smaller retailers. The study comes to the conclusion that the effects of GST on retailers are complex, presenting both immediate challenges and long-term advantages.

Keywords: GST

INTRODUCTION

The retail industry in India is vital to the nation's economy, making a substantial contribution to both GDP and employment. The goals of the 2017 GST implementation were to establish a single national market, remove cascading effects, and streamline the indirect tax system. This study looks at how the implementation of the GST has affected retailers, analyzing how it has affected different facets of their business operations.

OBJECTIVES OF THE STUDY

- Assess retailers sentiments and support levels regarding the GST system.
- Identify challenges encountered by retailers as a result of GST implementation.
- Evaluate retailers comprehension and understanding of GST.

SCOPE OF STUDY

- The objective of the study, "Impact on of GST among retailers," was to determine how the introduction of the GST will affect retailers and to ascertain their opinions and level of knowledge on the tax. It is helpful to identify both the good and negative effects of GST on the retail industry.
- In order to ensure that GST has a favourable effect on the retail industry. Since the GST is only applied to the value added at each stage of ownership transfer, the cascading impact will be avoided. All of the nation is subject to one indirect tax, known as GST.

STATEMENT OF THE PROBLEM

India's indirect tax structure has been simplified by the Goods and Services Tax (GST), facilitating both local and foreign commercial transactions. The retail industry has been required by the GST to upgrade its systems, costs, supply chains, and strategies. Because of their lower cost structures, unorganized shops have outperformed their

organized competitors. In the long run, small and medium sized businesses and consumers would profit from GST, given its challenges.

REVIEW OF LITERATURE

ABHINAV JAIN, CO- FOUNDER & DIRECTOR, BEACON (22 JUNE, 2017)

Opines that though GST is saving cost at the back end but causing a major pain in the Retail Segment. Rental cost which incurs a service tax of 15%, unlike other industries Retailer can give up this cost but has to view it as additional expense.

KRISH IYER, WAL – MART INDIA PRESIDENT & CEO (JUNE, 2017)

GST has a new way of doing business. GST will create one unified national market and hence make supply chain and Indian retail sector more efficient. With GST the bottlenecks around the country a check post, octroi payments and therefore the amount of time that the trucks have to wait and hence their lack of easy movement of goods from one state to the other.

MRS. POONAM (2017)

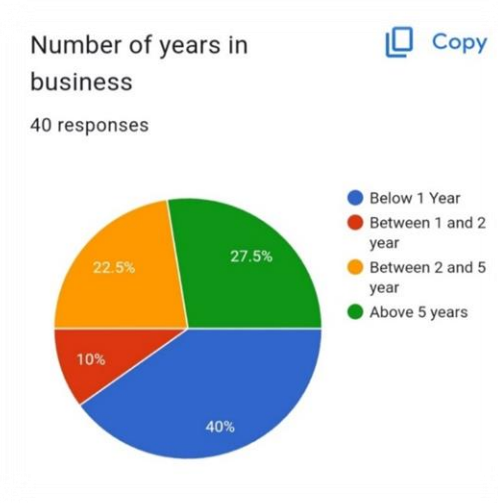
In her study stated that the introduction of GST would be a very significant step in the field of indirect tax. The cascading or double taxation effects could be reduced by combining many central and state taxes. Consumer's tax burden will reduce to 25% to 30% after introduction of GST. After introduction of GST Indian products would become more competitive in the domestic and international markets. This tax would instantly encourage economic growth.

DATA ANALYSIS AND INTERPRETATION

Source: Primary data

On the basis of Numbers of years in the business

No. of years in business	No. of Respondent	Percentage
Below 1 year	16	40
1year-2years	4	10
2years - 5years	9	22.5
Above 5 years	11	27.5
Total	40	100



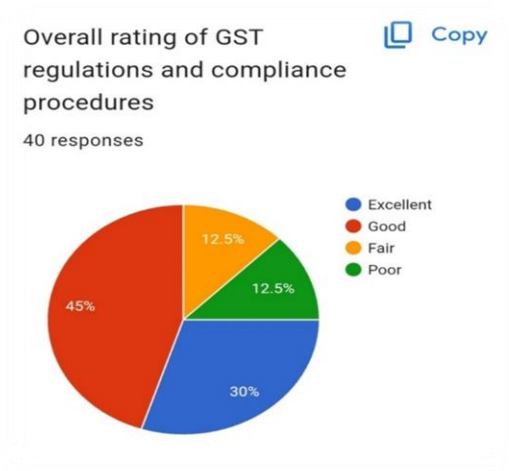
Interpretation :

The pie chart visually represents the distribution of businesses based on their years of operation. Here's what we can infer:

- Majority of Businesses are Established:** A significant portion of businesses (40%) have been operating for more than 5 years. This indicates a stable presence in the market.
- Moderate Presence of Newer Businesses:** Around 30% of businesses fall within the 1-5 year range. This suggests a continuous flow of new entrants in the market.
- Relatively Fewer Recent Entries:** Only 10% of businesses are less than a year old. This might imply a slightly selective or challenging entry process in the industry.

On the basis of overall rating of GST regulations and compliance procedures

Respondents	No. of respondent	Percentage
Excellent	12	30
Good	18	45
Fair	5	12.5
Poor	5	12.5
Total	40	100



Interpretation :

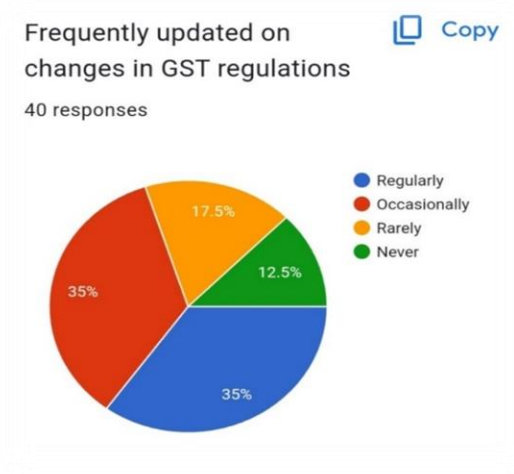
Here are some observations based on the pie chart about the overall rating of GST regulations and compliance procedures by the surveyed retailers:

Overall Rating:

- **Fair:** The majority (45%) of the respondents rated the GST regulations and compliance procedures as fair.
- **Good:** A significant portion (30%) rated them as good.
- **Poor and Excellent:** A smaller proportion (12.5% each) rated them as poor or excellent.

On the basis of frequently update on changes in GST regulations

Respondents	No. of respondent	Percentage
Regularly	14	35
Occasionally	14	35
Rarely	7	17.5
Never	5	12.5
Total	40	100



Interpretation :

Here are some observations based on the pie chart about the frequency of updates on changes in GST regulations:

Frequency of Updates:

- **Occasionally:** The majority (35%) of the respondents receive updates on changes in GST regulations occasionally.
- **Regularly:** A significant portion (35%) receive updates regularly.
- **Rarely and Never:** Smaller proportions (17.5% and 12.5%, respectively) receive updates rarely or never.

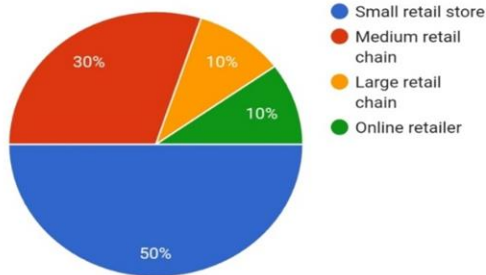
On the basis of type of retail establishment

Type of retail establishment	No. of respondent	Percentage
Small retail store	20	50
Medium retail chain	12	30
Large retail chain	4	10
Online retailer	4	10
Total	40	100

Types of retail establishment



40 responses



Interpretation :

Here are some observations based on the pie chart about the types of retail establishments among the surveyed retailers:

Distribution of Retail Establishments:

- **Small Retail Stores:** The majority (50%) of the respondents are small retail stores, indicating a dominance of independent businesses.
- **Medium Retail Chains:** A significant portion (30%) are medium retail chains, suggesting a presence of established chains with multiple outlets.
- **Large Retail Chains and Online Retailers:** A smaller proportion (10% each) are large retail chains and online retailers, indicating a limited presence of these types of establishments in the sample.

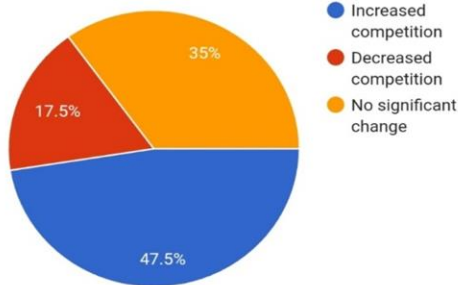
Are in the basis of GST affected competition within the industry

Options	No. of Respondent	Percentage
Increased competition	19	47.5
Decreased competition	7	17.5
No significant changes	14	35
Total	40	100

GST affected competition within the industry



40 responses



Interpretation :

Here are some observations based on the pie chart about the impact of GST on competition within the industry:

Impact on Competition:

- **No Significant Change:** The majority (47.5%) of the respondents believe that GST has not significantly affected competition within the industry.
- **Increased Competition:** A significant proportion (35%) perceive that GST has increased competition.
- **Decreased Competition:** A smaller proportion (17.5%) believe that GST has decreased competition.

FINDINGS

- The above chart shows that 40% of the respondent are belong to below 1 year, 10% of the respondent are belongs to 1 year -2 years, 22.5% of the respondent are belongs to 2 years – 5 years and 27.5% of the respondent are belong to above 5 years. So, the majority 40% of the respondent are in the basis of below 1 year.
- The above chart shows that 30% of the respondent are belong to excellent, 45% of the respondent are belongs to good, 12.5% of the respondent are belongs to fair and 12.5% of the respondent are belongs to poor. So, the majority 45% of the respondents are in the basis of Good.
- The above chart shows that 35% of the respondents are belong to regularly, 35% of the respondents are belongs to occasionally, 17.5% of the respondents are belongs to rarely and 12.5% of the respondents are belongs to never. So, the majority 35% of the respondents are in the basis of occasionally and regularly.
- The above chart shows that 50% of the respondent are belong to small retail store, 30% of the respondent are belongs to medium retail chain, 10% of the respondent are belongs large retail chain ,10% of the respondent are belongs to online retailer. So, the majority 50% of the respondent are in the basis of small retail chain.
- The above chart shows that 47.5% of the respondents are belong to increased, 17.5% of the respondents are belongs to decreased and 35% of the respondents are belongs to no significant changes. so, the majority 47.5% of the respondents are in the basis of increased competition.

SUGGESTIONS

- The data reveals a predominantly youthful customer base, with a notable satisfaction level regarding product/service quality, particularly with 26% rating it as excellent. However, there's a notable opportunity for enhancing customer retention, as 40% of respondents only make occasional purchases. Implementing customer engagement initiatives, like loyalty programs, could foster more consistent patronage.
- Medium retail chains emerge as the favoured retail option, signalling potential for strategic partnerships and targeted marketing efforts. Despite a perceived uptick in competition, employing tactics such as product diversification and nurturing customer relationships can help navigate this landscape effectively.
- By capitalizing on positive brand sentiment and refining retention strategies, especially within the 1 to 2 years age bracket, alongside prioritizing collaborations with medium retail chains and adapting to competitive pressures, your business stands poised for sustained growth and market success.

CONCLUSION

The implementation of GST in India in 2016-17 has had a significant positive impact on dealers and retailers. It reduces indirect taxes, streamlines input tax credit, and enhances supply chain efficiency. GST eliminates state boundaries for taxation and documentation, simplifying processes and reducing complexity. It promotes seamless transportation of goods across borders and encourages vendor/supplier mergers. By eliminating various indirect taxes, GST reduces compliance burdens and fosters economic growth. Despite challenges, GST plays a dynamic role in India's growth and economic progress.

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