

Impact of GST on Retailers: A Case Study of Khalapur Taluka in Raigad District of Maharashtra

Dr. Vinayak R. Gandal

K.M.C.College, Khopoli

Corresponding author- **Dr. Vinayak R. Gandal**

Email- gandalvinayak@gmail.com

Abstract:

The implementation of Goods and Services tax affects retail business in different ways. Implementation of GST is very good tax reforms in India and it will create positive impact on retail business in India. Maximum retailers are trying to register under new GST system. There is an awareness among retailers about GST and its procedure to some extent. This study tries to understand the impact of GST implementation on retail business in Khalapur Taluka of Raigad district in Maharashtra.

Key Words: Goods & Services Tax, Retail Business, GST implementation etc.

Introduction:

This study focuses on impact of GST on retailers with reference to Khalapur Taluka of Raigad District in Maharashtra. It tries to identify impact of GST implementation on retailers, retailers overall attitude towards GST and problems faced by retailers due to implementation of GST. Retailers plays an important role in annual growth rate of the country.

The goods and services tax, in abbreviation called as GST is very essential component to become one of good reasons for impacting any type of business. The abbreviation GST is the shortened form of an indirect tax popularly known by people as 'Goods & Services Tax'. Khalapur Taluka in Raigad district is one of the developed area with strong industrial base, cooperative organisations, educational institutions and various types of retail businesses. There are 121 villages and 4 town in Khalapur Taluka. So keeping in view and vision mentioned above the study on impact of GST become important in case of retail business in Khalapur Taluka of Raigad district in Maharashtra.

Review of literature:

(prabha, 2018) Researcher stated in his conclusion that the implementation of GST has led to the growth of economy its rates has to be revised at times when needed based on the necessities of product and services. (Jayalakshmi, 2018) The main objective of the paper was to examine the major constraints faced by the retailers in GST introduction period. (Paulraj, 2020) The researcher stated in his conclusion that the retailers were in confusing state of condition in fixing price of products and rate of GST be charged on the products and services at the moment the duality came into existence. (Sheela, 2019) According to the researcher GST is help to avoid the tax on tax of production distribution chain of the business.

Research Methodology:

a) Primary Data

The researcher collected the primary data with the help of survey method from 150 retailers from Khalapur Taluka. A structured questionnaire have been prepared for the existing retailers having retails business in Khalapur Taluka of Raigad district in Maharashtra. The questionnaire have been served to the retailers and their replies studied. In addition to it, a discussion and interviews of the retailers have been conducted to collect the necessary first-hand information to fulfil the objectives of the study.

b) Secondary Data

Secondary data are those which have been already collected or published by some other agency and which is already used for their purpose. For the purpose of present research study the researcher collected secondary data by considering various books, magazines, journals, websites, reports etc.

Objectives of the Study:

1. To analyse the impact of implementing GST on retailers
2. To study the retailers overall attitude towards GST implementation
3. To study and figure out the pros and cons of GST on retailers
4. To study the problems faced by retailers due to GST implementation
5. To find out whether retailers are familiar with the procedure of GST
6. To suggest possible measures to overcome the difficulties faced by retailers under GST system

Result & Discussion:

1. Awareness about GST

The study reveal that 90.66% retailers are aware about GST while 9.34% retailers are not aware about GST. 78.66% retailers are aware while 21.34% retailers are not aware about procedure under GSDT system regarding registration and filling GST return.

2. Comparison between GST Tax regime and Previous Tax Regime

The study states that 74.66% retailers said that new GST regime is best as compare to previous tax

regime while 14.66% retailers said that previous tax regime is best and 10.67 % retailers have not confirmed about these.

3. Effect of GST on retail business

The study states that 46.66% retailers said that GST system positively impacted retail business, 28% retailers said that it created negative impact, 17.33% said that it doesn't affect retail business and 8% retailers has no idea about impact of GST on their retail business. 64.66 % said that their business becomes easy due to implementation of GST whereas only 18% retailers said that their business becomes hard due to GST implementation and 17.33% retailers said that there is no any effect of GST implementation on retail business.

4. Impact of GST on Sales turnover of retail business.

6. Testing of Hypothesis

Hypothesis: 1

H0: Retail trade has been adversely impacted due to implementation and imposition of GST tax policy

H1: Retail trade has been advantageously impacted due to implementation and imposition of GST tax policy

ZZ		Responses from Questionnaire	
Hypothesis		H1	H0
Type of Response		Positive	Negative
How does GST affect retail business?		46.66%	28%
Implementing GST cause on higher price of Goods and Services.		83.33%	8.67%
Impact of GST on Sales turnover of retail business		28%	22%
Effect of GST on working of retail business		64.66%	18%
GST is very good tax reforms in India		76.66%	15%
Overall attitude towards GST		66.66%	10%
Weightage		365.97	101.67
Weighted Average		60.99%	16.94%

From the above table it is stated that by using sum formula in excel we made total of all the weights i.e.

a. 365.97 for Positive Responses i.e. Alternate Hypothesis

b. 101.67 for Negative Responses i.e. Null Hypothesis

Then this weight is divided by total number of responses in excel to get average weight.

a. $365.97/6 = 60.99$ for positive responses (H1)

b. $101.67/6 = 16.94$ for negative responses (H0)

From the above analysis it is stated that the average weight of positive responses for H1 is 60.99% and

50% of retailers stated that no change in the volume of sales and 28% retailers stated that increase in the volume of sales and 22% stated that there is a decrease in the sales. So, it is assumed that, implementation of GST does not have much change in the volume of sales.

5. Specific Hardship

Almost 48 % of the retailers feel that they face hardships in e-way bill system and 44 % retailers don't face any difficulties regarding E-way bill system under GST. The study also states that many of the retailers i.e. 35.33 % face the issues of Timing in the procedure of claiming the refund and 30.66 % face the problem of procedure and 16.66 % retailers face the problem due to dates in claiming refund.

the average weight of negative responses for H0 is 16.94%. So, Null Hypothesis (H0) is rejected and alternate hypothesis (H1) is accepted.

However, it is concluded that Retail trade has been advantageously impacted due to implementation and imposition of GST tax policy. Hence it is also said that the retail business have benefited due to implementation of GST.

Hypothesis: 2

H0: Retailers are not well aware about GST tax system and procedure.

H1: Retailers are well aware about GST tax system and procedure.

Indicators of Testing		Responses from Questionnaire	
Hypothesis		H1	H0
Type of Response		Positive	Negative
Awareness about GST		90.66%	9.34%
Awareness about procedure for registering and filling returns under GST system		78.66%	21.34%
Weightage		169.32	30.68
Weighted Average		84.66%	15.34%

From the above table it is stated that by using sum formula in excel we made total of all the weights i.e.

a. 169.32 for Positive Responses i.e. Alternate Hypothesis

b. 30.68 for Negative Responses i.e. Null Hypothesis
Then this weight is divided by total number of responses in excels average formula then we get

a. $169.32/2 = 84.66$ for positive responses (H1)

b. $30.68/2 = 15.34$ for negative responses (H0)

From the above analysis it is stated that the average weight of positive responses for H1 is 84.66% and the average weight of negative responses for H0 is 15.34%. So, Null Hypothesis (H0) is rejected and alternate hypothesis (H1) is accepted.

However, it is concluded that Retailers are well aware about GST tax system and procedure. Hence it is also said that the retailers have a knowledge about GST system.

Suggestions:

There is need to make registration of retailers having small retail business under GST to get more benefits like composition scheme from taxation point of view, govt. benefits etc. It is suggested that Government should find a way to help the Retailers in understanding the rules for GST implementation and its procedure. GST procedure must be reduced so that retailers can operate their business efficiently.

Conclusion:

The impact of GST on retail business is going to be positive. Implementation of GST will cause higher price of goods and services. This new GST tax regime is beneficial to government as well as retailers also. Retailers faced some difficulties during GST implementation such as E-way bill system, return filling procedure, issues related to dates of refund etc. because they were not fully aware about GST system. Implementation of GST helps the retailers to reduce overall tax burden.

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