

A Study on Impact of GST on Small Scale Retailers with reference to Nagpur City

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Abstract: Goods and Services Tax was implemented by Government of India on 1st July 2017. The reason behind the implementation was to simplify the existing taxation system which comprise of various taxes which had created a complex taxation system. The researcher here tried to understand the impact of GST faced by Small Scale Retailers and their efforts to get acquainted with this new tax system. The study is survey based in which data of 50 Small Scale Retailers of Nagpur are collected through questionnaire. The findings obtained after analysis revealed that though GST is considered as fair tax system but require more clarity and simplification in procedure.

Key words: Tax system, GST, Small Scale Retailers

I. Introduction

Goods and Services Tax is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017. Goods and Services Tax Law in India is abroad, multi-stage, destination-based tax that is levied on every value addition. GST is a single indirect tax for the entire country. Under the GST regime, the tax levied at every point of sale. In the case of intra-state sales, Central GST and State CST are charged. All the sales related to inter-state are chargeable to the Integrated GST.

Goods and services are divided into five different tax slabs for collection of tax, they are 0%, 5%, 12%, 18% and 28%. . The GST replaced the existing multiple taxes levied by the central and state government. The introduction of GST is an important step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, GST will mitigate the ill effects of cascading or double taxation in a major way towards achievement of common national market.

II. Objectives:

1. To Study the effect of GST on Small Retailers.
2. To study the impact of GST on small Retailers.

3. To study the limitations/difficulties faced by Small Retailers.

III. Hypothesis:

H0: GST has no significant impact on Small Retailers.

H1: GST has significant impact on Small Retailers.

IV. Literature Review

R. Vasanthagopal (2011) studied, "GST in India: A Big leap in the Indirect Taxation system" and concluded that switching to GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 140 countries in world and a new preferred form of indirect tax system in Asia also.

Nitin kumar (2014) studied, "Goods and Services Tax- A way Forward" and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure.

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.

V. Research Design

The present study is to analyse the impact of GST with respect to Small Scale Retailers so research was collected with a sample size of 50 Small Retailers of Nagpur city through a structured questionnaire and the sampling method used is Simple Random Sampling. Secondary data is collected from government reports, journals, books and published research papers. The study is limited only to Nagpur city.

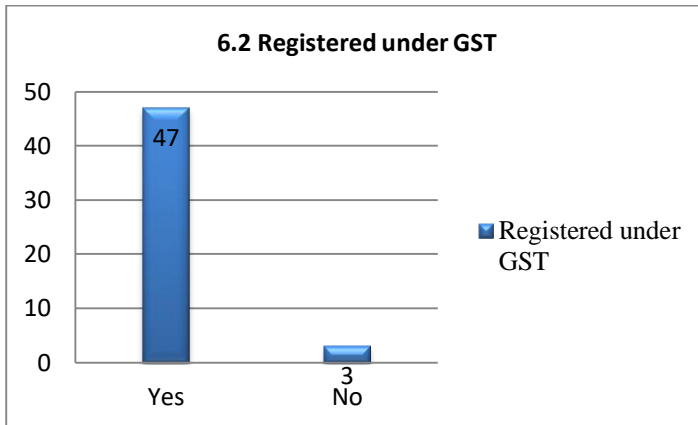
VI. Data Analysis

6.1 Demographic Profile of the Respondents

Variables		Number
Age	Below 30	12
	30 – 40	10
	40-50	20
	Above 50	8
Gender	Male	40
	Female	10
Educational Qualification	School Level	21
	UG	24
	PG	1
	Others	4
Income	Below Rs.20,000	18
	20,001 - 40,000	25
	Above Rs.40,000	7
Working Experience	Below 1 year	3
	1 - 3 years	7
	3-6 years	10
	6-10 years	15
	Above 10 years	15
Nature of Shop	Own	25
	Lease	10
	Rent	15
Total		50

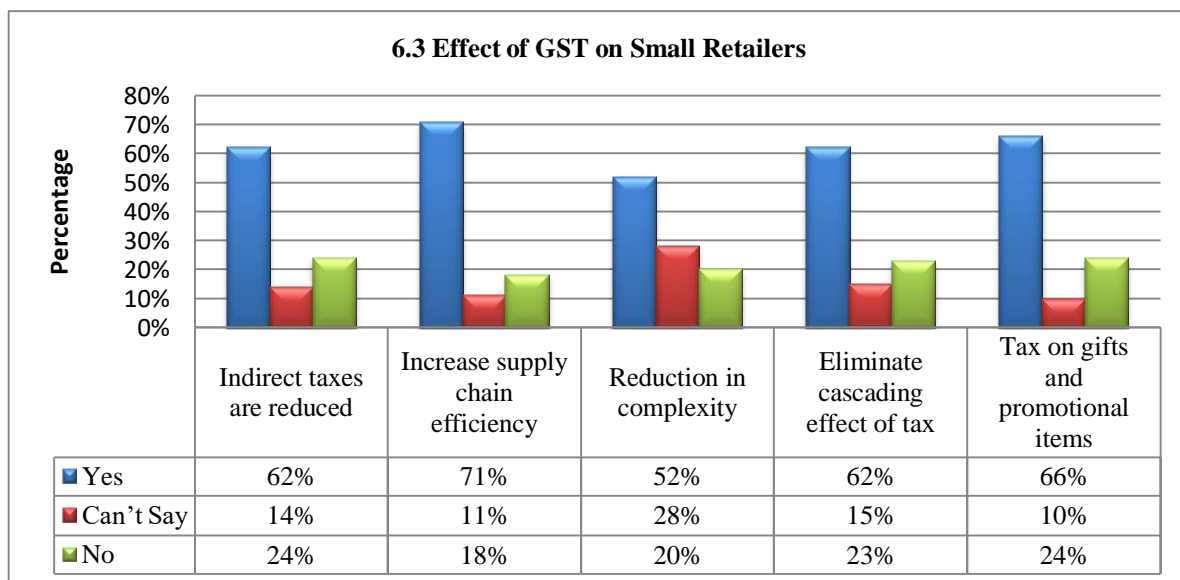
Source: Primary Data

From the table it is clear that the age of the respondents below 30 years are 12, between 30 to 40 years are 10, 40 to 50 years are 20 and above 50 years are 8. From the respondents the maximum retailers are male and the educational qualification of maximum respondents is Undergraduate and School education followed by Post graduate and some have done other courses such as D.Ed. Maximum respondents i.e., 30 are doing the business since from 10 years and above and the shop they run are owned by maximum respondents while few have taken it on rent or lease.



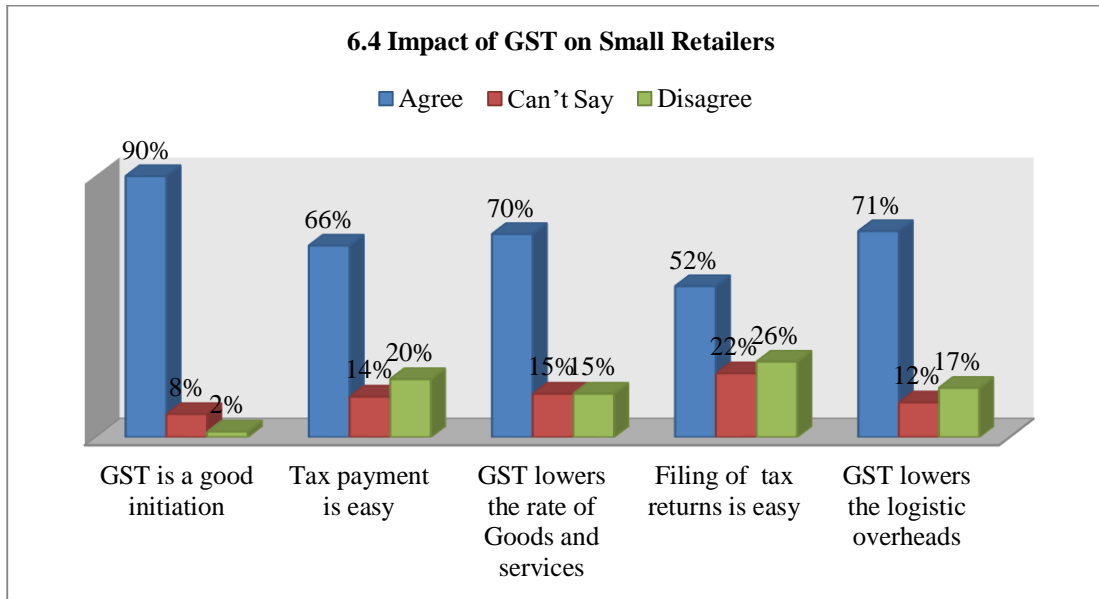
Source: Primary Data

From the graph it is clear that 47 Small Retailers i.e., 94% are registered under GST and only 3 i.e., 6% did not register GST as they are new in the market and they have changed the business.



Source: Primary Data

From the above graph it is clear that the GST is going to have a positive effect on Small Retailers as maximum respondents i.e., 62% are in opinion that the indirect taxes would be reduced, 71% respondents are in opinion that GST can increase in supply chain efficiency, 52% of respondents are in opinion that there would be reduction in complexity, 62% respondents are in opinion that GST will eliminate cascading effect of tax and 66% respondents are in opinion that there would be tax on gift items and promotional items.



Source: Primary Data

From the above graph it is clear that GST has a significant impact on Small Retailers as more than 90% of retailers are in opinion that GST is a good initiation, 66% are in opinion that the tax payment is easy, 70% are in opinion that GST will lower the rate of Goods and Services, 52% say that filing of tax is easy and 71% are in opinion that GST lowers the logistic overheads. So GST has impact on Retailers towards progression of economy.

So it is clear that the alternate hypothesis is accepted i.e., GST has a significant impact on Small Retailers, but there are few limitations like they are not so handy to technology so filing of tax returns is not easy as there is requirement of clarity and simplification of procedure.

VII Findings:

- Majority of respondents are between the age group of 40 – 50.
- Majority of respondents are male.
- Majority of respondents have completed their Under Graduation.
- Majority of respondents earn between Rs.20,000 to Rs.40,000 per month
- Majority of respondents have above 6 year experience.
- Majority of respondents have their own shop.
- 94% of respondents are registered under GST.
- Maximum respondents are in opinion that the indirect taxes would be reduced.
- Majority respondent are in opinion that GST can increase in supply chain efficiency.
- 52% of respondents are in opinion that there would be reduction in complexity.

- 62% respondents are in opinion that GST will eliminate cascading effect of tax.
- 66% respondents are in opinion that there would be tax on gift items and promotional items.
- 90% of respondent are in opinion that GST is a good initiation.
- 66% respondents are in opinion that the tax payment is easy.
- Majority of respondents are in opinion that GST will lower the rate of Goods and Services.
- 52% of respondent say that filing of tax is easy.
- Majority of respondents are in opinion that GST lowers the logistic overheads.

VIII Conclusion

In this present era of globalisation there is a need for systematic tax system and GST will not only bring transparency but also would promote economic situation of the country. Earlier every state had its own tax rates which created a lot of confusion and complicated process and also there was increase in price of the goods. By replacing the old tax system with the new tax system will generate reduction in complexity and reduction in prices of goods.

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