

## **Gst: A Boon Or A Curse- A Study With Special Reference To Retailers In Thrissur District, Kerala**

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**ABSTRACT:** *The Goods and Services Tax (GST), implemented on July 1, 2017, is regarded as a major reform in taxation till date implemented in India since independence in 1947. India which was undergoing different strategies for collecting tax under different names has been named under a single umbrella, which is known as GST. In this study the focus is on the retailers who are the key element for the marketing. The impacts of GST on retailers are studied carefully as it stands as a pillar in marketing. Through this an outlook for the theoretical base for GST is also another focal area, as it remains unsaid in the case of many retailers. This will also be beneficial as the attitude of retailers will be helpful in formulation of future plans.*

**KEY WORDS:** *GST, Retailers, Attitude, Impact.*

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### **I. INTRODUCTION**

India has got a well-structured and simplified taxation system, wherein an authoritative segregation has been done among the Central Government, the different State Governments as well as the Local Bodies. The Department of Revenue under the Government of India's Ministry of Finance is solely responsible for the computation of tax. This department levies taxes on individuals or organizations for income, customs duties, service tax and central excise. Local bodies have got the power to compute and levy taxes on properties and other utility services like drainage, water supply and many others. The past 15 years have witnessed tremendous reformations of the taxation system in India. Apart from the rationalization of the rates of tax, simplification of the different laws of taxation has even been done during this period.

The large quantity of taxes at the State and Central levels has brought about a complex indirect tax structure in the nation that is ridden with concealed expenses for the trade and industry. Firstly, there is no consistency of assessment rates and structure crosswise over States. Also, there is falling of charges because of 'tax on tax'. No credit of excise duty and service tax paid at the phase of manufacture is available to the traders while paying the State level sales tax or VAT, and vice-versa. Further, no credit of State taxes paid in one State can be benefited in different States. Due to this tax on tax prices of goods and services get unnaturally inflated. The arrangement of GST would stamp a reasonable takeoff from the plan of dissemination of monetary forces conceived in the Constitution. The proposed dual GST conceives tax assessment of the same assessable occasion, i.e., supply of products and enterprises, at the same time by both the Center and the States. The credit of GST paid on input at each phase of value addition would be available for the discharge of GST liability on the output, thereby ensuring GST is charged only on the component of value addition at each stage. Indian indirect tax will become simpler after GST. It is expected to decrease cost of creation and inflation in the economy, accordingly making the Indian trade and industry more competitive, locally and additionally globally. It is likewise expected that arrangement of GST will encourage a typical or consistent Indian market and contribute essentially to the development of the economy.

Retail sector is one of the key pillars for Indian economy and it accounts for around 10% of GDP. GST will usher in wide changes in various industries and sectors and Retail industry is not an exception. With the implementation of GST, which is likely to be done by April 2017, three sectors will benefit the most: retail, FMCG and consumer companies and logistics business. In the retail sector, the implementation means a seamless integration of goods and service transaction across the states. It will have benefit at different stages of the value chain.

First, the procurement of raw materials: movement of goods would become less cumbersome, which opens gates for more suppliers /vendors to merge. Following this, a wider base of distributors would be available as state boundary paperwork will not be a hurdle, resulting to better access and low transportation costs. A favorable environment for a supply chain will reduce in transit inventory that will further reduce the working capital requirement. Simplified taxes & availability of input tax credits can also help fetch better

margins. Along with saving costs at back-end, GST implementation will be an answer to the major pain point for the industry -Rentals. Rentals are one of the main costs of retailing industry and it attracts service tax at 14.5 per cent. Currently, the retailers cannot set off these costs like the other industries. This they feel is an additional cost of operating in this industry which is unfair to them. Under GST, taxes on services would be available for set off against taxes on goods. Thus, the retailers would be positively impacted.

## II. REVIEW OF LITERATURE

**Nishitha Guptha (2014)** stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development.

**Saravanan Venkadasalam (2014)** The study analyzed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries.

**Jaiprakash (2014)** mentioned that the GST at the Central and the State level are expected to give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST and phasing out of GST.

**Agogo Mawuli (May 2014)** “Goods and Service Tax-An Appraisal” and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

**Nitin Kumar (2014)** “Goods and Service 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 which is indifferent to geographical locations.

**Pinki, Supriya Kamma and Richa Verma (July 2014)** “Goods and Service Tax- Panacea For Indirect Tax System in India” and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

**Dr. R. Vasanthagopal (2011)** : A Big Leap in the Indirect Taxation System” and concluded that switching to seamless 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 130 countries in world and a new preferred form of indirect tax system in Asia also.

**Kautilla Arthasasthra:** Taxes are often perceived to be a measure for raising resources for the government. In the primitive barter economies of the medieval period in Europe and even in ancient India, the primary objective of taxation was to raise resource for the economy.

## III. SCOPE OF THE STUDY

Scope of the project is limited to the study of Impact of GST on Retailers with special reference to Thrissur district. This study aims to know a theoretical framework about the Goods and Service Tax and its impact in retail sector only. It helps to identify whether the retailers are aware about the GST system and to know whether their pricing decisions and sales are affected by the introduction of GST in India. It really focus on how the retail sector is being affected due to the introduction of GST.

## IV. OBJECTIVES OF THE STUDY

1. To know the changes in retail sector after the implementation of GST
2. To perceive the impact of GST in the pricing decisions of retailers
3. To furnish information for further work on GST

## V. RESEARCH METHODOLOGY

This study is exploratory in nature. The data required for the study have been collected from both primary and secondary sources. Primary data required for the study is collected by means of structured questionnaire. Questionnaire is distributed among retailers of Thrissur district. Secondary data required for the study have been collected from magazines, books, journals, reports and online sources. The study was conducted with a sample size of 40 respondents. In this study, convenient sampling method is adopted. The tool used under this study is simple percentage.

## VI. DATA ANALYSIS

### a. Source of Awareness

SOURCE	NUMBER OF RESPONDENTS	PERCENTAGE
NEWSPAPER,RADIO,TV	30	75
GOVERNMENT AGENCIES	4	10
OTHERS	6	15
TOTAL	40	100

Source: Primary Data

#### Interpretation

The above table shows that majority of the people get awareness of GST by way of Newspaper, TV and Radio. Only a few of peoples are get awareness through government agencies, which shows that the Government needs to focus more on creating awareness about GST.

### b. Is your current software system equipped to handle the proposed GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	40	100
NO	0	0
NOT APPICABLE	0	0
TOTAL	40	100

Source: primary data

#### Interpretation

The data collected from the respondents shows that their current software system is equipped to handle the proposed GST. So all the respondents are updated their computer systems and software's that works according to the GST.

### c. Opinion regarding whether it comply with GST

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
EASIER	32	80
DIFFCULT	4	10
AS EARLIER	4	10
TOTAL	40	100

Source: primary data

#### Interpretation

From the collected data majority of the respondents are having the opinion that GST is easier to comply with and a few of the respondents feel difficult in complying with the GST and afew with the opinion, it is similar to earlier.

### d. Familiarity with the GST rates of various commodities in the market

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
FULLY AWARE	30	75
PARTIALLY AWARE	7	17.5
NOT AWARE	3	7.5
TOTAL	40	100

Source: primary data

#### Interpretation

The above table shows that mass of the respondents are aware or familiar with the various rates of commodities in the market, a few of the respondents are partially aware and a minority of the respondents is not aware about the commodity rates.

### e. General attitude of consumers towards GST

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
POSITIVE	4	10
NEGATIVE	26	65
NEUTRAL	10	25
TOTAL	40	100

Source: primary data

**Intrpretation**

From the above table it is clear that most of the people have negative attitude towards GST. Only a simple minority of the respondent's shows positive attitude and there a few have neutral behavior towards the implementation

f. Comparability (before GST and after GST)

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
OLDER TAX	28	70
GST	12	30
TOTAL	40	100

which one beneficial?

Source: primary data

**Interpretation**

On the basis of profitability a bunch of the retailers say that the older system is more beneficial. Only a small number of the people say that the GST is beneficial on the basis of their profitability.

g. Incurrence of additional cost or loss due to the implementation of GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	34	85
NO	6	15
TOTAL	40	100

Source: primary data

**Interpretation**

Mainstream of the retailers in this study are incurred additional cost and loss due to the implementation of GST. Only a little number of the respondents say that the implementation of GST does not increase their cost or loss.

h. If you do not support GST state the reason?

a- Increase the price level of goods

b- Broaden the gap between rich and poor

c- Have negative impacts on the development of retail sector industry

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
A	8	20
B	20	50
C	12	30
TOTAL	40	100

Source: primary data

**Interpretation**

The semis of the total respondents do not support GST because they argue that it broadens the gap between rich and poor. More than a quarter of the respondents have reason of it will have negative impacts on the development of retail sector industry. Only less than a quarter of the respondents say it has increased the price level of goods and services.

i. Did you notice any changes in retail sectors due to the implementation of GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	40	100
NO	0	0
TOTAL	40	100

Source: primary data

**Interpretation**

The above table shows that all the respondents in this study are notice changes in retail sector after the implementation of GST.

j. What about the sales volume after the implementation of GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
INCREASING	8	20
DECREASING	20	50
NEUTRAL	12	30
TOTAL	40	100

Source: primary data

### Interpretation

In case of sales volume half of the retailers say that there is a decreasing trend in the sales. A few of the respondents says that the sales volume trend to increase after the implementation of GST and a few the respondents are in neutral opinion.

k. Did you think that the implementation of GST is a burden to consumers?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	32	80
NO	8	20
TOTAL	40	100

Source: primary data

### Interpretation

From this table we can get a clear picture that the implementation of GST is a burden to consumers. A huge majority of the respondents are in this opinion. A few of the respondents says that the implementation of GST is not a burden to consumers.

l. Did you think the implementation of GST caused a price hike on goods and services?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
INCREASE IN PRICE	36	80
DECREASE IN PRICE	2	5
NO CHANGE	2	5
TOTAL	40	100

Source: primary data

### Interpretation

Almost all the retailers are in the opinion that GST caused a price hike on goods and services.10% of the respondent's opinion that it causes a decrease in price and another few says that there is no change in the price of goods and services.

m. Did you meet any accounting problem after the implementation of GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	6	15
NO	34	85
TOTAL	40	100

Source: primary data

### Interpretation

From the above table we can get a clear picture that whether GST introduces any new accounting issues or not. Almost all of the respondents are having the idea that they do not meet any accounting problems due to the implementation of GST. But a few of the people articulate that they meet some accounting problems due to the implementation of GST.

n. Did you notice any changes in demand for product after the implementation of GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	36	90
NO	4	10
TOTAL	40	100

Source: Primary data

### Interpretation

The above table shows that every one of the respondents conveyed that they noticed changes in the demand for the product, while others have not seen any change in the demand for the product.

o. Did you think all retail business need to be registered under GST?

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
YES	7	17.5
NO	3	7.5
NOT NECESSARY	30	75
TOTAL	40	100

Source: primary data

### **Interpretation**

A strong majority are in the stand that there is a need to register all business under GST. But others do not want their business need to be registered under GST

p. Do you think the new tax system would bring growth to retail sector?

a- Increase the growth rate in long run

b- Decrease the growth rate

c- Will not bring any change

RESPONSE	NO OF RESPONDENTS	PERCENTAGE
A	6	15
B	30	75
C	4	10
TOTAL	40	100

Source: primary data

### **Interpretation**

A strong number of the respondents argue that the implementation of GST decreases the growth rate of retail sector industry and a few of the respondents still believe that the GST will bring growth rate in the long run. Another marginal group says it will not bring any change in the growth rate of GST.

### **VII.FINDINGS**

- i. Majority of the respondents got awareness of GST from newspaper, TV and Radio only a less number of people had received from government agencies.
- ii. Majority of the respondents argued that GST caused a price hike on goods and service
- iii. More of the respondents in this study reveal that the GST is easy to comply with.
- iv. A good majority of the people are aware about various rates of GST. The rest of them, are partially and not aware.
- v. Majority of the respondents says that the older tax system is more profitable than GST.
- vi. Majority of the people are in the opinion that the sales volume shows a worthy trend after implementing GST.
- vii. The study reveals that there is a change in retail sector after the implementation of GST and the demand for the products tend to reduce.
- viii. Majority of the people says that the registration is not compulsory under GST.
- ix. Majority of the consumer's attitude towards GST is not good.
- x. Most of the respondents argued that GST will bring growth to Retail sector in future.

### **VIII. SUGGESTIONS**

- Awareness of GST should be given through Government Agencies.
- Proper Accounting Software is needed.
- GST Rates should be reformed.
- Make people Aware of GST Rates.
- Benefits of GST should be propagated among public.
- Digital Literacy should be given to the people relating to GST.

### **IX. CONCLUSION**

The problem which is present in the current Indian indirect tax system can be avoided by adopting GST. For charging tax on goods and services GST is a better approach. The biggest problems in Indian tax system like Cascading effect & tax evasion, distortion can be minimized by implementing GST. After amalgamation of local state and central taxes competitiveness of industry, exporter and company will increase. The extra revenue which can be generated from broaden tax base structure can be utilized for the growth of nation. In economy tax polices play an important role because of their impact on efficiency and equity. Indirect tax reforms have been as integral part of the liberalization process since new economic reforms. A progressive and welfare oriented nation like India tries to keep a balance between direct and indirect taxes. The new tax will be a further significant breakthrough and the next logical step towards a comprehensive indirect tax reform in the country. GST is not simply VAT plus service tax, but a major improvement over the previous system of VAT and disjointed services tax. The launch of GST would transform Asia's third largest economy into a single market for the first time. GST brought a tremendous change in Retail Sector. In the initial stages it will be a burden to retailers and consumers. But, it will bring growth in Retail Sector. Tax Evasion, Tax Cascading & Corruption can be eliminated to a maximum extent. It will create a long term effect in the economy.

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