

## **A Study On Impact Of GST With Reference To Retailers In Nagercoil Town**

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### **ABSTRACT**

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 know about the GST and enquire the impact of GST 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 GST may face after implementation.

**Keywords:** Impact, GST, Retailers

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### **INTRODUCTION**

India is the hub of taxes where people pay many taxes which create confusion for them. Presently we pay two types of taxes i.e. Direct and Indirect in various sectors. Direct Tax paid directly to the government by the taxpayer i.e. Income Tax, Wealth Tax, and Corporation Tax. Indirect Tax is a tax levied on goods and services rather than on income or profits. It is not directly paid to government but collected from intermediaries such as retail stores from the person who bears the ultimate economic burden of the tax (such as consumers). The intermediary later files a tax return and forwards the tax proceeds to government with the return for example Sales Tax, VAT, Excise Duty, and Custom Duty and so on.

GST is a blanket of Indirect Tax that will subsume several indirect state and federal taxes such as Value Added Tax (VAT) and Excise Duty and different State Taxes, Central Surcharges, Entertainment Tax, Luxury Tax and many more. GST was firstly introduced in

France in 1954, with introduction of GST France became the first country ever to introduce GST. Its introduction was requiring because very high sales taxes and tariffs encourage cheating and smuggling. After France it was adopted by 165 nations. Now, India is also going to adopt it. After its implementation in India, India will become 166th nation to adopt it In India before 16 years, in 2000 Shri Atal Bihari Vajpy brought this system but no one paid attention on it and due to some reasons it was not passed. On 28th February 2006, the finance minister P. Chidambaram, had announced the target date for implementation of GST on 1 April, 2010. The Constitution (122nd Amendment) Bill was introduced in the Lok Sabha by Finance Minister Arun Jaitely, on 19th December 2014, and passed by the house on 6th May 2015. The bill was passed by Lok Sabha on August 2016. The bill, after ratification by the States, received assent from President Pranab Mukherjee on 8th September 2016. GST bill is brought for the reason that the different taxes paid by us on different rates would be brought under one roof so that all the taxes may get cancelled and only one tax is paid which is GST. Goods and Services Tax (GST) will include one tax one nation; this statement was given by the honorable Prime Minister of India. In today's scenario we pay 30% to 35% tax on different things but with GST it will be only 18%, which shows it will be beneficial and one main thing that GST will remain similar in all nation.

The Centre and the States would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the states and the Centre. The taxpayer would need to submit common format for periodical returns, to both the central and to the concerned State GST authorities. Each taxpayer would be allotted a PAN-linked Taxpayer Identification Number (TIN) with a total of 13/15 digits. Till now 22 States ratify GST, which are as follows: Bihar (16 August), Jharkhand (17 August), Himachal Pradesh (22 August), Delhi (24 August), Nagaland (26 August), Maharashtra (29 August), Haryana (29 August), Telangana (30 August), Sikkim (30 August), Mizoram (30 August), Goa (31 August), Odisha (1 September), Pondicherry (2 September), Rajasthan (2 September), Andhra Pradesh (8 September), Arunachal Pradesh (8 September), Meghalaya (9 September), Punjab (12 September) thus it seems that GST will lead to growth in country. Know the question arises why do we need GST? Well while conducting study we concluded that in Indian economy the service sector contributes over 55%, Separate taxation of goods and services is neither viable nor desirable, value added in manufacture and sales of goods require inputs of both – goods and services and vice versa which is often not separable. What is expected to happen next is that with the passage of the GST Bill, the government will have to put up a mad scramble to put together all the mechanism and state approvals in place to implement the GST by its rollout date of April 1, 2017. Additionally, companies and tax collectors will have to be prepared on the necessary changes. Some companies may even have to overhaul their business processes to make way for the new tax change. We all will pay GST on every product or service we buy. Since all Indirect Taxes levied by the states and the center will be merged into one GST then we would exactly know how much tax we pay which at present is difficult to understand. No distinction would be made between imported and Indian goods and they would be taxed at the same rate. The sellers or service providers collect the tax from their customers. The success of GST would rest upon efficiency, equity and simplicity.

## **STATEMENT OF THE PROBLEM**

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.

### **OBJECTIVES OF THE STUDY**

The objectives of the study are as follows.

- To know about the GST.
- To enquire the impact of GST after its implementation in retail sector.

### **SCOPE OF THE STUDY**

This study has been undertaken mainly to highlight the impact of GST to retailers. Retailers play a vital role in buying and selling of goods and services. After implementation of GST, the retailers face some problems and also gain something. The present study undertakes to analyse the impact of GST after its implementation. The study also cover problem faced by Retailers after implementations of GST, satisfaction level of the retailers.

### **METHODOLOGY**

Data collected through questionnaire from 100 respondents in Nagercoil town by adopting convenient sampling method to study on impact of GST of the retailers in Nagercoil town. Relevant and required data pertaining to the present study have been collected from two source viz., primary data and secondary data. The primary data are collected, fresh and for the first time and thus happen to be original in character. The secondary data on the other hand are those which have already collected by someone else and which have already been passed through the satisfied process.

### **ANALYSIS AND INTERPRETATION OF DATA**

#### **DEMOGRAPHIC PROFILE OF THE RESPONDENT**

The length of time that a person has lived or a thing her existed is called age. The following table show the age wise classification of the Respondents.

**Table1.Demographic profile of the respondent**

VARIABLES		NUMBER
AGE	Below 30	11
	30 – 40	40
	40 – 50	34
	Above 50	15
GENDER	Male	83
	Female	17
MARITAL STATUS	Married	89
	Un Married	11
EDUCATIONAL QUALIFICATION	School Level	7
	UG	66
	PG	7

	Others	20
INCOME	Below Rs. 20,000	80
	20,001 – 50,000	17
	Above Rs. 50,000	3
WORKING EXPERIENCE	Below 1 year	34
	1 – 3 year	7
	3 – 6 year	15
	6 – 10 year	34
	More than 10 year	10
NATURE OF SHOP	Lease	10
	Rent	40
	Own shop	50
	Online shop	-
TOTAL		<b>100</b>

Source : Primary Data

Table 1 express the age wise classification of respondents 40 per cent of the respondents are between the age group of 30-40, 34 per cent of the respondents are between the age group of 40 – 50, 15 per cent of the respondents are between the age group of above 50 and only 11 per cent of the Respondents are below the age group of 30. It shows that majority of the Respondents are between the age group of 30-40.83 Per cent of the respondents are Female and 17 Per cent of the respondents are Male.89 per cent of the respondents are married and 11 per cent of the respondents are un married.7 per cent of the respondents are completed school level and PG 66 per cent of the respondents are completed UG and 20 per cent of the respondents completed others courses such as diploma B.Ed etc.80 Per cent of the respondents earn below Rs. 20,000 per month, 17 Per cent of the respondents earn of Rs. 20000 – 50000, and Only 3 per cent of the respondents are earn above Rs. 50,000 per month. 34 per cent of the respondents run retail shop below 1 year and 6-10 year, 15 per cent of the respondent run 3 -6 year, 10 per cent of the respondents run more than 10 year and 7 per cent of the respondents run 1-3 years. 50 per cent of the respondents have own shop, 40 per cent of the respondents run rental shop and remaining 10 per cent of the respondents have lease shop.

**AWARENESS ABOUT GST**

**Table 2 Awarenessabout GST**

AWARENESSABOUT GST	NO. OF RESPONDENTS
<b>Yes</b>	100
<b>No</b>	-
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 2 show that the respondents whether aware about GST or not. 100 per cent of the respondents know about the GST.

**SOURCE OF INFORMATION**

GST is the new concept every retailer know about GST from various sources such as newspaper, mass media, online etc. Following table show the source of information about GST.

**Table 3.Source of information**

SOURCE OF INFORMATION	NO. OF RESPONDENTS
<b>News paper</b>	25
<b>Mass Media</b>	25
<b>Online</b>	10
<b>Seminar</b>	25
<b>Through Auditor</b>	15
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 3 shows that 25 per cent of the respondents know about GST from newspaper, mass media and seminar, 15 per cent of the respondents know about GST from auditor and 10 per cent of the respondents are know from online.

**PRICE CHANGES AFTER IMPLEMENTATION OF GST**

Following table shows the Price changes after implementation of GST.

**Table 4.Price changes after implementation of GST**

PARTICULARS	NO. OF RESPONDENTS
<b>Yes</b>	60
<b>No</b>	40
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 4 shows the price changes after implementation of GST. 60 per cent of the respondents said price of the product changed after implementing GST and 40 per cent of the respondents said there is no changes is price after implementing GST.

**EFFECTS OF IMPLEMENTATION OF GST**

Implementation of GST bring some positive and some negative effects among the respondents. Following table shows the effects of implementation of GST.

**Table 5.Effects of implementation of GST**

PARTICULARS	NO. OF RESPONDENTS
<b>Rate of GST High</b>	66
<b>Rate of GST low</b>	4
<b>Moderate</b>	30
<b>None of the above</b>	-
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 5 explain the effects of GST after its implementation. 66 per cent of respondents said that the rate of GST is high, 4 per cent of the respondents said that rate of GST is Low and 30 per cent of the respondents said that the rate of GST is moderate.

**FACILITATION**

Following table shows the facilitation the GST to retail sector

**Table 6.Facilitation**

PARTICULARS	NO. OF RESPONDENTS
<b>Yes</b>	67
<b>No</b>	33
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 6 express the 67 per cent of the respondents are facilitate GST and 33 per cent of the respondents are not facilitate GST.

**GST IS BURDEN TO CONSUMER**

GST is new tax source, it provide burden to consumer following table shows whether GST is burden to consumer or not.

**Table 7.GST is burden to consumer**

PARTICULARS	NO. OF RESPONDENTS
<b>Yes</b>	15
<b>No</b>	85
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 7 shows that the GST is burden to consumer. 85 per cent of respondents said that GST is not a burden to a consumer and only 15 per cent of the respondents said GST is a burden to a consumer.

**SALE OF NON APPLICABLE GST GOODS**

Following table shows the respondents sell non applicable GST products or not.

**Table 8.Sale of non-applicableGST goods**

PARTICULARS	NO. OF RESPONDENTS
<b>Yes</b>	84
<b>No</b>	16
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 8 Express the sale of non-applicable GST goods. 16 per cent of the respondents not sell non applicable GST products and 84 per cent of the respondents are selling non applicable GST products.

**ONE NATION ONE TAX**

GST is a one nation one tax policy. It is a indirect tax imposed in India on the supply of goods and service. Following table shows the satisfied with the principle of one nation one tax.

**Table9.One Nation One Tax**

PARTICULARS	NO. OF RESPONDENTS
<b>Satisfied</b>	40
<b>Not satisfied</b>	15
<b>No opinion</b>	45
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 9 explain that 40 per cent of the respondents satisfied with one nation one tax policy, 15 per cent of the respondents are not satisfied with one nation one tax policy and 45 per cent of the respondents are not ready to said any opinion about the one nation one tax policy.

**PRICE LEVEL CHANGE**

Changes in Tax policy, change the price of the product following table shows the price changes after implementation of GST.

**Table 10.Price Level Change**

PARTICULARS	NO. OF RESPONDENTS
<b>High</b>	24
<b>Low</b>	26
<b>No change</b>	50
<b>No opinion</b>	-
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 10 shows that the price changes after implementation of GST. 50 per cent of the respondents said no changes in price after implementation of GST, 26 per cent of the respondents said price changed in low compare to previous, 24 per cent of the respondents said price charged in high amount after implementation of GST.

**SATISFACTION OF SALE AFTER IMPLEMENTATION OF GST.**

Following table shows that the satisfaction level of retailers after implementation of GST.

**Table 11.Satisfaction of Sale After Implementation of GST**

Particulars	No. of Respondents
<b>Yes</b>	83
<b>No</b>	17
<b>No opinion</b>	-
<b>Total</b>	<b>100</b>

Source : Primary Data

Table 11 explain the satisfaction level of the respondents. 83 per cent of the respondents satisfied with the proposed rate of GST and 17 per cent of the respondents are not satisfied with the proposed rate of GST.

## FINDINGS

- Majority of the respondents are between the age group of 30-40 years.
- Majority of the respondents are male.
- Majority of the respondents are married.
- Majority of the respondents are completed UG degree.
- Majority of the respondents earn below 20,000 per month.
- Majority of the respondents have own shop.
- Majority of the respondents have 6-10 year experience.
- 100 percent of the respondents know about GST.
- Majority of the respondents collect information about GST from newspaper, mass media and seminar.
- Majority of the respondents said price of the product is increased after implementing GST.
- Majority of the respondents opinion is the rate of GST is high.
- Majority of the respondents facilitate GST.
- Majority of the respondents said GST is not a burden to consumer.
- 100 percent of the respondents are aware about GST.
- Majority of the respondents are not selling non applicable GST goods.
- Majority of the respondents are not ready to give any opinion about one nation one tax policy.
- Majority of the respondents are said price of the product is not changed after implementation of GST.
- Majority of the respondents satisfied the sale after implementation of GST.
- Majority of the respondents support GST.

## SUGGESTIONS

- Government should take necessary action to create awareness about the pros and cons of GST among consumers and retailers.
- Necessary steps should be taken by the officials to ensure that all retailers are making their registration in GST in proper manner.
- Well defined and clear road map of GST along with proper administrative mechanism should be in place.
- The government must evaluate the way by which the GST rates are executed, so that there is a provision for price reduction.
- People expect an exemption in the GST rates for necessary items or reduced price in near future.
- Rules and regulations in GST can be simplified.
- For successful implementation of GST system it is necessary for the retailers need to upgrade their income tax framework.

## CONCLUSION

Under GST various indirect taxes are subsumed and it would result in a simpler tax regime especially for retail sector. Apart from simplification of tax compliances, the rate of tax will also have a significant impact on the retail sector. The price of consumer goods depends not only on the tax rate implemented but subject to other factors also. Retailers are actually expecting some changes in the long term on its implementation is in its initial stage now. So while implementing GST the government and officials should ensure the execution of the tax policy should be beneficial for all retailer, consumer and government.

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