


A Study on the Impact of the Implementation of GST among Retailers

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A STUDY ON THE IMPACT OF THE IMPLEMENTATION OF GST AMONG RETAILERS

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Abstract

The Goods and Services Tax (GST) was introduced to simplify the complex indirect tax system and produce a unified national market in India. This study examines the impact of GST implementation among retailers, focusing on awareness, compliance challenges, cost implications, pricing effects, and overall satisfaction. Primary data were collected from 110 retail respondents using structured questionnaires. The findings reveal that while GST has improved transparency and tax uniformity, retailers also face challenges such as complex GST rules, compliance costs, technical difficulties in return filing, and regular adjustments in regulations. The study concludes that GST has both positive and negative implications for retailers and identifies the need for simplified compliance procedures, enhanced training programs, and reforms that favour retailers.

KEYWORDS: GST, Retailers, Tax Compliance, GST Impact, Retail Sector

INTRODUCTION:

The introduction of the Goods and Services Tax (GST) in India marked a significant reform in the country's indirect tax system. GST replaced multiple central and state taxes to reduce cascading effects, enhance transparency, and improve the efficiency of business. GST is a game-changing reform for the Indian economy by developing a common Indian market and eliminating the cascading tax effect on the cost of goods and services. It brought transparency, eliminated the cascading effect of taxation, and ensured that tax is collected effectively at each stage of value addition while providing input tax credit (ITC) to businesses. GST has had a significant impact on multiple sectors of the economy, including the retail sector. As retailers serve as vital intermediaries between manufacturers and consumers, it is essential to examine how GST implementation influences their operational efficiency and overall business environment.

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REVIEW OF LITERATURE:

N. Pavithra and Dr. M.D. Chinnu (2025), conducted “A study on financial strain of GST on Small Businesses in Tamil Nadu” with an aim to analyse the financial impact and compliance challenges faced by small enterprises under the GST regime. This study used primary and secondary data. Primary data were collected from 50 respondents using a stratified random sampling method. The study revealed that frequent filing requirements and complex procedures have increased their dependency on tax professionals, adding to operational costs.

Mansi D. Khatik (2025), conducted “A study on the impact of GST on performance of selected Textile Companies in India” to study the growth pattern of selected textile companies in terms of their Performance for the last five financial years, i.e. FY 2019-20 to 2023-24, and to identify the profitability after the implementation of GST. The research methodology is based on primary data. The study revealed that GST implementation does not appear to have had a statistically significant impact on the closing prices of selected textile companies in India.

Ms. Keerthiga and Dr. Mohanraj (2024), conducted “A study on the impact of implementation of GST among retailers” with an aim to assess retailers’ sentiments and support levels regarding the GST system, and to identify challenges encountered by retailers. This study involved both primary data and secondary data. The findings reveal that GST has streamlined the tax structure, reduced cascading effects, and facilitated easier interstate transactions. However, challenges such as initial compliance complexity, technology adoption costs, and potential disruptions for smaller retailers were also identified.

RESEARCH GAP:

Although prior research has examined the impact of Goods and Services Tax (GST) on corporate financial performance, small business compliance burdens, and general retailer perceptions, there is limited attention to retailers' specific operational impacts. Prior studies do not sufficiently analyse how retailers’ awareness, compliance cost, pricing strategies, and technological challenges affect their day-to-day business operations, especially in urban contexts. This study seeks to address this gap by offering a localised, primary-data-based assessment of GST’s impact on retailers in Chennai, thereby contributing more context-specific and practice-oriented evidence to the existing body of knowledge.

OBJECTIVES:

1. To analyse the level of knowledge and awareness of GST among retailers.
2. To examine the impact of GST on retailers’ business operations, including compliance, costs, and pricing.
3. To identify the challenges faced by retailers in adopting and implementing GST.

RESEARCH METHODOLOGY:

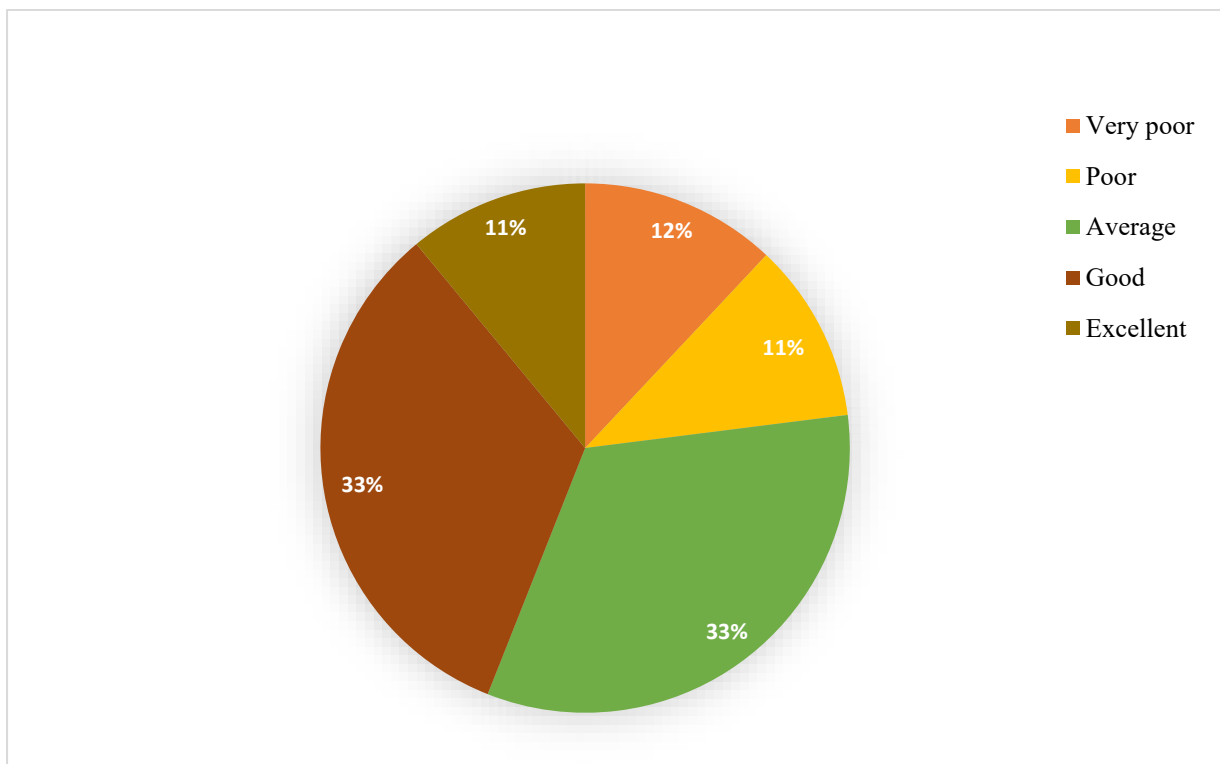
This study is based on both primary and secondary data to study the impact of the implementation of GST among retailers in Chennai city. Primary data were collected using Google Forms from 110 respondents selected through random sampling. Secondary data were collected from research papers, journals, websites, articles and related publications. The collected data was analysed using percentage analysis with results presented in pie charts and bar graphs to interpret the awareness level, impact and difficulties faced by retailers in the implementation of GST.

ANALYSIS AND INTERPRETATION:

The analysis shows that most retailers are aware of GST, though their knowledge remains moderate rather than advanced. GST has increased compliance-related costs for many retailers, indicating a financial and operational impact on business activities. Retailers also face challenges such as complex GST rules, technical issues with the online portal, frequent regulatory changes, and high compliance burdens, which affect effective implementation. Although awareness of GST exists, regulatory complexity and compliance difficulties continue to affect retailers' business operations.

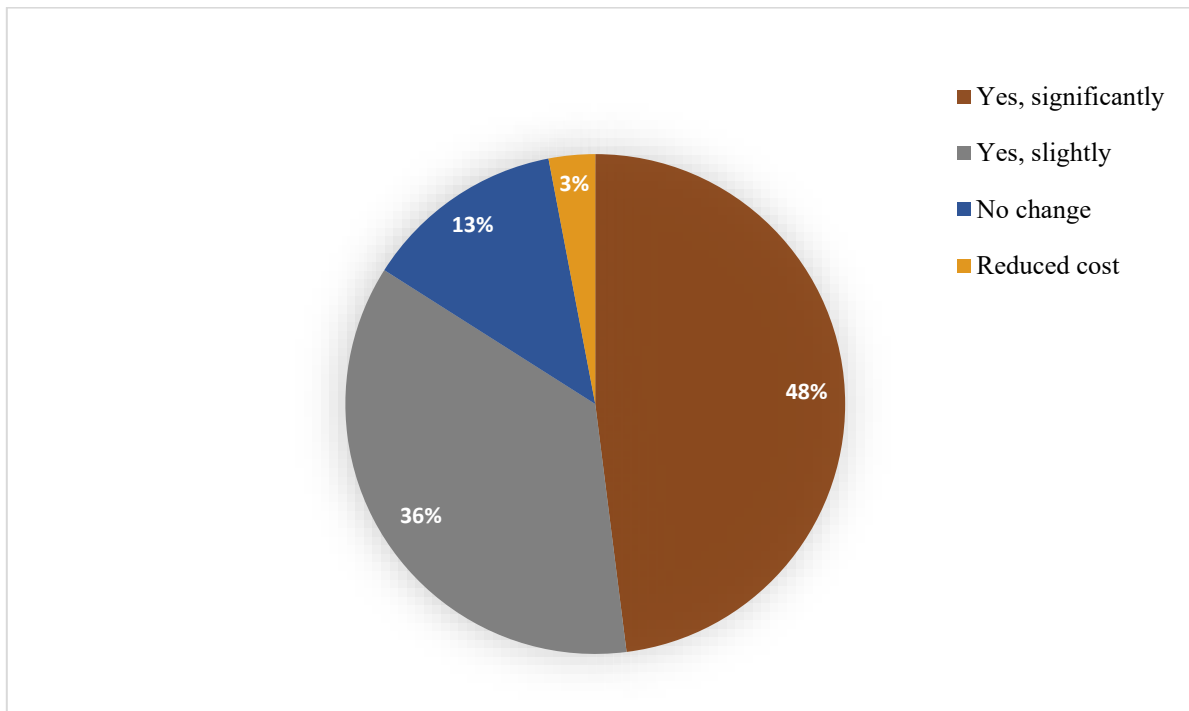
These findings are illustrated in the figures below:

Figure 1: Knowledge and awareness of GST among retailers



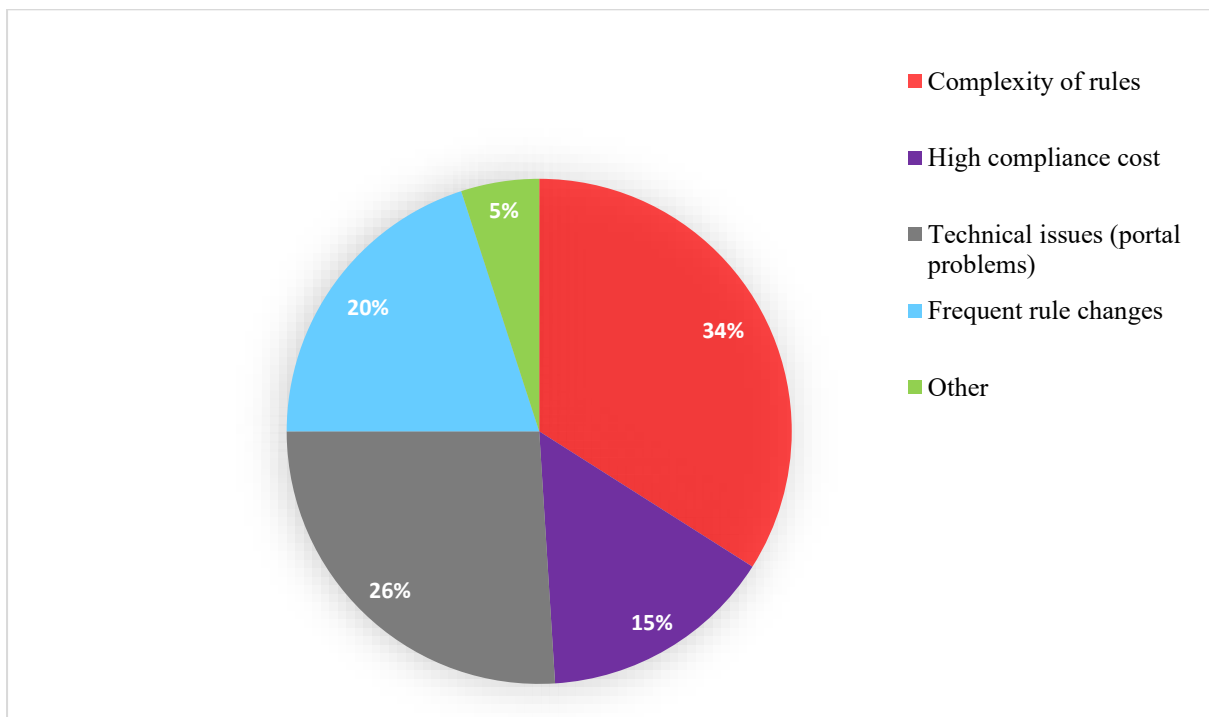
The figure shows the level of knowledge and awareness of GST among retailers.

Figure 2: Impact of GST on retailers' business operations



The figure shows the impact of GST on retailers' business operations, inclusive of compliance, costs, and pricing.

Figure 3: Difficulties faced by retailers in adopting and implementing GST



The figure shows the difficulties faced by retailers in adopting and implementing GST.

DISCUSSION:

The study suggests that since many retailers experience challenges due to the complexity of GST rules, efforts should be made to simplify regulations and provide clearer guidance. Training and awareness programs can help improve retailers' knowledge and understanding of GST procedures. Technical issues related to the GST portal should be addressed by strengthening the digital infrastructure and improving system reliability. Measures to reduce compliance costs and ensure stable, consistent GST policies may further ease the burden on retailers and improve overall adoption.

SCOPE FOR FUTURE RESEARCH:

Future research on GST's impact among retailers can extend beyond the present study in Chennai to include diverse regions and retail sectors, thereby offering comparative insights across urban, semi-urban, and rural contexts. Longitudinal studies would help track how awareness, compliance costs, and satisfaction evolve, while sector-specific analyses could highlight differential effects on industries such as FMCG, textiles, and jewellery. Further, examining the relative experiences of small versus large retailers and assessing the effectiveness of government training and awareness programs would provide a more comprehensive understanding of GST's operational and economic implications for the retail sector.

CONCLUSION:

The study concludes that while most retailers are aware of GST, their level of knowledge remains moderate, indicating the need for improved education and support. GST has increased compliance-related costs for many retailers and introduced operational challenges due to complex rules, technical difficulties, and frequent regulatory changes. These factors have affected the ease of implementation and business operations. Overall, the findings suggest that although GST has been widely adopted, simplifying compliance procedures and strengthening support systems are essential to improve its effectiveness for retailers.

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