“IMPACT OF GST IN RETAIL SECTOR”



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By

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DECALARTION

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It is her/his own work and facts reported by her/his personal findings and investigations.

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**CHAPTER 1**

**INTRODUCTION**

**1.1. INTRODUCTION OF GST**

The term ‘Tax’ is derived from Latin word ‘Taxare’ that means to estimate. In India, a direct tax practice was prevailed across various industries. From July 1st, 2017, GST came into being which is a comprehensive tax regime levied on manufacturing, sales and consumption of products and services.

Introduction of GST has merged both center and state tax into a unified tax system across nation. This new tax regime which has cascading effects on the economy which seems to be testing time for India for ease of business in the supply chain systems.GST has become buzzword across the nation, which has created a sense of transformation of businesses yet to get clarity in various sectors.

In retail industry, business has undergone dramatic changes both in organized and unorganized retailing in Tier-I cities and Tier-II cities of India. As it is highly fragmented in nature, the country is going to experiment with Goods and Services Tax with new tax regime which has cascading effects on the economy. In this context, Retailers are facing challenges in terms of handling merchandise across categories which in turn has effect on their bottom line of business.

According to various sources of market research agencies, the definition holds as follows GST is defined as a new tax regime that is currently levied on products and services across India.

Further, it is a uniform indirect tax which has replaced many of taxes such as Excise duty, service tax, additional duties of excise and custom duty taxes and surcharges on products and services.

Likewise, there are new definitions of GST found in academic literatures. This paper addresses the rudimentary aspects of GST and particular to retail stores. Introduction of the Value Added Tax (VAT) at the Central and the State level has been considered to be a major step –an important step forward –in the globe of indirect tax reforms in India.

If the VAT is a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then the Goods and Services Tax (GST) will indeed be an additional important perfection –the next logical step –towards a widespread indirect tax reforms in the country.

Initially, it was conceptualized that there would be a national level goods and services tax, however, with the release of First Discussion Paper by the Empowered Committee of the State Finance Ministers on 10.11.2009, it has been made clear that there would be a “Dual GST” in India, taxation power –both by the Centre and the State to levy the taxes on the Goods and Services. Almost 150 countries have introduced GST in some form

While countries such as Singapore and New Zealand tax virtually everything at a single rate, Indonesia has five positive rates, a zero rate and over 30 categories of exemptions. In China, GST applies only to goods and the provision of repairs, replacement and processing services. GST rates of some countries are given below.

|  |  |
| --- | --- |
| **Country** | **Rate of GST** |
| **AUSTRALIA** | **10%** |
| **FRANCE** | **19.6%** |
| **CANADA** | **5%** |
| **GERMANY** | **19%** |
| **JAPAN** | **5%** |
| **SWEDEN** | **7%** |
| **SINGAPORE** | **25%** |
| **NEW ZEALAND** | **15%** |

World over in almost 150 countries there is GST or VAT, which means tax on goods and services. Under the GST scheme, no distinction is made between goods and services for levying of tax. In other words, goods and services attract the same rate of tax. GST is a multi-tier tax where ultimate burden of tax fall on the consumer of goods/ services. It is called as value added tax because at every stage, tax is being paid on the value addition. Under the GST scheme, a person who was liable to pay tax on his output, whether for provision of service or sale of goods, is entitled to get input tax credit (ITC) on the tax paid on its inputs.

**1.2 INTRODUCTION TO CGST ACT, 2017**

In India we adopted dual GST model. In this model both Centre and State levy GST simultaneously when a transaction in intra State. The GST Council in its 11th meeting held on 4thMarch, 2017 approved the “Draft Central GST” bill which makes provisions for levy and collection of tax on intra-State supply of goods Services or both by the Central Government. The Union Government presented the central goods or service tax bill, 2017 in Lok Sabha on 27th March, 2017 and the same was passed by Lok Sabha on 29th March, 2017. The Rajya Sabha passed the bill on 6th April, 2017 and was assented by the president on 13th April, 2017.

The Act is applicable All over the India including Jammu & Kashmir (Source of introduction Book by ICSI)

**1.3 DEFINITION OF GST**

Under Article 366 of the Constriction, Goods and Services tax (GST) means any tax on supply of goods, or Services or both except taxes on the supply of the alcoholic liquor for human consumption.

**1.4 TYPES OF TAX SYSTEM IN INDIA**

Tax is the major source of financial charges to impose by Government of India, on income of commodity and activity. Government imposed 2 types of tax for person. I.e. Direct and Indirect e.g.

Direct Tax – Income Tax and Wealth Tax etc.

Indirect Tax – Goods and Service Tax (GST).

**1.5. ADVANTAGES OF GST**

1. **GST eliminates the cascading effect of tax:** GST is a comprehensive indirect tax that was designed to bring the indirect taxation under one umbrella. More importantly, it is going to eliminate the cascading effect of tax that was evident earlier. Cascading tax effect can be best described as ‘Tax on Tax’.
2. **Higher threshold for registration:** Earlier, in the VAT structure, any business with a turnover of more than Rs 5 lakh (in most states) was liable to pay VAT. Please note that this limit differed state-wise. Also, service tax was exempted for service providers with a turnover of less than Rs 10 lakh.

Under GST regime, however, this threshold has been increased to Rs 20 lakh, which exempts many small traders and service providers.

Let us look at this table below:

|  |  |
| --- | --- |
| **TAX** | **THRESHOLD LIMITS** |
| Excise | 1.5 crores |
| VAT | 5 lakhs in most states |
| Service Tax | 10 lakhs |
| GST | 20 lakhs (10 lakhs for NE states) |

1. **Composition scheme for small businesses:** Under GST, small businesses (with a turnover of Rs 20 to 75 lakh) can benefit as it gives an option to lower taxes by utilizing the Composition scheme. This move has brought down the tax and compliance burden on many small businesses.
2. **Simple and easy online procedure:** The entire process of GST (from registration to filing returns) is made online, and it is super simple. This has been beneficial for start-ups especially, as they do not have to run from pillar to post to get different registrations such as VAT, excise, and service tax. Our Clear Tax GST software is already on a roll filing GST returns.
3. **The number of compliances is lesser:** Earlier, there was VAT and service tax, each of which had their own returns and compliances. Below table shows the same:

|  |  |
| --- | --- |
| **TAX** | **RETURN FILING** |
| Excise | Monthly |
| Service Tax | Proprietorship/ Partnership-Quarterly Company/ LLP- Monthly |
| VAT | (Different for different states)  Some states require monthly returns over a threshold limit.  Some states like Karnataka require a monthly return |

Under GST, however, there is just one, unified return to be filed. Therefore, the number of returns to be filed has come down. There are about 11 returns under GST, out of which 4 are basic returns which apply to all taxable persons under GST. The main GSTR-1 is manually populated and GSTR-2 and GSTR-3 will be auto-populated.

1. **Defined treatment for E-commerce operators:**

Earlier to GST regime, supplying goods through e-commerce sector was not defined. It had variable VAT laws. Let us look at this example:

Online websites (like Flip kart and Amazon) delivering to Uttar Pradesh had to file a VAT declaration and mention the registration number of the delivery truck. Tax authorities could sometimes seize goods if the documents were not produced.

Again, these e-commerce brands were treated as facilitators or mediators by states like Kerala, Rajasthan, and West Bengal which did not require them to register for VAT.

All these differential treatments and confusing compliances have been removed under GST. For the first time, GST has clearly mapped out the provisions applicable to the e-commerce sector and since these are applicable all over India, there should be no complication regarding the inter-state movement of goods anymore.

1. **Improved efficiency of logistics:** Earlier, the logistics industry in India had to maintain multiple warehouses across states to avoid the current CST and state entry taxes on inter-state movement. These warehouses were forced to operate below their capacity, giving room to increased operating costs.

Under GST, however, these restrictions on inter-state movement of goods have been lessened. As an outcome of GST, warehouse operators and e-commerce aggregators players have shown interest in setting up their warehouses at strategic locations such as Nagpur (which is the zero-mile city of India), instead of every other city on their delivery route.

Reduction in unnecessary logistics costs is already increasing profits for businesses involved in the supply of goods through transportation.

1. **Unorganized sector is regulated under GST:** In the pre-GST era, it was often seen that certain industries in India like construction and textile were largely unregulated and unorganized.

Under GST, however, there are provisions for online compliances and payments, and for availing of input credit only when the supplier has accepted the amount. This has brought in accountability and regulation to these industries.

**1.6. DISADVANTAGES OF GST**

**1. Increased costs due to software purchase:** Businesses have to either update their existing accounting or ERP software to GST-compliant one or buy GST software so that they can keep their business going. But both the options lead to increased cost of software purchase and training of employees for an efficient utilization of the new billing software.

Clear Tax is the first company in India to have launched ready-to-use GST software called Clear tax GST software. The software is currently available for free for SMEs, helping them transition to GST smoothly. It has truly eased the pain of the people in so many ways.

**2. Being GST-compliant:** Small and medium-sized enterprises (SME) who have not yet signed for GST have to quickly grasp the nuances of the GST tax regime. They will have to issue GST-complaint invoices, be compliant to digital record-keeping, and of course, file timely returns. This means that the GST-complaint invoice issued must have mandatory details such as GSTIN, place of supply, HSN codes, and others.

Clear Tax has made it easier for SMEs with the Clear Tax Bill Book web application. This application is available for FREE until the end of September and is an easy solution to this problem. This will help every business to issue GST- compliant invoices to their customers. These same invoices can then be used for return filing through the Clear Tax GST platform.

**3. GST will mean an increase in operational costs:** As we have already established that GST is changing the way how tax is paid, businesses will now have to employ tax professionals to be GST-complaint. This will gradually increase costs for small businesses as they will have to bear the additional cost of hiring experts. Also, businesses will need to train their employees in GST compliance, further increasing their overhead expenses.

**4. GST came into effect in the middle of the financial year:** As GST was implemented on the 1st of July 2017, businesses followed the old tax structure for the first 3 months (April, May, and June), and GST for the rest of the financial year.

Businesses may find it hard to get adjusted to the new tax regime, and some of them are running these tax systems parallelly, resulting in confusion and compliance issues.

**5. GST is an online taxation system:** Unlike earlier, businesses are now switching from pen and paper invoicing and filing to online return filing and making payments. This might be tough for some smaller businesses to adapt to.

Cloud-based GST billing software like the Clear Tax GST Billing Software is definitely an answer to this problem. The process for return filing on Clear Tax GST is very simple. Business owners need to only upload their invoices, and the software will populate the return forms automatically with the information from the invoices.

Any errors in invoices will be clearly identified by the software in real-time, thus increasing efficiency and timeliness.

**6. SMEs will have a higher tax burden:** Smaller businesses, especially in the manufacturing sector will face difficulties under GST. Earlier, only businesses whose turnover exceeded Rs 1.5 crore had to pay excise duty. But now any business whose turnover exceeds Rs 20 lakh will have to pay GST.

However, SMEs with a turnover up to Rs 75 lakh can opt for the composition scheme and pay only 1% tax on turnover in lieu of GST and enjoy lesser compliances. The catch though is these businesses will then not be able to claim any input tax credit. The decision to choose between higher taxes or the composition scheme (and thereby no ITC) will be a tough one for many SMEs.

**1.7. RETAIL MARKET IN INDIA**

After Liberalization, Privatization and Globalization era, retailing in India is getting more attraction like never before. In service industry, especially retailing sector growth is very rapid and moving steep upward trend. Retail sector contributes more than 50% of GDP and its annual growth is estimated 8.9% in current years.

It is one of the fastest developing sectors and it is gained fifth place in the top five retail market in the world by economic value. As the Indian council for research and international Economic relations (ICRIER) retail sector is expected to contribute 22 percent of the India’s GDP. In India, Retailing is predominantly unorganized.

The growths of organized retailing in India especially in metros are very high and attractive in nature. Retailing in India is gradually inching its way toward becoming the next boom industry.

The Indian population is witnessing a significant change in its demographics a large young working population, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector in India.

Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft in size. In India the emergence of a few medium sized Indian Retail chains, namely Pantaloon Retail, RPG Retail, Shoppers Stop, Westside (Tata Group) and Lifestyle International. Given the attractiveness of the Indian retail sector, foreign retailers like Wal-Mart, Carrefour SA, Europe's largest retailer and Tesco Plc, the UK's largest retailer, were keen to enter this growing market, In the last few years, Indians have gone through a dramatic transformation in lifestyle by moving from traditional spending on food, groceries and clothing to lifestyle categories that deliver better quality and taste.

Consumer behaviourble changes make “Yesterday’s luxuries are today’s necessaries”. India is emerging as an attractive market for consumer durables. But the vibrant environmental factors and fierce competition is making it imperative to understand the dynamics of consumer durable market. Market survival depends on consumer satisfaction. Consumer satisfaction depends on their perception and brand preference of particular brand.

**1.8. EFFECTS OF GST ON SMALL RETAILERS**

When the GST Bill was passed, it was made absolutely clear by the authorities that this reform will be highly beneficial for small and medium scale businesses. Since these businesses need whatever financial help they can to hold their footing in the market, it was concluded that opting for GST registration will give them some respite from the cascading tax system. Earlier on, there were different tax rates for different industries, but with the advent of GST, every industry, regardless of their size, now falls under the same rates.

The benefits that small-scale retailers are reaping owing to GST have been listed below:

**1. Setting up a business is trouble-free:** If a business has to depend upon inter-state transactions to function, then it is required to obtain VAT registration. But with the varying tax rates and rules in different states only led to burden and an increase in investment, thereby adding to their inconvenience. But with GST, the tax rates are uniform all across the country and with centralized registration, these businesses get the opportunity to build up with ease, and the eventual growth becomes an additional advantage.

**2. Quicker delivery of services and proper logistics:** A lot of benefits have been incorporated in the GST bill after careful thinking. One of the most significant of them being the removal of entry tax on goods purchased or manufactured in any part throughout the country. This remarkably speeds up the process of transporting and delivering goods at checkpoints in every state. As a result of this reform, the cost of transportation of goods has reduced for a lot of manufacturers which has again impacted the small businesses in a positive way.

**3. Goods and services are considered the same:** This step has again made it easier for small retailers to find opportunities to flourish. The GST bill has taken upon itself to see to it that goods and services are not differentiated anymore. This leads to the simplification of multiple legal proceedings concerning the packaged goods. Since there is no tangible distinction between the product and services, this decreases the practice of evading tax by a great extent. SMEs are only required to calculate the tax amount on the final product, thereby making it easy to prepare the invoice.

**4. Opportunity to pay lesser tax:** Before the existence of GST, small retailers were forced to pay tax on multiple levels, which thereby gave rise to the ‘cascading tax’ effect. But now, since the GST has replaced all other indirect taxes, the SMEs now find it very beneficial as it has lessened their tax immensely. Now that

the government has become lenient in the GSTR filing process for SMEs having a turnover of Rs. 1.5 crore by making them pay quarterly instead of monthly, it will now be a lot more convenient for them.

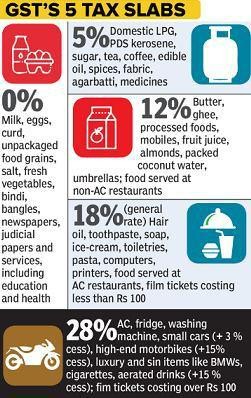
But, in the hopes of benefiting the small and medium scale retail businesses, the imposition of GST has had a negative impact on them as well. Here are a few of them:

* **Lack of technological facilities:** As is the case of most small retailers and businesses, they do not have the necessary facilities which will give them the benefit to opt for filing GSTR online. Without a choice, they need to acquire the relevant external source that will help them with the process of GST registration. Therefore, this causes an increase in the cost of registration.
* **Compulsory multiple registrations for businesses that function all over India:** With the advent of GST, it is now mandatory for businesses that run in more than one state to register themselves in all those states. This is an extremely unfavorable condition for SMEs since it gives rise to a difficult and more complex situation which did not occur before this.

While the GST has been hailed as one of the most anticipated and required changes in the Indian economy, it has caused these minor issues which have been mentioned above. It is of no doubt that the GST services are greater in number and that it was created with the best interest of the people in mind, it somehow missed out on these minute details which can hinder the growth of small retailers. But, with the increasing rate of business opportunities and with people realizing the need for digitalization, it is safe to say that SMEs will eventually start thriving and take things in their stride and make the most of the benefits that are being provided especially for them under the GST bill.

GST will come under supply of goods instead of sales or manufacturing. Under GST, any supply without consideration will result in tax.Retail sector comes up with many offers like buy one get one free or some freebies on larger goods, every now and then.Tax will be imposed on such gifts as well when GST comes into play. This clause will affect promotional activities of retail sector as under

current taxation structure, such goods are tax-free. Goods and Services Tax started in India from 1st July 2017. GST, which was including all other taxes, has been believed to eliminate other additional taxes on the inner state goods and services. Its main aim is to eliminate state boundaries and developed common market by removing indirect taxes and mitigates cascading. Retail Sector which became a backbone for Indian Economy accounts for around 10% of GDP. Supply chain network design, which is a critical activity in Retail Industries offers the opportunity of cost saving. Retail market has to assess their Supply chain strategy and need to remodel their network. This paper makes an attempt to bring out Impact of GST in Retail Sector

** Positive Impact of GST on Retail Sector**

**1. Lower Taxes:** GST effectively replaces all the various indirect taxes being applied to the supply of retail products. Before GST, retailers had to pay multiple taxes, including VAT, CST, Services tax, excise duty, etc, amounting to around 30% of the product cost. After GST, there is only a single tax, varying from 12 to 28% on different products. GST also reduces the cascading of taxes as the credit for input taxes can be now claimed by retailers.

**2. Availability Input Tax Credit:** Unlike the previous tax regime, GST has the provision of input tax credit, in which a retailer can claim credits for the tax previously paid by him on the purchase of inputs. This not only saves tax but also it reduces the cascading effect of taxes.

This is again one of the big advantages for the retail sector where certain taxes charged on supply of services say on rent payment for outlets, huge professional charges paid for various services like recruitment agency etc. will now available as credit under GST. The duty payment made at the time of import (CVD+SAD) of goods will be available as tax credit under GST which was earlier a cost for the sector although refund of SAD was available subject to various restrictions and various checks and balances. In my view this enhanced availability of credits brings a very positive impact for the sector.

**3. Reduced Complications:** The less number of taxes means less complexity. Also, GST is a completely digital tax system that means retailers can plan and file the returns online without having to manage a lot of physical documents, accounts, etc. The entire compliance system under GST will be taken care by GSTN (Goods and services tax network) which is a IT network for managing all the process related to registration, returns, payment etc. This network is one of the largest in our history which will be processing 3 billion vouchers per month with 50000 transactions per second.

As per the process note on GST returns invoice level information will not be required to be given for a company where supplies are made to customers i.e. B2C supplies but HSN codes will be mandatory for invoice purposes. For taxable persons up to the turnover of 1.50 cr. HSN codes are not required but in case turnover exceeds 1.50 cr. but up to 5 cr. HSN codes of 2 digits and turnover above 5 cr. HSN codes of 4 digits will be mentioned in invoices.

**4. New Promotional Strategies:** The new GST tax regime has forced retailers to re-plan and implement a completely new promotional strategy in sharp contrast to the erstwhile strategy of promotional gifts and items. This is primarily because under GST all supply channels are accountable and accordingly attract some tax. In the new GST model, any supply without consideration will attract tax and therefore, everything will have to be accounted for. Retailers gave out gifts and promotional items with products as a part of their overall marketing strategy which till now used to be tax- free. However, when GST gets implemented, no such rule will be applicable and retails will have to pay taxed on gifts and promotional items therefore, letting them to re-think their promotional strategies.

**5. Ideal for Start-ups:** The Government has already announced tax rebates for entrepreneurs and startups. With GST getting rid of the complications associated with the retail sector, it is inevitable that budding startups would tap into this opportunity.

A. business currently has to get VAT registration from the State’s Sales Tax Department. With GST in picture, the procedure for GST registration will be centralized and unvarying. Multiple VAT registrations across states will not be a prerequisite, one GST registration pan India will suffice.

B. Currently, VAT registration and VAT payment is compulsory in India once a business crosses yearly earnings of Rs.5 lakhs in some states and Rs.10 lakhs in a few others. After GST, businesses with revenue of less than Rs 10 lakhs per annum will not have to index for GST nor collect GST again.

C. Today, tech giants ‘stock transfer’ goods from one state to another since they have logistics and infrastructure capabilities thus, escaping paying taxes on inter- state transfers and movement. Due to limited resources and infrastructure, SMEs and startups aren’t able to do this and they get goods through inter-state sales consequently having to shell Central sales tax. GST will bring parity between small players and big corporate houses and since it diminishes multiplicity of taxes, compliance costs should also plunge along with logistic inefficiencies, slow transit times, red tape and disruption in business climate.

**6. Phasing out of CST will brings efficiency in supply chain:**

In the present system of taxation every company in the retail sector plans locations of its warehouses and branches in order to avoid cost of CST. Suppose if a retailer is located in Delhi and it procures material from a manufacturer in Maharashtra then normally they prefers the route of stock transfer against f form to avoid CST although loss of retention is borne overall. Once GST is implemented all interstate supply of goods shall be subject to IGST which is a creditable tax. This availability of credit will give options to the sector to shut some of the locations which were just used to transfer goods from depot to outlets. Under proposed GST regime transfer of goods will be simpler with availability of tax credit completely.

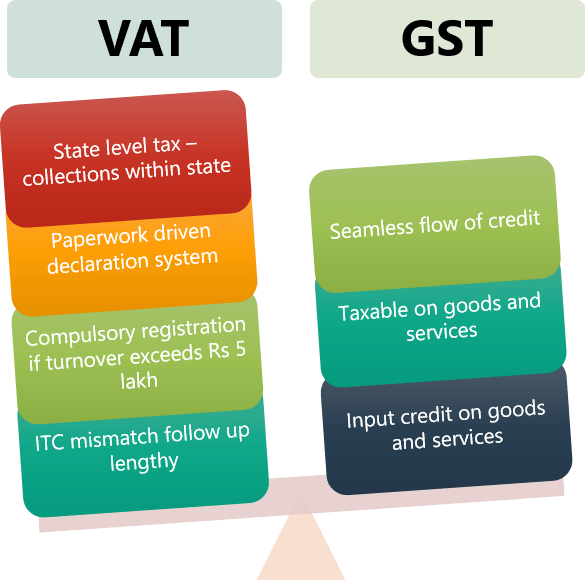
**7. Place of supply in case of retail sector:** GST is a destination based consumption tax where tax goes to the state where goods or services are actually consumed. Therefore it becomes important to determine the correct place of supply for making payment of tax. On careful reading of model GST law it is clearly written that POS in case of retail sector (B2C) shall be the location of goods at the time of delivery to the recipient i.e. location of store. This whole analysis reveals that in case of B2C transaction in retail sector CGST+SGST shall be charged.

This principal is not diluted even in case home delivery is made by a retailer in his local limits. The POS in this case will be the location of the goods at the time at which the movement of goods terminates for delivery to the recipient i.e. again intrastate.

Overall we can say that under proposed GST regime place of supply for retail sector shall be the location where goods are delivered to the customer.

**8. Growth of retail market:** GST will lead to the unification of markets as it will streamline the state and the central taxes and eliminate confusion of taxation in different markets.

Retailers can easily expand their business beyond boundaries as they have to register their business only once and then can carry operations across all states. This will also contribute toward the growth of the retail market and help boost the economy of the country.



**4.2. Negative Impact of GST on Retail Sector**

**1. Proposed GST Rate Is Higher Than VAT:** Proposed GST Rate Is Higher Than VAT The rate of GST is proposed to be higher than the current VAT rate in India, which although reducing the price in the longer run, will be of no help in cutting down prices of commodities.

**2. Dual Control:** A business will be indirectly controlled by both the centre and the State in all tax related matters. The State will lose autonomy to change the tax rate which will be regulated by the GST Council.

**3. Loss Incurred by the Manufacturing States:** GST is mostly related to the manufacturing segment, most manufacturing states may incur losses. But the government has proposed to compensate for those losses for a period of 5 years.

**4. Transitional challenges for retail sector:** The model GST law contains a detailed chapter on transitional provisions wherein many transitional possibilities have been covered as per the wisdom of lawmakers. Migration of registration from existing law to new law, carry forward of tax credits shown in returns, refunds pending in previous law etc. As per our understanding following critical issues have not been addressed while drafting transitional provisions:

* If supplier has removed goods on 30th day of March 2017 or 31st March which is received by customer on say 01st day of April 2016 or later on. What will be the status of tax credit in this specific case? This has not been discussed anywhere in model GST law. This is a matter of representation for industry and needs serious consideration at the time of finalization of law.
* On careful reading of provisions given in model law credits which are part of return shall be taken into GST regime. The portion of excise duty which is embedded in closing stock of retailer at their outlets, depots will suffer higher tax again when these goods will be sold into GST regime. Serious representations should be made in this regard by industry to ministry otherwise such a big tax reform will lead to a situation of stock out on closing dates which cannot be the intention of Govt.

**5. Gifts, free samples also taxable under GST:** The concepts of manufacturing, sales are no more relevant under GST regime because we are moving to a more comprehensive taxable event which is supply as defined under section 3 of model GST law. If we touch upon the definition of supply it says supply includes all forms of supply made or agreed to made for consideration in the course or furtherance of business and also includes certain transaction as supply even without consideration as per schedule I. Now clause 5 of schedule I says supply of goods and / or services by a taxable person to another taxable or non taxable person in the course or furtherance of business even without consideration is taxable under GST.

So under GST regime if you are giving a gift to one of your customer you will be liable to pay GST on it which is not there under current VAT laws. These kinds of transactions of gifts, buy one get one free are very common under retail sector and will impact business or sales promotion policies significantly.

**6. Valuation challenges for retail sector under GST:** The value of supply of a goods and services under GST shall be transaction value provided the supplier and recipient are not related parties and price is the sole consideration for supply. So in case of gifts, free samples, buy one get one free value shall be determined by following valuation rules given separately.

The value on which is tax is paid by following valuation rules may also be rejected by assessing authority if they have reason to doubt the truth or accuracy of value.

Blockage of working capital in case of stock transfer:

Gone are the days when stock was transferred between the offices of same entity on strength of F forms under CST law. This was a great planning tool for many companies to avoid CST cost in case goods are procured from other states. Now under the GST regime interstate movement of goods will attract IGST and even in case of same entity also hence it will cause significant blockage of working capital.

The branch which is transferring goods to another branch of same entity has to upfront pay the tax but the receiver can book the credit and use this tax to pay his output GST liability in times to come.

**7. Critical issues in trade incentive and discounts:** Trade incentives and discounts that are allowed after the supply of goods has been affected shall become part of transaction value on which tax is paid by the supplier of goods. The incentives such as yearend sale discount, festival sales, turnover discount etc. are normally given after supply and cannot be linked to specific invoices will now become part of transaction value and tax has to be paid. This is a serious matter of representation for the retail industry before the law gets its final shape.

**8. Tax rates will play critical role for industry:** A lot of discussion is going on today about rate of tax under GST regime. If go through the revenue neutral report (RNR) as discussed above there will be 5 categories of rate for goods under GST. Have you visualized the impact of GST rates on certain commodities where total incidence of indirect tax is 6%-8% presently and this includes excise duty and VAT/CST? Here I am talking about few commodities such as edible oil, papad industry where rates will shoot-up even if it is kept in lower slab of 12%. In my view if the rates are not kept at existing level industry will be adversely impacted.

**C. PRODUCT WISE IMPLEMENTATION OF GST ON RETAIL SECTOR IN INDIA**

After introduction of GST in India, the availability of real estate in terms of location and sizes has been a challenge for retailers as it is understood that lease rentals in marquee areas in stores command a high premium price and have adversely impacted the retailers’ prevailing thin margins and break even is affected. In broader sense, poorly developed infrastructure in the domain of supply chain management, warehousing and electrical and electronic equipments in small cities is a big hurdler for retailers ought to tackle the issues. The below table presents the impact of GST on various product categories depicting the rise in prices and decrease in prices and presents the products which are tax free.

**1. IMPACT OF GST ON RETAILERS ON PRODUCT CATEGORIES**

The below table provide details of the impact on retailers on the basis of product categories. The product description includes food, personal care, travel and auto, hotels, others, entertainment and household.

|  |  |  |  |
| --- | --- | --- | --- |
| **SR.**  **NO** | **DESCRIPTION** | **PRODUCT GONE**  **CHEAPER** | **PRODUCTS GONE**  **COSTLIER** |
| 1 | Food | Products such as unpacked food grains, unbranded Atta, Maida, Besan, vegetables, salt, sauces, food at small  restaurants | Tea and coffee, food at fine dining restaurants or those inside five star hotels. |
| 2 | Personal Care | Soaps, Hair oil,  toothpaste | Shampoos and  Deodorants |
| 3 | Travel and Auto | Airfares for economy | Airfare for business |
|  |  | class travel, bikes/two-wheelers with engine capacity below 350cc and Sports Utility Vehicle  (SUV’s) | class and train tickets, bikes which have an engine capacity of over 350 cc. |
| 4 | Hotels | Rooms at non-luxury hotels and hotels with tariffs of less than Rs  7,500. | Hotels which have room tariffs over Rs 7,500 |
| 5 | Others | Apparels and Foot ware | Aerated drinks, tobacco and luxury goods, Mobile bills, salon services and  buying a flat |
| 6 | Entertainment |  | Movie tickets above Rs  100. |
| 7 | Household |  | TVs, refrigerators, ACs,  Washing machine. |

The effect of GST implication on various product categories are been shown in the above table which is indicating the tax imposed on them, however, there are also certain product categories which doesn’t imposed any taxes on GST as per Government of India norms. The product which doesn’t imposed any taxes are been explained further.

**2. IMPACT OF GST (TAX FREE PRODUCTS)**

The below table provide details of the impact on retailers on the basis of product categories which are tax free as per government norms. The product description includes daily products, women accessories, hotel, services, miscellaneous and others. It has been explained further:

|  |  |  |
| --- | --- | --- |
| **SR.**  **NO** | **DESCRIPTION** | **TAX FREE PRODUCTS/ ITEMS** |
| 1 | Daily Products | Products include salt,egg,milk,butter milk, unpackaged curd, natural honey, fresh fruits, vegetables, besan, bread, lassi, unpackaged paneer, fresh meat, fish, unbranded and unpackaged tea,  coffee |
| 2 | Women  Accessories | Bindi, Sindoor, Bangles, Kajal (other than pencil  sticks kajal) |
| 3 | Hotel | Hotel Room Tariff below Rs.1000 |
| 4 | Services | Education and Healthcare |
| 5 | Miscellaneous | Stamps, Judicial papers, Printed books, Newspapers |
| 6 | Others | Indian National Flag, Pooja items, Contraceptives |

**D. HOW SIGNIFICANT WILL BE THE IMPACT OF GST ON RETAIL SECTOR IN INDIA?**

Goods and Services Act (GST) is considered to be a game changer for the Indian economy. This has been the biggest indirect tax reform which was long awaited and certainly promises to create unilateral platform for all goods and services offered in India. No doubt, there have been apprehensions regarding the impact of GST on various sectors of Indian economy. The case of retail sector is of paramount significance as it not only includes huge volume of transaction but also generates mass employment in both urban and rural sector. As far as the global scenario is concerned, India is the fifth largest preferred retail destination and one of the highest in terms of per capita retail store availability. Whether the exponential growth of retail sector will carry forward in the GST era, is an important discussion across several quarters. Nevertheless, Compound Annual Growth Rate (CAGR) of India is dependent on the vibrant retail sector.

**a.** The proposed GST will reduce taxes with more transparency– In the VAT regime, retail products were subject to VAT, CST, and service tax on warehousing. Apart from that, the products were also subject to Octroi or entry taxes along with consulting fees and rent. GST system will drastically reduce taxes and this will reduce the price of the product bringing much needed relief to the customers or consumers.

**b.** Increase in supply efficiency will be an added advantage in the GST era– Supply efficiency is another highlight which is going to transform the traditional retail chain set up. CST being abolished and no further need of keeping warehouses, increase in efficiency will certainly be an added advantage to this sector.

**c.** Consistent input tax credit will be a common feature with the arrival of GST– This will no doubt eliminate the cascading effect of taxes in the retail industry.

**d.** Location & compliance factor will no longer be an issue after GST implementation– Location wise, in the GST era, place of supply for retail will be the location where goods are delivered in a stipulated time frame. Importantly enough, the role of the entire compliance system under GST will reply on Goods and Services Tax Network (GSTN) which will be managing all issues regarding registration, returns, payments and the other aspects of the whole procedure. Smooth functioning of GSTN will be indeed pivotal to the profit making aspect of retail sector in the GST era.

**e.** Taxation on gifts, promo offers and other promotional items will begin in the GST era– In Indian retail sector promotional offers or discounts are very common, especially in the festival season. In the VAT regime, all such free products, samples, gifts were tax-free and retailers opted for such as essential tool in aggressive campaigning. In the GST regime, all such gifts will be considered for tax. Thus retailers will definitely need to brainstorm on alternative way outs in GST era.

**f.** Competing with the e-commerce domain will be an important factor even in the GST era for the retail sector– For the last few years e-commerce domain has been considered to be the biggest opponent of retail sector. In the GST era, all such companies will be required to consider their operations across which will require huge logistical support with improved infrastructure. No doubt, it will definitely favor the case of the retailers.

**g.** Will GST invite more FDI in retail sector? Whether GST will invite Foreign Direct Investment (FDI) in retail industry or not, is another serious issue. In all probability, investors will be careful enough at least for the first few months of GST era and then further investments can certainly happen.

**h.** Probable expansion of retail sector in the GST era will be a huge boon in the long run– Considerable advantages in both taxation and operating domain will give ample opportunities along with cost saving approach. Added to that widening of potentials market for retailers will boost the market with more money flow and vast new range of possibilities in the days to come.

Nevertheless, the timing of implementing GST is also in favor of the retailers. Last year when the Central Government opted for sudden demonetization, wholesalers, distributors and retailers had no other choice but to de-stock the inventory and also they were compelled to reduce the volume of goods considerably. At present Indian economy is recovering its shape in spite of average yearly results and retail sector too has showcased its promise ahead of the GST regime. A unified potential retailer market will definitely beneficial for Indian economy in the long run and in all probability, the arrival of GST will help it.

**CHAPTER 2**

**RESEARCH METHODOLOGIES**

**2.1. OBJECTIVES OF THE STUDY**

• To study the implementation of GST business practices.

• To understand the concept of GST.

• To obtain a comprehensive overview of consumer’s and retailer’s awareness and perceptions of GST.

• To find out the impact of GST on sales of retailers.

• To analyze the impact of changes in the tax rates of fast moving consumer goods on consumers.

• To cognize the concept of GST.

• To study the features of GST.

• To evaluate the advantages and challenges of GST.

• To furnish information for further research work on GST.

**2.2 SCOPE OF THE PROJECT**

**IMPACT OF GOODS AND SERVICE TAX ON RETAIL SECTOR**

There are two types of impact of GST on Retail Sector......

A. Positive Impact of GST on Retail Sector

B. Negative Impact of GST on Retail Sector

• Impact on taxation part

Under the existing regime of indirect taxes, the burden of indirect taxes on 65%-70% of items is around 30% and sometimes it goes beyond that also. This figure of 30% includes excise 12.50% on 80% of the items, VAT 14.50% on 55% of items, entry tax, Octroi etc. When we are paying indirect taxes to the tune of 30% or so under GST it will come down definitely. At this point of time I am not in a position to comment upon the rate of tax going to be applicable but the RNR report given by Govt. suggests below mentioned rates.

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Class of goods** | **Commodities covered** | **Rate of tax** |
| **1.** | **Basic need items** | **Milk, wheat, fruits etc.** | **Nil\*** |
| **2.** | **Precious metals** | **Gold, diamond, silver etc.** | **2%-6%** |
| **3.** | **Lower rate goods** | **Steel, cement, iron etc.** | **12%** |
| **4.** | **Standard goods** | **Garments, watches etc.** | **18%** |
| **5.** | **Luxury goods** | **SUV cars, tobacco, aerated**  **drinks etc.** | **28%** |

\* As replied by union FM in Rajya Sabha while answering question of members on 122nd constitutional amendment bill on 03-08-2016. The rates include both CGST and SGST.

So looking at the above table and burden of existing indirect taxes (30%) what you think about incidence of tax under GST? In my mind under GST there will be no tax on tax which is causing distortion and artificial inflation on the prices of goods. Overall in my opinion the burden of tax will reduce significantly as compared with existing system where there is tax on tax.

**2.3. POSITIVE IMPACT OF GST ON RETAIL SECTOR**

**Benefits of GST on Retail Businesses**

With the introduction of GST in India, there is an adverse effect which has resulted in inconvenience for the customers though there is lot of benefit in long term gains of business. It is noteworthy to mention that customers can get rid of indirect taxes such as Value added Tax, Central Sales Tax, Service Tax and excise taxes etc., which has resulted in simplified tax policy in India.

The following are the benefits seen in the retail business.

**•** It eradicates cascading effects of taxes i.e., tax on tax.

**•** The lower prices for certain product categories are resulting in high demand.

**•** Due to decrease of burden of taxes on manufacturing, the prices may be decreased

**•** The increased manufacturing activity will result in more opportunities if consumers have affordability in buying products.

**•** The whole Indian marketplace can be unified which may result in decrease of business costs

**•** It can help seamless movement of products throughout states which helps in decreasing the transaction charges of enterprises.

**•** Due to GST, there is wide scope for E-commerce to penetrate the market.

**•** GST has an effect on Foreign Direct Investment which can gain confidence from foreign investors.

**•** GST helps in ease of doing business and elevates scalability of business

All most every industry body are “fully prepared" for implementation of the new indirect tax regime, while commending the government’s efforts towards its rollout. The nationwide GST will overhaul India’s convoluted indirect taxation system and unify the over $2 trillion economy with 1.3 billion people into a single market.

The medium-term impact of GST on macroeconomic indicators is expected to be extremely positive. Inflation will be reduced as cascading of taxes will be eliminated. India would move many notches up the global ease of doing ladder by this single, but the most important tax reform in the country.

**A. Lower Taxes:** GST effectively replaces all the various indirect taxes being applied to the supply of retail products. Before GST, retailers had to pay multiple taxes, including VAT, CST, service tax, excise duty, etc., amounting to around 30% of the product cost. After GST, there is only a single tax, varying from 12 to 28% on different products. GST also reduces the cascading of taxes as the credit for input taxes can be now claimed by retailers.

**B. Input Tax Credit:** Unlike the previous tax regime, GST has the provision of input tax credit, in which a retailer can claim credits for the tax previously paid by him on the purchase of inputs. This not only saves tax but also it reduces the cascading effect of taxes.

**C. Reduced Complications:** The less number of taxes means less complexity. Also, GST is a completely digital tax system that means retailers can plan and file the returns online without having to manage a lot of physical documents, accounts, etc.

**D. New Promotional Strategies:** The new GST tax regime has forced retailers to re-plan and implement a completely new promotional strategy in sharp contrast to the erstwhile strategy of promotional gifts and items. This is primarily because under GST all supply channels are accountable and accordingly attract some tax.

**E. Ideal for Startups:** The Government has already announced tax rebates for entrepreneurs and startups. With GST getting rid of the complications associated with the retail sector, it is inevitable that budding startups would tap into this opportunity.

**F. Levels the Playing Field:** Although startups have the added advantage of being new and hence easily implement new operational as well as supply chain strategies, the existing players in the sector are also surely pleased with the freedom they will now have to draft business strategies as per their strengths and not forced

by the yesteryears market norms. Business expansion will no longer be a with one GST number being used for registering all business-related activities across the length and breadth of the country.

**2.4. NEGATIVE IMPACT OF GST ON RETAIL SECTOR**

India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly International Journal of Management and Applied Science. India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly but the government has proposed to compensate for those losses for a period of 5 years.

1. Proposed GST Rate Is Higher Than VAT

2. Dual Control

3. Loss Incurred by the Manufacturing States

4. Transitional challenges for retail sector

5. Gifts, free samples also taxable under GST

6. Valuation challenges for retail sector under GST

7. Tax rates will play critical role for industry

8. Matters of serious consideration for retail sector

**2.5 SELECTION OF THE PROBLEM**

GST is one of the biggest tax reforms since independence. GST will subsume almost all the indirect taxes levied by state and central government and will make a significant impact across industries.

The government has proposed four tax slabs at 5%, 12%, 18% & 28 % for a different type of items and services. The impact of GST on retail sector is going to be positive as it will bring down total indirect taxes, increase supply chain efficiency and facilitate seamless input tax credit. After implementation of GST, state boundaries will be irrelevant from taxation and documentation point of view. Vanishing state boundaries will reduce the complexity for retailers and increase the distribution reach as well as efficiency.

In the current tax structure, most of the retail products are subject to 30 % indirect taxes on average. This includes excise duty, VAT, CST, service tax on warehousing, consulting and rent, Octroi and entry tax. The main impact of GST on retailers will be a significant reduction of the tax burden on the retailers. In the current tax structure, input tax credit is available on VAT but not available on service tax and import duty. In the proposed GST regime, there will be set off on taxation starting from producer’s point to the consumer point. GST will make an impact by eliminating the cascading effect of taxes thereby reducing the total tax burden on the retail sector

**2.6. METHODS OF DATA COLLECTION:**

There are two types of data collection, primary and secondary. In this report the researcher used both the types of methods for data collection.

**Primary Data**

It used in research originally obtained through the direct efforts of the researcher through surveys, interview and direct observation. Primary data is costlier to obtain than secondary data, which is obtained through published sources, but it is also more current and more relevant to the research project.

**Secondary Data**

Secondary data is the data that have already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all.

**2.7. SAMPLE SIZE:**

In this report researcher mainly used primary data for gathering the information. There are total 20 questions researcher is going to asked to sample size people. The sample size for the report is 100 people.

**2.8. TOOLS AND TECHNIQUES:**

As no study can be successfully completed without proper tools & techniques, the same is with my project. For the better presentation and right explanation, I used tools of statistics and computer very frequently and I am very thankful to all those tools for helping me a lot.

Basic tools which I used for project are: -

• PIE CHARTS

Pie charts are very useful tools for every research to show the result in a clear, simple way. Because I have used bar charts and pie charts showing data in a systematic way. So I need not necessary for any observer to read all the theoretical detail, simple on seeing the charts anybody that what is being said.

**CHAPTER 3**

**LITERATURE REVIEW**

**Girish Garage (2014)** highlighted upon the objectives of GST, possible challenges and threats and then, opportunities GST brings in strengthening the economy.

**Jaspreet Kaur (2016)** has thrown light on GST, its features and also effect of GST on prices of goods and Services. According to him electronic goods, restaurant bill, SUV’S and diamond, jeweler, textile is going to be cheaper and costlier respectively. He also highlighted that implementation of GST is expected to narrow the large indirect tax differences between organized and unorganized sector.

**Raj Kumar (2016)** analyzed and compared the proposed GST framework and current taxation system, described its effect on employment and various sectors.

**Milan deep Kour, Kajal Chaudhary, Surjan Singh, Baljinder Kaur (2016)** highlighted upon the effect of GST after its implementation, difference between GST and present indirect tax and what will be challenges and benefits of GST.

**Dr. Badar Alam Iqbal (2017)** states the very purpose of GST is to take a shift from existing complex, multi layers and cascading indirect tax mechanism which permits tax set off across the value chain in terms of both commodities and services. By implementing GST, cost of output will go down resulting into enhancing the degree of competitiveness of Indian goods in the context of imports and further increase the margin of profit.

**Upendra Gupta (2017)** highlighted upon the key features and Benefits of GST in a comprehensive manner. He emphasized on how will GST benefit and empower citizen and who is liable to pay GST.

**Sachin Abda (2017)** highlighted that GST would be a major move towards Indian economy as since independence India has faced some of the issues because of complex indirect tax system, this complexity is assumed to be resolved by GST structure replacing all state and central government taxes into one unique tax.

The above literature review presents the research paper details conducted by the person has been shown. In this project report, the project presents the details regarding the implementation of GST business practices, the concept of GST, a comprehensive overview of consumer’s and retailer’s awareness and perceptions of GST, the impact of GST on sales of retailers, the impact of changes in the tax rates of fast moving consumer goods on consumers, the concept of GST To study the features of GST, the advantages and challenges of GST, information for further research work on GST.

**CHAPTER 4**

**DATA ANALYSIS AND INTERPRETATION**

**4.1. SURVEY, QUESTIONNAIRE AND ANALYSIS OF DATA**

The primary information from the individual was collected through the questionnaire which was circulated to the individual from online mode which helped to generate data regarding my topic ‘IMPACT OF GST ON RETAIL SECTOR’. The questionnaire was designed to understand personal prospects of the individual such as age, gender, occupation, knowledge of derivative market, income range, etc. The respondents were selected by adopting random sampling technique, were 80 responses has been received to the questionnaire. The same were analyzed as below, so as to arrive at the result of the questionnaire. The results to the questions asked have been analyzed below:

**Interpretation**

As can be seen from the chart, out of the total 80 responses received for the questionnaire, 56% of the sample population was Male respondent and 44% of the sample population was Female respondent.

**Interpretation**

As we can see from the above Pie Chart, there is a large population of respondents falling in the Age group of 20 -30 years for 31%, followed by respondents falling in the Age group of below 20 years and Age group of 30 – 40 years for 29%. But above 50 years its 21% of population responded.

**Interpretation**

As can be seen from the above Pie Chart, the large number of respondents are non-graduate with 47%, 29% of respondents are Graduate, 13% of respondents are post Graduate and No responses has been received in other field. Thus we can observe from the data that large number of respondents appear to be Non Graduate.

**Interpretation**

As can be seen from the above Pie Chart, the large number of respondents’ income is around 10,000 to 30,000 with 41% of respondents. 25% of respondents are around 50,000 and above.21% of respondents are from 30,000 to 50,000 income group and rest 13% are below 10,000.

**Interpretation**

As can be seen from the above Pie Chart, the large numbers of respondents have less than 5 years of experience. 9% of the respondents have experience of 5 – 10 years of experience.

**Interpretation**

As per the above pie chart, from the 30 respondent only 28% of the respondent are not aware about the impact of GST in Indian retail sector. 72% of the respondents are aware about the impact of GST in Indian retail sector.

**Interpretation**

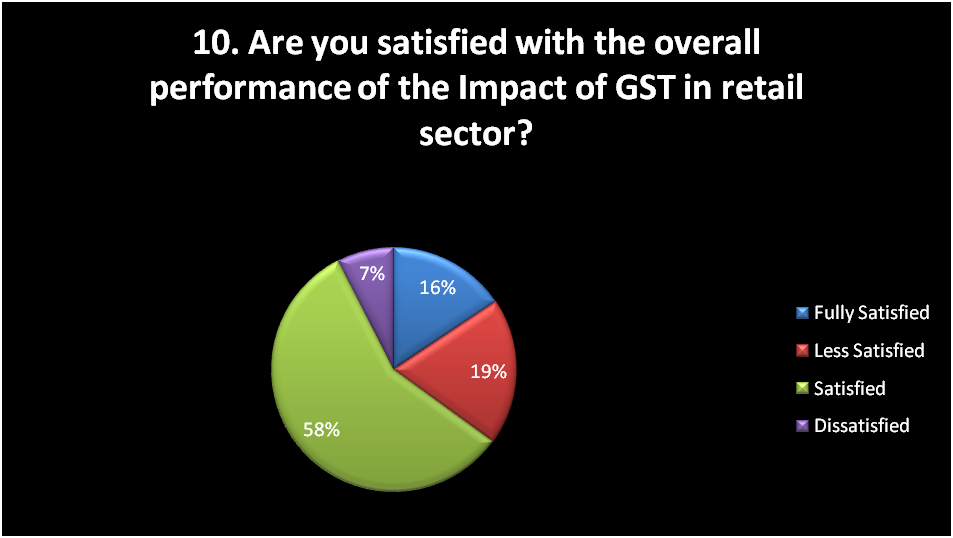
As we can see from the above chart, the survey regarding the respondent working year in retail sector. 59% of the respondent falls in below 1 year working in retail sector. 10% of the respondent falls in above 6 years and 4 – 6 year. 1 – 3 year working year has been selected by 23% of the respondent.

**Interpretation**

These charts present the detail regarding the benefit of the GST in Indian retail sector. 87% of the respondent fined the presence of GST beneficial. 13% of the respondent reverted unbeneficial to the GST presence.

**Interpretation**

From the above pie chart, 44% of the respondents are no sure above the current tax system are sufficient or not. 37% respondent reverted toward the sufficient towards tax system and 19% respondent has reverted towards the improvement of the tax system.



**Interpretation**

From the above Pie chart, 58% of the respondents are satisfied with the overall performance. 19% are however less satisfied and 16% are fully satisfied. A few numbers of respondents’ fall in the categories who are not satisfied with the overall performance of the tax system.

**Interpretation**

As per the above pie chart, 64% of the respondents are facing challenges regarding the lack of awareness and concern towards the GST in retail sector.

**Interpretation**

As we can see from the above pie chart, 82% of the respondent reverted that GST provided Tax saving benefit in India and 18% of the respondent reverted no for the GST tax benefit.

**Interpretation**

72% of the respondents said yes for higher price of the goods and services and 28% said no.

**Interpretation**

As per the Pie chart 64% of the respondents marked as registered under GST and 25% don’t think to get registered.11% aren’t sure about it.

**Interpretation**

As we can see from the above pie chart, 72% of the respondent reverted that they are satisfied with GST deadlines and 28% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 70% of the respondent reverted that GST has increase burden and 30% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 75% of the respondent reverted that GST has increase day to day purchases more expensive in retail sector and 25% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 61% of the respondent reverted that GST will make growth of retail sector slow and 39% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 79% of the respondent reverted that GST has affected Indian retail sector negatively and 21% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 80% of the respondent reverted that GST has badly affected small retail business and 20% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 33% of the respondent reverted that their experience using GST was excellent, 24% of them said good, 22% reverted poor and rest 21% said satisfactory.

**Interpretation**

As we can see from the above pie chart, 91% of the respondent reverted that GST has positive impact on India and 9% of the respondent reverted no for it.

**Interpretation**

As we can see from the above pie chart, 63% of the respondent reverted that GST system has more beneficial and 37% of the respondent reverted other system.

**Interpretation**

As we can see from the above pie chart, 76% of the respondent reverted that GST has increase various legal formalities and 24% of the respondent reverted no for it.

**CHAPTER 5**

**FINDING, SUGGESTION & CONCLUSION**

**5.1. FINDINGS**

• Most of the Client agrees about the implementation of GST in India.

• Most of the Client thinks that implementing GST will cause higher price of goods & services.

• 80% user thinks that all businesses need to be registered under GST.

• 65% user thinks that Goods & Service Tax is more beneficial to both Government and people.

• 62% user thinks that GST will burden the people/consumer.

• 75% user thinks INDIA is ready for implementing GST system.

• From the above graph shows that Most of customer says excellent for using GST.

• From the above graph shows that Most of customer says excellent for using GST.

• From the above graph shows that Most of customers are neutral about that GST is very good tax reforms for India. 25 % customer are disagreeing about that GST is very good tax reforms for India.

• From the above graph shows that Most of customers are neutral about that GST Has Increased the Various Legal Formalities. 25 % customers are strongly agreeing about that GST has increased the Various Legal Formalities. And rest customers are Agree about that GST has increased the Various Legal Formalities.

• 45% customers are Strongly Agree about GST has increased the tax burden

**5.2. SUGGESTIONS**

**The following are the suggestion made based on the results of the study.**

Some suggestions for better administrative machinery to handle the implementation of

Goods and Services Tax Act in India are:

* Standardization of systems and procedures.
* Tax relief in case of branch transfer.
* Well defined procedures in case of Job works.
* Uniform dispute settlement machinery.
* Adequate training for both tax payers and taxes forcers.
* Re-organization of administrative machinery for GST implementation.
* Building information technology backbone – the single most important initiative for GST implementation.
* Uniform Implementation of GST should be ensured across all states (unlike the staggered implementation of VAT) as many issues might arise in case of transactions between states who comply with GST and states who are not complying with GST.

**5.3. CONCLUSION**

There are approx. 140 countries where GST has already been implemented. Some of the popular countries being Australia, Canada, Germany, Japan, and Pakistan, to name a few. Implementation of GST impacts a nation both ways, positively and negatively. Ignoring negative aspects, positive aspects can be taken into consideration, in order to improve the economy of the country. In order to measure the Impact, the GST we need to wait for the time and the Government needs to communicate more and more about the systems. It could be a good way to reduce the black money and good effort by the Government of India after the Demonetization of the money in 2016.

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**5.5 APPENDIX**

**Name:**

**Age:**

**Educational qualification:**

**Monthly income:**

1. No. of Years of Experiences
2. Less than
3. 5-10
4. 10-15
5. More than 15
6. Kindly state if you’re aware about the impact of GST in Indian retail sector?
7. Yes
8. No
9. Since how many years you’re working in retail sector?
10. Below 1
11. 1-3
12. 4-6
13. Above 6
14. Do you think the presence of GST in Indian retail sector is beneficial?
15. Yes
16. No
17. Do you believe current tax system used by Indian retail sectors is sufficient or there is a need for improvement?
18. Yes
19. No
20. Not sure
21. Are you satisfied with overall performances of the impact of GST in retail sector?
22. Fully satisfied
23. Satisfied
24. Less satisfied
25. Dissatisfied
26. Choose one of the following challenges according to you is the biggest challenge you’re facing regarding?
27. Lack of awareness & concerned
28. Lack of technology & ability
29. Lack of coordination & alignment
30. Does GST provide tax saving benefits to your sector?
31. Yes
32. No
33. Do you think implementing GST will cause higher prices of goods & services?
34. Yes
35. No
36. Do you think all business needs to be registered under GST?
37. Yes
38. No
39. Not sure
40. Are you satisfied with the deadline given for GST compliance?
41. Yes
42. No
43. As GST increased the burden of compliances?
44. Yes
45. No
46. Will GST make day to day purchases in a retail sector more expensive?
47. Yes
48. No
49. Will GST make the retail growth slower?
50. Yes
51. No
52. Will GST affect the Indian retail sector negatively?
53. Yes
54. No
55. Will GST be affecting small business very badly?
56. Yes
57. No
58. How was your experience using GST?
59. Poor
60. Good
61. Satisfactory
62. Excellent
63. On overall basis do you think that GST is likely to have a positive impact on India?
64. Yes
65. No
66. GST has increased the various legal formalities?
67. Yes
68. No
69. Which system do you think is more beneficial to both government and people?
70. GST
71. Others