

GST AND ITS IMPACT ON RETAILERS BEHAVIOUR IN KOTTAYAM DISTRICT

Gipsa George

Assistant Professor
Department of Economics,
St Joseph's College, Moolamattom, Idukki, Kerala, India

Abstract : The introduction of the Goods and Service Tax (GST) on July 1, 2017 marked a significant transformation in India's indirect tax structure by subsuming multiple central and state taxes into a unified system. This study examines the impact of GST on the behavior of retailers in Kottayam district (Kerala). This research focuses on changes in pricing decisions, sales volume, compliance practices, accounting systems, and overall business performance following GST implementation. The study is based on primary data supported by secondary sources such as journals and official reports. The analysis reveals that while retailers acknowledge the transparency and input tax credit benefits under GST, many experienced initial challenges like complex procedures, software issues and increased compliance cost. Although the transition phase created operational strain, the reform has contributed to greater formalization and structural changes within the retail sector of Kottayam district.

Index Terms - GST, Retailer Behavior, Compliance Cost, Retail Sector, Kottayam District.

INTRODUCTION

After 17 years of a marathon journey of the most crucial tax reform in the country entailing rounds of debates, discussions, meetings, consultations and disagreements, the Goods and Services Tax (GST) came into effect in India on July 1, 2017. The journey started in 2000 during the Atal Bihari Vajpayee government with the setting up of a committee to suggest a GST model, followed by the formation of a task force under the chairmanship of Vijay Kelkar in 2003. There has been no looking back since then and the Central government has been working consistently along with the state governments to ensure its earliest implementation.

With the implementation of GST, India joins the league of over 160 odd countries, including Germany, Italy, UK, South Korea, Japan, Canada, Australia, Russia, China, Singapore and Malaysia, which have introduced a GST/VAT regime. France was the first country to implement a GST regime way back in 1954 to address the problem of tax evasion. The introduction of GST in India is a big step in the direction of improving the country's ranking in the ease of doing business. Currently, India is placed at a lowly 130 position out of 190 countries in the World Bank's Doing Business report 2017.

GST is a destination-based single tax on the supply of goods and services from the manufacturer to the consumer, which has replaced multiple indirect taxes levied by the Central and state governments, thereby converting the country into a unified market. Among other benefits, GST is expected to improve the ease of doing business in tax compliance, reduce the tax burden by eliminating tax-on-tax, improve tax administration, mitigate tax evasion, broaden the organized segment of the economy and boost tax revenues for the exchequer. It has also lowered the taxes paid for industrial products from an earlier average rate of 25-28 per cent to 18 percentages now.

GST seeks to replace 17 indirect taxes (8 Central + 9 state levels) and 23 Cess of the Centre and states, eliminating the need for filing multiple returns and assessments and rationalizing the tax treatment of goods and services along the supply chain from producers to consumers. GST comprises of Central GST (CGST) and the State GST (SGST), subsuming levies previously charged by the Centre and state governments respectively. GST (CGST + SGST) is charged at each stage of value addition and the supplier off-sets the levy on inputs in the previous stages of value chain through the tax credit mechanism. The last dealer in the supply chain passes on the added GST to the consumer, making the GST a destination-based consumption tax. The provision of availing input credit at each stage of value chain helps in avoiding the cascading effect (tax on tax) under GST, which is expected to reduce prices of commodities and benefit the consumers. In the earlier regime, tax on tax was a major issue, raising

the cost of production. For instance, a manufacturer would pay a Central Excise duty of Rupees 12 on a shirt of Rupees 100. At the next level, the state government would charge a VAT of 15 per cent not on Rupees 100 but on Rupees 112, making a case of tax on tax.

In India, GST is a four-tier tax structure of 5, 12, 18 and 28 per cent, with lower rates for essential items and the highest for luxury and demerit goods that also attracts an additional cess to compensate states for any loss in indirect tax revenue. Around 30-35 per cent items of the Consumer Price Index (CPI) basket are under exempt category, which should help in keeping prices of essential items under control. The export of goods or services is considered as a zero-rated supply with no GST to be levied. An attempt has also been made to ensure that revenue collection by the Centre and the states is not hit adversely. Nearly 60 per cent of all goods under GST are taxed at either 18 per cent or 28 per cent and nearly 20 per cent are taxed at 28 per cent, which, besides luxury and negative items, also includes products such as chocolates, chewing gum, shampoo, deodorant, paint etc Electricity duty, stamp duty, excise duty and VAT on alcoholic beverages, petroleum products (like crude, natural gas, petrol and diesel) are outside the ambit of GST for the time being. Businesses dealing only in exempted goods or with turnover of below Rupees 20 lakh annually but not engaged in interstate supplies are also exempted from filing the returns for GST.

GST helps in the eradication of many indirect taxes which eventually leads to the removal of unaccounted money as it is tied up to Digital India scheme. As a result, digitalization would bring the money circulation into account. It will be important for the economy in following ways: tax evasion, tax avoidance, limits the black market and helps in the development of backward states. This will help to remove the local tax BIAS. Analyze the buying behavior of customers and sales performance in registered retail markets to know the public attitude towards GST. If the actual benefits are not passed on to the consumer and the seller increases his profit margin, then the prices of the goods may also increase.

SIGNIFICANCE

GST is anticipated to one of the crucial reforms which will spur the economic growth of our country. When launched, GST will not just make the taxation framework simple but shall also help and increase the compliance, decrease the tax outflow and boost the tax revenue, while making the export market competitive. In fact, people say that with GST coming into place, the government will be able to set a different roadmap during the upcoming budget session. GST has been a long pending reform which has been in pipeline. This taxation reform hopes to iron out all wrinkles that are present in Indian taxation system. This rich and comprehensive tax policy is forecasted to a significant one, aimed to contribute to the growth of our country India.

OBJECTIVES

- To know the level of agreement and awareness about GST system to retailers.
- To identify the problems faced by the retailers due to GST implementation.
- To give feasible solutions based on the findings analysed.
- To know the changes in retail sector after the implementation of GST.
- To perceive the impact of GST in the pricing decisions of retailers.
- To furnish information for further work on GST.

METHODOLOGY

Research methodology is the method systematically used to solve the research problem. The customers in the study area are selected for collecting primary data .It is mainly based on survey method It is both descriptive and analytical in nature. The study contains both primary and secondary data. In our study, the primary data is collected with the use of questionnaire The data is collected through Google form. The questionnaire has been circulated on social media for collecting response from around 30 people from different areas. The secondary data are collected from various sources such as internet, journals, articles & persons etc.

STATISTICAL TOOLS

In order to analyze the primary data, various tools and techniques were used. The questionnaire method was used to collect primary data. The various statistical tools used to interpret the collected data are simple bar diagrams, pie diagram, line diagram etc.

HYPOTHESES

- The country needs to reconsider the GST rates and imposing areas.
- The retailers are not well aware of GST system
- The consumers are not highly satisfied
- The GST evasion on rise.

REVIEW OF LITERATURE

1. Nishitha Gupta (2014): stated that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development.
2. Saravanan Venkadasalam (2014):The study analyzed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries.
3. Jaiprakash (2014): mentioned that the GST at the Central and the State level are expected to give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set off and service tax setoff, subsuming of several taxes in the GST and phasing out of GST.
4. Agogo Mawuli (May 2014) :“Goods and Service Tax-An Appraisal” and found that GST is not good for low income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.
5. Nitin Kumar (2014):“Goods and Service Tax- A Way Forward” and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.
6. Pinki, Supriya Kamma and Richa Verma (July 2014: :“Goods and Service Tax- Panacea For Indirect Tax System in India” and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

DATA ANALYSIS AND INTERPRETATION

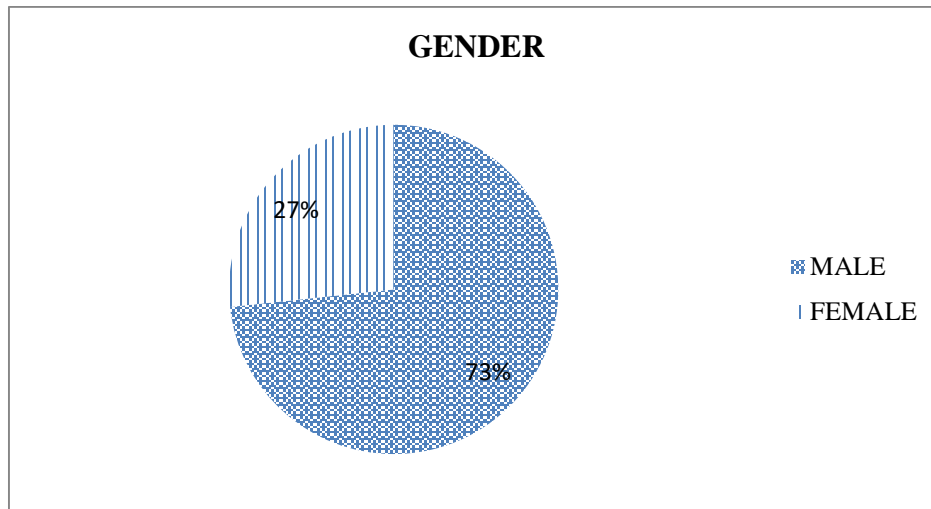
Quantitative data analysis is the process in which we move from the raw data that have been collected as part of the research study and use it to provide explanations, understanding and interpretation of the phenomena, people and situation. People who does different businesses with different ages including both male & female, people with different educational qualification and business background participated in this survey. The Primary data is collected from 30 people in Kottayam district.

GENDER OF RETAILER'S

TABLE 1: Gender of Retailers

Gender	Number	Percentage
Male	22	73.3
Female	8	26.7
Total	30	100

Source: Primary data based on survey



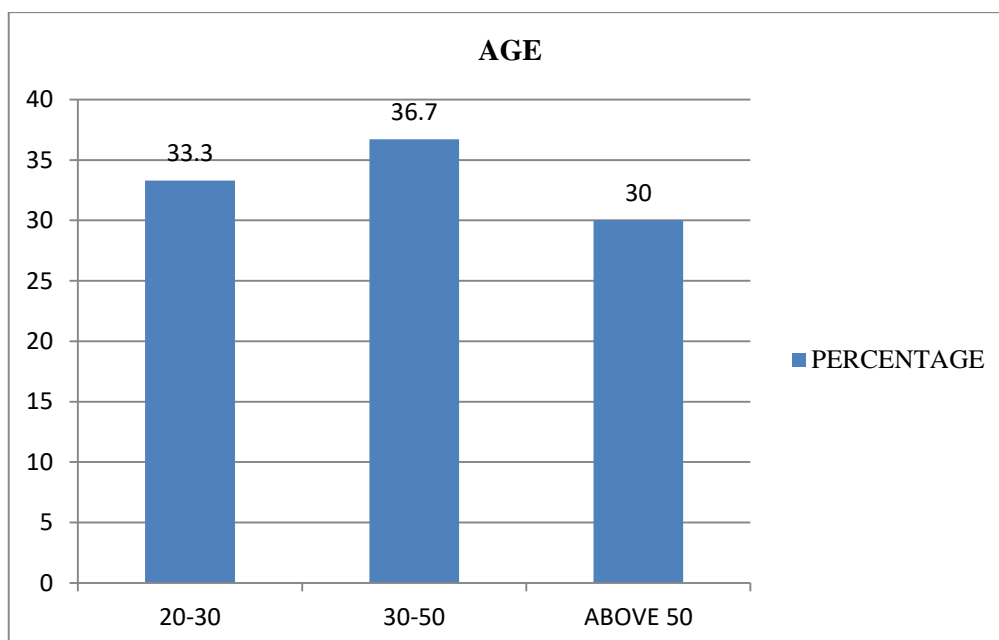
This figure shows the gender of retailer's. It shows that male respondents are more than female respondents doing business. 73.3% of the respondents are male and 26.7% of the respondents are female. There is a large gap between male and female retailers. Most of the male retailers and females are less compared to males.

AGE GROUP OF RETAILERS

TABLE 2: Age Group of Retailers

Age Group	Number	Percentage
20 – 30	10	33.3%
30 – 50	11	36.7%
Above 50	9	30%
Total	30	100

Source: Primary data based on survey



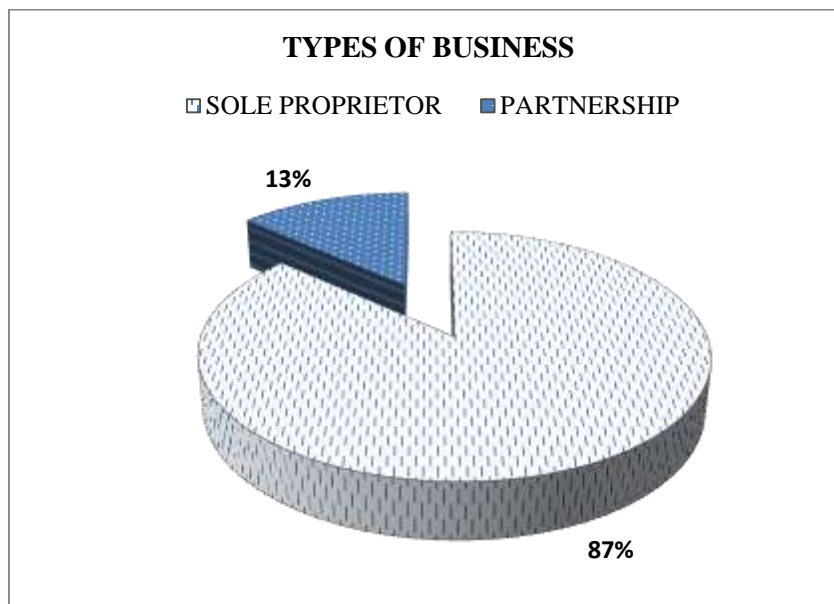
This diagram shows the age group of retailers. From the diagram, we can find that 33.3% of retailers belong to age group 20 – 30. 36.7% of retailers belong to the age group 30 – 50. 30% of retailers belong to the age group above 50. From this data we can know that middle age people are more engaged in business.

TYPE OF BUSINESS

TABLE 3: Type of Business

Type of business	Number	Percentage
Sole Proprietor	26	86.7%
Partnership	4	13.3%

Source: Primary data based on survey



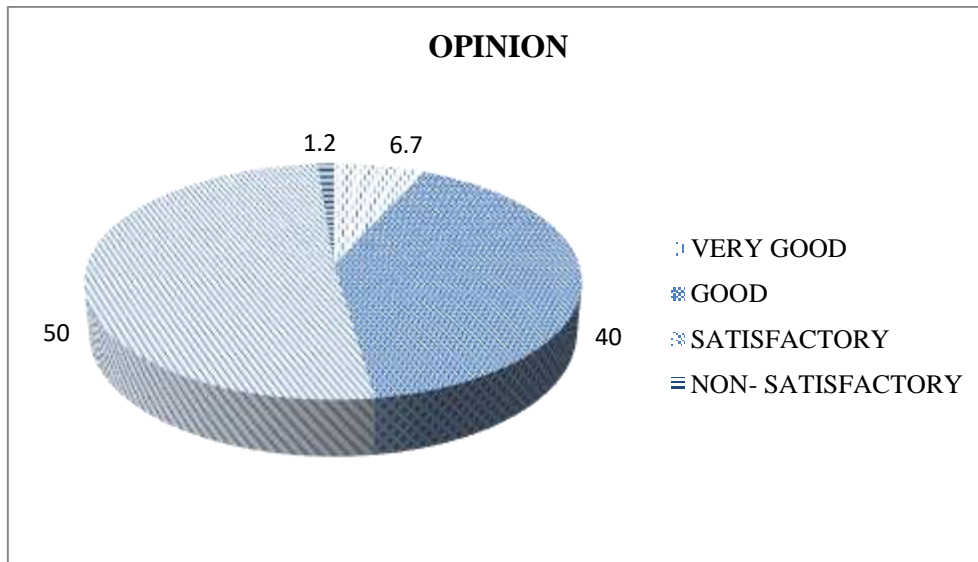
This graph shows that most of the retailers are sole proprietors. 86.7% of the retailers are sole proprietors. Only 13.3% are in partnership.

OPINION ABOUT GST

TABLE 4: Opinion about GST

Opinion about GST	Number	Percentage
Very Good	2	6.7%
Good	12	40%
Satisfactory	15	50%
Non-satisfactory	1	3.3%
Total	30	100

Source: Primary data based on survey



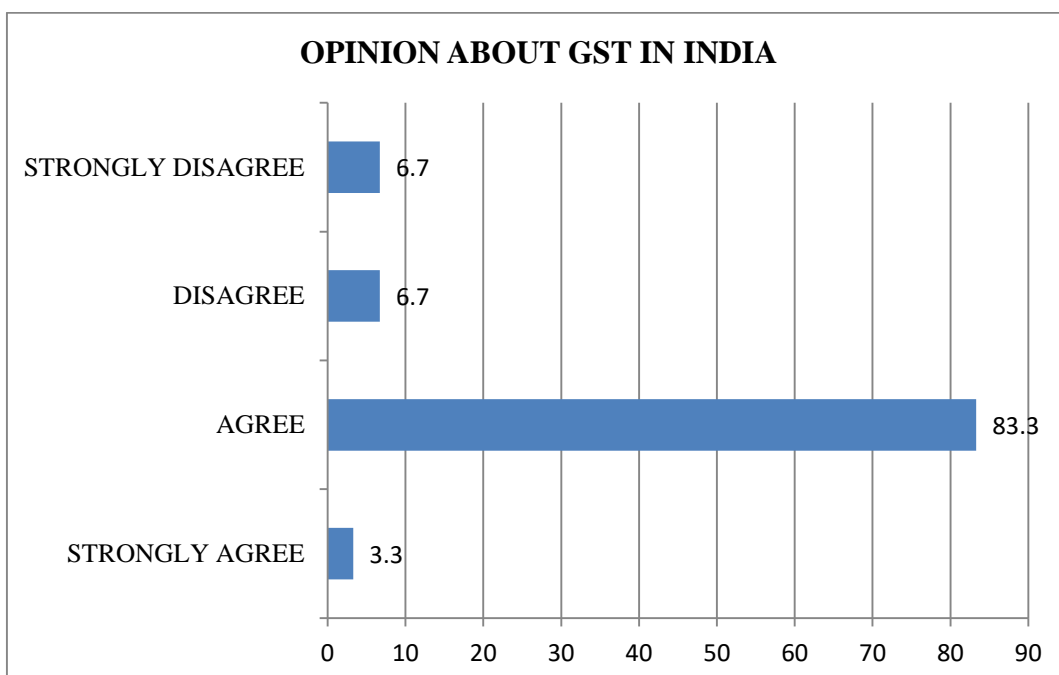
This graph shows that 6.7% of the retailers have the opinion that GST is a good measure. 40% of the retailers have the opinion that GST is good. 50% of the retailers are satisfied with GST. Only 3.3% of the retailers are non-satisfactory with GST system.

OPINION ABOUT 'GST' A VERY GOOD REFORM IN INDIA

TABLE 5: 'GST' a very Good Reform in India

Opinion about 'GST' as very good reform in India	Number	Percentage
Strongly agree	1	3.3%
Agree	25	83.3%
Disagree	2	6.7%
Strongly disagree	2	6.7%
Total	30	100

Source: Primary data based on survey



This graph shows that 3.3% strongly agree with the opinion that GST is a very good reform in India. 83.3% of the retailers agree with the opinion that GST is a very good reform in India. 6.7% disagree with the opinion that GST is a good reform in India.

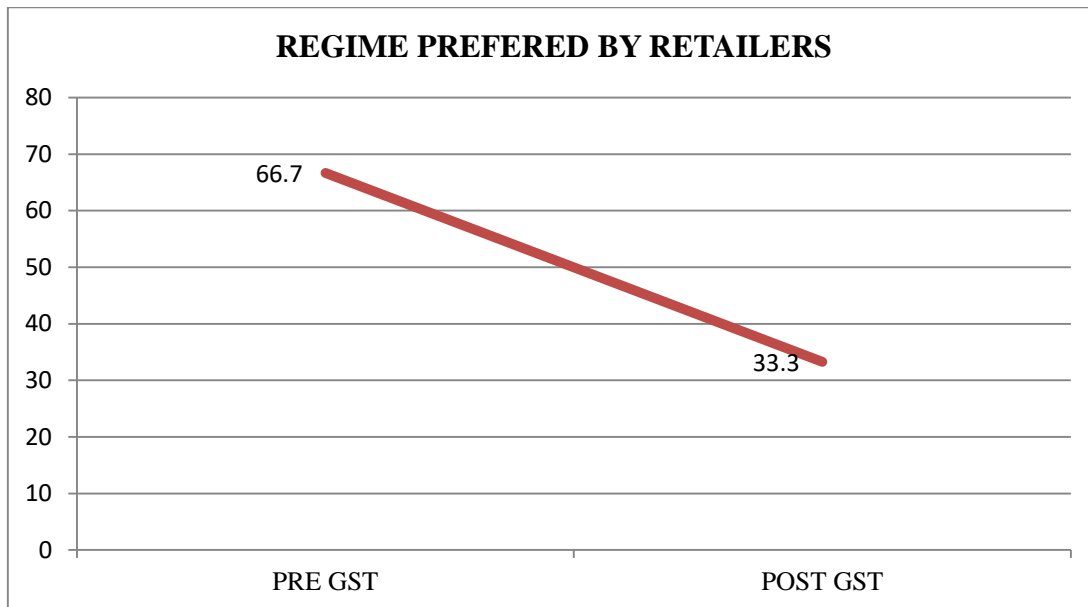
6.7% strongly disagree with the opinion that GST is a good reform in India. From this we can conclude that more than 80% of the retailers agree with the opinion that GST is a good reform in India.

REGIME PREFERRED BY RETAILERS

TABLE 6: Regime preferred by retailers

Regime preferred	Number	Percentage
Pre GST	20	66.7%
Post GST	10	33.3%
Total	30	100

Source: Primary data based on survey



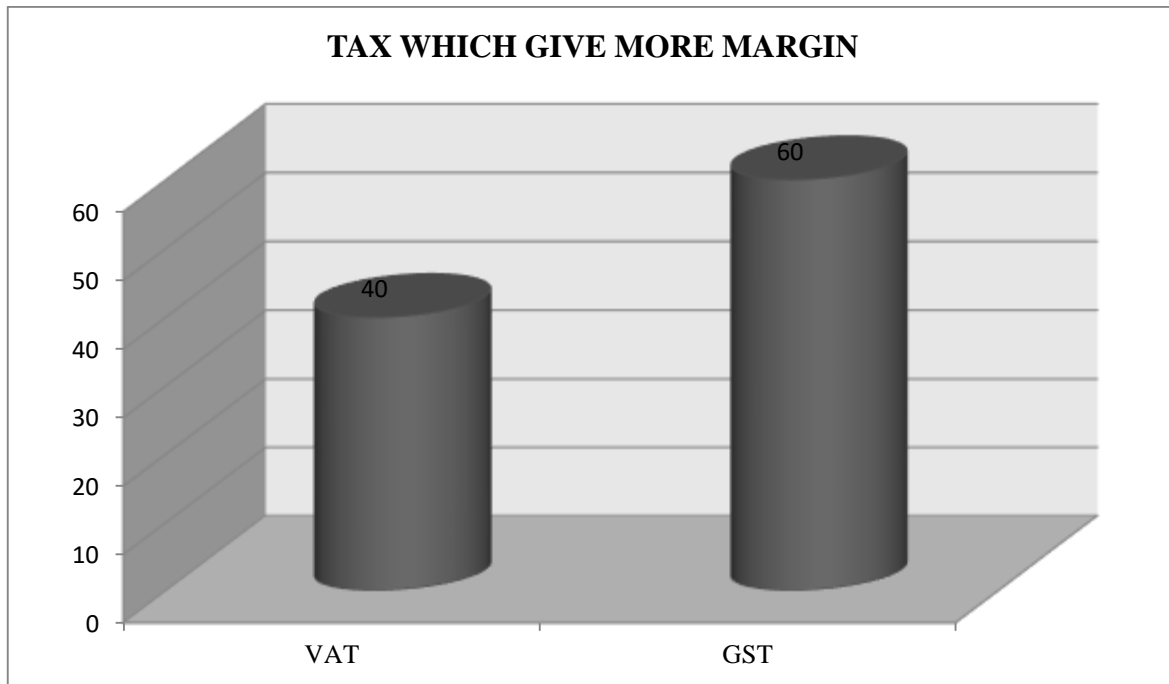
This diagram shows that 66.7% of the retailers prefer pre GST. 33.3% of the retailers prefer Post GST. Most of the retailers in kottayam district prefers regime before GST.

TAX WHICH GIVE MORE MARGIN TO RETAILERS

TABLE 7: Tax which give more margin to retailers

Type of tax	Number	Percentage
VAT	12	40%
GST	18	60%
Total	30	100

Source: Primary data based on survey



This diagram shows that 40% of the retailers says that VAT gives more margin to retailers. 60% of the retailers says that GST gives more margin to retailers. From this we can conclude that GST gives more margin to retailers.

CONCLUSION

The implementation of GST in retail shops affects our everyday lives in different ways. Implementation of GST is one of the best decisions taken by the Indian government. The impact of GST on retail sector is going to be positive from taxation and operation point of view. During the implementation stage of GST, the retailers faced some complexities because they were not fully aware about GST. Sometimes consumers feel higher price for goods and services after the implementation of GST. The study concludes that most of the retailers are worrying about the fact that complex formalities and documentation coupled with vague or low clarity provisions has been adversely affected the retailers in their daily routine. Pre-GST is preferred to Post-GST in certain aspects constituting demand for products, services and compliance costs whereas Post-GST is dominated in transparency and tax credit availability. But in certain circumstances, they will also get benefits from GST. They were relieved from earlier overall tax burden. Whether the impact of GST is good or bad, its implementation in retail shops helps our society work in more efficient and cost-effective manner.

REFERENCES

A. Kerala-Specific Studies

1. Nisab T. et al. (2025) *Impact of Implementation of GST Among Retailers with Special Reference to Valanchery Municipality, Kerala* – South Eastern European Journal of Public Health
2. Meenu B. Nair & Girish Kumar R. (2025) *Integrated GST Apportionment Between Centre and States: Kerala as a Case Study* – Journal of Polity and Society
3. Noor Suhairiya P. (2025) *Impact of GST on Textile Retailers in Malappuram District, Kerala* – IJRCMS
4. Shyam S. Salim et al. (2019) *GST Reforms and Marine Fisheries Sector in Kerala* – Indian Journal of Fisheries
5. Greeshma Manoj & S. Muraleedharan (2021) *GST and its Effect on Textile Traders in Kochi City* – Vision: Journal of Indian Taxation

B. General GST Studies

6. Renjith Gulati (2023) *GST and Debt Sustainability: The Indian Experience* – Indian Public Policy Review
7. Government of India (2017) *GST Act and Constitutional Amendment (101st Amendment)*
8. Kelkar Committee Report (2003) *Indirect Tax Reforms in India*

9. Purohit, M.C. (2018) *Goods and Services Tax in India: An Overview*
10. Kumar, Nitin (2014) *Goods and Services Tax in India: A Way Forward*

C. Policy, Economic & Revenue Studies

11. State Bank of India Expert Discussion (2025) - *GST Reforms and Revenue Challenges in Kerala*
12. Government of Kerala – Budget Documents (Various Years) - *GST Revenue Trends and Fiscal Policy Analysis*
13. GST Council Reports (India) - *GST Revenue Sharing and Compensation to States*
14. Centre for Public Policy Research (CPPR), Kerala - *GST Impact on State Finances and Federal Relations*
15. Reserve Bank of India (RBI) Reports - *State Finances: Impact of GST on Revenue and Fiscal Stability*

Copyright & License:



© Authors retain the copyright of this article. This work is published under the Creative Commons Attribution 4.0 International License (CC BY 4.0), permitting unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.