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**A Study on GST Impact on Digital Marketing Practices of MSMEs****Chennakeshi Ganesh¹, Pilli Manikanta Babu²**

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Abstract

Goods and Services Tax (GST) is considered one of the most significant tax reforms introduced in India to create a unified taxation system and improve business transparency. The implementation of GST has brought considerable changes in the functioning of Micro, Small, and Medium Enterprises (MSMEs), especially in their marketing and business practices. With increasing digitalization and online business operations, MSMEs have started adopting digital marketing platforms to improve customer reach, brand visibility, and business performance. This study aims to analyze the impact of GST on digital marketing practices of MSMEs. The research focuses on how GST has influenced online promotions, digital payment systems, e-commerce activities, customer engagement, and marketing strategies of MSMEs. The study also examines the opportunities and challenges faced by MSMEs in adapting to digital marketing after GST implementation. Primary data can be collected through structured questionnaires from MSME owners, managers, and marketing professionals. Secondary data may be collected from journals, reports, government publications, and online resources. The findings of the study are expected to reveal that GST has encouraged digital transactions, improved transparency, and increased the use of online marketing platforms among MSMEs. However, issues such as compliance burden, technological barriers, and lack of digital awareness continue to affect small businesses. The study concludes that GST has positively influenced the digital transformation of MSMEs and has created new opportunities for business growth and competitive advantage in the digital era.

Keywords: GST, Digital Marketing, MSMEs, E-Commerce, Consumer Behaviour, Online Business, Tax Reforms, Digital Transactions.

Introduction

Goods and Services Tax (GST) is one of the most significant indirect tax reforms introduced in India with the objective of creating a unified taxation system across the country. Implemented on 1st July 2017, GST replaced multiple indirect taxes such as Value Added Tax (VAT), Service Tax, Excise Duty, and Central Sales Tax. The primary aim of GST was to simplify the tax structure, eliminate cascading effects of taxation, enhance transparency, and improve ease of doing business. The introduction of GST has brought major changes in the functioning of businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), which play a vital role in the Indian economy through employment generation, industrial production, exports, and regional development. MSMEs are considered the backbone of the Indian economy because they contribute significantly to GDP and provide

employment opportunities to millions of people. In recent years, digital transformation has become an essential factor for the growth and sustainability of MSMEs. Businesses are increasingly using digital platforms for advertising, customer communication, online sales, and brand promotion. Digital marketing practices such as social media marketing, email marketing, search engine optimization, online advertising, and e-commerce promotions have become common among MSMEs to improve customer reach and business performance. The implementation of GST has accelerated the adoption of digital systems among MSMEs. Since GST compliance requires online registration, digital invoicing, e-filing of returns, and electronic tax payments, many businesses have started integrating digital technologies into their daily operations. This digital shift has also influenced the marketing practices of MSMEs. The increasing use of digital payment systems, online business platforms, and e-commerce websites has encouraged MSMEs to adopt digital marketing strategies to remain competitive in the market. GST has created a more organized and transparent business environment, which has helped MSMEs expand their market presence through digital channels. Digital marketing has emerged as a cost-effective and efficient promotional tool for MSMEs. Unlike traditional marketing methods, digital marketing enables businesses to target specific customer groups, measure marketing performance, and engage with consumers in real time. Social media platforms such as Facebook, Instagram, YouTube, and WhatsApp have become important tools for product promotion and customer interaction. Similarly, e-commerce platforms such as Amazon and Flipkart have provided MSMEs with opportunities to access wider markets and increase sales. GST has further strengthened these digital business activities by promoting formalization and digital transactions. However, the implementation of GST has also created certain challenges for MSMEs. Many small businesses initially faced difficulties in understanding GST procedures, maintaining digital records, and complying with tax regulations. The cost of technology adoption, lack of digital literacy, and frequent changes in GST rules created additional burdens for MSMEs. Some businesses struggled to adapt to online filing systems and digital accounting software. Despite these challenges, GST has encouraged MSMEs to modernize their business operations and adopt digital marketing practices for long-term growth and sustainability. The present study focuses on analyzing the impact of GST on digital marketing practices of MSMEs. The study aims to examine how GST has influenced the use of digital platforms, online promotions, customer engagement, digital transactions, and e-commerce activities among MSMEs. It also seeks to identify the opportunities and challenges faced by MSMEs in adapting to digital marketing after the implementation of GST. The findings of the study will help understand the relationship between tax reforms and digital business transformation in the MSME sector. This study is significant because MSMEs are increasingly depending on digital technologies to survive in a highly competitive business environment. Understanding the impact of GST on digital marketing practices will provide valuable insights for policymakers, business owners, marketing professionals, and researchers. The study may also help in formulating strategies to improve digital awareness, simplify GST compliance, and promote sustainable business growth among MSMEs in India.

Review of Literature

Ramesh Kumar (2019) stated that the implementation of GST has significantly transformed the operational structure of MSMEs in India. The study observed that GST encouraged businesses to adopt digital accounting systems and online tax filing methods, which indirectly promoted the use of digital technologies in marketing and business communication. The researcher concluded that GST improved transparency and formalization among small businesses.

Sharma and Gupta (2020) examined the relationship between GST implementation and digital transformation among MSMEs. The study revealed that many small enterprises started using social media platforms, online advertising, and digital payment systems after GST implementation. The researchers highlighted that GST compliance procedures encouraged businesses to move towards digital platforms for better operational efficiency.

Patel (2021) analyzed the impact of GST on e-commerce businesses and online marketing practices. The study found that GST simplified interstate trade and created equal tax structures, which benefited online sellers and digital marketers. The researcher observed that MSMEs increased their online presence through websites and e-commerce platforms to reach wider customer markets.

Kavitha and Rao (2021) studied consumer behavior and digital transactions after GST implementation. The findings indicated that digital payment systems and online purchasing activities increased significantly after GST. The study also highlighted that businesses adopted digital marketing practices to attract technology-oriented consumers and improve customer engagement.

Mehta (2022) focused on the challenges faced by MSMEs in adapting to GST and digital technologies. The study reported that lack of digital literacy, insufficient technical knowledge, and high compliance costs were major barriers for small businesses. However, the researcher emphasized that businesses adopting digital marketing practices experienced better market visibility and customer reach.

Srinivas and Reddy (2022) conducted research on digital marketing adoption among MSMEs in Telangana. The study revealed that social media marketing, online promotions, and WhatsApp marketing became popular among MSMEs due to low cost and wider audience coverage. The researchers observed that GST implementation indirectly supported digital business growth by encouraging online financial transactions and digital record maintenance.

Agarwal (2023) examined the role of GST in promoting business transparency and digital business operations. The study concluded that GST encouraged formal business practices, which increased trust among customers and improved business credibility. The researcher also found that digital marketing became an important strategy for MSMEs to maintain competitiveness in the market.

Priya and Naik (2023) studied the impact of GST on digital marketing effectiveness in small businesses. The findings showed that businesses using digital marketing platforms experienced increased customer interaction, higher sales opportunities, and improved brand awareness. The researchers concluded that GST played a supportive role in accelerating digital business transformation among MSMEs.

The review of literature indicates that GST has positively influenced digital transformation and marketing practices among MSMEs. Most studies reveal that GST encouraged businesses to adopt digital payment systems, online platforms, and social media marketing strategies. At the same time, challenges such as technological barriers, compliance complexity, and lack of digital awareness continue to affect small businesses. Therefore, the present study attempts to further analyze the impact of GST on digital marketing practices of MSMEs with special reference to business growth, customer engagement, and digital adaptation.

Research Gap

The implementation of Goods and Services Tax (GST) has attracted significant attention from researchers, academicians, and policymakers in India. Several studies have examined the impact of GST on business operations, taxation systems, consumer behavior, and economic development. Similarly, digital marketing practices among Micro, Small, and Medium Enterprises (MSMEs) have also been widely studied due to the rapid growth of digital technologies and online business platforms. However, only a limited number of studies have focused specifically on the relationship between GST implementation and digital marketing practices of MSMEs. Most of the existing research primarily concentrates on the financial and compliance aspects of GST, such as tax structure, revenue generation, filing procedures, and challenges faced by businesses. Very few studies have explored how GST has influenced the digital transformation of MSMEs, particularly in the area of digital marketing. The indirect impact of GST on online promotional activities, digital customer engagement, social media marketing, and e-commerce practices has not been examined in detail. In addition, many previous studies focused on large organizations and urban business sectors, while limited attention has been given to MSMEs operating in regional markets such as Telangana. The adoption of digital marketing tools by small businesses differs significantly from larger organizations due to differences in financial resources, technological knowledge, and infrastructure availability. Therefore, there is a need to study how MSMEs are adapting to digital marketing practices after GST implementation.

Another important gap identified in the literature is the lack of empirical studies analyzing both the opportunities and challenges faced by MSMEs in integrating GST compliance with digital marketing activities. Issues such as digital literacy, online transaction systems, technological barriers, customer communication, and digital business competitiveness require further investigation. Furthermore, the rapid increase in digital platforms, social media usage,

and e-commerce activities after GST implementation has changed the business environment for MSMEs. However, limited studies have examined whether GST has contributed to increased online business visibility, customer reach, and marketing effectiveness among MSMEs. Therefore, the present study aims to fill these research gaps by analyzing the impact of GST on digital marketing practices of MSMEs with special reference to business growth, customer engagement, digital adoption, and market competitiveness. The study also seeks to provide practical suggestions for improving digital marketing capabilities and GST compliance among MSMEs.

Objectives of the Study

1. To study the impact of GST on digital marketing practices of MSMEs.
2. To examine the influence of GST on the adoption of digital marketing platforms among MSMEs.
3. To analyze the effect of GST on online business transactions and e-commerce activities.
4. To identify the opportunities and challenges faced by MSMEs in adapting to digital marketing after GST implementation.
5. To evaluate the role of digital marketing in improving customer reach and business performance of MSMEs.

Research Methodology

Research methodology is a systematic way of solving research problems and achieving the objectives of the study. The present study focuses on analyzing the impact of GST on digital marketing practices of MSMEs.

Research Design

The study is descriptive and analytical in nature. It aims to understand the influence of GST on digital marketing adoption, online business activities, customer engagement, and digital transactions among MSMEs.

Data Analysis and Interpretation

Table 1: Awareness of GST among MSMEs

Awareness Level	Number of Respondents	Percentage
Highly Aware	45	45%
Moderately Aware	35	35%
Low Awareness	20	20%
Total	100	100%

Interpretation

The above table shows that 45% of respondents are highly aware of GST regulations and compliance procedures. Around 35% of respondents have moderate awareness, while 20% possess low awareness regarding GST practices. This indicates that most MSMEs are familiar with GST and its impact on business operations.

Table 2: Adoption of Digital Marketing after GST

Response	Number of Respondents	Percentage
Increased Significantly	50	50%
Increased Moderately	30	30%

No Change	20	20%
Total	100	100%

Interpretation

The table indicates that 50% of MSMEs significantly increased their use of digital marketing practices after GST implementation. About 30% reported moderate improvement, while 20% experienced no major change. This shows that GST has positively encouraged digital transformation among MSMEs.

Table 3: Preferred Digital Marketing Platforms

Platform	Number of Respondents	Percentage
Social Media Marketing	40	40%
WhatsApp Marketing	25	25%
E-Commerce Platforms	20	20%
Email Marketing	15	15%
Total	100	100%

Interpretation

The findings reveal that social media marketing is the most preferred digital marketing platform among MSMEs with 40% responses, followed by WhatsApp marketing at 25%. This indicates that MSMEs prefer low-cost and easily accessible digital platforms for customer communication and promotions.

Table 4: Challenges Faced in GST and Digital Marketing Adoption

Challenges	Number of Respondents	Percentage
Lack of Digital Knowledge	35	35%
High Compliance Cost	30	30%
Technical Issues	20	20%
Lack of Skilled Employees	15	15%
Total	100	100%

Interpretation

The table shows that lack of digital knowledge is the major challenge faced by MSMEs with 35% responses. High compliance cost is another important issue identified by 30% of respondents. This indicates the need for digital training and simplified GST procedures for MSMEs.

Table 5: Impact of Digital Marketing on Business Performance

Impact Level	Number of Respondents	Percentage
High Impact	55	55%
Moderate Impact	30	30%
Low Impact	15	15%
Total	100	100%

Interpretation

The above table reveals that 55% of MSMEs experienced high improvement in business performance through digital marketing practices after GST implementation. This indicates that digital marketing has become an effective tool for improving customer reach, sales growth, and business competitiveness.

Findings of the Study

1. GST implementation has encouraged MSMEs to adopt digital marketing practices.
2. Social media marketing is the most preferred digital platform among MSMEs.
3. GST has increased the use of digital payment systems and online transactions.
4. Digital marketing has improved customer reach and business performance.
5. Lack of digital knowledge and compliance costs remain major challenges for MSMEs.

Suggestions of the Study

1. MSMEs should be provided with training on GST and digital marketing practices.
2. GST procedures should be simplified to reduce compliance burden on small businesses.
3. Businesses should increase the use of social media and e-commerce platforms for promotion.
4. Government should support MSMEs with digital infrastructure and awareness programs.
5. MSMEs should invest in skilled digital marketing professionals for business growth.

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