

“A Study on Impact of Revised GST on Retailers in Coimbatore”

Dr. S. NAMASIVAYAM, Professor and head of the Department, B.com Business Process Services, Dr. N.G.P. Arts and Science College, Coimbatore.

B SRI THAMAYANTHI, B.com Business Process Services, Dr. N.G.P Arts and science College, Coimbatore

ABSTRACT

The implementation of the Goods and Services Tax (GST) in India was renowned for drastically changing the indirect tax structure as it unifies various taxes under one umbrella. This research explores the effect of revised GST rates on store keepers of Coimbatore, Tamil Nadu. Using primary data from 145 retailers in different sectors, the paper examines awareness level, pricing strategy, profit margin, compliance burden and operational difficulties due to GST amendments. The study indicates that despite the positive impact of GST on tax transparency and digital adoption, frequent changes in rates have complicated compliance hurdles with greater administrative costs and pricing uncertainty due to multiple rate changes led by its political consideration especially for MSME sectors.

Keywords- GST, Tax Reform, Retail Sector, Compliance Cost, Pricing Strategy, Profitability, Small Businesses, India.

INTRODUCTION

The implementation of the Goods and Services Tax (GST) in India was renowned for drastically changing the indirect tax structure as it unifies various taxes under one umbrella. This research explores the effect of revised GST rates on store keepers of Coimbatore, Tamil Nadu. Using primary data from 145 retailers in different sectors, the paper examines awareness level, pricing strategy, profit margin, compliance burden and operational difficulties due to GST amendments. The study indicates that despite the positive impact of GST on tax transparency and digital adoption, frequent changes in rates have complicated compliance hurdles with greater administrative costs and pricing uncertainty due to multiple rate changes led by its political consideration especially for MSME sectors.

REVIEW OF LITERATURE

Earlier research on GST highlights its role in enhancing transparency and reducing tax evasion. Scholars have noted that the unified tax system has improved documentation and encouraged digital transactions. However, several studies point out that small and medium enterprises face higher compliance costs under GST due to procedural requirements and return filing obligations.

Research on the retail sector indicates that tax revisions can influence consumer purchasing decisions, especially in price-sensitive markets. Studies also emphasize that businesses with better technological infrastructure adapt more effectively to tax reforms. Despite extensive research on GST implementation, limited empirical work has examined the localized impact of GST rate revisions on retailers in specific cities, which this study seeks to address.

OBJECTIVE

1. To analyze the awareness and understanding of revised GST rates amongst retailers.
2. To study the effects of adjusting GST rates on prices and customer demand.
3. To evaluate the impact of GST Changes on Profitability and Operating expenses.

RESULTS AND DISCUSSION

TABLE:1 Type of Retail Business

Retail Business	No. of Respondents	Percentage
Grocery	19	13.1
Textile	30	20.7
Electronics	35	24.1
Hardware	22	15.2
Pharmacy	18	12.4
Others	21	14.5
Total	145	100.0

(Source: Survey Data)

Electronics (24.1%) has the highest representation, meaning nearly 1 in 4 respondents are from electronics retail. Textile (20.7%) is the second largest group, showing strong participation from clothing/fabric businesses. Grocery (13.1%) and Pharmacy (12.4%) are smaller but still significant, together making up about a quarter of respondents. Hardware (15.2%) and Others (14.5%) show moderate representation.

TABLE:2 GST Registered

Registration Status	No. of Respondents	Percentage
Yes	58	40.0
No	87	60.0
Total	145	100.0

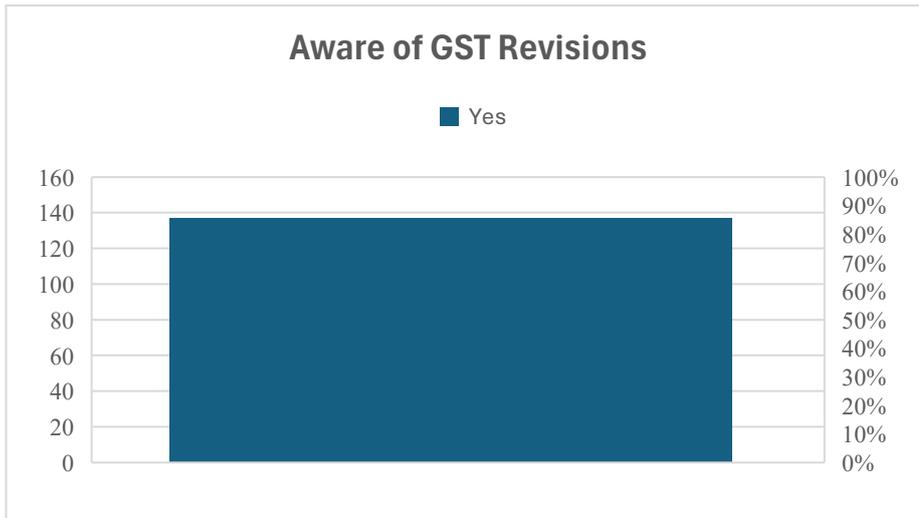
(Source: Survey Data)

A **majority of businesses (60%) are not registered**, which suggests that informal or unregulated operations are common in this sample. Only **40% of respondents** have formally registered their businesses, indicating that less than half are operating within official legal frameworks.

TABLE: 3 Aware of GST Revisions

Awareness	No. of Respondents	Percentage
Yes	81	55.9
No	64	44.1
Total	145	100.0

(Source: Survey Data)



From the data on awareness, it is evident that a majority of respondents, **55.9%**, reported being aware, while a significant portion, **44.1%**, indicated they were not. This shows that more than half of the sample possesses knowledge or understanding of the subject, which is encouraging, but the fact that nearly half remain unaware highlights a considerable gap. The findings suggest that while awareness initiatives have had some success, there is still substantial room for improvement. Strengthening outreach, education, or communication strategies could help bridge this divide, ensuring that a larger share of businesses or individuals are informed and able to benefit from opportunities or comply with requirements. Overall, the results reflect progress but also emphasize the need for continued efforts to raise awareness across the retail sector.

CHI- SQUARE TEST

Test Statistic	Value	df	P Value
Pearson Chi- Square	110.028	16	0.000

The calculated Pearson Chi-Square value is **110.028** with **16 degrees of freedom**. The corresponding **p-value (0.000)** is less than the standard significance level of 0.05. Therefore, the null hypothesis is rejected, indicating that there is a statistically significant association between the variables under study.

DESCRIPTIVES ANALYSIS

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Years of Experience	145	1	4	2.37	1.067
Nature of Ownership	145	1	6	2.66	2.042
GST Registered	145	1	2	1.60	0.492
Annual Turnover	145	1	4	2.59	1.127
Aware of GST Revisions	145	1	2	1.44	0.498
Source of Information	145	1	6	3.12	1.658
Level of Understanding	145	1	4	2.48	1.155
Prices Increased	145	1	5	3.08	1.397
Customer Demand Affected	145	1	5	3.01	1.426
Profit Margin Reduced	145	1	5	2.90	1.426
Billing Confusion	145	1	5	3.01	1.481
Compliance Increased	145	1	5	3.01	1.477

Major Problem Faced	145	1	5	2.77	1.342
Need Professional Help	145	1	2	1.46	0.500
Operating Cost Increased	145	1	3	1.99	0.782
GST Beneficial	145	1	5	3.08	1.422
Govt Info Adequate	145	1	3	1.99	0.808
Support GST Stability	145	1	2	1.51	0.502

Valid N (listwise) = 145

(Source: Survey Data)

The descriptive statistics indicate that most respondents have moderate business experience and operate under varied ownership structures. A majority of retailers are GST registered and aware of GST revisions, though their level of understanding remains moderate.

The mean scores for variables such as price increase, customer demand affected, billing confusion, and compliance burden suggest that GST rate revisions have had a noticeable operational impact on retail businesses. Profit margins and operating costs show moderate increases, indicating financial pressure on retailers.

Dependence on professional assistance for GST compliance is evident, reflecting the complexity of procedures. While retailers show moderately positive perceptions regarding the benefits of GST, satisfaction with government information appears relatively lower. Overall, the results indicate that GST revisions have created both adaptation challenges and structural improvements within the retail sector.

FINDINGS

- Awareness of GST rate revisions differs based on experience and business size.
- Price revisions influenced customer demand in several retail segments.
- Compliance costs and operational expenses increased after GST revisions.
- Profit margins were affected due to additional administrative requirements.
- Billing complexities and ITC reconciliation remain significant challenges.
- Digital adoption has improved transparency and documentation standards.

SUGGESTIONS

1. Retailers should invest in reliable accounting and billing systems to minimize errors and ensure compliance. Periodic training programs can enhance staff knowledge regarding GST procedures. Proper documentation and timely reconciliation of tax returns can reduce compliance risks.
2. Inventory planning should be strengthened to manage stock affected by tax revisions. Clear communication with customers regarding pricing adjustments can help maintain trust.
3. From a policy perspective, maintaining stability in GST rates would reduce uncertainty for small retailers. Simplified procedures and timely dissemination of information would support smoother compliance.

CONCLUSION

GST has reshaped the taxation landscape for retail businesses by promoting transparency and encouraging digitalization. However, frequent rate revisions create challenges related to pricing decisions, compliance management, and cost control. Retailers with better awareness and technological support adapt more effectively to tax changes. Sustainable growth under the GST regime requires balanced policy measures, improved communication, and proactive business strategies. Strengthening technological capability and compliance practices will help retailers navigate future tax reforms more efficiently.

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