



A STUDY TO EVALUATE THE ENTREPRENEUR IMPACT OF GST

Dr. Shakuntala Meena

Supervisor

Associate Professor

Department of EAFM, Faculty of Commerce,
M.S.J Government PG College, Bharatpur (Raj.)

Satish Kumar

Research Scholar

Department of ABST, Faculty of Commerce
M.S.J Government PG College, Bharatpur (Raj.)

1.1 ABSTRACT

The present paper aims to evaluate the impact of GST on entrepreneurs. GST has not evaded any sector of the society from its spread. Ironically, every sector has reacted differently to its inception as the service sector, for example, was prone to paying taxes before as well, but bringing businessmen or entrepreneurs under the umbrella of taxation has been revolutionary. The present paper extends its scope to the whole of Bharatpur district, and we have included all the businessmen with no discrimination among them on the basis of their respective turnover and profitability or scale of operation, the sample size being 144 respondents. SPSS software and MS Excel were used to fetch useful statistical results.

Keywords: *GST, Entrepreneur, taxation*

1.2 INTRODUCTION

The Goods and Services Tax (GST) Act of 2017 has brought about significant changes to the Indian tax system, representing the most substantial tax reform since the country gained independence. The automation and simplification of indirect taxation processes have led to the replacement of complex taxing methods such as Value-Added Tax (VAT), Central Sales Tax, Central Excise, Service Tax, Entry Tax, and other indirect taxation methods. The consolidation of duties into a single tax and the provision of full input tax credit for inputs and capital goods in procurement, which is then offset

against GST output responsibility, have contributed to the establishment of integrity throughout the nation. Credit assesses must complete Form GST Trans-1 by October 31st in such instances. For the sake of understanding, the entrepreneurs have been classified into three categories:

1.2.1 Small Scale Entrepreneurs-

Small enterprises with a turnover below Rs. 20 lakhs (Rs. 10 lakhs in the N-E states, Uttarakhand, and Himachal Pradesh) are exempt from being subject to the Goods and Services Tax (GST) system. Individuals are not required to register or make tax payments unless they choose to access the advantages of input tax credit. “The current system of indirect taxes requires businessmen to register under VAT and Service Tax if their turnover exceeds Rs.10 Lakhs (Rs. 5 Lakhs in special category States). This represents a significant change. Consequently, the registration threshold has been effectively increased twofold.

1.2.2 Medium-Scale Entrepreneurs

Registration would be mandatory for medium-scale businessmen with revenue exceeding Rs. 20 Lakhs. Nevertheless, enterprises engaged solely in the intra-state distribution of commodities, including small-scale traders, manufacturers, and restaurants, with a turnover not exceeding Rs.75 lakhs (or 50 Lakhs for nine special category States), are eligible to remit tax under the Composition levy scheme. The Composition levy entails a modest tax rate of 1% on the state turnover, with manufacturers paying 2% and restaurants paying 5%. Straightforward compliance obligations accompany this tax.

1.2.3 Other Entrepreneurs

Registration under the Goods and Services Tax (GST) is mandatory for enterprises with a revenue beyond Rs.20 Lakhs. Nevertheless, registration will be advantageous rather than disadvantageous under GST. Registration will facilitate collaboration between enterprises and the government in the collection of taxes. The absence of tax cascading can be attributed to the implementation of a systematic input tax credit throughout the entire value chain. Hence, only the addition of value will be subject to taxation at each step of the supply chain.

In general, it can be asserted that the implementation of GST has created a significant challenge for entrepreneurs worldwide. GST purported to have streamlined the entire tax filing and payment procedure. The unification of the Indian market has also led to an escalation in competitiveness among small and medium-sized enterprises (SMEs). By adopting a proactive approach and ensuring adherence to GST compliance measures in advance, individuals can mitigate the possible adverse impacts of the new regime on their business operations. Over time, it is anticipated that GST will exert a beneficial influence on the overall economy.

1.3 REVIEW OF LITERATURE

The study by **Abhilash et al. (2023)** investigates the impact of the Goods and Services Tax (GST) on fast-moving consumer goods (FMCG) in Mandya District. The research uses a mixed-methods approach, including quantitative questionnaires and qualitative interviews, to understand consumer perspectives and experiences. The study surveyed 80 consumers across Madya District, assessing their knowledge of GST, its benefits, and its impact on purchasing decisions. Results show that while many commodities have decreased prices, some have varied, changing consumer purchasing habits. The study also raises concerns about the transparency of pricing policies and the benefits for businesses.

The study by **Aggarwal (2023)** examines India's economic situation before and after the Goods and Service Tax (GST), focusing on factors like GDP growth, inflation, fiscal deficits, tax revenue collections, and business efficiency. It reveals a discrepancy between the expected results and the current implementation of GST, which aims to simplify tax collection, streamline business processes, and reduce prices.

The study by **Aravind (2023)** examines the impact of the Goods and Services Tax (GST) on the hospitality industry in India. The study found that GST has led to a more equitable business environment and decreased tax burden, but also increased compliance obligations. The implications of GST on the hotel industry depend on factors like scale, geographical placement, and operational framework.

The study by **Awasthi et al. (2023)** explores the impact of the GST on the Indian handicraft industry, highlighting its significant impact on pricing, production, and marketing strategies. It highlights the GST's role in promoting sustainable development and innovation, formalising businesses, and increasing employment opportunities. However, the study suggests further investigation using primary data to understand the practical implications of GST on sustainability in the Indian handicraft sector.

The study by **Maheshwari et al. (2023)** analysed the impact of the Goods and Services Tax (GST) on various Indian economic sectors. It found that manufacturing, retail, transportation, healthcare, agriculture, and textiles have benefited from the GST, while banking, FMCG, IT, e-commerce, and real estate industries have experienced both positive and negative effects.

Nagaraj et al. (2023) study examines the long-term effects of GST on key sectors in the Indian economy, including automobile, agriculture, financial, infrastructure, and hospitality. The study finds mixed growth rates in the agriculture sector but a significant increase in its contribution to GDP. The automobile sector consistently contributes to GDP, while the financial sector shows steady growth. Infrastructure faces challenges due to GST and wider economic reforms. The hospitality sector shows steady growth and a larger role in the economy. The study emphasises the

need for sector-specific approaches and specialised tools.

The study by **Panday et al. (2023)** analyses the perceptions of various textile industry stakeholders regarding India's new Goods and Services Tax (GST) system. The findings reveal that the GST has significantly impacted businesses, increasing reliance on tax experts and increasing operating expenses. The GST system has also improved tax compliance procedures, but tax refund concerns remain a significant concern.

1.4 RESEARCH METHODOLOGY

A total of 144 businessmen/entrepreneurs from Bharatpur district were contacted for the purpose of the research. The sample was deliberately collected, therefore indicating the use of a purposive sampling technique. The respondents' opinions were ascertained by employing a series of 10 Likert statements, which encompassed a spectrum from strongly agree to strongly disagree. An effort was made to address all aspects of GST in order to have a comprehensive understanding of its impact on businessmen and entrepreneurs in the chosen region. To achieve this objective, the subsequent hypothesis was formulated:

1.4.1 OBJECTIVES OF THE STUDY

The core objective of the study is to evaluate the impact of GST on entrepreneurs and businessmen from the Bharatpur district.

1.5 LIKERT STATEMENT AND OPININ OF THE RESPONDENTS

The following ten statements have been framed for the purpose of achieving the research objective, which has been presented in the following table with the opinions of the respondents.

Table 0.1

Opinion of the Respondents

SNO	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	It is burdensome and difficult to understand	7	24	9	29	75
2	The system is acceptable for the betterment of the society on the whole	7	9	17	30	81
3	It successfully avoids the scope of tax evasion	10	11	14	38	71
4	Input tax credits, systematic compliance processes and a simplified tax system are core benefits of GST to this sector	9	15	11	38	71

5	It is not integration; it is diversification and confusion	10	26	77	22	9
6	The tax structure has become more transparent and healthier	7	24	12	28	73
7	It has increased operation costs unduly	7	24	13	33	67
8	Only the disciplined ones are suffering. Rest all are learning and being comfortable with the system	11	28	75	21	9
9	Penalties and fines are horror as they increase the overall costing	70	27	17	19	11
10	The relaxation limit should be increased	7	9	17	30	81

Further, the mean score was calculated to check the perception of the sample respondents; one sample t-test was applied, which has been presented in the following table.

Table 0.2
Result of One Sample t-test

Sno	Statement	Mean	Std. Deviation	t	df	Sig. (2-tailed)
1	It is burdensome and difficult to understand	3.9792	1.30340	9.015	143	.000
2	The system is acceptable for the betterment of the society on the whole	4.1736	1.16072	12.133	143	.000
3	It successfully avoids the scope of tax evasion	4.0347	1.23703	10.037	143	.000
4	Input tax credits, systematic compliance processes and a simplified tax system are core benefits of GST to this sector	4.0208	1.24860	9.811	143	.000
5	It is not integration; it is diversification and confusion	2.9583	.93026	-.537	143	.592
6	The tax structure has become more transparent and healthier	3.9444	1.30506	8.684	143	.000
7	It has increased operation costs unduly	3.8958	1.28857	8.343	143	.000
8	Only the disciplined ones are suffering rest; all are learning and being comfortable with the system	2.9236	.94669	-.968	143	.335
9	Penalties and fines are horror as they increase the overall costing	2.1250	1.34775	-7.791	143	.000
10	The relaxation limit should be increased	4.1736	1.16072	12.133	143	.000

As depicted from the above results, the p-value for all Likert statements was found to be less than 0.05, except for the statement “It is not integration; it is diversification and confusion” and “Only the disciplined ones are suffering rest all are learning and being comfortable with the system” which entails that there was no significant difference in the perception of the respondents with regard to no significant difference in the perception of respondents on the impact of GST on businessmen/entrepreneurs from the Bharatpur district.

Whereas for exceptional Likert statements wherein the p-value was more than 0.05, it states that respondents were neutral for the statement.

1.6 HYPOTHESIS TESTING

H_{01} : There is no significant difference in respondents' perceptions of the impact of GST on businessmen/entrepreneurs from the Bharatpur district.

For the purpose of ascertaining the overall perception of the respondents, primary data collected was averaged, and one sample t-test was applied. The results of the same have been furnished below.

Table 0.3
Results of One Sample t-test

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Mean Score	144	3.6229	1.11592	.09299

One-Sample Test				
	Test Value = 3			
	t	df	Sig. (2-tailed)	Mean Difference
Mean Score	6.699	143	.000	.62292

1.6.1 Interpretation

Since the p-value was found to be less than 0.05, the researcher rejects the standard null hypothesis for one sample t-test, which states that the sample was drawn from a population of less than or equal to 3.

1.6.2 Decision

The researcher accepts the null hypothesis and states that there is no significant difference in respondents' perceptions of the impact of GST on businessmen/entrepreneurs from the Bharatpur district.

1.6.3 CONCLUSION

During the period of globalisation, there arose a necessity for a robust and well-organized tax framework to enable India to compete effectively on the international stage. The implementation of the GST has not only enhanced transparency but also facilitated the facilitation of business operations. In the past, each state had its own tax rates, which were complex and led to an increase in the prices of commodities through a cascade effect. This, in turn, hindered foreign direct investment. The study revealed that the participants exhibited a high level of awareness of the Goods and Services Tax (GST) legislation and the associated rates applied to various products. However,

they expressed the perception that the GST has resulted in a significant rise in administrative tasks. They concurred with the assertion that corruption has significantly diminished in their industry as a result of the widespread and extensive coverage provided by GST. The respondents demonstrate a comprehensive understanding of the positive impact of GST on the economy and advocate for its continuation. Businessmen and entrepreneurs express their support for the GST regime while emphasising the need for a simplified system. They acknowledge the need to raise the relaxation limit for taxation and loosen penalties and fines, as the respondents are still in the process of integrating GST into their system. In general, the respondents strongly support the implementation of GST, as they prioritise the welfare of society over their own personal interests. This demonstrates a positive outlook and potential for societal progress. They are aware that the threshold limit has been raised, which is beneficial for them. The Goods and Services Tax (GST) has had a combination of positive and negative effects. However, respondents concur that the positive impact is significantly more prominent than the negative impact.

1.6.4 SUGGESTIONS

- The GST Council should make efforts to enhance the efficiency of the GST procedure.
- Modulation of the implemented rates is recommended.
- Conducting training workshops on GST. It is imperative to regularly undertake such assessments, particularly in semi-urban regions.

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