



A Study On Problems In Adoption Of GST For Garment Retailors With Special Reference To Islampur City

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Introduction:

The implementation of Goods and Services Tax (GST) presents a myriad of obstacles for small enterprises. Foremost among these challenges is the burden of compliance, as smaller businesses often lack the requisite resources and expertise to navigate the intricate web of GST regulations effectively. Compounded by technological limitations, particularly in rural or underdeveloped regions, these businesses struggle to meet the demands of online registration and filing obligations.

Financial constraints further exacerbate the situation, as small enterprises are compelled to allocate scarce resources towards upgrading their accounting infrastructure and engaging tax consultants to ensure compliance. The intricate multi-tiered tax structure of GST adds another layer of complexity, making it arduous for small businesses to ascertain the appropriate tax rates applicable to their goods and services.

Moreover, the adoption of GST engenders increased compliance costs, exacerbating cash flow issues and triggering disruptions within supply chains. Small businesses

also face intensified competition from larger enterprises, compounding the challenges associated with GST implementation.

Addressing these formidable hurdles necessitates the implementation of targeted support mechanisms tailored to the unique needs of small enterprises. This includes streamlining compliance procedures, facilitating access to cost-effective technology solutions, and implementing financial assistance programs aimed at alleviating the burdens imposed by GST on small businesses.

Research Problem:

Small businesses encounter formidable hurdles in embracing Goods and Services Tax (GST), impeding their smooth transition into the new tax framework. These enterprises, often lacking the resources and expertise of their larger counterparts, grapple with numerous barriers when it comes to adhering to the intricate GST regulations. The burden of compliance, spanning registration, return filing, and record-keeping, weighs heavily on small businesses with limited

administrative capacities. Furthermore, technological and financial limitations, coupled with the intricate tax structure, compound the difficulties faced by small businesses in acclimating to GST. These challenges escalate compliance expenses, cash flow constraints, disruptions in supply chains, and intensified competition from bigger corporations, thereby hampering the effective integration of GST by small enterprises. It is the need of hour to address these problems and to come up with such a system which is comfortable to all.

Objectives of study:

1. To study the current scenario of GST working.
2. To study the problems in GST mechanism from a point of view of garment retailers.
3. To Suggest necessary remedies to improve the system.

Research Methodology:

Present research is about to understand problems and suggest remedies to overcome these problems. Thus, it needs to explore the phenomenon. It is exploratory research. Survey method is used to collect data for this research. Primary as well as secondary data is needed for this purpose.

Primary data collected through questionnaire, informal interviews with garment retailers, chartered accounts, GST officials. Secondary data is collected through research papers, books, newspaper articles etc.

Sample selection:

Population of garment retailers in Islampur city is 47 as per records of district industries center.

Sample is selected by using formula of definite sampling.

Population size – 47

Margin of error – 5%

Confidence level – 95%

After calculation sample size comes to be 42 respondents.

Scope of study:

1. Present research is limited up to the geographical boundaries of Islampur city.
2. The data collected is of feb- 2024.
3. The present study covers only problems faced while dealing with GST working.

Data Analysis and Interpretation:**Analysis of current scenario of GST working:**

Under this segment researcher has studied current scenario of GST working. For this purpose, researcher has asked retailers about their level of understanding of GST, difficulties they face in GST registration, technical glitches in the system, problems they face while filling the returns. For this point researcher has collected data from discussions with retailers, chartered accountants and from secondary sources.

The rollout of Goods and Services Tax (GST) in India has posed a steep learning curve for retailers across the country. Despite attempts by the

government to streamline the tax system, many retailers, particularly those operating at local levels, have encountered difficulties in comprehending and adhering to GST guidelines. While GST intends to make taxes simpler and boost business, it's been tough for retailers in India to handle. The way it's set up has made things complicated. Retailers need better training and easier rules to follow so they can deal with GST better and run their businesses smoothly.

Since its inception, the GSTN (Goods and Services Tax Network) portal, designed for filing GST returns, has

encountered a range of technical challenges. These issues encompass system crashes, sluggish response rates, and accessibility hurdles, creating frustrations and causing delays for retailers attempting to complete their return filings.

Analysis of complexity of GST structure:

Under this question researcher has asked to retailers about complexity of GST structure. The purpose behind asking this question is to get information about what problems retailers face while dealing with various slabs of GST.

Table 1: Retailors think that GST structure is complex and difficult to understand

Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
7 (16.66)	27 (64.28)	5 (11.90)	2 (4.76)	1 (2.38)	42 (100.00)

(Source- field survey)

Table number 1 shows that 64.28% retailers agree with the statement that GST structure is complex and difficult to understand. Below these level 16.66% respondents are strongly agreeing with this statement. Further % respondents are disagreeing with this statement.

The complexity of India's Goods and Services Tax (GST) system presents a significant hurdle for businesses and taxpayers. A key factor adding to this complexity is the multi-tiered tax structure. Under GST, there are separate tax rates imposed by the central government (CGST), state governments (SGST), and for inter-state transactions (IGST), along with additional levies

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known as cesses. These various tax rates are applicable to different types of goods and services, creating a maze of tax classifications that businesses must navigate. Furthermore, categorizing goods and services under the GST framework entails a meticulous evaluation, often relying on criteria like HSN (Harmonized System of Nomenclature) codes. These classifications can be intricate, demanding a nuanced comprehension. Deciphering the appropriate tax rate for specific products or services frequently involves a detailed interpretation of these classifications. Such complexities pose significant compliance hurdles, particularly for small and medium-sized enterprises.

Analysis of increased compliance costs due to GST:

Under this segment researcher has asked information about the status of

compliance costs under GST regime. The purpose of asking this question is to gather information on the situation of compliance costs. The general trend indicates that compliance costs have increased.

Table 2: Compliance costs have increased in GST regime

Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
31 (73.80)	7 (16.66)	2 (4.76)	1 (2.38)	1 (2.38)	42 (100.00)

(Source- field survey)

Table 2 shows that 73.80% respondents are strongly agreeing with that statement that under GST regime compliance costs have increased. Below to these level 16.66% respondents are agreeing with this statement. Lastly 4.76 % respondents are having a neutral view on the statement.

The rollout of Goods and Services Tax (GST) has ushered in a notable uptick in compliance expenditures for businesses across diverse sectors. Central to this surge in costs is the imperative for businesses to overhaul their accounting frameworks, refine operational processes, and conduct extensive staff training to align with the new tax framework. The intricate nature of GST regulations, marked by an array of tax rates, intricate invoicing protocols, and stringent filing deadlines, necessitates substantial administrative investments and manpower allocation. Businesses find themselves compelled to channel resources into upgrading their technological infrastructure to ensure seamless record-keeping and punctual submission of GST returns.

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Furthermore, the mandate for businesses to meticulously reconcile their sales and procurement invoices to avail input tax credits compounds the complexity and administrative burden, thereby contributing to escalated compliance outlays. Small and medium-sized enterprises, in particular, encounter hurdles in absorbing these added costs, precipitating financial pressures and operational impediments. While GST endeavors to rationalize the tax framework and foster transparency, the attendant compliance expenditures present a formidable challenge for businesses, especially those operating within narrow profit margins.

Analysis of Cash flow issues caused by GST:

Under this segment researcher has asked to garment retailers about problems they face in cash flow because of GST. Due to filling returns, there may be major cash outflow and because of that cash outflow, other business activities can get disturbed. Here researcher has asked about

the degree of intensity of financial disturbances.

Table 3 Filling GST returns disturbs cash flow of firm

Extremely	Very	Somewhat	Slightly	Not at all	Total
6 (14.28)	22 (52.38)	10 (23.80)	4 (9.52)	0 (0.00)	42 (100.00)

(Source- field survey)

Table 3 shows that 52.38% respondents claim that it is very disturbing thing that filling GST returns impacts cash flow of firm. Below to these level 23.80% respondents feel that filling GST returns is impacting at somewhat level. The implementation of Goods and Services Tax (GST) has the potential to disrupt the cash flow of firms, particularly during the initial phases of adjustment. A key factor contributing to this disruption is the tax payment mechanism and utilization of input tax credit (ITC) under GST.

In the GST framework, businesses are required to remit taxes based on their sales invoices, regardless of whether payments from customers have been received. This results in cash outflows occurring at the time of invoice generation, potentially creating a discrepancy between cash inflows and outflows. This situation is particularly challenging for businesses

with extended payment cycles or those operating in sectors where delayed payments are prevalent. Additionally, while businesses are entitled to claim input tax credits on their purchases to offset the taxes paid on sales, the process of availing and reconciling these credits can be lengthy. Delays in obtaining input tax credits can tie up funds and strain liquidity, further complicating the cash flow management of firms.

Analysis of working on GST may affect other business operations:

Under this segment researcher has asked to garment retailers that is there GST working is affecting other business activities. The intention behind asking this question is to know how much time retailers are spending on GST work and is that affect other business operations.

Table 4 Working on GST may affect other business operations

Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
24 (57.14)	14 (33.33)	2 (4.76)	1 (2.38)	3 (7.14)	42 (100.00)

(Source- field survey)

Table 4 shows that 57.14% respondents are strongly agree that GST working takes time and hence it affects other business operations. Below to these level 33.33% respondents agreeing that GST is time consuming activity and it employs one person of business. Complying with GST demands considerable dedication of time and resources from businesses. Tasks such as registration, return filing, maintaining records, and reconciling input tax credits necessitate substantial administrative efforts. This burden not only consumes valuable time but also redirects resources that could otherwise be allocated to essential business functions. Consequently, businesses may experience inefficiencies and productivity declines as attention is diverted towards fulfilling GST compliance requirements. The introduction of GST may require businesses to invest in training and skill development for their employees to ensure adherence to updated tax regulations and procedures. This investment in training initiatives demands both time and resources, potentially disrupting employee productivity and workflow in the process.

Findings and Observations of study:

1. Retailors have not understood GST mechanism properly. They do not have clear idea about how input to output tax mechanism works. Most of retailors are unaware about which documents they need to maintain, how registration is to be done, how to do internal tax calculation before filling return etc.
2. Retailors face problems of technical glitches while working on website of GST. It affects time management of retailors and it leaves impact on other business operations.
3. 64.28% Retailors think that GST structure is complex and difficult to understand. In garment business we have different type of GST slab rates and many times it leads to create confusion in the mind of businessman.
4. In majority cases retailors need to take assistance from chartered accountants, tax consultants to file return, complete the assessment work etc. it leads to increase compliance costs. 73.80% respondents claim they have observed that the compliance costs are increased.
5. Sometimes retailors sale products on credit basis and also purchases are made on credit basis. Credit transactions affects cash flow of business. Sometimes at the time of return filling they face cash deficit. Sometimes they get late refund from GST department. 52.38% respondents feel cash flow affects at very level due to GST.
6. GST calculations are lengthy in nature so it requires one person who have required knowledge. If a business is of sole proprietorship, then it may have affected on other business operations. In business we have multiple operations like marketing work, day to

day shop handling, financing activities etc. If proprietor is only looking at GST working then it leads to have impact on other work.

Suggestions to stakeholders:

1. GST officials shall arrange training programs for retailers. It will help to understand GST mechanism correctly. Training shall be focused on how input tax credit and output tax credit calculations are to be done, how to do registration of GST, how to file returns etc.
2. Retailors shall attend GST training programs to understand mechanism properly. Retailors shall focus on what base documents shall be maintained to file return, what are the important dates, how to get notified about amendments in GST act etc.
3. Retailors shall be very much careful while doing credit transactions. They shall carefully consider what is the given credit period and in what time he has to pay tax on it. The proper financial management shall be worked out and if all things are feasible then only, they shall carry out credit transaction. It will help to maintain adequate flow of cash.
4. Retailors shall plan their all operations very efficiently. For example, they shall note down what they have to do in coming month for marketing, finance, day to day business operations, taxation work etc. after a proper plan they shall focus on how

they can implement it and that shall be plan in advance. Proper execution of this plan will assure that every business activity will get proper attention and time.

5. All retailers shall form a group and once in a month they shall come together to discuss the issues they face in taxation. It will help to resolve some issues, like if someone knows something so that he will give an idea on it.

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