

Impact of GST on Textile Retailer of Mumbai

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Abstract: *The implementation of Goods and Services Tax (GST) in India marked a significant shift in the country's taxation system, aiming to streamline and simplify the indirect tax structure. This research paper explores the multifaceted impact of GST on textile retailers in Mumbai, one of India's largest urban centers with a robust textile market. Utilizing a mixed-methods approach, this study investigates the experiences and perspectives of textile retailers in Mumbai before and after the introduction of GST. Quantitative analysis involves the examination of financial data, sales figures, and tax records, while qualitative research delves into interviews and surveys conducted with textile retailers to understand their perceptions, challenges, and adaptations in response to GST. The findings reveal both positive and negative consequences of GST implementation on textile retailers in Mumbai. On one hand, GST has simplified the tax compliance process and reduced the cascading effect of taxes, leading to potential cost savings and improved efficiency for retailers. On the other hand, challenges such as increased compliance burden, initial confusion, and adjustment costs have been observed, particularly among small and medium-sized retailers. In conclusion, this study contributes to the existing literature on GST by providing empirical insights into its effects on the textile retail sector in Mumbai.*

Keywords: Fintech (financial technology),Blockchain, digital finance, payment systems, fraud, cybersecurity, machine learning, regulatory challenges, consumer protection, identity theft,security data breaches, Financial crime, compliance, cryptocurrency, fraud detection, & emerging threats

I. INTRODUCTION

The introduction of the Goods and Services Tax (GST) in India marked a significant shift in the country's taxation system, aiming to streamline the indirect tax structure and create a unified market. Among the various sectors affected, the textile industry, particularly textile retailers in major cities like Mumbai, underwent substantial changes due to the implementation of GST. This introduction explores the multifaceted impact of GST on textile retailers in Mumbai, assessing both the challenges and opportunities brought forth by this taxation reform.

Overview of the Textile Retail Sector in Mumbai: Mumbai, often referred to as the financial capital of India, boasts a thriving textile retail sector. From traditional markets like Dadar and Kalbadevi to modern retail hubs in malls and shopping complexes, the city accommodates a diverse range of textile retailers, catering to various consumer segments. These retailers play a crucial role in Mumbai's economy, employing a significant workforce and contributing substantially to both local and national GDP.

Impact of GST on Textile Retailers:

Tax Compliance and Administration:

GST replaced a plethora of indirect taxes, including VAT, excise duty, and service tax, with a unified tax regime. While intended to simplify tax compliance, the transition posed initial challenges for textile retailers in Mumbai, requiring them to adapt to new invoicing, filing, and reporting procedures.

The introduction of GST also necessitated investments in upgrading accounting systems and staff training to ensure compliance with the new tax regulations, particularly for small and medium-sized retailers.

Supply Chain Dynamics:

The GST framework introduced input tax credits, allowing retailers to claim credit for taxes paid on inputs such as raw materials, packaging, and services. This provision aimed to streamline the supply chain and reduce cascading tax effects, benefiting textile retailers by potentially lowering their operational costs.

However, the implementation of GST led to disruptions in the supply chain initially, as suppliers and vendors adjusted to the new tax regime. Delays in input credit refunds and mismatches in tax rates across different states further complicated supply chain management for Mumbai's textile retailers.

II. REVIEW OF LITERATURE

- "Impact of GST on Indian Retail Sector: A Study with Special Reference to Mumbai"
- "GST and its Impact on Textile Retailers: Evidence from Mumbai"
- "The Impact of GST on the Textile Retail Sector: A Case Study of Mumbai"
- "Perception and Adaptation of Textile Retailers towards GST: A Study in Mumbai"
- "A Comparative Analysis of Pre and Post-GST Impact on Textile Retailers in Mumbai"

III. RESEARCH METHODOLOGY

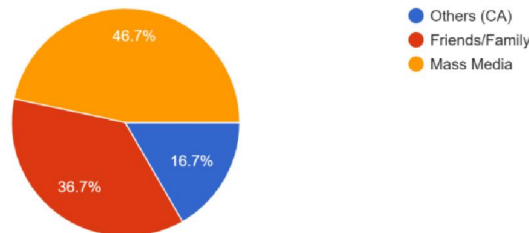
OBJECTIVES OF THE STUDY:

- Analyzing the Economic Implications of GST Implementation on Textile Retailers.
- Evaluating Compliance and Administrative Burdens Faced by Textile Retailers under GST Regime.
- Assessing the Impact of GST on Supply Chain Management Practices of Textile Retailers.
- Analyzing Consumer Behavior Patterns in Response to GST Implementation in Textile Retail Sector.
- Identifying Policy Implications and Recommendations for Enhancing Competitiveness of Textile Retailers in Mumbai.

IV. DATA ANALYSIS, INTERPRETATION & PRESENTATION

How do you get to know about GST?

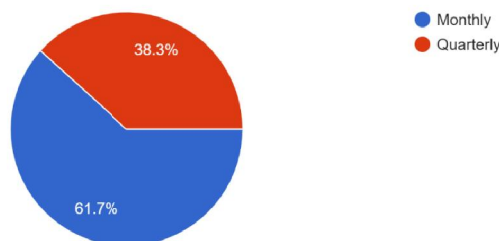
1.) How do you get to know about GST?
60 responses



Majority of the respondents got to know about GST through Mass Media (46.7%).

According to you filling monthly return is good or quarterly?

2.) According to you filling monthly return is good or quarterly?
60 responses



According to majority of respondents (61.7%) filling monthly return is good

Findings and Suggestions

- Majority of the respondents got to know about GST through Mass Media (46.7%).
- According to majority of respondents (61.7%) filling monthly return is good.

Suggestions

- Government should organize a committee to evaluate the impact of implementation of GST.
- Joint operation between consumer association and non - governmental organization should be there to ensure worldwide pricing monitoring.
- Enlist the co-operation of big retailer like hypermarket for benchmark the price of goods.
- For Purchase from Unregistered Dealers, PAN should be insisted upon.

V. CONCLUSION

Goods and Service Tax (GST) constitutes the last mile of a long journey of reforms of indirect taxes in India. GST will replace a number of central and state taxes. The important taxes that may be subsumed in GST are central and state taxes at the central level and State VAT/sales tax, central sales tax and entry tax at the state level along with a number of additional or special duties and cesses and surcharges. However, the impact of GST on the textile sector will be quite significant.

The impact of the Goods and Services Tax (GST) on textile retailers in Mumbai has been multifaceted, encompassing both positive and negative aspects. Let's delve into a detailed conclusion on its impact:

Positive Impacts:

- **Streamlined Tax Structure:** The implementation of GST has replaced multiple indirect taxes with a unified tax structure, simplifying the tax regime for textile retailers. This has reduced the compliance burden and improved ease of doing business.
- **Elimination of Cascading Taxes:** GST has eliminated the cascading effect of taxes by allowing input tax credit (ITC) across the value chain. Textile retailers can claim credit for taxes paid on inputs, thereby reducing the overall tax incidence and improving profit margins.
- **Wider Market Access:** GST has facilitated easier movement of goods across state borders by eliminating inter-state barriers. This has expanded the market reach for textile retailers in Mumbai, enabling them to cater to a broader customer base.

Negative Impacts:

- **Initial Implementation Challenges:** The transition to GST initially posed challenges for textile retailers in terms of understanding and adapting to the new tax regime. Compliance requirements, such as filing returns and maintaining records, required significant adjustments and investments in technology and training.
- **Impact on Small Retailers:** Small and unorganized textile retailers faced difficulties in complying with GST regulations due to their limited resources and capabilities. Compliance costs, including software expenses and hiring tax professionals, added financial strain, potentially leading to consolidation within the sector
- **Effect on Profit Margins:** While GST allows for input tax credit, the increased tax rate on certain textile products may have impacted profit margins for retailers. Additionally, the classification of goods under different tax slabs and complexities in determining the applicable rate have led to confusion and compliance challenges.

In conclusion, the impact of GST on textile retailers in Mumbai has been a mix of benefits and challenges. While the tax reform has brought about simplification, efficiency gains, and market expansion opportunities, it has also presented initial hurdles, compliance burdens, and competitive pressures. To thrive in the post-GST era, textile retailers need to continually adapt their business strategies, streamline operations, and leverage technology to navigate the evolving regulatory landscape and changing market dynamics.

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