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A Study on Impact, Preference and Satisfaction Towards Goods and Services Tax (GST) among Small and Medium Traders in around Pollachi Taluk

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Abstract: *The introduction of the Goods and Services Tax (GST) marked a significant transformation in the indirect tax system in India. GST was introduced with the objectives of creating a unified national market, simplifying the tax structure, reducing the cascading effect of taxes and promoting transparency in tax administration. Small and Medium Enterprises (SMEs) constitute an important segment of the Indian economy and contribute significantly to employment generation, production, trade and regional economic development. However, the implementation of GST has created both opportunities and challenges for SMEs. While GST has improved tax transparency, facilitated input tax credit and encouraged digitalisation and formalisation, SMEs have also faced challenges relating to compliance procedures, return filing, technological requirements, working capital and tax-related costs. Against this background, the present study examines the impact, preference and satisfaction towards GST among SMEs. The study focuses on understanding the perceptions of SME owners and managers regarding the effects of GST on business operations, financial performance, compliance burden and overall business environment. It also examines the factors influencing their preference for the GST system and assesses their satisfaction with GST registration, return filing, input tax credit, refund procedures, GST portal services and taxpayer support. The study further attempts to identify the major difficulties faced by SMEs in complying with GST and to examine the relationship between GST-related factors and overall satisfaction. The findings of the study are expected to provide useful insights for policymakers, tax authorities and SME stakeholders in improving GST administration and making the tax system more accessible, efficient and SME-friendly.*

Keywords: Goods and Services Tax (GST); Small and Medium Enterprises (SMEs); GST Impact; GST Preference; Taxpayer Satisfaction.

I. INTRODUCTION

Taxation plays an important role in the economic development of a country by generating revenue for the government and supporting public expenditure and development activities. In India, the indirect tax system underwent a major transformation with the introduction of the **Goods and Services Tax (GST)** on 1 July 2017. GST replaced several central and state indirect taxes and introduced a destination-based tax system intended to create a common national market. The reform was aimed at simplifying the indirect tax structure, reducing the cascading effect of taxes, improving tax compliance and promoting transparency in tax administration.

The **preference of SMEs towards GST** is another important dimension that deserves examination. Preference reflects the extent to which business owners consider the GST system beneficial, convenient, transparent and suitable for their business requirements. Factors such as tax rates, availability of input tax credit, ease of compliance, digital filing

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procedures, transparency and professional support may influence the preference of SMEs towards the present tax system. Understanding these factors can help policymakers identify the aspects of GST that are positively perceived by SMEs and those that require further improvement. Similarly, **satisfaction towards GST** reflects the overall experience of SMEs with the GST system. Satisfaction may be influenced by the ease of registration, usability of the GST portal, return-filing procedures, availability of input tax credit, refund mechanisms, taxpayer support services and the clarity of GST regulations. A high level of satisfaction may encourage voluntary compliance and improve the relationship between taxpayers and tax authorities, whereas dissatisfaction may increase the perceived compliance burden and discourage smaller enterprises.Although GST has been in operation for several years, SMEs continue to experience changes in tax procedures, digital compliance requirements and regulatory practices. Therefore, it is important to examine the present perception of SME owners and managers rather than assessing GST only from a policy perspective. A study combining **impact, preference and satisfaction** can provide a comprehensive understanding of how GST is perceived at the enterprise level.

II. REVIEW OF LITERATURE

Kapoor Kapil, (2017) in his study entitled that "**GST New Tax Regime: Issues and Challenges"** examined GST implementation, models, mechanism, issues and challenges. Development stages GST in India studied in this paper. Exclusions from GST which is petrol alcohal, tobacco, Diesel and some benefits such as simplicity, transparency, cascading effect, reduction in burden of tax tax revenue collection, economic growth and no tax for exporters are included in this paper. Challenges also studied in the paper. So the paper concluded that proper implementation of GST will lead to economic growth.

Yadav, S. S. and Shankar, R., (2018) in their research paper entitled that**" Goods and services tax (GST**)" analyzed the history and evolution of GST in the country and how it has replaced various indirect taxes.

III. STATEMENT OF THE PROBLEM

Hence it is of considerable interest to know:

- What is the impact of GST among Small and Medium Traders?
- What are the benefits enjoyed by the Small and Medium Traders? and
- How far they are satisfied with the GST?

IV. OBJECTIVES OF THE STUDY

A systematic study of the extent of using Goods and services Tax used by small and medium traders and their satisfaction are to be studied to find answers to the questions raised. The present study is conducted with the following specific objectives:

i. What is the impact of GST among Small and Medium Traders?
ii. What are the benefits enjoyed by the Small and Medium Traders?
iii. How far they are satisfied with the GST?

V. HYPOTHESES OF THE STUDY

In tune with the objectives the following hypotheses are framed:
There is no association between demographic factors and benefits of GST.
Small and medium traders satisfaction is not associated with demographic factors.

VI. METHODOLOGY

Approach to the study, methods employed to collect the data, sampling method adopted for collection of data and the framework for analysis of data are discussed.

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DATA
For the purpose of the study both primary and secondary data are utilized. Primary data have been collected from GST taxpayers by distributing questionnaires to them. Secondary data have been collected from journals, magazines, newspaper, books and websites.

SAMPLING METHOD
Convenient sampling method has been adopted for collecting primary data.

SAMPLE SIZE
Of the 250 questionnaire distributed to small and medium traders, 246 were found complete in all respect and they are considered for the study.

PERIOD OF THE STUDY
Regarding period of the study, it has been carried out during the year 2021.

STATISTICAL TOOLS
SPSS 13,0 for windows package was used to analyse the data.
The various statistical tools employed to analyze the data are simple percentage, Chi-square test and Friedman rank test.
Chi-square test is an important non-parametric test and it is used as a test of association between demographic factors and awareness towards GST.

VII. SCOPE OF THE STUDY
After implement GST a great impact on all the sectors taken place especially in India. Through GST india earn more revenue and as well as most of the traders are registered and also it brought forth new insights on effect of new indirect tax regime on MSME in India as well as this study will helps to create awareness and also identify the level of satisfaction about GST among traders and customers also.

VIII. ANALYSIS AND INTERPRETATION
8.1 AGE OF THE RESPONDENTS
The following table contains the data related to age wise classification of the respondents that are given below

TABLE 1.1: AGE OF THE RESPONDENTS

Particulars	Frequency	Percentage
Below 25 years	21	14.40
25-35 years	106	72.60
35 - 45 years	15	10.30
above 45 years	04	2.70
Total	**146**	**100**

Source: Primary data

The above table 1.1 shows that, 21 (14.40%) respondents are comes under the age group of below 25 years, 106(72.60%) of the respondents are comes under the age group of 25-35 years, 15(10.30%) of the respondents are comes under the age group of forty 35-45 years, 04(2.70%) of the respondents are comes under the age group of above 45 years. Majority 106 (72.6%) of the respondents are lying under the age group of 25-35 years.

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8.2 GENDER

The classification of gender of the respondents are given below

TABLE 1.2: GENDER

Particulars	Frequency	Percent
Male	120	82.20
Female	26	17.80
Total	**146**	**100**

Source: Primary data

Table 1.2 states that 120 (82.20%) are male, 26 (17.80%) respondents are female.The majority 120 (82.20%) respondents are male.

8.3 MARITAL STATUS

The classification of marital status of the respondents are given below

TABLE 1.3: MARITAL STATUS

Particulars	Frequency	Percent
Single	14	9.60
Married	132	90.40
Total	**146**	**100**

Source: Primary data

Table 1.3 states that 14 (9.60%) are single, 132 (90.40%) respondents are married. The majority 132 (90.4%) respondents are married.

1.8.4 EDUCATIONAL QUALIFICATION

The following table represents that the respondent's educational wise classifications are given below

TABLE 1.4
EDUCATIONAL QUALIFICATION

Particulars	Frequency	Percent
Up to school level	40	27.40
Under Graduate	66	45.20
Post Graduate	40	27.40
Total	**146**	**100**

Source: Primary data

The above table shows that 38 (26.03%) are completed up to school level, 66 (45.2%) respondents are under graduates, 36(24.652%) respondents are finished their post graduation degree.

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Volume 6, Issue 1, September 2026
Impact Factor: 8.2

Majority 66 (45.2%) of the respondents are Under Graduates.

8.5 SIZE OF THE FAMILY

The following table contains respondent's family size which means number of members in the family. Those are given below

TABLE 1.5: SIZE OF THE FAMILY

Particulars	Frequency	Percent
Up to two members	41	28.1
Three to five members	73	50.0
Above five members	32	21.9
Total	**146**	**100.0**

Source: Primary Data

The above table 3.5 shows that, 41 (28.1) are having up to two member in family, 73 (50%) are having three to five members in family and 32 (21.9) are having above five members in family.The majority 73(50%) of the respondents family are having three to five members.

8.6 TYPE OF THE FAMILY

The following classifications are presents the family type of the respondent.

TABLE 1.6: TYPE OF THE FAMILY

particulars	Frequency	Percent
Joint family	67	45.9
Nuclear family	79	54.1
Total	**146**	**100.0**

Source: Primary data

The above table 1.6 shows that out of 146 respondents 67 (45.9) are in joint family and 79 (54.1%) are in Nuclear family. The majority 79 (54.1%) of respondents are comes under nuclear family.

8.7 TYPE OF SECTOR

The classification of type of sector of the respondents are given below

TABLE 1.7: TYPE OF SECTOR

Particulars	Frequency	Percent
Goods Manufactured	132	90.6
Services	14	9.4
Total	**146**	**100**

Source: Primary data

Table 1.7 states that 132 (90.66%) respondents are doing manufacturing type of business and 14 (9.4%) respondents are doing services type of sector.

The majority 132 (90.4%) respondents are doing manufacturing type of business.

ISSN: 2581-9429
Volume 6, Issue 1, September 2026
Impact Factor: 8.2

8.8 MONTHLY INCOME OF A FAMILY

The following table contains the data related to respondent's total monthly income a family.

TABLE 1.8: MONTHLY INCOME OF A FAMILY

Particulars (Rs.)	Frequency	Percent
Up to Rs 1,00,000	32	21.9
1000001 – 200000	52	35.61
Above 200000	16	11.0
Total	**146**	**100.0**

Source: Primary Data

The above table 4.8 shows that, out of 146 respondents 32 (21.9%) families are earning up to 100000, 52 (27.4%) families are earning Rs.1000001-Rs.200000, and 16 (11%) families are earning above Rs200000

The majority 52(35.61) of the families monthly income range between Rs.100001 - 200000

8.9 REGISTRATION OF GST

The following table 4.8 explain about the registration of GST are as follows

TABLE 4.9: REGISTRATION OF GST

REGISTERED IN GST	PERFORMANCE	PERCENTAGE
YES	90	90%
NO	10	10%
TOTAL	100	100%

Source: Primary data

Table 4.7 states that 90 (90%) respondents are doing manufacturing type of business and 14 (10%) respondents are doing services type of sector.

The majority 90 (90%) respondents are registered under GST.

8.10 AWARENESS ABOUT GST

The following table explains about the level of awareness among the respondents are as follows:

TABLE 1.10: REGISTRATION OF GST

particulars	Highly aware	Aware	Neutral	Unaware	Highly unaware
GST made it mandatory to provide the bill to customer.	67	24	20	35	0
E – WAY bill is beneficial for business	56	14	21	26	29
Voluntary Registration	45	40	35	20	6
Deemed Registration in three working days	58	10	15	38	25
Mode of Payment of GST	46	40	35	25	0
Reverse charge mechanism	40	36	30	30	10
E-invoice	70	16	40	10	10
Payment of late fee	40	50	26	20	10
Repayment of excess fee	66	50	10	10	10

Source: Primary data

Majority 67 respondents are highly aware with GST made it mandatory to provide the bill is beneficial for business. Majority 56 respondents are highly aware with E-WAY bill is beneficial for business. Most 45 of the respondents are

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highly aware with voluntary registration. 58 respondents are highly aware with deemed registration in three working days. Majority 46 of the respondents are highly aware with mode of payment in GST. Hence, majority 40 respondents are aware with reverse charge mechanism. Hence, majority 70 respondents are highly aware with E-voice. Hence, majority 40 respondents are highly aware with payment of late fee. Hence, majority 66 respondents are highly aware with repayment of excess fee.

CHI SQUARE TEST

The Chi-square analysis is used to test the significant relationship of one factor over the other factor, for this purpose the factors were classified into two groups like dependent and independent variable

AGE AND LEVEL OF AWARENESS ABOUT GST

Null Hypothesis (Ho): There is no significant association between the age and level of awareness.

Table 1.11: AGE AND LEVEL OF AWARENESS

Particulars	Value	Df	Asymp. Sig.(2sided)
Pearson Chi-Square	34.725	6	.000
Likelihood Ratio	32.687	6	.000
Linear-by-Linear Association	3.740	1	.053
No of Valid Cases	146		

The above chi-square table the calculated value is less than the significant value. Hence, the hypothesis has been rejected. So, there is a significant relationship between age and level of awareness about GST.

EDUCATIONAL QUALIFICATION AND LEVEL OF AWARENESS

Null Hypothesis (Ho): There is no significant relationship between educational qualification and the level of awareness.

TABLE 1.12: EDUCATIONAL QUALIFICATION AND LEVEL OF AWARENESS

	Value	Df	Asymp. Sig.(2-sided)
Pearson Chi-Square	34.725	6	.000
Likelihood Ratio	32.687	6	.000
Linear-by-Linear Association	3.740	1	.053
No of Valid Cases	146		

The above table indicates that the chi-square value is less than the significant value. Hence, the null hypothesis has been rejected. So there is a relationship between educational qualification and the level of awareness.

IMPACT OF GST

The following table explain about after implementing GST by the traders are as follows:

TABLE 1.13: IMPACT OF GST

S.No	Impact of GST	Rank
1.	Increase in Foreign Investment	9
2.	Fewer Taxes	8
3.	Reduce the cost of doing business	1
4.	Transparency	5
5.	Dual Control	6
6.	increase of the cost of some commodities	7

7.	Increase tax payers	4
8.	Effective Tax collection	3
9.	Increase Government Revenue	2

Source: Primary Data

It is found in table 4.16 reveal that the primary (first) impact factor considered by the traders after using GST is ‘Reduce the cost of doing businesses’. Other factors in the order of ranking are ‘Increase Government Revenue’, ‘Effective Tax collection’, ‘Increase tax payers’, Transparency’, ‘Dual Control, increase of the cost of some commodities’, ‘Fewer Taxes’, ‘Increase in Foreign Investment’.

IX. FINDINGS OF THE STUDY

- Majority 56(56%) of the respondents are male
- Majority (40%) of the respondents are the age group of 40-50 years.
- Majority (45%) of the respondents family income is above Rs.1,00,000.
- Majority (48%) of the respondents are residing in the urban area.
- Majority 61% of the respondents are living in nuclear family.

X. AWARNESS TOWARDS GST

- Majority of 100 respondents, 90% of the respondents are registered in GST.
- Majority 38% of the people know GST through the way media.
- Majority 37% of the respondents are aware with the reduction of corruption in the economy.
- Majority 46% of the respondents are highly aware with GST legislation is satisfactory.
- Majority 34% of the respondents are highly aware with ease in filling of GST online.
- Majority 35% of the respondents are highly aware with rate implication on the occupation satisfactory.
- Majority 34% of the respondents are aware with benefit of the government schemes.
- Majority 47% of the respondents are highly aware with applied existence law is fairly applied.
- Majority 38% of the respondents are neutral with payment of late fee collection.
- Majority 38% of the respondents are highly aware with inflation cost reduced due to GST.
- Majority 34% of the respondents are aware with implementation of GST increased the documentary procedure.
- Majority 26% of the respondents are aware with implementation of GST reduced the manual work.

XI. SUGGESTIONS OF THE STUDY

Based on the small scale medium concern suggestions and data analyzed in this study as follows

- The impact of GST has highly effect on the small scale industries
- It is suggested that give prior intimation about the late fee collection.
- The tax payers suggested that the provisions for collection of late fees need to be relaxed.
- GST statement return on filing of frequency should be reduced to Single Return Per Quarter.
- Also suggested that the tax payers are login status will automatically logout.
- To create more awareness about RCM.

XII. CONCLUSION

Introduction to the GST the most crucial form in Indian taxation system it simplified tax structure in India consumer good segment delivery cost is reduced and tax rates are changed in the implementation of the GST where the companies whom tax is increased has to increase the price of the goods .GST has simplified tax compliance system and have a positive influence at overall industry by creating single unified market. For small scale medium traders and startups, GST has benefited by increasing threshold limit, decreasing cost of logistics and tax payment simplification.

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