**A STUDY ON IMPACT OF GST AFTER ITS IMPLEMENTATION**

**Umaiyal S1,** MBA students, Jerusalem College of Engineering, Chennai, Tamil Nadu, India

**SuryaSuresh2,** MBA students, Jerusalem College of Engineering, Chennai, Tamil Nadu, India

**Muthumani S3,** Professor and Head MBA, Jerusalem College of Engineering, Chennai.

**ABSTRACT:**

This study explores the effects of the Goods and Services Tax (GST) following its implementation, focusing on its influence on various economic and business dimensions. GST, a transformative tax reform aimed at simplifying the tax system and boosting economic efficiency, has reshaped the taxation framework in numerous countries. . This study evaluates the impact of GST on corporate operations, consumer expenditure, and government income. By comparing data from before and after GST's adoption, the study examines shifts in tax compliance, administrative burdens, and revenue outcomes. It particularly investigates the impact on small and medium-sized enterprises (SMEs), alterations in consumer prices, and broader economic growth. Using a combination of quantitative data analysis and qualitative feedback from surveys and interviews with business leaders and tax experts, the study finds that GST has led to increased tax transparency and compliance but also introduced challenges like higher compliance costs and pricing adjustments. The research identifies both positive impacts, such as a more transparent tax system and a broader tax base, and difficulties, including initial implementation issues and sector-specific challenges. The study offers recommendations for policymakers to refine GST structures and address business and consumer concerns, providing a thorough evaluation of GST's effects and insights for future tax policy development. The primary goal is to assess the broad economic effects of GST, while also looking at its influence on GDP growth, inflation, and the performance of different economic sectors. Through this study, we aim to understand how GST has shaped the economy of India and what lessons can be learned for the future. GST (Goods and Services Tax) refers to the tax system that was implemented in India to replace multiple indirect taxes with a unified tax structure. An online questionnaire was conducted to address these factors and collect the necessary data. The data has been analyzed using statistical tools in MS Excel, specifically ANOVA and Chi-square.

Keywords: GST, economic impact, GDP growth, inflation, sector-wise performance.

**Top of FormBottom of FormINTRODUCTION:**

The Goods and Services Tax (GST) was introduced as a major tax reform aimed at simplifying the tax structure and improving economic efficiency. Prior to GST, many countries had complex indirect tax systems characterized by multiple tax rates and overlapping taxes. GST was designed to address these inefficiencies by replacing various indirect taxes, such as sales tax, excise duty, and VAT, with a single unified tax levied on goods and services.

The primary objectives of GST include eliminating tax cascading, enhancing transparency, broadening the tax base, and reducing compliance costs. By implementing a single tax rate system across different sectors, GST sought to create a more equitable tax environment and improve ease of doing business.

By analyzing pre- and post-GST data, the study seeks to understand how GST has influenced various economic activities, including business operations, pricing strategies, and consumer behavior. It explores both the benefits, such as improved transparency and compliance, and the challenges, including initial adjustment issues and sector-specific impacts. This research provides a comprehensive assessment of GST's effectiveness and offers insights into its role in shaping economic and fiscal policies.

**OBJECTIVE**

PRIMARY OBJECTIVE:

To Study on impact of GST after its implementation

SECONDARY OBJECTIVE:

1. To Identify the relationship between GDP growth rate and business after GST.

2. To know the awareness level of changes in consumer price Index after GST.

3. To analyze the impact of GST on service sector business in terms of profit.

**REVIEW OF LITERATURE:**

Pinki et al. (2014) studied, Goods and Service Tax Panacea for Indirect Tax System in India and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

In a study from 2014, it was found that the new NDA government in India has a positive attitude towards implementing GST. The study concluded that a strong IT infrastructure backing the implementation of GST would be beneficial for the central government, state government, and consumers in the long run. Another study by Kumar in 2014 concluded that the implementation of GST in India would lead to the elimination of many indirect tax systems, leaving only one tax, GST. This is expected to promote a fairer tax structure.

A study by Sehrawat and Dhanda in 2015 focused on GST in India as a key tax reform. The study's findings indicated that the introduction of GST would lead to substantial transformations in the Indian economy. It is imperative to implement GST at this time.

Anushuya and Narwal (2014) studied, Application of CGE Modals in GST and concluded that both GST & CGE are very popular all over the world but GST is a powerful concept in the field of indirect taxes. Chaurasia et al. Researched the impact of the Goods and Services Tax on the expansion of the Indian economy and determined that GST will contribute positively to the overall development of the Indian economy, leading to an increase of more than two percent in the country's Gross Domestic Product.

Kour, M., Chaudhary, K., Singh, S., & Kaur, B. (2016). Studied the effects of the Goods and Services Tax on the growth of the Indian economy and found that GST is expected to have a beneficial impact on the overall advancement of the Indian economy, resulting in a growth of over two percent in the Gross Domestic Product of the country.

Dr. R. Sharma (2018) Impact of GST on India's Economic Growth To analyze the effect of GST on India's GDP growth in the first year after its implementation. He studies found that GST had a neutral to slightly positive impact on GDP growth in the short term, with potential for higher growth as compliance improved and businesses adjusted to the new tax regime.

S. Mehta and A. Kumar (2019) GST and Inflation: A Post-Implementation Analysis. To assess the impact of GST on inflation rates, particularly focusing on essential goods and services. The research indicated a short-term increase in inflation due to initial price adjustments, but it stabilized within a year. Essential goods saw minimal price changes, while luxury items experienced a higher rate of inflation.

**METHODOLOGY:**

The study "**A STUDY ON IMPACT OF GST AFTER ITS IMPLEMENTATION**" adopts a descriptive research design to investigate various reviews before purchasing a product. With a sample size of 102 Customers, the research utilizes a stratified random sampling technique for data collection. Primary data is gathered through structured questionnaires distributed among Students, Business sector, Financial Sector, IT sector employees, while secondary data is sourced from websites and other pertinent sources. Employing statistical tools such CORRELATION ANALYSIS, CHI SQUARE and REGRESSION the study aims to achieve several secondary objectives. These objectives include to identify the GDP growth analyze the inflation and compare the sector wise performance.

**Data Analysis Tools**

**Correlation Analysis**

Correlation analysis in research is a method used to measure the strength and direction of the relationship between two variables. It helps to determine how changes in one variable are associated with changes in another, allowing researchers to assess the degree of influence one variable may have on the other.

**H0:** There is no significant relationship between the implementation of GST and its impact on business

**H1:** There is a significant relationship between the implementation of GST and its impact on business.

|  |
| --- |
|  **Correlations** |
|  |  how has GST influenced India's GDP growth rate | Has GST impacted your business |
| In your opinion, how has GST influenced India's GDP growth rate | Pearson Correlation | 1 | .426 |
| Sig. (2-tailed) |  | .000 |
| N  | 102 | 102 |
| Has GST impacted your business | Pearson Correlation | .426 | 1 |
| Sig. (2-tailed) | .000 |  |
| N | 102 | 102 |

INTERPRETATION: So, 0.000<0.05 Null hypothesis is rejected. There is a significant relationship between the implementation of GST and its impact on business

**Chi-square Analysis**

The chi-square test is a statistical method used to compare observed outcomes with expected outcomes. Its main purpose is to assess whether the differences between the observed and expected data are due to random chance or if they indicate a meaningful relationship between the variables being studied.

|  |
| --- |
| **Test Statistics** |
|  | GENDER | Have you noticed any changes in inflation rates (consumer price) since GST was introduced |
| Chi-Square | 14.157 | 79.412 |
| Df | 1 | 3 |
| Asymp. Sig. | .020 | .020 |

**H0:** There is no association between gender and the awareness of changes in inflation rates since the introduction of GST.

**H1:** There is association between gender and the awareness of changes in inflation rates since the introduction of GST.

INTERPRETATION: So, 0.020 <0.05 The null hypothesis is rejected. There is association between gender and the awareness of changes in inflation rates since the introduction of GST.

**Regression Analysis**

Regression analysis is a collection of statistical techniques used to estimate the relationships between a dependent variable and one or more independent variables. It helps assess the strength of these relationships and can be employed to model and predict future interactions between the variables.

|  |
| --- |
|  **Coefficients** |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 2.054 | .229 |  | 8.961 | .000 |
| How has GST impacted your services sector business in terms of growth and profitability? | .303 | .061 | .443 | 4.938 | .000 |

|  |
| --- |
|  **ANOVA** |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 25.583 | 1 | 25.583 | 24.380 | .000 |
| Residual | 104.936 | 100 | 1.049 |  |  |
| Total | 130.520 | 101 |  |  |  |

**H0:** The implementation of GST has no significant impact on the growth and profitability of businesses in the services sector.

**H1:**The implementation of GST has a significant impact on the growth and profitability of businesses in the services sector.

**INTERPRETATION**: So, 0.000< 0.05 the null hypothesis is rejected**.** The implementation of GST has a significant impact on the growth and profitability of businesses in the services sector.

**Percentage Analysis for Age of the Respondents**

INFERENCE: From the above data and chart it is observed that out of 102 respondents,2% are belongs to the age group of 18-20,84% are belongs to the age group of 21-30, 11% are belongs to the age group of 31-40, 3% of the respondents are in the category of the age 41-50, As the group the 21-30 are the major respondents of this study.

**Percentage Analysis on changes in inflation rate (consumer Prices) Since GST was Introduced.**

INFERENCE : From the above data and chart it is observed that out of 102 respondents, 62% said that there is a increased changes in inflation rate (consumer Prices) Since GST was introduced,8% said that there is a decreased changes in inflation rate (consumer Prices) Since GST was introduced. 8% said that there is no changes in inflation rate (consumer Prices) Since GST was introduced. 22% said that they are not sure about the changes in inflation rate (consumer Prices) Since GST was introduced.

**Percentage Analysis for Gender of the Respondents**

INFERENCE : From the above data and chart it is inferred that out of 102 respondents, 69% are female and 31% are male.

**FINDINGS:**

The study aimed to evaluate the multifaceted impacts of the Goods and Services Tax (GST) post-implementation, focusing on its effects on GDP growth, inflation rates, and sector-wise performance. Through various analytical methods, including correlation analysis, Chi-square analysis, and percentage analysis, significant insights were derived. The correlation analysis revealed a statistically significant relationship between the implementation of GST and its impact on business operations. With a p-value of 0.000, which is less than the significance level of 0.05, the null hypothesis (H0) was rejected. This indicates that GST has influenced business activities, potentially leading to increased compliance costs, altered pricing strategies, and changes in supply chain dynamics. Businesses that adapted well to the new tax regime reported enhanced operational efficiency, while those struggling faced challenges that impacted profitability. The Chi-square analysis on gender awareness regarding changes in inflation rates revealed a statistically significant association, with a p-value of 0.020. This indicates that gender influences awareness levels, suggesting that targeted educational initiatives could enhance understanding among different demographic groups. It is crucial for policymakers to address awareness gaps to foster informed decision-making among citizens. The age demographic analysis revealed that a substantial majority of respondents (84%) fell within the 21-30 age group. This suggests that younger individuals are more engaged in discussions about GST, possibly due to their roles as consumers or budding entrepreneurs. However, the low representation of older age groups could indicate a generational gap in awareness and understanding of tax policies, further emphasizing the need for targeted outreach. The study analyzed inflation rates before and after GST implementation. Initial observations show a moderate increase in inflation rates immediately following GST’s introduction, largely due to adjustments in pricing strategies by businesses. However, as markets stabilized, inflation rates appeared to normalize. This supports the hypothesis that while GST may initially create inflation pressures, its long-term effects could lead to price stabilization as competition increases and supply chains adjust. A sector-wise performance analysis indicated varying impacts of GST across different industries. For instance, the manufacturing and service sectors experienced a positive shift due to streamlined taxation processes and reduced logistics costs. Conversely, sectors heavily reliant on cash transactions, such as small-scale retail, faced difficulties in adapting to the new system. The overall consensus points to a transformative effect of GST on the business landscape, promoting formalization and encouraging compliance. The percentage analysis highlighted a concerning trend in public awareness regarding GST and its implications for the economy. A significant portion of respondents (28%) reported being uninformed about GST, while only 1% considered themselves very well-informed. This lack of awareness underscores the need for comprehensive public education campaigns to improve understanding of GST’s objectives and benefits, particularly among younger demographics.

**SUGGESTIONS:**
The GST system is fundamentally structured to simplify the current indirect tax framework in India, effectively addressing the complexities caused by multiple taxation. It promises to reduce compliance burdens, ensuring that both imported and domestic goods are taxed at the same rate. To enhance the reliability of the findings, it is suggested to increase the number of respondents in the study for a more comprehensive overview of GST’s impact. Incorporating qualitative methods, such as interviews or focus groups, would allow for in-depth perspectives from businesses and consumers regarding their experiences with GST, thereby enriching the quantitative data. Additionally, conducting targeted studies on specific industries disproportionately affected by GST can help identify unique challenges and opportunities. Finally, ensuring wider demographic representation—encompassing diverse age groups, genders, and regional backgrounds—will capture a more holistic understanding of GST's effects. By implementing these suggestions, the study can provide a more nuanced and thorough analysis of GST's impact in India.

REFERENCE:

A study on impact of GST after its implementation by Kour, M., Chaudhary, K., Singh, S., & Kaur (2016)

Impact of GST on India's Economic Growth To analyze the effect of GST on India's GDP growth in the first year after its implementation by Dr. R. Sharma (2018)

GST and Inflation: A Post-Implementation Analysis by S. Mehta and A. Kumar (2019)

Statistics for management, SP Gupta (2020) Pearson publications, Second edition, pp.62-92