

## A STUDY ON GST AND ITS IMPACTS ON TEXTILES SHOPS IN COIMBATORE, TAMILNADU

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### ABSTRACT

This paper is an analysis of GST and what the impact of GST (Goods and Services Tax) will be on textile sector in Coimbatore, Tamil Nadu. Introduction of GST could have a considerable impact on textile industry. Textile plays a major role in the Indian economy India's textile market. Due to implementation of GST will fundamentally changes a way of textiles sector is presently taxed system in Tamilnadu. Due to implementation of GST in the great impact of tax system in india by high rate tax on the cost of goods and services. After GST implementation in textiles sectors the readymade garments will be costly because currently 5% percent tax is charged on them and after the implementation of GST the tax may be 12%. Due to low profitability, the implementation of GST has failed to retain more profits from the consumers and also people with low level income suffers a lot due to implementation of gst. The method which is followed in the research paper is Empirical method and collected the materials is primary data sources. And in this research paper to study about the impacts of textiles shops and impacts of consumers due to implementation of GST in textiles shops ([Mann et al. 2008](#))

### INTRODUCTION

GST stands for Goods and Services Tax, it is a simplest indirect tax throughout India. GST was the 122nd Amendment bill in the Indian constitution and which was also known as One hundred and twenty-second Amendment bill Or GST bill. The original blueprint of GST was introduced in the year 2000 by Vajpayee government. The bill was reintroduced on 19 December 2014 by Arun Jaitley in Lok Sabha and was passed on 6th May

2015 eventually the bill was passed by the Raja Sabha on 3rd of August 2016. The amended bill was passed by Lok Sabha on 8 August 2016 and after ratification by the States. President assented the bill on 8 September 2016 and was notified on the Gazette of India. The GST was implemented from 1st July 2017 Friday midnight.[ [Jyotsna Oberoi 2017](#)].The concepts of GST was introduced on 1st July 2017 . GST is one of the biggest economic and taxation reforms undertaken in india.Textiles industry in India is one of the key sector in the Indian economy. [ [Shilpa Rani 2017](#)] .(Mann et al. 2008) .GST means "one nation, one tax, one market".GST fall under five tax categories: 0 percent, 5 percent, 12 percent, 18 percent and 28 per cent. The Lok Sabha was finally passed the bill due to significant impact on every consumer and every industry.[[Dr. Yogesh Kailash Chandra Agarwal 2017](#)] The GST avoid the double tax payments and it's bring the indirect tax system to all the goods and services.The main reason introducing the GSTis improve the economy of the nation.Due to implementation GST will also have a great impact on the tax system in India by high rate tax on the cost of goods and services in textiles shops[[Mohammed Babagana Shettima 2017](#)]More than 150 countries have implementation of GST.At the same time,the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST[ [Shefali Daniel 2016](#)]Textiles industry is one of the key sector in Indian economy.Due to implementation of GST will fundamentally changes a way of textiles sector is presently taxed system in Tamilnadu.[[Tanushree Gupta 2017](#)].

Textiles industry has been faced many problems due to implementation of GST.it will be impact on all function of the organisation such as finance ,product,pricing,supply chain ,commercial etc...[ [Jyotsna Oberoi 2017](#)]Due to implementation of GST in the textiles shop due to high rate tax. In impact of society is due to implementation of GST the government have been imposed the tax 5% on the Textiles industry Sarees ,and dress materials that were available for just Rs.70 will now prices are Rs.200 reason behind is due to implementing of GST[ [Yogesh kailashchandra agrawal 2017](#)]Textiles industry has been facing many problems due to implementation of GST.After GST implementation in textiles sectors the readymade garments will be costly because currently 5% percent tax is charged on them and after the implementation of GST the tax may be 12%.[ [Jaspreet Kaur 2016](#)].Textiles industry and some other sectors will now be bearing the brunt of due to high rate tax is Due to low profitability, The implementation of GST has failed to retain more profits from the consumers.[ [Java Singh 2017](#)]. Due to implementation of GST people with low level income suffers a lot. Underdeveloped business in textiles industry are less benefited from GST than developed enterprises.[ [Krishna Naidu 2017](#)].Under GST the prices of

readymade garments will now be increasingly. Because in the earlier system there was no tax on the job work as it was considered as a process in manufacturing textiles, but now on the job work will be taxed as [Dr.Lakshmi T and Rajeshkumar S 2018] it taken as service in the present system of taxation. GST is expected to affect the company negatively in the short term as it won't get input credit and the cost is expected to go up by 7-9 percent. The fact that certain industries have been left out GST is also going to be major implementation issues. [DR.Banamali nath 2017]. One of the biggest taxation reforms in india [GST] is all set to integrate state economics and overall growth, previously companies and business pay lot of indirect taxes such as VAT, services tax sales, entertainment tax [Lourdunathan and Xavier 2017]. Some critics says the GST would have a negative impacts on the Indian market. it is also estimated that low and middle income groups will be affected badly as the prices of goods and services will go up with the implementation of GST in india [Nilandeepkourb, Kajal Chaudhary 2016] GST is one of the biggest taxation reforms in India which integrates state economics and overall growth. In textiles industry the high tax slab will definitely increase the price of readymade garments for the consumers [Malika Sherawat 2015]. The objective of the paper to study about the impacts of textiles shops due to implementation of GST and to study about the impacts of consumers due to implementation of GST in textiles shops and to [Trishala A , Lakshmi T and Rajeshkumar S 2018] analyses the loss of textiles owners in textiles shops due to implementation of GST.

#### **Hypothesis:**

##### **Null hypothesis:**

There is no significant impact on due to implementation of GST in textiles shops..

##### **Alternate hypothesis:**

There is a significant impact on due to implementation of GST in textiles shops.

#### **Materials and methods:**

In this empirical study, questionnaire and interview methods are used to collect data. Randomly people who are at the age of 18 and above are selected around the parts of Tamilnadu and several prepared questions are asked regarding the subject topic. By this method, the people's opinion is collected and analysed.

#### **Results:**

The respondents in my survey are male -24.7% and female 56.5% and transgender 18-7% Age of the responses between 18-10(7 %) ,between 18-30(35.7%), between 31-45(33.3%), between 46-60(16.3%), 60 above – 0% People are staying in Rural between 9-7% ,Semi- rural between 34-9%, urban between 4-7%, semi- urban between 9-1%., In my

survey people answered that 11.4% of the student and 19.4% of the government sector, 41.1% of the private sector, 20.7% of the business owner, Educational qualification of people in my survey is 0% of primary education and 19.1% of secondary education and 43.5% of Higher education and 27.1% of the people is undergraduate and postgraduate is 0%. In my research paper is monthly income of the people is Below 5000 and Above 5000, and Below 50000 and Above 50000 and 25-7% of the respondent answered that yes there is an impact of GST on common man and 41.2% of the respondent answered that there is no impact of GST on common man and 33.1% of the respondent answered that maybe there is an impact of GST on common man, 81.3% of the respondent are aware about the imposition of tax by GST in all the fields and 48-7% of the respondents are not aware about the imposition of tax by GST in all the fields. 36.7% of the respondent are aware about the GST act imposing indirect tax deductions and 63.3% of the respondent are not aware about the GST act imposing indirect tax deduction, 34.4% of the respondent have the habit to check how much tax has been deducted for our every purchase and 65.6% of the respondent don't have the habit to check how much tax has been deducted for our every purchase. 19.1% of the respondent answered due to implementation of GST caused the high rate tax in goods and services and 60% of the respondent answered there is no impact due to implementation of GST in goods and services and 20.8% of the respondent answered maybe there is a change of goods and services due to implementation of GST. 29.6% of the respondent needs awareness programs to be conducted by government to know about the GST and 52.2% of the respondent needs awareness programs to be conducted by government to know about the GST, 18.2% of the respondent answered not necessary to be conducted programs by government to know about GST and 37.2% of the respondent are interested in doing shopping especially for clothing, 62.8% of the respondent have not the interest in doing shopping especially for clothing, respondent answered that purchase clothes in the situation of ones a month – 9.4% and Festival time – 34.3% and special occasion – 46.1% and frequently – 10%, 39.9% of the respondent answered that due to implementation of GST in textiles shops have a high rate tax and 60% of the respondent answered there is no high rate tax imposed on textiles shops due to implementation of GST, 33.9% of the respondent answered GST on textiles shops is necessary and 66.1% of the respondent answered there is no need for GST on textiles shops, 51.7% of the respondent answered due to implementation of GST on textiles is beneficial for the textiles industrialist and 48.3% of the people answered that there is an impact of GST on textiles is loss for the textiles industrialist, 45.4% of the respondent answered due to implementation of GST imposition of high rate tax in the textiles industry increase the production and 54.5%

respondent answered due to implementation of GST imposition of high rate tax in the textiles shops reduced the production of commodities,21.7% of the respondent answered that GST on textiles shops is beneficial for small and medium enterprises and 57.9% of the respondent answered that on textiles shop there is a large impact on small and medium enterprises and 20.4% of the respondent answered maybe there is a impact or benefits GST on textiles shop on small and medium enterprises,31.6% of the respondent answered imposition of GST on textiles increases import and export in the market and 68.4% of the respondent answered imposition of GST on textiles decreased the import and export in the market,44.8% of the people think textiles shops has to be exempted from GST tax and 55.2% of the people answered GST in textiles shops has not to be exempted ,30.5% of the people answered due to implementation of GST on textiles shops to get more competitive in both global and domestic market and 69.5% of the people answered there is a great loss due to implementation of GST in textiles shops in both global and domestic market,46.3% of the people answered imposition of GST on textiles shops create opportunities and sustainable growth on textiles industry and 53.7% of the people answered there is no sustainable growth on textiles shops due to implementation of GST, 17.2% of the people support GST and 70.6% of the people not support GST,12.2% of the people maybe support the GST.

### **Discussions**

GST is one of the biggest taxation reforms in India which integrates state economics and overall growth. Textiles industry in India is one of the key sector in the Indian economy. The textiles industry in India traditionally, after agricultural is the only industry that has generated huge employment for both skilled and unskilled labor in textiles .The textiles industry continues to be second largest employment generating sector in India. Textiles industry can be categorised two sector organised sector and unorganised sector. The organised sector is mainly technologically driven and use latest machinery and equipment for production of textiles products. The unorganised sector which forms a dominant part of this industry is labour intensive in nature. it is represented by production of clothes through weaving or spinning with the help of hands. Due to implementation of GST impact of organised sector and unorganised sector. Textiles industry in India has been facing many problems due to implementation of GST. It will impact at the functions of the organisation such as finance, product, pricing, supply chain, commercial etc. Due to implementation of GST in the textiles industry due to high rate tax. In impact of clothes in society the government has been imposed the 5% tax on the textiles shops sarees, dress materials that are available for just

□250 will now prices are □ 350 reason is due to implementation of GST. Due to implementation of GST will also have a great impact on the tax system in India by high rate tax on the cost of goods and services in textiles industries. After the implementation of GST in textiles sector in readymade garments will be costly because currently 5% tax is charged on them and after the implementation of GST the tax may be 12% Readymade garments such as salwar Kurtis, dress, skirts, tops and jeans. Further, synthetic and other man made fibres will have the higher tax rate of 18 percent. So due to low profitability, the implementation of GST has failed to retain more profits from the consumer. People with low level income suffers a lot due to implementation of GST Underdeveloped business in textiles industry are less profitability or benefited from GST than developed enterprises. Textiles industry in India has been facing many problems due to implementation of GST.

#### **Conclusions:**

Goods and services and replace with it single tax system. Textiles sector is one of the key sector in the Indian economy. Due to implementation of GST will be fundamentally changes in the way of the Textiles sector is presently taxed in Tamilnadu. Gst imposed GST is the biggest reform in the Indian system of taxation was applied all over the country since 1st July 2017. it is a unified system of taxation. The motive of GST is to remove the multiple taxes that are levied from t all the sector including Textiles sector is the Readymade garments sector are mostly impacted due to implementation of GST. According to the GST tax rates, GST rate on readymade garments will be increased rate 5-12% due to implementation of GST. Due to implementation of GST will also have a great impact on the tax system in India by high rate tax on the cost of goods and services in Textiles sector. People with low level income suffers a lot due to Implementation of GST. Textiles owner are economically affected due to implementation of GST. (Mann et al. 2008) ([Mann et al. 2008](#))

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