

62	The Study On Awareness In Green Banking System	Dr. K. Ramesh A. Hariharan	399-411
63	Empowering Learners With Limited English Proficiency In The Esl Context With "Affective" Strategies"	Kavitha. K T. Sri Devi	412-419
64	Consumer Buying Behaviour Towards Health Drinks - A Study Based Chennai City.	R.Nirmala Dr.K.Srinivasan	420-428
65	A Ripple Effect On Higher Education Institution Students Using The Online Management System	Dr.M.Jagadeeswari Dr.R.Bhavani	429-434
66	Impact Of Gst On Micro And Small Enterprises – A Study At Vellore District	Dr. C. Nithya, M. Usha	435- 446
60	A Retentive Consumer Behaviour Assessment Model Of The Online Purchase Decision-Making Process	Dr.P.Anandi. M.L.Reenarani	447- 452
61	An Analysis On Capacity Utilisation Of Solar Power In India	Rajiv.K Dr.S.N.Sugumar	453-459
62	Perception Of Students Towards Education	J. Durga Devi	460-465

IMPACT OF GST ON MICRO AND SMALL ENTERPRISES – A STUDY AT VELLORE DISTRICT

DR. C. NITHYA

Research Supervisor & Head
PG & Research Department of Commerce
Marudhar Kesari Jain College for Women, Vaniyambadi
Thiruvalluvar University

M. USHA

Research Scholar & Assistant Professor
Department of Commerce
Marudhar Kesari Jain College for Women, Vaniyambadi
Thiruvalluvar University

ABSTRACT

GST implementation in India is very challenging as India is a developing country which needs to focus on developing SMEs, but due to GST implementation, majority of small industries are facing the problem of overhead costs, excessive time and waste of labor and materials, no performance monitoring, unstable cash flow and lack of planning especially for uncertain times and compliance with GST in India has seen a huge improvement since 2017. Though there are benefits under GST, Many Micro and Small enterprises are facing issues like ambiguity, lack of training to handle GST procedure etc, their awareness level towards GST is also low. This paper aims to study the impact of GST on Micro and Small enterprises. This paper also analyzes the awareness, satisfaction and Challenges by GST.

Keywords: GST, MSE, Awareness, Impact, Satisfaction etc.,

INTRODUCTION

GOODS AND SERVICES TAX - GST

The Goods and Services Tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides revenue for the government.

GST is a destination-based tax and levied at a single point at the time of consumption of goods or services by the ultimate consumer. GST is based on the principle of value added tax. GST law emphasizes on voluntary compliance and on accounts-based reporting and monitoring system. It is a comprehensive levy and envisages tax collection on both goods and services at the same rate.

Review of Literature

Srinivas K. R (2016) in his article “Issues and Challenges of GST in India” mentioned that central and state governments are empowered to levy respective taxes as per the Indian constitution which is likely to change the complete scenario of present indirect taxation system. GST will be a compressive indirect tax structure on manufacture, sales and consumption of goods and services throughout India, to replace the various indirect taxes levied by the both the governments.

Rajib Lahiri (2011) made a study on “Problems and Prospects of Micro, Small and Medium enterprises (MSMEs) in India in the era of Globalization” it was found revealed that except marginal increase in growth rate in employment generation, the growth rate in other parameters is not encouraging during the liberalization period.

Objectives of the study

1. To study the awareness level on GST among micro and small enterprises at Vellore District.
2. To examine the satisfaction level of Micro and Small enterprises towards GST regulations and compliances.
3. To study the issues and challenges of GST towards Micro and Small enterprises and Businesses.

Hypotheses

1. The location of Micro and Small enterprises has no significant difference in their awareness, satisfaction and issues and challenges towards GST.
2. The awareness level, satisfaction level and issues and challenges are not same for Micro and Small enterprises.
3. GST implementation has a significant impact on awareness, satisfaction and issues and challenges of Micro and Small enterprises.

Research Methodology

Collection of Data

In order to analyze the overall impact of GST, a set of questionnaires were framed for Micro and Small enterprises to collect primary data.

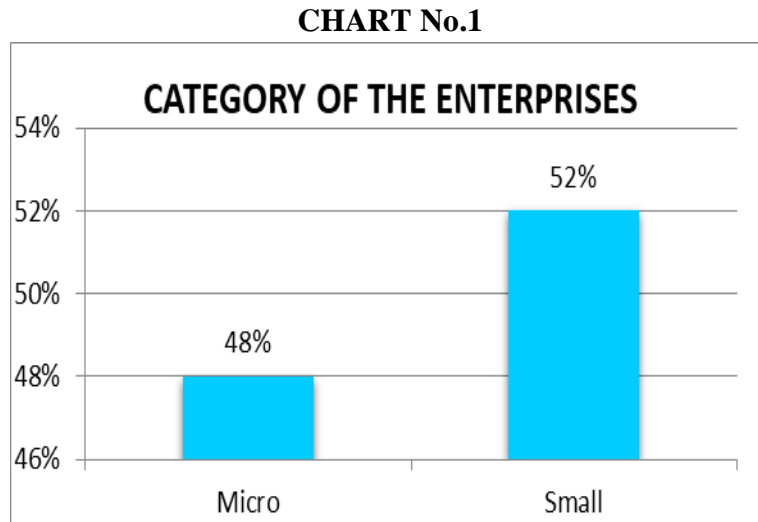
The secondary data were collected from the journals, magazines, books, government websites and other websites.

Selection of Samples:

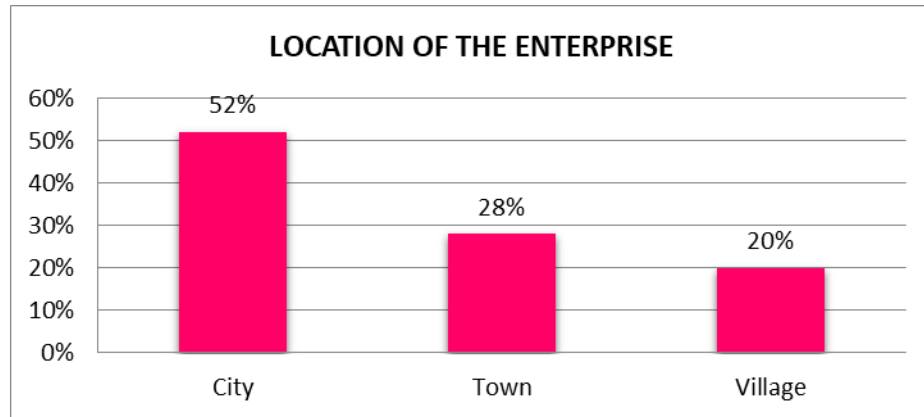
There are 250 Micro and Small enterprises functioning at Vellore district which is bifurcated into three districts 1. Vellore 2. Tirupattur 3. Ranipet district. This study is designed to collect primary data from a sample size of 100 respondents, who are selected under Proportionate stratified random sampling techniques.

Data analysis and interpretation

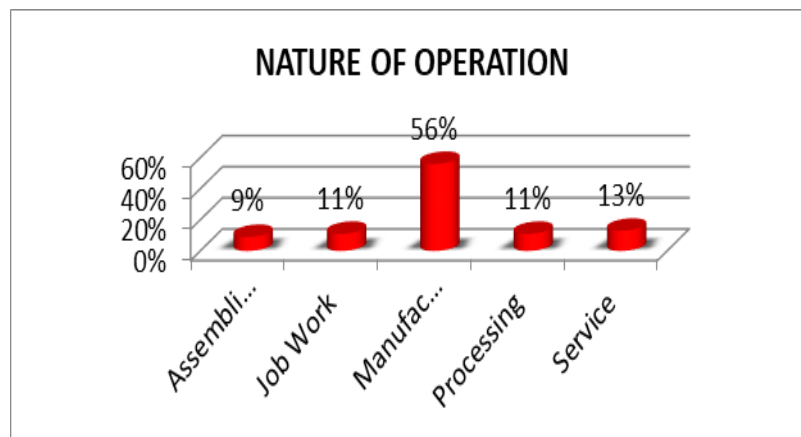
Category of the Enterprises



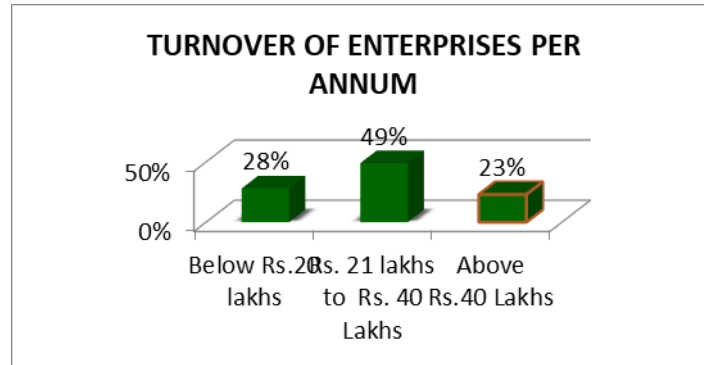
From the chart 1 it is inferred that 48% of the respondents are functioning their business at Micro level and 52 % of the respondents are Small Enterprise owners. Thus, it can be concluded that the majority of the respondents are Small Enterprise Owners.

Location of the Enterprise**CHART No. 2**

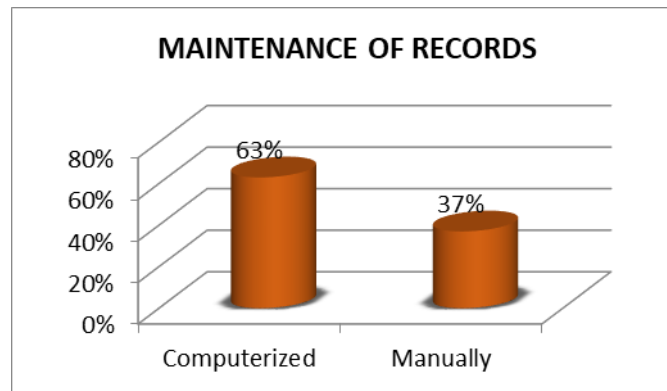
From the chart 2 it can be inferred that out of the sample collected 52% of the enterprises are situated at city, 28 % of the respondents having their enterprises at town and 20% of the enterprises are situated at Village in Vellore District.

Nature of Operation**CHART No. 3**

From the chart 3 it is clear that 9% of the respondent's business are Assembling business, 11% of the respondent's nature of business are job work business, 56% of the respondents business are manufacturing concern, 11% of the respondents business are processing business and 13% of the respondents are doing service rendering business

Turnover per Annum**CHART No.4**

From the chart 4 it is understood that 28 % of the business enterprise owners could achieve the turnover of below Rs. 20 lakhs per annum, 49% of the respondent's business turnover is between Rs.21 lakhs to Rs. 40 lakhs and the remaining 23% of the respondents business turnover is above 40 lakhs per annum. Thus, it can be concluded that 49% of the respondents said that the business turnover is between Rs.21 lakhs to Rs. 40 lakhs.

Maintenance of Records**CHART No. 5**

From the chart 5 it can be inferred that 63 % of the enterprise owners are maintaining books of accounts in a computerized manner and 37% of the respondents are maintaining their books of accounts through manually.

ONE WAY ANOVA

In order to find out the significant difference between Location and the awareness, satisfaction and issues towards GST, One way ANOVA is used.

Ho1 : The location of Micro and small enterprises has no significant difference in their awareness level towards GST.

Table No. 1

Awareness and Location

Factor	Category	N	Mean	SD	F-Value
Adapt GST procedure in your business	Village	20	4.2000	2.28496	F (2,97) = 2.372 p=.099
	Town	28	5.3571	1.88982	
	City	52	5.1154	1.73379	
	Total	100	5.0000	1.92275	
Implementation of GST has reduced documentary and manual work	Village	20	5.4000	1.23117	F(2,97)= 7.847 p=.001*
	Town	27	6.4444	.80064	
	City	52	6.1538	.82568	
	Total	99	6.0808	.97601	
Government has imposed GST on MSE's without any preparation	Village	20	6.1000	1.16529	F(2,97)= . 6.371 p=.003*
	Town	28	4.6786	1.86694	
	City	52	4.6731	1.58078	
	Total	100	4.9600	1.68127	
GST has increased the various legal formalities for Micro and Small businesses	Village	20	5.7000	1.94936	F(2,97)= .372 p=.690
	Town	28	5.4286	2.15043	
	City	52	5.2308	2.12008	
	Total	100	5.3800	2.08302	
The introduction of GST in India has affected the positive demand for the product/ services	Village	20	3.3000	1.38031	F(2,97)= 4.276 p=.017*
	Town	28	4.3571	1.70434	
	City	52	4.5769	1.75283	
	Total	100	4.2600	1.72691	
GST has increased the tax burden on Micro and Small enterprises	Village	20	5.8000	1.28145	F(2,97)= 6.306 p= .003*
	Town	28	6.2308	.47559	
	City	52	6.6786	.80721	
	Total	100	6.2700	.89730	
GST will increase the cost of Production of MSE's	Village	20	3.0000	2.05196	F(2,97)= 5.406 p=.006*
	Town	28	4.3571	1.80973	
	City	52	4.6154	1.85930	
	Total	100	4.2200	1.96731	
Terms and conditions of GST is length and not user friendly	Village	20	4.5000	.51299	F(2,97)= 7.080 p=.001*
	Town	28	5.9286	1.46385	
	City	52	5.5000	1.43486	

	Total	100	5.4200	1.39393	
ITC is useful to the Micro and Small enterprises	Village	20	3.8000	1.88065	F(2,97)= 23.324 p=.000*
	Town	28	5.9808	.99981	
	City	52	6.0357	1.26146	
	Total	100	5.5600	1.55258	
GST has reduced corruption /tax evasion	Village	20	5.7000	1.94936	F(2,97)= 4.837 p=.010*
	Town	28	4.4286	1.28894	
	City	52	5.0192	1.19624	
	Total	100	4.9900	1.45293	
Online filing reduces the necessity of visiting the tax office	Village	20	6.0000	.00000	F(2,97)= 14.323 p=.000*
	Town	28	6.6786	.47559	
	City	52	6.5000	.50488	
	Total	100	6.4500	.50000	
The organization is able to utilize the capacity to the full extent in the unit after Implementation of GST	Village	20	3.1000	2.26878	F(2,97)= 6.332 p=.003*
	Town	28	4.3571	1.33927	
	City	52	4.5769	1.40512	
	Total	100	4.2200	1.67923	
GST Slab Rates and classifications are clear	Village	20	3.0000	1.02598	F(2,97)= 9.072 p=.000*

From the above table it is clear that the location of micro and small enterprises has significant difference on the awareness level towards various factors of GST such as Implementation of GST, Government initiatives towards GST, Tax Burden, Positive support for business, tax burden, effect on cost of production, Lengthy terms and conditions, Input Tax Credit, reduction of bribe, ease of online filing, usefulness of GST, GST slab rates and classifications. Whereas the factors like adapting GST procedure in their business, legal formalities of GST showed no significant difference between location and awareness level of Micro and Small enterprises.

Ho2: The location has no significant difference on the satisfaction level among Micro and small enterprises towards GST.

Table No. 2

Satisfaction level and location

Factor	Category	N	Mean	SD	F-Value
Introduction of GST in India	Village	20	3.4000	1.60263	F (2,97) = 11.132 p=.000*
	Town	28	5.5000	1.75330	
	City	52	5.1538	1.55153	

	Total	100	4.9000	1.77809	
GST tax rate slabs -0% , 3%, 5%, 7% 12%, 18% and 28%?	Village	20	3.2000	1.28145	F (2,97) = 2.644 p=.076*
	Town	28	4.0714	1.56178	
	City	52	4.0769	1.58233	
	Total	100	3.9000	1.54724	
Electronic cash Ledger & Reverse charge	Village	20	2.7000	1.78001	F (2,97) = 9.503 p=.000*
	Town	28	4.1071	1.28638	
	City	52	4.2308	1.23058	
	Total	100	3.8900	1.48321	
Turnover limit for Micro and small businesses under GST	Village	20	5.2000	1.64157	F (2,97) = 1.080 p=.344
	Town	28	4.6429	1.41981	
	City	52	4.6538	1.48039	
	Total	100	4.7600	1.49828	
Input Tax Credit (ITC)	Village	20	3.5000	2.56495	F (2,97) = 33.220 p=.000*
	Town	28	6.3929	.73733	
	City	52	6.0769	.78830	
	Total	100	5.6500	1.70783	
Experience with GSTN procedure?	Village	20	3.7000	2.25015	F (2,97) = 6.115 p=.003*
	Town	28	5.3214	1.74385	
	City	52	5.1923	1.55977	
	Total	100	4.9300	1.85459	
Refund Mechanism	Village	20	3.4000	1.60263	F (2,97) = 9.995 p=.000*
	Town	28	4.9286	1.21499	
	City	52	4.6154	1.05075	
	Total	100	4.4600	1.32893	
GST increased Inflation in the country	Village	20	3.8000	1.88065	F (2,97) = 4.645 p=.012*
	Town	28	3.9286	1.56178	
	City	52	4.8462	1.50013	
	Total	100	4.3800	1.65621	
Satisfaction level on Impact of GST on Micro and Small business.	Village	20	6.8000	.41039	F (2,97) = 7.958 p=.001*
	Town	28	5.6071	1.28638	
	City	52	6.1154	1.02237	
	Total	100	6.1100	1.09078	

* Significant at 5% level

From the above table, it is clear that the location of micro and small enterprises has significant difference on the satisfaction level of GST such as introduction of GST, Electronic Cash ledger and reverse charge, experience with GST procedure, Input Tax Credit, Refund Mechanism, Inflation in the country, impact of GST on micro and Small Businesses.

Whereas factors like GST slab rates and Turnover limit, introduction of GST showed no significant difference between location and satisfaction level of Micro and Small enterprises.

Ho3: The location of Micro and small enterprises has no significant difference on the issues and challenges faced by MSE towards GST

Table No.8

Issues and Challenges and Location

Factor	Category	N	Mean	SD	F-Value
GST is very difficult for MSME to understand	Village	20	6.3000	.47016	F (2,97) = 2.791 p=.066
	Town	28	5.8571	1.11270	
	City	52	5.6923	1.03920	
	Total	100	5.8600	.99514	
GST adversely affects the sales volume and revenue of business after its implementations	Village	20	6.8000	.41039	F (2,97) = 36.206 p=.000*
	Town	28	4.7143	.97590	
	City	52	4.7692	1.09572	
	Total	100	5.1600	1.26107	
Able to tackle the challenges posed by GST in India	Village	20	6.2000	.89443	F (2,97) = 1.837 p=.165
	Town	28	6.2143	1.19744	
	City	52	5.7692	1.19829	
	Total	100	5.9800	1.15453	
Lack of sufficient Awareness on GST	Village	20	6.4000	.94032	F (2,97) = 4.886 p=.010*
	Town	28	5.7143	1.58365	
	City	52	5.2692	1.41581	
	Total	100	5.6200	1.44096	
Cumbersome Procedures and documentation	Village	20	2.9000	1.41049	F (2,97) = 7.629 p=.001*
	Town	28	5.0000	2.12568	
	City	52	4.2500	1.82440	
	Total	100	4.1900	1.96276	
GST Filing procedure is transparent in all aspects	Village	20	4.0000	.00000	F (2,97) = 1.233 p=.296
	Town	28	3.5357	1.66627	
	City	52	4.0385	1.52060	
	Total	100	3.8900	1.41346	
Frequent Change in rules/ laws & rates makes GST confusing	Village	20	6.2000	.89443	F (2,97) = 4.497 p=.014*
	Town	28	4.3214	2.74946	
	City	52	5.0385	2.10472	
	Total	100	5.0700	2.21681	
Technical system issues of	Village	20	5.9000	1.33377	F (2,97) = 9.228

GSTN portal	Town	28	4.2500	1.48137	p=.000*
	City	52	4.3462	1.53245	
	Total	100	4.6300	1.59959	
Lack of clarity on GST Laws	Village	20	5.4000	1.95744	F (2,97) = 6.688 p=.002*
	Town	28	3.3929	2.14889	
	City	52	4.0385	1.71455	
	Total	100	4.1300	1.99826	
Cost of compliance is affordable	Village	20	3.0000	1.02598	F (2,97) = 57.585 p=.000*
	Town	28	6.1786	.90487	
	City	52	5.4615	1.12827	
	Total	100	5.1700	1.53777	
Issues with Goods and Services Tax Network Portal is high	Village	20	3.0000	1.02598	F (2,97) = 27.490 p=.000*
	Town	28	5.6786	1.38921	
	City	52	5.0000	1.28338	
	Total	100	4.7900	1.57182	
e-way bill is beneficial and user friendly	Village	20	3.4000	1.60263	F (2,97) = 1.268 p=.286
	Town	28	3.1786	2.03767	
	City	52	3.8077	1.63345	
	Total	100	3.5500	1.75450	
Tracking of e- way bill for modification etc is difficult.	Village	20	5.0000	1.02598	F (2,97) = 1.317 p=.273
	Town	28	5.5000	1.95316	
	City	52	4.8462	1.80831	
	Total	100	5.0600	1.73392	
Any other issues	Village	20	2.5000	1.53897	F (2,97) = .583 p=.560
	Town	28	2.1071	1.87260	
	City	52	2.5769	2.00339	
	Total	100	2.4300	1.87625	

* Significant at 5% level

From the above table it is clear that location of micro and small enterprises has significant difference on the issues and challenges faced towards GST in terms of , affects the Sales and revenue after its implementation, Lack of sufficient Awareness on GST, Cumbersome Procedures and documentation, Frequent Change in rules/ laws & rates makes GST confusing, Technical system issues of GSTN portal, Lack of clarity on GST Laws, Cost of compliance is affordable, Issues with Goods and Services Tax Network Portal, benefits of e-way bill, Tracking of e- way bill for modification etc.,

Whereas there is significant between location of Micro and Small enterprises and issues and difficulty in understanding GST, ability to tackle the challenges posed by GST, transparency level of GST , benefits of e – way bill, tracking of e- way bill and any other issues such as high cost of input, less profit etc., showed significant difference

FINDINGS OF THE STUDY

In order to find the significant difference between the demographic factors, Percentage analysis is performed. The findings of the study reveal that:

- Majority of the respondents (52%) are Small Enterprise Owners.
- 52% of the enterprises are situated in the main city of Vellore.
- 56% of the respondent's nature of business is manufacturing business.
- 49% of the respondents said that the business turnover is between Rs.21 lakhs to Rs. 40 lakhs.
- 63% of the respondents are maintaining the books of accounts through electronically
- 88% of the respondents agree that they are aware of GST through government notification.

The findings of the study showed that location of micro and small enterprises has significant difference on the awareness level towards various factors of GST such as Implementation of GST, Government initiatives towards GST, Tax Burden, Positive support for business, tax burden, effect on cost of production, Lengthy terms and conditions, Input Tax Credit, reduction of bribe, ease of online filing, usefulness of GST, GST slab rates and classifications. Whereas the factors like adapting GST procedure in their business, legal formalities of GST showed no significant difference between location and awareness level of Micro and Small enterprises.

The findings of the study showed that location of micro and small enterprises has significant difference on the satisfaction level of GST such as introduction of GST, Electronic Cash ledger and reverse charge, experience with GST procedure, Input Tax Credit, Refund Mechanism, Inflation in the country, negative impact of GST on micro and Small Businesses. Whereas factors like GST slab rates and Turnover limit, introduction of GST showed no significant difference between location and satisfaction level of Micro and Small enterprises.

The findings of the study revealed that location of micro and small enterprises has significant difference on the issues and challenges faced towards GST in terms of , affects the Sales volume and revenue after its implementation, Lack of sufficient Awareness on GST, Cumbersome Procedures and documentation, Frequent Change in rules/ laws & rates makes GST confusing, Technical system issues of GSTN portal, Lack of clarity on GST Laws, Cost of compliance is affordable, Issues with Goods and Services Tax Network Portal, benefits of e-way bill, Tracking of e- way bill for modification etc.,Whereas there is significant between location of Micro and Small enterprises and issues and difficulty in understanding GST, ability to tackle the challenges posed by GST, transparency level of GST , benefits of e – way bill, tracking of e- way bill and any other issues such as high cost of input, less profit etc showed significant difference

Suggestions

The followings are suggestions found from the study:

- Despite of various benefits provided Under GST, location plays prominent role on the impact of GST among Micro and Small enterprises. Businesses entrepreneurs situated at rural area are less educated than businesses located in urban areas. Government must make initiatives to create

awareness among business owners about the knowledge about GST and its accessibility, terms and conditions and benefits provided by GST regime

- The satisfaction level on GST factors such as GST Rates, Refund and ITC of Micro enterprises is low compared to Small enterprises. Government should focus the rules regarding refund and ITC to ensure the applicability of the same to all sectors of business.

- The compliance procedures are not done by the owners rather than by the auditors. Therefore, owners must be educated with the compliance procedures. Government must focus on developing the awareness level about GST among business enterprises.

Reduction of tax rates are also suggested by Micro and Small Business. High rates of taxes affect the purchasing power of consumers thereby affecting the sales of business. Hence the tax rates must be rationalized.

GST has failed to concentrate the job workers who had been adversely affected by GST rules, tax rates and conditions. Many job worker businesses who are the ancillaries to micro and small enterprises have been vanished due to high rates of taxes and low benefits.

Conclusion

GST was introduced as “one nation one tax “to have uniform taxation system in India. The impact of GST on businesses varies. Micro and Small Businesses was considered as the predominant growth booster of the Indian Economy. Many Micro and Small business owners are not aware of GST taxation system and its benefits compared to those located at village. Most Small enterprises owners running their business at cities are getting the assistance of auditors for tax compliance and GST Payment.

Though it may seem strange that Business owners who are educated are not able to access the GST Portal to perform the GST procedures. Government must also provide special campaign/ programme to educate and enlighten the entrepreneurs towards GST Regime and its benefits. The GST, because of its transparent character, will be effective if understood properly by the businesses, wherein Indian products become competitive in the domestic and international markets.

References

- <https://taxguru.in/goods-and-service-tax/gst-impact-service-sector.html>
- www.GST.gov.in
- Rajib Lahiri; Problems and Prospects of Micro, Small and Medium enterprises (MSMEs) in India in the era of Globalization;www.rtc.bt/Conference/2012-10.../6
- M. Jayalakshmi1 and G.Venkateswarlu , 2018, Impact of GST on Micro, Small and Medium Enterprises (MSMEs) International Journal of Engineering and Management Research , ISSN (ONLINE): 2250-0758, ISSN (PRINT): 2394-6962, Volume-8, Issue-2, April 2018 ,Page Number: 91-95