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IMPACT OF GOODS AND SERVICES TAX (GST) ON TEXTILE RETAILERS IN MALAPPURAM DISTRICT, KERALA

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ABSTRACT

This study investigates the impact of the Goods and Services Tax (GST) on textile retailers in Malappuram District, Kerala. The research reveals that GST has increased fabric prices, reduced sales, and led to a decrease in offers, advertisement, and stock levels. Despite not affecting profit significantly, GST has caused practical difficulties in implementation, required external consultancy services, and necessitated special training for accounting staff. To mitigate these negative effects, retailers must adapt their business strategies, reduce prices, implement customized discounts, and adopt advanced accounting systems. The study suggests that increasing retailer awareness about GST and providing proper training to accounting staff can help navigate GST complexities. The research contributes to the existing literature on GST and its impact on various industries, providing valuable insights into the challenges faced by textile retailers.

KEYWORDS: Goods and Services Tax (GST), textile retailers, Malappuram District, Kerala, fabric prices, sales

1. INTRODUCTION

The Government of India introduced the Goods and Services Tax (GST) as a comprehensive indirect tax, replacing multiple taxes such as VAT, excise duty, sales taxes, central surcharges, and luxury taxes levied by central and state governments. This monumental tax reform, one of the largest since India's independence, aims to simplify the tax structure and promote economic growth. However, as a progressive movement, GST may have far-reaching implications on various industries, regardless of their size.

The retail textile industry, particularly the fabric retail segment, is India's second-largest industry, providing employment opportunities to millions. As a significant contributor to the country's economy, the textile industry is likely to be impacted by GST. To understand the effects of GST on this industry, this study focuses on the textile retailers in Malappuram district, Kerala.

This research aims to investigate the impact of GST on the textile industry, identifying areas of fabric retailing that may be affected by the new tax regime. Furthermore, this study seeks to analyse the methods and measures adopted by fabric retailers to cope with the changes required by GST.

By examining the implications of GST on the textile industry, this research will provide valuable insights into the challenges faced by fabric retailers and the strategies they employ to adapt to the new tax environment.

This study will also contribute to the existing literature on GST and its impact on various industries, providing a deeper understanding of the tax reform's effects on the textile sector.

2. STATEMENT OF THE PROBLEM

The textile industry, one of India's oldest manufacturing sectors, plays a vital role in the country's economy. As the second-largest industry after agriculture, it provides significant employment opportunities and contributes substantially to India's GDP and export promotion. Despite its importance, the industry faces challenges due to the implementation of the Goods and Services Tax (GST). The GST regime may have severe implications on the textile industry, affecting various aspects of the business. However, the extent and nature of these implications are unclear.

This study aims to investigate the impact of GST on textile retailers, identifying areas of the business that may be affected. The research seeks to examine the implications of GST on textile retailers, identify areas of the business affected by GST, and analyse the impact of GST on the textile industry's growth and development. By exploring these research questions, this study will provide valuable insights into the effects of GST on the textile industry, enabling stakeholders to develop strategies to mitigate any negative implications.

3. OBJECTIVES OF THE PAPER

1. To study the effect of GST on textile retailers.
2. To understand the areas of fabric retailing affected by GST.
3. To analyse the methods used by fabric retailers to cope with GST changes.

4. METHODOLOGY AND DATABASE

This study employed a systematic research methodology to investigate the impact of GST on textile retailers in Malappuram district, Kerala. The research design was prepared after formulating the research problem, and a sample size of 50 respondents was randomly selected from the population. Primary data was collected using a questionnaire method, while secondary data was gathered from

websites, newspapers, and journals. The data was analysed using percentage analysis, and presentation tools such as pie diagrams were used to visualize the results. The study aimed to provide insights into the effects of GST on textile retailers, enabling stakeholders to develop strategies to mitigate any negative implications.

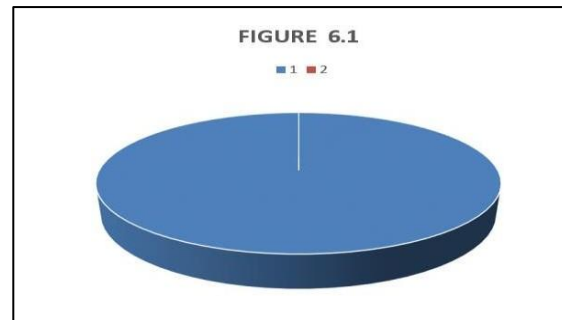
5. RESULTS AND DISCUSSION

Before conducting analysis on the impact of GST on textile retailers, it is relevant to examine a brief profile of the textile retailers in Malappuram District, Kerala.

5.1 GST PAYERS

Table 6.1

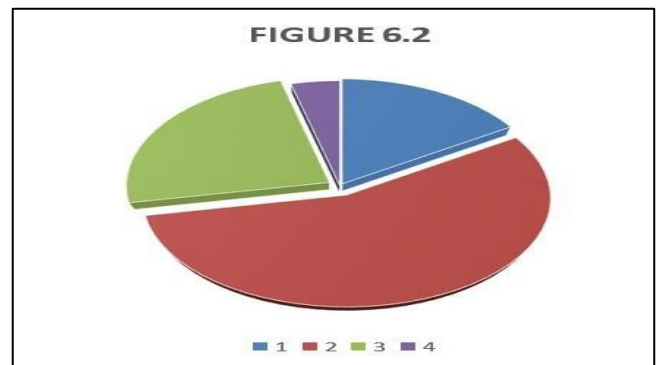
SI. no	Options	No of respondents	Percentage
1	Yes	50	100
2	No	0	0
Total		50	100



5.2 SOURCE OF INFORMATION REGARDS TO GST

Table 6.2

SI. no	Options	No of respondents	Percentage
1	Trade associations	8	16
2	Media	28	56
3	Tax Authority	12	24
4	Friends and relatives	2	4
Total		50	100

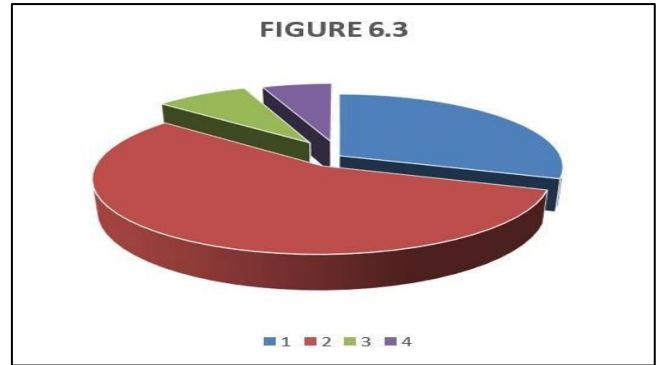


Retailers get informed more about GST from medias than from tax authority and trade association.

5.3 SOURCE OF INFORMATION REGARDS TO GST

Table 6.3

SI. no	Options	No of respondents	Percentage
1	Strongly agree	15	30
2	Agree	28	56
3	Disagree	4	8
4	strongly disagree	3	6
Total		50	100

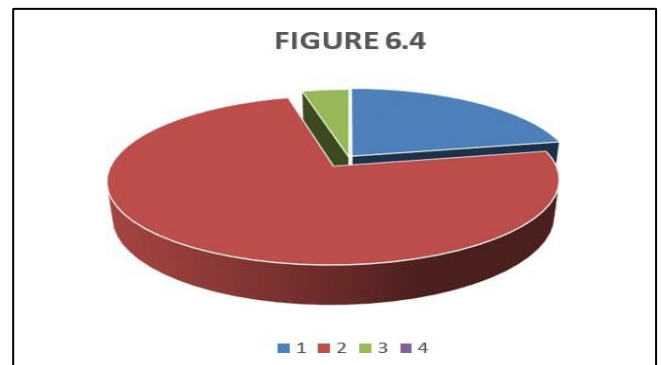


There is an increase in price of retail fabrics due to GST.

5.4 SALES DECREASED DUE TO GST.

Table 6.4

SI. no	Options	No of respondents	Percentage
1	Strongly agree	11	22
2	Agree	37	74
3	disagree	2	4
4	strongly disagree	0	0
Total		50	100

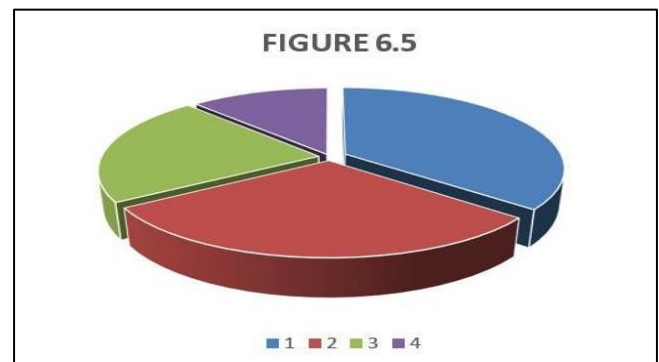


Fabrics sales were decrease due to GST.

5.5 DISCOUNTS AND OFFERS REDUCED DUE TO GST

Table 6.5

SI. no	Options	No of respondents	Percentage
1	Always	18	36
2	Sometimes	15	30
3	Rarely	11	22
4	Never	6	12
Total		50	100

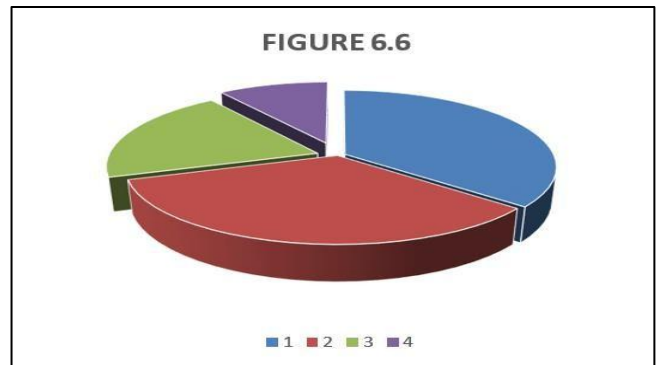


Majority of retailers reduced their offers and discounts due to GST.

5.6 ADVERTISEMENT REDUCED DUE TO GST

Table 6.6

SI. no	Options	No of respondents	Percentage
1	Strongly agree	18	36
2	Agree	17	34
3	disagree	10	20
4	strongly disagree	5	10
Total		50	100

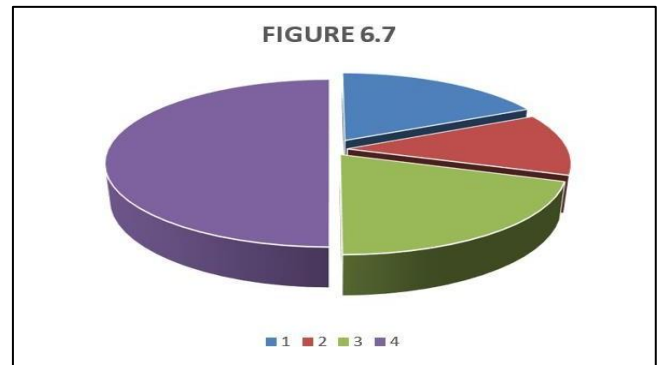


Most of textile retailers reduced their advertisement due to GST.

5.7 COMPETITION INCREASED DUE TO GST

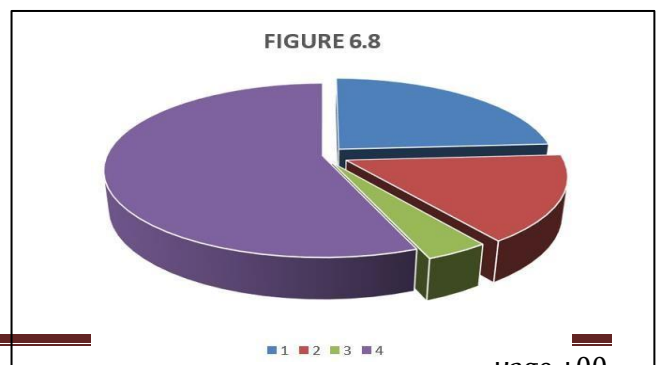
Table 6.7

SI. no	Options	No of respondents	Percentage
1	Strongly agree	9	18
2	Agree	6	12
3	disagree	10	20
4	strongly disagree	25	50
Total		50	100



5.7 TRANSPORTATION AND STORAGE COST INCREASED DUE TO GST

Table 6.8



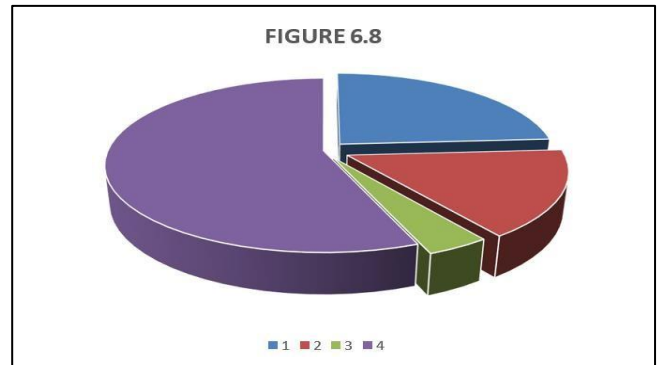


SI. no	Options	No of respondents	Percentage
1	Strongly agree	12	24
2	Agree	8	16
3	disagree	2	4
4	strongly disagree	28	56
Total		50	100

5.8 TRANSPORTATION AND STORAGE COST INCREASED DUE TO GST

Table 6.8

SI. no	Options	No of respondents	Percentage
1	Strongly agree	12	24
2	Agree	8	16
3	disagree	2	4
4	strongly disagree	28	56
Total		50	100

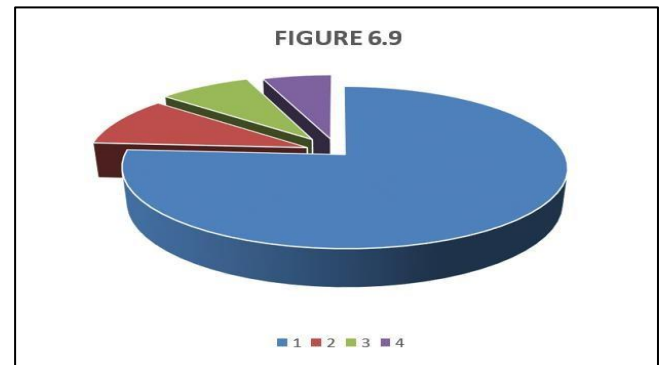


Most of opined there is no significant change in cost of Transportation and storage cost due to GST.

5.9 STOCK LEVEL REDUCED DUE TO GST

Table 6.9

SI. no	Options	No of respondents	Percentage
1	Always	38	76
2	Sometimes	5	10
3	Rarely	4	8
4	Never	3	6
Total		50	100

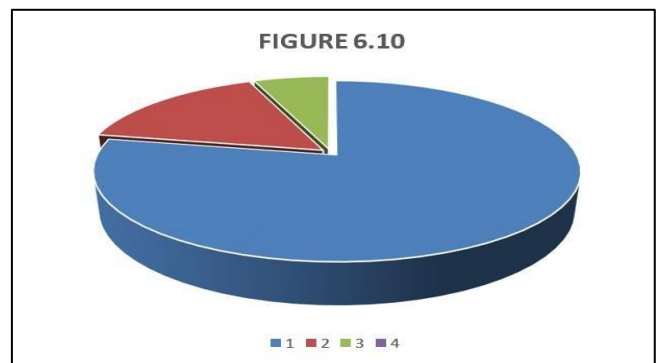


Majority of textile retailers reduced their stock level due to GST.

5.10 EXISTING ACCOUNTING AND RECORDING SYSTEM AFFECTED BY GST

Table 6.10

SI. no	Options	No of respondents	Percentage
1	Always	39	78
2	Sometimes	8	16
3	Rarely	3	6
4	Never	0	0
Total		50	100

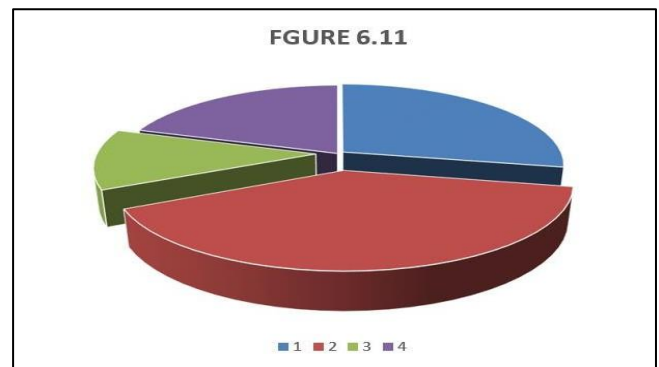


The accounting and recording system of almost all textile retailers affected by GST.

5.11 EXISTING ACCOUNTING AND RECORDING SYSTEM AFFECTED BY GST

Table 6.11

SI. no	Options	No of respondents	Percentage
1	Always	14	28
2	Sometimes	20	40
3	Rarely	6	12
4	Never	10	20
Total		50	100

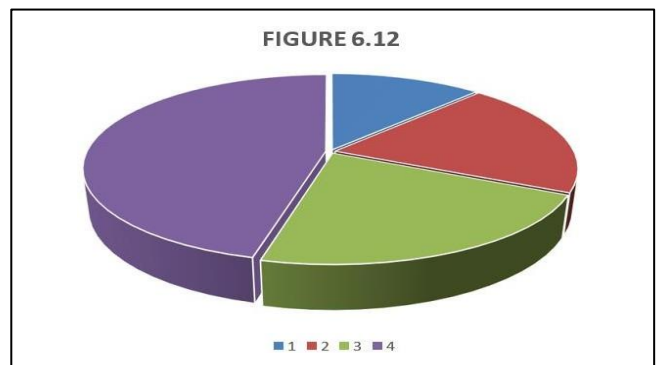


The customers reduced their quantity and regularity of their purchases after implementing GST.

5.12 PROFIT DECREASE DUE TO GST

Table 6.12

SI. no	Options	No of respondents	Percentage
1	Strongly agree	6	12
2	Agree	10	20
3	disagree	11	22
4	strongly disagree	23	46
Total		50	100

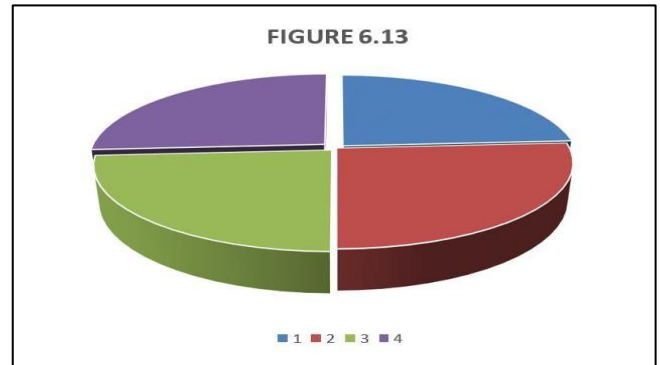


Majority of textile retailer's reveals that there is no decrease in profit due to GST.

5.13 PROFIT DECREASE DUE TO GST

Table 6.13

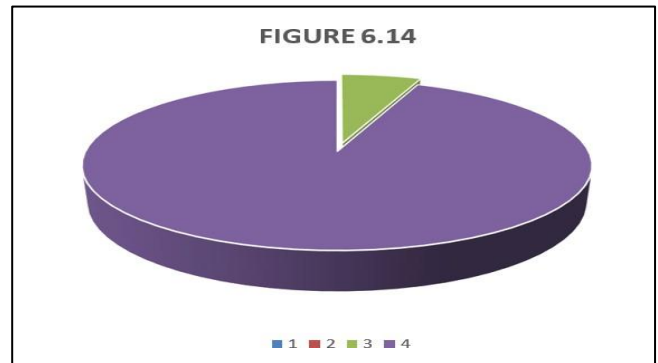
SI. no	Options	No of respondents	Percentage
1	Always	12	24
2	Sometimes	13	26
3	Rarely	12	24
4	Never	13	26
Total		50	100



5.14 ANY CHANGES REQUIRED IN BUSINESS STRATEGY DUE TO GST

Table 6.14

SI. no	Options	No of respondents	Percentage
1	Always	0	0
2	Sometimes	0	0
3	Rarely	3	6
4	Never	47	94
Total		50	100

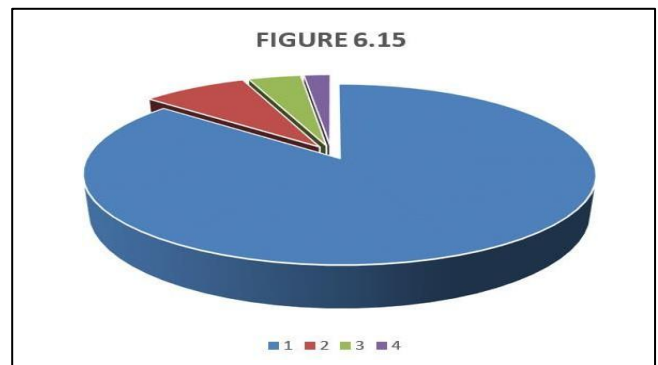


Textile retailers did not yet require to change their business strategy due to GST.

5.15 ANY CHANGES REQUIRED IN BUSINESS STRATEGY DUE TO GST

Table 6.15

SI. no	Options	No of respondents	Percentage
1	Always	43	86
2	Sometimes	4	8
3	Rarely	2	4
4	Never	1	2
Total		50	100

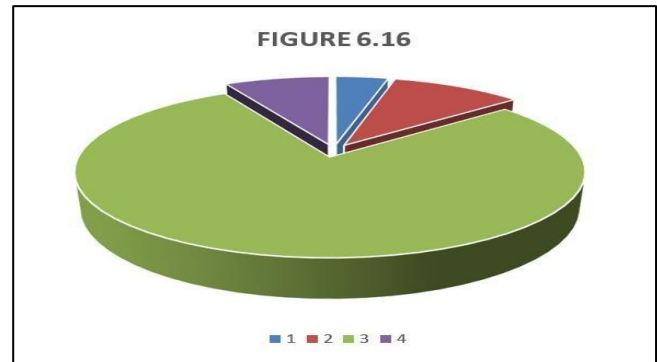


A lion share of textile retailers depends external consultants to comply with the provisions of GST.

5.16 DO ACCOUNTANTS REQUIRED SPECIAL TRAINING TO COUP UP WITH GST

Table 6.16

Sl. no	Options	No of respondents	Percentage
1	Always	2	4
2	Sometimes	5	10
3	Rarely	39	78
4	Never	4	8
Total		50	100

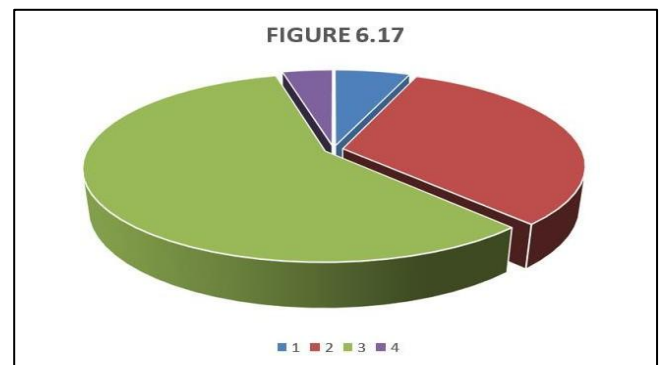


Accounting staffs of only few retailers were required special training to coup up with provisions of GST.

5.17 LEVEL OF SATISFACTION REGARDS TO GST

Table 6.17

Sl. no	Options	No of respondents	Percentage
1	Highly Satisfied	3	6
2	Satisfied	16	32
3	Dissatisfied	29	58
4	Highly Dissatisfied	2	4
Total		50	100



Majority of retailers are not satisfied with GST while compared to the former tax systems.

6. CONCLUSION AND SUGGESTIONS

This study on the impact of GST on textile retailers in Malappuram District, Kerala, revealed that GST increased fabric prices, reduced sales, and led to a decrease in offers, advertisement, and stock levels. While GST did not significantly affect profit, it caused practical difficulties in implementation, required external consultancy services, and necessitated special training for accounting staff. To mitigate these negative effects, retailers should consider reducing prices to improve sales, implementing customized discounts and offers, and adopting advanced and flexible accounting and recording systems. Additionally, retailers must be prepared to adapt their business strategies to



overcome future challenges posed by GST. Furthermore, providing proper training to accounting staff and appointing GST-experienced accountants can help retailers navigate GST complexities. Ultimately, the government and tax authorities must take steps to increase retailer awareness about GST, enabling them to leverage its benefits and minimize its drawbacks. By implementing these measures, textile retailers can transform GST into a beneficial opportunity for growth and development.

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