



International Journal of Multidisciplinary Research in Science, Engineering and Technology

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 8.206

Volume 8, Issue 4, April 2025



**International Journal of Multidisciplinary Research in
Science, Engineering and Technology (IJMRSET)**
(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

A Study on the Impact of GST in Business Environment with Special Reference to Coimbatore

R.Kavin, Dr. D. Suresh Kumar

Final year student, Department of Commerce with Information Technology, Dr.N.G.P. Arts and Science College,
Coimbatore, India

Associate Professor, Department of Commerce with Information Technology, Dr.N.G.P. Arts and Science College,
Coimbatore, India

ABSTRACT: The implementation of the Goods and Services Tax (GST) in India marked a historic step in the reform of the country's indirect taxation system. This study aims to examine the overall impact of GST on the Indian business environment. It explores how GST has simplified the tax structure by replacing multiple indirect taxes with a unified system, and how it has affected various sectors in terms of compliance, pricing, and operational efficiency. The research also identifies the challenges faced by businesses during the transition and ongoing adaptation to the GST framework. Using a structured research methodology that includes data collection and interpretation, this report provides insights into the effectiveness of GST in fostering economic transparency and uniformity. The findings suggest that while GST has improved tax administration and reduced the cascading effect of taxes, there are still areas that require policy refinement and better implementation strategies. The study concludes with suggestions for enhancing the GST system to further support business growth and ease of doing business in India. This study is taken around the Coimbatore City. Primary data have been collected with the help of structured questionnaire to fulfil the objectives of the study. The sample size chosen for the study is 100.

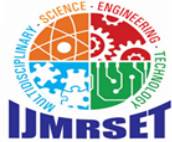
KEYWORDS: GST, Business Environment, Indirect Tax, Direct Tax,

I. INTRODUCTION

The Goods and Services Tax (GST) has emerged as one of the most transformative tax reforms in India's history, aimed at streamlining the indirect tax structure and fostering economic growth. Since its implementation on July 1, 2017, GST has had profound implications for businesses across the country, including in Coimbatore, a city renowned for its industrial and entrepreneurial dynamism. Known as the "Manchester of South India," Coimbatore is a hub for diverse industries such as textiles, engineering, manufacturing, and information technology. The city's business environment presents a unique microcosm of the broader economic changes triggered by GST.

The introduction of GST replaced a complex web of state and central taxes with a unified, transparent taxation system, aimed at reducing the cascading effect of taxes and enhancing ease of doing business. For Coimbatore, a city with a rich legacy of small and medium enterprises (SMEs), this reform has brought both opportunities and challenges. While GST has simplified tax compliance and facilitated interstate trade, its implementation has required businesses to adapt to new technologies, maintain detailed records, and align their operations with the GST framework.

This essay delves into the multifaceted impact of GST on the business environment in Coimbatore. It explores how GST has influenced key sectors such as textiles and manufacturing, reshaped supply chain dynamics, and affected pricing strategies. Additionally, it examines the challenges faced by local businesses in adapting to the new system, including compliance costs and technological hurdles. Through this analysis, the essay aims to provide a comprehensive understanding of how GST has shaped the economic landscape of Coimbatore and its implications for future growth and development in the region.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

II. PROBLEM STUDY

The implementation of the Goods and Services Tax (GST) in India was a landmark reform aimed at creating a unified tax structure and simplifying the indirect tax system. While GST has streamlined tax processes and improved compliance mechanisms at the national level, its impact on local business environments, particularly in regions like Coimbatore, remains a subject of concern and debate. Coimbatore, known as a hub for industries such as textiles, manufacturing, and small-scale enterprises, has experienced significant changes in operational dynamics, pricing strategies, and compliance costs due to GST.

Many businesses in Coimbatore have faced challenges in adapting to GST requirements, such as increased administrative burdens, higher compliance costs, and changes in cash flow management. Conversely, some have reported benefits, including improved transparency, easier interstate trade, and reduced tax cascading. However, the extent to which GST has positively or negatively influenced businesses in Coimbatore is unclear, particularly across different sectors and business sizes. This lack of clarity hinders the ability of policymakers, business owners, and stakeholders to address the challenges and optimize the benefits of GST implementation. Therefore, it is crucial to analyze the impact of GST on Coimbatore's business environment, examining both the advantages and challenges to provide actionable insights for improving the tax regime and supporting local businesses.

III. OBJECTIVE

- 1.To Analyze the challenges and opportunities faced by business in implementing GST
- 2.To Evaluate the effectiveness of GST in promoting economic growth reducing tax evasion and increasing tax revenue

IV. LIMITATIONS OF THE STUDY

The study on the impact of GST in the business environment of Coimbatore is subject to certain limitations. Firstly, the diverse nature of businesses in Coimbatore, ranging from traditional industries like textiles to modern service sectors, poses challenges in generalizing findings across all sectors. Additionally, small and medium-sized enterprises (SMEs), which form a significant part of Coimbatore's economy, may lack proper record-keeping, leading to potential gaps in data accuracy.

V. REVIEW OF LITERATURES

1. According to Ramesh (2019) found that GST benefited textile manufacturers by eliminating interstate tax barriers, leading to smoother interstate trade. However, the higher GST rate on certain textile products (18%) posed a challenge to small-scale manufacturers and retailers, resulting in higher input costs for some businesses.
2. SMEs in Coimbatore faced mixed reactions to GST. On the positive side, GST facilitated a more transparent tax structure and reduced tax evasion, benefiting those in the formal sector (Kumar & Patel, 2020). A survey conducted by Subramani (2021) indicated that SMEs experienced a significant learning curve, and many had to rely on third-party services to ensure compliance
- 3.The rise of e-commerce in Coimbatore saw a positive impact from GST. By eliminating state-wise entry taxes and streamlining tax compliance, GST helped e-commerce businesses operate more efficiently. A study by Mehta and Rajan (2020) revealed that businesses engaged in online retail experienced better integration with the national market, benefiting from uniform tax rates and reduced logistics costs.
4. Coimbatore's industrial base, particularly in engineering and machinery, benefited from the reduction in tax cascading under GST. According to a study by Rajendran (2020), the input tax credit provided by GST led to lower production costs and better cash flow for manufacturers. However, businesses also faced challenges in adapting to the new tax system, especially in understanding the full range of benefits that GST offers.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

5. According to Balakrishnan (2019) noted that, while GST increased transparency and potentially improved revenue collection for the government, many businesses, especially in the informal sector, were resistant to embracing the new compliance requirements

Table :1
Socio-Economic Factors

Socio-Economic Factors	No of Responses	Percentage
18-25	15	15%
26-35	39	39%
36-45	19	19%
46 and above	27	27%
Male	84	84%
Female	16	16%
High school or below	37	37%
Undergraduate degree	43	43%
Postgraduate degree	18	18%
Others	2	2%

Source : Primary Data

The majority of respondents are aged between 26–35 years, indicating a young adult demographic. Most participants are male and hold an undergraduate degree, suggesting that the survey primarily reflects views of educated, working-age males.

Table 2
Role in Business

Roles	No of Response	Percentage
Business Owner	57	57%
Accountant/Finance Manager	18	18%
Tax Consultant	10	10%
Other	15	15%

Source : Primary Data

The survey results show that the majority (57%) of respondents are Business Owners, followed by Accountants/Finance Managers (18%). Others make up 15%, while Tax Consultants account for 10%. This indicates that most participants have a direct ownership role in the business.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

Table 3
Registered under GST

Registered under GST	No. of Responses	Percentage
Yes	82	82%
No	18	18%

Source : Primary Data

The majority of businesses (82%) are registered under GST and 18% are not registered under the GST

Table 4
Filling under GST Return

Filling under GST Return	No. of Responses	Percentage
a) Monthly	16	16%
b) Quarterly	13	13%
c) Annually	58	58%
d) Not applicable	13	13%

Source : Primary Data

The majority (58%) of respondents file their GST returns annually, while only 16% file them monthly. Quarterly and "Not applicable" responses are equal at 13% each. This indicates that most businesses prefer an annual GST filing schedule, possibly for ease of compliance

Table 5
Challenges and Compliance in GST

Challenges and Compliance in GST	No of Response	Percentage
Filing GST returns	38	38%
Input tax credit process	29	29%
High compliance costs	20	20%
Frequent changes in regulations	13	13%

Source : Primary Data

The majority of respondents (38%) find filing GST returns to be the most challenging aspect of GST compliance, followed by the input tax credit process (29%). High compliance costs (20%) and frequent changes in regulations (13%) are the challenges and compliance in GST.

Suggestions

- Improve GST Awareness & Assistance: The government should provide more structured training and workshops to help businesses understand GST compliance better.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

- **Simplify Compliance & Filing Process:** Reducing the complexity of filing GST returns and streamlining the input tax credit process can ease compliance burdens.
- **Address Financial Concerns:** Offering incentives or flexible payment options for small businesses can help mitigate the financial burden caused by GST.
- **Enhance Digital Infrastructure:** Strengthening the GST portal's functionality and reliability can reduce filing difficulties and improve user experience.
- **Increase Support for Businesses:** The government should introduce dedicated helplines, online resources, and advisory services to assist businesses struggling with GST compliance.

VI. CONCLUSION

The study highlights the transformative impact of the Goods and Services Tax (GST) on businesses in Coimbatore. While GST has streamlined tax compliance, improved interstate trade, and increased transparency, businesses continue to face challenges in adapting to the system. The findings indicate that 82% of businesses are registered under GST, but compliance complexities, high costs, and frequent regulatory changes remain concerns.

In conclusion, while GST has had a largely positive impact on economic formalization and tax collection, businesses require better assistance, streamlined compliance procedures, and improved technological infrastructure to maximize its benefits. Continuous reforms and stakeholder engagement will be essential in ensuring GST achieves its intended objectives of enhancing ease of doing business and fostering economic growth.

REFERENCES

Government Reports & Publications:

1. Ministry of Finance, Government of India – *GST Annual Report*.
2. Central Board of Indirect Taxes and Customs (CBIC) – <https://cbic-gst.gov.in>.

Research Papers & Journals:

1. Kumar, R., & Sharma, P. – *Impact of Goods and Services Tax on Indian Businesses: A Sectoral Analysis* (Journal of Economic Studies).
2. Indian Institute of Management (IIM) – Research Reports on GST Implementation.

Industry Reports:

1. Federation of Indian Chambers of Commerce & Industry (FICCI) – *GST: Business Perceptions and Compliance Challenges*.
2. Confederation of Indian Industry (CII) – Reports on GST impact.

News & Articles:

1. Business Standard, Economic Times, The Hindu Business Line – Expert opinions and updates on GST.

Surveys & Case Studies:

1. Industry surveys conducted by NASSCOM, ASSOCHAM, or academic institutions on GST impact.



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA



INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

| Mobile No: +91-6381907438 | Whatsapp: +91-6381907438 | ijmrset@gmail.com |

www.ijmrset.com