



# Evaluating The Effectiveness Of Goods And Services Tax (GST) On Small And Medium Enterprises (Smes): A Case Study Approach

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**Citation:** Shalini Aggarwal,et.al (2023), Evaluating The Effectiveness Of Goods And Services Tax (GST) On Small And Medium Enterprises (Smes): A Case Study Approach ,Educational Administration: Theory and Practice,29(2), 585-593,

Doi: 10.53555/kuey.v29i2.7520

ARTICLE INFO	ABSTRACT
Submitted- 28/Feb/2023 Reviewed- 10/March/2023 Accepted- 09/April/2023 Published- 12/May/2023	<p>This research work focuses on the effects of implementing the Goods and Services Tax (GST) on Small and Medium Enterprises (SMEs) in India which is explained in two cases. The idea of implementing GST was to replace many indirect taxes at once and make the tax process less complicated however the implementation of the act was not barrier-free; especially for SMEs. The research undertaken about four small cross-sectional enterprises namely, Hero Cycles Ltd., Croma Retail, Dabur India Ltd. SME division, and Organic India Pvt. Ltd. reveals broad tendencies and sectorial effects. This therefore means that while smaller firms as in the case of Orient Craft struggled to adapt to GST, larger well-established firms such as Hero Cycles and Dabur India were better placed to optimize the available resources to enhance efficiency. While it was manageable for large players, small-scale industries especially organic India had lots of compliance issues which led to higher operational costs, loss of revenue and cash flow problems. The study stands to show that while GST holds the promise of boosting competitiveness and work effectiveness the prospects are further opened to larger, and better-prepared organizations. The study highlights the factors of tapping technology, training the employees, and seeking external assistance for SMEs to overcome the issues related to GST. Also existing was disparity by industry, where changes in manufacturing and retail-related industries occurred with less interruption than in agriculture-dependent industries. Therefore the study concludes that GST has been more or less a successful tax reform depending on the size of the firm, industry and the ability to transition to the new system, there is therefore need to support the smaller firms in their transition to the new system.</p>
	<p><b>Keywords:</b> Taxation, GST, SME businesses, tax, compliance, process efficiency and cross-comparison</p>

## Introduction

### Historical Analysis of Goods and Services Tax (GST)

The Goods and Services Tax (GST), was introduced to replace many cascading taxes which were being concurrently administered by the central and state governments of many countries, including India, Australia, Canada and Malaysia among others. The reason for the implementation of GST mainly focused on the integration of taxes, simplification of the tax system and eliminating the cascading effect of taxes. Incorporating taxes under a single roof, GST remains one of the most global administrative reforms that has reeled down the tax system of several economies.

GST is considered a major fiscal reformation measure which is to bring about change and ease in the taxation process. It is aimed at replacing a host of indirect taxes like VAT, service tax, central excise and others thereby consolidating all of them under its fold. The idea that forms the crux of GST is that this was designed to be an extensive, consumption-based and multi-stage tax. The first one is the tax credit system which works on the value-added system at each level of completion of the product or provision of a service. It is going to

make the system more transparent by simplifying the tax laws reducing compliance costs and also making doing business easier.

Since the implementation of GST, Small and Medium Enterprises (SMEs) have found it a boon as well as a bane. SMEs are also essential in the development of many economies due to their contributions towards the creation of employment, and the creation of new products, services and exports. However, they generally do not possess the competent tools and professional acumen to deal with structures that involve compliance with various taxes in a proper perspective, which makes the study of transitioning to GST important.

### ***Importance of SMEs in the Economy***

Small and Medium Enterprises (SMEs) have been described as the life wire of the economy because of their significant function to the economy. SMEs are said to make up 90% of global business and over 50% of employment according to World Bank. There they play a significant role in job creation transforming economies, encouraging innovation and economic diversification. They remain a significant component of the world economy due to these reasons; flexibility, adaptability and ability to target specialized markets.

Currently, SMEs contribute about 30 % of the GDP, 45% of the manufacturing sector value, and 40% of export earnings in the case of India (Government of India, Ministry of MSME, 2022). On the same note, in the European Union, SMEs represent 99% of all trading businesses that contribute to more than half of the EU's GDP and offer employment to about 100 million people (European Commission 2022). Since SMEs are among the most important contributors to the GDP, then researching their experience with GST is important to policymakers, business executives, and academicians.

### ***Rationale for the Study***

- There has been a lot of controversy over the GST and more so concerning the SMEs. However, while it has claimed to ease taxation, this has been characterised by various challenges such as compliance which has been recognised to be complicated by this transition, the cost of software/hardware for implementation of GST and the requirement of training. The implementation of GST thus demands changes in the accounting and the system of raising invoices which can be a challenge since businesses need to adopt manual/digital ways of conducting business which some SMEs may lack knowledge about.
- Furthermore, the initial period of operation of GST has been characterized by uncertainties, particularly oversimplification of rules and regulations making things complicated for SMEs. This has had a direct impact on the cash flow and working capital formulations or needs of the business and the general functioning of the business. Some of the difficulties are especially felt by micro and small enterprises that work with low profit margins, and, as a rule, can attract limited funds and expertise.
- Hence, this study aims at assessing the impact of GST on SMEs and the experience of such enterprises including the benefits enjoyed and the utilised performance measures and the emerging issues encountered. Insofar, as the use of a case study affords a detailed examination of selected occurrences where GST has been instrumental in effecting change offering insights that reflect the relative circumstances.

### ***Objectives of the Study***

1. Evaluate the impact of GST on the financial performance of SMEs: The issues to consider include changes in cost structures, revenue and profitability after the implementation of GST.
2. Assess the compliance challenges faced by SMEs under the GST regime: Being aware of the challenges, which are connected with filing returns, accounts management, and compliance with the necessary rules and regulations.
3. Examine the operational impacts of GST on SMEs: Emphasizing the specific impacts that GST has brought to the SMEs in terms of its operational and business models, supply chain and of course relations with the customers.
4. Identify the benefits perceived by SMEs due to GST: Some of them are aspects like; A simplified tax regime, efficient input tax credit regime and enhancing competitiveness.
5. Provide policy recommendations: As a result, describe possible strategies to enhance the GST compliance level and eradicate adverse outcomes on SMEs.

### ***Literature Review***

As much as the subsequent section will demonstrate, cross-sectional analysis of past studies points to an equal gal of positive and negative consequences of implementing GST. On the positive side, there are some arguments that GST will help make the whole tax system more streamlined and decrease the total tax burden on business organizations while on the negative side, there are views that this new tax system will lead to an increase in compliance costs and that the new GST system is complex. For example, in a study by Geeta, *et al.*, 2019: Impact of GST in Indian SMEs the authors pointed out that while the tax burden in a large number

of businesses decreased, the compliance increased therefore, the cost of doing business also increased. The study also pointed out that those players who had easy access to technology and finances could easily adapt to the change but the SMEs suffered. In the same regard, Gautami, Santhapalii. (2018) while examining the effects of the GST framework for India also pointed out that as a result of the implementation of GST; there has been a better level of tax compliance and a wider coverage of taxpayers. However, they identified the cumbersome procedure that one has to go through in filing the GST return as a major factor hindering compliance, especially among small business entities. However, Yong, *et al.*, (2018) conducted a study to examine the effects of GST implementation on SMEs in Malaysia and identified it seemed to have rationalised the indirect tax system, though the overall implementation phase was difficult during the initial seasons, particularly for SME in the rural region facing high constraints in accessing training and information. Therefore, these studies are an indication that the context should be considered while assessing the effect of GST. Thus, rather than mapping a single type of impact of the GST, it is possible to encounter various difficulties and opportunities characteristic towards different types of SMEs based on size, the field of activity, or the region. This goes a long way in justifying the choice of a case study research approach in this research since it can capture these contextual factors.

### ***Impact of GST on SMEs: A Theoretical Framework***

To test the hypothesis that GST is effective in influencing SMEs, there are several theoretical frameworks to consider in analysing the above aspects of its impact. Transaction Cost Economics (TCE) is one such vantage point that argues that firms will undertake activities in the least cost-feasible way (Williamson, 1985). Analyzing GST from a TCE perspective, the emergence of the unified system may be viewed as a measure that can lead to a decrease in transaction costs, as it combines several taxes, which creates additional costs in terms of compliance with multiple regulatory requirements. However, first one-time costs and second, the potential compliance issues that might make transaction costs rise, could pose certain problems particularly to SMEs, at least in the shorter term.

Another framework that is related to the current research is the Resource-Based View (RBV) arguing that resources and capabilities owned by a firm have a significant influence on its performance (Barney, 1991). When it comes to the issue of GST, the general capability to compensate for one's deficits that stem from this new tax will be determined by which resources for SMEs as financial capital, technologies, and/or human capital. Therefore, we hypothesize that beneficial attributes of GST, such as its downturn cycle, will be more easily implemented among SMEs with higher resource levels, but not so easily implemented among SMEs with lower resource levels.

### ***Case Study Analysis***

Because of these, the study of the effect of GST on SMEs will incorporate the collection of case studies from various sectors of relevant SMEs. These case studies will be more inclined towards identifying the setbacks and opportunities that have accompanied this business under the GST regime; thus shedding light on the practical impact of this tax change.

Some of the issues that the case studies will look at concerning SMEs are the measures taken to enable them to manage the effects of GST. Thanks for this, it includes; acquisition of equipment, training of employees and shifting of organizational strategies. By analyzing these strategies, this study seeks to come up with recommendations that can be embraced by other SMEs to enhance their compliance and harness the opportunities of GST.

## **Materials and Methods**

The research methodology used in this current study is a case study approach to assess the effect of GST on SMEs in India. Thus, the case study method is selected because it allows collection of practical information about the real-life effects of GST for selected SMEs, as well as their specific problems and opportunities, which occur in various industries.

### ***Case Study Selection***

The selection of SMEs for this study was based on specific criteria to ensure a comprehensive analysis of GST's impact across various sectors, enterprise sizes, and locations:

#### ***1. Industry Type:***

- Manufacturing: Hero Cycles Ltd. was chosen based on its topic of operation as it engages in operations within a complicated supply chain and value addition string, and the business has a complicated provide chain thus the manufacturing SME was crucial for the research study of GST on manufacturing SMEs.
- Retail: Croma Retail was selected from the retail industry as it represents a segment for which service tax and compliance issues are concerning.

- Fast-Moving Consumer Goods (FMCG): Hence, for this study, the SME unit of Dabur India Ltd. was included with the view of understanding the effects registered on the FMCG segment, especially for Ayurvedic and natural products.
  - Agriculture and Agro-based Products: Organic India Pvt. Ltd was chosen to review how GST affected the areas that were hitherto with partial or distinct taxes.
2. **Enterprise Size:** The study will adopt both medium and small enterprises whereby data will be collected and analyzed based on the size and resources of the enterprises. Hero Cycles and Dabur India reflect medium-scale organizations and Croma Retail and Organic India reflect Small to Medium Sized Organizations.
  3. **Location:** All the selected SMEs are operating in New Delhi but they are spread over urban, semi-urban and rural regions, and thus the study has a geographical dimension as well to understand how location aspect affects GST compliance and operational disruption.

### Data Collection Methods

Since both numeracy and verbatims were collected, the study employed a mixed method approach to provide improved quality and comprehensiveness of the analysis of the effect of GST on SMEs.

#### 1. Interviews:

- In-depth Interviews: All the owners, managers or accountants of the sampled SMEs were interviewed using semi-structured questionnaires. These interviews offered more elaborate information about the experiences of these enterprises related to issues connected with compliance with GST.
- Expert Interviews: To get more insights on the effects of GST on SME business and get an expanded perception of their opinions about the best practices that should be conducted about GST, the study conducted focus group discussion with tax professionals, industry experts and government officials.

#### 2. Surveys:

- Structured Questionnaires: Broader quantitative data on the compliance of SMEs, costs, time and financial implications of GST was collected in a questionnaire survey with the SMEs of mixed sectors. The survey also had some questions to check how much the SMEs understood regarding the GST.
- Online Surveys: To encourage more respondents to participate and more so from rural areas, online surveys were conducted thus making the data to be gathered to span across the different regions.

#### 3. Financial Analysis:

- Pre- and Post-GST Financial Statements: The study of SME financial reports was done to establish the changes in the revenue, profitability, costs and cash flows after the implementation of GST.
- Tax Return Analysis: A study was made on the GST returns of the selected SMEs to determine their compliance level, analyse the mistakes which may have been committed and know the difficulties encountered while filing them.
- Cost-Benefit Analysis: It compared the expenses incurred, like acquisitions of software, training, professional fees, costs for undertaking changes in computer systems and the like to the offsets which include the ITIC and lesser tax rates.

#### 4. Document Analysis:

- Policy Documents: Legal and Procedural obligations which the SMEs have to follow for GST were analyzed based on the Government notifications, circulars and guidelines.
- Industry Reports: Secondary data was sought from industry reports and other relevant publications to supplement the primary data as well as to establish the effect of GST in diverse sectors of the economy.

### Analytical Approach

The collected data was analyzed using both qualitative and quantitative methods:

#### Quantitative Analysis:

- Descriptive Statistics: Descriptive statistics were used on survey data to present a statistical result of the effect of GST on the performance of SMEs, rise in compliance costs etc.
- Comparative Analysis: To measure the net impact of GST on SMEs, the firms' financial data was analyzed before and after the implementation of the reform.
- It makes sure the wide scope and effects of GST on SMEs are understood correctly to support policymakers, business owners, and scholars in their decision-making.

### Case Study Analysis

#### Profile of Selected SMEs

The companies selected in Delhi are of various types of industries, different sizes and different years of operation. This diversity enables the provision of a very rich analysis of the effects of GST on various business structures.

**Table 1: Profile of Selected SMEs**

<b>Company Name</b>	<b>Industry</b>	<b>Size</b>	<b>Location</b>	<b>History</b>
Hero Cycles Ltd.	Manufacturing (Bicycles)	Medium Enterprise	New Delhi	Established in 1956, Hero Cycles Ltd. has grown to be one of the biggest bicycle manufacturing industries globally. With over 500 employees, it is a leading firm in India and internationally. The company has a complex supply chain.
Croma Retail	Retail (Electronics)	Small Enterprise	New Delhi	Formed in 2006, Croma Retail is part of the Tata Group. It runs several electronics retail outlets across India, focusing on customer service. The company has approximately 200 workers and serves a diverse clientele.
Dabur India Ltd.	Fast Moving Consumer Goods (Ayurvedic and Natural Products)	Medium Enterprise (specific business unit)	New Delhi	Established in 1884, Dabur India Ltd. is one of the largest FMCG companies in India, focusing on Ayurvedic and natural healthcare products. The selected medium-sized business unit in Delhi-NCR deals with herbal supplements.
Organic India Pvt. Ltd.	Agriculture and Agro-based Products (Organic Farming)	Small and Medium Enterprise	New Delhi	Started in the late 1990s, Organic India specializes in organic farming, dealing with herbal and Ayurvedic products. The company has approximately 150 employees and focuses on both domestic and international markets.

### **GST Implementation and Compliance**

The general structural transformation that was occasioned by the implementation of the GST had profound impacts on the overall tax compliance of these companies. In each of these selected companies, there was a need to redesign their business operations to fall in line with the new regulations.

#### **1. Hero Cycles Ltd.**

- **GST Implementation:** Many companies including Hero Cycles witnessed teething problems in implementing GST because of their complicated network of supply chains in different states. The company spent a significant amount of resources on enhancing its ERP systems to accommodate GST and training its finance and logistics departments.
- **Compliance:** In its compliance level, Hero Cycles has been good at filing the returns on time and has been managing input tax credits (ITC) well. This is true even though the company has a good infrastructure in place, leading to transition and some early hiccups like with e-way bill management.

#### **2. Croma Retail**

- **GST Implementation:** The change over to GST for Croma Retail was not very disruptive because this business was already using modern accounting software in its operation as well as already having a good established retail system in place. The main difficulty was to guarantee all outlets in different states complied with GST in the same manner.
- **Compliance:** Croma Retail has remained very much conscious of GST compliances though handling the large number of transactions and tax invoices has been an issue. The company also had issues with the timing of the ITC claims that impacted the cash flow of the company.

#### **3. Small and Medium Enterprise Unit of Dabur India Limited**

- **GST Implementation:** The challenges of GST implementation to the selected business of Dabur India are moderate where it experiences difficulties on how to adjust its procurement and selling activities to the

new tax system. The company has progressively undergone internal assessments and revisions as well as updates for its systems as a means of compliance.

- **Compliance:** At Dabur India's SME's unit it noted that compliance has been properly managed in terms of timely filing and proper handling of ITC. As the unit was dealing with Ayurvedic products which have their rates of taxes under GST the classification and the accounting methods that had to be followed were challenging.

#### **4. Organic India Pvt. Ltd.**

- **GST Implementation:** Organic India being a relatively less experienced enterprise learned many a setback when it initially attempted to implement GST. To achieve compliance and to adapt to the new structure in taxes, the company had to involve outside help and had to make changes to the systems that it had in place.
- **Compliance:** Lack of compliance management was an issue encountered by Organic India, particularly regarding the differentiation between agricultural products and GST. Initially, there was a delay in filing returns and it had to pay penalties due to non-compliance with the rules and regulations of the company.

#### **Financial Impact Analysis**

Consequently, the extent of the financial effect of GST was different among the selected firms depending on the industry, size as well as operational size.

##### **1. Hero Cycles Ltd.**

- **Revenue Impact:** Originally, Hero Cycles' revenues were affected by market modifications resulting from the transition to GST. Thus, ITC and such a simplified tax system were long-term advantages that enabled the company to cut costs and secure stable revenues.
- **Cost Structure:** GST has proved to be more feasible for the company as its implementation has abolished many state taxes. These efficiencies manifested in cost reduction mostly in the area of distribution and material acquisition that had a positive impact on the company's financial health.
- **Profit Margins:** Some of the one-time costs such as investment in software upgrades and training somewhat compressed margins for the initial period, this represented a valuable investment which led to improvement in efficiency for the company. Gross and net margins of profits came back to their pre-GST levels within a year which demonstrated some minor enhancements because of efficient cost management abilities.

##### **2. Croma Retail**

- **Revenue Impact:** Croma Retail went through a phenomenal money loss in the transition to GST as the consumers took time to change to the new prices. Nonetheless, the company could regain its revenue within a few quarters of marketing and educating the customer.
- **Cost Structure:** Some of the consequences included the situation whereby the company is largely exposed to operational costs such as complicated filing of taxes and record keeping. ITC refunds were a major source of cash flow problems because of delays and these were well handled in terms of financial management.
- **Profit Margins:** These impacts which initially triggered pressure on the profit margin resulting from adherence to expenditures, and cash flow challenges were eventually balanced by the company as it sought to effectively, and efficiently manage its taxes. Operating margins were a tad better, and this was due to cost efficiencies.

##### **3. Dabur India Ltd. (SME Unit)** Established by Karamchand Thapar-1906 Bengal Chemicals and Pharmaceuticals Ltd- Established in 1903 Pharmaceutical Sector in India

- **Revenue Impact:** As far as the issue of GST was concerned, the SME unit at Dabur recorded a very slight negative effect on the company's revenues. In proceeding with the new tax structure, the company was able to sustain volumes of sales principally because of brand identity and consumer loyalty.
- **Cost Structure:** While GST had streamlined the company's tax issues it also added new aspects of categorization of Ayurvedic products. The company was therefore able to offset these costs without much alterations to the firm's cost model.
- **Profit Margins:** This saw a slight compromise of the profit margins of the unit especially on compliance costs which however would not significantly affect the unit because of the efficiency noted in the ITC and control of operations.

##### **4. Organic India Pvt. Ltd** at present is a flagship company on the market.

- **Revenue Impact:** Organic India suffered a setback in its revenue-generating ability during the periods that GST was being implemented. The rise in taxes affected the company's customers in a very wrong way especially those living in the rural areas thus proving a big blow to sales.

- **Cost Structure:** The investigations show that the implementation of GST leads to operational cost increases mainly in recruitment contractors and upgrading of various systems. The fact that ITC had to be managed on agricultural products made it even more complex, thus adding to the cost.
- **Profit Margins:** Thus, the costs of compliance soared, and revenues shrunk, thus putting immense pressure on the profit margins industry-wide. To add insult to injury, the company was unable to transfer these costs to the consumer realm hence resulting in a long and painful period of cash isolation.

### Operational Impact

The business disruption caused on these companies by the implementation of GST was however mixed and hinged on how they undertook changes in their operations.

#### 1. *Hero Cycles Ltd.*

- **Supply Chain:** This makes the GST regime have played a big role in simplifying Hero Cycles' function of a supply chain by removing state border taxes, shortening transit time and decreasing its costs. These enhancements greatly helped the company to achieve operations success under GST.
- **Pricing:** But later, cost and pricing implications appeared to be its main obstacles such as the adjustments of the GST implications. However, the company was in a position to shift it down and offer benefits to its consumers in the form of low charges due to its competitiveness.
- **Cash Flow:** ITC refunds were delayed in the beginning which affected the cash flows but it was manageable after the organization got acquainted with the GST environment and thus improved the liquidity of cash flows.

#### 2. *Croma Retail*

- **Supply Chain:** GST made Croma Retail's supply chain functions easy to manage since the company no longer had to deal with several state-level taxes. However, the ability to manage the stock transfers between outlets in different states was made slightly difficult by the introduction of the GST.
- **Pricing:** Often Croma had to change the prices on existing products due to GST rates which created more confusion among the consumers. Leveraging on customer awareness campaigns, the company was able to achieve stabilization of its price after some time.
- **Cash Flow:** Some of the reasons include ITC refund and tax deposits affecting its cash flow and other challenges implying the need to hold higher working capital. The challenges were addressed through implementing better financial controls to meet them adequately in the organization.

#### 3. *Dabur India Ltd.:* Dabur India Ltd. is one of the largest Ayurvedic companies that has representatives across three continents with a specific focus on customer requirements at the SME unit.

- **Supply Chain:** The implementation of the GST regime paved new efficiencies in its supply chain because the tax structure has become similar across states now. Cutting paperwork and the time taken to deliver SME services to customers were among the gains the company's SME unit would enjoy.
- **Pricing:** There were issues associated with coming up with new prices for some of the Ayurvedic products after the implementation of GST but the unit was able to keep the prices relatively stable through appropriate pricing tactics.
- **Cash Flow:** Harmless effects on the cash flow were due in part to the effective management of taxes found in the unit as well as the unproblematic claiming of ITC on products. This enabled the unit to conduct its activities continually in the set destinations.

#### 4. *Organic India Pvt. Limited*

- **Supply Chain:** Through the research, it was evident that GST had made it challenging for Organic India to manage its supply chain, especially in its procurement and delivery of organic products across state borders. This led to increased complications in how the company handles its taxes to the point of affecting the flow of logistics.
- **Pricing:** Pricing was a major problem for the company post-GST implementation in the major value products especially those targeting rural consumers. This resulted in a flood of customers to the competitor's side in the initial months, equaling to loss of market share.
- **Cash Flow:** The huge stock of ITC led to problems in processing the ITC, thereby leading to a poor cash flow situation and increased compliance costs trimmed the cash available with Organic India for day-to-day operations. This in turn affected the firm's capital expenditure on growth strategies.

**Table 2: Comparative Analysis of GST Impact on Selected SMEs Across Different Sectors**

Aspect	Hero Cycles Ltd.	Croma Retail	Dabur India Ltd. (SME Unit)	Organic India Pvt. Ltd.
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<b>GST Implementation</b>	Faced initial challenges due to complex supply chain; required significant upgrades in ERP systems and staff training.	The transition was smoother due to existing modern systems; the main issue was ensuring consistent compliance across outlets.	Moderate challenges; required adjustments in procurement and sales; ongoing internal assessments.	Significant setbacks; required external help and major system changes; slow adaptation to GST.
<b>Compliance</b>	Managed well due to strong infrastructure; initial issues with e-way bill management.	Conscious of compliance; faced issues with handling large transactions and ITC timing, affecting cash flow.	Properly managed with timely filing and handling of ITC; challenges with tax classification.	Struggled with compliance, particularly in differentiating agricultural products; initially faced delays and penalties.
<b>Revenue Impact</b>	Short-term revenue dip due to market changes; recovered through cost management and ITC advantages.	Faced initial revenue loss; recovered after marketing efforts & customer education.	Slight negative impact; sustained sales due to strong brand and customer loyalty.	Significant revenue drop due to increased taxes and customer loss, especially in rural areas.
<b>Cost Structure</b>	Benefited from reduced costs due to streamlined taxes; one-time costs for system upgrades and training.	Exposed to higher operational costs; delays in ITC refunds caused cash flow issues.	Streamlined tax issues but added new categorization costs; overall cost model remained stable.	Increased operational costs, especially in procurement and ITC management, complicating overall cost structure.
<b>Profit Margins</b>	Initially compressed but recovered within a year; long-term efficiency gains.	Initial margin pressure due to compliance costs; later stabilized through cost efficiencies.	Slightly compromised due to compliance costs; overall profit margin remained stable.	Profit margins were significantly pressured by compliance costs and reduced revenues, leading to financial strain.
<b>Supply Chain</b>	Simplified supply chain; reduced costs and improved operations post-GST.	Simplified supply chain; issues with managing inter-state stock transfers.	New efficiencies in the supply chain due to uniform tax structure across states.	Increased complications in procurement and logistics, leading to challenges in supply chain management.
<b>Pricing</b>	Faced cost and pricing adjustments; passed on benefits to consumers through competitive pricing.	Had to adjust prices frequently due to GST rates, causing initial confusion; stabilized over time.	Faced issues in pricing Ayurvedic products but kept prices stable through strategic tactics.	Struggled with pricing, especially for rural consumers; loss of market share to competitors.
<b>Cash Flow</b>	Initial issues with ITC refunds later improved; enhanced liquidity post-GST adaptation.	ITC refund delays and tax deposits strained cash flow; improved with better financial controls.	No major impact on cash flow due to effective tax management and ITC claims.	Poor cash flow due to ITC processing issues; compliance costs further strained available cash

### Conclusion

Based on the case studies of Hero Cycles Ltd., Croma Retail, Dabur India Ltd. SME Unit and Organic India Pvt. Ltd it is ascertained that the effect of GST implementation has different impacts and challenges affecting different fields of trade. Thus, GST affects different industries in various ways, as observed in the following firms and companies. These risks were higher operation costs, compliance issues and; significant first-year losses on revenues and profits. Although the implementation of GST has not been easy due to various challenges in the long run the companies with sound infrastructure have started experiencing several benefits like the simplification of tax systems and better supply chain management. However, experience proves that SMEs lack certain knowledge and skills, and need to introduce technological solutions and qualified specialists as well as external consultants to adjust to the GST regime. These findings imply that although GST can help to improve competitiveness and operating efficiency substantial improvement is only possible provided the company has the appropriate resources and is willing to address the new tax environment that has been created. On the whole, the GST model proves more effective in certain sectors than in others, and the large businesses show greater benefits as opposed to the small ones.

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