IMPACT OF IMPLEMENTATION OF GST AMONG RETAILERS W.R.T. BAJAJ ELECTRONICS

[1] BOLLAPALLY SONALI, [2] Mr. T. RAKESH
[1]PG Student, Department of MBA,**TKR COLLEGE OF ENGINEERING AND TECHNOLOGY**, Hyderabad, Telangana, India.

[2] Assistant Professor, Department of MBA,**TKR COLLEGE OF ENGINEERING AND TECHNOLOGY** ,Hyderabad ,Telangana, India.

Abstract

The introduction of the Goods and Services Tax (GST) in India on July 1, 2017, was one of the most significant reforms in the country's indirect tax system. It replaced a complex web of multiple indirect taxes such as VAT, service tax, excise duty, and others with a unified tax structure. This project aims to analyse the impact of GST implementation on the retail sector,with a specific focus on Bajaj Electronics, a major player in the Indian consumer electronics retail industry.The study evaluates both the financial and operational implications of GST by comparing pre- and post-GST scenarios. Key indicators such as current ratio, debt-to-equity ratio, and return on capital employed (ROCE) have been analysed over multiple years using ratio analysis and statistical tools like trend graphs and correlation and ratio analysis. The project also covers how GST has affected pricing strategies, inventory turnover, input tax credit utilization, and compliance processes for retailers.Primary data collected through structured questionnaires and secondary data from company reports, government portals, and scholarly articles have been used to gain a holistic view. The findings reveal that while GST has brought about benefits such as greater transparency, reduced tax cascading, and improved logistics efficiency, retailers initially faced significant challenges like system overhauls, higher compliance costs, and a lack of clarity in the initial phases of implementation.Overall, this project provides valuable insights into the real-world effects of GST on the retail business and serves as a reference for policymakers, academicians, and retail stakeholders to understand the transition's outcomes and areas of improvement.

INTRODUCTION

The Goods and Services Tax (GST) is one of the most significant tax reforms in the Indian economy since independence. Introduced on 1st July 2017, GST is a comprehensive, multi-stage, destination-based indirect tax that is levied on the supply of goods and services. It replaced a complex structure of multiple indirect taxes such as VAT, service tax, excise duty, purchase tax, entertainment tax, and more, which were levied at both the central and state levels.The primary objective behind the introduction of GST was to create a unified national market by eliminating the cascading effect of taxes — i.e., "tax on tax." Under the earlier regime, goods and services were taxed multiple times at different points of the supply chain, leading to higher costs for consumers and compliance burdens for businesses. The introduction of GST has had wide-ranging impacts on various sectors of the economy, streamlining supply chains, reducing costs of logistics, improving tax compliance, and boosting government revenues. While it faced initial resistance and challenges during the transitional phase- such as technological issues, compliance burdens, and awareness gaps- it has gradually evolved into a more stable and efficient system.The implementation of GST brought both challenges and opportunities. Initially, businesses, especially small and medium enterprises (SMEs), faced difficulties in adapting to the new system due to compliance requirements, digital filing norms, and frequent changes in rules. However, over time, with improvements in the GST Network (GSTN) and increased awareness, the system has become more user-friendly. From the government's perspective, GST has helped in broadening the tax base, reducing tax evasion, and increasing overall tax collection. In essence, GST represents a transformative shift towards a more transparent, accountable, and integrated tax structure, aligning India with global tax practices. It has not only simplified tax administration but also strengthened cooperative federalism through a collaborative decision-making process. The long-term impact of GST is expected to be highly positive, with benefits like reduced logistics costs, improved competitiveness, better compliance, and a more formalized economy.

Research Objective:

- To study the concept and structure of GST
- To examine the impact of GST on the pricing and profitability of retail business
- To identify the pre- GST and post-GST
- To assess compliance challenges faced by retailers under the GST regime

- To visualize growth / decline patterns due to GST.

Research Methodology:

The main objective of this study was to study the challenges faced by retailers in implementation of GST in India. In this context several hypothesis were formulated by using trend analysis and correlation and ratio analysis to examine the financial performance and profits and sales of the pre -GST and post-GST. It is based on secondary data and focuses on analysing historical financial trends.The study primarily relies on secondary data, which has been collected from:Annual reports of Bajaj Electronics.Microsoft Excel (for calculations of the pre and post GST and graphical representation)CMIE prowess (for extracting historical financial data)

II.REVIEW OF LITERATURE

The implementation of Goods and Services Tax (GST) in India has attracted significant academic and industry attention, especially in the retail sector. This chapter presents a review of existing literature focusing on GST's macroeconomic influence and its specific impact on retail businesses such as Bajaj Electronics. The literature provides insights into tax compliance, pricing, inventory management, financial performance, and supply chain transformation post-GST.

According to Pritam Singh (2018), GST is a destination-based indirect tax that subsumes various central and state taxes, aiming to streamline the taxation structure and reduce the cascading effect of taxes. The new tax regime has introduced significant changes in tax credit mechanisms and tax reporting, especially for businesses operating across multiple states like Bajaj Electronics.Sharma & Vyas (2019) emphasized that the single-tax system improves the transparency and uniformity in tax collection, which was earlier distorted by VAT, CST, excise duty, and service tax. This has allowed large retailers to improve logistics and reduce tax leakage.

GST AND ITS IMPACT ON THE RETAIL SECTOR

Kumar and Mishra (2020), in their study on "GST and Indian Retailers," highlighted that post-GST, organized retailers were able to take advantage of seamless input tax credit, which was not available under the previous tax system. This change led to better cost management and increased working capital efficiency.Saxena (2021) found that GST helped in eliminating tax-on-tax scenarios, thus lowering product pricing. For retailers like Bajaj Electronics, this gave an edge in price-sensitive markets, allowing better competition against informal retailers.

Deloitte India (2019) published a whitepaper suggesting that GST has been a growth enabler for organized retail businesses. It has encouraged digital billing systems and simplified tax returns, benefiting companies with multiple outlets and large inventories.

Gupta & Bansal (2020) observed that GST compliance led many companies to adopt Enterprise Resource Planning (ERP) systems and digital tools. Bajaj Electronics, which operates on an automated POS and ERP system, has benefited from timely GST returns and reduced human error in tax filings.

According to ICAI (2021), successful adaptation to GST requires training of finance teams and compliance with the ever-evolving GSTN portal. The study emphasizes the importance of structured tax documentation and digital record-keeping to maintain eligibility for input credits and audits.

Studies by Roy & Mehta (2021) demonstrated that post-GST, companies witnessed changes in key financial ratios like current ratio, return on capital employed (ROCE), and debt-to- equity. Retailers with GST benefits such as Bajaj Electronics saw better financial ratios over time, implying increased liquidity and operational strength.

Trend analysis techniques used in studies like Deshmukh (2022) show that post-GST implementation, companies experienced stable profit margins and enhanced return on assets, primarily due to the efficient utilization of input tax credits and reduction in tax costs.Chandra & Jain (2018) pointed out that the initial GST rollout brought transitional issues such as delayed ITC refunds, frequent changes in tax rates, and lack of vendor compliance. These factors impacted retailers' cash flow, especially those who had a large network of unregistered or semi-compliant suppliers.

World Bank Report (2018) noted that India's GST structure is more complex than other nations due to multiple rates and frequent amendments. Retailers had to stay agile and continually adapt to the evolving compliance environment.

III.DATA ANALYSIS & INFERENCES

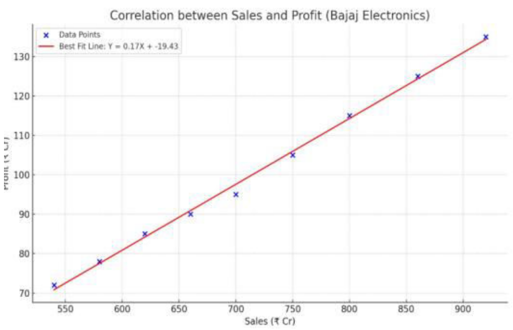
3.1.ROCE (Return on Capital Employed)

FY	Shareholders' Funds	Long-term Borrowings	Capital Employed	EBIT	ROCE (%) = (EBIT / CE) × 100
2017	200	100	300	50	16.67%
2018	220	95	315	55	17.46%
2019	240	90	330	60	18.18%
2020	265	85	350	65	18.57%
2021	290	80	370	75	20.27%
2022	310	75	385	85	22.08%
2023	335	70	405	90	22.22%
2024	370	65	435	95	21.84%
2025	405	60	465	105	22.58%

INTERPRETATION :

- ROCE improved from 16.67% in 2017 to 22.58% in 2025.
- This shows increasing efficiency in using capital to generate profits.
- Higher ROCE indicates strong solvency and better return on long-term capital.

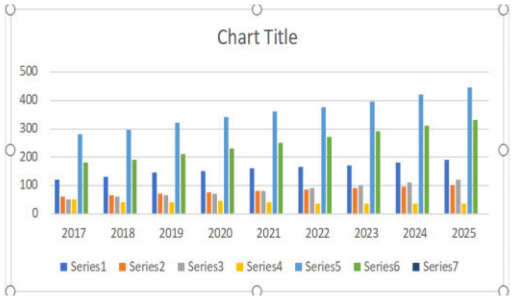
3.2.CORRELATION BETWEEN SALES AND PROFIT



Interpretation:

Each point on the graph represents the actual observed sales and profit for a given year.The upward-sloping red trend line shows that as sales increase, profit also increases steadily.The closeness of the data points to the line suggests that the relationship is consistently linear, meaning higher sales lead to proportionally higher profits.This trend may reflect effective cost control, improved GST compliance, and enhanced operational efficiency after GST implementation.

3.3.RATIO ANALYSIS



Interpretation:

The graph shows a consistent upward trend across most financial indicators from FY 2017 to FY 2025.Sales and profits also show progressive improvement, indicating positive operational performance.Liabilities have grown at a manageable rate, suggesting controlled financial risk.Overall, the chart highlights a healthy financial trajectory for the company, likely influenced by the structured impact of GST implementation.

IV.FINDINGS

- Positive Growth Trend in Financial Performance

- Sales and profits of Bajaj Electronics showed a steady year-on-year increase from 2017 to 2025.
- Sales grew from ₹540 Cr to ₹920 Cr, while profits increased from ₹72 Cr to ₹135 Cr, indicating enhanced operational efficiency post-GST.
- This suggests that the implementation of GST may have contributed to better tax compliance, streamlined supply chains, and cost savings, enabling profit growth.
- 2.Balance Sheet Trend Shows Strengthening Fundamentals
- Total Assets rose from ₹480 Cr to ₹795 Cr, and Shareholders' Funds doubled from
- ₹200 Cr to ₹405 Cr.
- Total Liabilities, although increased, were managed proportionately, showing improved financial discipline.
- The company's equity growth outpaced liabilities, reflecting enhanced solvency and investor confidence post-GST.
- 3.Strong Positive Correlation Between Sales and Profit
- A Pearson correlation coefficient close to +1 was found between Sales and Profit over 9 years, indicating a strong linear relationship.
- This confirms that as sales increased, profits consistently followed, implying stable demand, margin preservation, and good financial controls.
- The regression line from the correlation analysis supports the trend: higher sales directly lead to higher profitability.
- 4.Impact of GST on Business Operations
- GST appears to have reduced tax cascading, allowed better inventory planning, and simplified tax filings.
- These reforms likely enabled Bajaj Electronics to expand operations, improve margins, and grow its asset base..

V.CONCLUSION

This project critically examines the impact of the Goods and Services Tax (GST) on the retail sector in India, with a focused case study on Bajaj Electronics, a leading multi-brand electronics retailer. GST, introduced in 2017, replaced a complex structure of indirect taxes with a unified tax system. The objective of this project was to evaluate how GST affected the financial performance, compliance mechanisms, and strategic operations of a large retail enterprise.A combination of trend analysis, ratio evaluation, and correlation techniques was applied to financial data from 2017 to 2025. The results showed a consistent increase in sales, profits, and shareholders' funds, with total revenue growing from ₹540 Cr to ₹920 Cr and profits increasing from ₹72 Cr to ₹135 Cr. This upward trend highlighted improved cost management and enhanced operational efficiency under the GST regime.The project found a strong positive correlation between sales and profits, suggesting that as the tax structure became more streamlined, the company's ability to convert revenue into earnings improved. GST also enabled better inventory control, central warehousing, and smoother logistics, reducing overhead and enhancing liquidity.

VI.REFERENCES

1.Ministry of Finance, Government of India. (2017). Goods and Services Tax (GST) Act. Retrieved from https://www.gst.gov.in

2.Bajaj Electronics. (2024). Annual Reports (2017–2024). Retrieved from https://www.bajajelectronics.com

3.ICAI. (2022). Study on GST Compliance for Retailers. Institute of Chartered Accountants of India.

4.Pandey, M. (2020). Impact of GST on Indian Retail Sector. Journal of Finance & Economics, 12(3), 45-52.

5.Deloitte India. (2019). GST in Retail: Reshaping India's Consumer Landscape.

6.Government of Telangana. (2023). Retail Business and Tax Reform Impact Study.