

General Opinion Of Pharmacy Retailers On Impact Of Gst: Insights Based On Business Characteristics

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The Goods and Services Tax (GST) is a major reform in India aimed at unifying multiple indirect taxes and improving business efficiency. This study examines the impact of GST on the retail pharmacy sector, focusing on both organised and unorganised retailers. Primary data were collected from 528 pharmacy retailers across different income levels, business types and locations. The findings show that the impact of GST varies based on the nature and size of the business. Unorganised, rural and older stores faced greater challenges in adapting to GST procedures, while organised and urban retailers experienced a lower impact due to better systems and awareness. Higher-income retailers and those under compulsory registration also felt stronger effects. The study suggests that simplified procedures and digital training would help smaller retailers comply more effectively. Although GST initially caused operational difficulties, it has ultimately improved transparency, accountability and efficiency in the pharmacy retail sector.

Key Words: Goods and Service Tax, Pharmacy Retailer.

Introduction

The Goods and Services Tax (GST), implemented in India on 1st July 2017, has transformed the nation's indirect taxation landscape by merging multiple taxes into a unified structure. This comprehensive tax reform aims to eliminate the cascading effect of multiple taxes, create a common national market and enhance transparency and efficiency in business transactions. The retail pharmacy sector, being one of the most dynamic segments of the Indian retail industry, has been significantly influenced by GST. This sector comprises both organised and unorganised retailers operating under diverse business formats, including standalone stores, franchises and government premises. The introduction of GST has affected their pricing structure, inventory management, billing systems and compliance mechanisms. While organised retailers have been able to adapt more easily due to their structured accounting

systems and technological support, unorganised and rural retailers continue to face challenges in understanding and implementing GST norms. Hence, analysing the real-time impact of GST across different business parameters becomes essential to understand the extent of challenges, compliance readiness and adaptability of the retail pharmacy sector.

Statement of the Problem

The Goods and Services Tax (GST) introduced to simplify India's tax system has posed major challenges for small and medium pharmacy retailers. Many, especially in rural and unorganised sectors struggle with limited GST knowledge, low digital literacy and lack of accounting support. Differences in business size, income and location have led to varying levels of impact. Organised and urban retailers have adapted better, while unorganised and rural stores face higher compliance costs and operational issues. The shift to a digital tax system has caused confusion over billing, filing and input tax credit. This uneven adaptation affects competitiveness and sustainability. Therefore, it is important to study how different business characteristics influence GST experiences. The research seeks to answer:

Is the general opinion on the impact of GST influenced by the business characteristics of retail pharmacy retailers?

Objective of the Study

- ❖ To examine the influence of business characteristics on the general opinion of retail pharmacy retailers regarding the impact of GST.

Review of Literature

1. **Ayush Saraogi et al. (2020)** analyzed the impact of GST on the sale of OTC drugs and retailers' perceptions regarding their sales. The study used primary data collected through questionnaires and retailer interviews from 20 respondents. Percentage analysis was employed to interpret the data. The findings indicated that GST had a minimal effect on the selling and buying of OTC products. However, both wholesale and retail pharmacists showed interest in the marketing of OTC medicines.
2. **Venkateswara Kumar, KS & Kishore Babu, B (2018)** examined pharmacists' perceptions towards GST in Guntur District, Andhra Pradesh. Data was collected from 172 respondents through structured questionnaires (primary sources) and supported with secondary sources such as journals, books, and websites. The analysis was conducted using percentage methods with MS Excel, presented in charts and tables. The study revealed that GST could boost the Indian economy in the long run. However, pharmacists' understanding of GST and its benefits was found to be low, highlighting the need for government awareness programs to create a positive mindset and wider acceptance.
3. **Mukesh K, Sharma & Suniti Saini (2019)** investigated GST awareness among business owners in Mandsaur city and its impact on their operations. Primary data was collected using questionnaires, supported by secondary sources like research papers, Shodhganga, SSRN, local bodies, journals, newspapers, GST portals, and working papers. The study analyzed data from 50 small business owners using percentage analysis. Findings revealed that GST reduced manual work while increasing documentation requirements. The electronic process was considered user-friendly for

billing, minimizing paperwork. Respondents were largely aware of GST and acknowledged its role in eliminating cascading effects and reducing corruption. However, small businesses expressed dissatisfaction with tax rates, though they agreed online filing saved time and effort. Overall, respondents viewed GST as a driver of economic growth.

4. **Ajit Kumar & Jeewan Kumar Choudhury (2019)** explored the positive and negative effects of GST on the pharmaceutical industry using secondary data from journals, books, and previous studies. The study found that GST eliminated the cascading tax effect and improved supply chain efficiency, creating a unified market across states. A key drawback identified was the classification of many Ayurvedic products under cosmetic tax slabs. Nevertheless, the positive impacts outweighed the negatives. The authors emphasized the importance of government-led training for businesses and the public to minimize challenges and ensure smoother implementation.
5. **Srinivasan, S et al. (2019)** empirically tested the impact of GST on BSE and NSE healthcare indices. Using secondary data on daily index prices before and after GST implementation, the study examined randomness in index movements. Findings revealed that daily price movements in the healthcare sector were not random, with political and economic changes influencing stock prices. The study concluded that GST affected not only healthcare but all sectors, with both positive and negative outcomes. The researchers advised investors to rely on fundamental investment planning when making stock market decisions.
6. **Kinjal, V et al. (2018)** focused on the impact of GST on the pharmaceutical industry through descriptive research using secondary data. The study showed that GST eliminated cascading tax effects and created a common market across states, making business more accessible. However, it also introduced restrictions on supply chain systems and distribution channels. Despite these challenges, the overall impact of GST was found to be positive, reducing manufacturing costs and streamlining tax structures in the pharmaceutical sector.
7. **Neha Bala & Naresh Mali (2017)** examined the financial implications of GST on the Indian pharmaceutical industry, focusing on both positive and negative impacts. This descriptive study, based on secondary data, highlighted that the GST Bill enforced 100% compliance with legal and regulatory requirements. It also influenced product pricing, supply chain management, logistics, procurement, accounting, IT systems, and tax compliance. The findings suggested that GST significantly reshaped operational and financial aspects of the pharmaceutical sector.

Research Gap

Sl. NO	Types	Research Gap
1	Sector Gap	Existing GST studies primarily focus on macroeconomic trends, manufacturing and service sectors, while the retail pharmacy sector with its regulated pricing and healthcare-linked operations remains underexplored.

2	Structural Gap	The differential impact of GST on organised and unorganised pharmacy retailers has not been adequately examined in prior studies.
3	Socio-economic Gap	The influence of business characteristics such as income level, age of business, registration type and geographical location on GST opinion and compliance is insufficiently addressed.

Research Methodology

The reliability and validity of the present study was depicted by the researchers as follows:

Source

The present study was based on primary and secondary data. Primary data were collected from the Pharmacy Retailers and secondary data were collected from web sources and journals.

Study Period

The study was conducted in between July 2024 to December 2024.

Sample size

528 respondents were selected for the study by adopting simple random sampling method.

❖ Study Area

The respondents were selected from South Tamil Nadu.

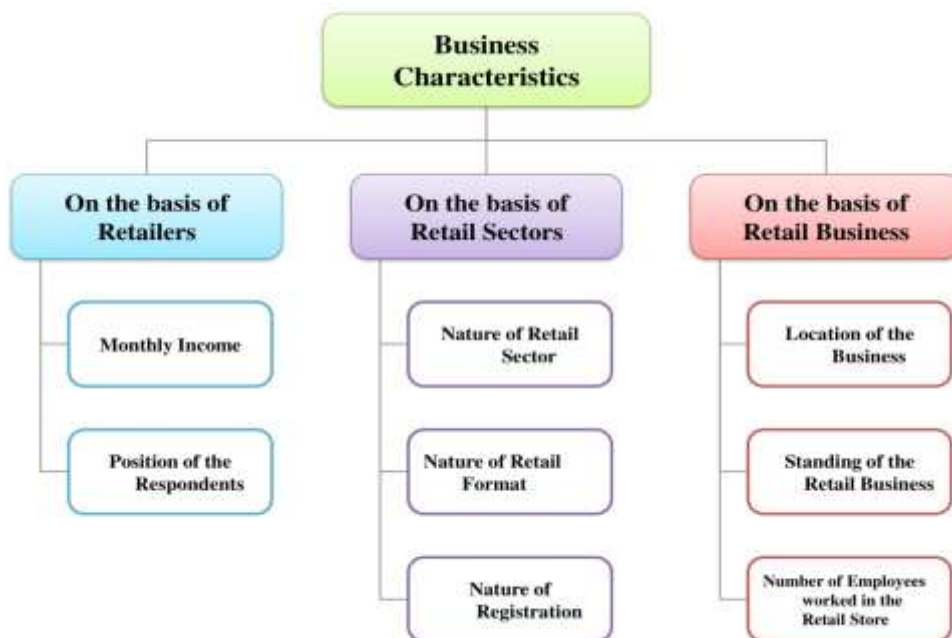
❖ Statistical tool

The data analysed by Chi Square Test.

Analysis and Interpretation

Business Characteristics and General Opinion on Impact of GST

The opinion on GST among pharmacy retailers differs based on their business characteristics such as ownership type, size of operation, years in business, turnover, registration status and location. These factors influence their level of awareness, compliance capability and exposure to tax procedures, making it necessary to examine whether such characteristics shape their opinion regarding GST. The Chi-Square test is used for this purpose because it is a simple and suitable statistical tool for identifying the association between two categorical variables and it helps to determine if variations in GST opinion are significantly linked to specific business traits rather than occurring by chance. For the present study, business characteristics are categorized on the basis of retailers, retail sectors and retail business factors. Each of these dimensions provides insight into how different business traits influence the opinion on impact of GST among pharmacy retailers.



1. On the basis of Retailers and General Opinion on Impact of GST

Under this category, characteristics are considered from the viewpoint of individual retailers. It includes factors such as the monthly income of the respondents and their position in the business. These variables represent the personal and professional profile of the retailers, which may influence their opinion regarding the Goods and Services Tax system is presented in Table 1.

TABLE 1 On the basis of Retailers and General Opinion on Impact of GST

SI. No.	Business Characteristics	Items	Retailers Opinion			Total	Chi – Square Result (H ₁)
			Positive Opinion	Neutral Opinion	Negative Opinion		
1	Monthly Income	Below 30,000	4 (5.5%)	5 (6.9%)	63 (87%)	72	Accepted
		30,000 – 40,000	96 (50.5%)	66 (34.7%)	28 (14.7%)	190	
		40,001 – 50,000	14 (9.7%)	110 (76.4%)	20 (13.9%)	144	
		Above 50,000	88 (72.1%)	14 (11.5%)	20 (16.4%)	122	
2	Position of the Respondents	Employee	96 (26.5%)	154 (42.5%)	112 (30.9%)	362	Accepted
		Manager	36	22	8	66	

			(54.5%)	(33.3%)	(12.1%)		
		Owner	66 (66%)	14 (14%)	20 (20%)	100	
	Total		198	190	140	528	

Source: Primary Data

Table 1 illustrates that the respondents with higher income (above ₹50,000) are shown high positive opinions (72.1%), whereas those with lower income (below ₹30,000) are expressed completely negative opinions (87%). Respondents in the middle-income group are seen to maintain neutral opinions. Furthermore, the owners (66%) are expressed the most positive opinions, followed by managers (54.5%), whereas employees (42.5%) mostly expressed neutral opinions. The differences in responsibility and awareness are reflected in their opinions on GST.

It revealed that the level of income is considered as a determining factor of opinion on GST, as higher-income retailers are benefited, while lower-income retailers are burdened by the tax system. A positive opinion on GST is found among owners and managers, while employees are reported to remain neutral towards the system. Hence, the Chi – Square test is applied to know general opinion on impact of GST is influenced by their Monthly Income and Position.

H₀: The General Opinion of the respondents on the Impact of GST is not influenced by their Monthly Income and Position.

H₁: The General Opinion of the respondents on the Impact of GST is influenced by their Monthly Income and Position.

The chi – square value 385.876 is more than the table value of 12.592 for the 6 degrees of freedom at 5% level of significance as well as the chi – square value of position of the respondents 65.728 is more than the table value of 9.488 for the 4 degrees of freedom at 5% level of significance. So, the alternative hypothesis is accepted. It concluded that the general opinion on Impact of GST is influenced by their Monthly Income and Position of the Respondents.

2. On the basis of Retail Sectors and General Opinion on Impact of GST

The retail sector characteristics focus on the nature of the retail sector, nature of retail format, and nature of registration. These variables represent the professional profile of the retail business, which may influence their opinion regarding the Goods and Services Tax system is demonstrated in Table 2.

TABLE 2 On the basis of Retail Sectors and General Opinion on Impact of GST

Sl. No.	Business Characteristics	Items	Retailers Opinion			Total	Chi – Square Result (H ₁)
			Positive Opinion	Neutral Opinion	Negative Opinion		
1	Nature of Retail Sector	Organised Sector	102 (60.7%)	36 (21.4%)	30 (17.9%)	168	Accepted

		Unorganised Sector	96 (26.7%)	154 (42.8%)	110 (30.6%)	360	
2	Nature of Retail Format	Stand alone Store	54 (24.8%)	64 (29.4%)	100 (45.9%)	218	Accepted
		Chain of Store	42 (77.8%)	12 (22.2%)	0 (0%)	54	
		Government Premises	102 (39.8%)	114 (44.5%)	40 (15.6%)	256	
3	Nature of Registration	Not Registered	0 (0%)	12 (13.6%)	76 (86.4%)	88	Accepted
		Compulsory Registration	96 (44%)	98 (45%)	24 (11%)	218	
		Under Composition Schemes	0 (0%)	44 (81.5%)	10 (18.5%)	54	
		Voluntary Registration	102 (60.7%)	36 (21.4%)	30 (17.9%)	168	
	Total		198	190	140	528	

Source: Primary Data

Table 1 shows that more positive opinions are expressed by organised sector retailers (60.7%) when compared to unorganised retailers (26.7%). Higher levels of negative opinions (30.6%) are shown by the unorganised sector due to difficulties in compliance, lack of awareness and low digital literacy. On the basis of nature of retail format the chain of stores (77.8%) are shown high positive opinions, followed by retailers in government premises (39.8%), whereas stand-alone stores (45.9%) are expressed the highest negative opinions regarding the impact of GST. It is indicated that structured and multi-outlet formats are benefited more from GST owing to better accounting systems and resource availability. Additionally, the voluntarily registered (60.7%) and compulsorily registered retailers (44%) hold positive opinions, whereas unregistered retailers (86.4%) are expressed negative opinions. It is shown that proper registration is associated with transparency and growth in the business.

It revealed that the organised retailers are opined more favourable regarding the impact of GST, while unorganised retailers are affected by compliance challenges under the GST regime. And, the retail format is considered as an influencing factor for GST opinion, as larger and structured formats are found to adapt better, while stand-alone stores are reported to experience difficulties in compliance. A positive impact of GST is found among registered retailers, whereas unregistered retailers are affected negatively, which shows that formal registration is essential for business development under GST. Hence, the Chi – Square test is applied to know general opinion on impact of GST is influenced by the Nature of Retail Sectors.

H_0 : The General Opinion of the respondents on the Impact of GST is not influenced by the Nature of the Retail Sectors.

H₁: The General Opinion of the respondents on the Impact of GST is influenced by the Nature of the Retail Sectors.

The chi – square value of nature of retail sector 56.884 is more than the table value of 5.991 for the 2 degrees of freedom at 5% level of significance. The chi – square value of nature of retail format 100.428 is more than the table value of 9.488 for the 4 degrees of freedom at 5% level of significance. The chi – square value of nature of registration 282.615 is more than the table value of 12.592 for the 6 degrees of freedom at 5% level of significance. So, the null hypothesis is rejected. It concluded that the general opinion on the impact of GST is significantly influenced by the nature of retail sectors.

3. On the basis of Retail Business and General Opinion on Impact of GST

The retail business characteristics include location of the business, standing or years of establishment and number of employees working in the retail store. These factors reflect the operational scale, market presence and human resource capacity of the pharmacy retail business, all of which can affect their opinions towards GST implementation is given in Table 3.

TABLE 3 On the basis of Retail Business and General Opinion on Impact of GST

SI. No.	Business Characteristics	Items	Retailers Opinion			Total	Chi – Square Result (H ₁)
			Positive Opinion	Neutral Opinion	Negative Opinion		
1	Location of the Business	Rural	46 (22.3%)	64 (31.1%)	96 (46.6%)	206	Accepted
		Semi Urban	50 (33.8%)	90 (60.8%)	8 (5.4%)	148	
		Urban	102 (58.6%)	36 (20.7%)	36 (20.7%)	174	
2	Standing of the Retail Store	Below 5	0 (0%)	42 (35.6%)	76 (64.4%)	118	Accepted
		5 – 15	96 (51.6%)	66 (35.5%)	24 (12.9%)	186	
		16 – 25	60 (40.5%)	68 (45.9%)	20 (13.5%)	148	
		Above 25	42 (55.3%)	14 (18.4%)	20 (26.3%)	76	
3	Number of Employees worked in the Store	Nil	92 (35.9%)	64 (25%)	100 (39.1%)	256	Accepted
		1	4 (4.7%)	82 (95.3%)	0 (0%)	86	
		2	50 (50%)	30 (30%)	20 (20%)	100	
		More than 2	52 (60.5%)	14 (16.3%)	20 (23.3%)	86	

	Total		198	190	140	528	
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Source: Primary Data

Table 3 shows that urban retailers (58.6%) are expressed strong positive opinions, whereas rural retailers (46.6%) are shown the highest negative opinions. Semi-urban areas are recorded with moderate neutrality (60.8%). This indicates that infrastructure and awareness levels are reflected in the respondents' opinion on GST. Moreover, the stores having 5–15 years (51.6%) and above 25 years (55.3%) of business experience retailers are expressed positive opinions, whereas new stores below 5 years experience retailers are shown higher level of negative opinions (64.4%). It is indicated that longer business experience is associated with better adaptation to GST. On the basis of the number of employees worked in the store, the respondents from stores with more than two employees (60.5%) and two employees (50%) are recorded positive opinions on impact of GST, while stores without employees (39.1% negative) are shown negative opinions regarding the impact of GST. Larger stores are seen to handle GST operations more effectively.

The result revealed that the impact of GST is opined more positively in urban areas, while rural retailers are affected by lack of digital facilities and awareness. And, the opinion on GST is influenced by the business experience and it is viewed more favourably by long term established retailers. In addition, the adaptability to GST is observed to increase with the number of employees, showed that the larger stores manage compliance better than smaller ones. Hence, the Chi – Square test is applied to know general opinion on impact of GST is influenced by the Retail Business.

H_0 : The General Opinion of the respondents on the Impact of GST is not influenced by the Retail Business.

H_1 : The General Opinion of the respondents on the Impact of GST is influenced by the Retail Business.

The chi – square value 130.377 is more than the table value of 9.488 for the 4 degrees of freedom at 5% level of significance. The second chi – square value 157.833 is more than the table value of 12.592 for the 6 degrees of freedom at 5% level of significance. Also, the third chi – square value 184.205 is more than the table value of 12.592 for the 6 degrees of freedom at 5% level of significance. So, the alternative hypothesis is accepted. It concluded that the general opinion on the Impact of GST is influenced by the Retail Business.

Findings**Business Characteristics and General Opinion on Impact of GST****❖ On the basis of Retailers and General Opinion on Impact of GST****✓ Monthly Income and General Opinion on Impact of GST**

The level of income was considered as a determining factor of opinion on GST, as higher-income retailers were benefited, while lower-income retailers were burdened by the tax system. Chi – Square test proved that the general opinion on Impact of GST was influenced by their Monthly Income.

✓ Position of the Respondent and General Opinion on Impact of GST

A positive opinion on GST was found among owners and managers, while employees were reported to remain neutral towards the system. Chi – Square test proved that the general opinion on Impact of GST was influenced by Position of the Respondent.

❖ **On the basis of Retail Sectors and General Opinion on Impact of GST**

✓ **Type of Retail Sector and General Opinion on Impact of GST**

The organised retailers were opined more favourable regarding the impact of GST, while unorganised retailers were affected by compliance challenges under the GST regime. Chi – Square test proved that the general opinion on the impact of GST was significantly influenced by the type of retail sector.

✓ **Type of Retail Format and General Opinion on Impact of GST**

The retail format was considered as an influencing factor for GST opinion, as larger and structured formats were found to adapt better, while stand-alone stores were reported to experience difficulties in compliance. Chi – Square test proved that the general opinion of the Impact of GST was influenced by the Type of Retail Format.

✓ **Nature of Registration and General Opinion on Impact of GST**

A positive impact of GST was found among registered retailers, whereas unregistered retailers were affected negatively, which shows that formal registration was essential for business development under GST. Chi – Square test proved that the general opinion on Impact of GST was influenced by Nature of Registration.

❖ **On the basis of Retail Business and General Opinion on Impact of GST**

✓ **Location of the Business and General Opinion on Impact of GST**

The impact of GST was opined more positively in urban areas, while rural retailers were affected by lack of digital facilities and awareness. Chi – Square test proved that the general opinion of the Impact of GST was influenced by Location of the Business.

✓ **Standing of the Retail Store (Years) and General Opinion on Impact of GST**

The opinion on GST was influenced by the business experience and it was viewed more favourably by long term established retailers. Chi – Square test proved that the general opinion on Impact of GST was influenced by Standing of the Retail Store.

✓ **Number of Employees worked in the Store and General Opinion on Impact of GST**

The adaptability to GST was observed to increase with the number of employees, showed that the larger stores manage compliance better than smaller ones. Chi – Square test proved that the general opinion on Impact of GST was influenced by the Number of Employees worked in the Store.

Suggestions

Business characteristics

For Government

- ❖ Policy measures should focus on easing GST compliance for pharmacy retailers with lower income and unregistered businesses, as these groups feel GST's effects most strongly.

- ❖ Government schemes should support new and small stores to adapt effectively to GST procedures.
- ❖ Training programs should be designed to cater to different retail formats and retail sectors providing customized guidance for small retailers' access government incentives, loans and technology-driven GST platforms.
- ❖ Programs for income enhancement and cost control can be introduced, especially for small retailers struggling with lower income

For Pharmacy Retailers

- ❖ Retailers with less business experience should be given mentorship and financial guidance to strengthen their sustainability.
- ❖ Encouraging formal registration and compliance will help retailers gain credibility, access credit facilities and benefit from government schemes.
- ❖ More employee skill development programs should be initiated to improve workforce efficiency in larger retail setups.

Conclusion

The analysis reveals that GST has had a mixed impact on the retail pharmacy sector in retail pharmacy business. It has streamlined taxation and enhanced transparency but created challenges for unorganised and rural retailers. Organised and urban retailers have benefited more due to better infrastructure, digital literacy and compliance capability. The impact of GST increases with business size, number of employees and income level, while retailers under compulsory registration and with low technological awareness faced the greatest difficulties. With improved awareness, simplified procedures and strong support mechanisms, even small and rural retailers can adapt effectively. Overall, GST stands as a transformative reform that promotes transparency, accountability, tax uniformity and its positive outcomes can be further strengthened through enhanced training and digital literacy.

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