



Evaluating the impact of GST on the Textile Industry in India

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Dissertation submitted in partial fulfilment of the requirements for the
degree of

MBA in Marketing at Dublin Business School

Supervised by

Mr. Juan Fravega

MBA in Marketing

May'19

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Acknowledgement

I would like to express my deep hearted gratitude and sincere thanks to my project supervisor **Mr. Juan Fravega**, who has guided me at every step of this project with his valuable time, suggestions, sharing his vast knowledge, and being friendly at every step by correcting me wherever mistakes were made, being calm, patient and keeping faith with me as well as motivating me.

Abstract

GST reform in India has completely changed the perspective of indirect tax system bringing majority of the taxes on goods and services levied on traders, manufactures and sale and consumption of goods and services into single tax umbrella. Ultimate purpose of integrating various indirect taxes into single tax domain under the regime of GST is to provide transparency and ease to users and support to the growth of Indian economy. Majority of the suppliers or retailers still display their unwillingness to get registered for GST to avoid burden of new rules and additional expenses of accounting as per the GST rules. Small level traders, manufacturers and wholesalers do not seem to be happy with the GST as they feel tax rates are higher and thus don't willing to comply with GST. It has also been reported that small to medium level traders still remain confused about migration process from earlier tax system to GST and billing. There is uncertainty or low clarity on input tax credit among retailers or traders in the textile industry. The current overall impact of GST on Indian textile industry has displayed negative responses from traders however it creates a need for more involvement and association between the Indian government and the textile industry to find out actions or measures that could be taken to create positivity towards GST among traders. This study demonstrates impacts of GST on Indian textile industry adopting qualitative approach. Investigation has been made using in-depth interviews from traders and customers to find out impacts of GST implementation in the industry. Findings suggest that in earlier months, there were negative impacts of GST in the industry as it has affected productivity, sales and performance of several business in the industry.

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1. Chapter One: Introduction

1.1. Background of the Research

The textile sector in India has been regarded as one of the largest and oldest sector that contributes significantly to the economic development, employment, gross domestic products (GDP) and export. This industry is viewed the second largest after agriculture industry providing employment to both unskilled as well as skilled people. In terms of India's total annual exports, the textile industry contributes 10% which is indeed a significant contribution to exhibit importance of this industry for economic growth and development of the country (Jayavarthanavelu, 2018). Goods and Service Tax (GST) was introduced and passed as the 101st amendment in the Indian constitution in 2016 and was implemented from 1st July 2017 (Gupta, 2016). Implementation of the GST was considered as the biggest tax reforms in Indian economy since independence. Under the regime of the GST, contribution of the textile industry in total annual exports was expected to increase. As addressed by Khurana and Sharma (2016), the GST reform in India has completely changed the perspective of indirect tax system bringing majority of the taxes on goods and services levied on traders, manufactures and sale and consumption of goods and services into single tax umbrella. Before introduction of the GST, taxes were levied individually on goods and services which were consolidated under the GST regime on a uniform rate of tax making it fixed for both goods and services. According to a study by Sehrawat and Dhanda (2015), GST was referred as a key tax reform to make user-friendly, easy and transparent tax system in India. After the implementation of the GST, tax system was streamlined to achieve the objective of 'one nation one tax' and minimize burden of tax payers especially traders, manufactures and distributors from paying higher administration costs (Lourdunathan and Xavier, 2017). There are less numbers of compliance in the GST regime as compared to earlier tax system. Using a tax credit mechanism, GST is collected at every stage of sale or purchase which is paid the final point of consumption. Ultimate purpose of integrating various indirect taxes into single tax domain under the regime of GST is to provide transparency and ease to users and support to the growth of Indian economy.

Indian textile sector holds substantial potential to make significant contribution to economic development however taxation norms under the GST regime are not transparent due to

significant share of unorganized segments of the sector. Handloom, small and medium scale factories, handicrafts and family owned trading businesses represent larger share of the textile industry as unorganized that often makes it lightly taxed and extensively subsidized. Majority of the suppliers or retailers still display their unwillingness to get registered for GST to avoid burden of new rules and additional expenses of accounting as per the GST rules (Chakraborty, 2018). Small level traders, manufacturers and wholesalers do not seem to be happy with the GST as they feel tax rates are higher and thus don't willing to comply with GST. It has also been reported that small to medium level traders still remain confused about migration process from earlier tax system to GST and billing. There is uncertainty or low clarity on input tax credit among retailers or traders in the textile industry. The current overall impact of GST on Indian textile industry has displayed negative responses from traders however it creates a need for more involvement and association between the Indian government and the textile industry to find out actions or measures that could be taken to create positivity towards GST among traders.

1.2. Research problem

Implementation of the GST makes traders entitled to claim tax credit up to the value of GST paid however it remains a challenge for small level traders or manufacturers to understand the required compliances and new rules under GST. There are less numbers of expert chartered accounts to cover new regime of GST and they remain highly expensive and often inaccessible for small traders. According to Sehrawat and Dhanda (2017) implementation of the GST was supported as the major reform to streamline indirect tax system in the country however textile industry is still facing challenges due to different tax rates and their reporting for different types of textile segments. Tax rate for fibre cotton is 5% whereas it is 18% synthetic fibre. Silk and jute are completely exempted under GST (Oberoi, 2017). Tax rate on apparels costing below Rs. 1000 is 5% whereas priced above Inr. 1000 is 12%. For traders doing business in variety of textile segments or area, it remains a challenge to change existing accounting process or hire new accountant to improve understanding and reporting for transactions at each level. It was essential for traders to register under GST if annual revenue exceeds INR 20 lacs.

Business challenges were evident related to the flow of input tax credit where a registered taxpayer is not allowed to receive credit if its transaction is made under unorganized segment of the textile sector. Although GST has enormous benefits to support economic development in

long term eliminating inefficiencies in the previous tax system that was viewed as ‘tax on tax’, however being dominated by unorganized segments, the textile industry requires more attention to incorporate reforms and amendments positively. There is a need to establish better interaction among policy makers at GST council and textile industry to understand the issues and challenges faced by small level traders in the industry with respect to GST. Both government and supply chain players in the industry needs to work closely to look for required actions and steps that could encourage traders to register their business under GST and improve their understanding on its implications. Absence of such approach still remains a problem to demonstrate positive impact of GST on textile industry that caused the industry to slide down after GST implementation.

1.3. Research Aim and objectives

Aim

This research is aimed to evaluate impacts of the GST on Indian Textile industry and identify key challenges faced by traders in the industry with respect to GST registration and application of new tax system.

Objectives

- To investigate impacts of GST on the textile industry and its collaboration to bring positivity among traders
- To evaluate impacts of GST on cash flow and sales of marketers in textile industry
- To identify impacts of GST on productivity of businesses in the Indian textile industry
- To find out issues or challenges faced by players in the textile industry and identify areas to improve productivity in the industry after GST implementation

1.4. Research questions

- What is the impact of GST on Indian textile industry and how it can be collaborated in bringing out results after application of GST?
- How GST has impacted cash flow and sales of textile traders?
- How GST implementation has affected productivity of various segments in the Indian Textile industry?
- What are the major challenges faced by traders to incorporate changes as per GST regime?

1.5. Roadmap for the dissertation

This research has been divided into the following 6 chapters:

Chapter 1: Introduction

This is the first chapter of this dissertation that provides key insights about the background of the study to make readers understand the topic and background information. Research problem has been explained to understand the purpose of the research. Aim and objective of the study are clearly provided. Scope and limitations of the research have also been mentioned to find out importance of the study for future implications.

Chapter 2: Literature Review

Reviewing number of previous literatures, studies, research works and authentic reports, this chapter establishes key theoretical understanding of GST and its implementation in textile industry in India.

Chapter 3 Research Methodology

This chapter presents research methods, design, philosophy and approach adopted by the researcher to evaluate impacts of GST on the textile industry in India. In this chapter, the researcher discusses about data collection method and data analysis method to answer research questions and achieve research objectives.

Chapter 4: Data Findings and Analysis

Fourth chapter is one of the key chapters of this study as it presents findings of the study collected using primary data sources. Evaluating and interpreting findings, this chapter analyses impact of GST on textile industry from the point of view of different players of the industry.

Chapter 5 Discussion

Upon the completion of fourth chapter, this chapter relates findings with literature developed in the study and set objectives to confirm whether the study has achieved research aim successfully or not.

Chapter 6 Conclusion and recommendations

On the basis of findings and discussion, this chapter concludes the study highlighting key outcomes that demonstrate impacts of GST on textile industry. In order to overcome challenges or issues identified for traders with respect to GST, useful recommendations have been provided

in this chapter that seeks to bridge the gap in understanding level among traders for GST implementation and its adoption.

1.6. Research Scope and Contribution

As this study aims to investigate impacts of GST on traders operating in textile industry in India, findings and outcomes of the research can certainly be useful for small level traders or users of the report to enhance their understanding on GST and find out ways to minimize issues in incorporating GST tax system. Considering the contribution of textile industry in the growth and development of Indian economy, this research contributes significantly in improving knowledge and awareness of potential benefits of GST that can make them to shift their businesses from unorganized textile segment to organized and therefore contribute significantly in economic growth of the nation.

1.7. Research Limitations

This research is a qualitative research where primary data collection is made through semi-structure interview including 6 respondents only. Out of these 6, 3 are customers and 3 are marketers in the industry. Due to very short sample size, outcomes or findings of the study may not be applicable to understand the impact of GST on other traders as a whole. This remains a major limitation to the study. In addition, less number of literatures and reports available on GST and its impact on textile industry remains a challenge to develop theoretical foundation in the study.

2. Chapter Two: Literature Review

2.1. Introduction

In this chapter, the researcher has demonstrated theoretical perspective related to GST and its implementation in Indian market. Potential benefits of introducing GST in Indian market have been explained to understand how positively it can contribute to economic growth and development. Current state of the textile industry has been discussed reviewing different segments it includes and their tax rates. Overview of GST has been made by the researcher presenting key concepts and purpose of its implementation in Indian market. This chapter also incorporates key challenges or issues faced by traders as addressed in existing literatures to establish relation with the impacts of GST on textile industry in India. Focusing intensively, the researcher has reviewed range of existing literatures, research papers and key reports to discuss impacts of the GST on Indian textile industry.

2.2. Understanding Indian Textile Industry

The growth and development of the Indian economy is attributed to certain aspects like employment opportunities, exports, GDP to which the textile industry plays a significant part. The textile sector is considered as one amongst the oldest Indian manufacturing industry that has got 100% Foreign Direct Investment (FDI) under the automatic route (Raichurkar & Ramachandran, 2015). Moreover, it is studied that this sector is the 2nd largest employer in the country behind the agriculture sector in India, providing employment to more than 100 million (skilled and unskilled) individuals directly or indirectly. Apart from this, it is observed that the textile industry of India has the contribution of around 5% to the GDP and the textile exports amount 10% of the total exports of the nation. It is observed that the Indian textile industry is valued at US\$ 105bn in 2015 with 9% CAGR (Kar, 2015). It is estimated that this value would get double by the year 2025 with a prospective increase in the domestic demand of textiles.

Bhandari & Ray (2012) stated about the development of textile industry in India. The word 'textile' originates from a Latin word that means 'to weave'. Textile is formed when a material of natural or synthetic fibers, called yarn is weaved, knitted, crocheted and knotted simultaneously. The emergence of silk culture and cotton spinning in India dated back to 400AD and 3000BC, respectively. The introduction of machines for the processing of natural fibers was

a consequence of the industrial revolution of the 18th and 19th centuries (Devaraja, 2011). Apart from this, the textile sector continued to evolve with the findings of synthetic fibers like nylon.

The textile industry is categorized into two sectors – organized and unorganized. The organized sector includes garments and apparels, spinning that use latest technologies and processes. On the other side, the unorganized textile sector comprises of small and medium scale mills, handicrafts and handlooms (Narwal & Jindal, 2015). This industry could also have two varieties, one being the capital intensive with the textile mills and another being the labour intensive with the handicrafts. Apart from this, the close link of the textile sector with the agricultural sector for the procurement of raw material like cotton and the national traditions and culture make the Indian textile industry distinct from the textile industry of other nations across the globe (Gambhir & Sharma, 2015). The industry has the ability to produce extensive product range for Indian as well as foreign markets.

2.3. Evaluating Purpose and Concept of Goods and Services Tax

Goods and Services Tax (GST) is a latest reform in indirect tax system in India that merges 17 different taxes levied by the central and state governments into one tax system. It became effective throughout India on July 1, 2017 (Kumar, 2014). GST is broad and a multi-level taxation system that is levied at every value addition. A GST Council has been formed for the administration and governance of the GST. It implies the money value added at every level so as to ensure the final delivery to the end customer (Garg, 2014).

With the implementation of GST in India, the businesses listed with GST would be entitled to claim tax credit up to the value of GST paid on the purchase of goods and services. Under GST, the goods and services are taxable at one rate so that these remain indifferent from one another. Sehrawat & Dhanda (2017) supported the implementation of GST that it is a major step in the reformation of indirect tax in the country. Moreover, he stated that the merger of various taxes levied by the central and state governments into a single taxation system would alleviate the effect of double taxation and thereby, resulting into an ease of administration.

According to the statement of Lourduathan & Xavier (2017), GST is not merely a tax system combining VAT and Service tax, rather it is a significant improvement and expansion of the earlier taxation arrangement of value added tax and service tax. It is also affirmed by Raj (2017) that the introduction of a single tax rate would ensure transparency and ease in the tax system providing an equal treatment to all the goods and services. Apart from this, Nath (2017) provided

that this new tax reformation in terms of GST is more user-friendly and simple. In support of this, another study observed that the execution of GST in the nation would result in eliminating the misrepresentation within the economy and encouraging an impartial tax arrangement. Ahmad et. al. (2016) stated that GST provides a rational system of tax that would also benefit a consumer with the decline in the overall tax liability by 25–30%, free transfer of goods across inter-state borders by eliminating the entry tax payments, and minimum of paperwork. In addition to this, Khurana & Sharma (2016) provided that the Goods and Services Tax would help the businesses by providing automation, simplification and standardization in complying with the requirements that are related with the trade and transfer of goods and services. In other words, the new tax reform is intended to minimize the cost and efforts of the industries.

2.3.1. Implementation of GST in Textile Sector

The growth and development of the Indian economy is highly attributed by the GDP contribution and exports of textiles and garments industry. Nath (2017) stated that the new tax reform would substitute the indirect tax system by providing the fixed tax arrangement varying from 5 to 28% for every group of product. In addition to this, it is provided that the non-premium brands that create 80-90% of the sales would get benefitted while the premium retail brands might suffer post the execution of GST. According to Mehta & Rajan (2017), it would be more challenging for the brands to ensure customer engagement post-GST. Moreover, the complexity and broad division within textile value chain from fiber to finished garment is also evident.

On studying the effects of GST on Indian manufacturing industry, Joumard et. al. (2015) stated that the manufacturing sector in India would have positive affect with the execution of GST but it will negatively impact the textile and garments businesses. Moreover, after studying the impact of GST on the textile industry of India, it has been observed by Mehta & Rajan (2017) that The Confederation of the Indian Textile Industry (CITI) has requested the parliament to minimize the tax rate of synthetic fiber and yarn under GST from 18 to 12% or else, the producers would then import such fiber and yarn at reduced prices from the nations like Indonesia, South Korea, and China.

After the implementation of GST and certain changes that has rolled by, it has definite impact on the textile sector. In accordance with the statements of Roy (2018), the new tax reform would

have certain impacts on the textile industry if the businesses attain some of the changes. It is evident that the businesses could not avail the credit against the taxes paid on the finished products before the introduction of GST, but GST had made it possible to compensate the tax for the businesses that has got huge advertising expenses (Ahmad et. al., 2016). In addition to this, the GST guidelines to avail input tax credit have become rigid so as to reduce the chances of frauds and revenue escape.

Another guideline of GST stated that a buyer could not claim input tax credit until the required tax on claimed input credit is paid by the supplier. Therefore, the guidelines and provisions related to GST have become more significant during tax reform. In accordance with the decision of the GST council, it was provided by Sehrawat & Dhanda (2017) that those retailers would only be entitled for 40% credit for the stocks in shift that might not supported with proper documents related to tax payments on inputs. However, this credit would be increased to 60% in case the item lies in the GST rate bracket of 18 or 28%.

Khurana & Sharma (2016) stated that GST would have long-term benefits for the consumers as there would not be any tax-on-tax or value addition. It implies reduction in the price of the final commodity and thereby, improving product availability. In support of this, International Monetary Fund (IMF) has affirmed that the GDP of Indian economy would have medium-term growth of more than 8% through the prospects of GST. IMF has also stated that this new tax reform tends to create a single market economy so as to increase the efficiency of the transfer of goods and services. Garg (2014) further added that GST would also increase the employment and job opportunities by around 11% throughout the sector, along with ensuring better ease of doing business for the retailers. According to the statements of Raj (2017), GST could be a revolutionary thing for the Indian economy as it would help in limiting the price increase as well as the tax evasion from the traders who bear the liability of indirect tax payments. Such changes in taxation and economy are certain that provides long term benefits, and therefore these changes must be incorporated.

According to the statements of Sankar (2017), it is affirmed that the GST would combine the structure of the uneven supply chain within the textile industry and would give an effective

supply chain management to the textile and garment industry. In addition to this, the self-compliance rules under GST would also help in tracing the revenue, even in case of the low tax rates for the benefit of the common public (Dixit, 2018). The complexity and categorization of tax rates under GST would be at risk to ensure ease and simplicity of administration in the textiles industry through this new tax reform. There would be an increase in demand immediately after a decline in price. Moreover, the competition in the textile industry would be high but healthy through exports with the reduction in prices. However, the manufacturer might have to bear certain negative impacts such as reduced revenue generation with fall in price in the domestic market (Gulhane & Turukmane, 2017).

The new tax reform of GST would increase the price of readymade clothes. It has been observed that there would be a rise of 2-3% in the price of clothes worth more than Rs 1000. On the other hand, the branded clothes of worth less than Rs 1000 would have a uniform price (Roy, 2018). In addition to this, the apparels worth less than Rs 1000 have the fixed GST rate of 5%, and those apparels worth more than Rs 1000 have 12% GST. It is noted that prior to GST, the manufacturers were required to pay the indirect taxes such as the service tax, central sales tax, excise duty, and value added tax, octroi in case of goods transfers, and custom duty for imports and exports (Sankar, 2017). However, in case of GST, the tax would only be paid on the supply of goods and services and thereby, the manufacturers of garments are questionable by the customers for the rise in prices.

2.3.2. Challenges faced by Indian textile industry

There are two classifications of the textile industry, which are organized and unorganized sectors. Since the two sectors are inter-dependent of each other, it would create certain challenges for this industry. Dixit (2018) specified that there are many businessmen within the textile industry that have met the minimum requirements might go with composition scheme because the liability of compliance on an individual under composition scheme is less than that of a normal individual paying tax. Moreover, there would be small weavers and others in the textile industry that would continue to be unregistered under GST because they do not meet the minimum requirements (Roy, 2018).

According to the experts of the industry, it is stated that the taxation policy has created economic misrepresentations within the textile and garments industry of India (Khurana & Sharma, 2016). Moreover, it might hinder the competitiveness of the Indian textiles in the domestic as well as foreign markets. Apart from this, the current taxation policy distinguishes the textile industry in terms of the type of fiber (cotton and synthetic), type of branding used (branded and non-branded apparels), and the type of product (fabrics and apparels). Sankar (2017) stated that the major challenge by the textile industry post-execution of GST is differences in the tax rates under GST is fixed for the garments valued less than Rs 1000 is taxable @5% and for the garments valued more than Rs 1000 is @12%.

In subsequent to this, the supply chain is uneven and fragmented that involves various processes such as ginning, spinning, weaving, processing and manufacturing. The individual manufacturing units lack the balance that is needed to ensure competitiveness in the domestic and foreign markets, as stated by Sehrawat & Dhanda (2017). The textile industry had continuously been demanding for a constant 5% tax slab so as to push the textile production domestically. Moreover, a constant tax rate of 5% under GST across the textile and garments sector would also simplify and enhance the voluntary compliance (Joumard et. al., 2015). On the other hand, it would result in creating prospects for tax evasion along with the reasonable alterations, and thereby creating need for additional exemptions.

2.4. The impact of GST on textile industry in India

In recent era, the implementation of Goods and Services Tax in India has affected various industries and also affecting indirectly daily lives of public at large. The aim of research is to examine the impact of GST on Textile sector in the Indian economy (Bhandari, & Ray, 2012). It is observed that GST does not only change tax system, but it also has an impact on organization function such as commercials, finance, product pricing, contracts and information technology. The aim of Goods and services tax is to create a single unified market that will affect all section and sectors of the Indian economy.

According to Gulhane, & Turukmane, (2017) textile industry plays most significant role in the development of the Indian economy in terms of employment, GDP, export promotion and others. The textile industry is considered as the second largest employment sector after agriculture

sector. The development of textile industry is able to adversely affect Indian economy and also target to touch US\$ 185 billion by 2024 to 2025. The position has been achieved by the constant support of government. India is considered as the geographically diversified country where nature and quality of fabric are available for manufacture and production varies from region to region. Oberoi, (2017) observed that India is able to hold 22 percent share in the textile industry and 43 percent share in the apparel market. Textile industry is also able to enjoy various tax exemptions, concessions and benefits under the indirect tax. The textile industry is able to contribute more than 10 percent of total export. It is observed that the exports of readymade garment have been decreased 40 percent after implementing GST by which was worth 9110 crores in October 2010. On the basis of October 2017 report, the export of garments is decreased by Rs. 5398 crores due to cut in the duty drawbacks after implementing GST in India.

The GST has shown the harsh impact over the ranges of national and multinational Indian brands. In this many of brands has taken a decision to wind up their business because GST implications have raised the pricing the factor through which their customers get reduced. For a case, Vardhman is the leading brand of Indian Textile industry located in 20 different areas. It was the oldest brand in clothing since 1965 (Gupta, 2016). The company is also exporting the products into different nations like Spain, UK, Germany, US, and many others. Although the impact of GST is very negative for the company because the GST rate has raised its rate by 5% due to which costing has been hoist. Before GST 6 piece of container are given at the rate of 330 however these rates after GST has risen up to 336 per container. Thus this raise in the pricing has created negative impact on Vardhman textile it not only impacts the company's profitability but has an impact towards the consumer's purchasing power also.

In contrast to this, Vasanthagopal, (2011) says that GST impact has been briefly given by Tax payer as they are positively related to the behavioural intention with GST. In this context, authors have taken the theoretical support and say that the theory of reasoned action has stated that attitude may create a direct impact over the behavioural intentions. Generally, compliances reflect individual satisfaction as well as dissatisfaction towards the particular action (Bidin *et. al.*, 2014). In the context of tax compliance, an individual attitude may fluctuate positively and negatively if a new taxation system has launched into the nation. It has been said that favourable

attitude of the tax payer has positively influence the compliance behaviour. Hence it is essential to have positive behaviour towards the tax system. Thus at the time of GST launch, ranges of retailers are highly satisfied as they are no longer bounded with the ranges taxes. Moreover, they are happy that the easy access in the tax system has been seen while dealing with taxes (Bidin *et. al.*, 2014). For a case, a manufacturing cluster Hosur is the leading textile brand in the Tamil Nadu and they are highly satisfied with the launching of GST in the nation. As per the views of LKM Adhi, the former president of Hosur industries is very pleased to have this new regime into the nation. The taxation system becomes easier for them and the desired results can be achieved within the firm (Rajshekhar, *et. al.*, 2018).

Khan, & Soni, (2018) argued that another major reason for declining the exports of textile industry is the unavailability of GST refund to the exports industry suppliers and manufacturers. It also affected the cash flow in the industry which results in a shortage of money. The export committee of textile industry has requested the government to clear GST refund and pending credits formally. Along with this, the manufacturing unit of garments is also forced to shift to other places due to the low duty discounts and high rate of GST. The association is also expected that most of the manufacturing units will move to neighbour countries such as Bangladesh and Sri Lanka as the government is offering up to 9 to 15% incentives to the manufacturer of textile industry. Dani, (2016) opined that GST also has an impact on imports of textiles. It is observed that the graph of textile imports is also increasing continuously from the past few months. The import industry is putting all the causes to GST which has decreased import duties and provides a welcoming path for overseas garments and fabric into the country. Along with this, the import of cotton fabric is also increased to 45 percent in July, 29 percent August and 12 percent in September.

In contrast to this, Garg, (2014) came out with the textile leaders issues and says that company needs to pay the GST at the moment of sales only but the client will pay their amount after 90 days of credit period. Thus with this, an immense burden has been seen by the companies. In order to overcome these issues, many of the small and medium sized owners have taken the loan to repay it but this issue has not been resolved yet. At the result the number of MSMEs [micro,

small and medium enterprises in Tamil Nadu has fallen by 50,000, besides that some of the rand has reached towards the end (Rajshekhar, et. al., 2018).

Gupta, (2016) put forward the notion and says that impact of GST has also shown over the employees because most of the brands have wind up their business due to which employees are losing their job. For instance, the handicraft centre in Assam was not having any tax compliances over them but after GST they become the tax payers due to which the handicrafts products become costly in the market. The new bamboo and cane products are charged under 5 % of tax, thus these initiations have impacted the employees as the companies are unable to run under these market (Rajshekhar, et. al., 2018).

Out of all, the most inversing reactions are seen at the streets of Surat that is leading manufacturer fabrics city in India. Kant, et. al., (2015) says that traders have gone to the street protesting actions against the GST because the smaller and medium size units are not sure either they can survive in future or not. In this, 18% of tax on the yarn along with the 5% on the subsequent value addition has created the dissatisfactory impact over the companies. Thus the traders are very against with the initiation of GST (Rajshekhar, et. al., 2018).

It has been defined as an economic incentive as it is an effective factor that can influence the entrepreneurs for starting something new and innovative. According to, Mayuri H. (2018) economic theory of entrepreneurship has stated that economic gains are the components that can raises the individual willingness to give diverse entrepreneurial initiatives. Thus, in this case, the GST rollout has come up with the harsh impact over the organizations as they are unable to try something new in the firm because tax pressure has risen. Generally, the increment in the prices and the tax rates has restricted them to make the desired innovation as well as changes Mayuri (2018). While considering the point of genuine impact of GST it has seen that the value of wholesaler and retailers has reduced in the Indian market. The consumers have shifted to online shopping because customers are getting effective deals on online shopping. In this, the role of GST is immense because pricing becomes higher for customers also.

Gulhane, & Turukmane, (2017) said the import of made-up materials, fabric and textile yarn are also increased by 12 percent continuously and also expected to reach \$153.9 million. According to the Confederation of Indian textile, IGST is adjustable against the liability of GST on the sale of imported product. On the other hand, the government has increased the import duty on man-made fabric from 10 percent to 20 percent due to the problem of imports flooding in the market. In the context of this, Sreeshma, et. al., (2018) stated that the government of India has withdrawn optional exemption route and impose GST on the textile industry which includes man-made fibres attracts GST @18%, supply of fabric attracts GST @5%, Synthetic Yarn attracts GST @18% and cotton fibres and yarn attract GST @ 5%. It helps to organize an unorganized textile sector fairly in the Indian market.

Khan, & Shadab, (2012) determined that SGST and CGST are higher in the textile industry as it helps the state and central government to increase revenue as compared to present scenario and also increases prices of textile. It has a positive impact on textile industry as textile industry will get same treatment as compared to other industries. The textile industry is able to get rate revenue augmentation effect which indicates that the low price elasticity and increase in tax rates will increase revenue of textile industry (Nath, 2017). It will increase the revenue for both goods and services in the Indian market. It has been observed that the overall rate of GST would be 3 percent higher than RNR for the textile industry. It helps to increase revenue for both central and state government in future. GST will help to bring textile industry on par with other sectors and also lead to enjoy neutral climate of investment while improving efficiency of resource allocation.

Kant, et. al., (2015) put forward the notion and shows the further case of GST in the Indian market. The printing and paper companies in Mumbai have shown 30% of the slowdown in the company. Other than this, the business condition has become so terrible after GST because with this company has seen their down phase due to which their profitability, as well as the market shares, have been reduced from the market. Therefore, the overall ratio of the positive outcome of goods and services tax is lesser in the Indian market and the traders are not really happy with this initiation (Vasanthagopal, 2011).

Along with this, Nath, (2017) stated that GST helps textile industry to bring significant change in the input tax credit system. It helps to create a significant balance between unorganized and organized sectors of the textile industry. In the context of this, GST helps entire textile industry in shifting operation an organized sector. It has been observed that GST includes various taxes related to octroi, entry tax, luxury tax and others. It helps the textile industry to reduce manufacturing costs to earn a high profit contributing to the Indian economy (Sreeshma, et. al., 2018). Before the implementation of GST, the textile industry in India is required to pay heavy excise duty while importing capital goods. The excise duty is costly as the input tax credit facility is not available. But the establishment of GST in the Indian market, the excise duty is able to provide input tax credit facility to the textile industry that helps to decrease import cost for capital goods.

Moreover, Dixit, (2018) said that GST helps to enhance competitiveness of the textile industry in the Indian economy. GST is able to restructure input tax credit planning process that makes textile industry more aggressive in the export market. The textile industry is able to promote the export of textile product through input tax credit. It also helps the manufacturer to focuses on cutting edge promotion system in order to develop existing products. In addition to this, Hiregange, and Mahadev, (2017) determined that Fabrics and cotton yarn come under the 5 percent GST tax slab that helps to inspire farmers to enhance amount of cotton as compared to before. The farmers are able to get best price for their hard work and also able to create development in the entire value chain.

In contrast to this, Khan, & Soni, (2018) opined that most of the apparel wholesalers and maker are not happy with the establishment of GST in the Indian market due to high price and unwillingness of unregistered dealer to comply with GST. It has been observed that unregistered customers and suppliers are trying to stay out of the new tax regime in India. It has been observed that the unorganized textile market is expected to reach 87 percent by 2019. The local buyer and producer of manmade fabrics and manmade yarn will face a high level of difficulty for 18 percent GST tax. On the other hand, Bhandari, & Ray, (2012) argued that the textile merchant exporter is able to have a sign of relief as the central government allows to pay nominal GST of 0.1% on the manufacturing of goods for export. It helps to remove the unnecessary blockage of

working capital. It has been observed that the government of India is excellent in projecting the probable advantage of One nation One tax by imposing GST and replacing various taxes, charges and cesses. It also has a significant impact on the textile industry as it enables effective input credit system. It also helps textile industry to get more registered tax payers under the well-regulated system (Sreeshma, et. al., 2018). The establishment of GST is also able to shift overall textile industry towards the organized sector. GST is able to remove benefits under cotton value chain as it has a negative impact on textile industry. It is found that GST helps to bring any competitiveness in global and domestic markets for Textile industry and also able to create opportunities for long term growth.

2.5. Summary

The manufacturing sector of India enjoys considerable benefits with the execution of GST. There has been overall decline in the effect of tax surging usually after the manufacturing process in the supply chain and thus, have a positive impact on the cost of finished products for the customers. The decision of the Indian government to levy 5% GST on the garments valued less than Rs 1000 could help the retail segment as well as the retailers to enhance. In addition to this, there would be no exemptions and reductions provided to the textile manufacturer's post-GST as were there in VAT and Excise. Although there is a rise in tax rate under GST, but it is now permitted to get the input credit completely.

Apart from this, the textile industry would get a sense of major relief with the revision in tax rate of the job work on all related items. In oppose to this, there is no reduction in the apparel segment. It is a negative impact that would result in huge problem to some micro industries of apparels such as Tirupur. On the whole, GST would benefit the economy in refining the cost and competition. GST is the tax that is collected only at the point of sale, which means it is the consumer's liability to pay the GST to the last dealer within the supply chain. Additionally, it also implies that the consumer would get final product at reasonable cost and the business would enjoy maximum profit returns. The introduction of GST ensures a comprehensive regulatory system for the businessmen and benefits the industry in the long—term by making the tax payers registered. Also, the GST in textile industry results in competitiveness and sustainable growth opportunities in the domestic as well as foreign markets.

3. Chapter Three: Research Methodology

3.1. Introduction

In this chapter, the researcher has focused to incorporate fundamental concepts and understanding about the research methodology used to conduct the study. Research methodology is viewed as a key part of the study as it helps readers or users of the study understand how the researcher has investigated the topic and what methods have been used to evaluate the research objectives in controlled manner. As highlighted by Watkins and Gioia, (2015), research methodology stands as a foundation of the study to explain vision and approach of the researcher. It has been addressed by several scholars and authors that adequate focus of the researcher identifying the most appropriate research methods and design and finding suitable ways to collect data leads to achieve research objectives. This chapter is aimed to provide clear justification about research philosophy, approach, design and methods considered to evaluate the impact of GST on the textile industry in India. For any research, it becomes crucial to collect reliable, relevant and comparable data as authenticity of research outcomes is mostly dependent on data collected that enables the researcher to make valid, critical and verifiable analysis (Creswell and Poth, 2017). Considering this point, methods for sampling, data collection and data analysis used in the study have been justified in this chapter.

3.2. Research Methods

It is always a critical point when a researcher has to make selection of the most appropriate research method as the selected research method leads to decide other important methodology in the study. Which research philosophy, approach and design are to be used in the study is mainly dependent on the research method selected by the researcher. Smith (2015) addresses the need for selecting research method as a roadmap for finalizing other key criteria in the study to successfully achieve research objectives and answer the research questions. There are research two methods; qualitative and quantitative.

In most of the qualitative studies, researchers adopt *qualitative research method* to answer research questions or achieve research objectives as it focuses on collecting data in non-numeric form (Feilzer, 2010). Qualitative research method allows the researcher to establish direct interaction with participants to receive data and observe emotions, opinions, views and responses

collected from participants included in the study. When a research is aimed to investigate or evaluate impacts of any situation in social contexts, qualitative research method is considered to be the most suitable method to collect data from participants as it helps discussing in details and finding reliable data. In order to collect data in a qualitative study, open-ended set of questions are formed which are asked in direct communication with participants to find out answers for what, why and how related to the research topic. Purpose of creating open-ended questions in qualitative study is to make in-depth investigation with respondents to collect information about emotions, opinions, feelings, response and behavior of the sample. Semi-structured interview, case study and focus groups are commonly used research instruments of qualitative methods.

Another method to carry a research is *quantitative method* which is useful when a research aims to collect information that could be analyzed and interpreted in quantitative or numerical manner. Quantitative tools and statistical methods are commonly used to measure the responses collected from the sample and to develop new theories, model or test hypothesis. As addressed by Tripathy and Tripathy, (2017), quantitative research method allows the researcher to establish correlation of the findings with research objectives and develop a relation between the theoretical and empirical observations. Most commonly, closed ended survey is used to collect data in quantitative studies.

As the aim of this study is to evaluate impacts of GST on Indian textile industry, *qualitative research method* was used by the researcher to collect information from sample. As there could be different views, opinions, and issues related to GST and its implementation in the textile industry which makes qualitative method more suitable in this study. In order to answer research questions, individual discussion has been made from the respondents who share their understanding of GST and speaks about major issues they face with respect to adopt GST for their business.

3.3. Research Philosophy

For any research, it is utmost important to define research philosophy adopted by the researcher as it justifies the research methods followed in the study and to ensure that appropriate method is

used to collect information establishing direct relation with research objectives. As stated by Ahmed (2016), two commonly used research philosophies are positivism and interpretivism.

Positivism philosophy is applied in a research that aims to collect information and required data which could be measured and analyzed in quantifiable manner (Goldkuhl, 2012). For a quantitative study, researchers often use positive research philosophy to test hypothesis and develop a statistical model.

Interpretivism philosophy is another important philosophy that is most widely adopted in a qualitative study as it integrates direct human involvement considering them as a valuable source of information (Smith, 2015). Considering people as a sample population is meant to receive quality information about shared and subjective meaning people possess that helps the researcher in constructing key findings in the study. Interpretivism philosophy allows a researcher to form social context integrating opinions, behaviour, views, belief and expressions of the sample used for data collection (Creswell and Poth, 2017).

The researcher has used **interpretivism philosophy** in this study as it aims to investigate impacts of GST on textile industry which can be possibly made only through direct involvement of individual traders, marketers or customers. In order to construct a qualitative study, views and opinions of marketers and customers of textile industry about GST implementation have been recorded and interpreted according to research objectives.

3.4. Research Approach

Defining research approach is significant to understand how the researcher is going to conduct primary research for data collection and interpretation. Most commonly, there are two research approaches; deductive and inductive which are followed on the basis of research method adopted in a study.

Deductive approach is widely adopted in a study that aims to test any research theory, idea or hypothesis so that relevancy of hypothesis or theory could be proved (Saunders *et al.*, 2016). Ultimate purpose of this approach is to reach at an outcome that could find whether the

hypothesis is accepted or rejected. In quantitative studies, deductive approach is commonly used as it allows a researcher to test the validity of the data, hypothesis or theory that further helps to develop new frameworks or theories (Jachna, and Schadewiitz, 2007). In terms of generalizability, this approach seeks to generalize the study from general to specific.

Inductive approach is another important approach which is commonly used in a study that aims to generalize findings from specific to general as such studies don't aim to test hypothesis or any theory but seek to explore a theory or evaluate impacts or influences of any change in real time environment (Soiferman, 2010). This approach allows a researcher to develop patterns or themes in the study that leads to create a conceptual framework and improve learning of the users of the study. Inductive approach lets the researcher to make direct discussion with target audiences and collect reliable information to observe the patterns and themes in the responses.

In this study, the researcher has adopted ***inductive approach*** as the topic is aimed to evaluate impacts of GST on textile industry that can be best interpreted using qualitative study through in-depth discussions with target sample. This research is focused to find out issues for traders in textile industry in India after implementation of GST in terms of their business performance, changes in productivity and cash flow and therefore inductive approach was significant to observe data collected and analyse to answer research questions.

3.5. Research Design

According the work by Bryman (2015), research design helps a researcher to structure an appropriate manner right from selecting key subjective areas, research methods, sampling methods, data collection and analysis methods.

Exploratory research design is focused to explore uncovered or undisclosed data or information of a particular topic. When a research seeks to establish new findings or outcomes to offer something new to existing literatures or subject, exploratory research design is considered to be a suitable selection for the researcher (Daymon and Holloway, 2010). Benefit of adopting this design is not to move into a research on pre-specified manner but to incorporate changes required to investigate or explore new ideas, insights and data. Qualitative research most

commonly adopts exploratory research design where semi-structured interviews are used to collect data and responses from participants.

Conclusive research design is useful in quantitative studies which are focused to test research hypothesis or verify any theory to answer research question and develop a conclusion (Saunders *et al.*, 2016). Data is collected in numeric form and measured in quantifiable manner using statistical tools that allows the research to answer whether the hypothesis stands true or false. On the basis of data analysis, interpretation is made according to the research objective and then conclusive remarks are provided.

In this research, **exploratory design** is used to find out possible impacts of GST implementation in Indian textile industry. There can be both positive and negative impacts of GST on traders and customers in the textile industry and thus it was more useful to adopt exploratory design that could help to explore uncovered or undisclosed issues faced in textile industry. There are several studies available those have investigated the impacts of GST in positive way claiming this reform as a support in economic development however there lacks adequate literatures that highlights real time challenges faced by small level traders and customers after implementation of GST. Considering this perspective, exploratory design was adopted by the researcher to explore new findings through in-depth investigation using semi-structured interviews.

3.6. Data Collection Methods

As addressed by Saha and Agarwal (2018), data collection is the most critical element in a research as it involves not only to collect information but to assess reliable, relevant and true information that could lead to create quality data analysis and thus help the researcher to answer research questions in a systematic manner. There are two ways to collect data in a study; primary method and secondary method.

Primary data collection method aims to present something new which has not been discovered or explored in earlier research studies as it is based on conducting social research to collect information. People in a social environment are approached to establish communication and discussion whether direct or indirect. As a situation in a market or scenario may be changed

rapidly, it becomes important in a study to consider real time responses from target sample to understand their views, opinions, behavior or understanding about the research topic. Data collected using primary research allows the researcher to establish relation with existing literatures, find out the research gap and thereby provide outcomes to bridge the gap. Common instruments to collect information from primary methods are survey/questionnaires, focus group and semi-structured interviews.

Semi-Structured Interview

In this qualitative study, semi-structured interview method is incorporated to collect information from primary sources. Interview questions have been formed considering general understanding of the GST and its repercussions felt in the textile industry. In order to explore relevant findings and information, both traders and customers are included who can be in a position to share views and responses in the market after the implementation of GST in textile industry. Open ended questions are created to be asked from the respondents seeking a scope to receive undisclosed responses those have not been researched or studied earlier. Responses received through in-depth investigation conducted using interview helps to interpret findings in relation to research objectives and thereby explores issues and challenges faced by traders that caused to poor business performance or financial results.

Another important method to collect reliable, authentic and relevant data is ***secondary methods*** that allow a researcher to examine available information, literatures or research work to provide theoretical background in the study (Taylor, Bogdan and DeVault, 2015). Data collected from secondary sources are useful to justify research objectives using available literatures and to find out areas that need more information to be produced as research outcomes to serve as new literature for others. Some important sources to collect secondary data include academic journals, scholarly articles, database, books, research reports, newspaper articles, website and other authentic internet links.

3.7. Sampling

3.7.1. Sampling Methods

Sampling is referred as deciding target population and selecting the most relevant people to conduct primary research (Marshall et al., 2015). On the basis of research objectives and purpose, target audiences are defined those are in a position to provide relevant and reliable information about the research topic. As stated by Sharma (2017), sampling is related to setting out a tool to select participants in the study or units of population sample.

First sampling method is *purposive sampling* that aims to define the population or sample that can serve the best to provide information and achieve research objectives (Boddy, 2016). Purposive sampling is highly recommended for qualitative study as sample size is limited and requirement of target sample is specific in terms of their knowledge level, characteristics, skills and ability to answer the interview questions. Another sampling method is *self selection method* where a larger number of participants are required to be included in primary research and they themselves show their interests to participate in the study (Feilzer, 2010). Most commonly, quantitative studies require larger sample size and thereby self-selection method are used to collect information. Third sampling method is *snowball sampling* which is viewed as referral based sampling as participants involved in the study refer others to take part in the research and contribute to research outcomes. It minimizes researcher's efforts to select and finalize target sample.

As this study is specifically aimed to evaluate impacts of GST on textile industry in India, only qualitative approach can serve the purpose defined in the study. Participants are required to have adequate knowledge on GST and its effect on pricing of products, revenue, productivity etc. Not everyone can answer interview questions in this study that makes the researcher to consider *purposive sampling method* only to define and select target population.

3.7.2. Sample Population and Size

Sample population is considered as a subset of population that can be considered to conduct interview in the study. In order to assess, evaluate and explore impacts of GST on textile industry, it was important to define the sample population where traders or marketers operating

in the industry and customers have been decided as the sample population who can possibly provide reliable, relevant and true information for interview questions.

As far as sample size was concerned, a total number of 12 people were interviewed including 7 people as customers of the textile industry and 5 as officials of the marketers in the textile industry.

Personal references and contacts were used to get connected with the sample population defined above. Using telephonic discussion, pre-discussion have been made to make them inform about the research study and convince them to contribute in the interview.

3.8. Data Analysis Method

As mentioned above, semi-structured interview has been used to collect relevant and useful information from the sample defined, it was more critical to analyse data and interpret in accordance to research objectives. Interview has led the researcher to collect information in larger volume where was important to synthesize findings and structure in a systematic manner to be interpreted further. Variety of responses was received from officials at marketers and customers in textile industry. In order to analyse collected data, *thematic analysis method* was used which helped to identify issue, categorize responses and set out pattern in the findings. Thematic analysis method has been one of the key methods to analyse information collected in a qualitative study (Braun and Clarke, 2006).

Axial Coding Method

Under thematic analysis, axial coding was performed which is an efficient and highly effective way to analyse findings and interpret data in accordance to research objectives. Axial coding allows the researcher to assign a word, code or symbol creating a pattern of the responses. Different responses received from interviewees on GST implementation, its impact on business performance, revenue, productivity and issues were categorized and coded to understand the data in better manner and interpret in systematic manner.

3.9. Research Limitation

While conducting this research, few limitations were identified that created obstacles for the researcher to achieve research objectives successfully. As the GST reform has less than two year history, there were very less number of literatures to understand theoretical perspective of GST and its relation with different segments of the textile industry. There was very low access to investigate impact of GST on cash flow of the marketers included in the study as they were not ready to disclose actual figures. As a result, only assumptions and changes were considered to interpret the responses. Awareness and knowledge level of respondents regarding processes to shift from existing tax system to GST was a challenge that often created confusion to record responses. In addition, getting consent and time from officials included in the study were limitations as they were busy in their business operations and it took time to schedule interview. Sample size can be considered as another limitation of the study as it has included only 12 people which were very low to represent views and responses of others in textile industry. As a result, outcomes of the study may not remain valid or productive for other similar set of sample who might consider the impacts of GST in different way.

3.10. Ethical Consideration

When a research includes data collection using primary sources, it becomes imperative for the research to follow ethical consideration. In order to ensure research ethics, the researcher has sent consent forms to participants which were signed as a confirmation to participate in the study. All the participants were informed about the objective of the study and their right to withdraw from the interview. No questions were asked that could affect mental state of the respondents. Honesty and trust have been maintained in the study to use same data received from the respondents. No misinterpretation or manipulation in data has been made in the study. Proper in-text citation and referencing has been made to ensure that credit to the original author has been provided. It was informed to the participants that data will be destroyed after the research is completed and awarded. Consent form has also included a point where privacy of the respondents was ensured stating no information will be used for any purpose other than the study.

4. Chapter Four: Data Findings and Analysis

4.1. Introduction

This chapter incorporates thematic analysis method to understand the responses and categorize findings into different themes and codes. Based on the valuable responses collected from interview participants, this chapter makes an in-depth analysis of the data. Purpose of using thematic analysis was to create pattern of the response so that data could be made easy to understand and analyze. Categories and patterns identified in this chapter demonstrate the ability of the researcher to relate interview findings with research questions and objectives which could be further discussed to achieve research aim. As addressed by Divan *et al* (2017), qualitative methods are most commonly used in any educational, learning and teaching research where thematic analysis is performed significantly to identify patterns or themes in responses and allocate codes for each theme. There are many ways which can be considered by a researcher to adopt thematic analysis however this chapter demonstrates understanding gained from Braun & Clarke's 6 step framework for identifying categories or patterns and defining codes. Braun & Clarke (2006) suggest that this framework improves core skills of the researcher to present findings and analyse in relation to research questions. Using semi-structured interview, data were collected mainly in two perspectives to understand impact of GST implementation in Indian Textile Industry. Two perspectives include customer's perspective and marketer's perspective where the researchers has asked open ended questions to collect views, opinions and responses of interviewees on each questions. In order to achieve research aim, this chapter has categorized responses in different themes where codes have been assigned to define and interpret responses.

4.2. Interpretation of Interview Findings collected from Marketers

For a qualitative study, analysing and interpreting data collected from in-depth interviews are considered as one of the challenging and most critical part of a social research. Being open ended in nature, interviews come up with a scope where participants can respond beyond any limit that often leads to receiving contradictory, vague or irrelevant statements and therefore it becomes challenging for the researcher to structure data and interpret findings. Marketers in this study are people from textile manufacturing background or working in textile industry who have been interviewed to find out actual impact of GST implementation on the industry.

Table 4.1 Themes and Codes developed from the interview conducted with traders

Research Objectives	Themes	Codes
<ul style="list-style-type: none"> To investigate impacts of GST on the textile industry and its collaboration to bring positivity among traders 	<p>General opinions about GST among textile retailers</p>	<ul style="list-style-type: none"> Perception Importance Role Acceptance
<ul style="list-style-type: none"> To evaluate impacts of GST on cash flow and sales of marketers in textile industry 	<p>GST impact on financial performance</p>	<ul style="list-style-type: none"> Cost Need Sales Cash Flow
<ul style="list-style-type: none"> To indentify impacts of GST on productivity of businesses in the Indian textile industry 	<p>GST impact on productivity</p>	<ul style="list-style-type: none"> Focus Area Demand Competition New Tax Regime
<ul style="list-style-type: none"> To find out issues or challenges faced by players in the textile industry 	<p>Issues or challenges post GST implementation</p>	<ul style="list-style-type: none"> Taxing Invoicing Implementation Expertise
<ul style="list-style-type: none"> To identify areas to improve productivity in the industry after GST implementation 	<p>Key suggestions to improve industry performance after GST implementation</p>	<ul style="list-style-type: none"> Learning Guidance Training Courses

4.2.1. Analysing Responses for Theme-1

First theme identified from the responses in relation to research objective was developed as **‘general opinions about GST among textile retailers’** which was aimed to find out common understanding and view point of traders in the industry about GST implementation. Using axial coding method, four codes were allotted by the researcher to this theme. Perception, importance, role and acceptance were the four codes which led to interpret responses in effective and easy manner to answer respective research question and achieve research objective associated with this theme. Introduction of GST was considered as one of the major reform in Indian economy which has impacted numbers of industries and businesses. While interview discussions, there was a common finding among all participants that their *‘perception’* about GST was negative as they were not having enough information about GST in details and its possible impact on industry operations. Although GST was aimed to streamline tax system and make a shift from unregistered businesses in the industry to registered businesses so that more transparency could be created, however it was from policy makers and government authorities point of view. Traders in the industry were mainly concerned with a perception where GST would only bring additional burden of tax on the business and it will affect overall business. First two questions in the interview session were aimed to understand what traders feel or understand about GST and its implementation. Responses received on these questions were quite helpful to find out perception of traders about GST and its implementation in textile industry.

When it comes to understand *‘importance’* and *‘role’* of GST in the Indian textile industry, responses received from trader-1 mentioned below was impeccable to understand the impact of GST and its significance in the industry. During the interview discussion, trader-1 has displayed much importance of GST considering it as simple and good approach for accounting and invoicing all the transactions. Role of GST in Indian textile industry was considered as a good implementation as traders were required to account each and every entry which was not properly maintained earlier before GST. However, trader-2 had completely contradictory views on GST and its implementation in Indian textile industry. From his point of view, GST created numbers of problems especially for small players who were bound to make regular accounting for monthly transactions and file GST every month which led to additional burden to them. In order to find out *‘acceptance’* of GST by traders on the basis of their importance and role in the

industry, It was confirmed from the responses of trader-2 that GST was not really accepted by him and by many others doing small scale businesses.

Response from Trader-1

“...GST is a very good, simple and good taxation done by Mr. Narendra Modi (Indian PM). It’s a very good implementation that has been done. Before GST they were accounting was not properly maintained and in the textile industry right now especially the accounting and all is very good and from last 2 years the business is also going very good”

Response from Trader-2

“...Its different than before but my biggest problem is being patient. So I don’t know if you are aware of this that we have to file every month and it has to happen before certain dates”

“...like before it use to be quarterly but after the implementation of GST they have told us to do it monthly”

Acceptance of GST among traders was really a concern as demonstrated in a discussion with trader-3 who has mentioned that when the GST was implemented, traders like them had to face problems where they were not much aware of tax system, how and what to tax, how much to tax and how to file for GST return. This response clearly highlights that impact of GST on traders was not positive when it was implemented however in further discussion with trader-3, one key finding was brought forward related to importance and acceptance of GST among traders. Response as mentioned below indicates that earlier traders faced problems for GST however after 7-8 months they got more information and guidelines related to GST and its implementation in the business as new tax system. Now most of them are okay with GST system and have accepted it positively.

Response from Trader-3

“...we don’t know exactly what type of tax we should impact on the customers or to the dealers through which are going and it is giving us a bit problem to us”

“...firstly, when it was applied then we got some problems for around 6 to 7 months then it got stable and again after around 1 year we were ok with it. Dealers like us and all that are having

problems according to that so after that it became a habit so we are ok with it now”

Therefore, responses received in relation to theme-1 were significant to investigate general opinions about GST among textile retailers where **perception** about GST was negative among traders mainly during early times when GST was implemented in the textile industry. as far as **importance** and **role** of GST was concerned, findings of the interview indicates that traders consider GST a major change in tax systems which can bring more transparency between players and the authorities and convert unregistered businesses into a registered or organized structure of the industry. Findings also confirm that GST implementation was not earlier accepted by traders or marketers due to number of problems to understand and adopt new tax system into their business however in the next 7-8 months timeline, they gradually got familiar of filing and taxation methods which caused delay in the **acceptance** of GST in textile industry by larger numbers of players.

4.2.2. **Analysing Responses for Theme-2**

Theme-2 was developed to categorize responses in relation to second research objective which was aimed to investigate impacts of GST on financial performance discussing about cash flow and sales of traders. While interviewing with traders, some key points were addressed those stand true with the prima-facie of general perception and acceptance of GST implementation in textile industry. GST before implementation was expected to affect business operations and financial results adversely in near time. Such perception and expectations remain true considering responses received from traders.

GST implementation has affected financial performance of the traders in textile industry where first impact was witnessed as '*cost*' which increased from earlier level before GST. In textile industry, there were numbers of changes made in tax rates for different category and segments of products. For traders doing businesses in cotton and fiber made products, there was 5% GST which needs to be collected on every sale of finished products. Earlier it was completely exempted for this segment. As a result, cost of products was increased for consumers in the market. Below mentioned responses received from trader-1 confirm for the increase in cost due to taxes levied on items which were earlier exempted.

Response of Trader-1

“...they have been given 5% on GST rate of tax. Only for the sale of goods and purchase of goods it has different taxes right now and for the purchase of goods they have different rate of tax and for the sale of finished goods, for sale of sarees there is a 5% . Previously it was exempt”

When it comes to investigate impacts of GST implementation on financial performance, it was important to find impacts on ‘*sales*’ or ‘*profitability*’. Any major reform in economic perspective comes up with immediate impacts that often result in adverse manner. As an important finding of the interview, responses from all three traders were quite similar to each other as all have indicated reduction in profitability due to lower sales after GST implementation. Whether it was consumers or suppliers, all were mainly concerned about changes in final price of products which hampered demand in the industry. From the responses, it was clear that in earlier months after GST implementation, profitability of traders were down by around 10-15% as confirmed by trader-1 during interview discussion.

Response from Trader-1

“Profitability and turnover previously was huge but after GST came into picture, there is less profit because all the bill would be in the GST portal and we had to be accountable and had to give all the details to the government that affected profitability comparatively around 10-15 % reduction from earlier”

Response from Trader-2

“Initially profit margins were getting smaller because of having to pay extra money in GST. There was a drop in profit margin because of GST implementation”

Response from Trader-3

“GST implementation has affected business for first six months as there was no work at all due to which we incurred many losses and also we had to decrease the number of labors so that we could attain our business profitability. After 6 or 8 months, we were able to make up normal cash flow and now it’s going great”

Considering all above responses, it was evident that GST has impacted financial performance of traders in textile industry those have to face higher cost of products and operations of business that resulted as lower sales and profitability for traders. Initially, every trader has witnessed drop in profit margins that become a reason for negative perception about GST in the market during initial days after implementation.

4.2.3. Analysing Responses for Theme-3

As this study aims to investigate impacts of GST on Indian textile industry, it was essential to collect which could help in identifying impacts of GST on business operations or productivity of traders doing business in the industry. In this perspective, theme-3 analyses data to determine GST impacts on productivity of traders interviewed. One of the key codes in this theme was '*focus area*' that addresses changes on business operations, structural changes or other substantial changes that traders have to made after GST implementation. Productivity of a business often gets affected when there is any major change in the business, policy, way of doing business and business purposes. GST implemented in the Indian textile industry led to a reform where businesses were mainly concerned about the new structural requirement for accounting, tax filing or GST software.

Response from Trader-1

“...GST has input tax credit. On to the input tax credit changes should happen that is now. No transaction can be transferred between CGST and SGST. Any changes are to be done in the GST portal”

Response from Trader-3

“...Yes, we have done major changes. Previously we had two firms when sales tax and service tax used to be there so after that when GST came we now only have one firm so it changed drastically in terms of GST”

From these two responses, it was clear that traders were initially involved in understanding the concept and agenda of tax input credit and mechanism between CGST and SGST which affected their core business operations and *focus area*. Traders were into pressure of monthly accounting of transactions and filing of GST and any failure to file GST every month may cause to penalties. As a result, traders have to make significant changes in their business processes which affected

productivity level in initial months after GST implementation. During interview discussions, a key finding was revealed that indicates impact of GST on productivity. All traders have clearly addressed that due to GST implementation, they were unable to focus on primary business activities as they were more concerned about how to integrate business operations with new tax regime so to file GST in timely manner and avoid any penalty.

In addition, '*new tax regime*' where different tax slabs were introduced for different categories of products in the textile industry has affected business performance in terms of productivity to larger extent. Garments or clothes made of cotton were taxed at different rates whereas silk made products were exempted from taxes. In addition, pricing of products were also a determinant of tax slab where products priced at below INR 1000 are taxed at 5% whereas priced higher are taxed at higher rate. As trader-1 was involved in producing sarees made of silk worm, he was exempted from tax however he had to charge customers on each sale.

Therefore, structural changes incorporated by traders in response to GST implementation have caused to lower productivity level of traders as in the next 6-8 months after GST implementation, traders were unable to understand the reform initially and thus their focus area of core business activities were affected causing overall productivity of traders.

4.2.4. Analyzing Responses for Theme-4

Theme-4 stands as a major finding of this study that demonstrates actual issues or problems faced by traders after GST implementation in Indian textile industry. GST being a major reform in Indian economic history was not properly acknowledged and structured which created several issues and problems for small to medium level players. Interview discussions have revealed that three areas were significant to identify issues or problems faced by traders in the industry after GST implementation. From the responses, *taxing*, *invoicing*, *implementation* and *expertise* were identified as four important codes to understand common problems faced by traders with respect to incorporating changes as per GST guidelines and tax structure.

Response from trader-1

“...yes that time we didn't know about any GST and we were all panicked about filing our tax returns where lot of returns were

there as in what data should go where in the GST portal making it complicated and problematic for the business and the accountant.”

Response from Trader-3

“..Yes. First when it was implied then it gave us a problem little bit because we didn’t know how to imply it and what type of taxes were there because earlier labor tax and service tax was around 15 % and after GST it fluctuates and it goes up to 18% so us like dealers and all that are having problems according to that so after that it became a habit so we are ok with it now”

Above mentioned responses were considerable enough to understand problems in relation to ‘**taxation**’ faced by traders in textile industry. Trader-1 has addressed that after GST was implemented in the industry, several businesses and accountants were lacking in knowledge and understanding about how to manage taxation on different products as GST had levied different tax slabs for different types of product category. It was indeed identified as the biggest problem for traders to manage tax that caused continuous panicking when it comes to filing for tax. For a registered trader, GST tax needs to be filed every month and lack of clarity about GST in earlier months turned into real problems faced by them. Trader-3 had mentioned views almost similar to trader-1 where during the time of GST implementation, they were not aware of how to integrate GST in the business and what taxes to be considered. An interesting point that came out from the discussion was increased in tax rates after GST which was 15% before GST for labour tax and service tax that gone up to 18%.

Response from Trader-1

“..in GST if you do business within the state or local the input tax credit cannot be adjusted in IGST as it for intrastate and if you make a input tax credit in the local state, it cannot be transferred to CGST in the portal”

Response from Trader-2

“..Initially in the first six months, there were practical issues like the GST website stops working as everybody is logging on that time so the website we can’t file our paper work”

On the other hand, *implementation* and *invoicing* were another two major problems commonly faced by traders in textile industry after GST was implemented as mentioned in above responses from trader-1 and 2. As there were many structural changes and introduction of GST portal for traders and suppliers to file GST and upload records, it has caused to several issues in earlier months which has affected implementation of GST in the industry. Traders were not having clear guidelines when the GST was implemented. One of the key findings during interview was related to the concept of input tax credit which was a real challenge for many traders to manage for input tax credit. As responded by trader-1, CGST and SGST were quite confusing earlier when it comes to trading in different states where input tax credit for local or within state business cannot be transferred to CGST. In addition, as addressed by trader-2 that during earlier months, major problem was related to website efficiency which often stops working because larger number of traders try to file on the last day and therefore website does not work properly. As a result, they fail to file GST within time creating possibilities for penalties for delay in tax filing. These were some practical issues faced by traders in the industry after GST was implemented by the government.

Response from trader-2

“...for challenges faced by Oh definitely! So earlier we could have a person who came in once a quarter as you said right where the filing just happened then and there so my CA use to do that because we don't do that in house. But since this has to be done monthly and we have to have sometimes a dedicated staff just to handle all this paper work. Because of that we had to hire a person to do this”

‘Expertise’ was another critical challenge face by traders when it comes to incorporate changes in existing accounting system as per new guidelines of GST. Earlier accountants were needed much more information to understand GST regime and different tax accounting that caused traders to look for expertise so that such issues could be resolved hiring expert or known person. In response to this question, trader-2 has displayed a certain need to hire expert accountant of GST after facing problems in monthly accounting and filing for GST.

4.2.5. Analyzing Responses for Theme-5

Data received and analyzed above demonstrate a clear picture that GST implementation in textile industry was adversely accepted and responded by traders who had to face numbers of issues and challenges with respect to implementation of new tax regime, structure and reporting for CGST and SGST. This is where; theme-5 was developed in relation to objective 5 of the study that seeks to collect responses and opinions of traders as suggestion to minimize their challenges so that the purpose of GST implementation in Indian textile industry could be maximized. This theme was aimed to receive key suggestions from traders to improve industry performance after GST implementation. In this perspective, key findings as suggestions were coded as *learning, guidance, training* and *courses*.

During the interview discussion with trader-1, it was addressed that textile industry has a major role in the growth and development of Indian economy as it contributes significantly to provide employment and generate revenue as tax for the government. After GST was implemented, traders have confirmed it as a mandatory reform where they need to file GST tax every month. Following were some key responses received as suggestions from traders interviewed in relation to improve performance of the industry after GST:

Response from Trader-1

“..Government and respective authorities have already uploaded key material in the portal and given advertisement in the newspaper to understand more on GST. During the earlier phase when GST was implemented, education and knowledge were real problem however today everything is available to improve learning of people. Government can't be blamed as there is no question about it at present and they have already done everything. Yes, if anything is needed to respond positively for GST, it is interests of people and traders to learn and study materials so that they could get proper guidance”.

Response from Trader-2

“..actually, now you have asked the main point. Many people don't understand GST even now and I feel there is a clear lack of knowledge amongst people who find it difficult to understand how GST works properly...On this note. I would suggest to improving education on how this taxation works. There needs to be more

information accessible to all traders whether it is small or medium to understand the mechanics of GST in the way it is filed, processed and implemented. Authorities should focus on bringing a system which is accessible for all these people to learn more about GST and its procedures”

Response from Trader-3

“..dealers or the company who doesn't understand GST should be given proper knowledge about it so that they can easily understand and pay the GST. Moreover, GST filing should be made quarterly instead of monthly as it would lower stress of traders and make them to focus more on core business activities rather panicking for GST filing and accounting every month. Nowadays we only have one month to pay previous month GST on 10th of every month so it is basically a headache for a person to pay”

Above responses were very crucial to uncover information on the impacts of GST implementation in textile industry. These responses can be considered as strength to the research finding out key points where governments or authorities should pay more attention to minimize current state of challenges or problems faced by traders and people in the industry. Improving accessibility to useful information and guidance on GST procedures and mechanism, **learning** can be improved. In addition, **training** programs or e-materials can play a vital role in enhancing awareness and knowledge about GST processes of traders those still lack in it.

4.3. Interpretation of Interview Findings collected from Customers

This research has also considered viewpoints of customers conducting open ended interview with few customers. Responses were collected and analyzed to find out their relation with research objective. In order to understand broader impacts of GST implementation, taking only trader's interview could have limited the scope of this study for traders or practitioners point of how and thus including customers in the study was aimed to receive real time responses of customers on what they experience about GST impact in textile industry. From the responses, two main themes were developed where first theme was aimed to find out impacts of GST on pricing of products and its relation in buying behavior of consumers that was helpful to understand relation of buying frequency with changes in sales and profitability of traders. Second theme seeks to find out issues faced by customers after GST was implemented in textile industry where responses were coded as **additional tax, expensive, slow growth** and **shutdown**.

Table 4.2 Themes and Codes developed from the interview conducted with customers

Research Objectives	Themes	Codes
<ul style="list-style-type: none"> To evaluate impacts of GST on sales and profitability of marketers in textile industry 	GST impact on Pricing of Products	<ul style="list-style-type: none"> Shopping Frequency Profitability
<ul style="list-style-type: none"> To find out issues or challenges post GST implementation 	Issues for customers post GST implementation	<ul style="list-style-type: none"> Additional Tax Expensive Slow Growth Shut Down

4.3.1. Analyzing Responses for Theme-1

This study in a social context aims to investigate impacts of GST in textile industry in India where one of the research objectives was to evaluate impacts of GST on sales and profitability of marketers in textile industry. In relation to this research objective, interview discussion was made with customers to understand how they find GST and its impact on pricing and how it has affected buying frequency. Increase in buying frequency can simply be related to increase in sales and profitability of traders and on the other hand, reduction in buying frequency can indicate for decrease in sales and profitability of traders. Responses received from customers were significant to justify statements given by traders in response to GST impact on profitability.

As far as '*shopping frequency*' was concerned it can be understood as a real time impact of GST on Indian textile consumers. Although there were some visible differences in understanding level of customers on GST, their responses indicate clearly that GST has affected their buying frequency from the earlier level. There was contradiction in responses received from customer 1 and other two customers. Customer-1 has responded positively on GST implementation addressing that GST is good from customer point of view as it has reduced prices of products in the market where customer don't have to pay more taxes. However, his response was quite

similar to others in terms of buying frequency as it was reduced for all the customers after GST implementation.

Response from Customer-1

“..Oh! As a customer, it is good from a customer point of view because we are getting the products in much lesser rate because we don't have to pay more taxes. We are getting more reasonable taxes on whatever the products we are taking”

“..Personally I after GST implementation, I have reduced the volume of purchasing garments from any of the shops

Response from Customer-2

“..I don't really think that prices gone down as it should have been but everything is getting costlier so I don't particularly see as an end customer see any pricing difference”

“...I don't think that GST has made any difference to my shopping frequency”

Response from Customer-3

“..once the GST was implicated in that so certain tax has been added to it and if you look at the FDI, the GST in FDI in Textile is 100% right so since after the implication textile industry of 12.5% and every year certain customer needs to provide the tax”

“...Yes there is definitely a change in the frequency of the garment product which we buy as per GST as my wife use to be a frequent buyer of garments and now she is buying them on a monthly basis because of some tax that has been added and if overall if you see the frequency has come down as I said we have been buying them monthly”

From the responses mentioned above, it was clear that GST has caused to increase in prices in terms of additional taxes or increase in tax rates which has affected **buying frequency** of buyers that in turn can be considered as a reason for falling sales and **profitability** of traders after GST.

4.3.2. Analyzing Responses for Theme-2

This particular theme was developed from the responses to establish an understanding of issues or problems faced by customers including end users and small traders who were involved in buying from suppliers and selling in the local markets. From the responses received from

customers interviewed, a clear indication was found where **additional taxes** levied on number of textile related products have made it **expensive** for them to buy in the market. As traders have to put taxes on customers for every selling, it was considered as a problem from customer's point of view.

Response from Customer-1

"..after GST implementation, as a customer I had faced only one issue with respect to motive of GST which was introduced as a one nation, one tax but it is not the case. There are different taxes on different products which makes it problematic for customers to decide on buying"

Response from Customer-2

"..customers have to pay additional tax on different products where a white collar job person also struggles hard for every single penny that they are earning so I think there will be slow growth in the industry and traders would need to run their business with honesty now"

Response from Customer-3

"..after the implication of GST the people especially the middle class don't buy from any of these because both of their prices is very expensive after all so they end up not frequently buying it"

From these responses, it was clear that customers were having issues with respect to additional taxes charged on products which were exempted earlier. As a result, it made their shopping expensive and for salaried customers, it was a difficult situation to buy frequently. There was one interesting fact came out while interviewing with customer-3 who has revealed how GST has badly affected small level textile businesses or shop owners who had to face numbers of issues to give tax every month as per new GST regime. It was informed by the customer that lower sales after GST has caused such small businesses where they could not manage paying taxes every month and as a result, they had to **shut down** their business.

4.4. Conclusion

This chapter has provided enough evidences collected from in-depth interview discussion with traders and customers. The researcher has critically analysed data collected from the participants to gain sufficient knowledge and understanding about the topic which were useful to improve

ability to investigate impacts of GST on the Indian textile industry. The researcher has displayed significant data collection and analysis approach in this chapter using thematic analysis method. Responses were mainly categorized in two perspectives; one for traders and other for customers. Key themes and codes used in this chapter led the researcher to examine impacts of GST on profitability of traders, productivity and business performance. In addition, data collected and analyzed in this chapter reveals that traders had to face issues and problems mainly for implementation and procedures of GST filing. Considering such issues, key suggestions have also been identified in this chapter which were responded from traders as key solution to improve their understanding, knowledge and learning on GST procedures and filing method. Therefore, collection of data and their analysis structured in this chapter makes a fundamental and key contribution in academic areas and research to support investigations on GST impacts on Indian textile businesses.

5. Chapter Five: Discussion

5.1. Introduction

This chapter carries out discussion on findings of the in-depth interview conducted with traders and customers in textile industry. The researcher has followed comparative approach in this chapter where findings have been assessed and supported with literature to understand relation and differences in the findings. Discussion has been made considering each objective where findings have been discussed using secondary findings as well primary findings to achieve research aim.

5.2. Discussion on Objective-1

“To investigate impacts of GST on the textile industry and its collaboration to bring positivity among traders”

Very first objective of this study was aimed to find out perception and understanding among traders involved in textile industry about GST and its implementation in Indian market. Findings related to this objective reveal that impacts of GST implementation in the textile industry in India were mostly negative as prices for common households and textile related products gone up with additional taxes. However, in economic perspective, GST implementation was supported positively by both traders and customers interviewed in this study as they find GST as a positive reform in long term mainly for trader as larger number of unorganized segments or businesses in this industry would require to account transactions properly and file taxes monthly to receive benefits under GST. This finding supports the view of Sehrawat & Dhanda (2015) who have suggested GST as a key tax reform for Indian economy to make user-friendly, easy and transparent tax system in India. In literature, it was discussed by Lourdunathan & Xavier (2017) that GST implementation can play a key role to streamline tax system with respect to achieve the objective of 'one nation one tax' and minimize burden of tax payers especially traders, manufactures and distributors from paying higher administration costs. Findings in this study also support the arguments by Lourdunathan & Xavier (2017) as traders consider GST as a major change in tax systems to improve transparency among players and the authorities in textile industry and convert unregistered businesses into a registered or organized structure of the industry.

Research by Chakraborty (2018) suggests that majority of the suppliers or retailers in textile industry have still low willingness to get registered for GST so that they could avoid burden of new rules and additional expenses of accounting as per the GST rules. Small level traders, manufacturers and wholesalers were found in numbers of literatures as unhappy with GST implementation as they find tax rates are higher and it is difficult to understand GST filing and return process. Findings of this study also confirm this view point where GST implementation was not earlier accepted by traders or marketers due to number of problems to understand and adopt new tax system into their business however in the next 7-8 months timeline, they gradually got familiar of filing and taxation methods which caused delay in the acceptance of GST in textile industry by larger numbers of players. Therefore, as suggested in the study, GST implementation was perceived negatively and not accepted by larger number of traders, retailers, manufacturers or suppliers when it was implemented, however over the period of time, they have started experiencing ease and comfort with the system and now they follow new tax regime as per GST.

5.3. Discussion on Objective-2

“To evaluate impacts of GST on cash flow and sales of marketers in textile industry”

As studied by Kant *et al* (2015), GST implementation has affected sales of companies by over 30% where businesses have to face extremely worse condition. Their research clearly find downfall in sales and profitability of businesses. Similar impacts were revealed in this study where interview responses clearly suggest that GST has certainly affected financial performance of the businesses in textile industry as it has led to increase cost of supply and manufacturing from earlier level before GST. As the costs were increased, traders had to increase retail prices which affected sales volume because customers shifted to other similar products available at low prices. In another study by Rajshekhar *et al* (2018), it was found that due to negative impact of GST on sales and profitability, traders were strongly against to GST implementation in Indian textile industry and protested loudly against the government. As an important finding of the interview, responses from all three traders were quite similar to each other as all have indicated reduction in profitability due to lower sales after GST implementation. Whether it was consumers or suppliers, all were mainly concerned about changes in final price of products which hampered demand in the industry. Hence, on the basis of findings and literature, it can be

suggested that GST had adverse impacts on financial outcomes of traders in textile industry as many of traders had to suffer with higher cost of products, operations and marketing which caused to poor sales volume and lower profitability in earlier months after GST was implemented. .

5.4. Discussion on Objective-3

“To identify impacts of GST on productivity of businesses in the Indian textile industry”

Both secondary and primary findings have revealed that the supply chain in textile industry is uneven and fragmented involving variety of processes such as ginning, spinning, weaving, processing and manufacturing. Study by Sehrawat & Dhanda (2017) was significant to provide information how different businesses in the industry lack in integrating new tax policy as per GST to ensure competitiveness in the domestic and foreign markets that has affected productivity of their businesses. The textile industry had continuously been demanding for a constant 5% tax slab so that productivity of businesses could be pushed forward in domestic market. Findings related to this objective makes it clear that traders were initially involved in understanding the concept and agenda of tax input credit and mechanism between CGST and SGST which affected their core business operations and focus area. Similar to the arguments of Sehrawat & Dhanda (2017), findings related to this objective suggest that traders were mainly into pressure due to monthly GST filing and keeping everything on GST portal which was complicated for many of the small level traders to understand. From the view point of Khan & Soni, (2018), unavailability of GST refund was another important factor that has affected productivity and exports of textile industry. It also affected the cash flow in the industry which results in a shortage of money. This perspective was also evident in the findings where traders have revealed about the impact of GST on productivity. All traders have clearly addressed that due to GST implementation, they were not able to focus more on primary operations or business activities as with the start of new month, they start taking worries for GST filing for next month, recovering of previous dues etc. In addition, findings also indicates that traders lack in knowledge and awareness on how to integrate business operations with new tax regime so to file GST in timely manner and avoid any penalty. Therefore, structural changes incorporated by traders in response to GST implementation have caused to lower productivity level of traders as in the next 6-8 months after GST implementation.

5.5. Discussion on Objective-4

“To find out issues or challenges faced by players in the textile industry and identify areas to improve productivity in the industry after GST implementation”

Findings of the study related to this objective suggest that after GST implementation in textile industry, several businesses and accountants were lacking in knowledge and understanding about how to manage taxation on different products as GST had levied different tax slabs for different types of product category. Similar view was described in the literature by Khurana & Sharma (2016) who have confirmed that the new taxation policy has created economic misrepresentations within the textile and garments industry of India. As mentioned in the literature review, Garg, (2014) has stated that textile leaders face issues related to paying GST at the moment of sales however they receive from clients after 90 days of credit period. Thus with this, an immense burden has been seen by the companies. In order to overcome these issues, many of the small and medium sized owners have taken the loan to repay it but this issue has not been resolved yet. Findings suggest that for every registered trader, it is important to file GST every month where lack of clarity about filing procedures in earlier months of GST implementation turned into real problems for them. In response to recommendation or suggestions especially from traders, findings reveal some key information in this study which can be considered for future research or study purposes. Findings indicate for a need from governments or authorities to pay more attention towards issues or problems faced by traders in the industry and must incorporate changes to minimize challenges. In this respect, it was recommended by traders that more accessibility to useful information and guidance on GST procedures and mechanism can help in maximizing learning and knowledge of traders. In addition, training programs or e-materials should be made available and accessible to trade unions or dealers who could portray positive benefits of GST and its procedures to enhance awareness and knowledge of traders those still lack in it. Thus, findings here suggest for more involvement and interaction between the government or authorities and traders to improve knowledge, awareness and learning of traders or people for GST filing and taxation as it will help streamlining GST filing in the country and would support increasing tax generation for the government.

5.6. Conclusion

Impacts of GST implementation on Indian textile industry have been well discussed in this chapter taking both primary and secondary data findings. Using theoretical discussion made in the literature review chapter, findings from the interview have been supported and discussed critically. It can be observed precisely that literature review has led the researcher to gain insights on numbers of factors that support the need for GST in the industry and on the other hand primary data findings mainly present the impact of GST on textile industry as negative. Traders were found not in favor of this reform where they had to face range of issues after GST implementation. However overall findings suggest mixed impacts on traders and customers with key suggestions made to minimize their issues and maximize purpose of GST implementation.

6. Conclusion and Recommendations

6.1. Conclusion of the Study

Upon the completion of this study, it can be said that the impact of GST implementation on Indian textile industry was largely negative in terms of its acceptance by traders, suppliers and manufacturers as both primary and secondary data analysis developed in this study suggest that GST reform was not accepted in earlier months. Players in the industry had to face range of issues such as increase in tax slabs, different tax rates, higher tax rates from earlier rates, complex online GST filing process and most importantly GST filing in every month. Textile industry holds a key role in the development of Indian economy as it generates employment to large population, promotes export and provides revenue to the government in terms of tax. In this perspective, GST has been viewed as a major reform in Indian economy where indirect tax system has been transformed dramatically. This tax reform was considered by economists and scholars as a boosting factor for growth and development of Indian economy in long term as it aims to integrate all indirect taxes into one nation one tax area. This study clearly highlights that implementation of GST in Indian textile industry was aimed to convert unorganized or unregistered businesses or segments into organized or registered form so that larger number of businesses could be added as tax payers. In addition, GST was aimed to provide benefits of input tax credit to registered businesses.

Findings from earlier studies have suggested that GST can play an important role in bringing transparency and one tax system in existing tax regime. However, as immediate impacts of GST were taken into account, it was indeed negative because findings of this study present negative perception and acceptance among traders and customers for GST. Traders have mentioned about

productivity loss, low sales and poor profits after GST was implemented in textile industry. Moreover, this study finds procedures related to tax filing and return more critical for traders as they had low knowledge and learning about filing and recording transactions on GST portal. But, it would be honest to state that such problems were only limited to first few months after GST was implemented as later they were quite acquainted with the process that remain no longer an issue for traders. Despite the fact that GST has caused to detriments for many small level businesses in textile industry which resulted even shutdown for many, GST has been viewed as a positive reform for Indian textile industry over the long haul. GST would certainly bring transformation more positively in the input tax credit system balancing organized and unorganized sectors of the industry and revamping existing indirect tax slabs.

6.2. Recommendations

Following the findings of this study, there are some areas identified reviewing literatures and primary analysis such as knowledge gap among traders and low accessibility to GST information that needs to be worked out by government and authorities responsible to bring positivity of this new tax reform in Indian economy. In this respect, it can be suggested that the government should provide more information and e-material on GST portal that could be easily accessed by traders irrespective of their size and segment. In addition, for professionals such as CA, accountants etc, seminars should be organized which could bring encouragement for unorganized businesses to register their business and enjoy benefits of input tax credit. In addition, as suggested by many studies and interviewees in this study, GST tax filing should be on quarterly basis instead of current monthly filing system as it will help traders or marketers to focus more on core activities and manage cash flow from the customers who transact on 60-90 days credit period system. Thus, integrating these recommendations can certainly help textile industry

experience a better and improved performance in future with more and more traders shifting to organized sector making it possible to bring more transparency in existing tax regime.

7. Self-Reflection

The best piece of advice I have been given is not to settle. We were in a great university in a great city with so many opportunities open for us. So just go for what you want and chase your dream and you will get exactly that. My plan next is joining a renowned company and do marketing for it since marketing has been my core strength since the time I did my bachelors. My top tip for future students would be to go out of the business school and really enjoy your college. There are so many nice people there and so many opportunities that I as a student have come across in this 1 year. I know I am not the best version of myself yet but there are definitely things about my personality and about my actions that I can improve on. I have lived by what I know at any given point in time I am trying to live the best way that I know how. As an international student I have suffered the consequence of doing it myself so basically, I try to live by learning from my mistakes and I make a bunch of it. You have the right to be disappointed by yourself and don't care about what people think about you and let them do their thing, if anything you could use the inspiration and the ideas from whatever never got finished or never got released and channel that into your own creation.

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Appendix 1

Interview Questions

For business owners/marketers/high officials of the textile industry

Brief about the marketer and business

1. Can you describe your job role?
2. For how long you are into the textile industry and what type of business you do?
3. Can you tell me about the size of your business?
4. What is the range of turnover for your business?

Related to GST and its impact on the business

1. Can you brief about your business performance in the last two years?
2. What is your opinion about GST and its implementation in the textile industry?
3. Tell me about any change in your business after implementation of GST? (You may explain in terms of changes in turnover, profitability or cash flow)
4. Can you tell me about any structural change you had to make in existing tax system after the implementation of GST?
5. Tell me about an additional requirement of an expert accountant to manage the change.
6. Can you brief about the main processes where your business had to make changes as per GST.
7. Can you tell me about issues or challenges you had to face while incorporating guidelines as per GST?
8. In your opinion, what were the major impacts on your business after implementation of GST in the textile industry?
9. What is your opinion about the role and importance of GST for economic growth and development of the Indian textile industry?
10. What would be your suggestions or recommendations for the government or authorities towards improving knowledge and understanding of GST of marketers facing issues?

For Customers

1. What is your opinion about the implementation of GST in the textile market?
2. Tell me about the impact of GST on the pricing of textile products.
3. Can you tell me about your garments shopping frequency after GST implementation
4. In your views, what are the common issues or challenges that you as a customer had to face after GST implementation
5. What is your opinion about the situation of small level businesses or retailers in textile industry after GST implementation

INFORMATION SHEET FOR PARTICIPANTS

PROJECT TITLE

“EVALUATING THE IMPACT OF GST ON THE TEXTILE INDUSTRY IN INDIA”

You are being asked to take part in a research study on GST and its implementation in the textile industry in India. GST has been considered as the biggest reform in Indian economy completely as it has changed the perspective of indirect tax system completely bringing majority of the taxes on goods and services levied on traders, manufactures and sale and consumption of goods and services into single tax umbrella. However, numbers of small to medium sized marketers in the textile industry have reported challenges in understanding and implementing GST that caused to adverse business outcomes for them. This study is aimed to evaluate impacts of the GST on Indian Textile industry and identify key challenges faced by traders in the industry with respect to GST registration and application of new tax system.

WHAT WILL HAPPEN

In this study, you will be asked to participate in interview to have open discussion on questions on GST and its implementation in textile industry in India. You can answer as per your knowledge and understanding level. No question will be asked that could affect your behavior or mental state. Your responses on each question will be gathered to analyze and evaluate the impacts of GST on marketers in Indian textile industry. Your personal information and responses received during the interview will not be used for any purpose other than this study and later all information will be destroyed after the degree is awarded.

TIME COMMITMENT

The study typically takes 10-15 minutes time where you will have to make only one session. You can easily answer all questions within 15 minutes.

PARTICIPANTS' RIGHTS

You may decide to stop being a part of the research study at any time without explanation required from you. You have the right to ask that any data you have supplied to that point be withdrawn / destroyed. You have the right to omit or refuse to answer or respond to any question that is asked of you. You have the right to have your questions about the procedures answered. If you have any questions as a result of reading this information sheet, you should ask the researcher before the study begins.

CONFIDENTIALITY/ANONYMITY

The data I collect does not contain any personal information about you except your name, name of your company and occupational role in your company. Such personal information will be used only to differentiate responses from each other on the basis of their role and company so that appropriate interpretation could be made. Once the study is completed, no individual participant will be identifiable as data will be destroyed.

FOR FURTHER INFORMATION

I or / and my supervisor **Mr. Juan Fravega** will be glad to answer your questions about this study at any time. You may contact my supervisor at **juan.fravega@dbs.ie**

INFORMED CONSENT FORM

PROJECT TITLE:

“EVALUATING THE IMPACT OF GST ON THE TEXTILE INDUSTRY IN INDIA”

PROJECT SUMMARY:

This research is aimed to evaluate impacts of GST on the Indian Textile industry and identify key challenges faced by the owners in the industry with respect to GST registration and application of new tax system. To find out issues and challenges faced by players in the textile industry and identify areas to improve productivity in the industry after GST implementation.

By signing below, you are agreeing that: (1) you have read and understood the Participant Information Sheet, (2) questions about your participation in this study have been answered satisfactorily, (3) you are aware of the potential risks (if any), and (4) you are taking part in this research study voluntarily (without coercion).

Participant's signature : _____

Participant's Name : _____

Student Name : **Saahil Suresh Shetty**

Student Signature : _____

Date : _____