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Impact Of Gst Among Footwear Industry

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Abstract: India levies an indirect tax known as the Goods and Service Tax (GST) on the sale of goods and services. GST is a significant "taxation reform" step taken by the Indian government. To reduce tax cascading, a variety of federal and state taxes would be combined into a single tax. For the purpose of tax collection, goods and services are split into five tax slabs: 0%, 5%, 12%, 18%, and 28%. The GST has as one of its key goals the abolition of double taxation. GST is a national tax on goods and services that was imposed with the goal of having one tax for the entire country. Numerous businesses are covered by GST, and the shoe industry has adapted to the system. GST has an impact on all facets of the footwear industry, particularly on footwear pricing. The impact of GST on the footwear industry was extensively discussed in the report.

Key Words: GST, Footwear industry, SWOT Analysis, cascading, federal, combined, collection, abolition.

I. Introduction- India is the sixth developing economic superpower in the world. India is the third-largest economy in the world in terms of purchasing power parity, according to the OECD (Organization for Economic Corporation and Developments). Due to its young population, matching low dependency ratio, robust savings and investment rates, and greater integration into the global economy, India's economy has a bright long-term outlook. The legislative branch of government in India is given the authority to enact and enforce tax legislation. Over the past few years, our nation's tax structure has experienced major modifications in response to the adoption of economic reforms. To achieve better compliance, the tax rate has been rationalized and other tax laws have been made simpler. On July 1, 2017, a new indirect tax system known as GST was established in an effort to simplify tax collection and reduce problems.

GST is a comprehensive national tax that is levied on the production, sale, and consumption of goods and services without making a distinction between the two. The Indian footwear market is quite promising. The Indian footwear business is preparing to use its strengths to maximize gains. Additionally, the footwear industry does not draw the most educated, technically skilled, or sophisticated workers because it relies heavily on massaging clients' feet as part of its services.

II. Objectives of the study-

- * To comprehend how the GST will affect the footwear industry.
- * To research the Indian footwear and GST industries.
- * To evaluate the obstacles and expanding prospects for the footwear industry following the implementation of GST.

III. Review of literature- Shefali Dani (2015) "recommended that GST organization is a faltering undertaking to legitimize underhanded cost structure. Generally in excess of 150 countries have executed GST thought. The lawmaking body of India must assess the GST organization set up by various countries and besides their aftermaths beforehand completing GST. It is the need of the hour that the governing body must make an undertaking to ensure the colossal helpless people of India, against the extension on account of execution of GST. GST will unravel its present indirect obligation structure and should remove inefficient angles made by the current heterogeneous cost system, only if there is a sensible understanding over issues of edge constrain, pay rate, and joining of oil based wares, force, liquor and land".

Srinivas K. R (2016) "Issues and Challenges of GST in India" referenced that focal and state governments are enabled to collect separate duties according to the Indian constitution which is probably going to change the total



situation of present backhanded tax assessment framework. GST will be a compressive circuitous duty structure on production, deals and utilization of merchandise and enterprises all through India, to supplant the different aberrant expenses required by the both the administrations.

Poonam (2017) "in her investigation freed that in the framework from aberrant tax assessment GST assumes a significant job. The falling and twofold tax assessment impacts can be decreased by brushing focal and state charges. Customer's taxation rate will around decrease to 25% to 30% when GST is presented and afterward after Indian fabricated items would turn out to be an ever increasing number of reasonable in the homegrown and worldwide business sectors. This sort of tax collection framework would straightforwardly energize monetary development. GST with its straightforward highlights will demonstrate simpler to control. With the above surveys we can accept that GST is a duty change which will change the situation of the nation as a help for this audit study".

IV. GST In India:

GST (Goods and Services Tax) "is a significant move by the Indian government. Numerous federal and state taxes would be combined into a single tax, preventing tax cascading. The introduction of GST would increase the competitiveness of Indian goods. State GST would be the term for the one imposed by the state (SGST). The one imposed by the federal government would be known as the central GST (CGST), while the other will be an integrated GST (IGST), which would apply to goods imports and interstate transfers".

For the Centre, GST will replace the following taxes: "Central excise duty, Excise duty (medicinal and toilet preparations), Additional duties of excise on goods which are of special importance, Additional duties of excise on textiles and textile products, additional duties of customs also known as CVD, Service tax, special additional duty of customs (SAD) and cesses and surcharges in as far as they relate to supply of goods and services".

For the states, GST will replace the following taxes: "state vat, central sales tax, purchase tax, luxury tax, entry tax (all forms), entertainment tax which are not levied by the local bodies, taxes on advertisements and taxes on lotteries, betting & gambling".

V. Footwear Industry in India- After China, India is the world's second-largest footwear production. The footwear sector has received extra attention thanks to the expanding "Indian fashion and lifestyle market. The Indian footwear business is currently experiencing great optimism due to rising consumer consciousness and awareness of the newest trends. In the last few years, the footwear sector has experienced enormous expansion. With each passing day, demand for footwear products in India grows. The structured and unorganized segments of the Indian footwear market are split. One-third of the 500 are served by the organized segment, and 18% are served by other. The new rate structure has drawn acclaim and gratitude from all segments of the market, including producers, retailers, and distributors, as well as domestic and international brands. Taxes that were too high had slowed the increase of shoe consumption. The tax system has been made simpler by the new GST rates and structure. The industry as a whole would become more competitive due to the appropriate tax rate drop (etretail.com, 2017). The potential for exports in the Indian leather footwear sector is highlighted in this essay. He emphasizes the importance of building strong training facilities, particularly for women, and fostering connections between businesses, training programs, and educational institutions. The study also stressed the necessity of hiring professionals from industrialized nations to instruct local craftspeople in specific fields (Mr. Refeeqahmed, 1986). This report examines consumer spending trends and behavior across the Indian market's pyramid. The twin cities of Hyderabad and Secunderabad were the only ones included in the study's scope. The sample size is 110. According to the study, India's footwear market is growing incredibly quickly. Low- and middle-income consumers like regional brands like Bata, Paragon, Liberty, Khadims, Relaxo, and VKC. While the top of the pyramid segment screams for global brands. This study fulfills this demand by utilizing leftovers from consumers at the top of the pyramid (Geetha Anand and U. Alekya, 2013). The introduction of GST in India would be beneficial for the nation's economy as a whole. He examines the various



aspects of the GST, assesses its effects on the general public, businesses, and the economy, and does so with the aid of secondary sources (Herekar, 2012).

VI. SWOT Analysis of GST in footwear Industry-

Strength-

- * There will be a rise in the margin between wholesalers and retailers.
- * Cascading taxes such turnover taxes, anti-taxes, and other taxes will be eliminated.
- * Businesses & Services

Weakness-

- * Branded shoes are too expensive.
- * Few significant industrial facilities exist;
- * High cash requirements

Opportunity-

- * Improve unorganized sector, industrial, and retail competitiveness
- * An increase in available revenue
- * Increasing demand globally
- * Social networking & online shopping
- * Alteration of lifestyle

Threat-

- * Unorganized sector
- * Low-cost Chinese substitute

VII. Growing opportunities- There is a lot of potential in the Indian footwear sector. It is getting ready to use its advantages to their fullest potential. Among other things, India has a comparative advantage thanks to its resource strength in the form of materials and skilled labor.

A rise in available funds-

- * Rural segment growth
- * Increasing demand for leather shoes internationally
- * The growth of organized retail
- * The shifting lifestyles of consumers
- * Increasing credit availability
- * Increasing awareness of health and beauty
- * Growing awareness

VIII. Challenges-

* The future of the footwear business is expected to see exponential expansion, but there are numerous obstacles that are always getting in the way. The sector is already making efforts to stabilize the rise. Technology has become the fundamental component in making things feasible to promote growth.

* A large number of institutions have risen to meet the industry's need for retail professionals, which will be beneficial over time. The government's efforts to reduce real estate demands and rationalize pricing will also help the retail sector and propel it toward greater growth.

* The most prevalent and well-liked method of retailing and a place to make purchases is the unorganized retail market. Every 100 kilometers, the fashion for shoes also changes. As a result, local stores have always controlled and effectively managed the fashion footwear market. The benefit of the energy and passion of its business owners, which is difficult to recreate among employees and store staff, is also advantageous to the unorganized footwear industry.



* Touching the feet of our customers is a key component of the retailing of footwear, so the front end does not typically draw the best talent in terms of education, technical know-how, and sophistication from the unorganized retailers. However, this ultimately hurts the brand image because customers start attributing the performance and quality of a fake product to the brand.

CONCLUSION- The most rational first step toward a comprehensive indirect tax system in our nation is the GST. The effects of the GST would be felt by all economic sectors, including those in business, government, and the service sector. GST will have a direct impact on all economic sectors, including large, medium, and small scale businesses, intermediaries, importers, exporters, merchants, professionals, and consumers. GST will consolidate the Indian market and strengthen the economy. Dual taxation on footwear increases complexity and causes confusion. Consumers will pay for the space between two slabs, and shops are under pressure to increase sales. The GST structure's tax adjustments caused both a rise and a drop in the price of footwear. with the modernization and altering of the lifestyle. Because GST took advantage of the already-existing footwear business, it would be preferable to modify or change the GST's current structure in order to help shoe shops.

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