



# Impact Of GST 2.0 On Supply Chain And Pricing Strategies In Retail Business

Dr. K. Maneiah, Dept of Commerce, S.V. University, Tirupati.

## Abstract

This research article examines the impact of GST 2.0 on supply chain management and pricing strategies in the retail business sector. GST 2.0 has simplified taxation procedures while introducing operational and compliance-related challenges for retailers. The study analyzes how retail businesses have modified their procurement, inventory, logistics, and pricing systems to adapt to the revised tax regime. The article further explores the influence of GST 2.0 on operational efficiency, product pricing, market competitiveness, and customer demand. The study is based on secondary data collected from journals, reports, online articles, and business publications. The findings indicate that GST 2.0 has improved transparency and reduced tax cascading effects, but small retailers continue to face technological and compliance challenges. The study concludes that effective supply chain restructuring and strategic pricing decisions are essential for retailers to sustain profitability in the evolving tax environment.

**Keywords:** GST 2.0, Retail Business, Supply Chain, Pricing Strategy, Tax Reforms, Inventory Management, Logistics, Retail Sector.

## 1. INTRODUCTION

The retail sector plays a vital role in the economic development of India by generating employment opportunities and contributing significantly to GDP growth. The introduction of GST in 2017 replaced multiple indirect taxes with a unified tax structure. GST 2.0 represents the next phase of reforms aimed at simplifying tax rates and enhancing compliance efficiency. The revised tax framework has significantly influenced the retail supply chain and pricing decisions.

GST 2.0 introduced a simplified slab structure with revised rates for several product categories. This reform affected procurement costs, warehousing decisions, logistics operations, and inventory management systems. Retail businesses are now required to revise their pricing models to accommodate changes in tax rates and maintain competitiveness.

## OBJECTIVES OF THE STUDY

- ❖ To Identify socio-demographical with GST 2.0 on Retail Business
- ❖ To analyze the effective of this GST 2.0 on pricing, sales, and profitability of Retail Business.
- ❖ To assess the impact of GST 2.0 on Retail Business

## II. Research Methodology

The study is descriptive and analytical in nature. Secondary data sources such as research journals, government reports, newspapers, articles, and online business publications were used for analysis. Various studies related to GST reforms, retail business performance, and supply chain management were reviewed to understand the practical implications of GST 2.0.

## RESEARCH GAP

Goods and Services Tax (GST) was introduced in India in 2017 as a major indirect tax reform aimed at creating a unified tax structure and improving transparency in the economy. Several studies have examined the macroeconomic implications of GST, including its influence on GDP growth, tax compliance, and revenue generation. However, limited research has specifically focused on the retail sector, which plays a significant role in India's economy. Existing literature primarily concentrates on large-scale industries and overall business performance, while comparatively less attention has been given to small and medium retail businesses. The challenges faced by retailers in terms of compliance costs, technological adaptation, tax awareness, and working capital management remain underexplored. Furthermore, the differential impact of GST on organized and unorganized retail sectors has not been comprehensively studied.

Although GST was expected to reduce cascading tax effects and streamline supply chains, empirical evidence assessing its effect on retail pricing strategies, profitability, and consumer purchasing behavior is inadequate. Many studies discuss the theoretical advantages of GST but lack primary data-based analysis from retailers' perspectives. In addition, there is a shortage of region-specific studies that examine how GST affects retail businesses across different states and local markets. Long-term impacts on retail growth, sustainability, and competitiveness also remain insufficiently examined. Therefore, there exists a significant research gap in providing a comprehensive, sector-specific, and empirical assessment of the impact of GST on retail businesses, particularly focusing on small and medium retailers and consumer-level outcomes

### III. Impact of GST 2.0 on Supply Chain Management

#### Simplification of Tax Structure

GST 2.0 simplified the earlier multi-tax system into fewer tax slabs, reducing confusion among retailers and suppliers. The revised structure enabled businesses to streamline their procurement and billing systems.

#### Improved Logistics Efficiency

Earlier, businesses maintained multiple warehouses across states to avoid interstate taxes. GST 2.0 encouraged centralized warehousing and efficient transportation systems, reducing logistics costs and delivery time.

#### Inventory Management Changes

Retailers had to revise inventory systems due to changes in tax rates and input tax credit mechanisms. Businesses faced challenges in handling old stock with revised MRPs and updating ERP systems.

#### Technology Adoption

GST 2.0 increased dependence on digital billing, GST filing software, and automated accounting systems. Large retailers adapted quickly, while small retailers struggled with digital compliance and software costs.

### IV. Impact of GST 2.0 on Pricing Strategies

#### Product Price Revisions

Changes in GST rates forced retailers to revise product prices. Products shifted from higher slabs to lower slabs experienced price reductions, increasing consumer demand.

#### Competitive Pricing

Retail businesses adopted competitive pricing strategies to attract customers and maintain market share. Many retailers passed tax benefits directly to consumers through discounts and promotional pricing.

#### Margin Management

Retailers had to carefully balance profit margins due to fluctuating tax structures and increased compliance expenses. Small retailers particularly experienced margin pressure because of operational adjustments.

## Dynamic Pricing Strategy

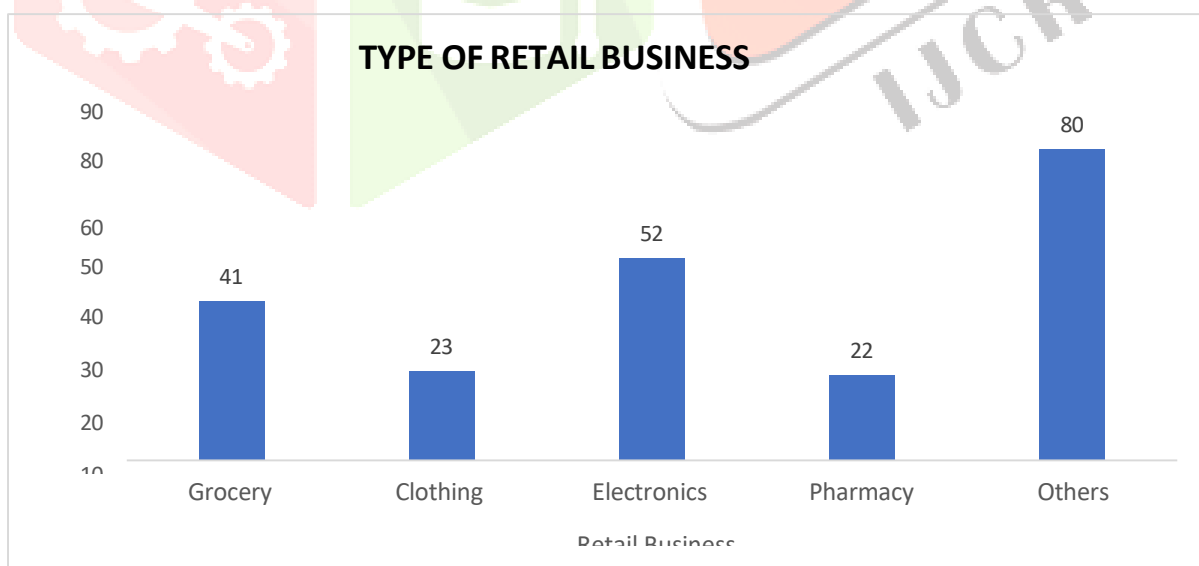
Retailers increasingly adopted dynamic pricing models based on tax changes, customer demand, and market competition. Digital retail platforms integrated automated pricing systems to respond quickly to GST revisions.

## Challenges Faced by Retail Businesses

1. Frequent updates in GST rules and compliance procedures.
2. Difficulty in managing old inventory and revised MRPs.
3. Increased dependency on technology and software systems.
4. Higher compliance costs for small and medium retailers.
5. Working capital issues due to delayed input tax credits.
6. Need for employee training and awareness regarding GST changes.

TABLE 4.1: TYPE OF RETAIL BUSINESS

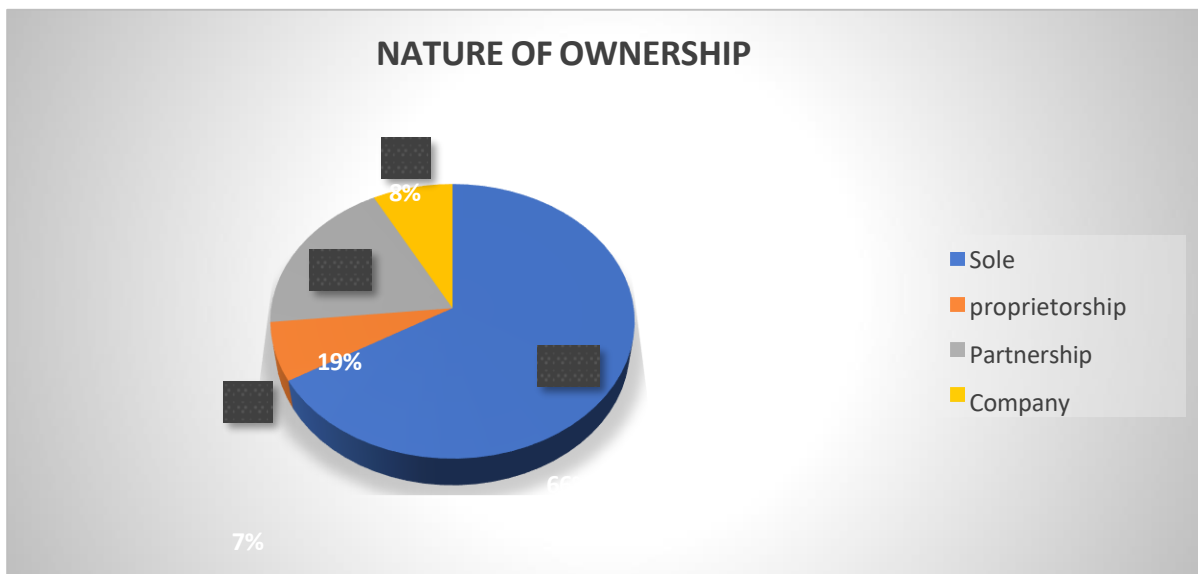
Type Of Retail Business	Frequency	Percent
Grocery	41	18.8
Clothing	23	10.6
Electronics	52	23.9
Pharmacy	22	10.1
Others	80	36.7
Total	218	100



In table 4.1 shows the distribution of the types of retail business. The study reveals that 36.7% of the other and 23.9 % was electronic retail businesses. Others and electronics may be associated with retail business.

TABLE 4.2: NATURE OF THE OWNERSHIP

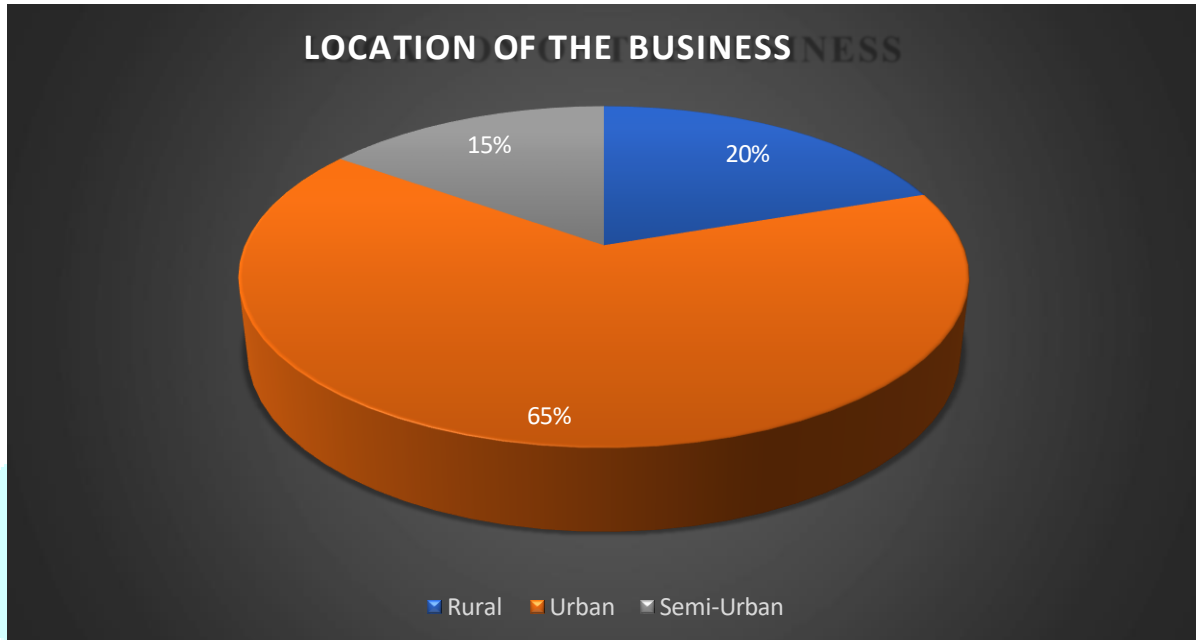
Nature Of The Ownership	Frequency	Percent
Sole proprietorship	145	66.5
Partnership	15	6.9
Company	41	18.8
Others	17	7.8
Total	218	100.0



In table 4.2 shows the distribution of the nature of ownership. The present study reveals that 66% of the sole proprietorship and 19% was company. Sole proprietorship and company may have associated with retail business.

TABLE 4.3: LOCATION OF THE BUSINESS

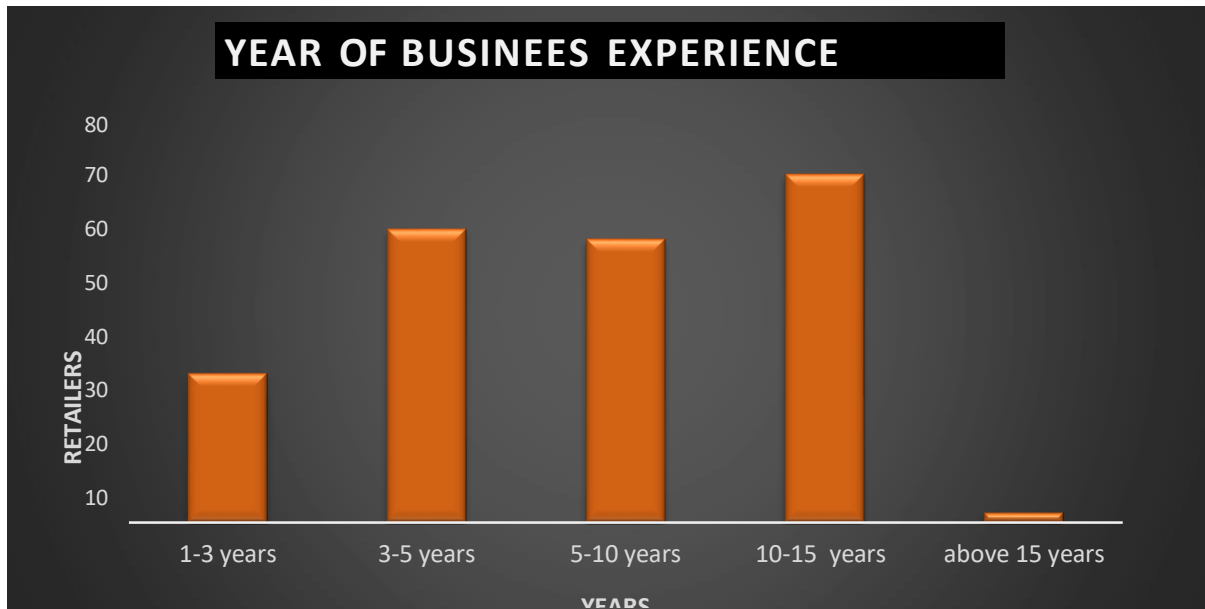
Location Of The Business	Frequency	Percent
Rural	43	19.7
Urban	142	65.1
Semi-Urban	33	15.1
Total	218	100.0



In table 4.3 shows the distribution of location of the business. The study reveals that 65% of the urban areas covered with retail business, 20% was rural. Most of the retail business located in Urban areas. So the urban and rural areas associated with the retail business.

TABLE 4.4: YEARS OF BUSINESS EXPERIENCE

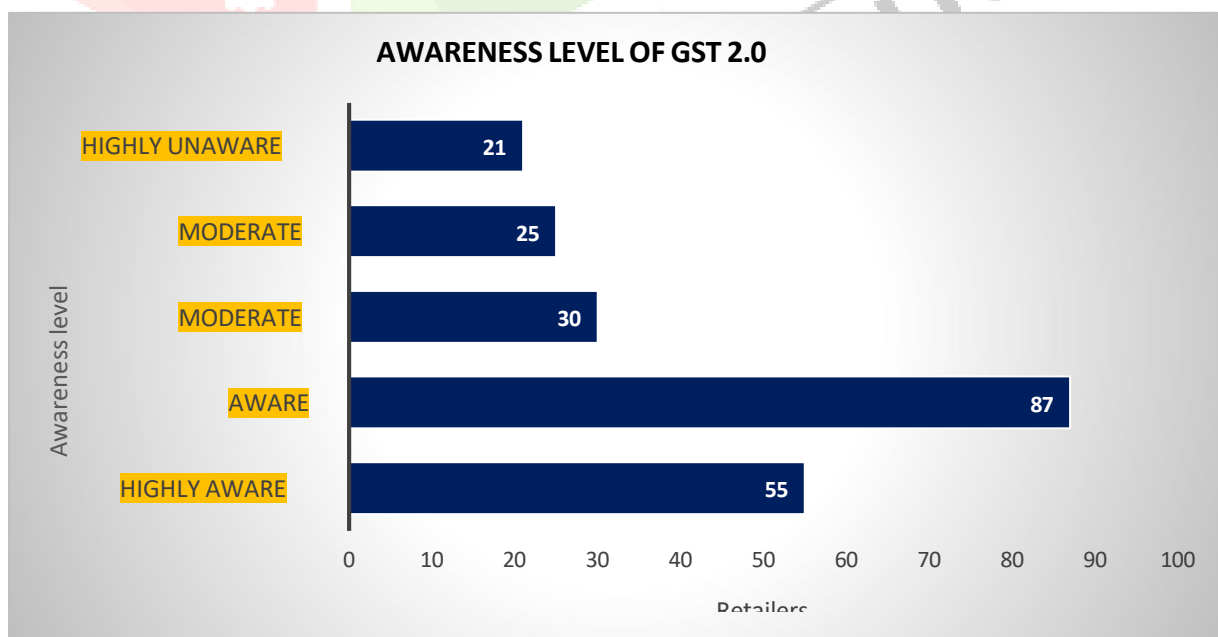
Years of business experience	Frequency	Percent
1-3 years	30	13.8
3-5 years	59	27.1
5-10 years	57	26.1
10-15 years	70	32.1
above 15 years	2	0.9
Total	218	100



In table 4.4 presents the distribution of years of business experience in retail business. The present study reveals that 32.1% of the retail business has 10-15 years and 27.1% has 3-5 years' experience. 3-5 and 10-15 years may have associated with retail business.

**TABLE 4.5: AWARENESS LEVEL OF GST 2.0**

Awareness Level Of GST2.0	Frequency	Percent
Highly Aware	55	25.2
Aware	87	39.9
Moderate	30	13.8
Moderate	25	11.5
Highly unaware	21	9.6
Total	218	100



In table 4.5 shows the awareness level of GST2.0. The study reveals that 39.9% of the retailers has aware about the GST2.0 and 25.2% retailers highly aware about GST2.0

## Findings of the Study

- GST 2.0 improved transparency and reduced cascading tax effects.
- Retail supply chains became more organized and efficient.
- Logistics and transportation costs reduced due to centralized warehousing.
- Retail pricing strategies became more dynamic and customer-focused.
- Small retailers faced greater challenges in technology adoption and compliance.
- Consumers benefited from price reductions in several product categories.

## V. Suggestions & Conclusions

The government should provide additional support and training programs for small retailers. Retail businesses should invest in advanced ERP and GST management systems. Awareness programs regarding GST compliance should be strengthened. Retailers should adopt efficient inventory and pricing management techniques. Simplification of compliance procedures can further improve operational efficiency.

GST 2.0 has significantly transformed the retail business environment in India. The reforms have positively influenced supply chain efficiency, logistics management, and pricing strategies. Retailers have benefited from reduced tax complexities and improved transparency, while consumers have experienced lower prices in several product categories. However, the transition also created operational and compliance challenges, especially for small retailers. Successful adaptation to GST 2.0 requires technological modernization, efficient supply chain restructuring, and flexible pricing strategies. Overall, GST 2.0 is expected to contribute to long-term growth and competitiveness in the Indian retail sector.

## VI. References

- [1]. Tally Solutions – GST 2.0 Two-Slab System and Business Pricing.
- [2]. ClearTax – Impact of GST on Wholesalers and Retailers.
- [3]. TaxGuru – Supply Chain & Compliance Challenges under GST 2.0.
- [4]. Economic Times – GST 2.0 Immediate Steps for Businesses.
- [5]. Journal of Information Systems Engineering and Management – Impact of GST on Retail Pricing Strategies.
- [6]. Reuters – GST 2.0 and Consumer Market Changes.
- [7]. Times of India – GST 2.0 Impact on FMCG Pricing.
- [8]. Economic Times – E-commerce and GST 2.0 Transition.