

DOI: <https://doi.org/10.62823/ExRe/2025/02/01.21>

Exploresearch (3048-815X) Vol. 02, No. 01, January-March, 2025, 08-24

Original Article

Peer Reviewed

Open Access



Exploresearch

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ISSN: 3048-815X (Online)

Impact Factor: 6.262

www.mgmpublications.com



The Impact of GST Implementation on Small and Medium Sized Enterprises (SMEs) in Rajasthan: An Accounting Perspective

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Article History:

Received: 24th January 2025

Revised: 23rd February 2025

Accepted: 27th February 2025

Published: 02nd March 2025

Keywords:

Goods and Services Tax (GST), Small and Medium Enterprises (SMEs), Accounting, Tax, Compliance

DOI:

[10.62823/ExRe/2025/02/01.21](https://doi.org/10.62823/ExRe/2025/02/01.21)

Abstract: Goods and Services Tax (GST) is a unified tax system and was introduced in Rajasthan on July 1, 2017 to replace multiple indirect taxes (VAT, service tax, excise duty). Implementation of GST in Rajasthan has significantly impacted small and medium enterprises (SMEs) as it has given both positive as well as negative impact from an accounting perspective. It has simplified the tax structure through creating unified system while replacing it with multiple indirect taxes. It has assisted to improve transparency while reducing the tax burden through input tax credit (ITC). On the other hand, GST has increased the compliance burden and has created the need from the SMEs to maintain detailed records and file regular returns. It has enhanced the necessity of digital accounting tools or professional assistance. Hence, although GST promotes standardization and transparency in financial records however, it is also increasing the compliance costs and complexity which is creating challenge for the SMEs. This research paper is focused towards critically analyzing the selected topic while going through different literature related to the selected topic and through collecting primary data through survey questionnaire method. For this purpose, probability sampling method is used and 100 employees from small businesses of Rajasthan will be selected for developing better understanding about the impact of GST implementation on SMEs in Rajasthan especially from accounting perspective. The research finding sheds light on the challenges as well as on the long-term advantages of GST (improved financial record-keeping, reduction in tax liabilities, etc.) and also offers the strategies that can help SMEs in manage GST compliance effectively (adoption of accounting software, training and awareness, engagement with professionals, etc.). Hence, this research paper can help the SMEs of Rajasthan to manage the GST compliance in a better way.

Introduction

Tax and country economy are directly linked to each other and whenever any refurbishment takes place in tax structure, then it creates the need of evaluating its effect on the business sector (Shaik, et al., 2015). The intention of Indian Government behind Goods and Services Tax (GST) was to expand

the base of taxpayers while not increasing tax burden on business or individual tax payers (Siddiq, & Prasad, 2017). GST was implemented in Rajasthan on July 1, 2017 with the idea of replacing different indirect taxes at once so that less complicated tax process can be implemented (Aggarwal, 2023). However, GST was also not barrier-free, particularly for the SMEs. GST has various long-term advantages for the SMEs, such as – improvement in financial record-keeping, reduction in tax liabilities, etc. (Kerdja, 2024). GST has brought change in the tax system, demanded leading towards technology transition and has created awareness & knowledge about tax which has further enhanced the performance of the business in terms of ease of doing, operational efficiency, and increase in profitability. It has also decreased the working capital blockage of funds.

However, there are few limitations also associated with it, such as – requirement of adopting accounting software, training, engagement with professionals, enhancing awareness, comply with the changes in the GST regulations, etc. (Priyadharshini, & Selladurai, 2018). Hence, it creates the demand of understanding the opportunities as well as challenges of adhering GST on the sustainable growth of the businesses while ensuring that the intended benefits of GST reform are fully realized across the economy.

In regards to Rajasthan, Small and Medium Enterprises (SMEs) are the major contributors to the GDP. SMEs are the backbone of Rajasthan's economy as it gives significant contribution in generating employment, exports, and GDP (Rao, et al., 2019). Hence, this research is significant in nature as it supports to understand the impact of GST on this major business section of Rajasthan. In this context, this research is focused towards critically analyzing the impact of GST on SMEs.

The rationale for studying this research topic is that it will support to understand how GST has affected the financial practices and compliance of SMEs. Under this topic, this study explores the financial strain, benefits, and long-term adjustments in the accounting practices of SMEs while providing insights into policy effectiveness and future reforms for their growth. Hence, this research paper is focused towards assisting SMEs of Rajasthan to manage the GST compliance in a better way while improving the business opportunities.

Research Objectives

- To identify the positive impact of GST implementation on SMEs in Rajasthan from accounting perspective
- To analyze the negative impact of GST implementation on SMEs in Rajasthan from accounting perspective
- To recommend the ways that can be used by contemporary SMEs in Rajasthan to deal with the challenges associated with the GST Implementation

Literature Review

• GST

The goods and services tax (GST) can be defined as an indirect federal sales tax that is implemented to the cost of the certain goods and services (Lourdunathan & Xavier, 2017). It was introduced in 2017 to replaced multiple indirect taxes in Rajasthan (Aggarwal, 2023). The GST is added by the business to the price of the product which a customer needs to pay while buying the product as the sales price remain inclusive to the GST. It has also hugely altered the procedures of tax filing and accounting systems for SMEs.

• SMEs

In Rajasthan, small sized enterprise can be explained as the businesses that are categorized on the basis of their annual turnover of around INR 5 – 50 crores and annual investment of INR 1–10 crores (Arora, 2014). On the other hand, medium sized enterprise can be explained as the businesses that has annual turnover of INR 50 – 250 crores and annual investment of INR 10 – 50 crores (Arora, 2014). In Rajasthan, SMEs span in various sectors and it includes manufacturing, services, and agriculture. SMEs are employed approx. 40% of the labours in Rajasthan and they contribute approx. 17% to the GDP, 40% to exports, and 45% to industrial output of Rajasthan (Khurana, & Sharma, 2016).

Positive Impact of GST Implementation on SMEs in Rajasthan

Mittal, & Raman (2021) stated that the implementation of the GST in Rajasthan has brought several positive impacts for SMEs. However, initially, GST implementation looked like a storm by the

SMEs but, slowly and gradually, SMEs become able to understand its positive impact in the business and also become able to accept the change. Current study is focused towards assessing the perception, acceptance, and impact of GST on SMEs while keeping variables like GST satisfaction and awareness into account. In regards to this, the major benefit was that it has assisted to simplify the tax structure. GST has allowed replacing the complex system of multiple indirect taxes, such as - VAT, service tax, and excise duty while implementing single unified tax (Mittal, & Raman, 2021). It has allowed reducing the burden of compliance on SMEs while making it easier to direct the tax obligations and decreasing the tax-related disputes.

At the same time, Priyadharshini, & Selladurai (2018) determined that GST supported to increase the market competitiveness for SMEs as it has eliminated "tax on tax" cascading effect (previous tax regime). Hence, GST has allowed lowering the cost of goods while assisting the SMEs to set the price of their products in more competitive way so that they can expand their customer base in effective manner. Similarly, Tiwari, & Singh (2018) explained that GST has supported the contemporary SMEs to improv their logistics and distribution as it has allowed removing the inter-state checkpoints and has simplified interstate trade. It has supported to lead towards faster delivery times while reducing transportation costs, and increasing the efficiency of the supply chain system. Nandal, & Diksha (2021) pointed that GST has supported to improve the prevalence of tax compliance and fairness among Rajasthan SMEs.

In the views of Khan (2018), GST has supported to expand the input tax credit mechanism and it has assisted SMEs to claim their credits on taxes paid for inputs which has further supported to decrease their overall tax liability while enhancing the profitability and promoting the business growth. Katoch (2017) also pointed that GST has shown significant contribution in creating more transparent and efficient tax environment for the SMEs in Rajasthan. Tiwari, & Singh (2018) determined that GST improves cash flow for the SMEs as it lowers the tax obligations which further supports to increase the revenue and allows reinvesting their savings in their operations.

Siddiq, & Prasad (2017) explained that GST has created the need for the contemporary SMEs to opt electronic compliance system from registering to filing online returns which has although increased problems of enhancing the compliance cost however, it has also enhanced the transparency in the accounting system. Additionally, GST has improved the demand and competitiveness of 'Made in Rajasthan' products due to decrease in the burden of indirect tax both for the producer as well as for the consumers. Moreover, manufacturers are also gaining the advantage of input tax credits (ITC) and the consumers are only liable to bear the indirect tax charged by the last retailer in the supply chain. Under the GST, self-supplies stock transfer falls under the GST scanner which has direct impact on the working capital requirements and gives direct impact on the pricing policies (Siddiq, & Prasad, (2017). Additionally, Nandal, & Diksha (2021) pointed that to improve GST compliance, it is essential for the policymakers to improve the fairness of GST and decrease its complexities for taxpayers. GST has the long-term positive impact on the SMEs of improvement in financial record-keeping and effective management of GST compliance.

Negative Impact of GST Implementation on SMEs in Rajasthan

Sharma (2019) believed that despite of various benefits of GST implementation for the SMEs, there are different challenges also associated with it, especially during the initial phases. In this context, the major negative impact is increase in compliance burden. The reason behind it is that SMEs operate with limited financial and human resources. Hence, sudden change in the tax system due to GST has created the demand of quickly adapting digital tax filing systems has created challenge for them. Mostly SMEs faced this challenge due to inadequate training and infrastructure. In support of this, Pegu (2017) determined that additionally, frequent updates and changes have increased complexity in the adaptation of GST rules which has further created the issue of confusion and delays in filing returns. It has resulted towards penalties.

At the same time, Priyadharshini, & Selladurai (2018) depicted that GST's input tax credit (ITC) mechanism has created the need of continuous cash flow management which has made it compulsion to make timely payment of taxes before claiming credits. It has created cash flow constraints for SMEs, especially for those organizations that operate with tight margins. Due to this, various SMEs found themselves struggling to pay taxes upfront and waiting for payments from client side.

In the views of Lourdunathan, & Xavier (2017), GST has even brought smaller businesses under the formal tax regime which has increased their tax liabilities. Small businesses were previously exempt or less regulated under the VAT system, however, after the implication of GST, most of the SMEs are now liable to pay higher tax rates and are expected to follow more stringent reporting standards which has increased financial pressure on them. GST forced even small enterprises to comply with complex tax regulations which has enhanced their operational challenges and increased production costs.

Nayyar, & Singh (2018) declared that GST has created the challenge of digital record-keeping and cash flow management which has further enhanced compliance costs, accounting complexities, and overall financial health. Aggarwal (2023) identified that SMEs faced more challenges as compared to large organizations as SMEs have limited sources which has created limitation to optimize the available resources and to enhance the business efficiency. While GST was manageable for large businesses, it was complicated for the SMEs as they have small employee team, less use of advanced technology for accounting purpose, less expenditure on employee training, etc. Thus, GST had created various compliance related issues which has further led towards higher operational costs, loss of revenue and cash flow problems. Hence, according to the study finding of Aggarwal (2023), GST has brought more successful tax reformation for large organizations whereas created challenge for the SMEs depending on their size, industry and ability to transition to the new system. Additionally, Kerdja (2024) found that GST has given different impact on different sectors. For instance, agriculture-dependent industries get more impacted by GST as compared to manufacturing and retail sector.

According to Mittal, & Raman (2021), although GST is assisting the SMEs to boost competitiveness and improve effectiveness of the accounting system however, it has created prospects for larger and better-prepared organizations as it helps them to explore the opportunities with the help of advanced technology and proper employee training. On the other hand, it is creating the need of external assistance for the SMEs to overcome from the issues related to GST. It is creating the demand from the SMEs to bring transition in the business processes according to the new system. Due to this reason, it creates the need for the SMEs to adhere effective strategies that can assist businesses to manage GST compliance effectively.

Research Methodology

Research Design

For data collection, survey research design is selected as this selection has supported to collect the data from large sample size and has also allowed representing the collected data through tables, charts and graphs.

Hypotheses

- H₀₁:** GST implementation has given positive impact of on SMEs in Rajasthan on accounting perspective
- H₁:** GST implementation has given negative impact of on SMEs in Rajasthan on accounting perspective

Data Collection Method

To conduct this research, primary data collection method is selected. The reason behind this selection is that this method has assisted to collect first hand data from the population who are actually experiencing the challenges and opportunities of GST. Hence, employees from small businesses of Rajasthan were selected for data collection purpose. Selection of this population has supported to develop better understanding about the impact of GST implementation on SMEs in Rajasthan especially from accounting perspective.

Sampling Technique

For sampling, probability technique is used and with the help of this method, 100 employees from small businesses of Rajasthan were selected. The reason behind the utilization of probability technique is that this method has supported to eliminate the chances of biasness during the selection of the participants.

Research Ethics

While conducting this research paper, there is special concern given towards meeting all the regulations guided by the ethical principles of research, academic integrity and institutional guidelines.

Data Analysis

To analyze the collected data from the survey questionnaire, quantitative data analysis method is used. Use of MS-Excel software has supported to showcase the collected data in the form of tables, charts and graphs. This section analyzes the collected data with the help of frequency – analysis, percentage – analysis, correlation analysis and pivot table.

Section A: Demographic Information

- **Age**

Table 1: Age

Scale	Frequency - Analysis	Percentage - Analysis
18 – 28	17	17%
29 – 38	39	39%
39 – 48	28	28%
49 – 58	13	13%
59 and above	3	3%
Total	100	100%

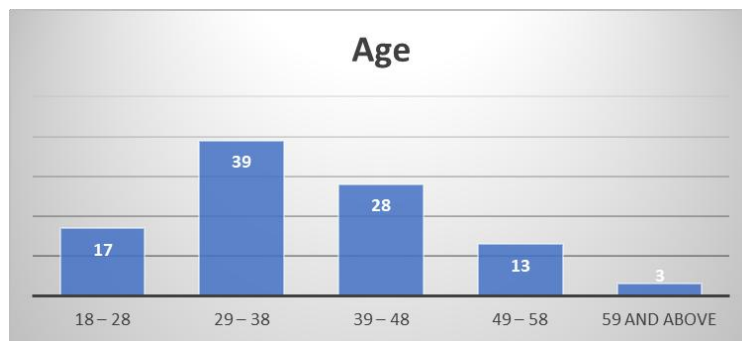


Figure 1: Age

Above table and graph represents that the major population of the respondents belong to the age group of 29 – 38 and their sample size is 39.

- **Gender**

Table 2: Gender

Scale	Frequency - Analysis	Percentage - Analysis
Male	74	74%
Female	26	26%
Total	100	100%

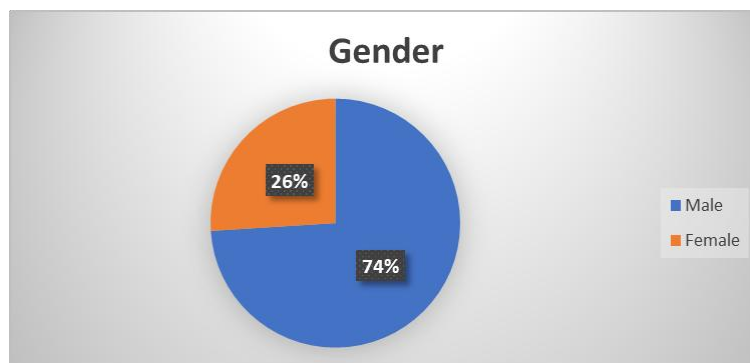


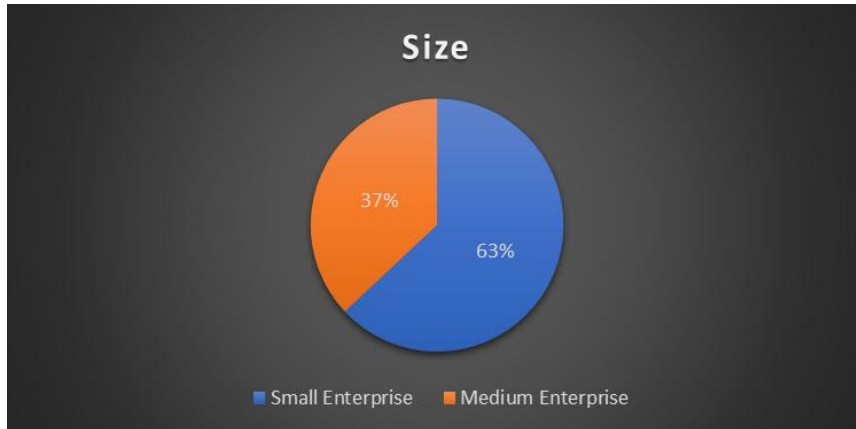
Figure 2: Gender

From the above data, it can be analyzed that most of the respondents are male (74%).

- **Size of the Enterprise**

Table 3: Enterprise Size

Scale	Frequency - Analysis	Percentage - Analysis
Small Enterprise	63	63%
Medium Enterprise	37	37%
Total	100	100%

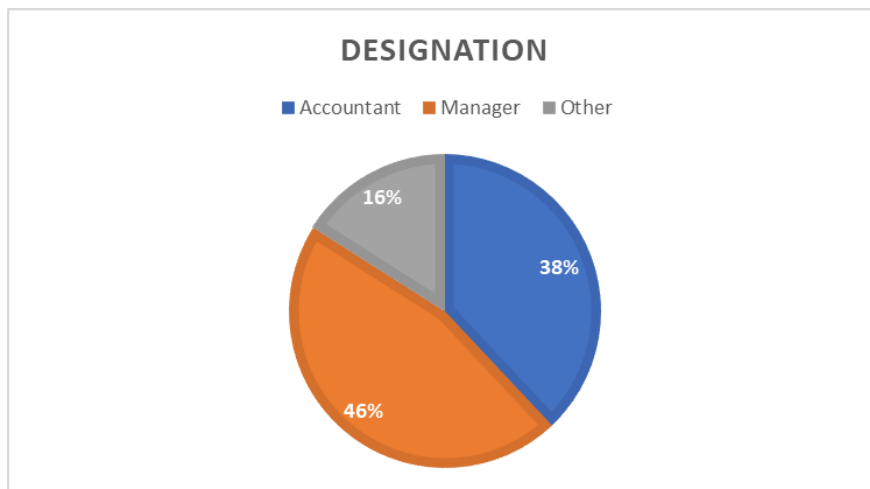
**Figure 3: Enterprise Size**

Above table and pie chart showcase that from the selected sample size 63% are working in the small size enterprises whereas 37% are the employees of the medium size enterprises.

- **Designation**

Table 4: Designation

Scale	Frequency - Analysis	Percentage - Analysis
Accountant	38	38%
Manager	46	46%
Other	16	16%
Total	100	100%

**Figure 4: Designation**

Above data reflects that most of the participants of this survey is managers (46%) and then accountants (38%).

Section B: General Awareness about GST

- How much are you familiar with the laws and regulations of GST?

Table 5: Familiarity with GST

Scale	Frequency - Analysis	Percentage - Analysis
Very much	39	39%
Somewhat	50	50%
Not much	11	11%
Total	100	100%

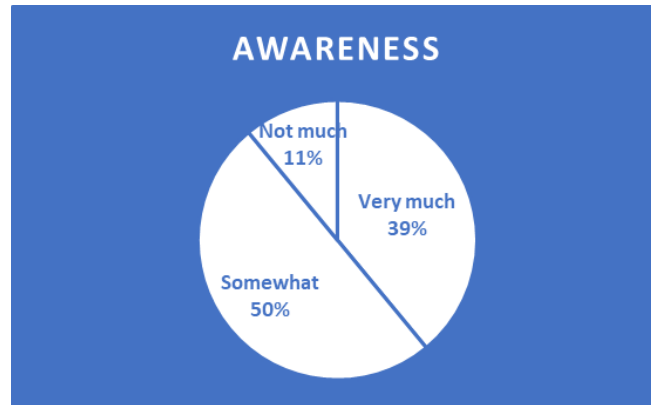


Figure 5: Familiarity with GST

When participants were asked to share that at what extent they were familiar to the laws and regulations of GST, then it is found that 39% of them were very much familiar, 50% were somewhat familiar and 11% were not much familiar. From the above data, it can be construed that most of the participants are aware about the laws and regulations of GST.

- Did your organization provide training sessions to the employees to understand GST implementation?

Table 6: Training to the Employees

Scale	Frequency - Analysis	Percentage - Analysis
Yes	43	43%
No	57	57%
Total	100	100%

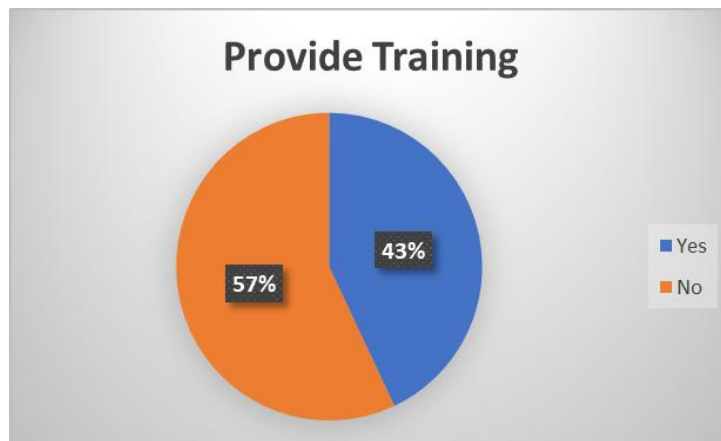


Figure 6: Training to the Employees

Above data represents that 43% participants agreed that their organization provide training sessions to the employees to understand GST implementation however, 57% have responded in 'no'. From this, it can be interpreted that as most of the SMEs are not providing adequate training to the employees to understand GST implementation that is why may be firms are facing challenge in its adaptation. Above finding has shown similarity with the finding of Sharma (2019) that GST has brought sudden change in the tax system and created the demand of adapting digital tax filing systems however, most of the SMEs faced challenge in its adaptation due to inadequate training and infrastructure.

Section C: Impact of GST on the Accounting of SMEs of Rajasthan

- According to you, what is the impact of GST on the accounting processes of your company?

Table 7: Impact of GST on Accounting Processes

Scale	Frequency - Analysis	Percentage - Analysis
Simplified accounting	35	35%
Increased accounting complexity	52	52%
No significant change	13	13%
Total	100	100%

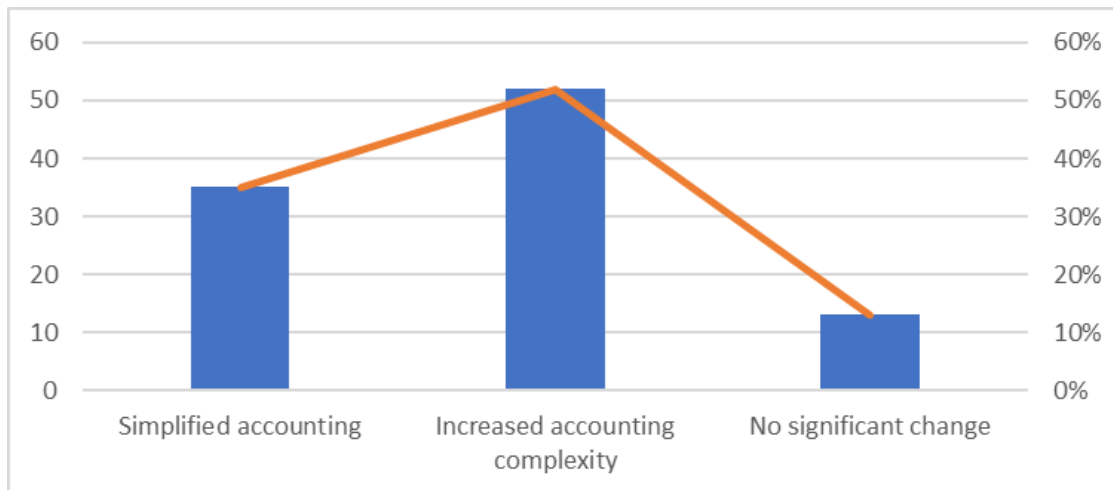


Figure 7: Impact of GST on Accounting Processes

Above data represents that only 35% participants agreed that GST has simplified the accounting processes of their company however, 52% responded that it has increased accounting complexity and 13% stated that it has not given any significant impact. From the above result, it can be construed that GST has given significant negative impact on SMEs by enhancing the accounting complexity. Findings of Nayyar, & Singh (2018) have also shown agreement from the above interpretation that GST has enhanced the challenge of digital record-keeping and cash flow management and has also increased compliance costs, accounting complexities, and the financial health of the overall organization.

- With the introduction of GST, how has the cost of compliance (e.g., tax filing, audits) changed for your firm?

Table 8: Cost of GST Compliance

Scale	Frequency - Analysis	Percentage - Analysis
Increased significantly	17	17%
Increased slightly	66	66%
No change	9	9%
Decreased	8	8%
Total	100	100%

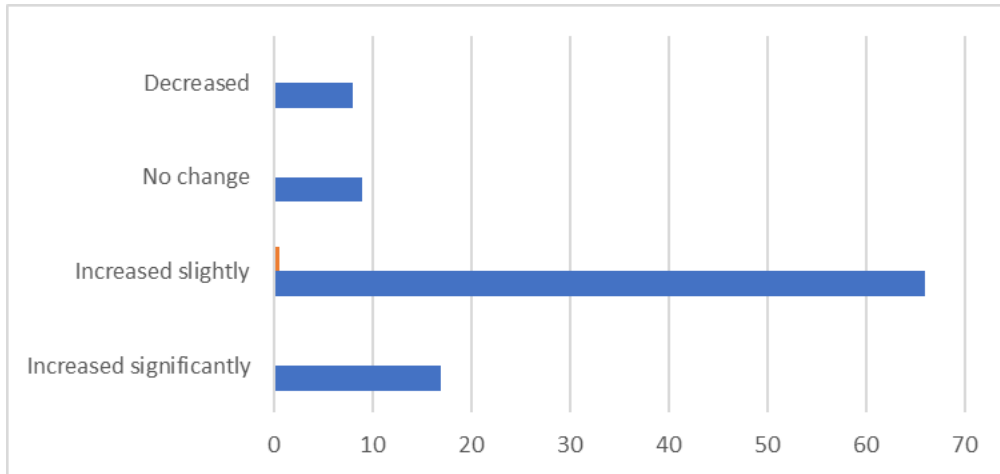


Figure 8: Cost of GST Compliance

Above data represents that introduction of GST impacted the SMEs and has increased the cost of due to changes in the compliance however only 17% participants responded that GST has increased the accounting cost significantly slightly whereas 66% participants responded that GST has increased the cost slightly. However, only 9% responded no change and 8% responded that it has decreased the accounting cost but this percentage is negligible. Hence, from this, it can be construed that GST has increased the cost of compliance however, this increase is not so high. Aggarwal (2023) also found that GST has enhanced operational costs of the business and has created various compliance related issues.

- **Has the transition to GST brought any changes in the pricing strategy of your company due to change in tax?**

Table 9: Changes in Pricing Strategy Due to GST Transition

Scale	Frequency - Analysis	Percentage - Analysis
Increase in product price	19	19%
Decrease in product price	65	65%
No change	16	16%
Total	100	100%

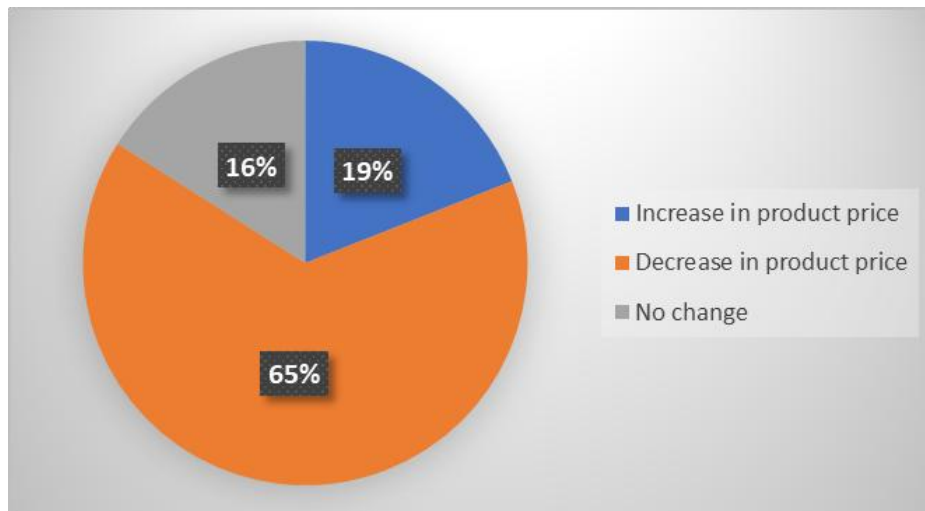


Figure 9: Changes in Pricing Strategy Due to GST Transition

When participants were asked that has the transition to GST brought any changes in the pricing strategy of their company due to change in tax then only 19% responded that it has increased the product price whereas 65% responded that it has decreased product price and 16% responded that there is no change taken place. From this, it can be construed that GST has supported to decrease the tax burden from the SMEs due to which the product costing is decreased which is further surpassed to the consumers. Above finding has shown similarity with the finding of Priyadharshini, & Selladurai (2018) that GST is assisting SMEs to enhance market competitiveness through removing "tax on tax" cascading effect and lowering the cost of goods so that SMEs can set product pricing in more competitive and can expand their customer base effectively.

- **Do you agree that GST has improved the transparency of the financial reporting of your firm?**

Table 10: GST Improved Transparency

Scale	Frequency - Analysis	Percentage - Analysis
Strongly Agree	16	16%
Agree	54	54%
Neutral	9	9%
Disagree	17	17%
Strongly Disagree	4	4%
Total	100	100%

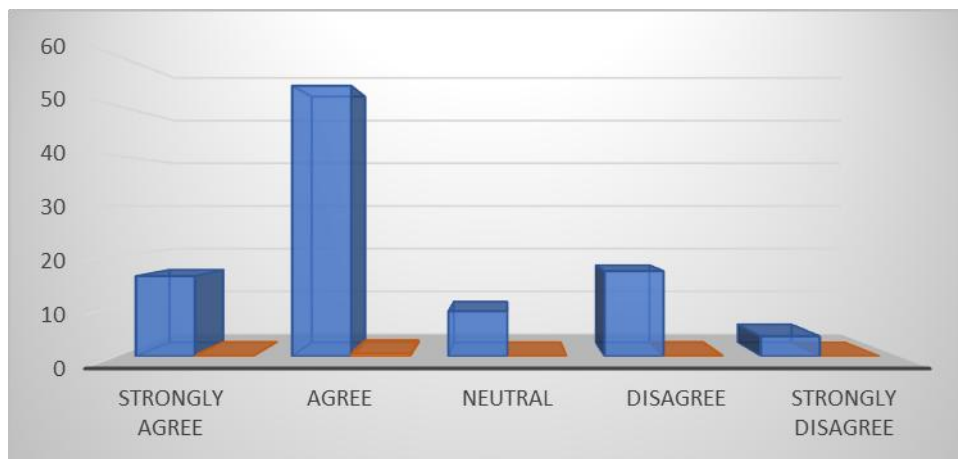


Figure 10: GST Improved Transparency

When participants were asked to share their degree of agreement regarding the impact of GST in improving the transparency of the financial reporting of their firm then 16% of them have shown strong agreement, 54% of them have shown agreement, 9% remained neutral, 17% remained disagree and 4% remained strongly disagree from it. From this, it can be inferred that GST has allowed improving the transparency in the accounting system with the help of utilizing online platform. Findings of Katoch (2017) have also shown consensus from the above outcome that GST has played important role in enhancing transparency in the accounting system of the SMEs in Rajasthan and has also supported to create efficient tax environment.

- **How challenging does your organization found to comply with GST?**

Table 11: Challenging to Comply with GST

Scale	Frequency - Analysis	Percentage - Analysis
Very challenging	16	16%
Somewhat challenging	82	82%
Not challenging at all	2	2%
Total	100	100%

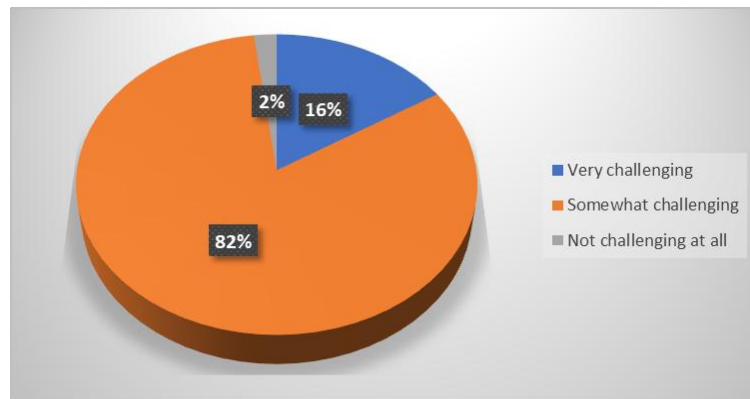


Figure 11: Challenging to Comply with GST

When participants were asked to rate the level of challenge that their organization is facing to comply with GST then 16% have selected the option of very challenging whereas 82% selected the option of somewhat challenging whereas only 2% selected the option of not at all challenging. From this, it can be inferred that although the SMEs are facing challenge in complying with GST however, the level of this challenge is not high. Nayyar, & Singh (2018) also identified that although GST was aimed to simplify taxation however, it is also essential for the policy makers to lower the impact of GST on cash flow, record-keeping, and regulatory compliance so that the level of challenges faced by SMEs due to limited resources can be decreased and its main purpose of simplifying the taxation process can be achieved.

- **What are the major challenges that your firm faces while complying with GST regulations? (can select more than one)**

Table 12: Major Challenges of GST Regulations

Scale	Frequency - Analysis
High cost of meeting compliance	28
Complex procedures of filing	46
Issues with input tax credit claims	18
Inadequate clarity about tax regulations	41
Technological or software issues	35
Others	6

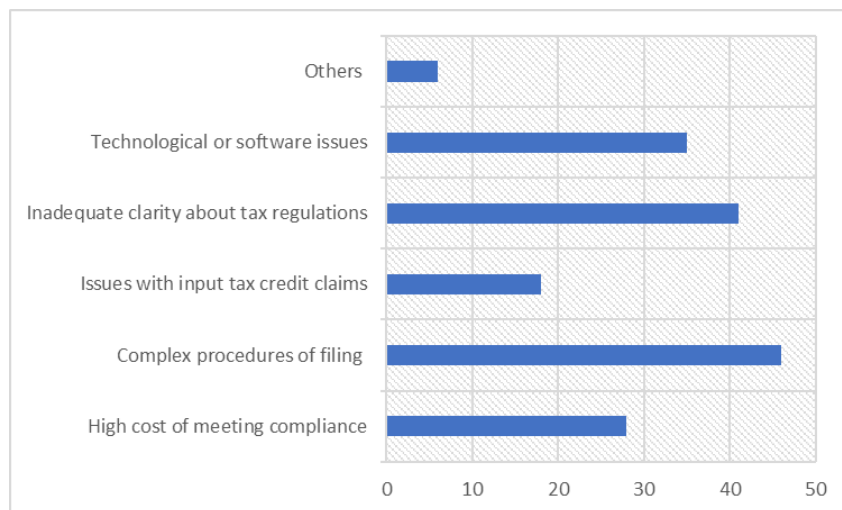


Figure 12: Major Challenges of GST Regulations

Above data showcases that the major challenge that their firm faces while complying with GST regulations are complex procedures of filing (selected by 46 participants), inadequate clarity about tax regulations (selected by 41 participants) and technological or software issues (selected by 35 participants). At the same time, 28 participants selected the option of high cost of meeting compliance, 18 respondents selected issues with input tax credit claims and 6 of them were selected others. From the above outcome, it can be construed that the major challenge is complex procedures of filing, improper clarity about tax regulations and increasing demand of technology. In regards to above challenges, Mittal, & Raman (2021) opined that to deal with the challenges associated with GST compliance, SMEs are required to increase concern towards increasing investment initially in training, technology adherence and enhancing awareness about the tax regulations under it. Nandal, & Diksha (2021) also opined that policymakers can give concern towards improving the fairness of GST and so that complexities for the taxpayers can be decreased.

- **Has the implementation of GST affected the cash flow of your firm?**

Table 13: Effect of GST on Cash Flow

Scale	Frequency - Analysis	Percentage – Analysis
Yes (Positively)	41	41%
Yes (Negatively)	46	46%
No impact	13	13%
Total	100	100%

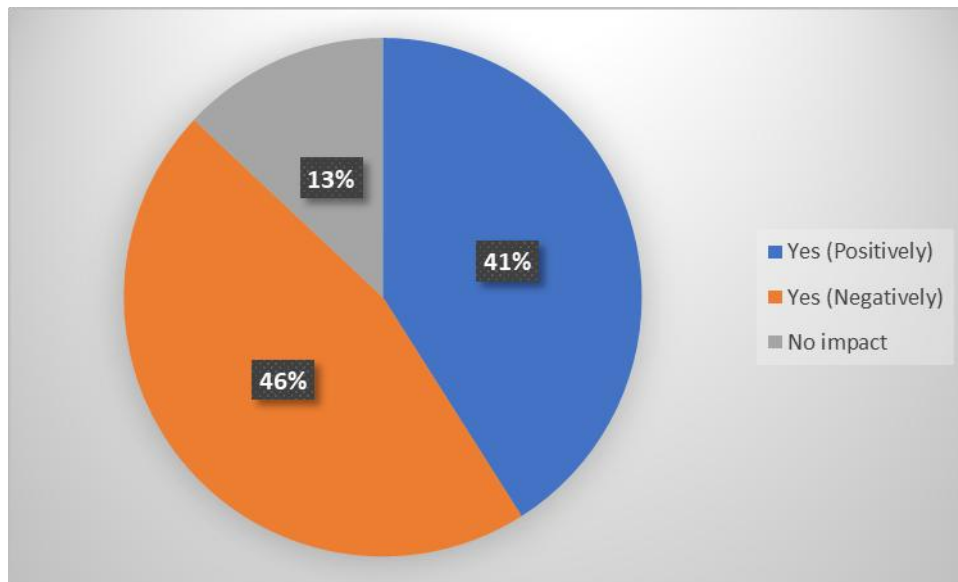


Figure 13: Effect of GST on Cash Flow

When participants were asked that has the implementation of GST affected the cash flow of their firm then, it is identified that only 41% has responded positively whereas 46% responded negatively. The percentage of the participants who were responded negatively and positive, their percentage is almost equivalent which allows construing that due to GST, some SMEs face the issue of decrease in cash flow whereas some increase in cash flow. It can also be said that the impact of GST on the firm depend on the way they handle it. Above interpretation has shown consensus with the finding of Tiwari, & Singh (2018) that GST has lowered the tax obligations which has supported to increase the revenue and has enhanced the capability of the firm for reinvesting their savings in their operations and it has assisted to improve the cash flow. On the other hand, from the finding of Priyadharshini, & Selladurai (2018), it is identified that GST's ITC mechanism has developed the need of continuous cash flow management which is compulsory to make timely payment of taxes and it takes place before claiming credits and it has created constraint for the SMEs in regards to cash flow.

- According to your views, overall, how do you rate the impact of GST on the accounting practices of your firm?

Table 14: Impact of GST on Accounting Practices

Scale	Frequency - Analysis	Percentage - Analysis
Very positive	2	2%
Somewhat positive	23	23%
Neutral	13	13%
Somewhat negative	55	55%
Very negative	7	7%
Total	100	100%

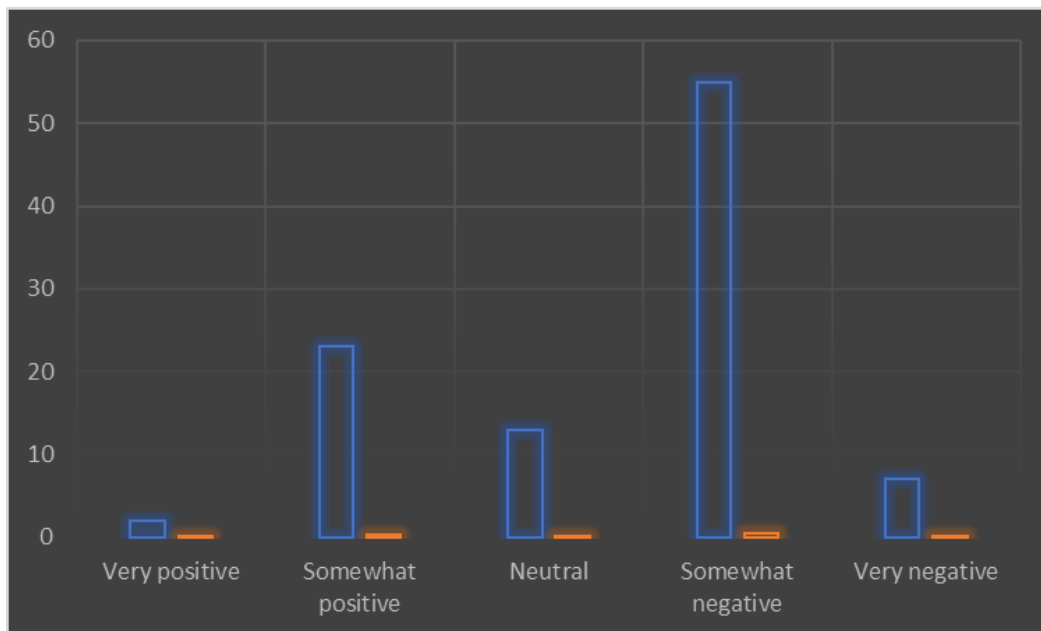


Figure 14: Impact of GST on Accounting Practices

When participants were asked to share their opinion regarding how they rate the impact of GST on the accounting practices of their firm then 2% have responded very positive, 23% responded somewhat positive, 13% responded neutral, 55% responded somewhat negative and 7% responded very negative. From the above data, it can be analyzed that there is a requirement of improvement in the GST policies by the policy makers while giving concern towards SMEs so that the positive impact of GST on the SMEs can be improved.

Correlation Analysis

Table 15: Correlation Analysis of Training and Impact of Accounting Practice

	Training	Impact on Accounting Practice
Training	1	
impact on accounting practice	0.042388	1

When correlation analysis is conducted between did the organizations provide training sessions to the employees to understand GST implementation and rating the impact of GST on the accounting practices, it is found that there is very weak but positive relationship between training and impact of GST on the accounting practices. From this, it can be construed that although training is linked to improve the impact of GST on the accounting practices but it is not only limited to training only as there is a need of creating awareness about the GST compliance and utilization of appropriate software too. Additionally, policy makers also require to review the regulations while keeping SMEs in mind.

Table 16: Pivot Table of Impact of GST on Accounting and rate of challenge faced by SMEs

Row Labels	Count of Impact of GST on Accounting	Count of Challenges
Not challenging at all	2	2
No significant change	1	1
Simplified accounting	1	1
Somewhat challenging	82	82
Increased accounting complexity	38	38
No significant change	11	11
Simplified accounting	33	33
Very challenging	16	16
Increased accounting complexity	14	14
No significant change	1	1
Simplified accounting	1	1
Grand Total	100	100

Above table represents that most of the participants selected the option of somewhat challenging with GST has increased accounting complexity and simplified accounting. From this, it can be construed that most of the SMEs faced complexity in dealing with GST in initial stage only or still facing the issue of complexity but not at higher extent. Hence, from this, it can be construed that adaptation of GST was not that much challenging for the *SMEs of Rajasthan*.

Conclusion and Recommendations

Conclusion

Above research helps to conclude that although GST is introduced by the government to simplify the accounting system however, it has given both positive and negative impact on the SMEs. The reason behind its negative impact is that it has increased the cost, time and effort of SMEs in understanding the regulations and regimes under GST while enhancing the need of using technology and assessing training practices of the employees. GST has also increased the compliance burden on the organizations which has further harmed their performance. At the same time, it has given positive impact of reduction in tax liabilities, decrease in product cost, improvement in cash flow, increase in transparency, effective financial record-keeping, etc. From the research outcome, as it is found that the positive impact of GST on SMEs is higher than its negative impact on accounting practices hence, hypothesis H1 is selected (GST implementation has given negative impact of on SMEs in Rajasthan on accounting perspective).

Recommendations

Above research helps to recommend that contemporary SMEs of Rajasthan requires to focus towards long-term advantages of GST related to increase in transparency in the accounting system, improvement in financial record-keeping, reduction in tax liabilities, etc. Additionally, to deal with the challenges of GST, it is recommended for the SMEs to adhere technology and use adequate software while enhancing concern towards providing adequate training to the employees. Focus towards this perspective will although increase the company cost at initial level however, in long-run, it can assist firm to improve the business efficiency while assisting the firm to gain advantages of GST while decreasing the challenges and enhancing the chances of offering the products to the consumers at reasonable price.

Additionally, this research also offers recommendation for the policy makers to enhance concern towards bringing improvement in the GST compliance so that it can enhance convenience for the SMEs. Focus towards tax reformation by the policymakers can assist SMEs to improve the performance of the business and to lead better economic growth and better performance in the future.

Disclosures and Declarations

- No funding was received to assist with the preparation of this manuscript.
- The authors declare no financial interests or conflicts of interest relevant to the content of this article.
- The authors have no competing interests to disclose.

Compliance with Ethical Standards

- **Conflict of Interest:** The authors declare no conflict of interest.
- **Ethical Approval:** This research did not involve any studies on animals or humans performed by the authors.
- **Informed Consent:** As the research did not involve human participants, informed consent was not required.

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Appendix**Survey Questionnaire:**

The Impact of GST Implementation on Small and Medium Sized Enterprises (SMEs) in Rajasthan: An Accounting Perspective

Section A: Demographic Information**1. Age**

- 18 – 28
- 29 – 38
- 39 – 48
- 49 – 58
- 59 and above

2. Gender

- Male
- Female

3. Size of the Enterprise

- Small (11-50 employees)
- Medium (51-250 employees)

4. Designation

- Accountant
- Manager
- Owner
- Other

Section B: General Awareness about GST**1. How much are you familiar with the laws and regulations of GST?**

- Very much familiar
- Somewhat familiar
- Not much familiar

2. Did your organization provide training sessions to the employees to understand GST implementation?

- Yes
- No

Section C: Impact of GST on the Accounting of SMEs of Rajasthan**3. According to you, what is the impact of GST on the accounting processes of your company?**

- Simplified accounting
- Increased accounting complexity
- No significant change

4. With the introduction of GST, how has the cost of compliance (e.g., tax filing, audits) changed for your firm?

- Increased significantly
- Increased slightly
- No change
- Decreased

5. Has the transition to GST brought any changes in the pricing strategy of your company due to change in tax?

- Yes, we had to increase product price
- Yes, we decreased product price
- No change

6. Do you agree that GST has improved the transparency of the financial reporting of your firm?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

7. How challenging does your organization found to comply with GST?

- Very challenging
- Somewhat challenging
- Not challenging at all

8. What are the major challenges that your firm faces while complying with GST regulations? (can select more than one)

- High cost of meeting compliance
- Complex procedures of filing
- Issues with input tax credit claims
- Inadequate clarity about tax regulations
- Technological or software issues
- Others

9. Has the implementation of GST affected the cash flow of your firm?

- Yes (Positively)
- Yes (Negatively)
- No impact

10. According to your views, overall, how do you rate the impact of GST on the accounting practices of your firm?

- Very positive
- Somewhat positive
- Neutral
- Somewhat negative
- Very negative.

