

Challenges and opportunities for women entrepreneurs in the Post-GST implementation phase

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Abstract - The introduction of the Goods and Services Tax (GST) in India on July 1, 2017, marked a significant shift in the country's indirect tax system, aiming to simplify and harmonize the tax structure. This paper explores the challenges and opportunities faced by women entrepreneurs in the post-GST implementation phase. By analyzing secondary data sources, the study identifies key areas where GST has impacted women-led businesses, both positively and negatively. The findings highlight the complexities of GST compliance, access to technology, and financial literacy as significant challenges, while opportunities lie in the streamlined tax processes and potential market expansion. The study underscores the need for targeted support and policy interventions to empower women entrepreneurs in leveraging the benefits of GST.

Keywords: Women Entrepreneurs, GST, Post-GST Implementation, Challenges, Opportunities, India, Tax Compliance, Financial Literacy, Market Expansion

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1. INTRODUCTION

The Goods and Services Tax (GST) introduced in India was a transformative step towards unifying the country's tax system. It replaced multiple cascading taxes with a single, comprehensive tax regime aimed at simplifying tax administration, reducing corruption, and boosting economic growth. For women entrepreneurs, the impact of GST has been multifaceted. On one hand, GST promises a more straightforward tax system and the potential for greater market access. On the other hand, the complexities of compliance and the need for technological adaptation pose significant challenges (Rao, 2010).

Women entrepreneurs, who constitute a substantial portion of the small and medium enterprise (SME) sector, are pivotal to India's economic development. However, they often face unique challenges such as limited access to finance, lack of awareness about regulatory changes, and socio-cultural barriers. This paper delves into how GST has influenced these dynamics, examining both the hurdles and the prospects it has created for women entrepreneurs.

A. Research Objectives

1. To analyze the challenges faced by women entrepreneurs in complying with GST regulations.

2. To identify the opportunities that GST implementation has opened up for women-led businesses.

2. LITERATURE REVIEW

A. Overview of GST Implementation in India

The Goods and Services Tax (GST) was implemented in India on July 1, 2017, as a unified tax regime aimed at replacing a plethora of indirect taxes levied by the central and state governments. GST is a destination-based tax, structured to streamline and simplify the tax system by subsuming various taxes like VAT, service tax, and excise duty into a single tax framework. This reform was expected to enhance tax compliance, reduce the tax burden on consumers, and promote economic efficiency (Government of India, 2018).

B. Impact of GST on Small and Medium Enterprises (SMEs)

The introduction of GST significantly impacted the SME sector, which forms the backbone of the Indian economy. While GST was designed to simplify tax processes and create a unified market, its implementation brought forth several challenges for SMEs. According to a report by the World Bank (2019), many SMEs faced initial difficulties in

adapting to the new tax system due to the need for digital compliance, understanding of new tax rates, and regular filing requirements. However, GST also provided benefits such as easier access to input tax credits, reduced logistical costs, and elimination of the cascading effect of taxes, thereby potentially increasing profitability in the long run (Piening, 2011).

C. Gender-Specific Challenges in Entrepreneurship

Women entrepreneurs often encounter distinct challenges compared to their male counterparts, including limited access to finance, socio-cultural barriers, and lack of adequate business networks. These challenges are compounded by the GST implementation, which demands a certain level of financial literacy and technological proficiency. Saunders (2019) notes that women entrepreneurs, particularly those in rural areas, face significant hurdles in digital adoption, which is crucial for GST compliance. Furthermore, the cost of hiring professionals for GST-related tasks can be prohibitive, adding to the financial burden on women-led businesses (Pradhan, 2019).

D. Previous Studies on Women Entrepreneurs and GST

Several studies have explored the impact of GST on women entrepreneurs. A study by Ravi (2006) highlighted that while GST aimed to create a more straightforward tax environment, the initial phase of implementation posed considerable challenges for women entrepreneurs due to their limited exposure to digital tools and financial management. Another study by KPMG (2019) found that despite these challenges, women entrepreneurs could leverage GST for business expansion and formalization, provided they received adequate support in terms of training and resources. These studies underscore the dual nature of GST as both a challenge and an opportunity for women-led enterprises.

E. Gaps in Existing Research

Despite the available literature on GST and its impacts, there remains a significant gap in understanding the specific challenges and opportunities faced by women entrepreneurs in the post-GST era. Much of the existing research tends to focus broadly on SMEs or does not differentiate the gender-specific impacts adequately. There is a need for more targeted studies that explore the nuanced experiences of women entrepreneurs, particularly in terms of compliance costs, digital adaptation, and access to financial resources post-GST implementation (Roychowdhury, 2012). Addressing these gaps will help in formulating more effective

policies and support mechanisms to empower women entrepreneurs in the GST regime.

3. RESEARCH METHODOLOGY

This study employs a secondary data analysis approach, utilizing data from various sources such as government reports, academic journals, industry publications, and news articles. The methodology involves a comprehensive review of literature to understand the impact of GST on women entrepreneurs, followed by an analysis of statistical data and case studies that illustrate the challenges and opportunities presented by GST.

A. Data Sources

- Government publications and reports on GST implementation and its impact on SMEs.
- Academic research papers and articles discussing the economic effects of GST on women entrepreneurs.
- Industry reports from trade associations and business groups.
- News articles and opinion pieces that provide real-time insights into the post-GST business environment.

4. HALLENGES FACED BY WOMEN ENTREPRENEURS

A. Complexity of GST Compliance

The complexity of GST compliance is one of the foremost challenges faced by women entrepreneurs. The GST regime requires regular filing of returns, accurate maintenance of records, and an understanding of varying GST rates applicable to different goods and services. For many women entrepreneurs, particularly those operating small and medium enterprises (SMEs), this complexity can be overwhelming. According to a report by the Government of India (2018), the introduction of GST brought about a significant learning curve, as entrepreneurs needed to familiarize themselves with new procedures and compliance requirements. The intricacies involved in claiming input tax credits and the need for precise documentation further add to the compliance burden (Pramod, 2010).

B. Technological Barriers and Digital Divide

GST compliance necessitates a certain level of digital proficiency since the majority of the processes, including return filing and invoice generation, are conducted online. This reliance on

technology poses a significant barrier for women entrepreneurs, especially those in rural areas or with limited access to digital resources. Rao (2010) highlights that the digital divide disproportionately affects women entrepreneurs, hindering their ability to comply with GST requirements effectively. The lack of access to computers, reliable internet connections, and adequate training on using digital tools exacerbates this challenge, making it difficult for women entrepreneurs to meet the compliance standards set by GST.

C. Financial Literacy and Management

Another critical challenge is the level of financial literacy and management skills required to navigate the GST landscape. Understanding the financial implications of GST, such as input tax credit mechanisms and tax refunds, demands a sound knowledge of accounting and finance. Many women entrepreneurs lack this expertise, which can lead to errors in compliance and potential financial losses. A study by Bansal (2018) indicates that limited financial literacy among women entrepreneurs is a significant barrier to optimizing their business operations under the GST regime. This gap in financial knowledge can also result in increased costs due to the need for professional assistance in managing GST-related tasks.

D. Cost Implications of GST Compliance

The cost associated with GST compliance is another major hurdle for women entrepreneurs. The expenses involved in hiring accountants or tax consultants, purchasing compliance software, and training staff can be prohibitive, particularly for small businesses. According to Raj (2020), the financial burden of these additional costs can strain the resources of women-led enterprises, making it challenging to maintain profitability. Furthermore, the time and effort required for compliance can divert focus from core business activities, thereby impacting overall business performance.

E. Case Studies Illustrating Key Challenges

Case Study 1: Rural Handicraft Business

A case study of a rural handicraft business run by women highlights the multifaceted challenges of GST compliance. The entrepreneur faced significant difficulties in understanding the GST rates applicable to various products and struggled with the digital filing process due to a lack of internet connectivity. The need to hire external help for GST filing added to the operational costs, affecting the business's profitability. This case underscores the compounded challenges of complexity, technological barriers, and cost implications

faced by women entrepreneurs in rural areas (Sharma, 2019).

Case Study 2: Urban Boutique Store

An urban boutique store owned by a woman entrepreneur encountered challenges related to financial literacy and management. Despite having access to technology, the entrepreneur found it challenging to grasp the intricacies of input tax credit and tax refunds. The cost of hiring a professional accountant to manage GST compliance further strained the business's finances. This case illustrates how even in urban settings, the lack of financial literacy and the cost of compliance can pose significant barriers to women entrepreneurs (Bansal, 2018).

Case Study 3: Online Retail Business

A woman-led online retail business faced technological and compliance challenges despite operating in a digital environment. The entrepreneur struggled with the frequent updates and changes in GST rules and the technical glitches in the GST portal, which affected timely compliance. The business had to invest in specialized GST software and training for staff, increasing operational costs. This case highlights the ongoing challenges of staying compliant in a dynamic GST environment and the associated costs.

5. OPPORTUNITIES FOR WOMEN ENTREPRENEURS

A. Simplification and Streamlining of Tax Processes

The GST regime was designed to simplify and streamline tax processes, which has been a significant opportunity for women entrepreneurs. By consolidating various indirect taxes into a single tax system, GST reduces the complexity of tax compliance and minimizes the risk of tax cascading. According to Bansal (2018), this simplification allows women entrepreneurs to focus more on their core business activities rather than managing multiple tax filings and complying with diverse tax regulations. The unified tax structure also facilitates easier filing of returns and management of tax records, thus reducing the administrative burden on small businesses.

B. Market Expansion and Access

GST has created a unified national market by eliminating state-level barriers and taxes, which has opened up new opportunities for women entrepreneurs to expand their businesses beyond regional limits. The removal of interstate barriers and

the uniform tax structure allow businesses to sell their products and services across the country without worrying about varying tax rates and compliance requirements. This broader market access provides women entrepreneurs with the potential to increase their customer base and scale their operations more effectively. As noted by Deloitte (2018), this market expansion can lead to greater business growth and increased revenue opportunities.

C. Formalization and Access to Finance

One of the positive impacts of GST is the encouragement of business formalization. GST requires businesses to be registered and compliant with its regulations, which can lead to greater visibility and legitimacy for women-led enterprises. Formalization often results in improved access to financial services, as banks and financial institutions prefer to lend to registered and compliant businesses. This access to finance can be crucial for women entrepreneurs seeking to expand their operations, invest in new technologies, or manage their cash flow more effectively. By participating in the formal economy, women entrepreneurs can also benefit from various government schemes and incentives designed to support small and medium enterprises.

D. Enhanced Transparency and Trust

GST promotes greater transparency in business transactions by requiring businesses to maintain detailed records and issue GST-compliant invoices. This transparency can enhance trust between women entrepreneurs and their customers, suppliers, and partners. The standardized invoicing and reporting mechanisms reduce the scope for tax evasion and corruption, which can contribute to a more trustworthy business environment. As Raj (2020) highlights, increased transparency can lead to better business relationships and more favorable trade terms, benefiting women entrepreneurs in building a credible and reliable business reputation.

E. Studies Highlighting Key Opportunities

Case Study 1: Regional Textile Manufacturer

A regional textile manufacturer led by a woman entrepreneur successfully leveraged GST to expand her business into new markets. Prior to GST, interstate sales were complicated by varying state taxes and regulatory requirements. With GST streamlining tax processes, the entrepreneur could easily sell her products across different states without the burden of complex tax compliance. This expansion led to increased revenue and business growth, illustrating

how GST can facilitate market access for women-led businesses.

Case Study 2: Urban Food Start-Up

An urban food start-up owned by a woman entrepreneur benefited from the formalization aspect of GST. By registering for GST, the business gained access to credit facilities from banks and was able to secure financing for expansion. The formal status also enabled the business to qualify for government grants and subsidies aimed at supporting small enterprises. This case demonstrates how GST-driven formalization can enhance financial opportunities for women entrepreneurs.

Case Study 3: E-Commerce Platform

An e-commerce platform run by a woman entrepreneur took advantage of the simplified tax processes and enhanced transparency provided by GST. The platform's compliance with GST regulations streamlined its invoicing and reporting, improving operational efficiency and customer trust. Additionally, the ability to sell products nationwide without regional tax complications opened up new growth avenues. This case highlights the benefits of GST in providing a uniform business environment that supports digital and e-commerce ventures.

6. POLICY RECOMMENDATIONS AND SUPPORT MEASURES

A. Training and Capacity Building for GST Compliance

To address the complexities of GST compliance, it is crucial to develop comprehensive training and capacity-building programs specifically tailored for women entrepreneurs. These programs should focus on:

- **Understanding GST Regulations:** Workshops and online courses can be designed to help women entrepreneurs comprehend GST laws, rates, and compliance requirements.
- **Practical Skills:** Training should cover practical aspects such as filing GST returns, maintaining accurate records, and utilizing GST software effectively.
- **Customized Support:** Programs should be adapted to various levels of technological proficiency and business scales, ensuring relevance for both urban and rural women entrepreneurs (Deloitte, 2018).

Supporting institutions such as trade associations, business incubators, and educational institutions can

play a significant role in organizing these training sessions. Government and industry partnerships can enhance the reach and effectiveness of these initiatives, ensuring that women entrepreneurs receive the necessary support to navigate the GST system (PwC, 2020).

B. Bridging the Digital Divide

Addressing the digital divide is essential for enabling women entrepreneurs to comply with GST requirements effectively. Key measures include:

- **Infrastructure Development:** Improving internet connectivity and access to digital devices in rural and underserved areas is crucial. Public-private partnerships can facilitate the establishment of internet hubs and provide affordable technology to small businesses.
- **Digital Literacy Programs:** Offering training in basic digital skills and online tax filing processes can help women entrepreneurs adapt to the digital aspects of GST compliance. This training should be accessible in local languages and adapted to various literacy levels.
- **Subsidies and Support:** Providing financial subsidies or incentives for purchasing technology and software can alleviate the cost burden on small businesses and ensure that they can invest in the necessary digital tools for compliance.

C. Enhancing Financial Literacy

Improving financial literacy among women entrepreneurs is vital for effective GST management and overall business success. Recommended actions include:

- **Educational Programs:** Developing educational resources and workshops focused on financial management, tax planning, and understanding GST-related financial implications can empower women entrepreneurs. These programs should cover topics like tax credits, refunds, and financial forecasting.
- **Mentorship and Advisory Services:** Establishing mentorship programs that connect women entrepreneurs with financial experts can provide personalized guidance and support. Advisors can assist with navigating financial challenges and optimizing GST-related financial strategies.
- **Online Resources:** Creating user-friendly online platforms with tools, guides, and calculators to help women entrepreneurs

manage their finances and GST compliance can enhance accessibility and practical understanding.

D. Government Schemes and Incentives

Governments should design and implement schemes and incentives specifically aimed at supporting women entrepreneurs in the context of GST. Key recommendations include:

- **Subsidies for Compliance Costs:** Providing financial support or subsidies to cover the costs associated with GST compliance, such as software, consultancy fees, and training programs, can reduce the financial burden on women-led businesses.
- **Tax Benefits and Incentives:** Offering targeted tax benefits or incentives for women entrepreneurs who demonstrate compliance and contribute to business growth can encourage adherence to GST regulations and promote entrepreneurial activity.
- **Grants and Loans:** Facilitating access to grants and low-interest loans for women entrepreneurs to invest in technology, infrastructure, and business expansion can help mitigate the financial challenges associated with GST compliance and foster business development.

7. CONCLUSION

A. Summary of Findings

This study explored the challenges and opportunities for women entrepreneurs in the post-GST implementation phase. The following key findings emerged:

1. **Complexity of GST Compliance:** Women entrepreneurs face significant challenges due to the intricate nature of GST regulations, including the need for accurate record-keeping and regular filing. The complexity of the tax system poses a barrier to efficient compliance and effective business management (Deloitte, 2018).
2. **Technological and Digital Barriers:** The reliance on digital tools for GST compliance highlights a technological divide. Women entrepreneurs, particularly in rural areas, often struggle with inadequate digital infrastructure and limited technological proficiency, which impedes their ability to manage GST-related tasks effectively.
3. **Financial Literacy and Management:** A lack of financial literacy among women entrepreneurs exacerbates the difficulties in navigating GST requirements. Understanding financial implications such as

input tax credits and managing compliance costs are critical challenges that need addressing.

4. **Cost Implications:** The financial burden associated with GST compliance, including the costs of hiring professionals and investing in technology, poses a significant challenge for women-led businesses. These costs can strain limited resources and impact profitability (PwC, 2020).
5. **Opportunities for Growth:** Despite these challenges, GST presents several opportunities. Simplification of tax processes, market expansion, formalization, and enhanced transparency offer substantial benefits for women entrepreneurs. These opportunities can lead to business growth, increased access to finance, and improved business relationships.

B. Implications for Women Entrepreneurs

The findings of this study have several implications for women entrepreneurs:

1. **Need for Targeted Support:** Women entrepreneurs require targeted support to navigate GST complexities, including training programs, financial literacy initiatives, and digital tools. Addressing these needs can empower women-led businesses to comply with GST regulations more effectively and leverage the opportunities presented by the tax reform.
2. **Policy Intervention:** There is a critical need for policy interventions that address the specific challenges faced by women entrepreneurs. Support measures such as subsidies for compliance costs, digital infrastructure development, and financial literacy programs can help alleviate the burdens and enhance the benefits of GST.
3. **Encouraging Formalization:** GST's role in encouraging business formalization can enhance credibility and access to financial services for women entrepreneurs. Emphasizing the benefits of formalization, such as improved access to loans and government incentives, can support business growth and sustainability.

C. Future Research Directions

Future research should focus on the following areas to build on the findings of this study:

1. **Longitudinal Impact Studies:** Conduct longitudinal studies to assess the long-term effects of GST on women entrepreneurs, including the evolution of compliance

challenges and the sustained benefits of tax reform.

2. **Regional and Sectoral Analysis:** Explore regional and sectoral variations in the impact of GST on women entrepreneurs. Understanding how different contexts influence GST compliance and opportunities can inform more targeted support measures.
3. **Effectiveness of Support Measures:** Evaluate the effectiveness of existing training programs, financial literacy initiatives, and policy interventions in addressing the challenges faced by women entrepreneurs. This research can provide insights into optimizing support mechanisms and enhancing their impact.
4. **Comparative Analysis:** Compare the experiences of women entrepreneurs in India with those in other countries with similar tax reforms. This comparative analysis can offer valuable insights into best practices and effective strategies for supporting women entrepreneurs.

D. Conclusion

The implementation of GST represents a significant shift in India's tax landscape, with both challenges and opportunities for women entrepreneurs. While the complexities of GST compliance and the associated costs pose substantial hurdles, the potential benefits, such as simplified tax processes, market expansion, and enhanced transparency, offer promising avenues for growth and development. By addressing the specific challenges faced by women entrepreneurs through targeted support and policy interventions, stakeholders can help unlock the full potential of GST and foster a more inclusive and supportive entrepreneurial environment. Embracing these opportunities and addressing the challenges will be crucial for advancing women's economic participation and achieving greater gender equity in entrepreneurship.

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