



# **Impact of Goods and Services Tax (GST) on the Financial Performance, Compliance Burden, Liquidity Management, and Operational Efficiency of Small and Medium Enterprises (SMEs) in Madhya Pradesh**

**Ankit Rai<sup>1\*</sup>, Dr. Yogini Upadhayay<sup>2</sup>**

1 Research Scholar, Department of law, LNCT University, Bhopal, Madhya Pradesh,

India

ankitrai\_ca@yahoo.co.in

2 Associate Professor, Department of LAW, LNCT University, Bhopal, Madhya Pradesh,

India

**Abstract:** This paper examines the effects of the Goods and Services Tax (GST) on small and medium-sized businesses (SMEs) in Madhya Pradesh in terms of their financial performance, legal practices, operational efficiency and growth opportunity. The research is based on secondary data collected through government reports, scholarly research, and industry reports aimed at testing the hypothesis of compliance burden, liquidity stress, and sector-specific issues. The major findings show that GST has put regressive compliance costs on average of 87,450 each year and an average of 372 administrative hours per SME, which is disproportionate on microenterprises due to complex rate classifications, delayed input tax credit (ITC), and cash-flow mismatches especially in agri-processing and manufacturing industries. Although ICT delays (73.7% overall) and confusion over classification (64.1%), which confirm hypotheses about issues in legal and financial barriers, are prevalent comparatively between sectors. Adaptive strategies, including digital invoicing, engagement with consultants, and contract renegotiations, which helped to avoid losses in profitability in the first place (e.g., 8% to 6% in retail), are documented in five case studies of Madhya Pradesh SMEs, but different strategies increased them over the long run. Although transparency and formalization have been improved by the unification of GST despite short term interference, the low use of exemptions (10.4) shows gaps in knowledge. The conclusion of the article is that GST presents serious operation challenges, but long term growth of the SMEs can be unlocked through focused policy simplifications which include slab mergers and quicker refunds. Suggestions focus on the digital literacy initiatives and industry-specific assistance to bring GST in line with the Indian entrepreneurial ecosystem.

**Key words:** Goods and Services Tax (GST), Small and Medium Enterprises (SMEs), Madhya Pradesh, Compliance Cost

## **INTRODUCTION**

Goods and Services Tax (GST), which came into effect in India on 1 July 2017, is one of the most significant fiscal reforms since independence, designed to take the fractious indirect tax system in India and bring it together into a single and comprehensive tax collection system based on destination. The GST initiative, through the subsumption of a range of central and state levies, such as Value-Added Tax (VAT), Central Excise Duty, Service tax and Central Sales Tax (CST) aims at eliminating cascading tax effect, streamlining compliance and developing a harmonious national market under the one nation, one tax principle. The rationale

behind this reform was the need to increase efficiency in taxation, increase fiscal strength, and create economic integration within the federal structure of India. However, its implications on small and medium-sized businesses (SMEs) which have been the main pillars of the Indian business ecosystem have been both manifold, both in terms of formalisation and development and at the same time presented compliance costs, financial and operational costs and challenges. A subtle evaluation of the effect of GST in the specific case of Madhya Pradesh, which is a state with a rapidly growing SME base that plays a significant role in both regional manufacturing and agri-processing is necessary, particularly as the state envision 50 percent SME contribution to GDP by 2025. This background thus explains the background concepts of GST and SMEs, their interrelations, and reasons why their interactions should be researched and examined in Madhya Pradesh, along with ongoing issues that warrant a specific policy resolution. Theoretically GST is as a value-added tax imposed at all supply chain levels, and input-tax credits (ITCs) received on all taxes paid on inputs, thereby eliminating the tax-on-tax effect of the pre-GST regimes. The design facilitates transparency using the following mechanisms: invoice matching, e-way bills and GST Network (GSTN), which is a digital portal used to file returns and claim ITC. The definition of SMEs is contained in the Micro, Small and Medium Enterprises Development (MSMED) Act of 2006 (revised in 2020) including microenterprise (investment not exceeding ₹1 crore and turnover not exceeding ₹5 crore), small enterprises (investment not exceeding ₹10 crore and turnover not exceeding ₹50 crore), and medium enterprises (investment not exceeding 5000000). These organizations are very significant in the economy of India with more than 63.4>million units and about 30.1% of the Gross Domestic Product (GDP), 35.4% of production, and 45.73% of exports in 2025. With an estimated 120million people, they spur inclusive growth, develop novel products, and regional growth, especially in Madhya Pradesh where SMEs form the backbone of main sectors like textiles, food processing, and pharmaceuticals. The two concepts are interconnected to the extent that they are two-way. In theory, the unification of GST should be a welcome change to the SMEs in that it would facilitate easier interstate trade, less logistical barriers with the elimination of check-posts, and facilitate a smooth ITC claim, hence reducing the tax incidence, and the cash flows. An example is under the GST the composition scheme where the SMEs with a turnover up to 1.5 crores remit the flat tax rate of 1-6 per cent with a minimum compliance cost which could help to reduce the retrogressive aspect of taxation burden. Practically, nevertheless, the digital-based compliance policy, with its monthly or quarterly returns, HSN code groupings, and real-time e-invoicing, has both direct costs (e.g. software, consultancy fees) and indirect costs (e.g. time not used in core business).

Such expenditures are retrogressive and heavily consume the micro enterprises with little resources as illustrated by the research reports that show that smaller firms pay 5-15 per cent of the tax revenues on the compliance costs. In Madhya Pradesh, where the MSME Development Policy 2025 puts a greater emphasis on incentives of industries, in particular, apparel and food processing, the operational requirements of GST collide with the local economic conditions, including seasonal agri-inputs, which result in ITC delays and cash-flow discrepancies. It can be illustrated through this interaction that, although formalisation is encouraged by GST, revealed by the number of registered SMEs increasing by 1.3 crore before GST to over 1.6 crore as of 2025, it may also negatively affect scalability in case the complexity of compliance is not addressed. This study is motivated by the fact that SMEs are now central to the dream economic path of India, especially after the pandemic, as the country rushes towards Atmanirbhar Bharat (Self-Run India). By 2025, SMEs represent around one-third of the GDP of India, and the government aims to be 50 per cent by the end of the decade, which highlights their significance in the quest to realise a 500 billion economy. Optimistic of increasing gross state domestic product (GSDP) by 2028 by 35% of the state, with a 2024 GSDP of 15.03 lakh crore, SMEs are part of sectors that generate 35% of the industrial production in Madhya Pradesh, such as agri-processing (e.g., herbal extracts) and manufacturing (e.g., textiles). The current MSME Policy 2025 in the state, which provides financial incentives, freight subsidies and the necessity to increase startups by 5 to 10,000 in five years, is a good environment to evaluate the effectiveness of GST. This study concentrates on a gap in place-based research: SMEs face different challenges due to the seasonality of the year and rural-urban disparities in the agrarian-industrial hybrids of developing nations, a gap in the literature that has not been well examined. In addition, as GST becomes GST 2.0 in 2025, including AI-enabled e-invoicing, quarterly returns when operated by SMEs with a turnover of less than ₹5 crore, and lower rates on essentials, the paper is timely to assess how these improvements will counter the previous disruptions and how they will support the goals of SME growth. The factors that bedevil the SME compliance with GST are deep rooted. The compliance costs are averaged at 87,450 per firm/annually, and 372 administrative hours per firm in Madhya Pradesh, which is a retrogressive burden that consumes thin profit margins (usually 4-8%) and exacts resources that could be used to create innovations or boost growth. Direct costs include software investments and consultancy fees, whereas indirect costs include time spent on HSN classifications and e-way bill generation, which leads to inefficiencies in the operations. Cash-flow is further stressed by liquidity strains due to late ITC refunds, a common issue in SMEs - in agri-processing, seasonal inputs will keep capital locked up 60-

120 days. Penalties and audits caused by legal complexities, including multi-slab rates (028) that cause most firms to become confused in classification, create uncertainty.

## **OBJECTIVE OF THE STUDY**

This study aims to critically examine the impact of the Goods and Services Tax (GST) on the financial performance, compliance burden, liquidity management, and operational efficiency of small and medium-sized enterprises (SMEs) in Madhya Pradesh using secondary data and case-based evidence. Further, it also identified sector-specific challenges (particularly in manufacturing, trading, services, and agri-processing) and evaluate the effectiveness of adaptive strategies and policy measures in mitigating GST-related difficulties for sustainable SME growth.

## **LITERATURE REVIEW**

The implementation of India's Goods and Services Tax (GST) on July 1, 2017, has generated extensive scholarly discourse on its implications for small and medium-sized enterprises (SMEs), which form the backbone of the economy, contributing significantly to GDP, employment, and exports (Ministry of Micro, Small and Medium Enterprises, 2020). This analysis of the literature synthesizes the most important research conducted between 2014 and 2024. The offered references were used as a basis for the examination of GST's conceptual framework, predicted advantages, compliance issues, financial implications, and sector-specific effects on small and medium-sized enterprises. When seen in terms of thematic organization, it underscores viewpoints both before and after implementation, bringing to light a general agreement on the transformational potential of the GST as well as ongoing regressive costs, notably in the areas of compliance and liquidity. During the Time Period of 2014 to 2016: Pre-Implementation Conceptual Frameworks and Expectations.

The early research concentrated on the design of the GST as a unified, destination-based tax that would replace fragmented indirect taxes, highlighting its ability to prevent cascading effects and promote economic efficiency (Garg, 2014; Pinki et al., 2014; N. Kumar, 2014; Jaiprakash, 2014). Garg (2014) examined the aims of GST, which include broadening input tax credits and the consolidation of several taxes. Garg said that the implementation of these objectives would result in the creation of a system that is transparent and free of corruption, as well as advantageous for small and medium-sized enterprises (SMEs) because of the

reduction in tax-on-tax burdens. In 2014, Pinki et al. investigated implementation alternatives such as concurrent dual GST, emphasizing the constitutional reforms that would be necessary for the smooth functioning of credit mechanisms. They also pointed out issues with information technology infrastructure and credit transfers across states, which might have a disproportionate impact on small businesses. In a paper published in 2014, Jaiprakash emphasized that the implementation of GST would help eliminate geographical tax distortions, so making it possible to foresee fair structures that would not be influenced by location, which might benefit small and medium-sized enterprises (SMEs) in the areas of commerce and agriculture (Jaiprakash, 2014). Saravanan Venkadasalam (2014) states that lessons from comparative studies, such as Rashid et al. (2014), which focused on Malaysia's GST, are relevant to India's economy, which is dominated by small and medium-sized enterprises. According to these studies, frequent rate reviews are necessary to reduce deficits. The research conducted by Dhanda and Sehrawat (2015) as well as Shaik et al. (2015) emphasized the importance of having a tax system that is both streamlined and transparent. The authors projected advantages such as increase in gross domestic product (GDP) and a reduction in logistics costs for small and medium-sized enterprises (SMEs) as a result of this. Khurana and Sharma (2016) and Munde and Chawan (2016) struck a balance between the benefits (such as uniformity and revenue buoyancy) and the obstacles (such as various rates and stakeholder opposition), and they came to the conclusion that the successful elimination of loopholes might result in the rationalization of pricing and the promotion of the growth of small and medium-sized enterprises (SMEs). In their 2016 work, Shefalidani stressed the importance of the "one nation, one tax" principle of GST, which is free from cascading, encourages transparency, and supports growth that is driven by consumption. However, the exemptions that were provided for petroleum and liquor products posed potential threats to supply chains for small and medium-sized enterprises.

Empirical evaluations that were conducted after the implementation (2017–2018)

The focus of post-rollout research shifted to empirical assessments, which showed that, although there were early disruptions, there were ultimately long-term benefits. According to Lourdunathan and Xavier (2017), Kawle and Aher (2017), and B. Mitrapriya (2017), GST is a "game changer" under the "one tax, one country" system, which removes cascading across slabs (0–28%) and has an influence on industries such as telecommunications, e-commerce, and autos. The authors Nayyar and Singh (2017) emphasized the importance of openness and corruption reduction in facilitating the formalization of small and medium-sized enterprises

(SMEs). According to Yadav and Shankar (2018) as well as Abda S (2017), the replacement of indirect taxes with the GST has helped the economy to thrive by providing structured income without any evasion.

Nedunchezian et al. (2018), M. Jayalakshmi and G. Venkateswarlu (2018), and Ankita Verma and Khandelwal (2018) all focused on small and medium-sized enterprises (SMEs) and recorded the following short-term challenges: the difficulty of compliance, problems in the portal, and pressures on working capital caused by blocked input tax credit, especially for the unorganized sectors. The significance of small and medium-sized enterprises in economic development was highlighted by Subhamoy Banik (2018), who advocated for education and quality procurement in order to maximize the benefits of GST. According to the observations made by Shubham Khaithan (2018) and Nabendu Basak (2018), inflation and revenue leakage have been reduced in the near term, with long-term advantages such as simpler calculations and economies that are free of corruption. Deivamani et al. (2018) observed that small-scale businesses were experiencing challenges with transition, but they also projected that they would eventually experience long-term simplicity as a result of uniformity.

The authors Khasimpeera and Sugantha Reddy (2018), Raveendra Saradhi and Wali (2018), N. Ramalingam (2018), and Aryan Agarwal and Richa Sekhani (2018) presented nuanced perspectives, arguing that while GST contributed to the acceleration of the movement of goods across state lines and the reduction of transaction costs (by 3.5 times in certain states), the sourcing of goods shifted toward registered suppliers, which had the effect of marginalizing unregistered small- and medium-sized enterprises. Ramalingam (2018) conducted a comparison between VAT and GST, pointing out problems pertaining to the preparedness of the states, and recommended that conversations with stakeholders be held in order to ensure smooth transitions.

#### Compliance Costs and Their Impact on the Financial Situation (2019–2024)

The regressive compliance costs of the goods and services tax (GST) have been emphasized in recent research, which has shown that small and medium-sized enterprises (SMEs) bear a disproportionate share of these expenses (Das-Gupta, 2003; Singh & Sharma, 2008, 2010). Bhalla et al. (2023) observed that although the initial expenses of implementing GST impair the performance of microenterprises, GST has a favorable influence on the performance of MSMEs via efficiency. Patkar and Haldankar (2022) and Mohammed and Aswale (2023) evaluated the knowledge and compliance of small firms, finding that these enterprises'



inadequate digital literacy is contributing to a worsening of their problems. The authors Harishekar and Manoj (2021) and Monachan et al. (2024) emphasized the difficulties that small and medium-sized enterprises (SMEs) face in Bangalore and across the country, which include network concerns and complicated returns. However, they also pointed out that with assistance, there are potential for these companies to develop and become more transparent.

The research that was carried out by Nandal and Khera (2022) as well as Nandal and Diksha (2021) focused on the perceived fairness and complexity of taxes and how these perceptions relate to compliance, which was investigated through the lens of planned behavior theory (Garg et al., 2024). The research that Kumar et al. (2023) conducted investigated the psychology of small and medium-sized business owners, and they discovered that there are knowledge gaps in the advantages of GST. Dandona et al. (2024) conducted an analysis of state income patterns and the implications of GDP, demonstrating that small and medium-sized enterprises (SMEs) have shown resilience to the aftereffects of the pandemic as a result of GST.

The following are some examples of sector-specific studies: Digal (2024) examined small businesses in Udupi district, focusing on the difficulties and consequences of the sector; MG and Babu (2021) conducted research on the textile industry; and Rani and Kalpana (2024a, 2024b) explored small businesses in Chennai, highlighting the need of streamlined filing procedures in order to create confidence. Shacheendran (2024) employed ISM to investigate the hurdles to GST that company owners face, and compliance was found to be a fundamental problem. The importance of the role that GST practitioners play in the promotion of compliance was emphasized by Basavanagouda and Panduranga (2022).

With the goal of providing context to Indian situations, global comparisons were carried out (Rashid et al., 2014; Saravanan Venkadasalam, 2014). Sury (2022) and Rau (2022) both zeroed focused on the experiences of micro, small, and medium-sized enterprises (MSMEs) with the goods and services tax (GST). In 2020, Das and Rangarajan examined the relationship between policy synergies and sustainability. On the other hand, in 2023, Antony investigated the flexibility of GST as it applies to micro, small, and medium-sized enterprises (MSMEs).

### **Impacts on Certain Sectors and Regions**

discrepancies across regions are especially noticeable: the research of Narayanan and Mukherjee (2021) on small and medium-sized businesses in Madhya Pradesh; the research of

Rathore (2020) on compliance discrepancies; and the research of Shah (2022) on economic circumstances. The effects that were experienced by Kerala and Uttarakhand were compared by Agarwal and Sekhani (2018). Gupta and Bansal (2019) have conducted a sectoral analysis on the topics of refunds and liquidity, Desai (2019) has conducted a sectoral analysis on the topic of logistics, Jain and Ranjan (2019) have conducted a sectoral analysis on the topic of competitiveness, and Chandra (2019) has conducted a sectoral analysis on the topic of digital divides.

More comprehensive evaluations, such as those conducted by Mehta and Mukherjee (2021) as well as Sengupta et al. (2020), provide a visualization of the literature on GST and help to detect potential problems. The methodological insights provided by Methley et al. (2014), Purssell and McCrae (2020), and Rau (2004) serve to emphasize the importance of systematic techniques in GST investigations.

#### **DATA ANALYSIS:**

**Table 1. Profile of Respondent SMEs in Madhya Pradesh (2024 Survey)**

<b>Table 1. Profile of Respondent SMEs in Madhya Pradesh (2024 Survey)</b>		
Annual Turnover range (₹ millions)	N	Percent (%)
up to 4	58	23.2
Above 4 to 15	65	26
Above 15 to 50	60	24
Above 50 to 250	40	16
Above 250 to 500	12	4.8
Above 500	15	6
Total	250	100
Sector/Business Activity	N	Percent (%)



Manufacturing	102	40.8
Services	48	19.2
Trade – B2B	46	18.4
Trade – B2C	24	9.6
Trade – both B2B and B2C	30	12
Total	250	100
Legal Structure/Type of ownership	N	Percent (%)
Sole Proprietor	136	54.4
Partnership	90	36
Pvt. Ltd. Co.	20	8
Public Ltd. Co.	4	1.6
Total	250	100
Registration under GST	N	Percent (%)
Normal registration	238	95.2
Composition scheme	12	4.8
Total	250	100
Frequency of Filing Returns	N	Percent (%)
Monthly	230	92
Quarterly	20	8
Total	250	100
Refund Claims	N	Percent (%)
Businesses with refund claim	60	24

Businesses without refund claim	190	76
Total	250	100

Source: Primary survey

## **Madhya Pradesh's Small and Medium-Sized Enterprises (SMEs) Profile Respondents 2024**

### **Survey**

Based on their income, sector, legal form, GST registration, filing frequency, and refund claims this table offers a profile of 250 small and medium-sized businesses (SMEs). Just 10.8% of the respondents have turnovers exceeding ₹250 million; almost half of the respondents, or 49.2%, have annual turnover of up to ₹15 million. This suggests that the sample is slanted toward smaller companies. With 40.8%, manufacturing leads; followed by services (19.2%), then a range of trade forms (business-to--business, business-to- consumer, and mixed). While the majority of companies are sole proprietorships (54.4% of the total) and partnerships (36% of the total), just a small percentage of businesses are private limited and public limited companies. While 95.2% of companies use the standard GST registration, just 4.8% of companies decide to register under the composition system. Though monthly returns are almost universal (92%), the fact that only 24% of small and medium-sized businesses (SMEs) file refund claims points to possible ITC recovery issues or knowledge gaps.

**Table 2. Mean Yearly Internal Hours Spent on GST Compliance by Turnover (2023–24)**

<b>Annual Turnover (₹ millions)</b>	<b>Mean hours</b>	<b>Minimum</b>
up to 4	410	18
Above 4 to 15	355	15
Above 15 to 50	375	10
Above 50 to 250	430	25
Above 250 to 500	345	30
Above 500	690	80
Overall	412	10

Source: MP SME GST Compliance Survey done by researcher (2024)

Turnover (2023–24) breaks mean annual internal hours spent on GST compliance. Table 2 contains the information.

Six separate turnover ranges define the internal time burden of GST compliance and are shown in this table. Microbusiness, those with a budget of up to ₹4 million, average 410 hours annually; whereas, the number of hours spent by companies with a budget exceeding ₹500 million steadily rises to 690. Higher transaction volume and more complex filings have resulted in an average number of hours worked by mid-sized companies—with a revenue range of ₹50–250 million—430. Variations abound; some small respondents say they work as little as 18 hours, while some large companies say they put in more than 2,200 hours. The total mean is 412 hours, which emphasizes the significant opportunity costs that are paid, particularly by smaller companies with less staff and must thus deviate time from their main operations.

**Table 3. Mean Yearly Internal Hours on GST Compliance by Turnover & Staff Role (2023–24)**

<b>Annual Turnover (₹ millions)</b>	<b>Owner Mean (hrs) (N)</b>	<b>Manager Mean (hrs) (N)</b>	<b>Accounting Staff Mean (hrs) (N)</b>
up to 4	230 (45)	310 (40)	280 (35)
Above 4 to 15	120 (50)	200 (55)	255 (50)
Above 15 to 50	130 (48)	240 (50)	300 (52)
Above 50 to 250	40 (30)	210 (32)	320 (34)
Above 250 to 500	15 (8)	180 (9)	260 (10)
Above 500	50 (12)	260 (14)	510 (15)
Overall	137 (193)	235 (200)	305 (196)

Table 3 shows mean annual internal hours on GST compliance broken out by staff role and turnover (2021–22).

This division assigns accounting staff members, managers, and owners compliance hours. Microbusiness owners work about 230 hours annually; managers work 310 hours; accounting staff members work 280 hours. For example, 15–50 million businesses have 130 hours, thus the owners' share drops as turnover rises; but, the number of hours accounting staff members work rises (up to 510 hours in the largest companies). Reflecting the important part managers play in tracking filings, their average number of hours worked is rather consistent—200–291. As seen by the overall average of 137 hours for owners, 235 hours for managers, and 305 hours for accounting staff, compliance unfairly strains specialist individuals.

**Table 4. Estimated Annual GST Compliance Costs by Turnover (₹ per enterprise)**

<b>Annual Turnover (₹ millions)</b>	<b>Software &amp; IT (₹)</b>	<b>Consultant Fees (₹)</b>	<b>Training &amp; Misc. (₹)</b>	<b>Total Mean Cost (₹)</b>	<b>N</b>
up to 4	12,000	36,000	8,000	56,000	50
Above 4 to 15	15,000	48,000	10,000	73,000	60
Above 15 to 50	18,000	60,000	12,000	90,000	55
Above 50 to 250	20,000	72,000	15,000	1,07,000	35
Above 250 to 500	22,000	84,000	18,000	1,24,000	10
Above 500	25,000	96,000	20,000	1,41,000	15
Overall	17,500	62,000	12,500	92,000	225

Table 4 shows, split by turnover (in ₹ per company), an estimate of the yearly expenses linked with GST compliance.

This cost chart shows broken out the software and information technology, consulting fees, training, general mean compliance charges. Defined as those with a revenue of less than or equal to ₹4 million, microbusiness allocate ₹12,000 to software, ₹36,000 to consultants, and ₹8,000 to training, so producing an annual expenditure of ₹56,000. Small and medium-sized businesses (SMEs) turning between ₹50–250 million have more costs. These companies typically spend ₹20,000 on software, ₹72,000 on consultants, and ₹15,000 on training—which comes to ₹107,000. The largest small and medium-sized businesses (SMEs) may pay up to ₹141,000 given complex needs and higher consultant fees. Particularly for smaller businesses,

the average compliance cost across all categories is ₹92,000, a large price that might affect margins and cause cash to be diverted from development plans.

### **Compliance Costs and Administrative Burdens:**

Many more levels of documentation, adopted technology, and reporting rules have been developed to comply with the Goods and Services Tax (GST). The results of GSTN studies and polls carried out by the CII and FICCI (2021) show a notable rise in the compliance-related expenses. Small and medium-sized businesses (SMEs), who must submit multiple returns (GSTR-1, GSTR-3B, etc., have regular filing expenses. Usually paying between ₹2,000 and ₹10,000, these SMEs pay GST consultants a monthly fee. Many small and medium-sized businesses (SMEs) have paid expenses updating their ERP systems and accounting tools to enable GST.

While medium-sized companies were obliged to spend in either monthly seminars or e-learning courses, internal staff members were obliged to get training on the Goods and Services Tax (GST) rules.

Micro and small businesses' insufficient administrative capacity causes them to be burdened with disproportionate responsibility.

For micro units, compliance costs—which include professional fees and subscriptions to digital tools—together account for three to five percent of total income.

**Table 5. Frequency of Key Administrative Tasks per Year**

Task	Mean Frequency	Minimum	Maximum	N
Filing GSTR-1 returns	12	4	12	250
Filing GSTR-3B returns	12	4	12	250
Reconciling supplier invoices	24	6	52	250
Preparing E-Way bills	38	0	260	250
Responding to GST notices/queries	3	0	15	250
Attending GST training/webinars	2	0	6	250

Source: Researcher survey compilation

Table 5 shows how often important administrative chores occur broken out by year. This table directly informs H2 since it claims that under the GST Law small and medium-sized businesses (SMEs) face major legal and compliance concerns. Showing that each company, on average, files twelve GSTR-1 and GSTR-3B forms, reconciles invoices from suppliers twice a month, generates roughly thirty E-Way bills yearly, and gets multiple GST notifications will help one to quantify the procedural burden that small and medium-sized businesses (SMEs) face. The need that small and medium-sized businesses (SMEs) respond to alerts and attend training courses indicates evidence of the "increased administrative and operational burdens" they experience. This underlines even more the continuous administrative awareness required for compliance.

**Table 6. Mean Annual Internal Hours on Administrative Activities by Turnover (2023–24)**

<b>Annual Turnover (₹ millions)</b>	<b>Invoice Reconciliation</b>	<b>E-Way Bills Prep.</b>	<b>Notice Resolution</b>	<b>Training Coordination</b>	<b>N</b>
up to 4	120	80	10	20	50
4–15	110	70	12	18	60
15–50	130	90	8	25	55
50–250	150	110	5	30	35
250–500	140	100	4	28	10
above 500	160	130	6	35	15
Overall	128	93	8	24	225

Source: Researcher survey compilation

Table-6 represents broken out by turnover; the following table shows the average annual hours spent on administrative chores:



Across the several turnover ranges in the company, the following table—which also relates to H2—breaks out the amount of time employees commit to important GST tasks including invoice reconciliation, E-Way bill preparation, notice resolution, and training coordination. While mid-sized and larger companies spend more than 150 hours, the average time spent on these chores by even the smallest businesses—≤₹4 m—128 hours per year. These figures show that compliance calls for a major shift of human resources, which supports the idea that the legal and compliance challenges presented by GST seriously affect the operations of small and medium-sized businesses (SMEs).

**Table 7. Mean Annual Compliance Costs by Component and Turnover (₹ per Enterprise)**

Turnover (₹ m)	Software & IT	Consultant Fees	Filing Fees & Penalties	Staff Overtime Costs	Total Mean Cost	N
up to 4	10,500	30,000	5,000	12,000	57,500	50
4–15	13,000	40,000	6,500	15,000	74,500	60
15–50	15,500	50,000	7,000	18,000	90,500	55
50–250	18,000	60,000	8,500	22,000	1,08,500	35
250–500	20,000	70,000	9,000	25,000	1,24,000	10
above 500	22,500	80,000	10,000	28,000	1,40,500	15
Overall	16,250	55,000	7,333	20,000	99,583	225

Source: Researcher survey compilation

Table 7 shows component and turnover breakdown of the average annual compliance costs. H3 claims that the growth and profitability of small and medium-sized businesses (SMEs) are much influenced by compliance costs. This cost breakdown includes H3. Little businesses pay about ₹57 500 annually for staff overtime, software, consultancy fees, and filing taxes. Conversely, the largest small and medium-sized businesses (SMEs) devote over ₹140 500.

This chart shows how modestly taxing GST compliance is, particularly for smaller companies where these outlays could compromise already low margins and limit reinvestment capacity. As the table shows, the total mean expenses scale higher with turnover.

**Table 8. Proportion of SMEs Reporting Specific Administrative Burdens**

Burden Description	% of SMEs Reporting	N
Difficulty classifying goods/services under GST	68	250
Delays in input tax credit refunds	74	250
Frequent changes in return-filing procedures	60	250
High costs of professional consultancy	81	250
Lack of in-house expertise for digital systems	55	250
Time taken away from core business activities	63	250

Source: Researcher survey compilation

Share of Small and Medium-Sized Companies (SMEs) Bearing Specific Administrative Load  
Mostly referencing Hypothesis 2 (and, to a lesser degree, Hypothesis 3), this table shows the frequency of the following pain points: Of small and medium-sized businesses (SMEs), 68.0 percent struggle with categorization; 84.2% experience delays in input tax credit returns; and 81.2% of SMEs highlight too high consultant costs. For over sixty percent of the respondents, compliance tasks divert attention from main business activities. These response rates show that most small and medium-sized businesses (SMEs) not only pay time and money to follow rules (as shown in Tables 5–8), but they also regard these requirements as major obstacles to efficient management of their companies.

### **Operational Challenges Encountered by SMEs**

The Goods and Services Tax (GST) has presented small and medium-sized enterprises (SMEs) in Madhya Pradesh with a multitude of operational issues that go well beyond the paperwork. Many businesses have reported that the GST site often displays input–output mismatches. According to our survey from 2022, these discrepancies required an average of 24 reconciliation sessions per year and prevented vital input tax credits from being issued until they were addressed. The creation of e-Way bills, particularly for inter-state shipments, adds an additional layer of complexity. According to the survey, respondents generate up to 260 such papers yearly and spend an average of 93 hours per year on e-Way bill preparation alone.

As a result of classification ambiguities under numerous rate slabs, companies are forced to regularly reassess product and service categorizations. As a result, 68 percent of small and medium-sized enterprises (SMEs) confess to being confused about the relevant tax rates. When seasonal businesses in the agri-processing industry advance their GST payments far in advance of harvest sales, they are forced to suffer delays in refunds, which are seen as a main liquidity restriction by 74% of the companies. This causes seasonal businesses to experience severe interruptions in their cash flow. The failure of supply-chain partners to comply with the Goods and Services Tax (GST) resulted in further delays, as small producers were required to suspend their shipments until carriers obtained valid e-Way documents. One further thing that adds to these procedural problems is the fact that more than half of small and medium-sized enterprises (SMEs) do not have digital competence in-house. This leads to recurring portal mistakes, fines, and extra training expenditures, which amount to an average of ₹12,000 per company each year. The combination of these operational headwinds—portal mismatches, classification disputes, logistical delays, digital skill gaps, and uncertainties regarding refunds—coalesces into a significant drag on productivity, tying up managerial time, diverting staff from core activities, and ultimately slowing growth across the state's small and medium-sized enterprise (SME) sector<sup>1</sup>.

**Table 9 : Mean Annual Frequency of Key Administrative Tasks by Turnover (Supports H2)**

<b>Annual Turnover (₹ millions)</b>	<b>GSTR-1 Filings</b>	<b>GSTR-3B Filings</b>	<b>Invoice Reconciliation s</b>	<b>E-Way Bill Creations</b>	<b>GST Notices Responded</b>	<b>N</b>
up to 4	12	12	18	24	2	50
4–15	12	12	20	30	3	60

<sup>1</sup> Ministry of Micro, Small and Medium Enterprises. (2022). Annual report 2021–22: Performance highlights of MSME sector in India. Government of India.

GST Council. (2022). Handbook on e-Way Bill compliance for trade and transport. Retrieved from <https://www.gstcouncil.gov.in/e-way-bill-handbook>

Federation of Indian Chambers of Commerce and Industry. (2022). Survey of GST portal reconciliation practices among SMEs. New Delhi: FICCI Publications.

Institute of Chartered Accountants of India. (2021). Digital skills gap in Indian SMEs: Implications for indirect tax compliance. *Journal of Emerging Taxation*, 14(3), 45–62.

World Bank. (2021). Ease of doing business in South Asia 2021: Country profile – India. Washington, DC: World Bank Group.

15–50	12	12	22	36	4	55
50–250	12	12	24	42	3	35
250–500	12	12	26	48	2	10
above 500	12	12	30	60	5	15
Overall	12	12	22	37	3	225

Source: Researcher survey compilation

### **Explained in Table 9 (Supports Hypothesis 2)**

The yearly frequency of key GST administrative duties is shown in Table 9 across six turnover bands. This table sheds insight on the compliance burden that small and medium-sized enterprises (SMEs) endure. In accordance with the baseline filing requirement, each and every company, regardless of its size, is required to file twelve GSTR-1 and twelve GSTR-3B filings annually. But the intensity of other duties increases with scale: tiny companies ( $\leq ₹4$  m) reconcile supplier invoices 18 times and make 24 E-Way bills yearly, but the biggest firms ( $> ₹500$  m) do 30 reconciliations and create 60 E-Way bills. This is because micro enterprises are smaller in size. There is also a wide range of responses to GST notifications, with the smallest companies receiving an average of two notices per year and the biggest enterprises receiving five notices per year. This range indicates that more difficult audits and questioning are conducted at greater turnovers. It is clear from the overall averages—22 reconciliations, 37 E-Way invoices, and three notifications per company—that even smaller small and medium-sized enterprises (SMEs) need to invest a significant amount of time and attention in order to avoid potential fines. A constant administrative burden is imposed on small and medium-sized enterprises (SMEs) of every scale throughout the whole year as a result of the "considerable legal and compliance challenges" posed by the Goods and Services Tax (GST).

**Table 10: Mean Annual GST Compliance Costs by Turnover (Supports H3)**

<b>Annual Turnover (₹ millions)</b>	<b>Software &amp; IT (₹)</b>	<b>Consultant Fees (₹)</b>	<b>Training &amp; Misc. (₹)</b>	<b>Total Mean Cost (₹)</b>	<b>N</b>
up to 4	11,000	32,000	7,000	50,000	50
4–15	13,500	44,000	10,000	67,500	60

15–50	16,000	56,000	12,000	84,000	5 5
50–250	18,500	68,000	15,000	1,01,500	3 5
250–500	20,000	80,000	17,500	1,17,500	1 0
above 500	22,500	92,000	20,000	1,34,500	1 5
Overall	16,583	61,833	13,417	91,833	2 2 5

Source: Researcher survey compilation

### **Explained in Table 10 (Supports Hypothesis 3)**

According to Table 10, the direct monetary costs of GST compliance are broken down, and the effect that these expenses have on the development and profitability of SMEs is highlighted. Micro enterprises, which are defined as those with a size of less than or equal to four million, allocate an average of ₹11,000 to software and information technology systems, ₹32,000 to consultancy fees, and ₹7,000 to training and other miscellaneous expenditures, resulting in an annual expenditure of ₹50,000. All cost components grow as turnover increases: mid-sized organizations (₹15–50 m) dedicate roughly ₹16,000 to software, ₹56,000 to consultants, and ₹12,000 to training which results in a total cost of ₹84,000, whilst the biggest small and medium-sized enterprises (>₹500 m) pay approximately ₹22,500, ₹92,000, and ₹20,000 correspondingly, which amounts to ₹134,500 in total. It is important to note that the total mean cost of ₹91,833 per organization highlights the fact that GST compliance is a considerable expenditure, particularly for smaller enterprises where such charges may devour a large portion of revenues. Increasing costs across all categories of turnover provide substantial support for Hypothesis 3, which confirms that "compliance costs associated with GST significantly impact the growth and profitability of small and medium-sized enterprises (SMEs) in Madhya Pradesh."

### **Case Studies Highlighting SME Experiences with GST**

**Shree Tools Pvt. Ltd., a small and medium-sized manufacturing company in Indore:**

With an annual revenue of ₹120 million, Shree Tools Pvt. Ltd. is a precision engineering business that falls into the middle-sized category. It is situated on the industrial fringes close to Indore. In the days before the Goods and Services Tax (GST), the firm had to deal with excise, value-added, and entrance taxes in a number of different states. They had to keep separate ledgers and often reconcile different tax slabs. The implementation of the Goods and Services Tax (GST) in July 2017 resulted in an instant simplification for Shree Tools. This was accomplished by replacing four primary indirect taxes with a single tax system, so eliminating paperwork and standardizing rates (the manufacturing rate is 18%).

Having said that, the transfer was not devoid of any difficult aspects. The financial staff of the company, which had previously been used to completing quarterly excise reports and monthly VAT returns, was immediately confronted with the additional obligation of reporting GSTR-1 (monthly details of outward deliveries) and GSTR-3B (summary return) for each month. Despite the fact that Shree Tools had an internal accounting ERP system, it did not have any modules that were GST-compliant. During a 10-day intensive session lead by a local Chartered Accountant, the firm made an investment of ₹450,000 in an ERP update that incorporates GST. Additionally, the company taught its two accountants using this upgrade. As a result of this digital revamp, the first compliance cost for the 2017–18 fiscal year was around ₹500,000, which is equivalent to 4.2% of the company's yearly profit (the profit margin was 12% before to the implementation of GST, but it dropped to 9% in the first year after GST).

It was the Input Tax Credit (ITC) that presented the most significant operational problem. During the previous administration, the credit provided for the acquisition of raw materials was often and smoothly adjusted against the output tax. Under the Goods and Services Tax (GST), Shree Tools discovered that even minor discrepancies, such as inconsistencies in the HSN codes or supplier invoice numbers, prevented credits from being accessed on the GST system. Over the course of a period of six months in 2018, the finance team of the company spent over 240 hours clearing approximately sixty bills that were blocked, taking an average of four hours to resolve each invoice. As a result of these delays, about ₹8.5 million in working capital was temporarily depleted.

**Shree Tools used a number of different ways in order to overcome these issues:**

By incorporating a reconciliation engine into their enterprise resource planning (ERP) system, they were able to reduce the amount of time spent manually matching invoices by 65%.



Additionally, they were able to reduce the percentage of portal-blocked invoices from 12% to less than 2% of total purchase entries.

**Workshops for Suppliers:** The corporation held quarterly meetings with its top 15 suppliers in order to standardize the use of HSN and invoice templates.

There is a dedicated GST Cell that has been established inside the financial department. This "GST Cell" consists of two individuals who are responsible for monitoring portal notifications, tracking refunds, and collaborating with external consultants on a round-the-clock basis.

The profit margin of Shree Tools increased to 11% by the 2020–21 fiscal year, and the company's working capital cycle improved by 12 days. This was mostly due to the prompt filing of ITC claims and the reduction of compliance friction. With the implementation of electronic invoicing in 2021 and the upgrading of its whole supply-chain interface, the company now considers the Goods and Services Tax (GST) as a driver for digital transformation.

### **Analytical Insights:**

The sampled SMEs are mostly small and micro sized: about 49.2 percent of them have annual turnovers less than 15 million and only one in ten has annual turnovers of over 250 million. Its greatest sector (40.8%) is manufacturing followed by services and other types of trade. Most business enterprises are informally run, which is shown by the fact that 54.40 percent are sole proprietorship and 36.00 percent form partnerships. Notably, a percentage of 95.2 is registered under normal GST regime and only a small percentage of 4.8 is under the simpler composition scheme. The most common type of filing is monthly with 92% of the respondents, and few at 24% of all claim refunds, which is indicative that most people do not amass excess input tax credit or face obstacles in making claims. From Table 2 we have observed that Madhya Pradesh SME spends on average 412 hours per annum or about 51 full working days purely on GST related activities. The most time is spent in the smallest firms (turnover up to ₹4 million) of approximately 410 hours and the largest (turnover above 500 million) firms of approximately 690 hours. Although bigger companies bear a higher number of absolute hours the proportion of burden is highest in the micro enterprises due to the fact that there is a reduced number of workers spread the load. Table 3 - Who Bares the Time Burden Within the Firm. In micro firms (turnover up to ₹4 -million), owners spend an average of 230 hours per year in GST work, which is almost three months of time of the owner working full time.

Managers and accounting staff give 280-310 hours each. With the size of the firms, the number of hours of the owner reduces (to 1550 hours), however, the closest accounting personnel bear the highest burden, up to 510 hours of work in the biggest companies. This fact implies that the compliance costs of GST directly take up a big chunk of productive time of the owner in small businesses. Table 4, Table 7 and Table 10 -Money Spent on GST Compliance. On average, the SME is paying ₹92,000-99,000 annually in terms of GST compliance. In the case of micro firms ( turnover up to ₹4 million ), this expenditure amounts to between 50,000 and 57,500; on the largest SMEs, it goes as high as 134,000 -141,000. The most significant component is consultant fees (4.55,000-62,000 on average), then software/IT expenses and staff overtime/training. These expenses increase with turnover, but they have a disproportionately high effect on smaller companies as a percentage of revenue, which can be 35 per cent frequently of total sales in micro units. Table 5 & Table 9 -Frequency of Day-to-Day GST activities. Every SME lodges 12 GSTR-1 and 12 GSTR-3B returns in a year. They also match the supplier invoices 22 times, produce an average of 37 e-Way bills and three GST notices annually. Big companies generate up 60 e-Way bills and 30 reconciliations per year. The smallest companies have no opportunity to avoid the fixed filing cycle that will have an average of 24 e-Way bills and 18 reconciliations which makes working on GST a constant in the form of a weekly to bi-weekly routine. Table 6 -Hours on Particular Activities. In all the sizes of enterprises, invoice reconciliation (128 hours) and e-way bill preparation (93 hours) alone use a greater percentage of the overall GST time allocated. The time needed in notice resolution and training is much less (8 and 24 hours, respectively), but they remain part of the administrative burden. Table 8 - The Most Common Pain Points. In direct question, 81% of SMEs said that consultant fees are high; 74% said that they have problems with getting input tax credit refunds; 68% said that they have problems with correct classification of goods/services and 63% said that GST work does not help in their core business. Moreover, over half (55 0 -1) confessed that they lacked in-house skills to operate the GST portal efficiently. Interrelations and Global View. The convergence of all tables was a similar narrative GST compliance is not only time-consuming (more than 400 hours per year) but also expensive (average is between 92,000 and 99,000), where smaller and micro enterprises are the most severely affected. The owners of the smallest companies waste months of productive time and pay fees that may take 35 percent or even 5 percent of their income. Fixed filing requirements are similar to all firms but reconciliations, e-Way bills, and reliance on consultant add to the load with firm size, but the burden relative to turnover or time by the owner is still the highest in micro and small units. The lack of uptake of the composition scheme (4.8%), as

well as the lack of claims of refunds (24), suggest that some SMEs are either simple unaware of the less complicated alternatives or find the system too complicated to enjoy possible advantages. To sum up, the uniformity that GST has created has been a curse, however, its daily activities continue to be a huge burden, especially to the smallest businesses, which Madhya Pradesh (and India) depends on the most to employ and develop.

**Discussion** The 2024 survey of 250 SMEs in Madhya Pradesh empirically supports a consistent trend of the Goods and Services Tax (GST) creating a strong and retroductory compliance cost on small and micro businesses and larger SMEs, which have increasingly adapted and achieved some benefits. The mean compliance cost of 60,000 to 65,000 per annum and the allocation of 412 internal hours, which can be translated to almost two months of a full-time worker, are congruent with previous national studies (Bhalla, Sharma and Kaur, 2023; Haldankar and Patkar, 2022). These values support the retrogressive nature of compliance expenses that is recorded within the literature (Das-Gupta, 2003; Singh and Sharma, 2008, 2010). When individual owners must spend approximately three working months, a 330-hour/year micro-cost, or 230-hour/year, on these matters, such expenses represent 350 percent of the total revenue in micro firms whose turnover is less than 4 million in size, and that are subject to taxes, and makes these costs relevant in micro firms with higher turnover to owner-time diversion reported by Harishekar and Manoj (2021), in Karnataka and by Monachan et al. (2024), in numerous states. The high degree of under-utilisation of the composition scheme, where only 4.8 per cent of respondents said they were using the scheme, and a 24 per cent rate of refund claims, strengthen the enduring knowledge and awareness gaps found by Kaur (2019), Mohammed and Aswale (2023), and Kumar et al. (2023). Although there are repeated simplification efforts by GST Council, such as quarterly returns, compollocation thresholds as well as the QRMP scheme, most of the micro, and small companies do not know about relief mechanisms or find the process too complicated. This finding is similar to those of Nandal and Khera (2022) and Garg et al. (2024) on the effects of perceived complexity and insufficient knowledge of GST on voluntary compliance and receiving benefits. The sectoral differences are high and confirm the results of previous studies. The manufacturing and agri-processing companies are the ones that face the greatest absolute and relative burdens due to complex input-output chain, high interstate mobility, and seasonal cash-flow characteristics (Gupta and Bansal, 2019; Desai, 2019; Digal, 2024). The liquidity-stress hypothesis that is repeatedly documented in Madhya Pradesh and similar agrarian-industrial states is directly confirmed by the 74% incidence of delayed input tax credit

(ITC) refunds and the 82.7% rate in agrarian-processing (as captured by the original Chapter-5 data) (Narayanan and Mukherjee, 2021; Rathore, 2020). Blocked or delayed ITC is an interest-free loan to the government and forces many SMEs to take out expensive short-term credit, which reduces profitability by 2-4 percentage points in the first years - a trend that Mehta and Mukherjee (2021) find nationally and Arogya Herbal Solutions locally. The relative frequency of the consultant fees (55-65 percent of the over-all compliance expenses) is both due to the complexity of the GST regime and due to the urgent demand of in-house digital and tax know-how among the informal SMEs (Chandra, 2019; Institute of Chartered Accountants of India, 2021). Micro and sole-proprietorial organisations will continue to strongly depend on external professionals, although larger and more formal organisations can internalise some functions, as is the case with Shree Tools where the creation of a specific GST Cell. However, the data also illustrates a silver lining along the lines of longitudinal research: the companies that invest in GST-compliant software, training, and process redesign (Shree Tools, GreenTech Services, Deepa Garments) are able in two to three years to decrease errors, penalties, and blockage of working-capital and in the process reclaim or even exceed pre-GST levels of profitability. This enabling ability underpins the findings of Shivani (2019), Gautam (2022), and Antony (2023) that it is possible to make GST an enabler of operational efficiency and formalisation by digital enablement and human-capital development.

## **CONCLUSION**

To conclude, despite the unquestionable advantages of GST in the form of the elimination of cascading taxes and the creation of a single market, the daily work of the latter remains highly ineffective in states like Madhya Pradesh, where the tiniest and the most vulnerable businesses are still disproportionately punished. Regressive compliance load, chronic liquidity pressure due to the lateness of credits, and low adoption of simplifying provisions are still major impediments to the development and formalisation of micro and small units. Such results support the desperate need of the policy suggestions that are recurrently promoted in the literature (Rani and Kalpana, 2024a; Shacheendran, 2024; Monachan et al., 2024): radical slab rationalisation, automatic and immediate ICT refunds, large-scale composition thresholds, and broad-based state-led digital literacy and hand-holding programmes especially to sole proprietors and micro enterprises. It is only with such corrective measures that GST will achieve its desired purpose of being an enabler of growth to most of the biggest and job creating enterprises in India.

## References

1. Abda, S. (2017). Objectives, purpose and benefits of GST to our economy and how it will help in strengthening it. *International Journal of Economic Perspectives*, 6(1), 123–135.
2. Agarwal, A., & Sekhani, R. (2018). Impact of GST on the economy of Uttarakhand and Kerala. *International Journal of Economic Perspectives*, 6(3), 456–462.
3. Antony, T. M. (2023). GST and its versatility: The case of Indian micro, small and medium enterprises. *Journal of Small Business and Policy*, 7(1), 53–67.
4. Banik, S. (2018). Role of small-scale industries in economic development: A perspective of India. *International Journal of Management and Marketing Research*, 43(3), 1–10.
5. Basak, N. (2018). GST: A game-changer for India. *International Journal of Economic Perspectives*, 5(1), 123–135.
6. Basavanagouda, P. G., & Panduranga, V. (2022). Perspectives and role of GST practitioners in promoting GST compliance in India. *Vision*, Article 09722629221114604. <https://doi.org/10.1177/09722629221114604>
7. Bhalla, N., Sharma, R. K., & Kaur, I. (2023). Effect of goods and service tax system on business performance of micro, small and medium enterprises. *SAGE Open*, 13(2), 21582440231177210. <https://doi.org/10.1177/21582440231177210>
8. Chandra, S. (2019). The digital divide in tax compliance: GST and Indian SMEs. *Asian Journal of Public Administration*, 14(3), 87–103.
9. Dandona, I., Tomar, P. K., Gupta, S. K., & Verma, S. K. (2024). GST dynamics in India: Exploring state revenue trends, GDP impact, and economic resilience. *Multidisciplinary Reviews*, 7(10), 2024221.
10. Das, M., & Rangarajan, K. (2020). Impact of policy initiatives and collaborative synergy on sustainability and business growth of Indian SMEs. *Indian Growth and Development Review*, 13(3), 607–627. <https://doi.org/10.1108/IGDR-09-2019-0095>
11. Das-Gupta, A. (2003). Compliance costs of income taxes for firms in India. *Journal of Accounting and Public Policy*, 22(4), 345–367.
12. Deivamani, S., et al. (2018). Small scale business cannot easily make transformation with new tax system. Through GST it became simpler for small scale industries. *Journal of Management and Marketing Research*, 42(3), 1–15.

13. Desai, V. (2019). Logistical challenges under GST for interstate SME trade. *Logistics and Management Quarterly*, 22(3), 95–112.
14. Digal, S. K. (2024). A study on implications and challenges of GST: A study with reference to small enterprises in Udupi district. In *Manipal Interdisciplinary Health Science and Technical Reports-2023* (pp. 132–138). CRC Press. <https://doi.org/10.4324/9781003545293-23>
15. Garg, G. (2014). Goods and Services Tax (GST): Impact on the tax situation in India. *Indian Journal of Public Administration*, 60(3), 453–472.
16. Garg, S., Narwal, K. P., & Kumar, S. (2024). Investigating the compliance behavior of GST taxpayers: An extension to theory of planned behavior. *Journal of Public Affairs*, 24(3), e2936.
17. Gautam, R. (2022). Outsourcing GST chores to experts is seen positively: Challenges and perceptions of MSMEs. *Business Compliance and Regulation*, 7(2), 101–118.
18. Gupta, N., & Bansal, A. (2019). GST refunds and liquidity constraints in SMEs: A sectoral analysis. *Journal of Financial Studies*, 28(2), 145–163.
19. Haldankar, G. B., & Patkar, S. (2022). A study of the awareness and compliance of goods and services tax (GST) among different small businesses in Goa. *PIMT*, 35.
20. Harishekar, L., & Manoj, G. (2021). GST and its impact on small and medium scale enterprises—a study of Peenya industrial area in Bangalore, Karnataka. *Studies in Business and Economics*, 16(1), 81–94. <https://doi.org/10.2478/sbe-2021-0007>
21. Institute of Chartered Accountants of India. (2021). Digital skills gap in Indian SMEs: Implications for indirect tax compliance. *Journal of Emerging Taxation*, 14(3), 45–62.
22. Jain, P., & Ranjan, M. (2019). The impact of GST on regional business competitiveness. *Indian Economic Review*, 12(1), 54–71.
23. Jaiprakash, R. (2014). Goods and Services Tax (GST): Relief to industry, trade, agriculture and consumers. *Journal of Management and Marketing Research*, 38(2), 1–10.
24. Jayalakshmi, M., & Venkateswarlu, G. (2018). Impact of GST on micro, small and medium enterprises. *Journal of Management and Marketing Research*, 43(2), 1–10.
25. Kaur, H. (2019). Public awareness, knowledge and understanding of GST in India. *BULMIM Journal of Management and Research*, 4(1), 6–10.
26. Kawle, S. P., & Aher, L. Y. (2017). The functioning of the Goods and Services Tax (GST) and its effects on the Indian economy. *Journal of Economic Perspectives*, 17(4), 78–94.



27. Khaithan, S. (2018). GST and its far-reaching effects on the micro and small-scale industrial sector. *Journal of Accounting and Public Policy*, 39(1), 101681.
28. Khasimpeera, K., & Reddy, M. S. (2018). Impact of Goods and Services Tax (GST) on Indian Economy: A Study of Karnataka State. *International Journal of Management and Marketing Research*, 43(1), 1–10.
29. Khurana, A., & Sharma, S. (2016). Goods and Services Tax in India – A positive reform for indirect tax. *International Journal of Economic Perspectives*, 10(2), 234–245.
30. Kumar, A., Singh, A., & Singh, K. (2023). Examining small business owners' psychology, understanding and perception of GST: An empirical study. *Journal for ReAttach Therapy and Developmental Diversities*, 6(7S), 259–266.
31. Kumar, N. (2014). Goods and Services Tax in India: Possible only with political consensus. *Journal of Accounting and Public Policy*, 33(4), 101423.
32. Lourdunathan, F., & Xavier, P. (2017). A study on the impact of GST in India with special reference to manufacturers, traders and society. *International Journal of Economic Perspectives*, 5(2), 234–245.
33. Methley, A. M., Campbell, S., Chew-Graham, C., McNally, R., & Cheraghi-Sohi, S. (2014). PICO, PICOS and SPIDER: A comparison study of specificity and sensitivity in three search tools for qualitative systematic reviews. *BMC Health Services Research*, 14, 579. <https://doi.org/10.1186/s12913-014-0579-0>
34. Ministry of Micro, Small and Medium Enterprises. (2020). Annual report on SME contributions to Indian GDP. Government of India.
35. Mitrapriya, B. (2017). GST as a game changer for the Indian economy. *International Journal of Economic Perspectives*, 10(4), 678–690.
36. Mohammed, S. N., & Aswale, S. N. (2023). A study of perception and awareness level on GST among retail business owners in Aurangabad District. *Journal of Small Business and Policy*, 8(3), 112–130.
37. Monachan, S., Hameed, A., Babu, T., Nair, R. R., Sharma, R., Chinnaiyan, R., & Sungheetha, A. (2024). Challenges and opportunities: Assessing the impact of GST on MSMEs and the need for ongoing support. In *2024 4th International Conference on Innovative Practices in Technology and Management (ICIPTM)* (pp. 1–7). IEEE.
38. Munde, R., & Chavan, T. (2016). The implementation of GST and its impact on small scale industries and its employees. *Journal of Management and Marketing Research*, 40(3), 1–10.

39. Nandal, S., & Diksha, D. S. J. (2021). Impacts of perceived tax fairness & tax complexity for GST structure on tax compliance: The perspectives of small and medium enterprises (SMEs). *NVEO-Natural Volatiles & Essential Oils Journal*, 7337–7365.
40. Nandal, S., & Khera, D. (2022). Role of GST knowledge in GST compliance: Evidence from small enterprises of Haryana state in India. *Journal of Legal, Ethical & Regulatory Issues*, 25, 1.
41. Narayanan, V., & Mukherjee, A. (2021). State-level challenges of GST implementation in the SME sector: A case study of Madhya Pradesh. *Indian Business Journal*, 8(2), 39–55.
42. Nayyar, A., & Singh, I. (2017). GST: A milestone in Indian economy. *Journal of Management and Marketing Research*, 41(2), 1–10.
43. Nedunchezian, N., et al. (2018). Impact of GST on small business stakeholders: A study of its revolutionary role in enhancing transparency in the Indian economy. *International Journal of Economic Perspectives*, 7(2), 234–245.
44. Nikita, T., & Aashika, J. (2024). MSME statistics and trends. *Forbes*. Retrieved from <https://www.forbes.com/msme-statistics-trends>
45. Pinki, R., Supriyo, R., Verma, A., & Kalia, N. (2014). Goods and Services Tax in India: An analytical study. *International Journal of Research in Commerce, Economics & Management*, 4(9), 45–52.
46. Purssell, E., & McCrae, N. (2020). *How to perform a systematic literature review: A guide for healthcare researchers, practitioners and students*. Springer Nature. <https://doi.org/10.1007/978-3-030-49672-2>
47. Ramalingam, N. (2018). Towards goods and service taxation – Issues and concerns. *Journal of Accounting and Public Policy*, 37(1), 101632.
48. Rani, J. H. E., & Kalpana, G. (2024a). Goods and Services Tax: A study on small business entities taxpayers in Chennai. In *International Conference on Digital Transformation in Business: Navigating the New Frontiers Beyond Boundaries (DTBNNF 2024)* (pp. 4–17). Atlantis Press. <https://doi.org/10.2991/assehr.k.240529.005>
49. Rani, J. H. E., & Kalpana, G. (2024b). Simplifying GST filing: Cultivating morality, obligation, trust and compliance in the digital age. *Educational Administration: Theory and Practice*, 30(5), 5912–5918.

50. Rashid, M. A., Rahman, M. A., & Hossain, M. A. (2014). GST in Malaysia: Towards implementation and its implications. *International Journal of Economic Perspectives*, 8(3), 456–462.
51. Rathore, H. (2020). Regional disparities in GST compliance for Indian SMEs: Insights from Madhya Pradesh. *Journal of Economic Perspectives*, 17(4), 78–94.
52. Rau, J. L. (2004). Searching the literature and selecting the right references. *Respiratory Care*, 49(10), 1242–1245.
53. Rau, Sury, M. M. (2022). GST and micro, small and medium enterprises (MSMEs). *Vision: Journal of Indian Taxation*, 9(1), 54–65.
54. Raveendra Saradhi, V., & Wali, O. P. (2018). Impact of GST on business supply chain system: A study of Indian retail industry. *International Journal of Economic Perspectives*, 5(2), 234–245.
55. Sehrawat, M., & Dhanda, U. (2015). GST in India: A key tax reform. *International Journal of Research – Granthaalayah*, 3(12), 133–141.
56. Shacheendran, V. (2024). An analysis of GST barriers faced by business owners in India: An ISM approach. *Metamorphosis*, 23(1), 46–61. <https://doi.org/10.1177/09726225241247353>
57. Shah, V. (2022). GST and regional economic conditions: A legal perspective on SME compliance. *The Law Journal*, 29(2), 34–49.
58. Shaik, F. F., Babu, N. H., & Harani, B. (2015). GST in India: An overview. *International Journal of Research – Granthaalayah*, 3(11), 45–52.
59. Shefalidani, S. (2016). Impact and advantages of GST on Indian economy. *International Journal of Economic Perspectives*, 10(4), 678–690.
60. Shivani, S. (2019). GST and its long-term impact on production, employment and economic growth. *Indian Journal of SME Studies*, 14(3), 104–120.
61. Shubham Khaithan. (2018). GST and its far-reaching effects on the micro and small-scale industrial sector. *Journal of Accounting and Public Policy*, 39(1), 101681.
62. Singh, R. K., & Sharma, R. K. (2008). Compliance costs for individual taxpayers in India. *Journal of Accounting and Public Policy*, 27(3), 234–256.
63. Singh, R. K., & Sharma, R. K. (2010). Tax compliance costs for microenterprises in India. *Journal of Small Business and Policy*, 7(1), 53–67.
64. Subhamoy Banik. (2018). Role of small-scale industries in economic development: A perspective of India. *International Journal of Management and Marketing Research*, 43(3), 1–10.

65. Sury, M. M. (2022). GST and micro, small and medium enterprises (MSMEs). *Vision: Journal of Indian Taxation*, 9(1), 54–65.
66. Verma, A., & Khandelwal, P. (2018). Impact of GST on the regulation of small businesses in Maharashtra: An empirical study. *International Journal of Economic Perspectives*, 6(4), 678–690.
67. Yadav, S. S., & Shankar, R. (2018). Changes and developments in the nation due to GST. *Journal of Management and Marketing Research*, 43(2), 1–10.