

Impact of GST on Handloom Sector-A Case Study of Production and Sales Performance of Master Weavers in Sirumugai Block

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ABSTRACT

Handloom weaving constitutes one of the richest and most vibrant aspects of the Indian cultural heritage. The GST regime has ushered in several firsts for the handloom industry. The handloom industry in India is highly de-centralised, rural-based and spread across India. But the education level being elementary, awareness being very low, GST compliance through filling of forms, observance of procedures and other formalities is a scary proposition that has shaken them to the core. The present study has been conducted in Sirumugai Block of Coimbatore District where weaving industry is concentrated. This present study is mainly based on Primary data. The data was collected through the structured questionnaire .A total sample of 50 Master weavers was selected by using stratified random sampling method. Percentage analysis and ANOVA ,Chi-Squared test are used to analyse the data. From the study, it is clear that introduction of GST has certain impacts on handloom weavers. Though the nature of work and the process remain almost same but GST has got several economy impacts on handloom industry. Cost of raw material has increase after GST. To keep parity of selling price the labour engaged in the process were less paid compared to pre GST regime.

KEY WORDS: Mater Weavers, Production, Sales Performance Impact of GST.

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I. INTRODUCTION

The Handloom Sector is one of the largest unorganized economic activities after agriculture and constitutes an integral part of the rural and semi-rural livelihood Handlooms have always been acknowledged in India and universally as having extraordinary potential to fuel a continuous stream of new and interesting fare, year after year. Rich in possibilities from permutations and combinations applied to a whole host of factors like design, color, pattern, manner of incorporating, adornments and so many others, it unfailingly sustains the needed variety and diversity that answer's the expectant market's constant need for change and creativity. Handloom sector has an advantage of being less capital intensive, minimal use of power, eco-friendly, flexibility of small production, openness to innovations and adaptability to market requirements. Despite such obvious and impressive strengths, India has not been able to ensure sustainable and satisfactory livelihoods for handloom weavers. The grim reality today is that an overwhelming majority of handloom weavers are living in poverty, while many others have left the occupation.

Impact of GST on Handlooms

The GST regime has ushered in several firsts for the handloom industry. Cotton fiber, yarn and fabric which were not taxed, attracted 5 percent GST. Though silk and jute remained at 0 percent, synthetic fiber yarn got taxed at 18 percent. For fabrics from hand-made yarn it would be 12 percent for the yarn and 5 percent for the prepared fabric. The handloom industry in India is highly de-centralised, rural-based and spread across India.

But the education level being elementary, awareness being very low, GST compliance through filling of forms, observance of procedures and other formalities is a scary proposition that has shaken them to the core. Not at all aware, nor having the resources in his local surroundings, they have to seek out help from professionals dealing with GST, who have an attached cost for their services and additionally would force the weaver to travel to urban areas, adding to his financial misery. When the awareness and education level is fairly low, it creates a natural thought process of doubt and suspicion about anything new that comes up as unfamiliar. For one who is only accustomed to direct selling, either to the regular trader or a customer, has not dealt with paper work of any sort, the GST gets viewed with doubt and suspicion as something that could snatch away even the meager means that the weaver possesses. Those around him themselves no better in knowing the

system well enough to explain further compound his fears with their own views that most times are vague, unsatisfactory and filled with contradictions.

II. REVIEW OF LITERATURE

S.S.Shetty 2019 evaluate the impact of GST On textile industry in India.It finds that, the early phase of the implementation of GST produced negative results, it affects productivity, sales and performance of the business.The study states that, GST System brings majority of the taxes on goods and services under one umbrella..But there is some uncertainty and low level of clarity in input tax credit among retailers and traders in textile sector.. The current overall impact of GST on Indian textile industry has displayed negative responses from traders however it creates a need for more involvement and association between the Indian government and the textile industry to find out actions.

GeevethaR&Shivaranjani S (2018)analysed the impact of GST on the working capital in the region of Tirupur Textile industry. They found that, the requirement of increase in the working capital it causes simultaneous increase in the short term borrowing affecting the growth of the textile industry.

JitSankar&SoumikDey(2018) their study based on the objective of find out the changes in economic structure of handloom industry in pre and post GST period.The researcher used the Descriptive statistical tools like Pearson Correlation, Standard Deviation, t-test for analyzing the data. They found that GST has made certain impact on handloom weavers.The nature of work and the processs remain same, but GST increases the cost of raw material used,reduce the wage level for labours, reduce the amount of sales.They suggest that gearing a market awareness is essential to keep the industry sustain.

Objectives

- 1.To know about the Socio- economic Status of the Master Weavers.
- 2.To Analyze the impact of GST in the production and Sales Performance of the Master Weavers

Research Design and Sampling Method

The present study has been conducted in Sirumugai Block of Coimbatore District where weaving industry is concentrated. This present study is mainly based on Primary data. The data was collected through the structured Interview Schedule.A total sample of 50 Master weavers was selected by using stratified random sampling method. Percentage analysis and correlation analysis are used to analyse the data.

Analysis and Interpretation

Table.1.Socio-Economic Condition of Master weaver

S.No	Variable	Category	Percentage
1	Gender	Male	78
		Female	22
2	Age	20-30	18
		21-45	38
		46-60	32
		Above 60	12
3	Educational Status	Illiterate	18
		SSLC	48
		HSLC	26
		Diplamo/Degree	8
4	Nature of Business	Wholesale	2
		Retail	30
		Both	68
5	Working Experience	1-5 year	10
		6-10yeras	20
		11-15 year	24
		16-20 years	30
		Above 20 years	16

Source :Primary Source 2020

From the above table we come to know that 78% of the respondents are male and 22% of the respondent are female. The Majority (38%) of the respondent are belongs to the age group of 21 to 45 and the Majority (68%) of the respondents are doing both wholesale and retail business. Most (48%) of the respondents are completed secondary Level Education and the Majority (30%) of the respondent are having 16 to 20 years of experience in the business.

Table.2. Production & Sales Before & After GST per Year (%)

Period	Variable	Very Good	Good	Neutral	Poor	Very Poor
		No of Respondents	No of Respondents	No of Respondents	No of Respondents	No of Respondents
Before	Production	44	40	16	0	0
	Sales	42	40	14	0	4
After	Production	0	26	36	10	28
	Sales	0	8	30	14	48

Source: Primary Source 2020

In the above table 44% of the respondents agreed the production flow before GST was Very Good, 40 % of the respondents are agreed the production flow before GST was Good, and 42% of the respondents agreed the Sales flow before GST was Very Good, 40 % of the respondents are agreed the sales flow before GST was Good and 14 % of the respondents agreed the sales flow before GST was neutral.

In the above table 26% of the respondents agreed the production flow after GST was Good, 36 % of the respondents are agreed the production after GST was Neutral, and 28% of the respondents agreed the production after GST was Very Poor, 30% of the respondents are agreed the sales after GST was Neutral and 14 % of the respondents agreed the sales after GST was poor and 48% of the respondents agreed the sales after GST was very poor.

Table 3. Production before and after GST Per Year

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.800	3	1.267	2.615	.062
Within Groups	22.280	46	.484		
Total	26.080	49			

In the above table, the researcher used Analysis of variance to find out the impact of GST in production. From the table it is clear that with the significant value of 0.062 it is clear that the independent variables taken for the study has not significantly related to the dependent variable. The independent variable production flow before GST has different from the dependent variable production flow after GST.

Table.4 Sales Flow Before and After GST Per Year

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	1.517	3	.506	.716	.548
Within Groups	32.483	46			

In the above table, the researcher used Analysis of variance to find out the impact of GST on sales. From the table it is clear that with the significant value of 0.0548 it is clear that the independent variables taken for the study has not significantly related to the dependent variable. The independent variable sales flow before GST has not significantly related to the dependent variable sales flow after GST.

Table 5. Average Cost Before & After GST

Level of Cost	No. of Respondents				
	Very High	High	Neutral	Very Low	Low
Before GST	-	6	26	46	22
After GST	6	34	28	2	8

Source: Primary Source 2020

In the above table 6% of the respondents agreed the Per Unit Cost before GST was high, 34 % of the respondents are agreed the Per Unit Cost After GST was high. Most (46%) of the respondents agreed that before GST the average cost was low, Only 2% respondents agreed that After GST the cost was less.

Table.6. Cost Before and After GST

	Sum of Squares	Df	Mean Square	F	Sig
Between Groups	2.181	4	.545	.754	.561
Within Groups	32.539	45	.723		

In order to find out the impact of GST on cost, the researcher used Analysis of variance. The table shows that the significant value of 0.561 it is clear that the independent variables taken for the study has not significantly related to the dependent variable. The independent variable average cost before GST different from the dependent variable average cost after GST.

Table.7.Level of Profit before and After GST

Variable	Very High	High	Neutral	Very Low	Low
Profit Before	20	48	32	0	0
Profit After	0	2	34	38	26

Source: Primary Source 2020

In order to find out the impact of GST on level of profit, the researcher used Analysis of variance. The table show that level of profit earned by the respondent Before and After GST.20% of the respondent are earning very high level of profit before imposing GST, 48% of the respondent are earning high level of profit before imposing GST and 32% of the respondent are earning neutral level of profit before imposing GST. Majority (38%) of the respondent are agreed that After GST the Profit level was very Low .

Table 8.No of Idle Loom After GST

Opinion about Idle Loom	No of Respondents	Percentage
High	17	34
VeryHigh	16	32
Neutral	10	20
Low	6	12

Source: Primary Source 2020

The above table shows that34% of the respondents states that after imposition of the GST theno.of idle looms was high and 32% of the respondents states that after imposition of the GST the no.of idle looms was very high.20% of the respondents states that after imposition of the GST the no.of idle looms was neutral and12% of the respondents states that after imposition of the GST the no.of idle looms was low. The Majority(32%) of the respondents state that after implementation oif the GST on handloom sector the no.of idle looms are increased.

III. CONCLUSION

Thus from the study, it is clear that introduction of GST has certain impact on handloom weavers. Though the nature of work and the process remain almost same but GST has got several economy impacts on handloom industry.Cost of raw material has increase after GST. To keep parity of selling price the labour engaged in the process were less paid compared to pre GST regime ; though labour contributes a substantial part of the industry. This has got serious impact on rural economy as handloom weaving is believed to one of the major avenues for huge human resource management. Though this assessment is too early, but the reduction in selling of handloom needs to be taken seriously, if marketing awareness are not geared up the very existence of this cottage industry will be in stake which will have ultimate effect on rural economy.

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