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The Impact of Goods and Services Tax (GST) on Women Entrepreneurs in India

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Abstract
The Goods and Services Tax (GST) in India marked a significant shift in the country's indirect tax structure, aiming to create a unified and transparent taxation system. This study assesses the level of awareness of GST among women entrepreneurs and examines the impact of GST on women entrepreneurs in India, focusing on both opportunities and challenges arising from its implementation. The study highlights that while GST has the potential to empower women entrepreneurs by integrating them into the formal economy, targeted support in terms of training, awareness, and policy flexibility is essential to ensure inclusive growth. Overall, the impact of GST on women entrepreneurs in India is mixed, with long-term benefits dependent on effective implementation and supportive measures.

Keywords: Goods and Services Tax (GST), Women Entrepreneurs, opportunities and challenges India

1. Introduction

The introduction of the Goods and Services Tax (GST) on July 1, 2017, marked one of the most significant tax reforms in India's economic history. GST replaced multiple indirect taxes such as VAT, excise duty, and service tax with a unified tax system aimed at simplifying compliance and improving transparency. The GST reform is expected to bring in a lot of changes in Indian economy. The present structure of Indirect Taxes is very complex in India. There are so many types of taxes that are levied by the Central and State Governments on Goods & Services. This paper studies the impact of GST on women entrepreneurs. Given the passage of the Constitution Amendment Bill for Goods and

Services Tax (GST) in the Rajya Sabha on 3 August 2016, the Government of India seems committed to replace all the indirect taxes levied on goods and services by

the Centre and States and implement GST by April 2017. With GST, it is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. GST the game changer. GST rules are gender-neural. Women entrepreneurs are treated the same as men under GST law. There are no exclusive GST exemptions solely for women. However, most women entrepreneurs fall under MSMEs (Micro, Small & Medium Enterprises), where GST provisions indirectly affect them. Women entrepreneurs in India - who are increasingly contributing to sectors like retail, handicrafts, food processing, and services - form a vital segment of the economy. However, they often face structural challenges such as limited access to finance, lower digital literacy, and regulatory complexities. The implementation of GST has brought both opportunities and challenges for these women-led enterprises, influencing their operations, compliance burden, and growth prospects. GST Registration Rules (Important for Women Entrepreneurs). A woman entrepreneur must register for GST if: Annual turnover exceeds: ₹40 lakh (goods) and ₹20 lakh (services). Engages in inter-state trade and sells through e-commerce platforms. Small businesses below the threshold can opt for voluntary registration. Women-led small businesses can benefit from the Composition Scheme are Lower tax rates (1%–6%), Less compliance (quarterly returns) and Suitable for small traders, boutique owners, home businesses.

2. Objectives of the Study

The main objectives of this study are:

3 To assess the level of awareness of GST among women entrepreneurs

4 To analyze the impact of GST on women entrepreneurs in India

3. Review of literature

Reviews of related literature forms an integral part of any research study. A careful scanning of the illiterate studies on related studies will help for clearing the background for present study.

4 **Mamta Jaisiyan (2022)** Mamta Jaisiyan conducted a review titled "The Influence of

GST on the Financial Performance of Women Entrepreneurs." The study analyzed secondary data to understand GST's impact on women-led businesses.

5 **Mamta Jaisiyan (2023)** In another study, "Impact of GST on SMEs Owned by Women,"

Jaisiyan examined GST's effect on women-owned small businesses. The

study concluded that GST has simplified taxation and improved efficiency. However, women entrepreneurs face higher compliance coste, cash flow problems and administrative burden especially in small-scale enterprises.

6 Dr. Mamta Sharma, Sandeep Kumar Sharma & Gurman Singh (2024) A**lthough not**

directly focused on GST, their study on women entrepreneurship highlighted: Women

entrepreneurs face financial constraints, limited access to resources and socio-economic barriers. These challenges intensify th impact of GST compliance and adaptation.

7 **Harsh Kumar (2026)** In the study "Impact of GST on MSMEs in India," the author

analyzed both positive and negative impacts of GST. Positive impacts include reduction in cascading taxes, better inpur tax credit system and broader market access. Negative impacts include technical issues, increased compliance costs and cash flow problems, which are critical for women entrepreneurs with limited resources.

4. Research Methodology

This study is intended to identify the impact of GST on women entrepreneur in India. The study is descriptive in nature, based on secondary data. The study focuses on extensive study of Secondary data collected from Government reports and GST council publications, Research papers, journals, and articles, Data from organizations like Ministry of MSME and NITI Aayog and Reports from financial institutions and industry bodies from various websites which focused on various aspects of Goods and Service tax and Commercial Taxes Department.

5. Awareness of GST among Women Entrepreneurs

The awareness of the Goods and Service Tax (GST) among women entrepreneurs in India is moderate but uneven, varying significantly based on factors like education, location, business size, and access to training.

5.1 Moderate Awareness Overall: Studies show that awareness among women entrepreneurs is neither very high nor very low. Around 40-50% has a moderate level of awareness about government schemes and policies (including GST related system.

5.2 Awareness Higher in Urban and Educated Groups: Women entrepreneurs who are: Educated, Based in urban areas, Running registered businesses, Tend to have better knowledge of GST rules, filing, and benefits. Exposure to training,

internet access, and professional networks improves awareness.

5.3 Low Awareness in Rural and Informal Sector: Many women entrepreneurs operate in: Rural areas and Home-based or informal businesses. These groups often face: Lack of information, Limited access to training programs and Language and digital barriers.

5.4 Gap Between Awareness and Understanding: Even when women are "aware" of GST: They may not fully understand concepts like: Input Tax Credit (ITC), Filing procedures, Compliance rules.

5.5 Evidence from Research Studies: Research on MSMEs shows that awareness levels among women entrepreneurs are often medium, with a significant proportion having only partial knowledge of government policies and taxation systems. Studies on GST and small businesses highlight that understanding of GST mechanisms is still limited. Reviews of GST's impact on women-led enterprises indicate changes in compliance due to lack of knowledge and training.

5.6 Factors Influencing Awareness :

1. **Education and Training:** Women with higher education or business training show better GST awareness. Lack of formal financial education reduces understanding.
2. **Urban vs Rural Divide:** Urban women entrepreneurs: higher awareness due to exposure and digital access.
3. **Rural / semi-urban women:** lower awareness due to limited outreach.
4. **Type and Size of Business:** Women running resisted or formal businesses tend to understand GST better. Informal sector participants often lack awareness.
5. **Access to Digital Tools:** GST compliance is digital women with limited digital literacy face barriers

6. Impact of GST on Women Entrepreneurs in India

The Goods and Service Tax (GST), introduced in India in 2017, has had a mixed impact on women entrepreneurs, especially those running micro, small, and medium enterprises (MSMEs). Its effects can be understood in terms of opportunities (positive impact) and challenges (negative impact). With the implementation of GST, the owners of small businesses especially women who have been negatively impacted the most. The government is continuously working on simplifying the compliance procedure and easing the transitional pain for the taxpayers. Having said that, there are some challenges in GST that have been a source of worry, for the small and

medium-sized enterprises (SMEs). Women Entrepreneur has to face the impact of GST, some of which are listed below:

5.1 Opportunities of GST on Women Entrepreneurs (Positive Impact)

- **Simplification of the Tax System:** GST replaced multiple indirect taxes (VAT, excise, service tax), creating a unified tax structure. This reduces confusion and makes it easier for women entrepreneurs to operate across states.
- **Increased Market Access:** GST has removed interstate trade barriers, enabling women entrepreneurs to expand their businesses beyond local markets. Helping women entrepreneurs: Sell products nationwide and Expand customer base. Particularly beneficial for handicrafts, textiles and home-based businesses.

Lower Costs and Better Margins: Reduction in GST rates on inputs and products can: Lower production costs and Increase profit margins. Rate cuts have been described as beneficial for small businesses, including women-led enterprises.

Formalization of Business: GST has encouraged many women-led informal businesses to register formally, improving access to loans and government schemes. GST encourages businesses to register and operate in the formal economy. Formalization also improves credibility in markets. This helps women entrepreneurs are gain legal recognition and Access bank loans and government schemes.

I**ncreased Transparency:** Digital filing and invoicing systems have improved transparency, reducing corruption and unfair practices.

Input Tax Credit Benefits: Women entrepreneurs can claim input tax credits, reducing the overall cost of production and increasing competitiveness.

Digital Empowerment: GST is largely digital (online registration, filing returns), which is Encourages digital literacy and Integrates women entrepreneurs into the digital economy.

Expansion of Market Reach: GST removed interstate tax barriers, creating a unified national market. Especially beneficial for sectors like handicrafts, textiles, and online businesses. Women entrepreneurs can now: Sell products across India without complex taxes and Reach a larger customer base

5.2 Challenges of GST on Women Entrepreneurs (Negative Impacts)

High Compliance Burden: GST requires regular return filing and digital record-keeping, which can be difficult for women entrepreneurs with limited technical skills and lack of technical knowledge.

Digital Literacy Issues: Many women entrepreneurs, especially in rural areas, face challenges in using GST portals and online systems.

Increased Compliance Costs: Hiring accountants or consultants to manage GST

compliance increases operational expenses. This affects small women – owned enterprises more than larger firms.

Working Capital Constraints: Delayed input tax credit refunds can affect cash flow, particularly for small-scale women entrepreneurs.

Threshold Limit Issues: Some small businesses were initially forced into the tax system due to lower exemption limits, increasing compliance pressure.

Cash Flow Problems: GST requires tax payment at multiple stages, even before receiving payments. This creates working capital issues, especially for small businesses.

Tax on Previously Exempt Sectors: Some sectors where women dominate (like handicrafts, textiles) now face GST on inputs, reducing profit margins.

Conclusion

The awareness of GST among women entrepreneurs in India is improving but still uneven. While urban and formal-sector women show good adaptation, many in rural and informal sectors still face Low awareness and Difficulty in compliance. The impact of GST on women entrepreneurs in India is dual in nature are it has empowered women entrepreneurs by promoting formalization, improving market access, and simplifying taxation. However, it has also created challenges, especially for small and informal women-led businesses due to compliance complexity and financial constraints. Overall, GST is beneficial in the long run, but its success for women entrepreneurs depends on continued simplification of procedures, financial and digital literacy support and targeted policy interventions for women-led enterprises.

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