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Impact of GST on Pricing and Profitability of Start-ups and Young Entrepreneurs in Solapur District

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Abstract

The introduction of the Goods and Services Tax (GST) in India has significantly transformed the indirect tax system by integrating multiple taxes into a single unified tax framework. While GST aims to simplify taxation and improve transparency, its impact on start-ups and young entrepreneurs remains a critical area of study. This research paper examines the influence of GST on pricing strategies and profitability among start-ups and young entrepreneurs in Solapur District. The study is based on primary data collected through a structured questionnaire and secondary data from journals, reports, and government publications. The findings indicate that GST has brought greater transparency and streamlined tax compliance; however, small and newly established businesses still face challenges related to tax compliance, input tax credit management, and digital filing systems. The study concludes that while GST offers long-term benefits for business growth, adequate training, awareness, and simplified compliance mechanisms are necessary to support young entrepreneurs.

Keywords: *GST, Pricing Strategy, Profitability, Start-ups, Young Entrepreneurs, MSMEs, Tax Compliance, Solapur District.*

Introduction

The Goods and Services Tax (GST) is one of the most significant tax reforms implemented in India. Introduced on July 1, 2017, GST replaced multiple indirect taxes such as VAT, Service Tax, and Excise Duty with a unified tax system. The objective of GST was to simplify taxation, improve compliance, and create a common national market.

For start-ups and young entrepreneurs, taxation policies play an important role in determining pricing strategies and overall profitability. GST has influenced business operations by altering tax structures, compliance requirements, and pricing decisions. While the GST regime provides benefits such as input tax credit and transparency in transactions, it also imposes compliance responsibilities such as regular return filing and digital documentation.

Solapur District is an emerging hub for small-scale industries, textile businesses, retail trade, and service-based start-ups. Young entrepreneurs in this region have increasingly adopted digital platforms and GST compliance systems. However, many still face challenges related to tax understanding, compliance costs, and the impact of GST on their pricing strategies and profit margins.

Therefore, this study attempts to analyze the impact of GST on pricing and profitability of start-ups and young entrepreneurs in Solapur District.

Objectives of the Study

1. To study the awareness of GST among start-ups and young entrepreneurs in Solapur District.
2. To examine the impact of GST on pricing strategies adopted by businesses.
3. To analyze the effect of GST on profitability of start-ups.
4. To identify the challenges faced by young entrepreneurs in GST compliance.
5. To suggest measures to improve GST compliance and profitability.

Research Methodology

Research Design

The study is descriptive and analytical in nature.

Data Collection

The study is based on both primary and secondary data.
Primary data was collected through a structured questionnaire distributed among start-ups and young entrepreneurs in Solapur District. Secondary data was collected from:

- Research journals

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- Government reports
- GST portal publications
- Books and articles related to GST

Sample Size
The study considers **50 respondents** consisting of start-ups and young entrepreneurs in Solapur District.
Sampling Technique
Convenience sampling method was used for selecting respondents.
Data Analysis Tools
The collected data was analyzed using:

- Percentage analysis
- Tables and charts
- Basic statistical interpretation

Limitations of the Study
1. The study is limited to Solapur District only.
2. The sample size of 50 respondents may not represent the entire entrepreneurial population.
3. The responses are based on self-reported opinions of entrepreneurs.

Review of Literature
1. **Sharma (2018)**

The study highlighted that GST has simplified the indirect tax structure and improved transparency in business transactions. However, small businesses initially faced compliance challenges.

2. **Kumar and Patel (2020)**

Their research found that GST influenced pricing decisions and forced businesses to restructure their pricing strategies due to uniform tax rates.

3. **Gupta (2021)**

The study examined the impact of GST on MSMEs and concluded that input tax credit benefits helped improve profitability in the long run.

4. **Joshi (2022)**

The research focused on GST compliance among young entrepreneurs and identified lack of awareness and digital skills as key challenges.

Data Analysis and Interpretation

Table 1: Awareness of GST among Respondents

Awareness Level	Number of Respondents	Percentage
Highly Aware	20	40%
Moderately Aware	18	36%
Low Awareness	12	24%

Interpretation:
Most respondents are aware of GST provisions, but some young entrepreneurs still require better understanding of GST procedures.

Table 2: Impact of GST on Pricing

Response	Number of Respondents	Percentage
Prices Increased	22	44%
Prices Reduced	10	20%
No Major Change	18	36%

Interpretation:
A majority of respondents indicated that GST has influenced pricing decisions.

Table 3: Impact of GST on Profitability

Response	Number of Respondents	Percentage
Profit Increased	16	32%
Profit Decreased	20	40%
No Change	14	28%

Interpretation:
Some entrepreneurs experienced reduced profitability due to compliance costs and tax burden.

Findings
1. Most young entrepreneurs in Solapur District are aware of GST regulations.
2. GST has significantly influenced pricing strategies of start-ups.
3. Input tax credit has benefited some businesses in reducing tax burden.
4. Many entrepreneurs face challenges in GST return filing and digital compliance.
5. Compliance costs and frequent amendments affect profitability.

Suggestions / Recommendations
1. Government should conduct GST awareness and training programs for young entrepreneurs.
2. Simplified return filing procedures should be introduced for start-ups and small businesses.
3. Digital literacy programs should be organized to improve GST compliance.
4. Professional GST consultancy support should be made accessible to MSMEs.
5. Policy makers should consider reducing compliance burden on small businesses.

Conclusion
GST has brought significant changes in the taxation system and has influenced the pricing and profitability of start-ups and young entrepreneurs in Solapur District. While GST provides transparency and uniform taxation, compliance challenges still exist

for small and emerging businesses. With proper awareness, training, and policy support, GST can become a powerful tool for promoting entrepreneurship and economic growth.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper

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