

An Analysis of Accounting Practices and Record Maintenance in Retail Businesses

with Special Reference to Chennai

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Abstract

In effective accounting practices and systematic record maintenance are crucial for ensuring financial accuracy, regulatory compliance, and long-term sustainability of retail businesses. This study focuses on analysing accounting practices and record maintenance followed by retail establishments in Chennai. Cluster sampling was adopted by selecting major retail clusters within the city. Primary data were collected from retail business owners and accounting personnel through a structured questionnaire, while secondary data were obtained from accounting standards, government publications, journal articles, websites, and conference proceedings. The research design of the study is descriptive in nature. The population of the study was estimated at 1020 retail businesses based on official trade records, and a sample size of 50 respondents was selected using Accounting Information System (AIS) Model. The collected data were analysed using SPSS to examine the type of accounting systems used, frequency of record updating, adoption of computerized accounting tools, compliance with statutory requirements, and challenges in maintaining financial records. The statistical tools employed included percentage analysis, cross-tabulation, and Multi-Dimensional Scaling. The study highlights the need for enhancing accounting literacy among retailers and promoting the adoption of digital accounting systems to improve accuracy, transparency, and informed financial decision-making in retail businesses.

Keywords: Accounting Practices, Record Maintenance, Retail Businesses, Brownie Specification Model, Chennai.

1. INTRODUCTION

Retail trade constitutes the bedrock of India's commercial economy, and Chennai's diverse retail landscape stretching from the jewellery-lined corridors of T. Nagar to neighbourhood kirana stores that have served families across generations embodies this reality in vivid, lived form. What lies beneath the surface of daily commerce, however, is a financial infrastructure that ranges widely in quality: from sophisticated ERP-driven systems in organized retail chains to informal pocket registers and, in some cases, no formal records at all. The discipline of accounting is what transforms commercial activity into a sustainable, governable enterprise and its absence, or inadequacy, carries costs that are neither abstract nor trivial.

Sound accounting and record maintenance are not merely regulatory obligations; they are the instruments through which retail businesses understand their own profitability, manage their inventory, access institutional credit, and navigate the compliance demands of a post-GST regulatory environment. The introduction of the Goods and Services Tax in July 2017 fundamentally altered the accounting landscape for Indian retail, mandating invoice-level records, periodic return filings, and input tax credit reconciliation - requirements that organized retailers managed with relative ease but that imposed significant new burdens on smaller, informal businesses.

1.1. Need for the Study

The need for this inquiry is anchored in several converging pressures: the persistent GST compliance challenges among small retailers eight years after implementation; the post-pandemic imperative for small businesses to manage finances with greater rigour; the expansion of digital financial infrastructure creating both opportunity and risk; and the relative absence of systematic empirical research on retail accounting practices in Chennai specifically. Poor financial record-keeping functions as a structural barrier to formal credit access a financial inclusion problem that conventional literacy programmes have not adequately addressed.

1.2. Statement of the Problem

The accounting gap between what retail businesses in Chennai should maintain and what they actually practice particularly in the unorganized segment carries far-reaching consequences: inaccurate profitability assessment leading to flawed pricing and investment decisions; tax compliance failures exposing businesses to penalties; exclusion from formal credit markets forcing dependence on

expensive informal financing; inability to detect internal fraud or inventory shrinkage; and loss of business opportunities requiring credible financial documentation. Understanding the specific dimensions and determinants of this gap in the Chennai retail context is the core motivation for this study.

1.3.Theoretical Framework

This study draws on four established theoretical frameworks that together provide a comprehensive analytical lens. Agency Theory (Jensen & Meckling, 1976) explains accounting behaviour as a response to information asymmetry businesses subject to greater external accountability pressures from lenders, investors, or regulators are predicted to maintain higher-quality records, a pattern consistently validated in the Chennai retail context. Institutional Theory explains how coercive regulatory pressures (GST mandates), normative industry practices, and mimetic peer-learning dynamics collectively drive accounting formalization even among reluctant adopters. The Technology Acceptance Model (Davis, 1989) frames software adoption around perceived usefulness and ease of use, suggesting that demonstrating concrete, retail-relevant benefits - time savings, error reduction, GST simplification is the most effective adoption-promotion strategy. Contingency Theory anchors the entire analysis by emphasizing that the optimal accounting system is context-dependent: a compliance framework perfectly suited to an organized retailer with a finance team may be completely overwhelming for a micro-trader with no formal commerce education.

1.4.Significance of the Study

For retail business owners, this study demonstrates the measurable business value of improved accounting - better profitability, credit access, and regulatory compliance — motivating improvement beyond mere compliance. For policymakers, it provides empirical grounding for targeted interventions. For accounting professionals and software providers, it identifies the features and service models most needed by underserved retail segments. For financial institutions, it reinforces the link between accounting quality and credit risk. For researchers, it contributes systematic empirical evidence on a relatively under-studied dimension of India's informal economy.

1.5.Objectives of the Study

This study is guided by four objectives: (1) to assess the current accounting practices and bookkeeping standards followed by retail businesses in Chennai, comparing organized and unorganized segments; (2) to analyze the extent and quality of GST-related record maintenance and compliance across retail

businesses; (3) to examine the impact of technology adoption on accounting accuracy and financial management efficiency; and (4) to evaluate the barriers to sound accounting practices and identify the key determinants of accounting quality.

1.6.Scope of the Study

The study covers retail businesses operating in the Chennai metropolitan area across organized and unorganized formats, spanning food and grocery, apparel and textiles, electronics, and general merchandise categories. Primary data were collected from 110 retail business owners through structured personal interviews conducted between January and March 2025. The study examines practices related to bookkeeping, inventory management, GST compliance, technology adoption, internal controls, and financial reporting.

2. REVIEW OF LITERATURE

The literature on retail accounting practices in the Indian context converges around a consistent and sobering finding: a significant proportion of small retail businesses particularly in the unorganized segment operate with accounting systems that are inadequate for the financial management demands of a modern, GST-regulated economy. Srinivasan and Murugan (2024), in a study of 320 retail owners across Tamil Nadu, found that roughly 65% did not maintain formal double-entry books of accounts, with owner education emerging as the strongest correlate of bookkeeping sophistication. This finding aligns closely with Murugesan and Shanthi's (2012) foundational assessment, which established that average accounting knowledge scores among Chennai retail owners fell below 50% on most dimensions a knowledge deficit that the authors identified as the root cause of virtually all documented record-keeping failures.

The introduction of GST in July 2017 has been the single most consequential regulatory event for retail accounting in recent decades. Annamalai and Venkateswaran (2018), using a longitudinal matched-pairs design with 185 Chennai retailers, documented statistically significant improvements in purchase and sales register completeness and reconciliation frequency following GST implementation but found that retailers who had invested in accounting software prior to GST adapted far more smoothly than those reliant on manual systems. Parthasarathy and Selvam (2023) corroborated this finding, noting that GST served as a 'watershed moment' compelling even reluctant small retailers toward structured record-keeping, while simultaneously revealing the inadequacy of manual systems for the new compliance demands.

Technology adoption emerges across the literature as the most impactful lever for rapid, measurable improvement in accounting outcomes. Suresh and Dhanalakshmi (2020), comparing 225 retailers split between software users and non-users, found significantly fewer financial statement discrepancies, faster month-end closing, and markedly improved GST compliance among technology users with the most dramatic improvements observed where mobile POS systems automatically fed transaction data into accounting platforms, eliminating manual entry entirely. Ramachandran and Jayalakshmi (2023) found that 58% of Chennai retailers had moved to at least partial digital record-keeping since GST implementation, with cost and perceived complexity identified as the primary adoption barriers.

GST compliance itself shows important structural variation across retail segments. Govindarajan and Rao (2021), surveying 290 retailers, found that the majority of non-compliant retailers were unaware of specific record-keeping requirements rather than actively evading them a finding with direct implications for policy design, favouring education-first over enforcement-first approaches. Ponraj and Meenakshisundaram (2019) documented an asymmetry in GST register quality: purchase registers were maintained more consistently than sales registers, attributable to the built-in cross-check mechanism of supplier-uploaded data on the GST portal a mechanism that has no equivalent for sales records. Senthilkumar and Vanitha (2020), using logistic regression with 300 retailers, established that comprehensive financial records increased formal loan approval probability by 45% — with retailers excluded from formal credit paying informal interest rates three to five times higher, creating a self-reinforcing cycle of exclusion and financial disadvantage. Balasubramanian and Menon (2022) further found that inconsistent inventory valuation methods systematically distorted profit and loss statements, with downstream consequences for tax liability accuracy. Collectively, this body of literature establishes the theoretical and empirical foundation upon which the present study builds its analytical framework.

3. RESEARCH METHODOLOGY

3.1. Research Design

This study adopts a descriptive and analytical research design implemented through a cross-sectional framework. The descriptive dimension systematically characterizes the current accounting practices of retail businesses in Chennai documenting what they do, how consistently they do it, and how practices vary across business types and sizes. The analytical dimension examines relationships between key variables, tests the significance of observed differences, and identifies factors that most

strongly predict accounting quality. Data were collected from the sample at a single point in time, between January and March 2025.

3.2. Sample Design and Data Collection

The universe comprises all retail businesses operating within the Chennai metropolitan area, including surrounding suburban zones such as Tambaram, Ambattur, Avadi, and Sholinganallur. A sampling frame was constructed using trade directory listings from the Chennai Chamber of Commerce, the Tamil Nadu Vanigar Sangangal Peravai, and GST registration records. A sample of 110 retail business owners was determined using the standard finite-population formula, targeting a 95% confidence level and a 9% margin of error adequate for the t-tests, ANOVA, and correlation analyses employed. Stratified random sampling ensured representation across two primary dimensions: business type (organized vs. unorganized) and product category (food and grocery, apparel and textiles, electronics and consumer durables, and general merchandise). Of the 110 respondents, 42 (38.2%) are organized retailers and 68 (61.8%) are unorganized, reflecting the dominance of the informal segment in Chennai's retail landscape. Primary data were collected through personal interviews at business premises, yielding a 100% response rate.

3.3. Questionnaire Design and Reliability

The structured questionnaire was developed through a three-stage process: initial instrument construction based on literature review; expert review by a panel of five specialists (two practicing CAs with retail clients, one academic in small business management, one GST practitioner, and one trade association official); and pilot testing with 15 retailers prior to final deployment. The instrument comprises six sections covering business and owner profile, bookkeeping and record maintenance, inventory accounting, GST compliance, technology adoption, and barriers and challenges. A five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) was used for all attitudinal measures. The Cronbach's alpha for the revised instrument was 0.863, indicating high internal consistency. Construct validity was assessed through confirmatory factor analysis (CFI = 0.94, RMSEA = 0.058). All interviews took between 20 and 35 minutes.

3.4. Statistical Tools Employed

The analysis employed five statistical tools, each aligned with a specific research objective. Descriptive statistics frequency tables, means, and standard deviations were used to profile the sample. Independent samples t-tests (Objective 1) tested for significant differences in accounting practice

scores between organized and unorganized retailers. One-way ANOVA with Tukey HSD post-hoc tests (Objective 2) examined differences across product categories. Pearson correlation analysis and a correlation matrix (Objective 3) assessed relationships between technology adoption, accounting practice dimensions, and business performance. Multiple regression analysis (Objective 4) identified the structural determinants of accounting quality, collectively explaining 71.7% of variance ($R^2 = 0.717$, $F(5,104) = 52.84$, $p < 0.001$). A six-year trend analysis using linear regression on secondary data (2018–19 to 2023–24) complemented the cross-sectional findings with a longitudinal perspective. All analyses were conducted using SPSS Version 25.0, with $p \leq 0.05$ as the threshold for statistical significance.

4. ANALYSIS AND INTERPRETATION

This unit presents the combined analysis for Objectives 1, 2, and 3, integrating statistical results, tabulated evidence, and detailed interpretation anchored to the research theme: An Analysis of Accounting Practices and Record Maintenance in Retail Businesses with Special Reference to Chennai.

Objective 1: Assessment of Current Accounting Practices t-Test Analysis

H_{01} : There is no significant difference in bookkeeping and accounting practice quality between organized and unorganized retail businesses in Chennai.

Table 4.1: Independent Samples t-Test - Accounting Practice Scores by Retail Segment

Practice Dimension	Retail Segment	N	Mean	Std. Dev.	t-value	Sig.
Bookkeeping Completeness	Organized	42	4.18	0.61	10.066	0.000***
	Unorganized	68	2.83	0.79		
GST Compliance Score	Organized	42	4.41	0.53	9.998	0.000***
	Unorganized	68	3.09	0.82		
Inventory Accounting	Organized	42	4.07	0.64	9.931	0.000***

Practice Dimension	Retail Segment	N	Mean	Std. Dev.	t-value	Sig.
	Unorganized	68	2.61	0.87		

Note: *** Significant at $p < 0.001$ (two-tailed). Scale: 1–5 (5 = highest quality).

The t-test results are unequivocal and significant across all three accounting dimensions. For bookkeeping completeness, organized retailers scored a mean of 4.18 compared to 2.83 for unorganized retailers - a mean difference of 1.35 points ($t = 10.066$, $p < 0.001$). The gap in GST compliance was 1.32 points (4.41 vs. 3.09; $t = 9.998$, $p < 0.001$), and the widest gap emerged in inventory accounting at 1.46 points (4.07 vs. 2.61; $t = 9.931$, $p < 0.001$). H_{01} is firmly rejected.

Detailed Interpretation Objective 1: The magnitude of these differences - consistently exceeding one full point on a five-point scale is not a marginal finding; it reflects a fundamental structural divide in the financial management culture of Chennai's retail sector. Organized retailers, operating under statutory obligations, investor accountability, and professional management structures, maintain records that broadly meet regulatory requirements. Unorganized retailers, operating in the informal commercial tradition that characterizes the majority of Indian retail, lag significantly on every accounting dimension measured. A mean bookkeeping score of 2.83 sits below the 'neutral' midpoint of 3, indicating that the average unorganized retailer falls short of even basic completeness standards. A mean GST compliance score of 3.09 represents marginal, inconsistent adherence rather than genuine compliance. These are not peripheral deficiencies they represent core vulnerabilities in the financial infrastructure of businesses that collectively employ tens of thousands of workers in Chennai's commercial economy. The analysis of bookkeeping methods reinforces this picture: while 38.2% of respondents (essentially all organized retailers) use computerized double-entry systems, 28.2% rely on manual single-entry ledgers, 17.3% maintain only a cash book, 10.9% use informal pocket registers, and 5.5% maintain no formal records whatsoever. This last figure is particularly significant in a post-GST environment where invoice-level record-keeping is a statutory requirement. The practical implication is clear: accounting quality improvement in Chennai's retail sector requires targeted intervention focused overwhelmingly on the unorganized segment, delivered through accessible channels, simplified tools, and peer-learning models that respect the resource constraints and educational backgrounds of small business owners.

Objective 2: GST Record Maintenance Compliance of ANOVA Analysis

H₀₂: There is no significant difference in GST compliance levels across different types of retail businesses in Chennai.

Table 4.2: One-Way ANOVA — GST Compliance Scores by Product Category

Product Category	N	Mean GST Score	Std. Dev.	F-stat / Sig.
Food and Grocery	34	3.21	0.93	F = 11.403
Apparel and Textiles	27	3.74	0.81	p < 0.001***
Electronics / Consumer Durables	22	4.32	0.54	df = 3/106
General Merchandise / Others	27	3.58	0.87	
Total	110	3.67	0.88	

Note: *** Significant at p < 0.001. Post-hoc Tukey HSD: Food & Grocery vs. Electronics mean diff. = 1.112 (p < 0.001); Electronics vs. General Merchandise — mean diff. = 0.739 (p = 0.010).

The one-way ANOVA confirms a highly statistically significant difference in GST compliance across product categories (F = 11.403, p < 0.001). H₀₂ is rejected. Electronics retailers record the highest mean compliance score (4.32), while food and grocery retailers record the lowest (3.21) a gap of 1.11 points confirmed as highly significant by the Tukey HSD post-hoc test.

Detailed Interpretation Objective 2: The compliance hierarchy revealed by the ANOVA is neither arbitrary nor surprising it reflects the real-world incentive structures that retailers face. Electronics and consumer durables retailers operate in a high-average-transaction-value environment where tax authority scrutiny is more intense, per-invoice documentation demands are clearer, and the financial stakes of non-compliance are more immediately visible. This combination of external pressure and economic incentive produces measurably better compliance behavior. Food and grocery retailers, by contrast, operate in a high-volume, low-margin, cash-intensive environment where maintaining invoice-level records for hundreds of small transactions per day is operationally demanding. The sub-dimension analysis reveals that input tax credit (ITC) reconciliation is the weakest compliance dimension overall (overall mean = 3.16; organized = 4.12 vs. unorganized = 2.51), representing the largest gap between segments. This finding has significant policy implications:

ITC reconciliation is also where compliance failures are most financially costly, as mismatches generate demand notices and effectively penalize businesses twice. The persistence of compliance gaps even as the six-year trend shows improvement from 54% to 86% suggests a structurally resistant 'hard core' of non-compliant retailers whose challenges are not informational but operational: they lack the accounting infrastructure, trained staff, or software capabilities to meet the reconciliation demands of the GST framework. Targeted interventions for food and grocery retailers specifically simplified return formats, automated ITC matching tools, and category-specific compliance workshops would yield the highest marginal compliance gain per unit of policy effort.

Objective 3: Technology Adoption Impact of Correlation Analysis

H₀₃: There is no significant positive correlation between technology adoption and accounting accuracy among retail businesses in Chennai.

Table 4.3: Pearson Correlation Matrix of Accounting Practice Dimensions and Business Performance

Variable	X1 Bookkeeping	X2 GST Compliance	X3 Inventory Acc.	X4 Tech. Adoption	Y Business Perf.
X1 Bookkeeping	1.000	0.718**	0.641**	0.593**	0.726**
X2 GST Compliance	0.718**	1.000	0.702**	0.648**	0.771**
X3 Inventory Acc.	0.641**	0.702**	1.000	0.577**	0.658**
X4 Tech. Adoption	0.593**	0.648**	0.577**	1.000	0.639**
Y Business Perf.	0.726**	0.771**	0.658**	0.639**	1.000

Note: ** Correlation significant at $p < 0.01$ (two-tailed). X1 = Bookkeeping Completeness; X2 = GST Compliance; X3 = Inventory Accounting; X4 = Technology Adoption Index; Y = Business Performance.

Every correlation in the matrix is positive, statistically significant at $p < 0.01$, and of moderate to strong magnitude. The direct technology adoption–business performance correlation ($r = 0.639$, $p < 0.01$) provides clear grounds for rejecting H₀₃. The strongest correlation in the entire matrix is between GST compliance and business performance ($r = 0.771$, $p < 0.01$), reinforcing the policy relevance of compliance as an economic outcome not merely a regulatory one. Technology adoption shows its

strongest correlation with GST compliance ($r = 0.648$), suggesting that software adoption is most effective as a compliance enabler.

Detailed Interpretation Objective 3: The correlation findings translate into tangible, operational differences between technology users and non-users that go far beyond statistical abstractions. Retailers using dedicated accounting software (Tally, Busy, Zoho Books) report a GST return accuracy rate approximately 22.8 percentage points higher than manual-system users, spend 64% less time on monthly and quarterly return preparation (8.1 hours vs. 22.9 hours per return period), experience inventory discrepancy rates only one-third as high as non-users (4.2% vs. 12.7%), and have formal loan approval rates 31.7 percentage points higher (73.1% vs. 41.4%). These are not marginal improvements they represent transformative differences in financial management effectiveness. The mechanism is clear: accounting software eliminates manual data entry errors, automates reconciliation, generates GST-compliant invoices in real time, and produces financial statements and tax computations without requiring specialist accounting knowledge from the business owner. The broader adoption pattern is telling: while digital payment adoption has reached 80.9% reflecting the practical commercial necessity of accepting UPI and card payments adoption of dedicated accounting software (47.3%) and integrated POS systems (40.0%) remains below 50%, and 16.4% of retailers use no digital accounting tool whatsoever. This gap between payment digitization and accounting digitization represents the most immediate and tractable opportunity in the sector. Retailers who have already embraced digital payments have the foundational digital infrastructure to adopt integrated accounting systems; the barriers that remain are cost, awareness, and training all addressable through targeted intervention. The correlation between bookkeeping completeness and business performance ($r = 0.726$) underscores that the benefits of systematic record-keeping extend well beyond regulatory compliance: retailers who understand their own financial position in real time make demonstrably better decisions about pricing, inventory, credit extension, and growth investment. Technology adoption is, in this sense, not merely an accounting improvement it is a business development tool of the first order.

Combined Analysis: Objectives 1, 2 and 3 Summary

Table 4.4: Integrated Summary — Objectives 1, 2 and 3

Objective	Key Finding	Statistical Evidence	Interpretation
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Objective	Key Finding	Statistical Evidence	Interpretation
Obj. 1: Bookkeeping Practices (t-Test)	Organized retailers score 1.35 pts higher on bookkeeping; 5.5% maintain no records at all.	$t = 10.066, df = 108, p < 0.001$	Formal structure enforces discipline; unorganized retailers face fundamental record-keeping gaps.
Obj. 2: GST Compliance (ANOVA)	Electronics retailers score highest (4.32); food & grocery lowest (3.21). ITC reconciliation is weakest sub-dimension (3.16).	$F = 11.403, df = 3/106, p < 0.001$	Compliance is driven by transaction value & regulatory scrutiny; complexity hampers smaller retailers most.
Obj. 3: Technology Adoption (Correlation)	Software users report 22.8% higher GST accuracy, 64% less return-filing time, 31.7 pp higher loan approvals.	$r = 0.639$ (Tech–Perf.), $r = 0.771$ (GST–Perf.), $p < 0.01$	Technology acts as the single most accessible lever for rapid, measurable improvement in accounting quality.

Note: *** $p < 0.001$; ** $p < 0.01$.

Together, the three objectives paint a coherent and interconnected portrait of retail accounting in Chennai. Objective 1 establishes that the organized-versus-unorganized divide is the primary structural determinant of accounting quality; Objective 2 shows that even within compliance behavior, product category and transaction characteristics create significant differentiation; and Objective 3 demonstrates that technology is the most accessible and powerful lever for bridging both gaps simultaneously. The multiple regression analysis reinforces this integration: owner education ($\beta = 0.387$), technology adoption ($\beta = 0.341$), business size ($\beta = 0.289$), professional accounting support ($\beta = 0.248$), and business age ($\beta = 0.192$) together explain 71.7% of the variance in accounting quality — a high

explanatory power for a social science model, indicating that the identified predictors capture the major structural drivers of accounting practice in the Chennai retail context.

5. CONCLUSION

5.1. Major Findings with Supporting Evidence

This study set out to examine the accounting practices and record maintenance standards of 110 retail businesses in Chennai, and the empirical evidence that emerged tells a story of a sector simultaneously marked by deep structural inadequacy and genuine, measurable progress.

The most fundamental finding is the stark accounting quality divide between organized and unorganized retail segments. Across all three dimensions measured bookkeeping completeness, GST compliance, and inventory accounting — organized retailers consistently score more than one full point higher on a five-point scale. The t-test results are unambiguous ($t > 9.9$, $p < 0.001$ for all dimensions), and the practical implications are serious: 5.5% of unorganized retailers maintain no formal records at all, and nearly 34% rely on cash books or informal pocket registers a finding consistent with Srinivasan and Murugan (2024), who found that 65% of Tamil Nadu retailers lacked formal double-entry bookkeeping. This is not a deficiency at the margins; it is a fundamental absence of the financial documentation that any functioning retail business requires in a GST-regulated economy.

The second major finding is that GST compliance, while improving significantly over the post-2017 period, remains uneven across product categories and compliance dimensions. The ANOVA results ($F = 11.403$, $p < 0.001$) confirm that electronics retailers lead (mean = 4.32) and food and grocery retailers lag (mean = 3.21). ITC reconciliation is the weakest compliance sub-dimension (overall mean = 3.16), consistent with Ponraj and Meenakshisundaram (2019), who documented the asymmetric quality between purchase and sales registers. Govindarajan and Rao (2021) found that most non-compliance was rooted in ignorance rather than evasion a finding replicated here, where 34.5% of respondents cite lack of awareness as their primary accounting barrier.

The third major finding is that technology adoption is the single most impactful lever for accounting improvement accessible to retail businesses today. Software users report 22.8 percentage points higher GST accuracy, 64% less return-filing time, and a 31.7 percentage point advantage in formal loan approval rates outcomes that directly validate Suresh and Dhanalakshmi (2020), who confirmed statistically significant differences in accounting accuracy between software users and non-users. The six-year trend analysis reveals that formal record-keeping has grown from 41% to 79% and

software adoption from 27% to 71% between 2018–19 and 2023–24, both tracking near-perfect linear trends ($R^2 > 0.988$) confirming a structural transformation driven by the combined forces of regulatory pressure, technology accessibility, and growing financial awareness.

5.2. Suggestions to Stakeholders

For Government and Regulatory Authorities:

The GST framework should be simplified for micro and small retailers, with automated ITC reconciliation built directly into the GSTN portal to eliminate the manual matching burden that is the weakest compliance point in the retail sector. E-invoicing mandates should be progressively extended to lower turnover thresholds, creating the same automatic cross-check for sales records that already exists for purchases. GST helpdesk infrastructure in urban retail zones should be expanded, and trade association networks should be empowered and funded to conduct compliance awareness workshops recognising that education-first approaches will be far more effective than enforcement-first strategies where non-compliance is primarily driven by ignorance rather than evasion. Regulatory incentives, such as priority GST refund processing for retailers maintaining dedicated business bank accounts, could accelerate financial separation and credit-readiness across the sector.

For Retail Business Owners:

The evidence from this study should serve as a compelling business case — not merely a compliance argument for investing in systematic accounting. Retailers using dedicated accounting software earn formal loan approvals at rates 31.7 percentage points higher than non-users, spend 64% less time on GST return preparation, and experience inventory discrepancy rates one-third as high. The digital payment infrastructure that 80.9% of Chennai retailers have already adopted provides a ready entry point for transitioning to integrated accounting and POS systems. Business owners are encouraged to engage accounting professionals not merely for annual tax filing but on a monthly or quarterly basis for financial statement review, as the evidence consistently shows that professional accounting support is a significant independent predictor of accounting quality.

For Accounting Professionals and Software Providers:

The retail sector represents a large, underserved market for accounting services. Affordable subscription-based packages combining monthly bookkeeping, quarterly financial statements, and GST return filing priced accessibly for businesses with annual turnovers between ₹5 and ₹25 lakhs would address the largest and most deficient segment of the retail market. Software developers should

prioritize Tamil-language interfaces, built-in GST rate lookups by product category, smartphone-based operation, and perishable goods accounting modules for food and grocery retailers. The most dramatic accounting quality improvements documented in this study came from mobile POS systems that automatically fed transaction data into accounting platforms eliminating manual entry entirely and producing the largest single reduction in accounting error rates.

For Financial Institutions:

The consistent finding that poor financial records systematically exclude small retailers from formal credit with rejected applicants paying informal interest rates three to five times higher than bank rates (Senthilkumar & Vanitha, 2020) points to accounting capacity building as a financial inclusion intervention in its own right. Banks and NBFCs are encouraged to offer pre-qualification financial literacy programmes that help small retailers develop the accounting records required for loan applications, rather than simply rejecting applications at the evaluation stage.

5.3.Limitations of the Study

This study acknowledges several limitations that qualify the scope of its conclusions. The research is geographically confined to Chennai and may not fully generalize to smaller towns or other metropolitan centres in India. Primary data are self-reported by business owners, introducing the possibility of social desirability bias particularly in responses related to compliance and accounting completeness. The sample of 110, while statistically adequate for the analyses employed, represents a small fraction of Chennai's total retail population. The cross-sectional design precludes definitive causal inferences about the direction of observed relationships over time. The study does not independently verify the financial records of sampled businesses, relying entirely on respondents' self-description of their own practices. Future research using longitudinal panel designs, independent record verification, and multi-city comparative frameworks would address each of these limitations.

5.4.Brief Conclusion

This study provides systematic, statistically grounded evidence that accounting practices in Chennai's retail sector are shaped by a small number of identifiable structural variables the organized-versus-unorganized divide, technology adoption, owner education, business size, and professional accounting support that together explain 71.7% of the variation in accounting quality. The accounting gap between what the sector should practise and what it actually practises remains wide, with real consequences for business survival, regulatory compliance, and financial inclusion. But the trajectory

is unmistakably positive: GST has been a powerful engine of accounting formalization; technology is becoming increasingly accessible and affordable; and financial awareness is growing. The retail businesses of Chennai from the kirana store owner maintaining a ledger by hand to the trained finance manager of a modern hypermarket are on a path toward greater accounting sophistication. Accelerating that path through targeted policy support, technology investment, professional services innovation, and financial literacy initiatives is not merely an accounting challenge. It is an economic development imperative, and the empirical foundation this study provides can support that work in a practical, evidence-grounded way.

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