

IMPACT OF GST ON SMALL AND MEDIUM INDUSTRY

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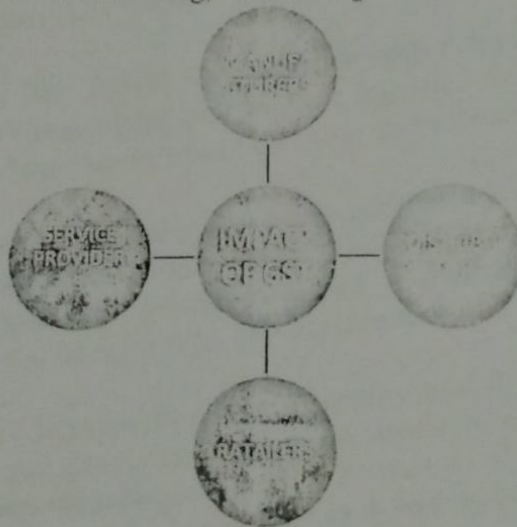
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Abstract: The concept behind GST was invented by a French tax official in the 1950s. In some countries it is known as VAT, or Value-Added Tax. Today, more than 160 nations, including the European Union and Asian countries such as Sri Lanka, Singapore and China practice this form of taxation. The goods and services tax (GST) is a multi-level value added tax introduced in Canada on January 1, 1991, by then-Prime Minister Brian Mulroney and his finance minister Michael Wilson. India has brought in 'one nation one tax' system, but its effect on various industries is slightly different.

Industry is said to be that part of business activities which works in order to produce want satisfying goods with the help of material resources readily, available. Its work is to use the natural resources and bring them into a form that is useful for further use. e.g. farms, factories, mines etc.

This paper makes an attempt to find out the Impact of GST on Industry.

INTRODUCTION: GST has brought in 'one nation one tax' system, but its effect on various industries is slightly different. The first level of differentiation will come in depending on whether the industry deals with manufacturing, distributing and retailing or is providing a service.



Impact of GST on Manufacturers, Distributor, and Retailers

It is boost competitiveness and performance in India's manufacturing sector. Declining exports, infrastructure spending are just some of the concerns of this sector. Multiple indirect taxes increased the administrative costs for manufacturers and distributors and with GST in place, the compliance burden has eased and this sector will grow more strongly.



But due to GST business which was not under the tax bracket previously will now have to register will lead to lesser tax evasion.

Statement of problem

Nowadays GST has almost become an epidemic as just about every day employees Paid it. This attempts to explore the factors relating to GST

Objectives of Research

1. To study the awareness of GST among Respondents.
2. Torealize the acceptance level of customers towards existing GST rates for small and medi scale industries.

Scope of the Study

This paper provides detailed insight regarding implementation of GST tax amount various sectors the country. The good and services tax would surely be highly advantageous of major areas of industry .

Impact of GST on Service Providers

As of March 2014, there were 12, 76,861 service tax assesses in the country out of which only the 50 paid more than 50% of the tax collected nationwide. Most of the tax burden is borne by domain such as IT services, telecommunication services, the Insurance industry, business support services Banking and Financial services, etc. These pan-India businesses already work in a unified market and will see compliance burden becoming lesser. But they will have to separately register every place of business in each state.

Sector-wise Impact Analysis

Logistics

In a vast country like India, the logistics sector forms the backbone of the economy. We can fairly assume that a well organized and mature logistics industry has the potential to leapfrog the "Make la India" initiative of the Government of India to its desired position.

E-commerce

The e-commerce sector in India has been growing by leaps and bounds. In many ways, GST will help the e-com sector's continued growth but the long-term effects will be particularly interesting because companies are not too happy with. The current rate of TCS is at 1%.

Pharmacy

On the whole, GST is benefiting the pharmacy and health care industries pharmacy. It will create a level playing field for generic drug makers, boost medical tourism and simplify the tax structure. If there is any concern whatsoever, then it relates to the pricing structure (as per latest news). The pharmacy sector is hoping for a tax respite as it will make affordable healthcare easier to access by all.

Telecommunications

In the telecom sector, prices will come down after GST. Manufacturers will save on costs through efficient management of inventory and by consolidating their warehouses. Handset manufacturers wi



find it easier to sell their equipment as GST has negated the need to set up state-specific entities, and transfer stocks. This will also save up on logistics costs.

Textile

The Indian textile industry provides employment to a large number of skilled and unskilled workers in the country. It contributes about 10% of the total annual export, and this value is likely to increase under GST. GST would affect the cotton value chain of the textile industry which is chosen by most small medium enterprises as it previously attracted zero central excise duty (under optional route).

Real Estate

The real estate sector is one of the most pivotal sectors of the Indian economy, playing an important role in employment generation in India. The impact of GST on the real estate sector cannot be fully assessed as it largely depends on the tax rates. However, the sector will see substantial benefits from GST implementation, as it has brought to the industry much-required transparency and accountability.

Agriculture

The agricultural sector is the largest contributing sector to the overall Indian GDP. It covers around 16% of Indian GDP. One of the major issues faced by the agricultural sector is the transportation of agricultural products across state lines all over India. GST will resolve the issue of transportation.

FMCG

The FMCG sector is experiencing significant savings in logistics and distribution costs as the GST has eliminated the need for multiple sales depots.

Freelancers

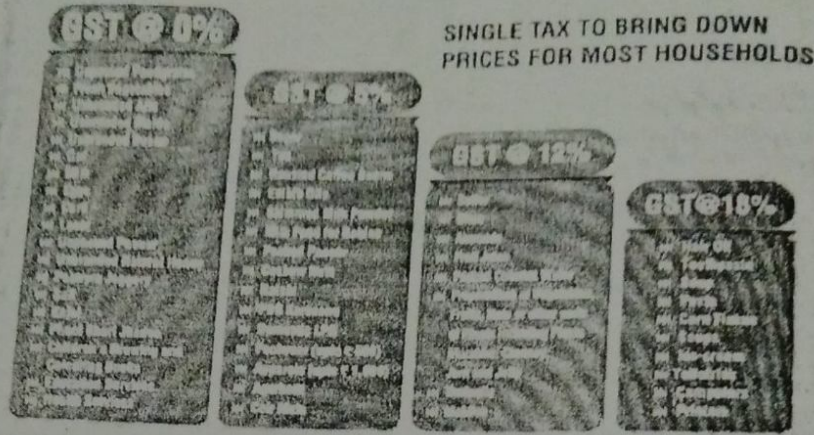
Freelancing in India is still a nascent industry and the rules and regulations for this chaotic industry are still up in the air. But with GST, it will become much easier for freelancers to file their taxes as they can easily do it online. They are taxed as service providers, and the new tax structure has brought about coherence and accountability in this sector.

Automobiles

The automobile industry in India is a vast business producing a large number of cars annually, fueled mostly by the huge population of the country. Under the previous tax system, there were several taxes applicable to this sector like excise, VAT, sales tax, road tax, motor vehicle tax, registration duty which will be subsumed by GST.

Startups

With increased limits for registration, a DIY compliance model, tax credit on purchases, and a free flow of goods and services, the GST regime truly augurs well for the future of startups in India.



61% of items to fall below/in 18% GST slab.

The benefits of GST as under:

- It would introduce two-tiered One-Country-One-Tax regime.
- It would subsume all indirect taxes at the center and the state level.
- It would not only widen the tax regime by covering goods and services but also make it transparent.
- It would free the manufacturing sector from cascading effect of taxes, thus by improve the competitiveness of goods and services.
- It would bring down the prices of goods and services and thus by, increase consumption.
- It would create business-friendly environment, thus by increase tax-GDP ratio.
- It would enhance the ease of doing business in India

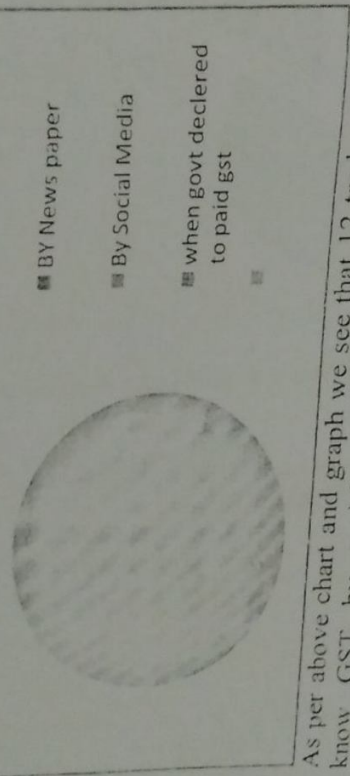
Analysis:

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

1. How Do you Know GST?

| Sr No | Option classification | No of respondents |
|-------|--------------------------------|-------------------|
| 1 | By News paper | 12 |
| 2 | By Social Media | 17 |
| 3 | When govt declared to paid GST | 21 |
| | Total | 50 |

How do you know GST?

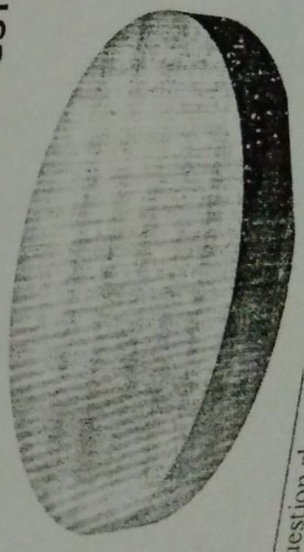


As per above chart and graph we see that 12 traders know GST by news paper and 17 traders know GST by social media like tv google etc. and 21 traders know GST when govt compulsory to paid GST for all traders.

Do you know type of GST?

| Sr no | Option classification | No of respondents |
|-------|-----------------------|-------------------|
| 1 | Yes | 32 |
| 2 | No | 18 |
| | Total | 50 |

Do you know type of GST?



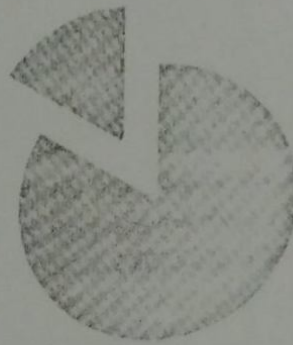
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3. Which type of GST you Paid?

| Sr no | Option classification | No of respondents |
|-------|-----------------------|-------------------|
| 1 | SGST | 42 |
| 2 | CGST | 8 |
| 3 | IGST | 0 |
| 4 | UGST | 0 |
| | Total | 50 |

which type of GST you paid?



- SG
- CC
- IG
- UC

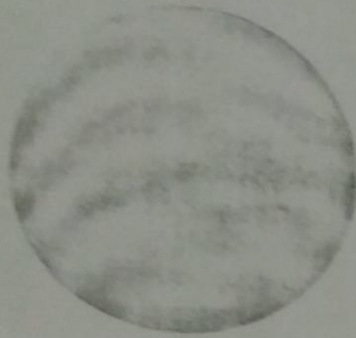
As per above chart and table we see that 42 traders paid SGST and on

4. Do you Know slab of GST?

| Sr no | Option classification | No of respondents |
|-------|-----------------------|-------------------|
| 1 | Yes | 34 |
| 2 | No | 16 |
| | Total | 50 |



Do you know slab of GST



■ Yes
 ■ No

All the traders paid GST but some of them don't know the slab of GST. As per above chart we see that 34 traders know the slab of GST and 16 traders don't know what is slab of GST.

4. Acceptance level of customers towards GST system.

| Sr no | Acceptance level | No of response |
|-------|------------------|----------------|
| 1 | Low | 15 |
| 2 | Medium | 12 |
| | High | 13 |
| | Total | 50 |

As per above table we see that acceptances level of GST. This table show that 15 traders who have highly disappointed with the GST system, 12 traders have medium level acceptance with the GST system. And 13 traders have highly supported and accepted the GST system.

Conclusion

Change is definitely never easy. The government is trying to smoothen the road to GST. It is important to take a leaf from global economies that have implemented GST before us, and who overcame the teething troubles to experience the advantages of having a unified tax system and easy input credits. Some disadvantages of GST is Increased costs due to software purchase. Being GST-compliant,

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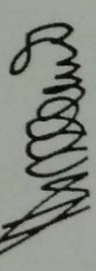
Impact of GST on Economy, Commerce and Industry
(27th and 28th January 2020)

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This is to certify that Prof. / Dr. / Mr. / Ms. Shubhangi S. Auti From
Annasahab Magar College, has participated / Resourced
Person / Chair Person / Chief Guest / Organizer in the two days National Conference / Resource
GST on Economy, Commerce and Industry" held on 27th & 28th January, 2020. He/ She presented a
paper entitled "Impact of GST on Small &
Medium Industry.
H/s / Her active participation in this conference is deeply appreciated.

Dr. S. N. Nanaware



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