Evaluation of GST impact on the manufacturing organizations in South-East Rajasthan.

Abstract

Research work has been done in the Kota region to study the issues which are faced by the organizations in the implementation of GST. Thus, the research problem is that the organization faced many problems while the implementation of GST. Therefore, this research is being conducted to study such basic issues which are being faced by the business organization and to discuss the views of such organizations on GST in Kota district of Rajasthan. To prepare theoretical framework for the study the researcher studied the related literature which includes research journal, research reports, encyclopaedia, dictionaries etc.

Keywords: Goods and Services Tax (GST), CGST, IGST, Kota, Rajasthan

Introduction

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The moment that the Indian government was waiting for a decade has finally arrived. The single biggest indirect tax regime has kicked into force, dismantling all the inter-state barriers with respect to trade. The GST rollout, with a single stroke, has converted India into a unified market of 1.3 billion citizens. The gross GST revenue collected in the month of October 2021 is INR 1,30,127 crore of which CGST is INR 23,861 crore, SGST is INR 30,421 crore, IGST is INR 67,361 crore (including INR 32,998 crore collected on import of goods) and Cess is INR 8,484 crore (including INR 699 crore collected on import of goods). The history of the Goods and Services Tax (GST) in India dates back to the year 2000 and culminates in 2017 with four bills relating to it becoming an Act. The GST Act aims to streamline taxes for goods and services across India. The implementation of the Goods and Services Tax (GST) in India was a historical move, as it marked a significant indirect tax reform in the country. The amalgamation of a large number of taxes (levied at a central and state level) into a single tax is expected to have big advantages. One of the most important benefit of the move is the mitigation of double taxation or the elimination of the cascading effect of taxation. The initiative is now paving the way for a common national market. Indian goods are also expected to be more competitive in international and domestic markets post GST implementation. The reform of India's indirect tax regime was started in 1986 by Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, with the introduction of the Modified Value Added Tax (MODVAT). Subsequently, Prime Minister P V Narasimha Rao and his Finance Minister Manmohan Singh, initiated early discussions on a Value Added Tax (VAT) at the state level. A single common "Goods and Services Tax (GST)" was proposed and given a go-ahead in 1999 during a meeting between the Prime Minister Atal Bihari Vajpayee and his economic advisory panel, which included three former RBI governors IG Patel, Bimal Jalan and C Rangarajan. Vajpayee set up a committee headed by the Finance Minister of West Bengal, Asim Dasgupta to design a GST model. As the stipulated date for the rollout of Goods and Services Tax (GST) on July 01st 2017 approaches, it is still unclear what the practical challenges could be. Let us admit that this is going to be one of the biggest national tax exercises undertaken in recent memory. Subsuming a plethora of central and state taxes into a single GST is not going to be easy. The technical, logistical and IT challenges are going to much more complex. Business associations like ASSOCHAM are already asking the government to postpone the launch of GST as it is likely to be too disruptive to business. But then, all change is going to be disruptive and more so in case of a project of the size and magnitude of GST.

Materials and Methods

Research Process: In research the literature is being reviewed first in order to understand the problem that exist in any system and then the research problem is defined. After the definition of the research problem the objective and the hypothesis are set up. The sampling is applied in case the

universe is large and not possible to cover each and every unit for the purpose of the research. The data has been collected using both primary as well as secondary method. Then data has been presented and analysed. Then conclusion has been drawn and finally the suggestion is made by the researcher. The research process is described with the following research design.

Research Area

Hadoti region of Rajasthan gets its name from the Hada Rajputs, a clan of Chauhan dynasty. They ruled the region/kingdom after conquering it from Meena rulers. Today, the Hadoti region includes districts Bundi, Baran, Jhalawar, Kota and also a small subdivision of Keshorai Patan situated around twenty-one kilometers from Kota and forty kilometers from Bundi city. As per the DIC records there are more than 25,000 industrial units registered in DIC in southeast Rajasthan (12000 in Kota, 6000 in Bundi, 1000 in Baran and 11000 in Jhalawar). Manufacturing Sector includes: Sand stone and Kota stone Cluster, Welding Electrode, Kota Doriya, Engg Fabrication and General Engg., Chemical Industry, Edible oil, Agriculture implements, Snacks (Namkeen and Kachori),

Sampling – The nature of the research requires the need of thorough examination of the enterprises on their level of growth hence the use of questionnaire for target questions financial reports of any slated financial years of as to allow the testing of ratios. This study based on purposive Random Sampling. A closed questionnaire is designed using Likert scale. Questionnaire consist of more than 40 questions. A Likert Scale is a type of rating scale used to measure attitudes or opinions. With this scale, respondents are asked to rate items on a level of agreement. For example: Strongly agree, Agree, Neutral, Disagree, strongly disagree

Sample Size: Response has been collected from 400 manufacturing organizations and from 115 CA and Tax Consultants & Financial Advisors.

Data Collection - This study is based on primary and secondary data-
   (a) Secondary research. It is done by studying research, journals, business, magazines, microfinance reports, newspaper, reports, websites and surveys conducted in the area of microfinance.
   (b) Primary Research – It is done by capturing views of 400 manufacturing organizations from different type of business, age group and with different level of experience through a detailed questionnaire.

Data Analysis and Interpretation: The data collected was analysed using the following statistical tools and techniques:

Descriptive statistics in the form of percentages were used in this study. The MS Excel and Statistical Package for the Social Sciences was used to analyse the data. Data was converted into percentages and ratios for easier interpretation. Calculation of ratios for each questionnaire item was done to identify items that were positively or negatively rated in terms of their influence to career choices. Ratios were calculated by adding the positive responses (Strongly agreed and agreed) and divide them by the sum of negative responses (Strongly disagreed and disagreed).

Results and discussion

1. GST is easier to understand in comparison to previous tax regime

Table No. 1 GST is easier

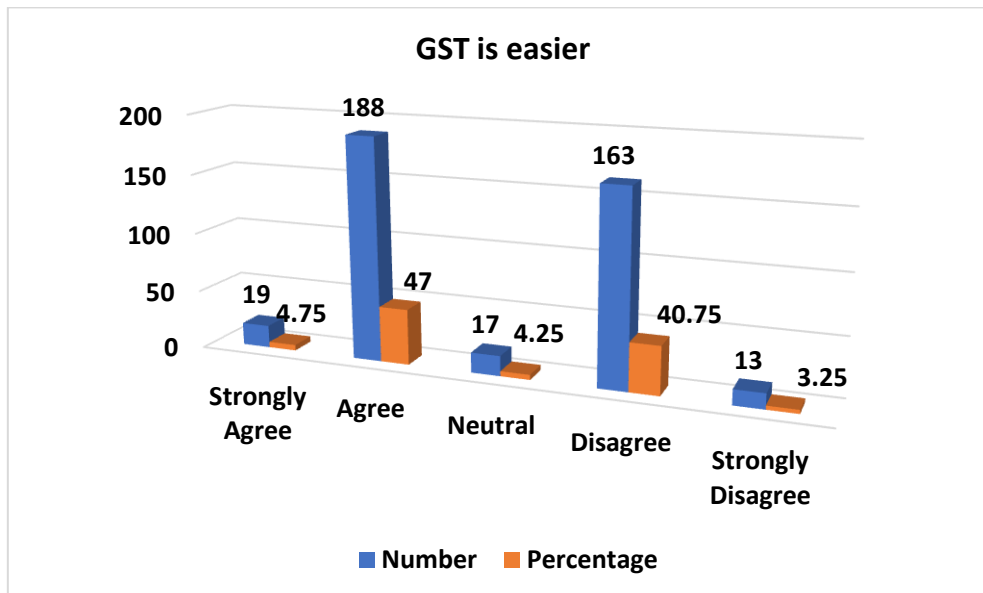| GST is easier	Number	Percentage
Strongly Agree	19	4.75
Agree	188	47
Neutral	17	4.25
Disagree	163	40.75
Strongly Disagree	13	3.25
Total	400	100

Figure No. 1: GST is easier

Interpretation: As shown in figure above out of the total respondents 4.75% strongly agree, 47% agree, 4.25% neutral, 40.75% disagree & 3.25% strongly disagree about GST is easier to understand in comparison to previous tax regime. This shows that for some GST is easier to understand and for some it is difficult.

2. **GST taxation system is a transparent tax system.**

Table No. 2 Transparent tax system

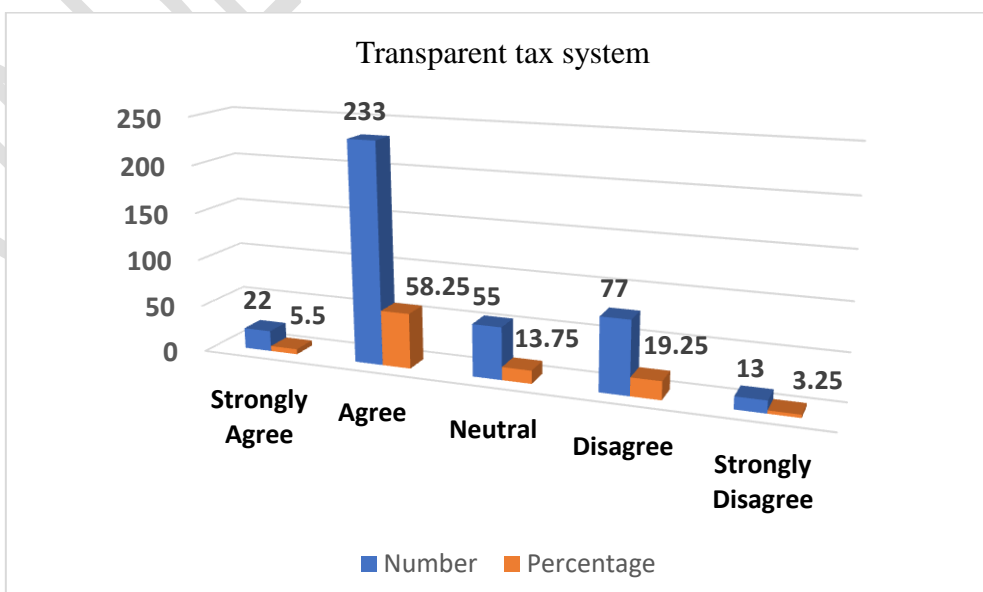| Transparent tax system	Number	Percentage
Strongly Agree	22	5.5
Agree	233	58.25
Neutral	55	13.75
Disagree	77	19.25
Strongly Disagree	13	3.25
Total	400	100

Figure No.2: Transparent tax system

Interpretation: As shown in figure above out of the total respondents 5.5% strongly agree, 58.25% agree, 13.75% neutral, 19.25% disagree & 3.25% strongly disagree about GST system is a transparent tax system. This shows that GST system is transparent.

3. Registration under GST is simple and easy.

Table No. 3 Registration under GST

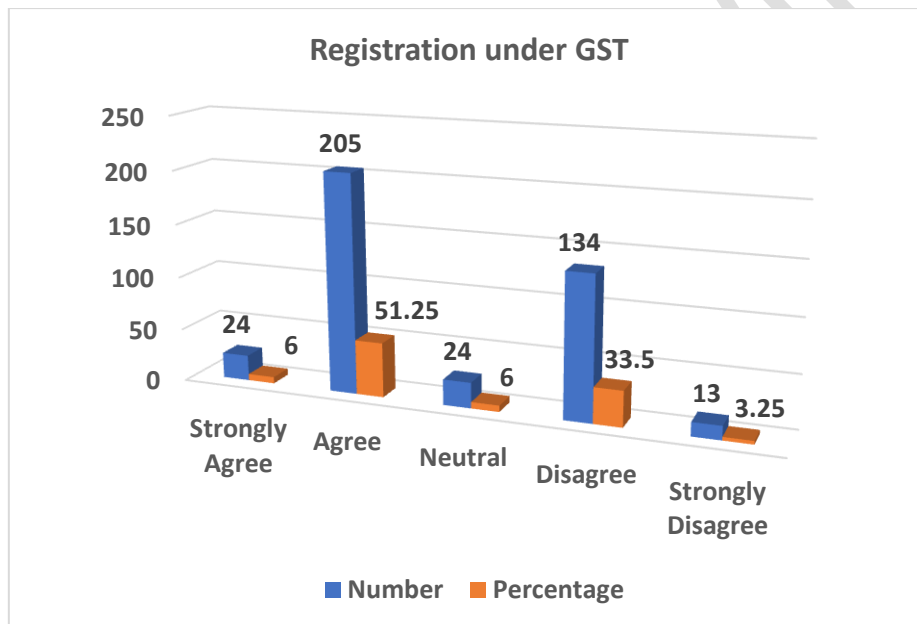| Registration under GST	Number	Percentage
Strongly Agree	24	6
Agree	205	51.25
Neutral	24	6
Disagree	134	33.5
Strongly Disagree	13	3.25
Total	400	100

Figure No.3 Registration under GST

Interpretation: As shown in figure above out of the total respondents 6% strongly agree, 51.25% agree, 6% neutral, 33.5% disagree & 3.255% strongly disagree about registration under GST is simple and easy. This shows that registration process is easy.

4. GST return filling procedure is simple.

Table No. 4 Return filling procedure

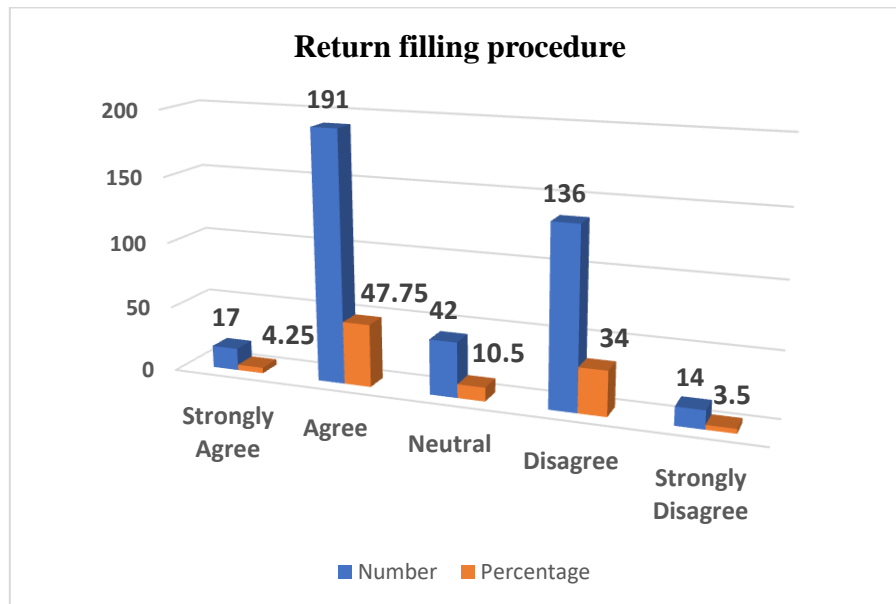| Return filling procedure	Number	Percentage
Strongly Agree	17	4.25
Agree	191	47.75
Neutral	42	10.5
Disagree	136	34
Strongly Disagree	14	3.5
Total	400	100

Figure No.4 Return filling procedure

Interpretation: As shown in figure above out of the total respondents 4.25% strongly agree, 47.75% agree, 10.5% neutral, 34% disagree & 3.5% strongly disagree about GST return filling procedure is simple. This shows that GST return filling procedure is simple.

5. GST Billing procedure is simple and easy.

Table No. 5 Simplified your accounting

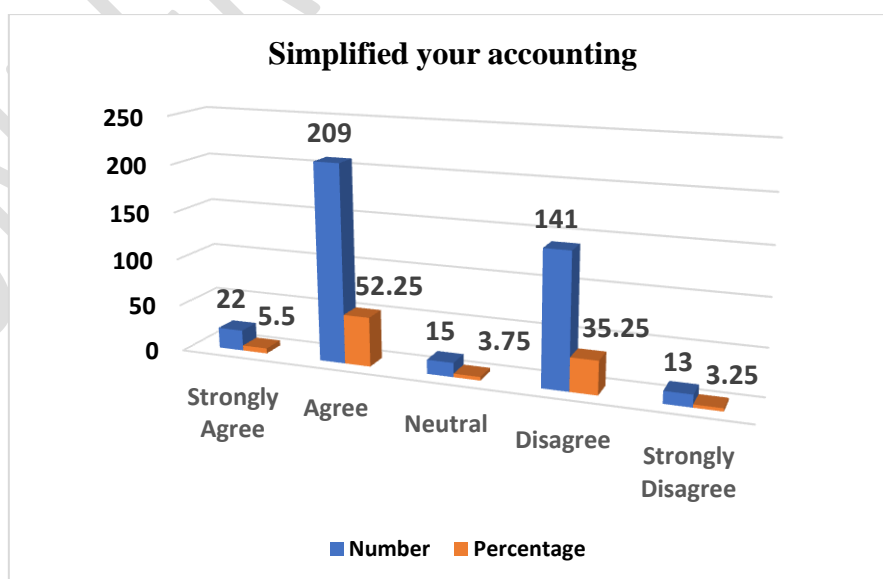| Simplified your accounting	Number	Percentage
Strongly Agree	22	5.5
Agree	209	52.25
Neutral	15	3.75
Disagree	141	35.25
Strongly Disagree	13	3.25
Total	400	100

Figure No.5 Simplified your accounting

Interpretation: As shown in figure above out of the total respondents 5.5% strongly agree, 52.25% agree, 3.75% neutral, 35.25% disagree & 3.25% strongly disagree about GST Billing procedure is simple and easy. This shows that GST Billing procedure is simple and easy.

It has been found that manufacturing organizations are benefited by the GST. Most of the organizations initially faces problems in adopting GST but by the time they understood it and found it very smooth and easy taxation system. The out of the two options of GST, composition scheme was adopted by some manufacturer only. Most of the manufacturing organizations are micro/small in size and most of them are located in Kota city in south east region of Rajasthan. The entire process of filing GSTR-1, GSTR-2 and GSTR-9 is smooth and the errors/mismatch is easily being rectified by the organizations.

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