

Measuring Current Implementation of GST in Indian Industry

Madanappa Raghuvver

Research Scholar, Faculty of Law
Pacific Academy of Higher Education & Research University, Udaipur

Dr. Ratna Sisodiya

Assistant Professor, Faculty of Law
Pacific Academy of Higher Education & Research University, Udaipur

Prof. Anil K. Bhatt

Ex-Professor, Faculty of Commerce & Management, Pacific Academy of Higher Education & Research University, Udaipur

ABSTRACT

In keeping with the federal structure of India, it is proposed that GST be levied concurrently by the Centre (CGST) and the States (SGST). It is expected that the base and other essential design features would be common between CGST and SGST, across SGSTs for the individual States. Both CGST and SGST would be levied on the basis of the destination principle. Thus, exports would be zero-rated, and imports would attract the tax in the same manner as domestic goods and services. Inter-State supplies within India would attract an Integrated GST (aggregate of CGST and the SGST of the Destination State). This paper deals with the implementation of the scheme and measures its impact by taking the views of 100 Managers and owners of Marble Industry who have their business places in the south Rajasthan. The data was gathered with a structured questionnaire and analysed by using the multiple regression tool with SPSS software. Significant variables exist that can reflect the views on current implementation of GST in Indian Industry with special reference to Marble industry.

Keywords : GST, Marble Industry, CGST, SGST

Introduction

GST (Goods and Service Tax), become a very popular subject of common discussions since it has been seen as a game changing reform for the Indian economy. It is popular as it creates a common Indian market and reduces the cascading effect of tax on the cost of goods and services. GST will have an impact over tax structure, incidence of tax, computation and payment of tax, compliance, credit utilization and reporting (EY, 2016). It also will lead to a complete overhaul of the current indirect tax system and

will have a far-reaching impact on almost all the aspects of the business operations in the country, including, pricing of products and services, supply chain optimization, IT, accounting, and tax compliance systems (Kotnal, 2016).

GST is a proposed system of indirect taxation in India merging most of the existing taxes into single system of taxation (Bhiwandikar, 2016). GST Constitutional (101st Amendment) Act' 2016 contains the provisions which are necessary for the implementation of GST regime. To implement this Constitution Amendment Bill for GST, it has

put before the parliament (Rajya Sabha on 3 August 2016 and Lok Sabha on 8 August 2016) and has been approved by the President of India (Akhila, 2016). The Government of India (GoI) is committed to replace 21 major indirect taxes levied on goods and services by the Centre and States and implement GST by 1 July 2017. It is also defined as any tax on supply of goods and services other than on alcohol for human consumption (Raghuram & Deepa, 2015).

It is anticipated that the tax base of Government of India will be comprehensive, as virtually all goods and services will be taxable, with minimum exemptions. It would be a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the central and state governments. It would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method. As per federal structure of India, it is further proposed that GST will be levied concurrently by the Centre (CGST) and the states (SGST). It is expected that the base and other essential design features would be common between CGST and SGST across SGSTs for individual states. Both CGST and SGST would be levied on the basis of the destination principle. Thus, exports would be zero-rated, and imports would attract tax in the same manner as domestic goods and services. Inter-state supplies within India would attract an Integrated GST (aggregate of CGST and the SGST of the Destination State). In addition to the IGST, in respect of supply of goods, an additional tax of up to 1% has been proposed to be levied by the Centre. Revenue from this tax is to be assigned to origin states. This tax is proposed to be levied for the first two years or a longer period, as recommended by the GST Council (Legislative Brief, 2014). This paper measures the impact of current implementation of GST in Indian Marble industry.

Review of Literature

Sangolkar & Wadalkar (2020) revealed that “the goods and service tax (GST) is a value added tax

levied in India on the supply of goods and services. It is a comprehensive multistage, destination based on one nation one tax. Goods & Service Tax has made large scale changes in the working pattern of all the sectors of Indian Economy. One of the sectors is construction industry. GST on construction sector hiked to 18%. The government has hiked the Goods Service Tax Rate for the construction sector to 18% from 12%. But it also allowed deduction of land value equivalent to one third of total amount charged by the developer for GST calculation. In this paper the factors which affect the construction industry through GST is identified. And the analysis of identified factors has been done”.

Arora (2020) revealed that “GST stands for Goods and Services tax. The GST Act was passed in the Lok Sabha on 29th March, 2017 and came into effect from 1st July, 2017. It is an indirect tax which is applicable throughout India and replaced multiple taxes imposed by Central and State government of India. In India, the concept of Goods and Services tax was introduced by the Kelkar Task Force in 2003. GST is termed as biggest tax reform in Indian Tax structure. The purpose of GST is to eliminate tax on tax. This paper made an attempt to study the transformation in GST rates in various sectors of Indian economy during 2018-2019”.

Das & Chatterjee (2020) revealed that “segment of indirect taxation, GST is a single tax on the supply of goods and services, right from the manufacturer to the ultimate consumer. Credit of input tax which is paid at each stage, is to be available in the subsequent stage of value addition. That is why GST is considered as a tax only on value addition at each stage. After Demonetization now government move forward to implement Goods and Service Tax on 1st July 2017”. As per Article 366 of 122nd Constitutional Amendment Bill 2014 “Goods and service tax means any tax on supply of goods or services or both except taxes on supply of liquor for Human

Consumption". "In current Tax regime logistic and real estate industry has enjoyed various exemptions from GST. This study shows the positive and negative impact of GST on these sectors on Indian economy. GST does not have positive impact on all the sectors from the viewpoint of the consumers but for sure it will help to make the system clear, transparent, and thereby generate more revenue to the Government as compared to earlier taxation system".

Sengupta et.al., (2020) revealed that "Goods and Services Tax is an indirect tax which is imposed in India to enhance and support the economic growth of the country. Most of the Developed countries have implemented Goods and Services Tax Bill (GST). However, in India, GST was established in 1999. A committee was set up to design the model of GST. But GST was re-launched on 1 July 2017 by the Indian government. There was a big hue and cry for its implementation. The GST replaced all the multiple taxes which were taken by state and central government. That is why it is said "One Nation One Tax" which means there is no need to pay any other tax in all over the country. The study systematically reviews the impact of GST in India. The study provides the bibliometric visualization and sentiment analysis of GST. It was found that the government's motive of GST was to bring all the people of the country under the tax and to prevent the flow of black money. But it was observed that lots of Indian citizens' sentiments were in a dilemma. So, it is recommended to revisit the structure and keep a scope of continuous improvement".

Gautam et.al., (2020) revealed that "the GST is the biggest revenue enhancement reform of Asian nation. GST may be a tax on the provision of products and services. It has subsumed taxes like Central Excise Law, Service jurisprudence, VAT, Entry Tax, Octroi, etc. and is one in every of the largest revenue enhancement reforms within the country. GST may be a wide-ranging revenue

enhancement applicable on manufacture, sale and consumption of products and services at national level. It is going to replace all indirect taxes charged on merchandise and services by states and Central government. Business area units need to get a GST positive identification in each state they're registered. This indirect tax is targeted at bringing in additional potency and rational taxes; GST may truly facilitate to lower production/ process, provision, and distribution prices, that may further boost the associated sectors (property storage and logistics) by creating them a lot of value and enhance the general Indian economy. The Construction Industry being one of the most pivotal sectors in the country has seen tremendous growth in recent years in the cities as well as towns. Under GST, At the developers' area it is presumed to have reduced burden of tax on input things like cement and steel, as there would tax credits for set off at various stages. This can result in lower construction prices for developers across all plus categories that may seemingly be passed on to property patrons".

Shettar (2019) studied "the concept of GST and its impact on the Indian economy. This study is an exploratory research technique, and the data collection is done mainly from the secondary data. The required data has been extracted from past literature, research articles, newspapers, published sources like reports, magazines, journals, and authenticated websites. The study revealed that the entire Indian market has be a unified market that may translate into lower business costs. It can facilitate the seamless movement of goods across states and reduce the transaction costs of businesses. All sectors of the economy whether the industry, business including government departments and the service sector shall have to bear the impact of GST. The study also found that GST has lead to an increase in GDP and exports of the country, enhancing economic welfare and returns to the factors of production i.e. land, labour, and capital".

Maheshwari, D. et al., (2019) “draw the road map in connection with levy and collection of GST and its sharing between Centre and state. This study has been based on secondary information and in fact collected from books, journals, magazines, newspapers, and websites. This study has been conceptual in nature and it is supported more by facts than by numerical data. A pictorial demonstration has been used for lucid understanding about the mechanism of collection and sharing of GST between Centre and states and how the input credit is claimed. GST has create a single, unified Indian indirect tax market subsuming all forms of prevailing taxes at present except alcohol, tobacco and petroleum products to make the economy stronger. Experts are argued that GST is likely to improve tax collections and boost India's economic development by breaking tax barriers between States and integrating India through a uniform tax rate”.

Revathi, R. et al., (2019) focused on “the implications of GST in different countries' economies and its collision on society. The study has been conducted by collecting published research papers on the topic Goods and service tax in order to get more knowledge and understanding of the new tax regime implemented. The study found that the optimistic impact on the agriculture produce, the GST is expected to transform logistics in the FMCG sector into a modern and efficient model as all major corporations are remodelling their operations into larger logistics and warehousing, the transport cost is reduced under GST for cement sector and GST helped the automobile industry from cascading of tax”.

Rao, (2019) attempted “to take stock of the progress in implementing the tax, its economic and revenue implications and identify further challenges and reform areas to reach the goals of simplifying the tax. The Data collected from the sources of the Comptroller and Auditor General report, Office of the Commissioner of Commercial Taxes, and Government of

Karnataka, Budget documents of State governments. The paper argues that the reform has brought about important gains in consolidating domestic indirect taxes, removing impediments in the movements of goods across the country and reducing cascading. However much more needs to be done to get the benefits of reform and these include reducing the number of tax rates to simplify the system, revisiting the rate structure to minimize anomalies, reducing the number of exemptions, firming up the technology platform, making the tax base more comprehensive by including the excluded items such as petroleum products, real estate, and electricity”.

Research Methodology

Sampling : It incorporates population and sampling units, determining the sampling techniques, and sampling size.

Population : The universe of present study consists of Managers and owners of the Marble companies in the Udaipur, Rajsamand and Kishangarh..

Sample unit : Managers and owners of the Marble companies were selected from 50 Marble companies situated in Marble companies at Udaipur, Rajsamand and Kishangarh were selected for the study. **Sample size:** The study includes 100 Managers and owners of the Marble companies in the Udaipur, Rajsamand and Kishangarh.

Sampling Technique : In present research, the respondents were selected using convenience sampling (using a cross-sectional design) 50 Marble companies situated in Marble companies at Udaipur, Rajsamand and Kishangarh were selected for the study. The sample of the present study represented the population with respect to demographic dimensions i.e. gender, age, income, and education. The sample was carefully chosen to be representative of the whole population.

Data Type : For achieving the objective of this

study and to conduct the investigation, data was collected from Primary sources. Primary data was collected from 50 Managers and owners of marble companies situated in marble companies at Udaipur, Rajsamand and Kishangarh were selected for the study in India. This study involves primary data collection through structured questionnaire filled by managers and owners.

Data analysis Tool : The annual report of the selected companies were analysed with the statistical tool of multiple regressions.

Data Analysis

The data gathered from 100 respondents to

identify the satisfaction level of respondents with the current implementation GST, as per the objective of the study, following hypothesis is developed:

H₁: Significant variables exist that can reflect the views on current implementation of GST in Indian Industry with special reference to Marble industry.

To measure the variables that can reflect the current implementation views of respondents the above hypothesis is analysed using the multiple regression method using SPSS software and the results are presented as under:

Table-1
Multiple Regression analysis for current implementation of GST in Indian Industry

Descriptive Statistics				
Variables	SPSS Code	Mean	SD	N
Are you satisfied with the current implementation GST?	Curr_GST	4.0100	.93738	100
Current taxation system for goods and service is complex.	C_GST_1	3.8900	.93090	100
Uniformity of rates is useful for consumers	C_GST_2	3.6800	.93073	100
The Government should rationalize and simplify the tax structure	C_GST_3	3.8700	.81222	100
The service tax structure increases the overall cost for Consumers	C_GST_4	3.8400	.77486	100
GST reduces Marble cost	C_GST_5	3.9800	.79111	100
GST is fairer than VAT on Marble	C_GST_6	3.8800	.79493	100
GST should be charged at straight rate (6%)	C_GST_7	4.1000	.90453	100
GST system is easy to understand	C_GST_8	3.5100	1.12362	100

Correlations																
	Curr_GST	C_GST_1	C_GST_2	C_GST_3	C_GST_4	C_GST_5	C_GST_6	C_GST_7	C_GST_8	C_GST_9	C_GST_10	C_GST_11	C_GST_12	C_GST_13	C_GST_14	
Performance	Curr_GST	1.00														
	C_GST_1	.372	1.00													
	C_GST_2	.212	.262	1.00												
	C_GST_3	.665	.382	.399	1.00											
	C_GST_4	.072	.157	.166	.175	1.00										
	C_GST_5	.286	-.03	.046	.185	.209	1.00									
	C_GST_6	.273	.064	-.08	.210	.378	.398	1.0								
	C_GST_7	.368	.133	.098	.238	.297	.539	.34	1.00							
	C_GST_8	.129	.083	.216	.350	.199	.159	.16	.168	1.00						
	C_GST_9	.034	-.02	-.02	.155	.287	.096	.16	.054	.596	1.00					
	C_GST_10	.034	-.08	-.08	.156	.040	.337	.14	.286	.313	.408	1.00				
	C_GST_11	.164	-.02	-.11	.127	.134	.313	.28	.408	.253	.217	.332	1.00			
	C_GST_12	.013	.112	.025	.228	.291	.054	.22	.183	.392	.396	.285	.391	1.00		
	C_GST_13	.214	.047	-.28	.060	.103	.235	.31	.349	.283	.194	.227	.731	.339	1.00	
C_GST_14	.138	.153	-.15	.128	-.002	.210	.17	.396	.245	.206	.288	.623	.345	.676	1.0	
Signal	Curr_GST	.														
	C_GST_1	.000	.													
	C_GST_2	.017	.004	.												
	C_GST_3	.000	.000	.000	.											
	C_GST_4	.239	.059	.049	.041	.										
	C_GST_5	.002	.382	.324	.033	.018	.									
	C_GST_6	.003	.264	.215	.018	.000	.000	.								
	C_GST_7	.000	.093	.165	.009	.001	.000	.00	.							
	C_GST_8	.100	.205	.016	.000	.024	.057	.05	.047	.						
	C_GST_9	.368	.417	.422	.062	.002	.171	.05	.297	.000	.					
	C_GST_10	.369	.198	.204	.061	.345	.000	.06	.002	.001	.000	.				
	C_GST_11	.051	.422	.136	.104	.091	.001	.00	.000	.006	.015	.000	.			
	C_GST_12	.447	.134	.402	.011	.002	.297	.01	.034	.000	.000	.002	.000	.		
	C_GST_13	.016	.323	.002	.277	.155	.009	.00	.000	.002	.027	.011	.000	.000	.	
C_GST_14	.085	.065	.061	.103	.492	.018	.04	.000	.007	.020	.002	.000	.000	.000	.	
N	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
4	.740 ^d	.547	.528	.64393	.028	5.905	1	95	.017
a. Predictors: (Constant), C_GST_3									
d. Predictors: (Constant), C_GST_3, C_GST_7, C_GST_12, C_GST_13									

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
4	Regression	47.598	4	11.900	28.698	.000 ^e
	Residual	39.392	95	.415		
	Total	86.990	99			
a. Dependent Variable: Curr_GST						
e. Predictors: (Constant), C_GST_3, C_GST_7, C_GST_12, C_GST_13						

Coefficients ^a											
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			o-order	Partial	Part	Tol	VIF
4	(Constant)	.439	.421		1.042	.300					
	C_GST_3	.765	.084	.663	9.115	.000	.665	.683	.629	.901	1.11
	C_GST_7	.195	.079	.188	2.478	.015	.368	.246	.171	.830	1.20
	C_GST_12	-.213	.068	-.236	-3.136	.002	.013	-.306	-.217	.841	1.18
	C_GST_13	.158	.065	.188	2.430	.017	.214	.242	.168	.794	1.26
a. Dependent Variable: Curr_GST											

Excluded Variables ^a								
Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics			
					Tolerance	VIF	Minimum Tolerance	
4	C_GST_1	.131 ^e	1.764	.081	.179	.852	1.174	.788
	C_GST_2	-.015 ^e	-.188	.851	-.019	.730	1.370	.693
	C_GST_4	-.060 ^e	-.799	.426	-.082	.845	1.184	.777
	C_GST_5	.045 ^e	.539	.591	.056	.697	1.434	.635
	C_GST_6	.078 ^e	1.020	.310	.105	.816	1.226	.765
	C_GST_8	-.127 ^e	-1.606	.112	-.163	.748	1.337	.748
	C_GST_9	-.026 ^e	-.343	.732	-.035	.831	1.203	.744
	C_GST_10	-.115 ^e	-1.557	.123	-.159	.855	1.170	.789
	C_GST_11	-.100 ^e	-.936	.352	-.096	.419	2.388	.419
C_GST_14	-.133 ^e	-1.369	.174	-.140	.501	1.996	.501	
a. Dependent Variable: Curr_GST								
e. Predictors in the Model: (Constant), C_GST_3, C_GST_7, C_GST_12,C_GST_13								

The summary of regression result revealed:

Adjusted R2 value (The Accuracy of the Model) = 0.528 ANOVA F value (the Model Fitness Index) = 28.698 Sig. in ANOVA (Model fitness for Future) = .000e Constant = Curr_GST

Variable Selected = C_GST_3, C_GST_7, C_GST_12,C_GST_13

Conclusion

The results with the value of adjusted R square 52.8 % reveals that for the dependent variable Curr_GST four independent variables C_GST_3, C_GST_7, C_GST_12, C_GST_13 is showing Significant variables exists that can reflect the views on current implementation of GST in Indian Industry with special reference to Marble industry. The above stated alternative hypothesis is Accepted and the model is found fit with the Value of ANOVA 28.698 which is Significant (p<0.05). The variables The Government should rationalize and simplify the tax structure (C_GST_3), GST should be charged at straight rate (6%) (C_GST_7), GST will bridge the gap

between low- and high-income earners (C_GST_12), and GST has resulted in a simple, transparent, and easy tax structure (C_GST_13) are the variables that can reflect the current implementation of GST with special reference to Marble industry in India.

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