



Impact of GST Among Small Scale Business

¹Dr. S. Bhuvaneshwari, ²Deepak. M

¹Assistant Professor Department of B. Com CA, Sri Krishna Adithya College of Arts and Science.

²B. Com, CA-A Student Sri Krishna Adithya College of Arts and Science.

1.1 INTRODUCTION:

GST (Goods and Service Tax) executed by Government of India on 1st July 2017, through the execution of 'One Hundred and First Amendment' of the Structure of India. It was tossed at midnight by the President of India, Shri. Pranab Mukherjee and Prime Minister of India Shri. Narendra Modi. It is a secondary tax system that reassured the various taxes i.e. VAT, excise duty, service taxes etc. which were applied before goods and services tax. According to the Government, GST is a well-structured and easy assessment system, where the convincing exclusion of central Government and the state Government has been done. Each enterprise has twin GST classical related, i.e., Central Goods and Services Tax (CGST) and the State Good and Services Tax (SGST). The several proportions related to numerous segments and productions are 0%, 5%, 12%, 18% and 28%. The GST is related on several communications such as obtaining, transactions, conversion, exchange, rental and significance of goods and services. In harmony with the creation of Small Enterprises Development Act, 2006, is divided under two groups business sector GST is intended to carry each indirect form of tax below one roof. For small business proprietors or producers have to take care of dissimilar taxes and have to track to numerous sections to accomplish all the tax-related certifications. Some files will have different taxes biannually, annually, half-yearly. The additional department, the extra is the annoyance. Now, the entire tax charged by the central and the state Governments enhance to 32% but with the execution of GST, the commercial owners have to pay a much lesser tax of about 18-22%. Likewise, they do not have to reimbursement different duties to numerous subdivisions. It styles the job much calmer to business owner. The inference of GST comprised of double assessment system. If the place of dealer and purchaser are in same state means seller has to accumulate both CGST and SGST from purchaser, both central and state Government will decide on the suitable ration of sharing income. It has reduced the flowing effect and ended the tax construction more abridged. Taxes are oblique by the Government on the mutual basic but it does not exceed more than 14%.

Various central taxes incorporated are: Central Excise Duty Additional Excise Duty Service Tax Additional Custom Duty Special Additional Duty Central Sales tax. Before we analyse the impact of GST on Small Enterprises, we must know how GST is profitable to broaden the taxpayer sordid. Earlier, a producer with revenue of Rs 1.5 crore or less was not essential to obey the instructions of excise duty. However, with the amalgamation of all State and Central level taxes into the domain of GST, a manufacturer with a revenue of Rs 20 lakh (others) /10Lakh (Special category states) or more will have to fulfil with GST and its trials. The below mentioned table shows the impact analysis of the small-scale business entrepreneurs. Small scale enterprises are essential part of the Indian economy it's around 40 % of total export is being generated by Small Scale enterprises and if we talking about employment its creature of almost 12 million jobs opportunities. Ministry of small-Scale enterprises is merge with Ministry of agro and rural industries to form the big picture as Ministry of Small-scale enterprise with primary task of promoting of small-scale enterprises. It was established in year October 1999 and then after this ministry divide into SSI and ARI in September 2001.

Compliance Procedure:

Registration: Online processing will certify appropriate receipt of documentation for registration and negligible Government interface. Payment Automated submission will bring transparency and will also decrease the obedience cost.

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Refund: Electronic repayment measures will fast trail to the procedure and improve fluidity for small scale business entrepreneurs.

Returns: All revenues are mandatory to be trooped electronically and input tax credit and tax liability alteration will occur robotically on the basis of the returns.

CHALLENGES FOR SMALL SCALE ENTREPRENEURS:

An ample percentage of small-scale entrepreneurs are GST is not all virtuous for the segment and their qualms may not be entirely void. The tax impartiality that the small-scale entrepreneurs relish may be one of the protruding reimbursements. However, decrease in duty verge is one of the crucial anxieties that has led them to be cautious of the GST bill. Under the present excise tax, no duty is remunerated by a manufacturer consuming an income

of less than rupees 1.50 crores. But pole GST execution and the exemption boundary will get expressively sunk. During a speech at a news conference, Arun Jaitley said, that the limit can be as low as rupees 25 lakh. As an outcome, a large number of small-scale entrepreneurs and start-ups will be authorized to come below the levy and will have to recompense a huge hunk of their incomes towards tax. Moreover, there are additional reverses to the planned tax impartiality. GST Government won't separate luxury goods and standard goods. This will solid for the small-scale entrepreneurs to contest against big enterprises. GST is eventually charged on stock which is not accessible for involvement praise. This will prime to an upsurge in the price of the goods which are supplied straight to end users.

ROLE OF SMALL-SCALE ENTERPRISES IN INDIAN ECONOMY:

The small-scale enterprises play very consequence and essential role in Indian economy in term of the developed economy growth as well as advanced growth of engagement since freedom in spite not provision from management and monetary support. They have to face cut terrified and very threatening struggle and hard time with great player in the marketplace. Since the Government is not been subsequent a policy of registration of few inventions for small scale enterprises entirely.

1.2 STATEMENT OF PROBLEM:

SSIs are a major driver in the Indian economy, contributing almost more than, it accounts for nearly 40% of the country's industries production, 42% of exports and 65% of the employment opportunities. But in the last year government of India made great reform in indirect taxation system by introducing GST. From onwards major changes and challenges occurred in the functioning of SSIs. Hence this study concentrated to explore how that GST imposing challenges and created opportunities to the SSIs sector in India.

1.3 OBJECTIVES OF THE STUDY:

- To know about the awareness level of small-scale entrepreneurs towards GST.
- To know about the tax rates of small-scale entrepreneurs.
- To know about the impact of GST on small scale entrepreneurs.
- To know about the challenges faced by small-scale enterprises.

1.4 RESEARCH METHODOLOGY:

There are various statistical tools which are used in analysing data. The following tools are used for representing and analysing data.

Descriptive research is used in this study in order to identify the lending practices of bank and determining customer's level of satisfaction. The method used was questionnaire.

Sampling Unit:

The Study population includes the of customers of GST and Sampling Unit for Study was entrepreneurs.

Sampling Size:

50 Respondents.

Collection of data:

Primary data:

Primary Data was collected from various people and their opinion and information for the specific purposes of study helped to run the analysis. The data was collected through questionnaire to understand their experience and preference towards GST.

Secondary data:

- Books
- Articles and research paper
- Internet

1.5 SCOPE OF STUDY:

Government has introduced various currency subsidy as well as monetary structures to grow small scale enterprises, but regrettably the development in stretch for separate businesses is not very high. So, observing at Packing features how we can recover or assistance small scale enterprises to change

Large Scale Industry so the backing which have been provided that to existing small-scale enterprises it can be exploited to progress new small-scale enterprises. Study and good-looking wrapping designs and tags not only shield the goods from breaking and indemnities but they are also obliging in clutching care of the end customer.

NEED FOR THE STUDY:

This study is mainly done to know about tax rates of the small-scale enterprises after the implementation of the GST and also to know whether the turnover is been increased or not.

1.6 LIMITATIONS OF THE STUDY:

- Every research study has its own limitations and present research work is no exemptions to this rule.
- This study may be the subject to personal biases of the respondents while answering the questionnaires.
- Considering the short time duration for the survey, the sample had to be restricted to 50 respondents only.
- Respondents were reluctant to disclose complete and correct information.
- The data has been collected from a sample of customers from Tirupur city, which may not reflect the opinion of the entire population.
- Getting response from entrepreneurs was little difficult as most of them denied sharing their information.

HISTORY OF GST:

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.

When did GST start?

Several countries have already established the Goods and Services Tax. In Australia, the system was introduced in 2000 to replace the Federal Wholesale Tax. GST was implemented in New Zealand in 1986. A hidden Manufacturer's Sales Tax was replaced by GST in Canada, in 1991. In Singapore, GST was implemented in 1994. GST is a value-added tax in Malaysia that came into effect in 2015.

Benefits of GST Implementation:

Key benefits of the GST announcement are detailed below:

1. As mentioned above, the GST system will create a common national market that boosts foreign investment.
2. The cascading effect of taxation will be mitigated
3. There will be uniformity in laws, rates of tax, and procedures across states.
4. The GST regime is expected to boost manufacturing activities and exports. This would, in turn, generate more employment and lead to the growth of the economy.
5. Indian products would be more competitive in the international markets.
6. The GST system is likely to improve the overall investment climate in India.
7. Uniformity in the rates of SGST and IGST will reduce tax evasion to a large extent.
8. The average sales burden experienced by companies is expected to come down, thereby increasing consumption and boosting subsequent production of goods.
9. GST is a simpler system of taxation with smaller number of exemptions.
10. There are automated and simplified methods for processes such as registration, refunds, returns of GST, tax payments, etc.

11. All interactions will be handled by the common GSTN website.
12. The input tax credit process will be more accurate and transparent, as electronic matching will be performed.
13. The final price of most goods will be lower when taxation is at the New GST rates. There will also be a seamless input tax credit flow between the manufacturer, retailer, and supplier of service.
14. A huge segment of small-scale retailers may be either exempt from tax or may benefit from low tax rates based on the compounding scheme. Consumers will further benefit if purchases are made from these small retailers.

FINDINGS:

1. The majority 78.00% of respondents are between the age group of 25-30.
2. The majority 54.00% of respondents are male.
3. The majority 62.00% of the respondents have average turnover of 20 lakh
4. The majority, 92.00% of respondents have trained people for software updation.
5. The majority, 68.00% of respondents have increased turnover status after the implementation of GST.
6. The majority, 64.00% of respondents think they were confused of newly implemented GST.
7. The majority, 66.00% of respondents think the sentence and wording in GST guide is lengthy and not user friendly.
8. The majority 34.00% of respondents think that competitors are the major constraints to the growth of small-scale industries.
9. The majority, 36.00% of respondents stated that Personal savings is your major source of funding.
10. The majority, 26.00% of respondents opted towards private limited company Frequency distribution of forms of participants of small-scale industries.
11. The majority, 34.00% of respondents have 10-15 employees in the firm.
12. The majority, 50.00% of respondents have 1, 00,000-2, 00,000 average monthly turnover.
13. The majority, 62.00% of the respondents think GST affects the capital stock market operations.
14. The majority, 86.00% of respondents stated that GST is a fair tax system
15. The majority, 92.00% of respondents have faced technical issues while filing GST.

SUGGESIONS:

- ❖ Government has to create awareness regarding rules, regulations, and compliances of GST by arranging workshops, seminars, conferences to educate proprietors of SSIs.
- ❖ Government of India should have to increase threshold limit from 20 lakhs to 1.5 crores hence that reduces tax burden to small businesses.
- ❖ Government has to take initiative measures to reduce compliance cost. This will help full to lower their product prices.
- ❖ GST is IT backed infrastructure that needs necessary training to the employees hence Government should provide necessary training facility to employees and proprietors of SSIs.
- ❖ The business is in different states needs separate registration may increases compliance cost hence one registration should be there for entire business. That encourages business to diverse their business activities beyond their states.
- ❖ Government must ensure easy compliances of GST because that reduces errors and confusions in the minds of traders of SSIs.
- ❖ Exemption should be given to certain products of small industries in order encourage small traders in the country.
- ❖ Government has to minimise tax rates imposed on small scale industry produced products.

CONCLUSION:

Unarguably, GST rollout will open up a can of worms and the effect on SMEs throughout numerous industries will vary substantially. It's far quite herbal for a pervasive, country-wide tax reform, as GST is, to have a blended opinion. Moreover, the revolutionary tax regime may have reputation with a view to range from kingdom to kingdom. The only nation, one tax principle underlying Goods and Services Tax (GST) roll out is predicted to benefit small scale businesses (SSIs) in long run. Presently, majority of SSIs gamers are unregistered in order to avoid paying tax and meeting compliance requirement.

If they reach threshold restrict underneath a tax law, it looks to cut up the firm there was a dire need to integrate India into one economy and get rid of the multiple taxes and its cascading effect. Introduction of GST resulted in simplification of indirect tax system in the country and thereby ensures seamless business transactions across our nation and world over. On the arrival of GST, the SSIs sector has forced to revamp their strategies, systems, supply chains and costing apart from meeting the quality standards as per international norms. So far, unorganised SSIs have grown faster than organised peers because of lower cost structures stemming from tax benefits, (if turnover is less than ₹1.5 crore). India's paradigm shift to the Goods and Services Tax (GST) regime brought majority of SSIS's into the indirect tax net for the first time and thereby increased compliance costs for SSIs. Complying with GST is bit complex for SSIs at present. However, in the long run it will benefit small and medium businesses as well as consumers. The overall impact of GST on SSIs sector has to be reviewed by the Centre and the States periodically, and any adverse impacts observed should be addressed at appropriate times for the success of new tax regime.