



A Study on Plastic Manufacturing Industries in Gujarat State After Implementation of GST

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ABSTRACT

The implementation of the Goods and Services Tax (GST) in India marked a huge reform inside the the us's oblique tax gadget, impacting severa industries, which consist of plastic production. This take a look at explores the consequences of GST on the plastic manufacturing place, specializing in its implications for taxation, manufacturing, and marketplace dynamics. The research highlights how GST streamlined the tax shape with the aid of changing a couple of oblique taxes, thereby reducing compliance burdens, and fostering a unified market. The examine examines the preliminary worrying situations faced via manufacturers, at the side of adapting to the new tax regime and handling cash go with the waft disruptions. However, it additionally underscores the lengthy-term advantages, together with reduced tax fees on high exceptional plastic merchandise, which extra competitiveness and encouraged overseas direct investment. The findings display screen that GST has contributed to multiplied transparency and standard overall performance inside the deliver chain, reaping advantages both producers and customers. Additionally, the research delves into the area's increase trajectory placed up-GST, studying key standard overall performance signs and symptoms together with manufacturing output, export capability, and employment era. It furthermore addresses problems related to environmental sustainability, emphasizing the want for regulations that stability business boom with ecological responsibility. In quit, the observe offers valuable insights into the transformative effect of GST on the plastic manufacturing enterprise, presenting guidelines for policymakers and stakeholders to optimize the benefits of this tax reform at the same time as addressing its demanding conditions. This studies serves as an entire useful resource for information the evolving dynamics of the plastic production place in the GST era.

Keywords: Central, State, Dual, GST, Indirect Tax, Direct Tax, GDP, Implementation.

1. Introduction

India has a complicated tax device with primary sorts: Direct and Indirect Taxes. Direct Taxes, along side Income Tax, Wealth Tax, and Corporate Tax, are paid right away to the authorities. Indirect Taxes, which incorporates Sales Tax, VAT, Excise Duty, and Custom Duty, are levied on devices and offerings and collected from intermediaries in advance than being forwarded to the authorities. The Goods and Services Tax (GST) is a complete Indirect Tax delivered to update multiple us of a and primary taxes, developing a uniform tax tool for the duration of the country. GST grow to be first introduced in France in 1954 and later followed thru using a hundred and sixty 5 international locations. India have become the 166th america to put into effect GST after its creation grow to be first proposed in 2000 through then-Prime Minister Atal Bihari Vajpayee. The idea obtained momentum whilst Finance Minister P. Chidambaram set a intention for implementation in 2010, however it modified into no longer on time. Eventually, the Constitution (122nd Amendment) Bill changed into brought thru Finance Minister Arun Jaitley in 2014, handed in 2015, and bought presidential assent in 2016. The vital purpose of GST is to simplify taxation thru changing a couple of taxes with a single tax. The GST tool is anticipated to create a unified market, lessen compliance prices, and assist economic increase. The tax fee underneath GST is standardized at round 18%, in contrast to the previous 30%-35% tax burden on objects and offerings. This exchange is anticipated to enhance exports via 3.2%-6.3% and boom economic growth through using 0.9%-1.7%. Both the Central and State Governments levy GST, but direct taxes like profits and organization tax live unaffected. By lowering the cascading effect of a couple of taxes and aligning tax credits, GST pastimes to simplify the tax shape and decorate transparency. It applies to all objects and services transactions, with separate collections for Central GST (CGST) and State GST (SGST). The reform is predicted to streamline taxation, enhance compliance, and make a contribution to India's economic improvement.

Objectives

- To analyze GST's impact on taxation in plastic manufacturing.
- To examine challenges during the GST transition.
- To assess GST's role in boosting supply chain efficiency.

- To explore environmental effects and sustainability strategies.

2. Hypothesis

1. Assess GST's role in boosting supply chain efficiency, here are the hypotheses:

- H1: GST significantly enhances supply chain efficiency by streamlining tax compliance and reducing logistical barriers.
- H0: GST does not have a significant impact on supply chain efficiency

3. Literature review

Jain (2023) describes how technology has indeed simplified the compliance of GST for plastic manufacturers. There is an emergence of digital accounting tools and software, which improve efficiency and accuracy in compliance.

Jaspreet Kaur, Resham Chopra, Navita Nathani, 2017 conducted an analysis on the Perception of Taxpayers Towards GST using a Fiscal and Social Psychology Model Approach. Their research examined the feasibility of implementing GST, pinpointing crucial factors that illuminate the perspectives of tax authorities. Drawing upon Fiscal and Social Psychological Theories as a framework, the study sought to comprehend the behavior of individual taxpayers.

Dr. Meenu Baliyan, Punjika Rathi, 2018 Mr. A and Mr. B undertook a study on the Impact of GST on Various Sectors of the Indian Economy. The objective of this research was to evaluate both the potential advantages and drawbacks of GST on the hospitality industry and various sectors of the Indian economy. Through a comparison of challenges and benefits, it became apparent that the advantages surpass the challenges.

(Garg, 2014) in this research paper the researcher analyzed the impact of GST on Indian tax scenario. He tried to highlight the objectives of the proposed GST plan along with the possible challenges and opportunity that GST brings for plastic and other industries as well. He concluded that GST is the most logical step in Indian indirect tax reforms for all the sectors including plastic.

Reddy, 2021 analyzes the cost implications for plastic manufacturers in Gujarat in GST and how some gain with input tax credit while some face cash flow issues where "the timing of payment and refund is not synchronized".

Manoj (2019) says GST would provide an efficient tax system for economic development and GDP growth. He further claimed that GST would affect all sectors such as construction, textiles, carpets, telecommunications, vehicles, etc., but that introducing GST will be best for manufacturing compared with the service sector.

(Rao & Desai, 2022) The impact on small-scale plastic manufacturers has been a prominent area of research. Smaller firms, often informal in nature, faced difficulties aligning with GST norms due to limited resources and technical expertise (Kumar, 2021). Conversely, larger companies in the sector benefitted from improved supply chain dynamics and a more transparent tax system.

4. Research methodology

In this research, the methodology section indicates that how conduct the research. This includes data collected from people working industries, sample of study and methods cover in primary research. So, we mention below the detail information about it.

Primary data: The data is collected by the survey method. The survey has been done through questionnaire by Google form.

Secondary data: The sources of secondary data are articles, research paper and online sites, websites.

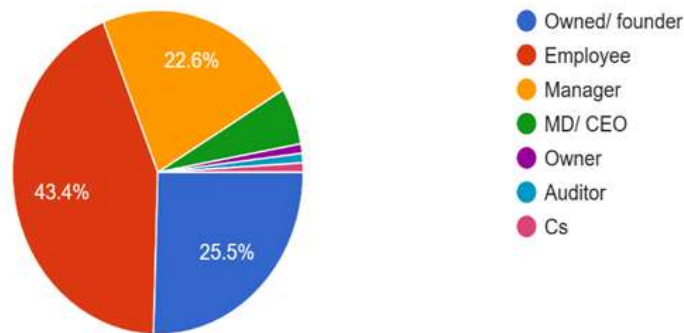
Sample size: The sample size for this research is 100 plastics industries.

Sampling method: The method is simple random sampling by considering the responses from Gujrat state. Statistical tools used for analysis: Graphical method and percentage method have been using for analysis data.

5. Analysis of Data

1. What is your Position in Company?

Position	No. of responses	Percentage
Owner/Founder	25	25.5%
Employee	43	43.4%
Manager	23	22.6%
MD/CEO	4	3.8%
Other	5	4.7%

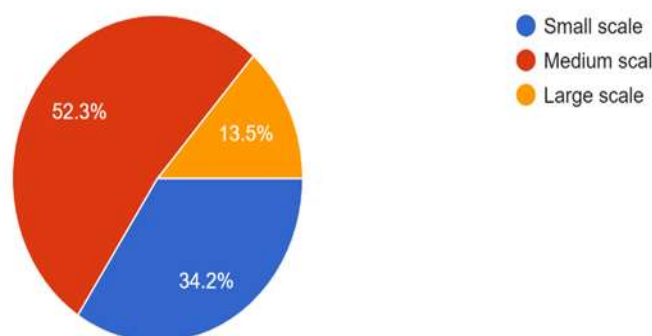


Interpretation

The chart highlights that employees dominate the organization at 43.4%, with Owned/Founder and Managers trailing behind at 25.5% and 22.6%, respectively.

1. What is the scale of your business?

Scale of Business	No. of responses	Percentage
Small Scale	34	34.2%
Medium Scale	52	52.3%
Large Scale	14	13.5%

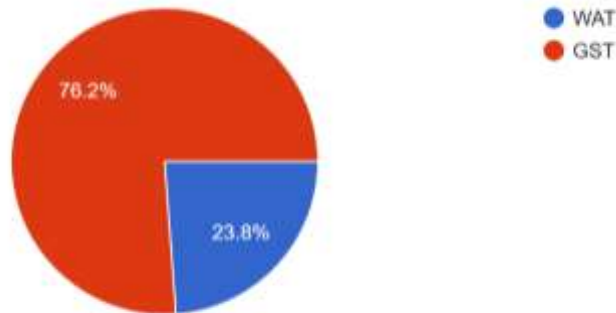


Interpretation

The chart illustrates that medium-scale businesses dominate at 52.3%, followed by small-scale at 34.2%, with large-scale businesses contributing only 13.5%.

2. Which Tax system is more Efficient?

Tax System	No. of responses	Percentage
VAT	24	23.8%
GST	76	76.2%

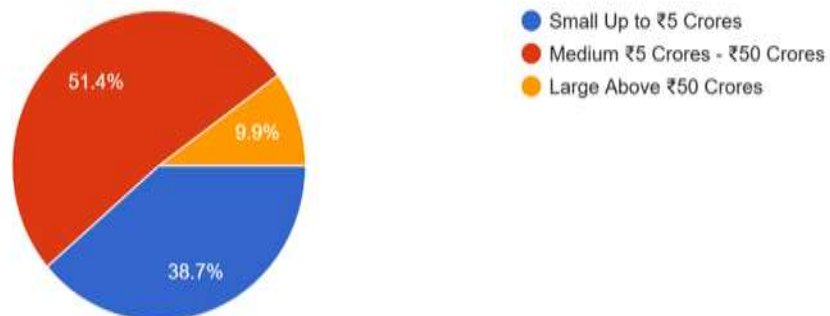


Interpretation

The chart indicates that GST is favored by the majority, with 76.2% of responses, compared to 23.8% for VAT.

3. Size of the Company (Annual turnover)

Size of the company (Annual Turnover)	No. of responses	Percentage
Small (up to ₹. 5 crores)	39	38.7%
Medium (₹. 5 crores - ₹.50 crores)	51	51.4%
Large (Above ₹.50 crores)	10	9.9%

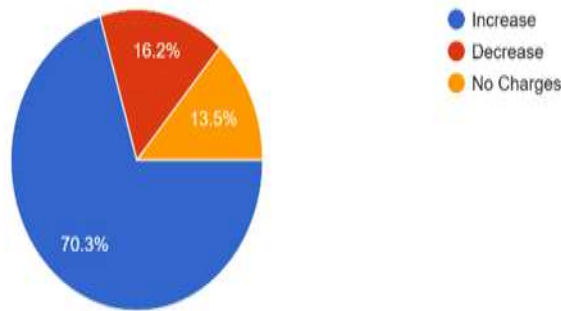


Interpretation

The chart reveals that medium-sized businesses dominate at 51.4%, followed by small-sized businesses at 38.7%, with large-sized businesses contributing a modest 9.9%.

4. Has the implementation of GST affected your input costs?

Response	No. of Respondents	Percentage
Increase	70	70.3%
Decrease	16	16.2%
No Changes	14	13.5%

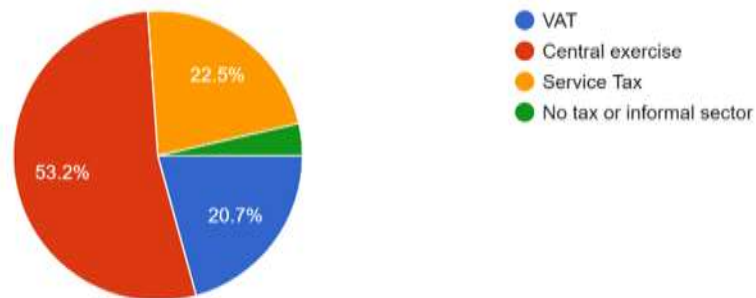


Interpretation

The chart shows that 70.3% observed increased supply chain efficiency under GST, while 16.2% saw a decrease, and 13.5% reported no change.

6. Before the implementation of GST, what was the tax structure you followed for your business?

Tax Structure	No. of Respondents	Percentage
VAT	21	20.7%
Central Exercise	52	53.2%
Service Tax	23	22.5%
No Tax or Informal Sector	4	3.6%

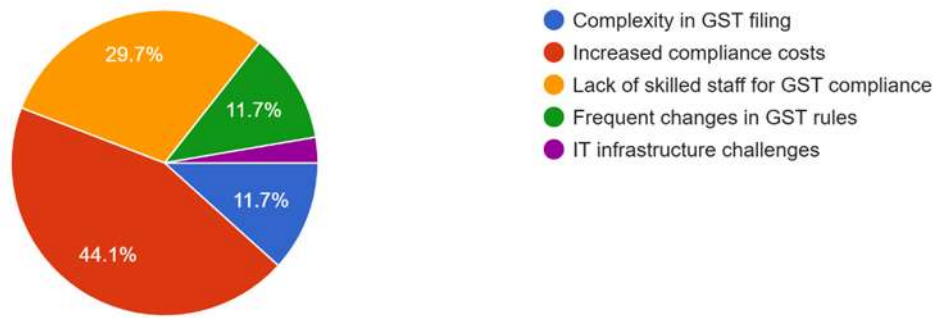


Interpretation

The chart highlights that Central Excise is the most prevalent tax at 53.2%, followed by Service Tax at 22.5%, VAT at 20.7%, and the informal sector at 3.6%.

7. What challenges have you faces in GST?

Issue	No. of Responses	Percentage
Complexity in GST filing	12	11.7%
Increased compliance costs	43	44.1%
Lack of skilled staff for GST compliance	30	29.7%
Frequent changes in GST rules	12	11.7%
IT infrastructure challenges	3	2.8%

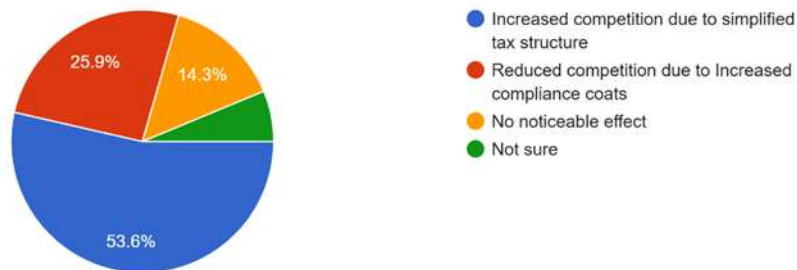


Interpretation

The chart highlights that increased compliance costs (44.1%) and lack of skilled staff (29.7%) are the primary challenges in GST compliance, while IT infrastructure issues are minimal (2.9%).

8. How has GST affected the competitive landscape in the plastic manufacturing sector?

Response Category	No. of Respondents	Percentage
Increased competition due to simplified tax structure	54	53.6%
Reduced competition due to increased compliance costs	26	25.9%
No noticeable effect	14	14.3%
Not sure	6	6.2%



Interpretation

The chart indicates that 53.6% believe a simplified tax structure increases competition, 25.9% see reduced competition, 14.3% observe no effect, and 6.2% are unsure.

6. Findings

- GST replaced multiple indirect taxes, streamlining the tax structure and reducing compliance complexities for manufacturers.
- Manufacturers benefited from ITC on raw materials, which reduced the overall tax burden and improved cost efficiency.
- GST eliminates the "tax on tax" effect, ensuring taxes are levied only on the value added at each stage of production.
- Initially, manufacturers faced difficulties adapting to GST, but the reduction in tax rates from 28% to 18% provided significant relief.
- Reduced logistics costs and seamless interstate trade, manufacturers have become more competitive in domestic and international markets.
- Increased compliance costs, frequent rule changes, and the need for skilled staff to manage GST filings remain significant hurdles.

7. Limitation of the Study

- The study may not represent the entire plastic industries base as it could be restricted to Gujrat state, demographic group, leading to biased or non-generalizable results.
- The analysis might focus on immediate effects, overlooking long-term impacts of GST.
- Other factors, including the cost of raw materials, transportation expenses, recycling processes, and tax return compliance, can significantly contribute to an increase in the overall production cost of the product. These elements often interact dynamically, amplifying their combined effect on pricing.
- Other economic or policy changes during the same period could influence the findings, making it hard to isolate GST's impact.

8. Conclusion

The implementation of GST has brought significant changes to the plastic manufacturing industries in Gujarat. It has simplified the taxation process by replacing multiple indirect taxes with a unified structure, leading to enhanced compliance and transparency. Benefits such as the availability of Input Tax Credit (ITC), the reduction of tax cascading, and standardized tax rates have improved cost efficiency and competitiveness in the sector. However, the industry faced challenges, including the initial adaptation to GST compliance, frequent policy changes, and increased operational costs. Additionally, factors like raw material prices, transportation costs, and recycling processes continue to impact overall production costs. Despite these challenges, GST has fostered a more streamlined and business-friendly environment for the plastic manufacturing industries in Gujarat. It has provided a foundation for long-term growth, but addressing compliance complexities and other operational barriers will be crucial to fully unlocking its potential.

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