ISSN 2319-5991 www.ijerst.com

Peer Reviewed, Referred & Indexed Journal

Research Paper

A STUDY ON GST AND ITS EFFECT ON MNC

KADAMANCHI SWETHA [1] **MBA Student**

DR MOHD ABDUL HAFEEZ [2] **ASSISTANT PROFESSOR**

[1,2]MASTER OF BUSINESS ADMINISTRATION

[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.

ABSTRACT:

This paper is an analysis of the impact of GST (Goods and Services Tax) on Indian Tax Scenario. The Good and services tax (GST) is the biggest and substantial indirect tax reform since the year 1947. The main idea of GST is to take over existing taxes like value-added tax, excise duty, service tax and sales tax. GST will be levied on manufacturing of sales and consumption of goods and services and is expected to address the tumble effect of the existing tax structure and result in uniting the country economically. Its main objective is to maintain a believed between the basic structure and design of the CGST, SGST and SGST between states.

GST is a new story of VAT which gives a widespread setoff for input tax credit and contains many indirect taxes from state and national level. The main aim of GST is to create a single, unified market which will benefit in the development of country's economy. India is a democratic country and therefore the GST will be implemented parallel by the central and state governments respectively. In this article, I have discussed GST and highlighted on the objectives of it. Consequently, I also put a light on the possible challenges, threats, and opportunities that GST brings to strengthen the free financial market. Finally, the paper examines and draws out a conclusion.

On 1st July, 2017, India witnessed the launch of the Goods & Services Tax in India. It was the historic moment of India which was the culmination of 14-year long journey which began in December 2002 when the Kelkar's Task force on indirect taxes suggested a comprehensive Goods and service tax based on the value added tax principal. Our study specifically focuses on the impact of GST on financial market. Various stock indices data of BSE and NSE was taken before and after the implementation of GST. Paired test was applied and found out that there is a significant difference between pre and post implementation of GST.
Indian Financial market new tax reformed scheme was introduced to generate government's revenue equally between the state and center. This scheme was introduced by the center government because of the conflicts made by the state governments between the state and center. Although, it was necessary because of various types of tax

1.1 INTRODUCTION TO THE STUDY:

GST-

Goods and service tax (GST) is an indirect tax which was introduced in India on 1st July 2017 and was applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. It was introduced as the constitution (One hundred and first Amendment) Act 2017, following the passage of constitution 122nd Amendment Bill. The GST is governed by a GST council and its chairman is the Finance Minister of India. GST was initially proposed to replace a slew of indirect taxes with a unified tax and was therefore set to dramatically reshape the country's 2-billion-dollar economy. The rate of GST in India is between double to four times that levied in other countries like Singapore.

The GST to be demanded by the center of intra-state supply of products as well as administrations would be known as the Central Goods and Services Tax (CGST) and that to be imposed by the states would be known as the State Goods and Services Tax (SGST). Correspondingly Integrated Goods and Services Tax (IGST) will be exacted and managed by Centre on each between state supply of products and ventures.

GST is utilization-based duty i.e., the duty ought to be gotten by the state in which the merchandise or administrations are devoured and not by the state in which such products are made. IGST is intended to guarantee consistent stream of information assess credit starting with one state then onto the next. One state needs to Bargain

1.2 OBJECTIVES OF THE STUDY

- This study is based on the following objectives.1.
- To study About the concept of GST.2.
- To study about the need and the Importance of the Goods and Service Tax
- To study about the impact of GST on Various sectors in Indian economy.4.
- To provide suggestions and recommendations regarding GST
- To remove the cascading effect of taxes that is through this Single taxation system
- taxes will be removed easily.
- To reduce the Tax evasion and Corruption.
- To bring about the consumption-based tax instead of manufacturing.
- To absorb various Indirect taxes and to bring a single system of taxation.
- To remove the prices of goods by having an uniform system of taxation over the country.
- To increase the GDP by the exclusion of cascading effects of Taxation.

1.3 NEEDS AND IMPORTANCE OF GST:

The deeper the understanding of Indirect tax, the earlier foothold can be made overthe competitor. Hence the study is very important.

The deeper the understanding, the earlier companies can understand the relief theyget for procurement of raw material the earlier they get the cost advantage

The study also helps the companies to understand the tax burden on consumerswhich affects the sales.

1.4 FEATURES:

- GST is applicable on 'supply' of goods or services as against the present concept onthe manufacture of goods or on sale of goods or on provision of services.
- GST is based on the principle of destination-based consumption taxation as againstthe present principle of origin-based taxation.
- It is a dual GST with the Centre and the States simultaneously levying tax on a common base. GST to be levied by the Centre would be called Central GST(CGST) and that to be levied by the States would be called State GST (SGST).
- An Integrated GST (IGST) would be levied an inter-state supply (including stock transfers) of goods or services. This shall be levied and collected by the Government of India and such tax shall be apportioned between the Union and the States in the manner as may be provided by Parliament by Law on the recommendation of the GST Council.
- Import of goods or services would be treated as inter-state supplies and would besubject to IGST in addition to the applicable customs duties.

CHAPTER. 2 RESEARCH METHODOLOGY

NIVERSE	
SAMPLING METHOD	1. SIMPLE RANDOM SAMPLING METHOD 2. CONVENIENT SAMPLING METHOD
SAMPLE SIZE	30
METHODS OF DATA COLLECTION	1. PRIMARY 2. SECONDARY

PRIMARY DATA	1. QUESTIONAIRE 2. OBSERVATION
SECONDARY DATA	1. JOURNALS 2. MAGAZINES 3. ARTICLES
METHODS OF DATA ANALYSIS	PIE CHARTS & GRAPHS

CHAPTER. 3 REVIEW OF LITERATURE

ABSTRACT:

GST that is Goods and Service Tax is the latest kind of Indirect Tax which is proposed to be in force from 1st July, 2017 which is already in force on many countries around the world and they all were considering it as their sales Tax system. The GST will be the levied on the manufacture, sale and the consumption of goods and services in India. It is said to be the biggest form of reform in the indirect taxation aspect ever since 1947.The council of the GST will be headed by the Union Finance Minister that is currently Arun Jaitley. The main purpose of GST is to bring about the single tax system for the manufacture and the sale of goods at the both central and the state level in the country.

LITERATURE REVIEW

Monika Sherawat et al. (2015)

Have studied about the various features and the challenges associated with Goods and Service Tax well known as GST. They have found out that the legal procedures in implementing, consent from all the states, proper literacy on the concept of GST are the challenges associated with the implementation of GST.Akanksha Korana et al. (2016) have made a research work about the impact of GST on Indian economy. They have found out that the GST will improve the input tax credit to the manufacturers which would result in reduced cost of goods. They have suggested that the government must provide awareness about the concepts of GST to the public .Garg et al. (2014) and Kumar et al. (2014) have said that the GST has positive impact on the present scenario of Indian economy. The Indirect Taxes Committee of Institute of Chartered Accountants of India (ICAI) has said that the Goods and Service Tax have positive impact on Indian Tax System.

G. Garg, 6 (2014)

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. He concluded that GST is the most logical steps towards the comprehensive indirect tax reform in our country since independence. GST is leviable on all supply of goods and provision of services as well combination thereof. All sectors of economy i.e the industry, business including Govt. departments and service sector shall have to bear impact of GST. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST. One of the biggest taxation reforms in India – the Goods and

Service Tax (GST) is all set to integrate State economies and boost overall growth. GST will create a single, unified Indian market to make the economy stronger. Experts say 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. Under GST, the taxation burden will be divided equitably between manufacturing and services, through a

Pinki et al., 7 (2014)

The authors in the paper have explored the concept of GST, the need to introduce it in India, the hurdles in introducing it in India and suggestions to overcome the same. The paper also discusses the benefits of introducing GST at the earliest. The authors have discussed the options to introduce the dual GST in India which could be Concurrent Dual GST, National GST or State GST. Under the concurrent dual GST the better option was the one where GST is applied on both goods and services. The other option explored was whether the Central GST would be on goods and services but state GST would be only on goods since state to collect GST in services is difficult to determine. This option also recommended one single return with both CGST and SGST details and PAN based registration. The authors have also discussed the constitutional amendments required if GST is ever to be introduced since without the amendment taxing both goods and services using one tax is not possible. The paper also highlights the issues in the credit mechanism in the CGST/SGST model since it is difficult to practically implement in terms of determination of place where service is taxable. The other challenges to introduction of GST in India highlighted are the availability of strong IT network, infrastructure and programmes, agreement on other provisions like basic threshold, exemption to goods/services, rates to be applied, etc.

CHAPTER.4

DATA ANALYSIS INTERPRETATIONAND PREPRATION

4.1ANALYSIS BASED ON PRIMARY DATA

IMPACT ON AUTOMOBILE SECTOR:

Before GST implementation and unification of taxes, we had a series of indirect taxes in India, wherein every state had their own indirect tax structure. Now, after GST implementation, all these taxes have been subsumed to one tax.

Impact of GST on automobile sector particularly is considered as a positivething as manufacturers of automobiles will have to pay reduced taxes and ultimately customers will also be benefited. Before GST, various taxes such assales tax, road tax, sector tax, VAT, motor vehicle tax, registration duty, etc. were imposed. All of these have been subsumed to GST on automobile services.

GST IMPACT ON AUTOMOBILE SECTOR

GST tax on automobiles has significantly reduced the cost of transporting goods, as transportation anywhere in India doesn't pass through check posts or various taxes. It has, in fact, reduced the price of automobiles across the country when compared to the prices before GST.

CHAPTER.5
CONCLUSION AND SUGGESTIONS

5.1. CONCLUSION:

GST has affected the entire economy and markets with cost of production going high in all the sectors. As the cost goes high the profit lowers so the companies raise the prices of the products and services in order to cover the cost that has increased due to these taxes. Whereas in some cases the tax rate which was earlier charged is seen to be lowered by GST, but the GST panel may increase the tax rate in such items in the coming days. It has affected various sectors of financial markets as the profits are hit by the Indirect Tax reform. This has also led to volatility in the stocks of some companies.
The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. Efficient formulation of GST will lead to resource and revenue gain for both Centre and States majorly through widening of tax base and improvement in tax compliance. It can be further concluded that GST also have a positive impact on various sectors and industry. Although implementation of GST requires concentrated efforts of all stake holders namely, Central and State Government, trade and industry. Thus, necessary steps should be taken.
The GST is very crucial tax reform since independence of India, so it must be better handled with utmost care and analyzed well before implementing it. And, the government both central and state have to conduct awareness programmed and various literacy programmed about GST to its various stakeholders. Although the GST

implementation aims to upsurge the taxpayer base, largely SMEs into its opportunity, it presents a problem of compliance and related charges for them. Nevertheless, GST will make the MSMEs more competitive in the long run and will make the playing arena level between big enterprises and them. Additionally, the Indian MSMEs would be able to compete with the
international market goods and competition coming from cheap price epicenters such as China, Philippines, and Bangladesh and actually thrive in the world
arket scenario..

After a thorough analysis of the above literature it can be concluded that GST will provide relief to producers and consumers by subsuming the several indirect taxes in India. The Study of literature indicates that the implementation of Goods and Services Tax helps in better utilization of resources and makes the taxation system environment friendly. The taxes for both Centre and States will be collected at the point of sale. Both will be charged on the manufacturing cost. Individuals will be benefited by this as prices are likely to go down. The lower price of goods increases consumption and more consumption leads to higher production thereby leading to economic growth and development of the country.

It is therefore suggested that there be provided a suitable clarification that in cases where registration is taken only for the purpose of section 9(3) i.e. payment of tax under reverse charge the provisions of section 9(4) will not be triggered.

It is suggested that it be suitably clarified that in case a dealer receives interest the he would be eligible for opting Composition Scheme. Similar clarity is also required for inclusion/exclusion of non-operational income e.g. interest/dividend while calculating aggregate turnover for computing limit of Rs. 20 L for registration purpose u/s 22 & 24 of CGST Act,2017. Section 2(30) of the CGST Act, 2017 defines Composite supply as a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

5.2. FINDINGS:

There is not much of primary data for my study in this project so I had to study the secondary data and come to the conclusion and suggest an opinion on how the implementation of GST could have been a much better Indirect Tax reform. However when I collected some Primary Data from my Family, Friends and colleagues I could understand how the consumer in India is affected by the new indirect tax that I prepared the conclusion based on the behaviour of consumer towards the new indirect tax and not by the behaviour of investor towards the new indirect tax.

However when I spoke to some investors already holding stake in the companies in the above mentioned industries, I understood that only a few investors noticed the impact of GST in their holdings

5.2. SUGGESTIONS

To provide literacy and awareness about the GST Effective spending on efficient Tax administration staff Well maintenance and frequent follow ups of GSTN (Goods and Service Tax Network) portal for better relationship with various stakeholders. In order to avoid the unnecessary loss of revenue to the state government, the central government may think about the considerable percentage of GST which will be helpful for all stakeholders of GST. Consent from all states and suggestions from every state for betterment of GST and the source of Tax revenue. The government should take care about the RNR which should not affect the tax revenue to any government either central or state. The loss of Tax revenue should be managed and compensated properly through proper diversification of funds without burden to anyone. The Central and the State government should be in proper understanding and cooperative with each other for the successful implementation of GST. All the Tax Professionals and general merchants involved in the Business should be given training and basic knowledge about the Goods and Services Tax.

It is suggested that in case where the person wishing to opt for Composition Scheme holds such goods in stock which have been purchased in the course of inter-State trade or commerce or imported from a place outside India or receivedfrom his branch situated outside the State or from his agent or principal outside the State, he be allowed to opt for Composition Scheme upon payment of appropriate applicable tax under GST.

It is clarified that whether caterer or banquet hall may claim composition scheme as it has been raised by such industries as Government in the press releases announce for the Restaurant only

where in law does not stop it.

BIBLIOGRAPHY:

1. www.cleartax.com
2. www.wikipedia.com
3. www.moneycontrol.com
4. www.economictimes.com
5. www.timesofindia.com
6. www.investopedia.com
7. www.quora.com
8. www.services.gst.in