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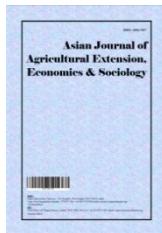
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## **Evaluation of GST Impact on the Manufacturing Organizations in South-East Rajasthan**

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### **Authors' contributions**

*This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.*

### **Article Information**

DOI: 10.9734/AJAEES/2022/v40i630906

### **Open Peer Review History:**

This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: <https://www.sdiarticle5.com/review-history/85903>

**Received 25 January 2022**

**Accepted 02 April 2022**

**Published 06 April 2022**

**Original Research Article**

## **ABSTRACT**

This is a study that evaluated the the impact of Goods and Services Tax (GST) on the manufacturing organizations in Kota region of South-East Rajasthan. Thus, the research problem is that the organization faced many problems while the implementation of GST. 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.

**Keywords:** Goods and Services Tax (GST); CGST; IGST; Kota; Rajasthan.

## **1. INTRODUCTION**

The introduction of GST is one of the major steps of economic reform in the country. GST is basically summation of various state and central

taxes into a one single tax. GST helps in reduction of double taxation, cascading effect, issue of classifying taxes, multiplicity of taxes etc. GST created a wider tax base, rationalization of tax structure and harmonization

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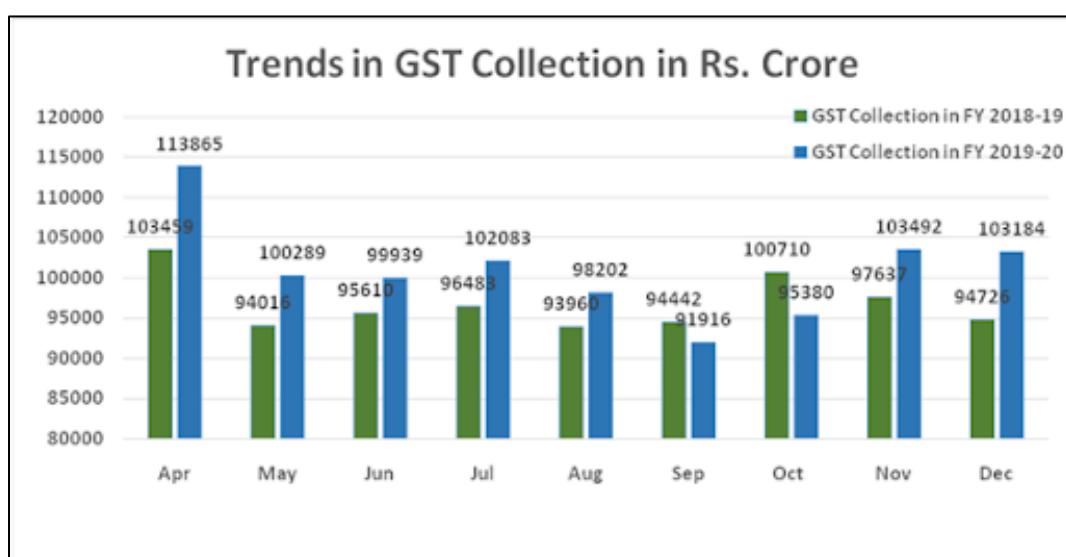
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of state and Centre administration. Prior to the introduction of GST, multiple VAT rates existed across the country, varying from state to state, but now there is a consistent tax structure in place, with taxes split between the state and the federal government. In our economy, GST will aid in the decrease of tax evasion and corruption [1]. After the 1990s, India's economic reforms accelerated her development as a globally integrated nation, with notable advances in regulatory efficacy, macroeconomic stability, and geopolitical stability (World Bank, 2019). Apart from China, India has emerged as one of the world's fastest-growing economies in recent decades (Paul & Mas, 2016). India has had tremendous indirect tax reform [2] throughout the last three decades, bolstering the topsy-turvy but reasonably sustained development story, and proved economic resilience by beginning on another breakthrough in July 2017. According to experts, the Goods and Services Tax (henceforth GST) is a substantial taxation pivot by the Indian government following the liberalisation of the Indian economy in 1991 [3,4]. India has come a long way to accept GST as a good and long-awaited indirect tax reform aiming at creating one nation, one tax, and one market (GST Council, 2020a). GST has made corporate processes more efficient than ever before, according to global experience, by simplifying the tax system and lowering the number of state and central levies [5]. GST is an indirect and destination-based tax. It appears to have had an indirect and direct impact on consumers, as well as businesses [6];

nonetheless, the ripple effect is being seen across the economy's three key sectors [3]. The complexities and inefficiencies of India's prior tax regimes [7] prompted the government to put the decade-long debate into action. The flaws were principally characterised by the federal structure's cascading turnover taxes between the centre and the states, making the system less comprehensive [8]. The central and state taxes both had some intrinsic limits, such as the fact that central taxes could not cover value addition in items outside of the manufacturing stage, which included a few listed services [9,7]. To transform the indirect taxation system, GOI had introduced the long-awaited Goods and Services Tax or GST in July 2017. Sensing its magnificence, FICCI (2021) called it a big bang economic reform after independence.

GST the biggest tax reform in India founded on the notion of "one nation, one market, one tax" is finally here. The Indian government has been waiting for this moment for nearly a decade. The world's largest indirect tax regime has gone into effect, removing all trade obstacles between countries. With a single stroke, the GST has transformed India into a unified market of 1.3 billion people. 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).



**Graph 1.**

Source: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=196229>

## 2. REVIEW OF LITERATURE

Taxes, both direct and indirect, are commonly collected as key income streams in public finance. Direct taxes are those that are paid directly by the public, such as corporate income tax, income tax, and wealth tax. Indirect taxes, on the other hand, are mostly consumption-based taxes such as value-added tax (VAT), service tax, and customs. In the federal framework, indirect tax revenues are divided between the federal government, state governments, and some local authorities. Direct taxes, on the other hand, are the responsibility of the central government. "Goods and Service Tax- Panacea For Indirect Tax System in India," by Pinki, Supriya Kamma, and Richa Verma [10], concluded that the new NDA government in India is supportive of GST implementation, and that it will benefit the central government, state governments, and consumers in the long run if it is supported by strong IT infrastructure. The best choice for expanding our tax base is GST, and we should take advantage of this opportunity to implement it now, while the environment is relatively favourable and the economy is enjoying steady development with only minor inflation. According to Onaolapo et al. [11], the introduction of a value-added tax has a statistically significant impact on revenue generation in Nigeria. The report also identified the need for stakeholders to make concerted and coordinated efforts to improve VAT collection. The study also looked at how Nigeria's income generation was affected by the value-added tax.

## 3. 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.

### 3.1 Research Area

The Hada Rajputs, a Chauhan dynasty clan, gave the Hadoti region of Rajasthan its name.

They took control of the region/kingdom after defeating the Meena kings. Bundi, Baran, Jhalawar, Kota, and a minor subdivision called Keshorai Patan are now part of the Hadoti region, which is around twenty-one kilometres from Kota and forty kilometres 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).

**Research methodology** – The nature of the research requires 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.

- Secondary research. It is done by studying research, journals, business, magazines, microfinance reports, newspaper, reports, websites and surveys conducted in the area of microfinance.
- 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 were analysed using the following statistical tools and techniques:

In this research, descriptive statistics in the form of percentages have been used. The data was analysed using MS Excel and the Statistical

Package for the Social Sciences. For easy interpretation, the data was transformed to percentages and ratios. To identify things that were favourably or negatively assessed in terms of their influence on career choices, ratios were

calculated for each questionnaire item. 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).

### 3.2 Data Presentation and Analysis

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

Table 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

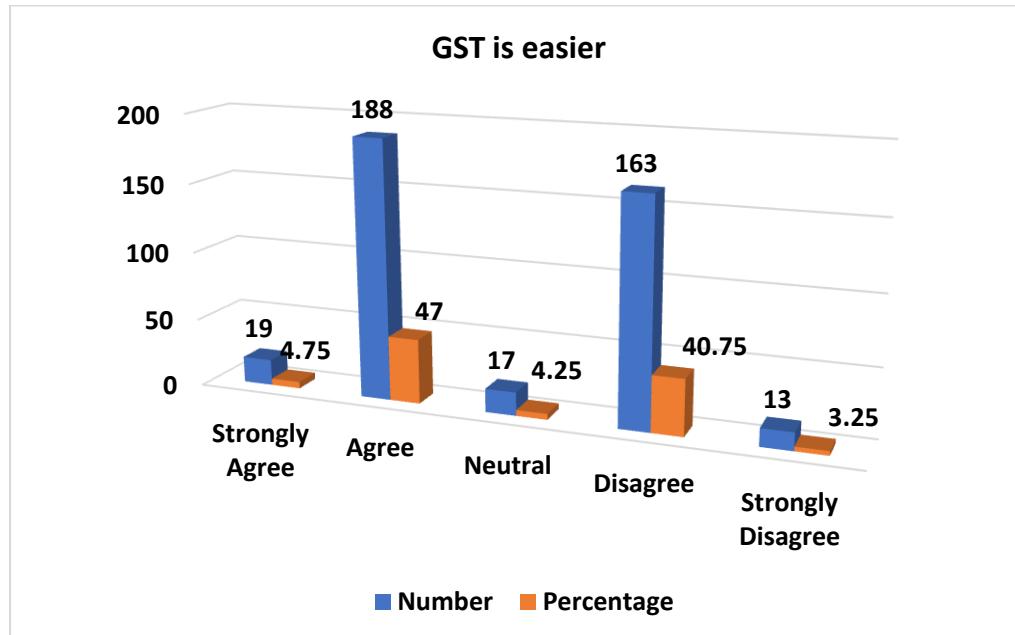


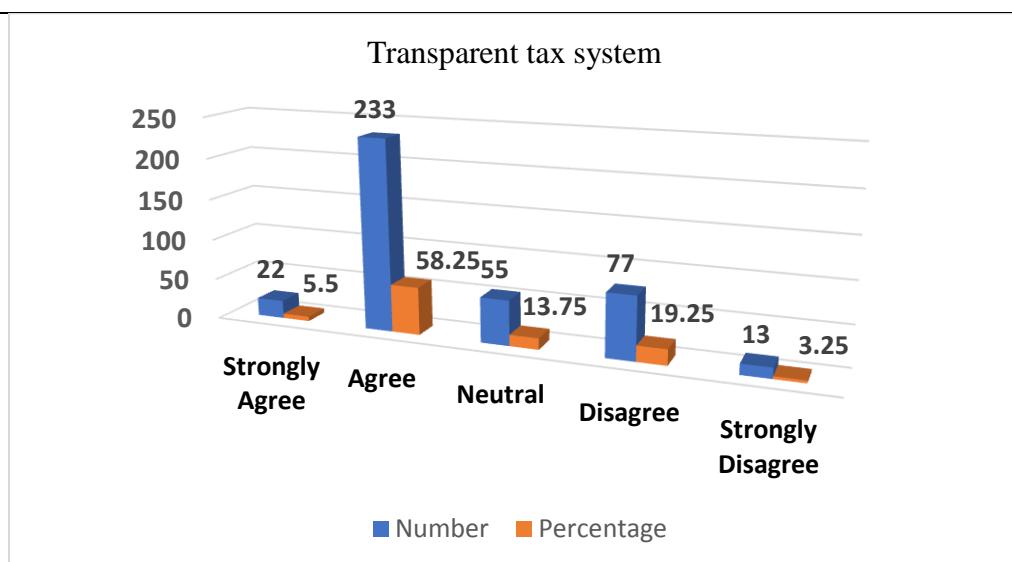
Fig. 1. GST is easier

**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 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



**Fig. 2. Transparent tax system**

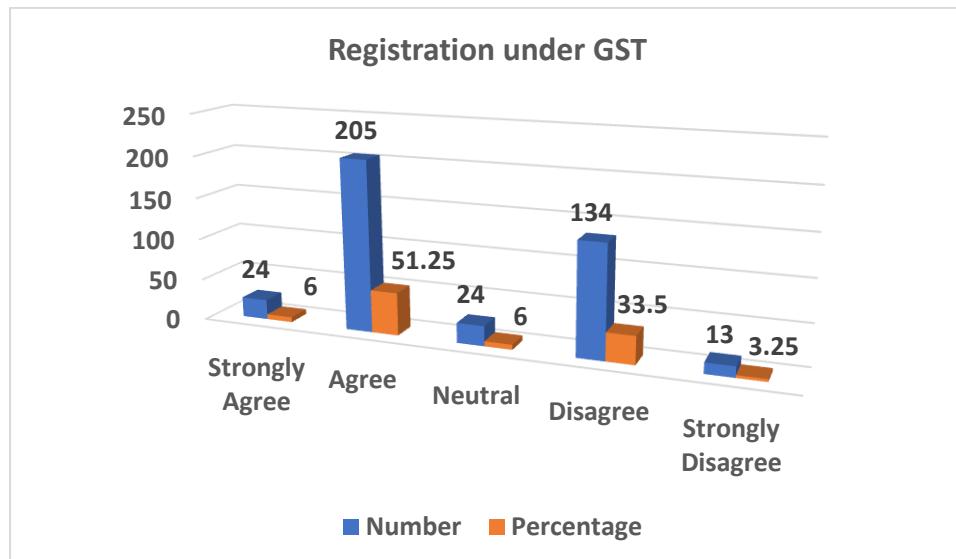
**Interpretation:** As shown in figure above out of the total respondents 5.5% strongly agree, 58.25% agree, 13.75% neutral, 19.25% disagree & 3.25% strongly disagree about GST system is a transparent tax system. This shows that GST system is transparent.

**3. Registration under GST is simple and easy.**

**Table 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



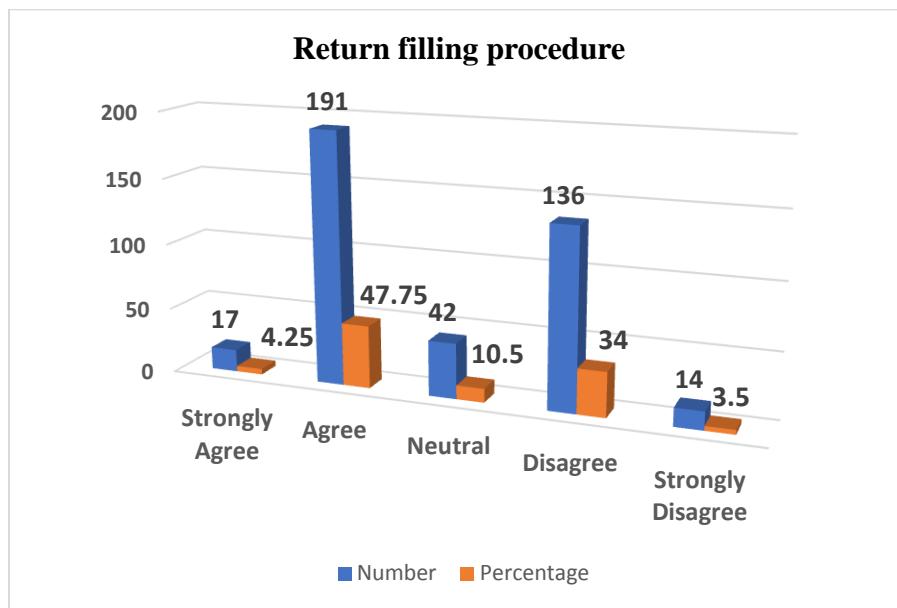
**Fig. 3. Registration under GST**

**Interpretation:** As shown in figure above out of the total respondents 6% strongly agree, 51.25% agree, 6% neutral, 33.5% disagree & 3.25% 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 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



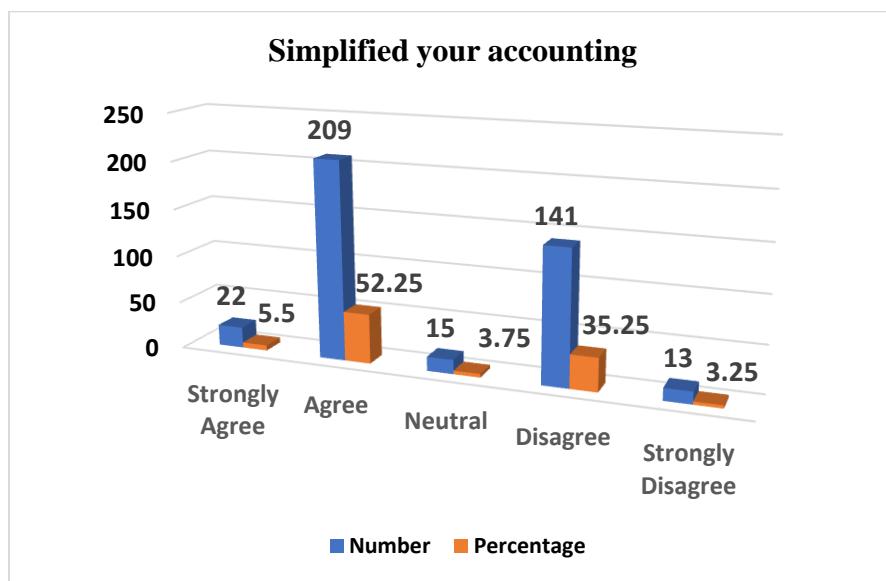
**Fig. 4. Return filling procedure**

**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 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



**Fig. 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.

#### 4. CONCLUSION

It has been found that manufacturing organizations have benefited from 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.

#### COMPETING INTERESTS

Authors have declared that no competing interests exist.

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