



Critically analysis of GST from the small traders point of view: A case study of manesar area

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Abstract

GST implementation is a very historical moment in India regarding indirect tax reforms and it change complete scenario of indirect taxation system with new rules regulations and provision. Businessman shocked due to sudden change in indirect tax in the mid of financial year and they are very concern about the harmonization between changed indirect tax system and business unit dimension. A specifically small traders face Lot of problems due to lack of access with experts for implementation this new concept. There were lot of questions arise in the mind of traders regarding the GST due to lack of educational environmental approach about the new tax and good advertisement regarding GST implementation but due to the resistant to change concept traders felt that the GST in front of us because two parallel economy going on in our country namely black economy and white economy and traders concerns about how to provide the transparency in our present tax bureaucracy structure. Small traders are in puzzled situation due to this new indirect tax structure.

That's why this research paper is based on the trader's point of view about GST. This paper would explain about what kind of difficulties they are facing after implementation of GST. This paper would provide real time experience of small traders about GST concept. Big enterprises easily manage the resources and have a lot of access with chartered accountants, tax consultant, lawyers and other experts but the small traders have to face problems in access with experts due to lack of resources. So, the main aim of this paper is to find out the problems of GST for small traders with the help of primary as well as some secondary data. This paper provide the information purely based on the point of small traders.

Keywords: GST, council, tax regime, supply, composition scheme, multiple rates, IT infrastructure, purposive sampling technique, tax provisions etc

Introduction

GST announcement is the historical indirect tax reform in Indian economy on 1st July 2017 with the upcoming results and challenges for the all stakeholders. GST is the largest tax structure reforms after independence in India and there are 23 taxes and 17 sub taxis include in GST and all these previous taxes are subsumed under GST. The text reforms completely changed after the implementation of GST. GST is apart from direct taxes and there is no relation between direct taxes and GST implementation. GST implementation in India is a very significant drastic change in indirect tax reforms with traders concerns. First of all in 2004 Kelkar Task Force provide a wide and comprehensive suggestion to enforce goods and service tax implementation in India and in continuous development 2006 union budget the finance minister provide GST implementation suggestion in our parliament. In the implementation scenario of GST Government of India go ahead and in 2007 State financial ministers official committee constituted for the scope of GST implementation in India and first of all in November 2009 State finance ministers committee provide first discussion paper in front of our country. In 2011 (150th) constitutional amendment bill produce on the table of parliament in 2011 but unfortunately it couldn't pass by the house. In 2014 there is 122th constitutional amendment Bill produce in Lok Sabha and in 2015 again constitutional amendment Bill produce in 2016 after some amendments the bill produce on elders house namely Rajya Sabha. With continues development to implement GST there is 22 members committee constituted by the Central Government in 2017 and the act part in India and implemented GST on 1st July 2017.

This act is integrated to all indirect tax system with in our country. After drastic implementation of GST in India, there was ambiguous environment create among the small traders who have very limited knowledge about the new text modus operandi. The small traders have very limited access with chartered accountants, tax authorities, tax consultants etc and other tax forms due to high expense charge by these parties. Small traders fills that how to face this new structure and how to maintain their business structure with this new text structure in the mid of financial year. They thought that how to implement this new indirect tax structure in present business scenario as well as they analyse that in the mid of July how to implement this structure. There was various uncertainties' and questions raise in front of authorities to implement GST. Everyone wants to understand this new indirect text regime about how to implement it and what would be the effect of this tax structure on traders.

This research paper discussed and analyse the various concerns of small traders of around the Manesar area smart traders have lot of concerns regarding the GST after implementation of 7 years such as tax slab rates are high, GST complaints cost is excessive, there is no various schemes for rebate to small traders, high operating cost due to GST, demanding the rebate in GST fine and punishment, relief in tax rates and reduce reducing the idea filing etc.

Why Manesar

Manesar is presently 11th Municipal Corporation situated in Gurugram District, Haryana and it is the hub of industrial area and also called mini Japan due to its industrial viability. There are many types of global as well as national companies are situated in Manesar. It is not only the hub of international companies even it is the hub of various small

and middle traders. Approximate 1500 small and middle enterprises are working in this geographical area. It is 50 km far from New Delhi and part of NCR area.

This industrial area is very suitable for the decided problem statement and the availability of data from traders is comparatively easy for the researcher due to industrial hub. In short, there are lot of sampling data available, easy to access to variables, gathering of small and big enterprises in this area, time and budget constraint are some parameters with attract to Manesar area for analytical study of GST implementation from the point of view of small traders.

Objective of the Study

After implementation of GST since 7 years, the main objective of this research paper is to find out the attitude perception of small traders regarding the GST system. Whether they are satisfied from the implementation of GST or not as well as this paper would be helpful to find out the small traders problem in GST after its implementation. This paper would also provide the concerns difficulties which are facing by the small traders in GST system as well as this paper would also helpful to overcome the GST constraints for small traders. It is also helpful to determinate that how GST affect the small traders in Indian economy and to find out the nature of difficulties since continue going on. According to management philosopher Peter F. Drucker there should be 4 to 8 objectives of any concern for achievement. In the shadow of this statement, there are following objectives of this research paper

1. To analyse the problems occurred to implement GST tax system on businesses.
2. To find out the psycho analytical behaviors of small traders at the time of implementation of GST tax regime
3. To analysis the challenge faced by the small traders in GST
4. To analyse the attitude of small traders after implementation of GST system
5. To find out the GST significance on small traders community
6. To find out the favorable plans or schemes in GST from small traders point of view
7. To find out the GST loop holes according to the small traders' perception.
8. To find out the cost burden on implementation of GST by the small traders

Research Methodology

There is primary data is used for the analysis the result due to the nature of problem statement. The interpretation of primary data is done as per data nature. The question which is made for the small traders is related to quantitative questions and qualitative questions that is mix of both data. So, quantitative techniques as well as qualitative techniques are used for interpretation of the questionnaire data. There is various statistical tools such as Major of Central tendency standard deviation correlation among data are used for quantitative data analysis. The sample size is 35 out of approximately 1500 universe and "Purposive Sampling Technique" is used due to the nature of universe. In short, the paper is mixture of quantity and quality data that why statistical tools and non statistical tools are used in data interpretation and analysis.

Result Analysis & Discussion

- **Technical Compliance:** SME sector facing Lotto problem regarding technical compliance in to face GST implementation there is requirement of updated software & IT infrastructure and experts to handle these technical infrastructure. This is very big issue for small traders. 64% small traders told that they are facing to implement IT infrastructure which is very essential for GST. Although many small traders are successfully implement the IT infrastructure on their business according to the GST regime. There is negative correlation between GST infrastructure and small traders as they want to expand their business they have required more IT infrastructure it is inverse relationship between GST IT infrastructure requirement and small traders availability of infrastructure.
- **Stringent Legislative Provisions for SME:** This sector blames that if supplier is unregistered then the tax is imposed on recipient on reverse charge mechanism. This rule of GST promotes to recipient to purchase from unregistered dealers and the dealers who are not registered under GST are ignored by the recipient due to reverse charge mechanism system. 32% small traders agree with the statement elder 18% small traders can't explain this concept properly. In the survey 68% small traders agri with the statement that big volume recipient not get supply from the unregistered dealers. Small traders argue that this rule should be taken back.
- **Lack of Clarity About Anti Profiteering Provisions:** There are 47% small traders agree with the statement that there is no good GST provision regarding provisions. There is requirement of clarification about this provision by the GST Council.
- **GST Constraints in "Ease of Doing Business":** It is also discussed many times that is GST is aspects of ease of doing business. Ease of doing business related to less procedural easy provisions and clear predefined rule and regulations for the startup a business. It is also helpful to reduce the to business problems on single window base solution. When personal investigation made with small traders, 57% small traders told that GST is not helpful to compliance of doing business concept specification for small traders. Although in a modified question 64% small traders explain that the ease of doing concept is have a positive relation with GST tax regime. There are many big companies approach to courts regarding complexities of provisions in GST. In a scaling technique 50% small traders give average tendency regarding is of doing concept and GST matching.
- **Increase GST Provisions Compliance Requirements:** GST include in the formal nest to small traders as per the economics survey 2017-18 that the compliance requirement is increased in GST. 87% small traders strongly argue that after implementation of GST the compliance requirement increase widely. They have to face with many documentation such as filing record in voice record input tax credit record and online lazer maintain records etc.

- **Requirement of One Registration One Nation Concept:** When data collected from the small traders 95% traders strongly agree with the statement that there should be one single registration required for in whole country for any trader. In present scenario of GST, if under one pen there is two or many firms in different state or UT then that trader have to take separate registration for each business unit. It is the very strong limitation of GST that should be redressal for the traders benefit if possible. In Likert scaling technique, small traders strongly disagree with present different registration system for different states.
- **Many Taxes not Subsumed under GST:** It is also advertised that GST would be single indirect tax in India but as per the traders claimed that it is not single indirect tax in India. After 7 years of implementation of GST there is lot of indirect tax not subsumed in GST such as basic customs duty, custom cess, stamp duty, petroleum products, alcohol for human consumption natural gas and electricity. There are 28% small trader's agree to involved these products in GST.
- **High & Multiple Tax Rates:** According to the small traders the GST rates are distinguish according to the product to product. It is difficult to make invoice and had to be remember different tax slabs on different products. They also claimed that one nation one tax theory is not implemented in GST because there is different tax slabs in GST. There are 73% small traders agree with the statement. This limitation is come from previous indirect tax regime.
- **Constraint of Dual Control:** In GST, traders whose annual turnover is 1.5 crore or less would be distributed among center and state equally 50% for the administration and controlling purpose. The traders whose annual turnover is more than 1.5 crore are governed by 90 is to 10 ratio in centre and state for administrative and control purpose. It create confused among traders that who is the final authority. There are 37% small traders agree with this questionnaire statement.
- **Dilemma on Continues Changing of GST Laws:** GST provisions are changing year to year very fast by the GST council but small trader who had to face lot of difficulties regarding resource management for their business have no time to cover up these new provisions of GST year to year even need of the financial year also. There are very fast amendments done by GST council on various provisions such as e way bill process rules, input tax credit etc. 48% small traders told that they have to the face problems to understand these new continuous changing GST Laws. GSTC should classify the tax payers in a significant manner as much possible to overcome the problem. It is also helpful to understand for the supplier, RCM, Tax Deducator and ECO.

Limitation

There is gap study on every research paper due to various factors and phenomena and on the same line there is many

limitations of this research paper also. Some of limitations which come under the scanner of researcher are as under

1. The main limitation is the sample size that is very limited as comparison to the sample size of district Gurugram industrial hub. So sample size is not representing the universe properly.
2. The data taken by the scholar is under Purposive Sampling method that is used in peak and chooses policy and related with full of biased.
3. Limited study time of this paper is also a limitation.
4. This paper is based on the opinion of small traders and it is subject to change. So, the study is not perennial true due to modification in our behaviour.

Conclusion

The present paper is based on the critical analysis on GST by the small traders and according to the parameters of questionnaire small traders are facing problem in GST structure due to high operating cost, to compliance the GST provisions, to facing the infrastructure problems like internet problem, availability of high cost computers, lack of GST experts, high cost of consultancy fee, changing the rules by the GST council time to time, multiple tax rates on different products are some parameters which are increasing the dis-satisfaction among small traders in this area. Although the GST structure also providing tax transparency, reducing corruption, online database 24 * 7 days, less face to face meeting of authority and tax payer, Composition Schemes for small traders are good provisions of GST which providing progressive scenario in businesses. GST is just new text structure which is implemented in India and the GST council changing the GST rules as per the convenient of traders and due to the rules are changing very fast time to time, that is also helpful to overcome the problems of businessman. But in fact there is many problems facing by the small traders which are going to remove by the GST council time to time as much possible such as composition scheme is the best scheme to reduce the GST compliance among small traders. The composition scheme is very helpful to avoid GST tax provisions and provide the relief in multiple returns tax slabs and reduce operating cost. Although this scheme has a limitations that it is applied on those suppliers who are Intra State Supplier only but GST council is removing gradually the problems are facing by suppliers.

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