



ORIGINAL RESEARCH PAPER

Management

A STUDY OF THE POLICIES, PROGRAMMES, INSTITUTIONAL NETWORKS IMPLEMENTING OF GST: A CASE STUDY OF ANDHRA PRADESH

KEY WORDS: GST, Entrepreneur, Collecting, Market, Administration.

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ABSTRACT

Entrepreneurship is a rapidly rising concern of a modern competitive economy and its contribution in economy is viably recognized worldwide. It is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of economic goods and services. Among all the reforms in India in the last few years the goods and services tax is one that has generated much interest in recent times and has the potential to help in increasing the ease of doing business in the country. In keeping with the federal structure of the country, a GST council was set up with the representatives from both centre and state to formulate a GST structure where both centre and state governments will have the power of levying and collecting tax in the GST regime. International experience has shown that GST helps in improving the economy in the long run. Important stakeholders like the business, government and consumer sectors stand to gain under the GST regime. Goods and Services Tax (GST) will give a boost to Indian economy and also help the entrepreneurs to become stable in Indian Market. GST will help in streamline of the business and create a common market for the whole country. It will help entrepreneurs to focus on their business rather than being worried about tax compliances. GST is set to benefit entrepreneurs of all kind, with a transformational shift in the indirect tax administration in India. This paper focuses to highlight the main points of GST and its working and impact on entrepreneurship and business.

INTRODUCTION:

The entrepreneur "is someone who specializes in making judgmental decisions about the coordination of scarce resources." The term emphasizes that the entrepreneur is an individual. As G. L. S. Schackle wrote, "The entrepreneur is a maker of history, but his guide in making it is his judgment of possibilities and not a calculation of certainties," and identified uncertainty bearing as the economic function of the entrepreneur. According to Schumpeter, the entrepreneur is the prime mover in economic development and his function is to innovate. It is defined and established in traditional theories that Investment in new knowledge increases the technology opportunity set and sharpens the ability to look into the future. Entrepreneurial activity thus could be very well understood as the activity that holds the discovery, evaluation and exploitation of opportunities within the defined established framework and how these opportunities are discovered exploited is related to institutional arrangement of the country or the individual.

How was the necessity entrepreneurship born? After the fall of the Berlin Wall many uneconomical factories were closed in Central Europe as economies became integrated into the global economy. Those workers who had jobs in the plants and factories of the former socialist countries were productive members of society. However, as factories were closed one after another, many of these workers found themselves with no other options for work than self employment necessity entrepreneurship. As one would expect, the influx of many former wage workers into necessity entrepreneurship resulted in several years of negative GDP growth. When a new business opportunity is taken up or exploited it is assumed that it will lead to economic development but on the other hand taking up of necessity entrepreneurship may not lead to the same. It also may be the case that under development may happen due to self employment. Many countries have some level of both opportunity and necessity entrepreneurship, studies suggest that the ratio of opportunity-to-necessity entrepreneurship could be a useful indicator of economic development; we can say it can also act as a guide for development policy for the policy makers. So the equation comes out to be of positive relationship between the opportunity ratio and GDP per capita. The suggestion could be given to less developed countries that they should focus on strengthening General National Framework Conditions, and developed economies policy should focus on strengthening the entrepreneurial framework conditions.

Concept and Meaning of GST:

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the **economic growth** of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at

a national level. The Goods and Services **Tax** Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about uniformity in the system. On bringing GST into practice, there would be **amalgamation** of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as **international market**. At the consumer level, GST would reduce the overall tax burden.

Various central taxes that will be subsumed in GST are:

- Central Excise Duty,
- Additional Excise Duty,
- Service tax,
- Additional Custom Duty,
- Special Additional Duty and
- Central Sales tax.

In order to avoid the payment of multiple taxes such as excise duty and service tax at Central level and VAT at the State level, GST would unify these taxes and create a uniform market throughout the country. Integration of various taxes into a GST system will bring about an effective cross-utilization of **credits**. The current system taxes production, whereas the GST will aim to tax consumption. Out of a diversified range of proposals that are necessary to encourage the start-ups, Goods and Services Tax (GST) is the one, which is quite important too in terms of indirect tax perspective.

Review of Literature

Anita Devi (2016), the introduction of GST is a historical reform in Indian taxation system. It allows set-off of primary stage taxes and also consolidates comprehensive Central and State taxes. It will tone down the cascading affect and pave the way of growth. As GST is an even taxation system so it could be proved as an effective tool of fiscal policy. Government collects highest revenue through taxes. According to a survey report, India builds up total tax revenue 17.7% of its GDP; it brings international market more competitive and promotes the export. But this is entire depend upon rational design and timely implementation. There are frequent weaknesses and threats of GST which should be overcome by focusing on strengths and opportunities. While discussing GST there is a severe need to establish a dispute settlement body on conflicting recommendations of Goods and Services.

Astha Sharma (2016): It is not other than the products and Services tax (GST) is that the widest and important tax alteration since 1947. It is implanted from the year 1947. The prime plan of

GST is to vary the prevailing taxes like; excise duty, VAT, excise tax and repair tax. It'll be obligatory on manufacture, sale and consumption of products and services. GST is anticipated to deal with the prevailing impact of the prevailing tax structure and end in uniting the country economically. The paper focuses on the past studies, objectives of the projected GST taxation system and therefore the impact of GST within the gift tax situation in Republic of India.

Statement of problem:

Entrepreneurial skills and knowledge, their talents and abilities in business and compelling desire of wanting to do something positive are some of the reasons for the entrepreneurs to organize industries. Entrepreneurship leads to break the inequalities and reduce the poverty in the economy. The purpose of the study is to explore and determine the problems faced by entrepreneurs in the recent changes in the taxation system. It also aims to understand the various motivational factors and policies influence them to start their business and also make an evaluation regards government support activities for GST implementation.

OBJECTIVES OF THE STUDY:

- to know the favorable impacts of GST on entrepreneurs
- to know the problems faced by the entrepreneurs for the implementing GST
- To study the policies, programmes, institutional networks and the involvement of support agencies in promoting entrepreneurship.

Research methodology:

The purpose of methodology is to describe the process involved in research work. The present study is based only on secondary data. The data were collected from books, journals, and websites.

RESULTS AND DISCUSSIONS

TABLE -1 Favourable impacts of GST on entrepreneurs

S.No	Itam	Favourable Impacts of GST on Entrepreneurs
1	Was GST good initiation	80
2	Ease of the tax payment	57
3	Ease to grow business	48
4	Lowers the rate of Goods and Services	66
5	Tax return filling easy	69
6	increases the sales	61
7	Lower the Logistic over heads	43
8	Good for new enter prises	26
9	Dependency on technology	70
10	Tax burden on or gained enterprises	47

Source of the Data: **Primary**

Ease of starting a business by bringing uniformity in the Centralized registration process. An easy regulatory mechanism will bring out benefit not only to new age business, but also helps to attract more foreign investment from the global market. Higher exemption to new business by extending the limit up to 25 lacs which will bring down the tax burden to newly established business. GST will make the process of paying tax simpler by merging all taxes of different states. In GST, there is no difference between sales & services and thus tax will be calculated on total basis. GST will reduce the logistic cost of the company producing non-bulk goods by 20%. GST eliminate the cascading effect of multiple Central & States taxes. GST is a destination base tax system i.e. the liability to pay tax is only generated after the goods/ services reach to the customers. GST bring down the fiscal deficit, boost GDP & bring economic integration in the country. GST is levied only at the point of sale & not on the purchase i.e. levied only by the last dealer and make the product cheaper for the final consumer. GST is about to create a unified market by cutting the cost of various taxes imposed by central and state government. In

previous tax laws, various input tax credit is not available for set off, after GST implementation this problem gets resolved. The inclusions from the Traders association Confederation of All India Traders also deducted the point that GST will surely increase the compliance policies and structural working of the business units worthwhile but the building of the framework online and creating knowledge and awareness may prove lacking in the case of small business units.

TABLE -2 Problems faced by the entrepreneurs in implementing GST:

Annual Gross Implementing Problems	GST Implementing Problem				Total Problems faced	% Total Problems faced
	Yes		No			
	No	%	No	%		
Less than RM 500,000	11	6	80	43	91	49
More than RM 500,000	68	37	25	14	93	51
Total	79	43	105	57	184	100

Source of the Data: **Primary**

The registration on multi stages can be an issue if the business is doing the trade with multiple states because now it is mandatory to register with each state you are doing business with The monthly return filing procedure can create problems for businesses as they have to comply with it else they will be burdened with Rs. 100 per day penalty which is not favourable even for their compliance rating on the portal. As there are total 36 returns to be furnished in a year, to cope-up with the system they have to hire an accountant or ask the third party to do the return filing work. So, the burden of return filing can increase the cost for businesses. For e-commerce operator, it became more complicated because they don't have any threshold limit to exempt from the law and they have to register and track the supply of each goods. SMEs dealing with supply to end-users can face the burden as there is no tax exemption for supply of goods under input credit and it will increase the cost of the product. It can create mismatch in society as there are same tax on luxury goods and normal goods; it can make rich to be more rich and poor to be poorer. There is variation in demand-supply ratio due to increased raw material cost. So it is expected that the profitability and debt ratio for SMEs can be burdened if they are not able to overcome the tax fumes. The last resort for the SMEs is to increase the product prices so that they can resist the overload

Policies and programs introduced by government in promoting entrepreneurship:

- The government supports innovative enterprises and entrepreneurs in a number of ways
- Promoting cooperation between researchers and the private sector
- Reducing the regulatory burden on entrepreneurs
- Developing IT tools for entrepreneurs
- Better links between education and the labour market
- Better cooperation with the franchise sector
- Retail Agenda

CONCLUSION:

An entrepreneur is one who plays significant role in the economic development of a country. The most important challenges faced by new entrepreneurs include Developing the Vision and Business Idea, Raising Capital for Start-up, Assembling a Business Team, Finding the Right Business Location, Finding Good Employees, infrastructural facilities etc. So it is necessary to overcome these challenges in order to conduct an efficient business. GST facilitates various benefits for entrepreneurs, despite of its limitations. It might have affected entrepreneurs in the short run, due to procedural aspects such as registration, returns filing etc., but in the long run, it is going to break all the hurdles for start-ups and lays a great path for the country's development.

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