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IMPLEMENTATION OF GST ON TRADE AND INDUSTRY

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<u>CERTIFICATE</u>

This is to certify that the Project entitled "**IMPLEMENTATION OF GST ON TRADE AND INDUSTRY IN NARSAPUR TOWN" is** genuine and bona-fide work done by P.Bhavani, under my guidance and supervision for the submission to St.Theresas College for women, Eluru under RUSA 2.0.

Project Guide

DECLARATION

I hereby declare that the project report entitled "**IMPLEMENTATION OF GST ON TRADE AND INDUSTRY"** submitted by me to **St. Theresa's** college for women Eluru under RUSA 2.0 Scheme is a bona-fide project work carried out by me under the guidance of P.Veeraswamy, Lecturer in Commerce, Department of Commerce. I further declare that the work reported in this project has not been submitted either in part or in full, for the award of any degree in any other institute or university.

Narsapur

Date: Signature of the student

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CHAPTER - I

Meaning of Tax:

Taxes are involuntary fees levied on individuals or corporations and enforced by a government entity whether local, regional or national in order to finance government activities. In economics, taxes fall on whoever pays the burden of the tax, whether this is the entity being taxed, such as a business, or the end consumers of the business's goods.

To help fund public works and services and to build and maintain the infrastructures used in a country the government usually taxes its individual and corporate residents. The tax collected is used for the betterment of the economy and all living in it. In the India and many other countries in the world, taxes are applied to some form of money received by a taxpayer. The money could be income earned from salary, capital gains from investment appreciation, dividends received as additional income, payment made for goods and services, etc.

A percentage of the taxpayer’s earnings or money is taken and remitted to the government. Payment of taxes at rates levied by the state is compulsory, and taxevasion the deliberate failure to pay one's full tax liabilities is punishable by law. Most governments use an agency or department to collect taxes.

Definitions of Tax:

- According to Adams “A tax is a contribution from citizens for the support of the state.”
- According to P. E. Taylor “A compulsory payment to Government without expectations of direct return in benefit to the taxpayer is known as tax.”
- According to Prof. Bastable “A tax is compulsory contribution of the wealth of a person or body of persons for the services of public powers.”

- According to Seligman "A tax is compulsory contribution from the person to the Government to defray the expenses incurred in the common interest of all, without reference to special benefits conferred."
- According to Plehn "Taxes are in general, compulsory of wealth levied upon persons, nature or corporate, to defray the expenses incurred in conferring common benefit upon the resident of the State."
- According to Dalton "A tax is a compulsory contribution imposed by a public authority irrespective of the exact amount of service rendered to the taxpayer in return."
- According to the dictionary of Modern Economic "Taxation means Compulsory levies on private individuals and organs tons made by government to raise revenue to finance expenses on public goods and services and to control the volume private expenditure in the economy."

<u>Features of Tax:</u>

1) A tax is a compulsory payment to be paid by the citizens who are liable to pay it. Hence, refusal to pay a tax is a punishable offence.
2) There is no direct quid-pro-quo between the tax payers and the public authority.
3) A tax is levied to meet public expenditure incurred by the government in the general interest of the nation.
4) A tax is payable regularly and periodically as determined by the taxing authority.
5) A tax is a legal correction.

Types of Taxes:

There are two types of taxes namely,

1. Direct tax

Direct taxes are levied on individuals and corporate entities and cannot be transferred to others. These include income tax, wealth tax, and gift tax.

a. Income tax:

As per the Income Tax (IT) Act, 1961 every assessee whose total income exceeds the maximum exempt limit is liable to pay this tax. The tax structure and rates are annually prescribed by the Union Budget. This tax is imposed during each assessment year, which commences on 1st April and ends on 31st March. The total income is calculated from various heads such as business and profession, house property, salaries, capital gains, and other sources. The assesses are classified as individuals, Hindu Undivided Family (HUF), association of persons (AOP), body of individuals (BOI), company, firm, local authority, and artificial judiciary not falling in any other category.

b. Indirect Taxes:

Indirect taxes are not directly paid by the assessee to the government authorities. These are levied on goods and services and collected by intermediaries (those who sell goods or offer services). Here are the most common indirect taxes in India:

c. Value Added Tax (VAT):

This is levied by the state government and was not imposed by all states when first implemented. Presently, all states levy such tax. It is imposed on goods sold in the state and the rate is decided by the state governments.

d. Customs duty:

Imported goods brought into the country are charged with customs duty which is levied by the Central Government.

e. Octroi:

Goods that move from one state to another are liable to Octroi duty. This tax is levied by the respective state governments.

f. Excise duty:

All goods produced domestically are charged with excise duty. Also known as Central Value Added Tax (CENVAT), this is paid by the manufacturers.

g. Service Tax:

All services provided domestically are charged with service tax. The tax is paid by all service providers unless specifically exempted.

2. <u>Goods and Service Tax (GST):</u>

As a significant step towards the reform of indirect taxation in India, the Central Government has introduced the Goods and Service Tax (GST). GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India and will subsume many indirect taxes levied by the Central and State Governments. GST will be implemented through Central GST (CGST), Integrated GST (IGST) and State GST (SGST).

Four laws (IGST, CGST, UTGST & GST (Compensation to the States), Act) have received President Assent. All the States & UT expected to pass State GST Act, by end of May 2017. GST law is expected to take effect from July 1, 2017.

Taxation System in India:

India offers a well-structured tax system for its population. Taxes are the largest source of income for the government. This money is deployed for various purposes and projects for the development of the nation.

Taxes are determined by the Central and State Governments along with local authorities like municipal corporations. The government cannot impose any tax unless it is passed as a law.

Here are the salient features of the taxation system in India:

1. Role of the Central and State Government

The entire system is clearly demarcated with specific roles for the central and state government. The Central Government of India levies taxes such as customs duty, income service tax, and central excise duty.

The taxation system in India empowers the state governments to levy income tax on agricultural income, professional tax, value added tax (VAT), state excise duty, land revenue and stamp duty. The local bodies are allowed to collect Octroi, property tax, and other taxes on various services like drainage and water supply.

2. Types of taxes

Taxes are classified under two categories namely direct and indirect taxes. The largest difference between these taxes is their implementation. Direct taxes are paid by the assessee while indirect taxes are levied on goods and services.

3. Revenue Authorities

CBDT:

The Central Board of Direct Taxes (CBDT) is a part of the Department of Revenue under the Ministry of Finance. This body provides inputs for policy and planning of direct taxes in India and is also responsible for administration of direct tax laws through the Income Tax Department.

CBEC:

The Central Board of Excise and Customs (CBEC) is also a part of the Department of Revenue under the Ministry of Finance. It is the nodal national agency responsible for administering customs, central excise duty and service tax in India.

CBIC:

Under the GST regime, the CBEC has been renamed as the Central Board of Indirect Taxes & Customs (CBIC) post legislative approval. The CBIC would supervise the work of all its field formations and directorates and assist the government in policy making in relation to GST, continuing central excise levy and customs functions.

The Indian taxation system in India has witnessed several modifications over the years. There has been standardization of income tax rates with simpler governing laws enabling common people to understand the same. This has resulted in ease of paying taxes, improved compliance, and enhanced enforcement of the laws.

Concept of GST:

The goods and service tax (GST) is a value-added tax levied on most goods and services sold for domestic consumption. The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services. In effect, GST provides revenue for the government.

The goods and services tax (GST) is an indirect federal sales tax that is applied to the cost of certain goods and services. The business adds the GST to the price of the product, and a customer who buys the product pays the sales price plus GST. The GST portion is collected by the business or seller and forwarded to the government. It is also referred to as Value-Added Tax (VAT) in some countries.

France was the first country to implement the GST in 1954, and since then an estimated 160 countries have adopted this tax system in some form or another. Some of the countries with a GST include Canada, Vietnam, Australia, Singapore, United Kingdom, Monaco, Spain, Italy, Nigeria, Brazil, South Korea, and India.

Most countries with a GST have a single unified GST system, which means that a single tax rate is applied throughout the country. A country with a unified GST platform merges central taxes (e.g. sales tax, excise duty tax, and service tax) with state level taxes (e.g. entertainment tax, entry tax, transfer tax, sin tax, and luxury tax) and collects them as one single tax. These countries tax virtually everything at a single rate.

The year 2017 will forever be etched in Indian history as the year that saw the implementation of the biggest and most important economic reform since Independence – the Goods and Services Tax (GST). The reform that took more than a decade of intense debate was finally implemented with effect from 1 July 2017, subsuming almost all indirect taxes at the Central and State levels.

GST, which was publicized as 'one nation, one tax' by the government, aims to provide a simplified, single tax regime in line with the tax framework applicable in several major economies across the Globe. This single tax has helped streamline various indirect taxes and brought in more efficiency in business. GST law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

The implementation of the GST got overwhelming support from the industry. The industry took this as an opportunity to redefine supply-chain model, customize IT processes, and evaluate internal and external arrangements to safeguard interest and minimize their tax costs.

As the GST journey progressed, there was a growing realization of its far-reaching impact. Industry faced various challenges, ranging from new and unique concepts, complex documentation, and high tax rates of certain goods and services to complex or unclear treatment of several common transactions. The matching concept for claiming credits, adverse and contrary advance rulings, ambiguity on aspects relating to Anti-Profiteering, GST refunds etc., are some of the emerging challenges that the businesses should be mindful of.

There is hope that GST 2.0, which is at the works currently, will be a much improved version compared to the first one. The government has come out with new return filling process. There have been multiple reductions in tax rate for various goods. With the objective to curb tax evasion, the government has also introduced the E-way bill system across India, to track movement of goods.

CHAPTER - II

<u>Meaning and Definition of GST:</u>

GST is an Indirect Tax which has replaced many Indirect Taxes in India. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017; Goods & Services Tax Law in India is a comprehensive**,** multi**-**stage, destination**-**based tax that is levied on every value addition.

In simple words, <u>Goods and Service Tax</u> (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST is one indirect tax for the entire country.

Under the GST regime, the tax is levied at every point of sale. In the case of intra-state sales, Central GST and State GST are charged. Inter-state sales are chargeable to Integrated GST.

Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

Let us consider the following case:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Sale to wholesaler
- Sale of the product to the retailer
- Sale to the end consumer

Goods and Services Tax is levied on each of these stages which make it a multi-stage tax.

Value Addition

The manufacturer who makes biscuits buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into biscuits.

The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of biscuits and labels it. That is another addition of value after which the warehouse sells it to the retailer.

The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits thus increasing its value.

GST is levied on these value additions i.e. the monetary value added at each stage to achieve the final sale to the end customer.

Destination-Based

Consider goods manufactured in Maharashtra and are sold to the final consumer in Karnataka. Since Goods & Service Tax is levied at the point of consumption. So, the entire tax revenue will go to Karnataka and not Maharashtra.

GST Structure and Types of GST:

The GST tax structure will bring about a drastic change in the current indirect tax system. Currently, tax barriers have created a fragmented Indian market.

This has resulted in a cascading effect of taxes on cost making indigenous manufacture less profitable. Also, the complex multiple taxes have raised the cost of compliance considerably.

The GST tax structure will comprise of the Central Goods and Services Tax (CGST), State Goods and Services Tax (SGST) and Integrated Goods and Service Tax (IGST).

1. **CGST:**

   CGST is a part of Goods and Service Tax (GST).

   CGST means Central Goods and Service Tax, one of the three categories under Goods and Service Tax (CGST, IGST and SGST) with a concept of one tax one nation. CGST falls under Central Goods and Service Tax Act, 2016.

   For easy understanding, when CGST is being introduced, the present central taxes of Central Excise Duty, Central Sales Tax CST, Service Tax, Additional excise duties, excise duty levied under the medical and toiletries preparation Act, CVD (Additional Customs duty – Countervailing Duty), SAD (Special Additional Duty of customs) surcharges and cesses are subsumed.

   CGST is charged on the movement of goods and services of standard commodities and services which can be amended time to time by a separate body. The revenue collected under CGST is for center. However, input tax credit on CGST is given to states and such input tax could be utilized only against the payment of Central GST.

1. **SGST:**

   SGST is a part of Goods and Service Tax (GST).

   SGST means State Goods and Service Tax, one of the three categories under Goods and Service Tax (CGST, IGST and SGST) with a concept of one tax one nation. SGST falls under State Goods and Service Tax Act 2016.

   For easy understanding, when SGST is being introduced, the present state taxes of State Sales Tax, VAT, Luxury Tax, Entertainment tax (unless it is levied by the local bodies), Taxes on lottery, betting and gambling, Entry tax not in lieu of Octroi, State Cesses and Surcharges in so far as they relate to supply of goods and services etc., are subsumed.

   The revenue collected under SGST is for State Government.

2. **IGST:**

   IGST is a part of Goods and Service Tax (GST).

   IGST means Integrated Goods and Service Tax, one of the three categories under Goods and Service Tax (CGST, IGST and SGST) with a concept of one tax one nation. IGST falls under Integrated Goods and Service Tax Act 2016.

   IGST is charged when movement of goods and services from one state to another. For example, if goods are moved from Tamil Nadu to Kerala, IGST is levied on such goods. The revenue out of IGST is shared by state government and central government as per the rates fixed by the authorities.

As per GST Law:

Under the GST regime, an Integrated GST (IGST) would be levied and collected by the centre on inter-state supply of goods and services. Under Article 269A of the Constitution, the GST on supplies in the course of inter-state trade or commerce 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 recommendations of the Goods and Services Tax Council.

3. **UTGST:**

   The full form of UTGST is Union Territory Goods and Service Tax. UTGST is a part of Goods and Service Tax in India.

   In India, duel GST is implemented. CGST and SGST against intra - state supply (within the state) of goods and services and IGST for inter - state supply.

   GST under supply of goods and services takes place in Union Territories like Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, Delhi (National Capital Territory of Delhi), Lakshadweep, Pondicherry etc., is accounted under UTGST.

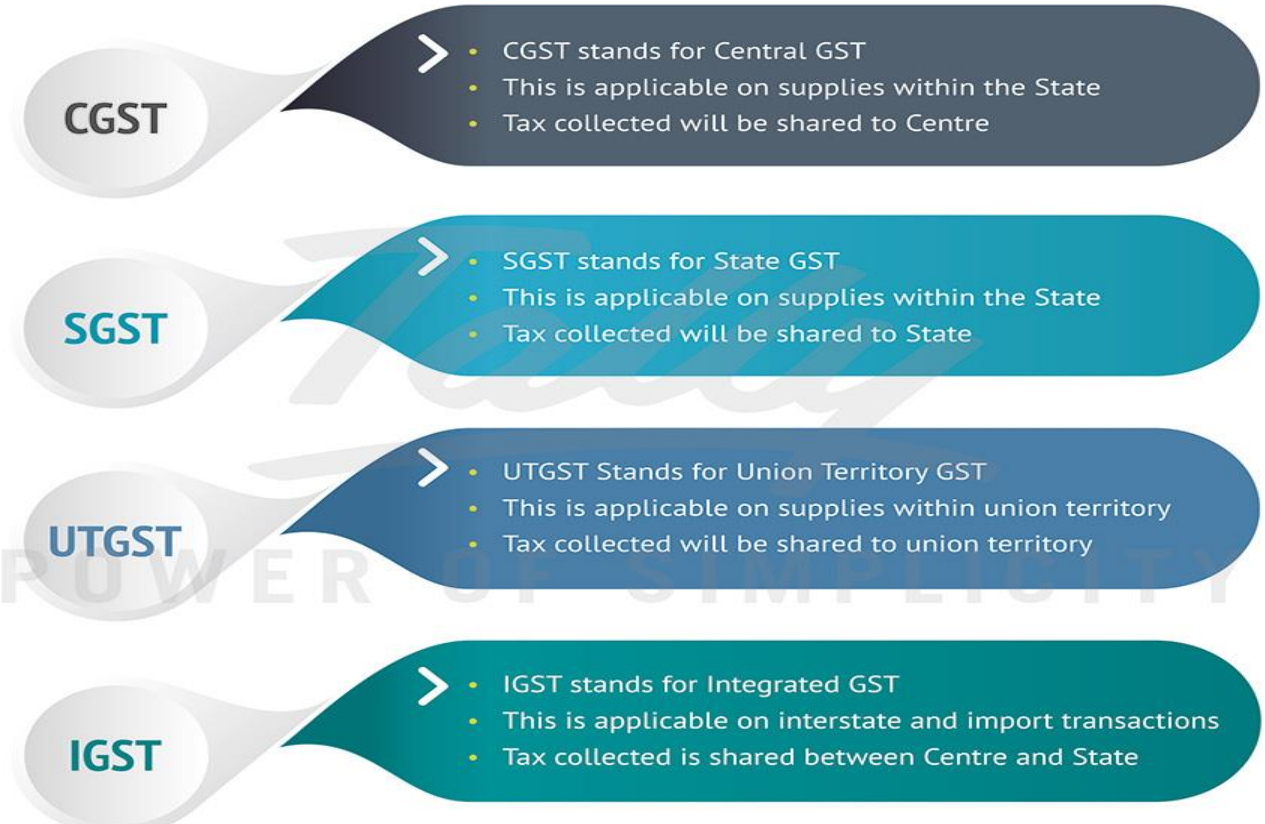
   A separate Act is being implanted for Union Territory states to impose and administer GST in India in the name of UTGST Act. Under UTGST Act, the details of GST rates payable against the movement of goods and services in Union Territories are explained.

   The UTGST bill is presented in respective states government to implement as UTGST Act.

Impact of GST in different sectors:

1. **Agriculture sector**

GST is essential to improve the transparency, reliability, timeline of supply chain mechanism. A better supply chain mechanism would ensure a reduction in wastage



and cost for the farmers/retailers. GST would also help in reducing the cost of heavy machinery required for producing agricultural commodities. Under the model GST law, dairy farming, poultry farming, and stock breeding are kept out of the definition of agriculture. Therefore these will be taxable under the GST.

Fertilizers an important element of agriculture was previously taxed at 6% (1% Excise + 5% VAT). In the GST regime, the tax on fertilizers has been increased to 12%. The same impact is on Tractors. Wavier on the manufacture of Tractors is removed and GST of 12% has been imposed. This is beneficial as now the manufacturers will be able to claim Input Tax Credit India’s milk production in

2015-16 was 160.35 million ton, increased from 146.31mt in 2014-15.Currently, only 2% VAT is charged on milk and certain milk products but under GST the rate of fresh milk is NIL and skimmed milk is kept under 5% bracket and condensed milk is going to be taxed at the rate of 18%. Tea is probably one of the most crucial items in an Indian household. The price of tea might also increase due to the tax rate of 5% under GST rate from the current average VAT rate of 4-5% with Assam and West Bengal with the exception of 0.5 and 1%.

2. **Industrial sector**

   India's manufacturing sector has been growing steadily since the early 2000s, creating new jobs and boosting the economy.

   The Goods and Services Tax regime has the potential to amp up that growth, especially if you run a small business. With its simplified tax structure and effect on interstate sales, the GST can help your company cut costs and become more competitive.

   <u>Impact of GST on manufacturing sector in India:</u>

- **Reduced Production Costs**

  Before GST, cascading taxes were a big problem for manufacturing companies. Each time you bought or sold products, you had to deal with multiple taxes, including VAT, entry tax, and central sales tax. Because of the way these duties were arranged, your company ended up paying tax on other taxes. Inevitably, this resulted in higher costs and compound taxes on raw materials.

  GST eliminated these cascading taxes, automatically saving you money. It also created the input tax credit to help lower your tax bill. Under the old system, many of the taxes you paid were not available as a credit.

When you pay GST on inputs such as raw materials and factory equipment, you can deduct that amount from the taxes you owe. That way, you're only paying GST on the value you add to the supply chain.

- **Easier Interstate Buying and Selling**

In India's old tax regime, interstate transactions were a hassle. When you bought or sold across state lines, you had to deal with complicated state and national taxes. For busy small business owners, this system usually led to three choices: taking time to figure out the paperwork you, spending money on a tax professional, or avoiding interstate transactions altogether.

Under GST, the process is much easier. No matter where your vendors and customers are located, you still pay the same GST rate. This gives you the freedom to choose the vendors with the best prices. If you work in Mumbai and find a great deal on raw materials in Jaipur, you can take it without worrying about checking Jaipur state taxes. This can cut costs and make you more competitive in the domestic market. What's more, since GST treats exports like interstate transactions, you also save money when you ship products out of the country.

- **Improved Logistics**

When the GST regime eliminated state taxes, it also solved a big problem for manufacturers: expensive logistics. Before GST, your truckers could be stalled for hours in long lines at state border checkpoints, increasing overall expenses. The unpredictable wait times created a logistical nightmare, and delayed shipments led to production slowdowns and missed delivery deadlines.

After GST was implemented, many state border checkpoints were immediately shut down. You can now use the e-way bill system to register shipments and pay taxes online. This means you save valuable time on logistics and spend less money on fuel. Plus, since you can better predict when raw materials will arrive, it's easier to avoid costly production delays.

Although the GST affects each part of the manufacturing industry differently, the overall outlook is positive. As your company adjusts to the simplified system, you can save money and increase sales to new customers across India and the world.

3. **Service sector**

   Service sector is gaining much more importance day by day when it comes to revenue collection, contribution to GDP and employment. Service sector constitutes for more than 50% of Nation's GDP. Service sector in India not only provides large scale employment to both skilled and unskilled personnel but also significantly contributes towards foreign exchange collection. Telecom, Insurance, banking, Information Technology are the major contributors in service sector industry,

GST Impact:

No double taxation

In the current regime there are disputes whether a particular supply is a supply of good or service e.g. Work Contract, Restaurant etc. In such scenario because of ambiguity, assesses were required to pay taxes both VAT and Service Tax on it. In GST regime, both goods and services are treated equally and this double taxation is removed.

Multiple rates for Services

In the earlier regime, Service tax rate was 14% and additional Swatch Bharat Cess and Krishi Kalyan Cess of 0.5% each is levied on provision of taxable service. Under GST general rate of services is 18%. Few services are also taxable at 28%. However keeping in mind the interest of general public, necessity services are also taxed at 5% and 12%.

Registration

There was a concept of centralized registration in Service Tax but no such provision is in GST. Under GST service providers is required to take registration in every state from where he is providing service. Burden on service provider's w.r.t registration and further compliances is increased

Initially when the GST law was introduced, every service provider who is making inter-state supply is required to take registration under GST Act irrespective of his turnover. However keeping in mind the interest of small service providers, CBEC later on through **Notification No. 10/2017- Integrated Tax dated 13th October 2017** exempts service providers, having turnover up to 20 lakhs and making inter-state supplies, from taking registration under GST Act.

Seamless flow of Input Tax Credit

Now Service Providers are allowed to avail ITC paid on inputs and capital goods. In the earlier regime they were not allowed to take credit of VAT paid on Inputs and capital goods. Therefore now the cost of Inputs and Capital Goods will be reduced for service providers.

More burden of Compliance

Service Tax return was required to be filled half yearly but in GST regime, 3 returns are required to be filled per month. Annual return is also required to be filled in addition to monthly return. In crux, now service providers are required to file 37 returns per state in comparison with 2 returns on PAN India basis.

For example if a service provider is having offices in 10 states. In the earlier regime if he is having centralized registration, Service Tax (ST-3) is required to be filed half yearly. Total number of return in a year will be 2. In GST regime 37 returns per state is required to be filed. Total number of returns to be filled will be 370. In comparison of 2, 370 returns will lead to too much compliance burden.

Benefits of GST:

GST offers benefits to the government, the industry, as well as the citizens of India. The price of goods and services is expected to reduce under the new reform, while the economy will receive a healthy boost. It is also expected to make Indian products and services internationally competitive.

Common Portal

Uniformity in Taxation

The objective of GST is to drive India towards becoming an integrated economy by charging uniform tax rates and eliminating economic barriers, thereby making the country a common national market. The subsuming of the aforementioned State and Central indirect taxes into just one tax will also provide a major lift to the Government's 'Make in India' campaign, as goods that are produced or supplied in the country will be competitive not only in national markets, but in the international ones as well. Moreover, IGST (Integrated Goods and Services Tax) will be levied on all imported goods. IGST will be equal to State GST + Central GST, more or less, thus bringing uniformity in taxation on both local as well as imported goods.

Helping Government Revenue Find Buoyancy

GST is forecast to help the Government Revenue find buoyancy by expanding the tax base whilst enhancing the taxpayer compliance. The reform is also expected to improve the country's ranking so far as the 'Ease of Doing Business Index' is concerned. To add to it, it is also estimated to enhance the GDP by 1.5% - 2%.

Cascading of Taxes

The cascading of taxes will be prevented by GST as the whole supply chain will get an all-inclusive input tax credit mechanism. Business operations can be streamlined at each stage of supply thanks to the seamless accessibility to input tax credit across products or services.

Simpler and Lesser Number of Compliances

Compliance will be simpler through the harmonization of tax rates, procedures, and laws. Synergies and efficiencies are expected across the board thanks to common formats/forms, common definitions, and common interface via the GST portal. Inter-state disputes such as those on e-commerce taxation and entry tax that currently prevail will no longer cause concerns, while multiple taxation on the same transactions will also be removed. Compliance costs will also reduce as a result.

The previous tax regime had service tax and VAT, and they both had their own compliances and returns. GST will merge them and lower the number of returns as well as the time spent on tax compliances. GST has around 11 returns under it. Four of them are basic returns that are applicable to all taxable entities under GST. Although the number of returns could increase, the main GSTR-1 shall be manually populated, while GSTR-2, GSTR-3, AND GSTR-4 shall be auto-populated.

Common Procedures

The procedures for refund of taxes and registration of taxpayers will be common, while the formats of tax return will be uniform. The tax base will also be common, as will the system of assortment of products or services in addition to the timelines for each activity, thereby ensuring that taxation systems have greater certainty.

Common Portal

Since technology will be used heavily to drive GST, taxpayers will have a common portal (GSTN). The procedures for different processes like registration, tax payments, refunds, returns, etc., will be automated and simplified. Whether it is the filing of returns, filing of refund claims, payment of taxes, or even registration, all processes will be done online via GSTN.

Lowered Tax Burden on Industry and Trade

The average tax burden on industry and trade is expected to lower because of GST, resulting in a reduction of prices and increased consumption, which will eventually increase production and ultimately enhance the development of various industries. Domestic demand is set to increase and local businesses will have greater opportunities, thus generating more jobs within the country.

Regulation of Unorganized Industries

Certain sectors in the country, such as textile and construction, are highly unorganized and unregulated. GST aims to ensure that payments and compliances are done online, and input credit can only be availed when the supplier accepts the amount, thus ensuring that these industries have regulation and accountability.

Composition Scheme

Small businesses can find respite from tax burdens through the composition scheme. Small businesses that earn turnovers ranging from Rs.20 lakh to Rs.50 lakh will be subject to lower taxes.

These are some of the main benefits offered by GST. In the following sections we shall take a brief look at the advantages of the regime to the common man, the economy, and industry and trade.

Benefits to the Common Man

- A good number of products and/or services are either exempt from tax or charged at 5% or less.
- The poor will receive their due.
- Small traders will find themselves on a level playing field.
- Simplified tax structure with fewer exemptions.
- Products and services will be allowed to move freely across the country.
- Increased competition between manufacturers and businesses will benefit consumers.
- Items such as movie-ticket prices, two-wheelers, televisions, stoves, washing machines, SUVs and luxury cars, two-wheelers, etc. will be cheaper.

Benefits to the Economy

- Creation of a unified common market.
- Increase in manufacturing processes.
- Enhancement of exports and investments.
- Generation of more jobs through enhanced economic activity.

Benefits to Industry and Trade

- Uniform procedures for registration, filing of returns, payment of taxes, and tax refunds.
- Elimination of cascading of taxes thanks to the seamless flow of tax credit from the supplier or manufacturer to the retailer or user.
- Small scale suppliers can make the most of the composition scheme to make their goods less expensive.
- Higher efficiency with regards to the neutralization of taxes so that exports are globally competitive.

How to file GST return:

From manufacturers and suppliers to dealers and consumers, all taxpayers have to file their tax returns with the GST department every year. Under the new GST regime, filing tax returns has become automated. GST returns can be filed online using the software or apps provided by Goods and Service Tax Network (GSTN) which will auto-populate the details on each GSTR forms. Listed below are the steps for filing GST returns online:

- Visit the GST portal (www.gst.gov.in).
- A 15-digit GST identification number will be issued based on your state code and PAN number.
- Upload invoices on the GST portal or the software. An invoice reference number will be issued against each invoice.
- After uploading invoices, outward return, inward return, and cumulative monthly return have to be filed online. If there are any errors, you have the option to correct it and refile the returns.
- File the outward supply returns in GSTR-1 form through the information section at the GST Common Portal (GSTN) on or before 10th of the following month.
- Details of outward supplies furnished by the supplier will be made available in GSTR-2A to the recipient.
- Recipient has to verify, validate, and modify the details of outward supplies, and also file details of credit or debit notes.
- Recipient has to furnish the details of inward supplies of taxable goods and services in GSTR-2 form.
- The supplier can either accept or reject the modifications of the details of inward supplies made available by the recipient in GSTR-1A

Tax slabs of GST:

GST Rates for Goods

The government has proposed a 4-tier tax structure for all goods and services under the slabs- 5%, 12%, 18% and 28%. After the recent revision of GST rates, these are the commodities that fall under the four tax slabs along with those that do not attract any tax. Please note that only those commodities are included in this list whose rates have been revised in various council meetings.

No Tax

Apart from other items that enjoy zero GST tax rate, these are the commodities added to the list after 11th June rate revision –

1. Hulled cereal grains like barley, wheat, oat, rye, etc.
2. Bones and horn-cores un-worked and waste of these products.
3. Palmyra jaggery etc.

5% Tax Slab

Given below are the items that have been added to the 5% GST tax rate slab along with the other existing items-

1. Cashew nuts/cashew nuts in shell
2. Accessories/parts for carriages designed for differently-abled individuals
3. Coir mats, matting and floor covering etc.

12% Tax Slab

After the GST council meeting on 11th June, the following items were added to the 12% GST rates category-

1. All diagnostic kits and reagents
2. Exercise books and note books
3. Spoons, forks, ladles, skimmers, cake servers, fish knives, tongs etc.

18% Tax Slab

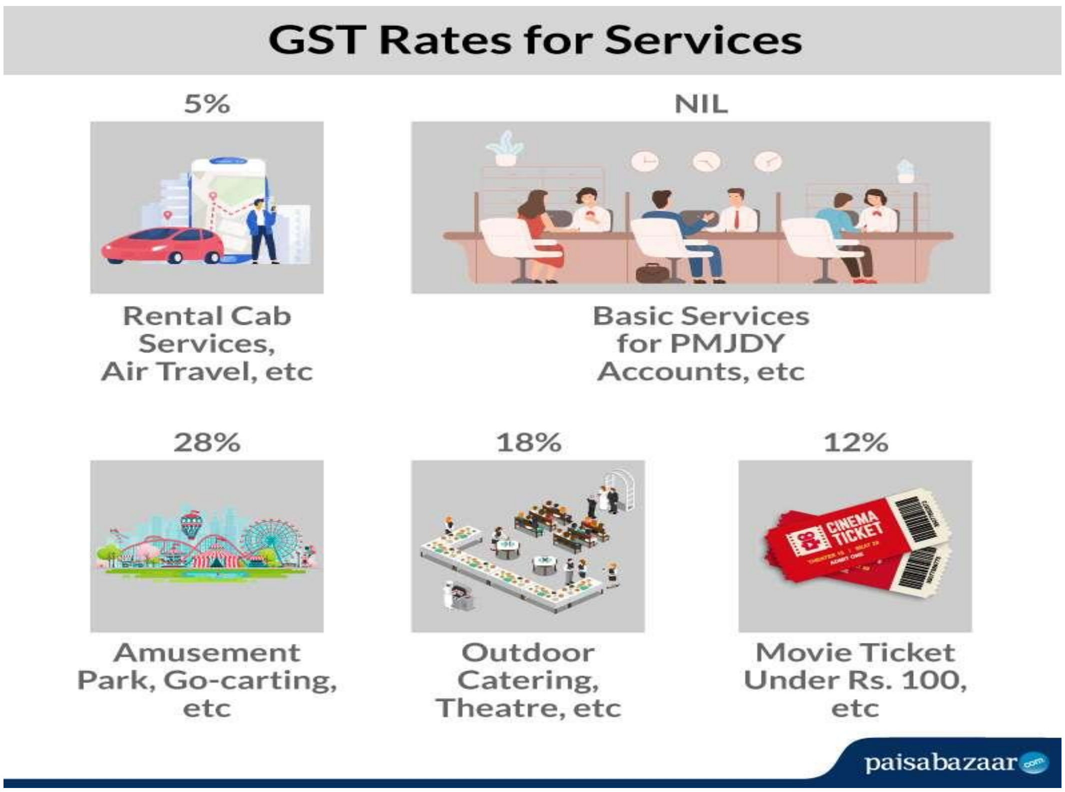
The items mentioned below have been added to the 18% GST tax rate slab among the other existing items-

1. Kajal pencil sticks
2. Transformers Industrial Electronics
3. Salt Glazed Stone Ware Pipes etc.

28% Tax Slab

The council meeting was held to 'reduce' the tax rates on certain items based on customer preferences. Hence, no additional items were added to the highest GST rates slab of 28%.

GST Rates for Services



Government has also imposed GST on Services with the same 4-tier tax structure as of goods. GST rates on services comprising of 5%, 12%, 18% and 28% comes with various pros and cons for the consumers. However, government has exempted healthcare and educational services from the purview of the GST.

The Goods and Services Tax council has passed the rate slabs at NIL, 5%, 12%, 18%, 28%. Some of the services categorized under different slabs are mentioned below:

Nil GST

- Chargeable services offered on Basic Savings Bank Deposit (BSBD) account opened under the PMJDY (Pradhan Mantri Jan Dhan Yojana)
- Hotel accommodation for transaction value per unit per day being Rs. 1000 or less

5% Tax Slab

1. Working for printing of newspapers
2. Goods transported in a vessel from outside India
3. Renting a motor cab without fuel cost etc.

12% Tax Slab

1. Air travel excluding economy
2. Food /drinks at restaurants without AC/heating or liquor license
3. Movie Tickets less than or equal to Rs. 100 etc.

18% Tax Slab

1. Food /drinks at restaurants with AC/heating
2. Supply of works contract
3. Movie Tickets over Rs. 100

28% Tax Slab

1. Race club services
2. Food/drinks at AC 5-star hotels
3. Gambling etc.

CHAPTER – III

METHODOLOGY

3.1 INTRODUCTION

This chapter furnishes a precise of the research methodology used in the research of the effect of Goods and Services Tax (GST) to the construction industry. Redman & Mory (2001) defined research as systematic campaign to gain new cognition. In fact, research also is said as an art of scientific investigation. The research methodology is the fashion to figure out the research problem and to acquire the info systematically. It is based on the most effective fashion to obtain useful info with a very minimum price to acquire the consequences of an investigation. Besides that, it may understand as a scientific discipline of poring over how research is done scientifically. The aim of this chapter is to discourse the methods used in the research. It is also a vital component in order to achieve the objectives of the decision, clear, accurate and reliable. In this chapter also, we can see the step is generally adopted to know how to collect analysis and interpretations of data. It covers the aspects of research contrive, research process, population and sampling, data aggregation technique, development of instrumentation and data analysis adopted. The purposes of this chapter are to describe the research methodology of this study, explain the sample selection, describe the procedure used in designing the instrument and 30 collecting the data, and provide an explanation of the statistical procedures used to analyze the data. The questionnaire research method has been chosen to determine the effect of goods and services tax (GST) to the developer in Setapak, Kuala Lumpur.

3.2 NEED OF STUDY

The need of study have to fill the gap that has identified in the previous researchers under this study we know that how much level of understanding the GST and perception towards GST as well as traders, tax-payers concerned by GST.

3.3 SCOPE OF STUDY

This study is conducted to find out the view of Trader in Narsapur town and to know about their expenditure pattern and the variation. The traders selected are of mixed group which will give wider difference in understanding. The scope of the study is limited only to the concerned area of study which cannot be justified for any other place.

3.4 OBJECTIVES OF THE PROJECT

i. To study the implementation of GST in India.
ii. To study the effect of GST on Trade and Industries.
iii. To know about registered traders on GST in Narsapur town.
iv. To know about implementation of GST on Trade and Industries in Narsapur town.
v. To explain scenario of Implementation of GST on Trade and Industries.

3.5 RESEARCH DESIGN

Research design is defined as the logical and systematic approach in planning and directing a piece of research (Zikmund, Babin, & Carr, 2009). It is the overall plan of how the researcher intends to implement their projects in practice (Draper et al., 1966). It is also stated as the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose in procedure (Hafez, 2011). The purpose of research design is to ensure that the evidence obtained enables us to answer the initial objective clearly. There are several types of research design and one of them is pre-experimental designs. The pre-experimental design has three common designs that is one-short case study, one-group pretest to the posttest design and intact-group comparison. This research is flowing one-shot case study design. It depend on one group is treatment (X) and only one observation (O) is done. The one-shot case studies means one group is exposed to the treatment (X), and only a post test is given to observation (O) or measure the effect on the treatment on the dependent variable within the experimental group. Since it is applied on a single-group, there is no control group involved in this design. In this study, the independent variables are construction industry such as developer, consultant and contractor while dependent variable is Goods and Services Tax (GST) which is affected by independent variable, and to make sure there is any correlation relationship between independent and dependent variable.

3.6 DATA COLLECTION METHOD

Data is one of the vital aspects of any research studies. Every research is based on the data which is analyzed and interpreted to get information. There are two sources of data. Primary data collection applies surveys, questionnaires, experiments or direct observations. Secondary data collection may be conducted by collecting information from a diverse source of documents 31 or electronically stored information. In this research paper, two data collection will be used which is primary data and secondary data collection.

3.6.1 Primary Data

Primary data are the data which are accumulated from the field under the control and superintendence of an investigator. Primary data means original data that have been collected specially for the purpose in mind. This type of data is generally a fresh and collected for the first time. It is useful for current studies as well as for future studies. The collection data tool that has been chosen in this study is questionnaire. Most of the previous researchers use the questionnaire as their data collection tool in the survey. The collections of answer will gain through the questionnaire that had been answered by the developer, consultant and also contractor which means construction industry. The questionnaire was administered to a random company through Google form and email to the company. The used of questionnaire in this study does not meddle with the daily routine at the respondent's since it took them only several minutes to answer the questionnaire.

3.6.2 Secondary Data

Secondary data are the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all. The researchers will find the secondary data when it is not possible to collect the primary data. We can acquire secondary data based on the research that can be gained after go through certain sources such as indicted sources that have been printed or not. Basically, secondary data provide the research to understand more about the topic and give clearer perspective and view on the current study.

Impact of GST on Trading Sector

The main reason to implement GST was to abolish the cascading effect on tax; with GST there is only simplified and cost saving system as procedural cost reduces due to uniform accounting for all types of taxes. Only three type of account; CGST, SGST & IGST have to be maintained. GST implications are observed on almost all sectors, through this blog we would be looking into the Impact of GST on Trading Sector.

1. For Wholesalers:

The wholesale market is fundamental to extending the reach of goods and services to the interiors of the country, especially the rural markets. Most wholesalers operate in cash transactions because of which there is a good chance that some transactions are not accounted for, which was previously a concern but ceases to be one under GST.

Given below are the main advantages that GST brings to wholesalers.

- **Transparent tax management:** The introduction of technology into the taxation system can be a blessing in disguise, an opportunity to bring about transparency in tax management. Rather than relying on cash transactions, wholesalers will now get an opportunity to go digital. They will also be able to avail the facility of input tax credit. Input tax credit is where the businessman will be able to claim tax on all input goods and/or services.

- **Financial streamlining:** Because the entire supply value chain including tax flows will be on GST records, wholesalers will be better connected to retailers and suppliers. This will make it easier to process payments and get tax returns in a timely manner, thereby improving the cash flows of traders. A reliable positive cash flow will help build confidence in the new regime, by making working capital available and aiding opportunities to grow the business.

- **Reorganization of supply chain:** GST will enable high visibility and streamlining of the supply chain, providing wholesalers with a transparent view of supply movements. This will aid business efficiency in the long run.

- **Ease of borrowing through digital lending:** Because financial and tax transactions will now be recorded in the GST system, even small traders will have digital records of their company finances and credit status. These digital records will act as a ready reckoned of information when a trader opts for a loan. Financial institutions and online lenders like Capital Float can now easily assess the loan eligibility of small traders such as Kirana owners by accessing this data, and provide them quick and easy loans. Borrowing funds online and doing business will now be easier.

2. For Retailers:

Almost 92% of the retail sector in India is unorganized, operating in cash payments. They are, essentially, the tangible representation of FMCG multinationals to end-consumers; yet they are challenged by chronic issues such as the lack of technology enablement and low operating margins. A majority of the retail market consists of “kirana stores”, which are often the smallest link of the trade chain.

Here are the benefits of the new taxation system for retailers.

- **Input tax credit facility:** As mentioned for wholesalers, retailers too would be able to claim taxes paid for input products and services availed. This will present a cost advantage to retailers.

- **Ease of entry into the market:** The market is expected to become more business-friendly due to the clarity of processes related to procurement of raw materials and better supply logistics. This is a good opportunity for new suppliers, distributors and vendors to enter the market. The registration process has also become very clear under the GST, aiding entry into the market.

- **Retailer empowerment through information availability:** Small retailers often do not have complete visibility into their stock receipts, payments, etc. and are forced to blindly rely on the word of the supplier. GST will streamline these supply and cost challenges and empower the retailer with readily available information through digital systems.

- **Better borrowing opportunity:** The retailer scope for business growth can be increased by increasing the retailers’ access to finance.

However, like any new reform, there are certain challenges that need to be addressed. We see that both retailers and wholesalers must manage the following eventualities of GST implementation.

Higher costs of input services: Input services such as manpower, legal, professional services, auditor services, travel expenses, etc. will now be taxed at 18% as against the earlier bracket of 15%, leading to higher costs to the wholesaler.

Additional costs to upgrade technology: Many wholesalers, especially rural ones, are not technology-savvy and will need to rely on help from their supplier companies to undergo a technological transformation. This means that supplier companies may need to increase commissions for wholesalers, an added cost to the company, or wholesalers and retailers themselves will need to invest in new systems, incurring additional expenses.

3. For Importers And Exporters

- **Imports Taxation:** Every import will be treated as an interstate supply, and will be subject to Integrated Goods and Services Tax (IGST) along with Basic Customs Duty (ranging between 5% and 40% depending on the good imported). This implies that IGST will be levied on any imported item, based on the value of the imported goods and any customs duty chargeable on the goods (say 10%). IGST is a combination of SGST (say 9%) and CGST (say 9%). Thus, imports taxation is an added tax liability for retailers who import goods or se rvices.

- **Exports Taxation:** Exports will be treated as zero-rated supply, i.e., no GST will be charged on exports. This is in line with the “Make in India” campaign that aims to make India a global manufacturing hub, for which exports are important.

- **Import of Services:** The new clause of import of services places the onus of tax payments on the service receiver when the services are provided by a person residing outside India. This mechanism is called reverse charge and will apply in certain scenarios. For example, if the assesse has no physical presence in the taxable area, then the representative of the assesse will be required to pay tax. In the absence of representation, the assesse has to appoint a representative who will be liable to pay GST. Another example is when a registered dealer is buying goods or services from an unregistered dealer. In this case, the registered dealer will have to pay the tax on supply.

- **Need for restructuring working capital:** A major shift is that GST is based on “transaction value” rather than MRP. In the old system, CVD was charged as a percentage of the MRP. Under GST, IGST will be charged as a percentage of the transaction value. This will affect the cash reserves of retailers and wholesalers, and they will need to reassess their working capital needs.

On the whole, GST is expected to bring domestic players at par with large multinational corporations due to the renewed import and export norms and the rules for FMCG suppliers. This is a good sign for Indian trade and exports in general, and thus the implementation of GST shows promise to propel India onto the international trade arena.

Impact on Traders

Positive Impact On Traders

1. No dispute good Versus Service:

In present regime of tax structure, the big issue is whether the transaction amount to sale of good or service. Though this dispute still may arise from view of time/place of supply from good or time/place of supply of services as both are separately given. However, net impact is neutral, on either of them needs to pay GST.

2. Composition levy Increased

In current regime of taxation the limit under Composition Scheme is 40 lakhs whereas under GST it is increased up to 50 Lakhs. It is beneficial as 10 lakhs in turnover is a big thing from trader point of view.

3. Credit of Excise Duty and Service tax:

In current regime of taxation then a trader is not eligible to take credit of input service as well as the Excise duty. However, in GST regime he will be eligible to take all credits and it will make positive impact on trader.

4. No Margin to Disclose

Currently a trader who wants to pass on the CENVAT Credit of excise duty needs to obtain dealer registration and have to disclose the margin. But now this is no more relevant as trader is eligible to take credit as well as no requirement of separate dealer registration.

5. No Reversal of Credit on goods sent for stock transfer

Currently as stock transfer is not liable to Vat as well as CST hence, credit pertains to goods sent to stock transfer needs to be reversed. However, in GST Regime stock transfer got made taxable, hence No reversal of credit is required.

6. Credit of CST

In current regime of tax, on inter- state purchases CST paid became the cost to the trader as the Credit was not available whereas under GST regime it will be available as IGST Credit.

Negative Impact On Traders

1. Stock transfer made taxable

In current regime of tax, stock transfer are not taxable on being made available “Form F” where as in current regime stock transfer made taxable. Due to this Warehouse decision to be taken more appropriately.

2. No Form “C”

In current regime of tax, on being made available the Form C, CST rates charged at the rate of 2% instead of 14.5% which is local tax rate, however in GST regime interstate will be taxed at standard rate i.e IGST.

3. Goods sent to job work are taxable

In current regime of tax, the goods sent for job work are not liable to CST on being made available of Form “H” whereas in Current GST regime it became taxable.

4. Increased burden of Compliances

Instead of 4/12 Returns (state wise vary), now a trader needs to file 37 returns in year and much more compliances.

Impact on Manufacturers

Positive Impact on Manufacturers

1. One Tax

In present structure of tax, there is various kind of taxes such as excise duty, Service tax, VAT, Entry tax, Central Sales Tax etc. But in GST regime there is only one tax i.e GST however, there will be three parts such CGST, SGST, IGST. This is measure relief for the manufacturer.

2. Rate of tax

In current tax regime the consumer pays approximately 25-26% more than the cost of production due to excise duty (at 12.5%) and value added tax (almost 14.5%).In GST, goods may become cheaper marginally which a good sign for manufacture to compete with international market. The Impact of rate of tax depends on industry wise, but mostly it is beneficial.

3. No Concept of Manufacture

In Non-GST regime the biggest litigation and issues are whether the transaction amount to manufacture or not. The interpretation related to term “Manufacture” will no more be relevant. It may result in ease of doing business without having litigation about the process.

4. Reduction in Cost

In GST regime there will be reduction in cost of production as credit will be eligible of tax on purchases made from interstate purchases and no cascading effect. Hence, a manufacturer need not take the decision regarding purchase from point of view of tax implication as credit is eligible on all purchases.

5. Minimization of Classification issues

In current regime of tax there are numerous issues on classification of goods due to separate rates on different goods and exemptions on certain goods. But in regime of GST there shall be minimization of classification issues due to uniform rate and less expected exemptions.

6. Speedy Movement of Goods

In GST Regime of tax structure there will be minimization of trade barriers, such as filing of way bills/entry permits. Compliance under entry tax will be abolished. There is much compliance in current regime on interstate movements or locally such as way bills, statutory forms etc which lead to slow movements of goods whereas this concept is going to be abolished though check points will still be eligible.

7. CENVAT Credit

In regime of present tax, the manufacturer is unable to utilize the credit of Central Sales tax and VAT provided output is charged under Composition Scheme, which becomes the cost for him. But in Regime of GST, a manufacturer will be eligible to take Credit of SGST (VAT) as well as IGST (CST) on the purchases. There will be seamless flow of Credit in GST.

8. Valuation of Samples

In current law goods removed on sample basis, tax needs to pay by adopting the nearest aggregate value. However, in GST regime, time up to six months is granted to decide whether the good sold on sample basis has been approved or not which beneficial thing for manufacturer. However, after 6 months tax needs to be paid if the same is still in process of approval.

9. State Wise Registration

Generally it has been observed that many manufacturers have two premises of factory within same locality or in same state and they are liable to take separate registration for each factory. But in GST Regime, registration has to be taken state wise and not factory wise. This will abolish the difficulties which have been faced due to separate registration.

10. No assessment by multiple tax authorities

Generally, manufacturers are facing many difficulties in handling the assessments done by the Separate authorities for VAT, Service Tax, Central Excise, CST, etc. In GST regime it is expected that assessment will be done by State authorities for SGST, Central Authorities for CGST, and Interstate authorities for IGST.

11. Electronic Mode for Forms

In current regime of tax there is very much manual filing of documents such as initial declaration, Numbering of Invoices etc. But in GST regime there will be less manual filing of documents and more through electronic mode. Further, the communication with department also could be through electronic mode.

Negative Impact on Manufacturers

1. Time of Supply

In current regime of tax the time of duty on manufacture attracts at the time of removal where as in GST regime it will earliest of the four such as (Date of Issue of Invoice, Date of Payment, Date of Removal, Debit in the books of Receiver).

2. Increase in Working Capital

In GST regime of tax, stock transfer has been made taxable, which requires the huge working capital because the realization of tax going to be on final supply tills that It may block the capital.

3. No Credit of Petroleum Product

Petroleum Product has been kept out of GST hence; the tax paid on Petroleum Product is not eligible as credit and same became the cost. Each industry requires the Petroleum Product such as Fertilizer Industry, Power Sector, and Logistic Sector etc.

4. Introduction of Reverse Charge on Goods

In current regime of tax structure there was reverse charge on specified services but in case of GST even the reverse charge will be applicable on goods.

5. Post supply Discount

If the discount has to be given post supply than it must be known to both the parties at the time of supply or pre-supply and the proof of being known is the clause of discount must be there either in contract or agreement or offer etc.

6. Matching Concept of Returns

In current regime, if the tax has been made the purchaser to supplier then he is eligible to take the Credit it is immaterial whether the same has been credited to Central Government by the supplier or not. But in GST Regime, the matching concept if tax credit will be there, if credits pertaining to supplier does not match with purchaser than it will not be accepted in return unless it is rectified by both the parties.

7. Denial of CENVAT Credit on purchases made from unorganized/unregistered Person

In GST regime if the goods have been purchased from the register person then only credit will be given otherwise the credit will not be allowed.

8. No Compliance of “C” and “F” Forms

As stock transfer has been made taxable in GST Regime hence Concept of “F” Forms is no more relevant and IGST has been levied on all inter-state purchases or sale and credit will be allowed, hence No Concept of form “F” is relevant.

9. Increase in Compliance-burden

There is going to be huge compliance burden in GST Regime such as 37 returns for one office in a year.

CHAPTER - IV

DATA ANALYSIS & INTERPRETATION

Data Analysis

The data collected various traders have to analysis for the drawing conclusion. So in this chapter efforts have been made to analysis and interpret the collective data towards Implementation of GST on Trade & Industry on Narsapur town.

First of all the collected data have been presented in tabular form and there after these analyzed with the help of percentage and pie charts.

A brief description of analysis and interpretation given below:

In Table No.4.1 An attempt has been made of classify the traders on the basis of Age factor

Table No. 4.1

Classification of traders on the basis of Age

S. No.	**Age Group**	**No. of Traders**	**Percentage (%)**
1	Below 25	7	17.5
2	25 – 40	20	50
3	Above 40	13	32.5
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

Classification of traders on the basis of Age

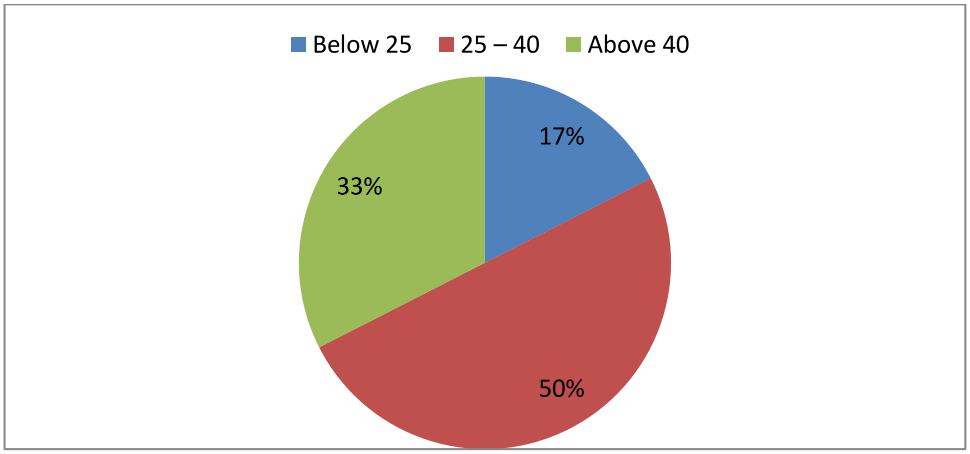


Figure 4.1

Interpretation:

From the above table and figure it is clear that majority of traders that is 50% are 25 – 40 where as 33% belongs to above 40 years are and the rest of 17% are below 25 years. Thus it can be concluded that there are majority of the traders are 25 – 40 years.

In Table No. 4.2 An attempt has been made of classify the traders on the basis of qualification factor. The qualification has been divided into three categories – Graduation, Post Graduation and Any other qualification. The description of this as below:

Table No. 4.2

Classification of traders on the basis of Qualification

S. no.	Qualification	No. of Traders	Percentage (%)
1	Graduation	12	30
2	Post Graduation	8	20
3	Any others (Metric, Secondary and PHD also)	20	50
	Total	40	100

Sources: Data Collected from Primary Data through Questionnaire Method.

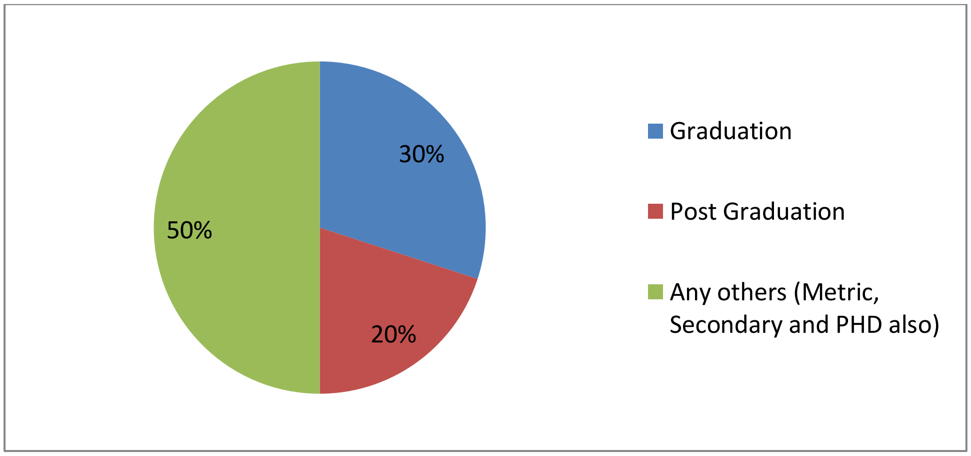


Figure 4.2

Interpretation:

From the above table and figure it is depicted that majority of traders i.e. 50% are related to high and low background that means other areas, where as 30% are Graduation and 20% are Post Graduation. Thus it can be concluded that majority of the traders are concerned Graduation and other Qualification.

In Table 4.3 Classify the traders on the basis of Gender. The Gender are Male and Female. The description of this as below:

Table No.4.3

Classification of traders on the basis of Gender

S. No.	Gender	No. of Traders	Percentage (%)
1	Male	34	85
2	Female	6	15
	Total	40	100

Source: Data Collected from Primary Data through Questionnaire Method.

Classification of Traders on the basis of Gender

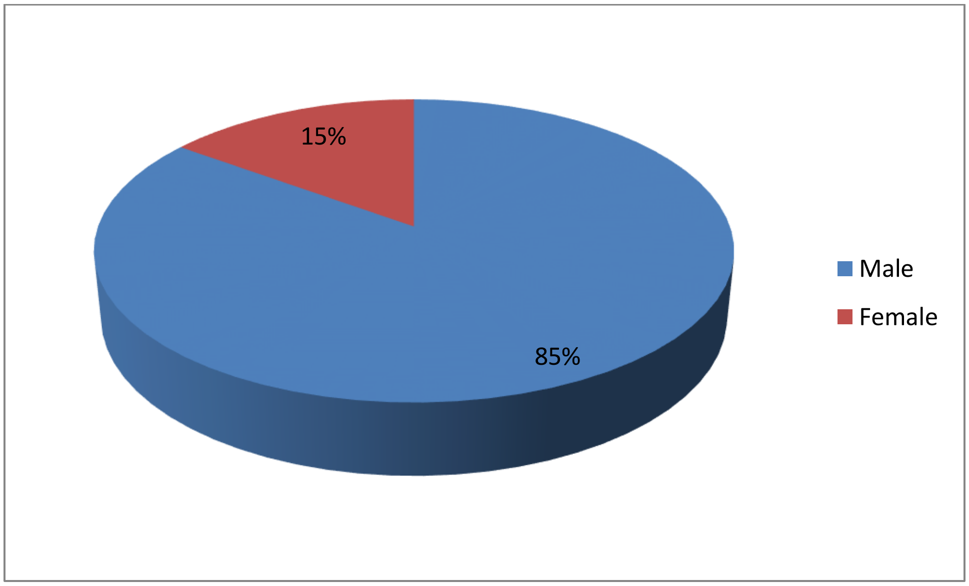


Figure 4.3

Interpretation:

From the above table and figure it is show that majority of traders are Males 85% and Females are 15%. Thus it can be concluded that Males are show in high interest in business activities.

In Table No. 4.4 An attempt has been made of classify the traders on the basis of their Nature of Operation Basis. The description of this as below:

Table 4.4

Classification on the basis of Nature of Operation

S. NO.	Nature of Operation	No. of Traders	Percentage (%)
1	Local traders	15	37.5
2	Floor traders	10	25
3	High frequency traders	10	25
4	Pattern day traders	5	12.5
5	Stock traders	0	0
	Total	40	100

Source: Data Collected from Primary Data through Questionnaire Method.

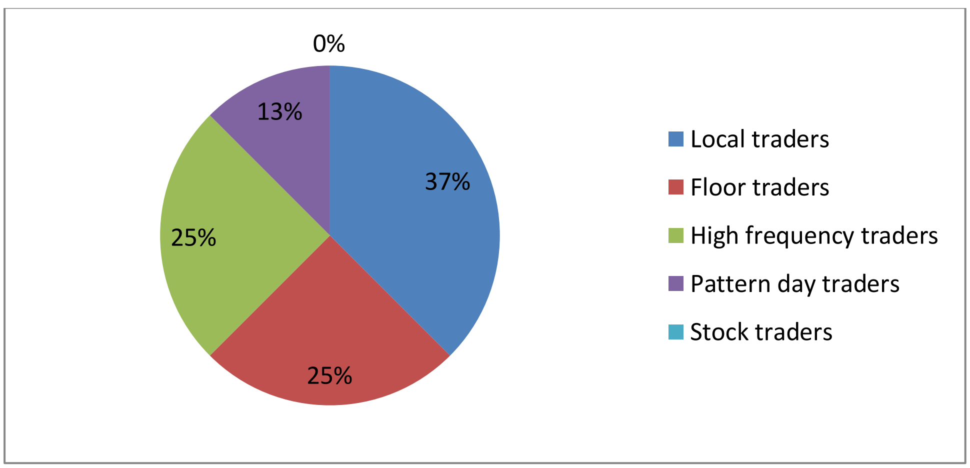


Figure: 4.4

Interpretation:

From the above table and figure it is depicted that traders are local, floor, high frequency, pattern day and stock traders are 37%,25%,25%,13%,0% respectively. That it can be concluded that majority of the traders are local.

In Table 4.5 An attempt has been made of classify the traders on the basis of their response regarding the statement "GST has increased the various legal formalities." The responses are divided into five categories – Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagreed.

Table 4.5

Classification of traders on the basis of their perception regarding GST implementation

S. No.	Response	No. of traders	Percentage (%)
1	Strongly Agree	12	30
2	Agree	20	50
3	Neutral	6	15
4	Disagree	2	5
5	Strongly Disagree	0	0
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

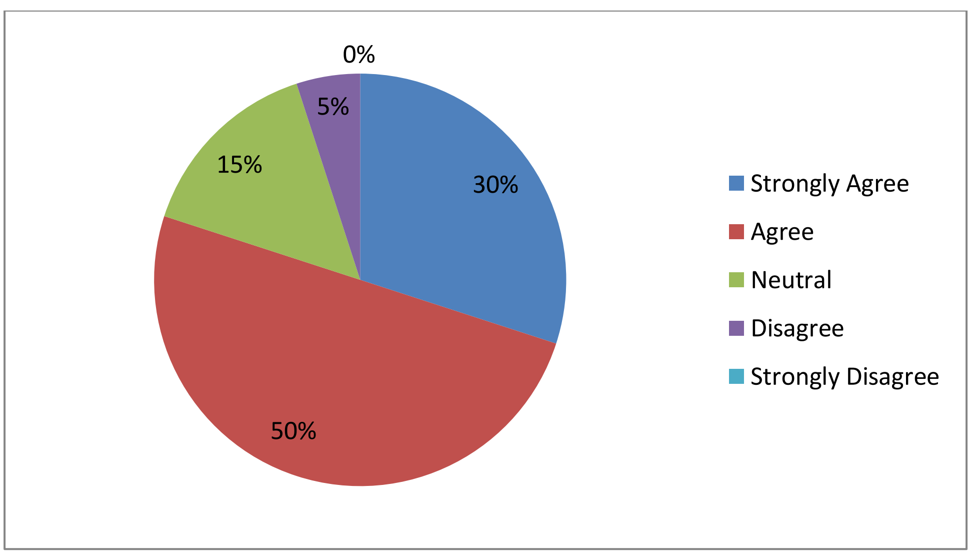


Figure: 4.5

Interpretation:

Above chart depicted that majority of the traders satisfied with the statement after implementation of GST has increased various types of formalities. 30% are strongly agreed and 50% are agreed and 15% are also neutral. So it is concluded that majority of the traders satisfied this statement.

In Table 4.6 An attempt has been made of classify the traders perception towards the Goods and Service Tax. The responses are divided into five categories – Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagreed.

Table 4.6

Classification of traders on the basis of their perception regarding "GST is a Good tax reforms in India"

S. No.	Response	No. of traders	Percentage (%)
1	Strongly Agree	20	50
2	Agree	15	37.5
3	Neutral	4	10
4	Disagree	1	2.5
5	Strongly Disagree	0	0
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

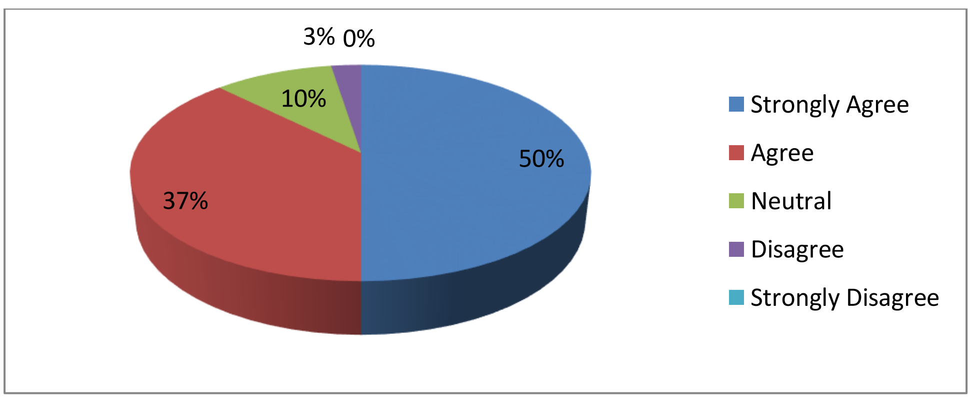


Figure: 4.6

Interpretation:

Above chart depicted that majority of the traders satisfied with the statement this taxation reform in India is very good 50% traders are strongly agree with this statement and 37% are agree and also 10% are neutral. Hence it is concluded that majority of the traders agreed with this statements.

In Table 4.7 An attempt has been made of classify the traders on the basis of their response regarding statement "GST has increased the Tax burden on Common Man"

Table 4.7

Classification of traders on the basis of response of the traders regarding the statement GST has increased tax burden on common man.

S. No.	Response	No. of traders	Percentage (%)
1	Strongly Agree	10	25
2	Agree	10	25
3	Neutral	20	50
4	Disagree	0	0
5	Strongly Disagree	0	0
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

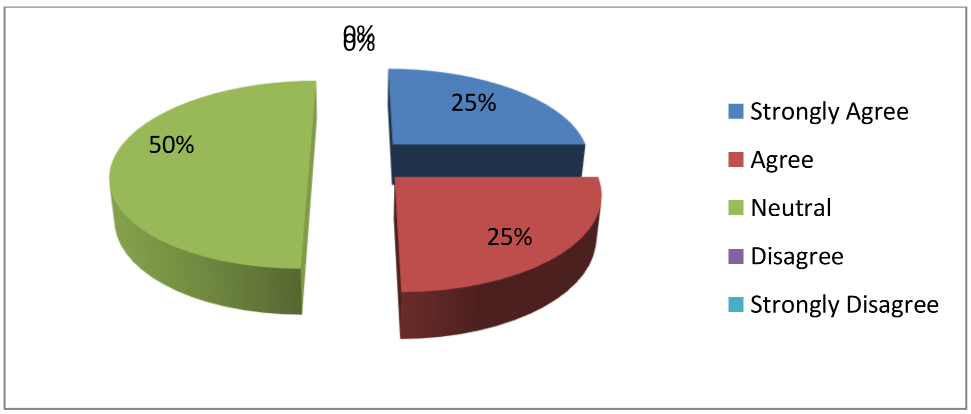


Figure: 4.7

Interpretation:

According to above table, it is shows that majority of the traders i.e. 50% are neutral with this statement and 25% are strongly agreed and 25% are agreed for this statement. So it is concluded that GST has increased the tax burden on common man.

In Table 4.8 An attempt has been made of classify the traders on the basis of their response regarding statement "GST has increased the Tax burden on Business Man"

Table 4.8

Classification of traders on the basis of response of the traders regarding the statement GST has increased tax burden on Business man.

S. No.	Response	No. of traders	Percentage (%)
1	Strongly Agree	5	12.5
2	Agree	20	50
3	Neutral	10	25
4	Disagree	5	12.5
5	Strongly Disagree	0	0
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

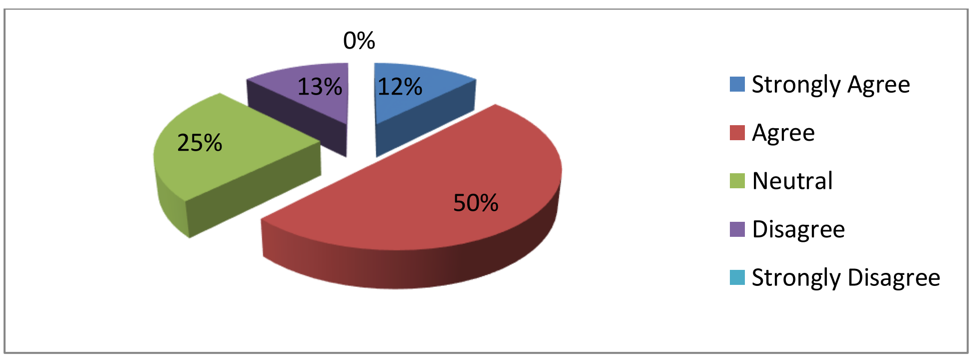


Figure: 4.8

Interpretation:

From the above data table and figure show that maximum traders are represents that GST has increased the tax burden on businessman so 50% traders are agree and 12% are strongly agree this statement and also 25% are neutral but even 13% are disagreed for this statement. Hence, it is concluded that maximum results are positive nature for this statement.

In Table 4.9 An attempt has been made of classify the traders on the basis of their perception regarding this statement are GST will increase the inflation (prices) in the country. The following statement data are given below as:

Table 4.9

S. No.	Response	No. of traders	Percentage (%)
1	Strongly Agree	10	25
2	Agree	10	25
3	Neutral	15	37.5
4	Disagree	5	12.5
5	Strongly Disagree	0	0
	Total	**40**	**100**

Source: Data Collected from Primary Data through Questionnaire Method.

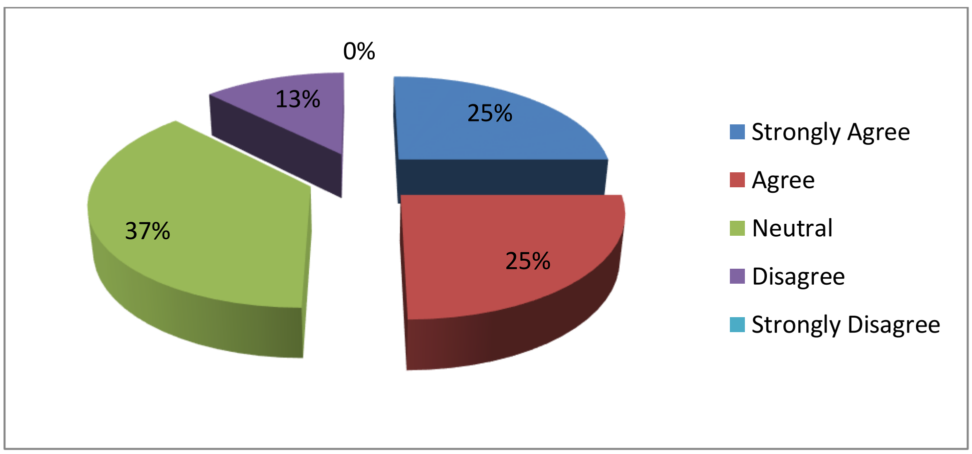


Figure: 4.9

Interpretation:

From the above table and figure represents that maximum traders are not sure the inflation affect of economy on GST. Only 50% are agreed this statement and rest of 37% are neutral and 13% are disagree this statement are GST will increase the inflation of country. So finally it is concluded that the results of this statement is may or may not be positive, but maximum response are neutral.

CHAPTER - V

Findings

- Majority of the traders are more than 20 years age group.
- As per the survey there are more number of traders are using Internet for online transactions.
- Majority of the traders are using Social Network to advertise their products.
- Majority of the traders prepare flexes to advertise their products.
- As per the survey there are more number of trader using Telecom service to make Imports & Exports
- As per the survey there is more number of traders giving discount & gifts to attract the customers.
- Those all the traders satisfy about GST.
- Ultimately GST is beneficial to traders.

Suggestions

1: Always Use a Trading Plan

A trading plan is a written set of rules that specifies a trader's entry, exit and money management criteria. Using a trading plan allows traders to do this, although it is a time-consuming endeavor.

With today's technology, it is easy to test a trading idea before risking real money. Known as **back testing**, this practice applies trading ideas to historical data, allows traders to determine if a trading plan is viable, and also shows the expectancy of the plan's logic. Once a plan has been developed and back testing shows good results, the plan can be used in real trading. The key here is to stick to the plan. Taking trades outside of the trading plan, even if they turn out to be winners, is considered poor trading and destroys any expectancy the plan may have had.

2: Treat Trading Like a Business

In order to be successful, one must approach trading as a full- or part-time business—not as a hobby or a job. As a hobby, where no real commitment to learning is made, trading can be very expensive. As a job, it can be frustrating since there is no regular paycheck. Trading is a business and incurs expenses, losses, taxes, uncertainty, stress, and risk. As a trader, you are essentially a small business owner and must do your research and strategize to maximize your business's potential.

3: Use Technology to Your Advantage

Trading is a competitive business, and it's safe to assume the person sitting on the other side of a trade is taking full advantage of technology. Charting platforms allow traders an infinite variety of methods for viewing and analyzing the markets. Back testing an idea on historical data prior to risking any cash can save a trading account, not to mention stress and frustration. Getting market updates with smart phones allows us to monitor trades virtually anywhere. Even technology that today we take for granted, like high-speed internet connections, can greatly increase trading performance.

4: Protect Your Trading Capital

Saving money to fund a trading account can take a long time and much effort. It can be even more difficult (or impossible) the next time around. It is important to note that protecting your trading capital is not synonymous with not having any losing trades. All traders have losing trades; that is part of the business. Protecting capital entails not taking any unnecessary risks and doing everything you can to preserve your trading business.

5: Become a Student of the Markets

Think of it as continuing education—traders need to remain focused on learning more each day. Since many concepts carry prerequisite knowledge, it is important to remember that understanding the markets, and all of their intricacies, is an ongoing, lifelong process.

Hard research allows traders to learn the facts, like what the different economic reports mean. Focus and observation allow traders to gain instinct and learn the nuances; this is what helps traders understand how those economic reports affect the market they are trading.

World politics, events, economies—even the weather—all have an impact on the markets. The market environment is dynamic. The more traders understand the past and current markets, the better prepared they will be to face the future.

6: Risk Only What You Can Afford to Lose

Rule No.4 mentions that funding a trading account can be a long process. Before a trader begins using real cash, it is imperative that all of the money in the account be truly expendable. If it's not, the trader should keep saving until it is.

It should go without saying that the money in a trading account should not be allocated for the kids' college tuition or paying the mortgage. Traders must never allow themselves to think they are simply "borrowing" money from these other important obligations. One must be prepared to lose all the money allocated to a trading account.

Losing money is traumatic enough; it is even more so if it is capital that should have never been risked, to begin with.

7: Develop a Trading Methodology Based on Facts

Taking the time to develop a sound trading methodology is worth the effort. It may be tempting to believe in the "so easy it's like printing money" trading scams that are prevalent on the internet. But facts, not emotions or hope, should be the inspiration behind developing a trading plan.

Traders who are not in a hurry to learn typically have an easier time sifting through all of the information available on the internet. Consider this: if you were to start a new career, more than likely you would need to study at a college or university for at least a year or two before you were qualified to even apply for a position in the new field. Expect that learning how to trade demands at least the same amount of time and factually driven research and study.

8: Always Use a Stop Loss

A stop loss is a predetermined amount of risk that a trader is willing to accept with each trade. The stop loss can be either a dollar amount or percentage, but either way it limits the trader's exposure during a trade. Using a stop loss can take some of the emotion out of trading since we know that we will only lose X amount on any given trade.

Ignoring a stop loss, even if it leads to a winning trade, is bad practice. Exiting with a stop loss, and thereby having a losing trade, is still good trading if it falls within the trading plan's rules. While the preference is to exit all trades with a profit, it is not realistic. Using a protective stop loss helps ensure that our losses and our risk are limited.

9: Know When to Stop Trading

There are two reasons to stop trading: an ineffective trading plan, and an ineffective trader.

An ineffective trading plan shows much greater losses than anticipated in historical testing. Markets may have changed, volatility within a certain trading instrument may have lessened, or the trading plan simply is not performing as well as expected. One will benefit from remaining unemotional and businesslike. It might be time to reevaluate the trading plan and make a few changes or to start over with a new trading plan. An unsuccessful trading plan is a problem that needs to be solved. It is not necessarily the end of the trading business.

An ineffective trader is one who is unable to follow his or her trading plan. External stressors, poor habits and lack of physical activity can all contribute to this problem. A trader who is not in peak condition for trading should consider a break to deal with any personal problems, be it health or stress or anything else that prohibits the trader from being effective. After any difficulties and challenges have been dealt with, the trader can resume.

10: Keep Trading in Perspective

It is important to stay focused on the big picture when trading. A losing trade should not surprise us—it is a part of trading. Likewise, a winning trade is just one step along the path to profitable trading. It is the cumulative profits that make a difference. Once a trader accepts wins and losses as part of the business, emotions will have less of an effect on trading performance. That is not to say that we cannot be excited about a particularly fruitful trade, but we must keep in mind that a losing trade is not far off.

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