A STUDY ON IMPACT OF GST ON SMALL SCALE BUSINESS ENTREPRENEURS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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ABSTRACT

GST (Goods and service tax) is an unrealistic step projected towards justifying the massive indirect tax system in India. The execution of GST has reduced the tax burden and enhanced the comfort of doing business in the country. The impression of GST has two key pieces; one is to the business and second is to the customers who are the genuine carrier of tax costs. The basic determination of the study is to know the awareness level of small-scale business to GST and to measure the real impact they are fronting. Under GST, the recording is federal and the rules are unbroken for all the states. The study is survey based in which data is collected from 100 small scale business man in Coimbatore city. The tool used for collection of data is questionnaire. In this paper we have annoyed to give some suggestions and measures for the impact of GST.

Keywords: IGST, CGST, VAT and Service charges.

INTRODUCTION

GST (Goods and Service Tax) executed by Government of India on 1st July 2017, through the execution of 'One Hundred and First Amendment' of the Structure of India. It was tossed at midnight by the President of India, Shri. Pranab Mukherjee and Prime Minister of India Shri. NarendraModi. It is a secondary tax system that reassured the various taxes i.e. VAT, excise duty, service taxes etc. which were applied before goods and services tax. According to the Government, GST is a well-structured and easy assessment system, where the convincing exclusion of central Government and the state Government has been done. Each enterprise has twin GST classical related, i.e. Central Goods and Services Tax (CGST) and the State Good and Services Tax (SGST). The several proportions related to numerous segments and productions are 0%, 5%, 12%, 18% and 28%. The GST is related on several communications such as obtaining, transactions, conversion, exchange, rental and significance of goods and services. In harmony with the creation of Small Enterprises Development Act, 2006, is divided under two groups business sector GST is intended to carry each indirect form of tax below one roof. For small business proprietors or producers have to take care of dissimilar taxes and have to track to numerous sections to accomplish all the tax-related certifications. Some files will have different taxes biannually, annually, half-yearly. The additional department, the extra is the annoyance. Now, the entire tax charged by the central and the state Governments enhance to 32% but with the execution of GST, the commercial owners have to pay a much lesser tax of about 18-22%. Likewise, they do not have to reimbursement different duties to numerous subdivisions. It styles the job much calmer to business owner. The inference of GST comprised of double assessment system. If the place of dealer and purchaser are in same state means seller has to accumulate both CGST and SGST from purchaser, both central and state Government will decide on the suitable ration of sharing income. It has

reduced the flowing effect and ended the tax construction more abridged. Taxes are oblique by Government on the mutual basic but it does not exceed more than 14%.

Various central taxes incorporated are:

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

Before we analyse the impact of GST on Small Enterprises, we must know how GST is profitable to broaden the taxpayer sordid. Earlier, a producer with revenue of Rs 1.5 crore or less was not essential to obey the instructions of excise duty. However, with the amalgamation of all State and Central level taxes into the domain of GST, a manufacturer with a revenue of Rs 20 lakh (others) /10Lakh (Special category states) or more will have to fulfil with GST and its trials. The below mentioned table shows the impact analysis of the small-scale business entrepreneurs.

Small scale enterprises are essential part of the Indian economy it's around 40 % of total export is being generated by Small Scale enterprises and if we talking about employment its creature of almost 12 million jobs opportunities. Economist as well as world agreed upon the potential of Small-Scale enterprises so accordingly all initiative from respective Government are most welcome steps which help to grow industries faster track. During nineties Small scale industrial policy primary object is to impart more vitality and growth to sector to enable it to contribute to economy with 29 higher volume. Further effort would be made to create more and more small and young entrepreneurs with higher potential growth and greater faith on it. Regulatory measures and provisions relating to Government communication made more liberalized. Enhance of supply of risk capital in partnership act has been introduce in a partnership act which helps to apply more risk in business and indirectly it resulting in small scale industries share increasing in market.

Various initiative like set up of small industrial development bank of India SIDBI who helps to solving the problem of payment delays by setting up factory services. Throughout country such kind network being set up with help of commercial banks and necessary suitable legislation introduced to make sure necessary payment support will be available. Policy support like various financial elevation scheme adopted by Government to support and developed small scale enterprises. By now world is in same view and opinion that small scale enterprises should grow as much as possible as they are backbone of any economy as well as supporting towards various innovation and job generation. We need to develop, educate and encourage more and more entrepreneur to grow economy. Ministry of small-Scale enterprises is merge with Ministry of agro and rural industries to form the big picture as Ministry of Small-scale enterprise with primary task of promoting of small-scale enterprises. It was established in year October 1999 and then after this ministry divide into SSI and ARI in September 2001.

Compliance Procedure	
Registration	Online processing will certify appropriate receipt of documentation for registration and negligible Government interface.
Payment	Automated submission will bring transparency and will also decrease the obedience cost.

Refund	Electronic repayment measures will fast trail to the procedure and improve fluidity for small scale business entrepreneurs.
Returns	All revenues are mandatory to be trooped electronically and input tax credit and tax liability alteration will occur robotically on the basis of the returns.

CHALLENGES FOR SMALL SCALE ENTREPRENEURS

An ample percentage of small-scale entrepreneurs are GST is not all virtuous for the segment and their qualms may not be entirely void. The tax impartiality that the small-scale entrepreneurs relish may be one of the protruding reimbursements. However, decrease in duty verge is one of the crucial anxieties that has led them to be cautious of the GST bill. Under the present excise tax, no duty is remunerated by a manufacturer consuming an income of less than rupees 1.50 crores. But pole GST execution and the exemption boundary will get expressively sunk. During a speech at a news conference,Arun Jaitley said, that the limit can be as low as rupees 25 lakh. As a outcome, a large number of small-scale entrepreneurs and start-ups will be authorized to come below the levy and will have to recompense a huge hunk of their incomes towards tax. Moreover, there are additional reverses to the planned tax impartiality. GST Government won't separate luxury goods and standard goods. This will solid for the small-scale entrepreneurs to contest against big enterprises. GST is eventually charged on stock which is not accessible for involvement praise. This will prime to an upsurge in the price of the goods which are supplied straight to end users.

ROLE OF SMALL-SCALE ENTERPRISES IN INDIAN ECONOMY

The small-scale enterprises play very consequence and essential role in Indian economy in term of the developed economy growth as well as advanced growth of engagement since freedom in spite not provision from management and monetary support. They have to face cut terrified and very threatening struggle and hard time with great player in the marketplace. Since the Government is not been subsequent a policy of registration of few inventions for small scale enterprises entirely.

OBJECTIVES

- To know about the awareness level of small-scale entrepreneurs towards GST.
- To know about the tax rates of small-scale entrepreneurs.
- To know about the impact of GST on small scale entrepreneurs.
- To know about the challenges faced by small-scale enterprises.

SCOPE AND SIGNIFICANCE OF THE STUDY

Government has introduced various currency subsidy as well as monetary structures to grow small scale enterprises, but regrettably the development in stretch for separate businesses is not very high. So, observing at Packing features how we can recover or assistance small scale enterprises to change Large Scale Industry so the backing which have been provided that to existing small-scale enterprises it can be exploited to progress new small-scale enterprises. Sturdy and good-looking wrapping designs and tags not only shield the goods from breaking and indemnities but they are also obliging in clutching care of the end customer.

NEED FOR THE STUDY

This study is mainly done to know about tax rates of the small-scale enterprises after the implementation of the GST and also to know whether the turnover is been increased or not.

LIMITATION OF THE STUDY

The Study was limited up to small scale enterprises in Coimbatore, Tamil Nadu. The Study was restricted for over all industries existing under small scale enterprises for individual industrial.

REVIEW OF LITERATURE

Banujam K.V. (1998) this study enabled, "Poverty Improvement through Rural Development" recommended that suitable knowledge should be industrialized to promote the rustic small industries.

Gholam Ali (1999) this study enabled, "Help makes small scale industries feasible" exposed that big and small productions have their share in the growth of a state and the wealth of its crowds.

Berna (2001) this study enabled, "Entrepreneurship in Madras State" emphasized the main features found in the industrialists such as capital, involvement of business, technical information and family circumstantial. These issues alone encourage the growth of small-scale entrepreneurship.

H.S. Parekh (2004) in his thesis, review the role of monetary organizations and national actions in spreading praise to small scale elements and pin points their arrogance of unimportance in cuisine to the needs of the tiny units.

De, Sankar (2009) this article has observed that small-scale enterprises in India look many contests, but possibly none are as problematic as the test of funding, both short term and long term.

RESERCH METHODOLOGY

The methodology of the study includes sampling, data collection and data and some tools are used in this study.

A. Sampling

The samples are collected from 150 small scale entrepreneurs in Coimbatore city.

B. Collection of data

The research study is based on the primary and the secondary data. The primary data is collected from the small-scale entrepreneurs in Coimbatore city.

C. Tools Used

- Simple percentage method
- Ranking analysis

SIMPLE PERCENTAGE METHOD

It refers to the special type of rate, which is used in comparison between the source of two data.

P=X/Y*100

Where X=No.of. respondents falling in a specific category to be measured.

Where Y=Total No.of. Respondents.

ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS METHOD

TABLE 4.1

AGE

S.NO	AGE	NO.OF. RESPONDENTS	PERCENTAGE
1	25-30	49	32.7%
2	31-45	86	57.3%
3	46-55	15	10%
	TOTAL	**150**	**100%**

The above table 4.1 represents the age of the respondents 33% of the respondents are in the age of 25-30,57% of the respondents are in the age of 31-45,10% of the respondents are in the age of 46-55.

TABLE 4.2

TURNOVER PER YEAR

S.NO	TURNOVER PER YEAR	NO.OF. RESPONDENTS	PERCENTAGE
1	20 lakhs	52	34.7%
2	21-40 lakhs	84	56%
3	41-50 lakhs	6	4%
4	Above 50 lakhs	8	5.3%
	TOTAL	150	100%

The above table 4.2 represents the turnover per year of the respondents 35% of the respondents turnover was 20 lakhs,56% of the respondents turnover was 21-40 lakhs,4% of the respondents turnover was 41-50 lakhs,5% of the respondents turnover was above 50 lakhs.

TABLE 4.3

SOFTWARE UPDATION

S.NO	SOFTWARE UPDATION	NO.OF. RESPONDENTS	PERCENTAGE
1	Yes	112	74.7%

2	No	38	25.3%
	TOTAL	**150**	**100%**

The above table 4.3 represents the software updation of the respondents 74.70% of the respondents said that they are aware of the software updation,25.30% of the respondents said that they are not aware of the software updation.

TABLE 4.4
TURNOVER STATUS

S.NO	TURNOVER STATUS	NO.OF. RESPONDENTS	PERCENTAGE
1	Increased	51	34%
2	Decreased	60	40%
3	No change	39	26%
	TOTAL	**150**	**100%**

The above table 4.4 represents the turnover status of the respondents 34% of the respondents said that the turnover status has increased after the implementation of GST,40% of the respondents said that the turnover status has decreased after the implementation of GST,26% of the respondents said that the turnover status has not changed after the implementation of GST.

RANKING ANALYSIS

S.NO	RATE THEM	PERCENTAGE	RANKING
1	Raw material	7%	4
2	Sales	30%	2
3	Profit	44%	1
4	Economical	3%	5
5	Transparency	15%	3
6	Transportation	1%	6

The above table represents that profit was ranked first after the implementation of GST,sales was ranked second after the implementation of GST,transportation was ranked third after the implementation of GST, raw materials was ranked fourth after the implementation of GST, economical was ranked fifth after the implementation of GST,transportation was ranked sixth after the implementation of GST.

FINDINGS

- The Majority of 57.3% of the small-scale entrepreneurs belong to the age of 31-45.
- The Majority of 56% of the small-scale entrepreneurs turnover per is 21-40 lakhs.
- The Majority of 74.7% of the small-scale entrepreneurs were updated on software.
- The Majority of 40% of the small-scale entrepreneurs said that the turnover has decreased after the implementation of GST.

SUGGESTION

- The scale entrepreneurs should try to increase their turnover after the implementation of GST.

CONCLUSION

Based on this study the small-scale entrepreneurs are aware of the GST and its tax rates. The incomes of the small-scale entrepreneurs are also increased after the implementation of GST.

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QUESTIONNAIRE

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1. Age
a) 25 – 30
b) 31 – 45
c) 46 – 55
2. What is your average turnover per year?
a) 20 lakhs
b) 21 lakhs - 40 lakhs
c) 41 lakhs - 50 lakhs
d) Above 50 lakhs
3. Do you have trained people for software updation?
a) Yes
b) No
4. State the turnover status after the implementation of GST?
a) Increased
b) Decreased
c) No change
5. Rank the following from 1-5

Raw material
Sales
Profit
Economical
Transparency
Transportation

6. Do you think the newly implemented GST confused customers?
(a)Yes
(b)No
(c)Maybe
7. Do you think the sentence and wordings in GST guide is lengthy and not user friendly?
(a)Yes
(b)No
(c)Maybe
8. What are major constraints to the growth of small scale industries?
(a)Taxes
(b)Competitors
(c)High utility tariffs
(d)Lack of finance
(e)Infrastructure
9. What is your major source of funding?
(a)Bank loans
(b)Personal savings
(c)Trade credit
(d)Families/Friends
(e)Retained profit
10. Frequency distribution of forms of participants of small scale industries?
(a)Private limited company
(b)Public limited company
(c)Partnership
(d)Sole proprietorship
(e)Family owned business
11. Number of employees of the firm
(a)10-15
(b) 15-20
(C) 20-30

(d) More than 30
12. Average monthly turnover of the firm
(a) Less than 10,000
(b) 10,000-20,000
(C) 20,000-35,000
(d) More than 35,000
13. Do you think GST affects the capital stock market operations?
(a)Yes
(b)No
(c)Maybe
14. Is GST is a fair tax system?
(a) Yes
(b) No
15. State your level of agreement for the following statements:
(5- Strongly agree 4- Agree 3- Neither agree nor disagree 2- Disagree 1- Strongly disagree)

FACTORS	5	4	3	2	1
GST legislation is satisfactory					
Inflation cost reduced due to GST					
GST affected the income					
Implementation of GST increased the documentary procedure					
GST made it mandatory to provide the bill to customer					
Implementation of GST reduced the manual work					
Easy in filing of GST online					

16. Did you face any technical glitches while filing for the GST?
(a) Yes
(b) No