

Impact of GST on Warehouses and Transportation

Dr. Seema Laddha, SIES College of Management Studies, Navi Mumbai
Prof. Anjuja Agrawal, SIES College of Management Studies, Navi Mumbai

Abstract

The **Goods and Services Tax (GST)** is pegged to transform India into a single integrated market. Before GST the structure and organization of India's logistic industry is facing various problems and challenges due to multiplicity of tax laws in our country. Uniform tax regime cuts regional boundaries and benefited to warehousing and distribution by reducing the cost and increasing efficiency. This all has been discussed at multiple place. In this research we are trying to explore the impact GST on transportation and warehouse by doing primary research of companies belongs to various industry and the challenges face for the implementation of GST.

Key Words: *Logistic, Transportation, Warehouse, GST*

Introduction

Logistics can be defined as the science of planning, implementing and controlling efficient flow and storage of goods and services from the point of production to the consumption centres in order to meet the customer requirements¹.

On a broad level, logistics comprises three major components namely transportation, storage and distribution. For efficient logistics sector it is imperative for these three sub components to work efficiently. Transportation refers to infrastructure like ports, road, rail and air. Storage refers to warehouses and distribution includes service providers like freight forwarders, multimodal operators and 3PL (Third Party Logistics) players.¹

Drivers of Logistic Industry

Growth of logistic industry due to high economic growth. Increasing competition increase the need to get the product to the consumer, this is created a need for end-to-end logistics solutions. Growth of e-commerce businesses where customer is the king business are bidding not just the product quality and price but on timeliness of delivery at the doorstep. This demand is fulfilled by using a complex logistics network which makes the product available to the consumer at an accessible place at the lowest cost. Complexity of logistic is because of different states transportation and their tax structure. Building up a complex logistics ecosystem is a very costly affair.

Cost of Logistic

Logistics cost in India accounts for 13-17% of the Gross Domestic Product (GDP) which is nearly double (6-9%) the logistics cost to GDP ratio in developed countries such as the US, Hong Kong and France². According to a third party logistics study by Capgemini, 'cutting transportation costs' makes the top of the list as far as concerns for the logistics industry³.

Pre GST challenges of transportation & warehouses

Pre GST all states within the country tax goods that are transported across borders at different rates. The state authorities examine the goods and levy appropriate duty on the freight causing delay in deliveries. As a result of this, a lot of transportation is lost in the transit⁴. Due to this delay in transit companies are force to increase the number of warehouses. They have warehouses in each state to satisfy the timely delivery of goods to satisfy consumer in competitive market.

Benefits of Post GST

GST, which is a destination-based tax, has been introduced to subsume several state taxes . Goods and service tax is actually an indirect tax reform which aims to remove the taxation barriers between states. This helps create a unified market and provides unrestricted access to the entire nation to buy, sell, import, and export within the country¹.Due to the implementation of GST India's logistics sector cost dip 20%⁵. As per ET report Goods and Services Tax (GST) will usher in a new era for the warehousing and logistics sector in India that could see at least 100 per cent growth in the sector by 2021⁶.

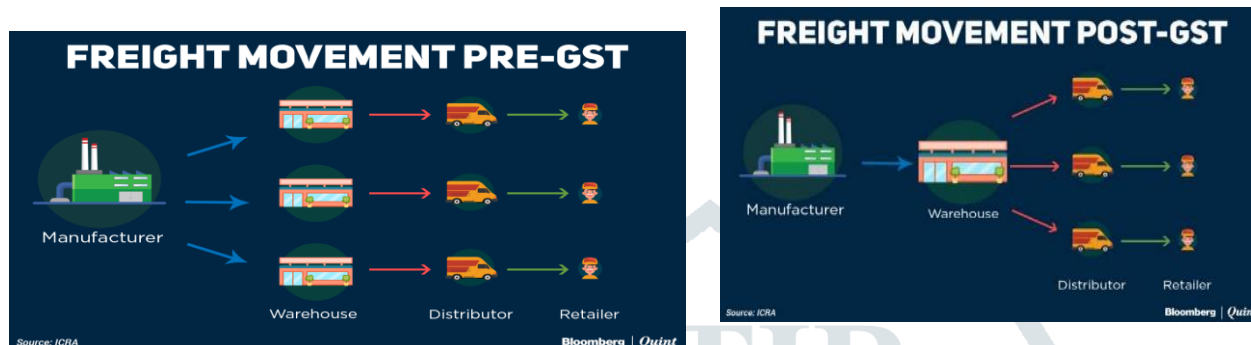


Table 1: Benefits after GST Implementation

The following table illustrates the expected benefits that Logistics industry would derive post implementation of GST:

	Pre GST	Post GST
Interstate tax burden	Currently, each of India's 29 states taxes goods that move across their borders at different rates apart from that Corporate state tax of 2% is levied for inter-state goods transfer.	Not applicable. Uniform taxation and no varying tax structures would be allowed across states.
Nature of the industry	Current interstate taxation has resulted in a large number of unorganized players in this industry. Resulting in fragmented industry.	With the introduction of GST, there is likely to be major consolidation in the industry. It could see the emergence of major large players who can span the entire logistics chain.
Logistic time	Due to trade barriers such as entry taxes, local body taxes, OCTROI and other hurdles, trucks lie idle for 30 to 40% as per industry estimates during their delivery schedule.	Improvement in the logistic time after phasing out the border check posts resulting in improvement in operational efficiency through quicker and increased number of deliveries along with reduction in logistic cost during the transit. As per world bank estimation Indian corporates can save upto 30-40% of logistic costs incurred due to stoppages at various tolls and check posts.
Cost	The existing interstate taxation system has forced the companies to create and maintain warehouses in each state. Currently, there are around 20-30 warehouses per company, one in every state, in addition to this 20-30 Carry & Forwarding agents per state making the supply chain longer and inefficient.	GST tax will be levied on transportation of goods and full credit will be available on interstate transactions. Logistic costs are expected to be decreased by 1.5-2.00% of sales on account of optimization of warehouses leading to lower inventory costs which are set up across states to avoid paying 2% corporate sales tax and phasing out of interstate sales tax. There is immense scope for optimization of costs.

Source :CARE Rating , Impact of proposed GST on Indian Logistics Industry

Statement of the Problem

Due to implementation of GST the movement of goods across countries has become more efficient. Analyst and researchers are looking for the benefits due to GST in logistic value chain specially warehouses and transportation. Most research is based on exploratory secondary data based. But when it comes to primary data for trying to understand the actual challenges experienced by the industries very few research has been done. A year after GST implementation still companies are facing challenges to make it simplify the process.

This study is an attempt to understand the impact of GST in transportation and warehouse functions along with challenges faced by the company. Study also attempt to identify the problems still facing by the company under the GST.

Objective

- To understand the GST and its benefits to the transportation and warehouse
- To analyse the impact of GST on transportation and warehouse
- To identify the structural challenges and the problems companies are facing during implantation of GST

Research Methodology

Exploratory research design is used for the study. The study depends mainly on the primary data collected through a structured questionnaire. Primary data is collected by using structured interviews of the corresponding respondents in Mumbai region. Random Data sampling method is used to collect primary data. 15 companies have been responded and their responses has been presented in graphical representation. Details of the responses on the Impact of Transportation, Warehouses, Challenges and problems faced by the companies and other impact has been given in tabular presentation in the annexures (I, II, III, IV). Secondary data is used to understand benefits of GST.

Table 2: Demographics of Respondents

S. No.	Company name	Industry
1	Hanchate Pharmasales	C/F- Stockist – Retailers pharmaceutical
2	Bosch	Industrial Technology, Consumer Goods, and Energy and Building Technology
3	ABG TRADERS	Electronic goods (amplifiers, mic, speaker and accessories)
4	DABUR INDIA	FMCG Company
5	ACC India Ltd	Manufacturer of cement and concrete
6	U-Trans India Pvt. Ltd	Transportation
7	Namokar Marble	marble and granite company (processing and trading unit)
8	Sigma Couriers	CEP Industry (Courier, Express, Parcel)
9	Mahindra Logistics	3PL solutions
10	Godrej Consumer Products Limited (GCPL)	Consumer Good
11	Sagar Plastics	Manufacturer of disposable and reusable plastic food containers
	Reliance Industry	Energy, petrochemicals, textiles, natural resources, retail, and Telecommunications
13	3i Infotech	Information Technology
14	Monginis	Indian pastry and bakery chain
15	Kreativ Tooling Solutions Pvt. Ltd.	Designing & Trading into all type of Cutting & Rotating Tools

Data Analysis & Findings

Impact of GST on Transportation

By using the annexure, I data is analyses and interpreted. Interview excerpts reveals the following are the areas of transportation, where companies can find major impact of GST.

- Inbound Transit time has been reduced
- Outbound Transit lead time has been reduced
- Outbound transit time has been increased because of warehouse consolidation

- Primary Transportation cost has been reduced
- Secondary transportation cost has been increased
- Route planning will focus more on cost and time optimization rather than tax avoidance
- Movement of bigger consignment or FTL has been increased
- Hassle free transportation
- Cannot see any impact of GST on Transportation
- Small transportation service providers charges have been increased

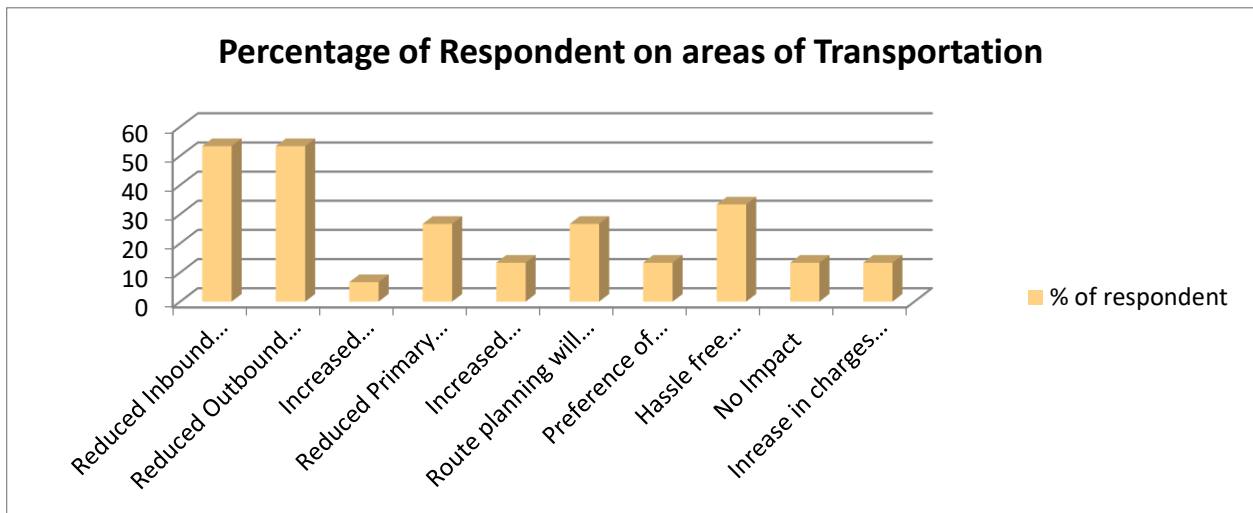


Fig 1 : Percentage of Respondent on areas of Transportation

Impact of GST on Warehouse

By using the annexure, II data is analysed and interpreted. Interview excerpts reveals the following are the areas of warehouse, where companies can find major impact of GST.

- Reduction in inventory
- Warehouse consolidation
- Warehouse automation
- Overall warehouse cost reduction
- No impact

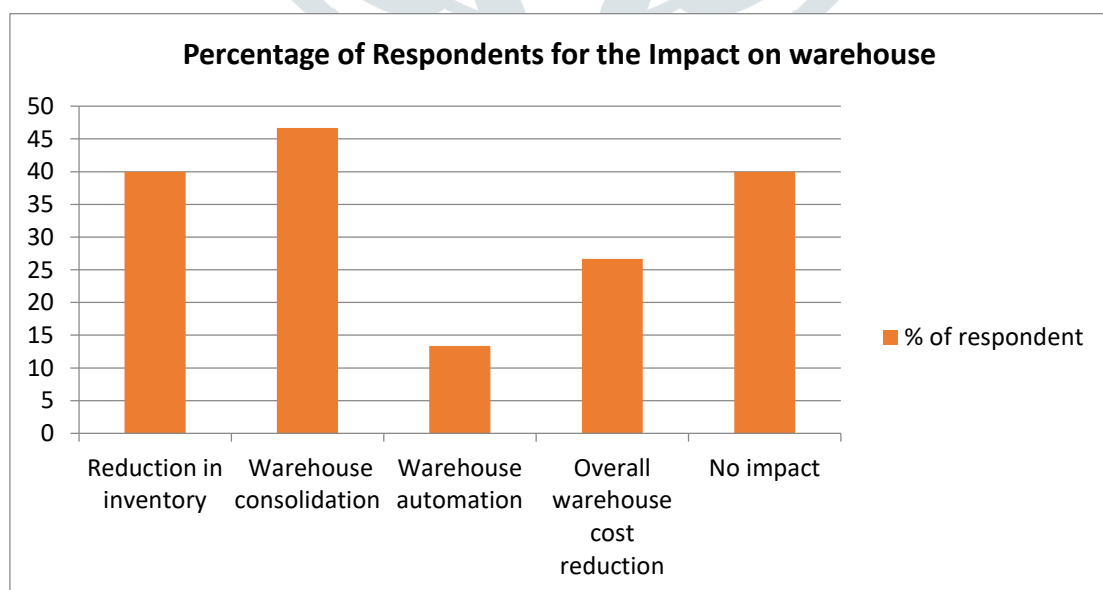


Fig 2: Percentage of Respondents for the Impact on warehouse

Challenges Faced During Implementation

Annexure III reveals that the companies have faced the challenges during the implementation. Some companies still be trying to overcome it.

Delay in operations/distribution during implementation

Delay in IT system updating, lack of knowledge and awareness, implementation of GST Invoice Proforma became mandatory, understanding various tax slabs and exemption codes for various goods was some of the difficulties which resulted in delay in overall operations

Small vendors/service providers faced huge problem because many did not have GST No. This caused delay in some operations

Loss of sales:

Retail trade was vast and so the pricing change to reach the last mile took some time, which also resulted in **loss of sales**

Other challenges are increase in training cost, due to **delay in filing**, the company has to pay the penalty, **lack of understanding** about GST

Other Impact on the implementation of GST

Overall other impact explains by the experts as mention in Annexure IV. Few major points have been explained here

- Benefits firm in increased returns
 - Tax rates of the goods and services, which increased as compared to pre-GST rates
 - Changes in process and automation, Online system Update had reduced the number of fraudulent cases and helped the organization to increasing the operational efficiency
 - Easy purchases from other states helps the companies and distributor sourcing raw material for manufacturing from any state and operate in more than one state. This help to cut costs and reduce prices for their products.
 - All the cost savings, improved efficiency and *no cascading effect of taxes* will finally trickle down to improved margins for the seller or lower price for the customer
 - Better trade-off between cost and customer service
- It has also negative impact on in immediate working capital requirements

Conclusion

After GST implementation, the Indian logistics and warehousing industry will benefit more compared to other industries. But, it will require some time period, let's say 2-3 years after GST implementation, to enjoy the benefits of GST implementation. Before that, the industry has to adopt the changes in line with the proposed GST and change their present working model to maximize the benefits.

The logistics sector is one of the main beneficiaries of the new GST regime. Before GST transportation and warehouse cost was more. GST brought the structural changes. Now warehouses can use hub and spoke model to reduce the cost. In the long run, operational efficiency will also improve. It can also help to reduce logistics costs of companies by reducing the inventory cost associated in the warehouses. Companies are also revealed that due to GST there is increase in the tax. Overall impact can be studied by doing further research in this area. Small companies are also trying to find out the solutions for challenges and the problems faced by them.

References:

[1] Shishir Bajjal Chairman & Managing Director Knight Frank India, INDIA LOGISTICS & WAREHOUSING REPORT 2014, <https://content.knightfrank.com/research/677/documents/en/india-warehousing-and-logistics-report-2326.pdf>

[2] Knight Frank, INDIA WAREHOUSING MARKET REPORT 2018, revealed from <file:///E:/GST/india-warehousing-and-logistics-india-warehousing-market-report-2018-5326.pdf>

[3] DDC FPO · November 1, 2017, Top 8 Logistics Challenges Facing the Industry

[4] Roy Varghese, 1April, 2017, GST In Logistics: A Game Changer , BW Business World, <http://www.businessworld.in/article/GST-In-Logistics-A-Game-Changer/01-04-2017-115567/>

[5] Times of India, Jul 27, 2017, Logistic to gain most from GST, Cost dips 20% :Gadkari

http://timesofindia.indiatimes.com/articleshow/59786875.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

[6] economictimes.indiatimes.com/articleshow/64697268.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

[7] IBEF, July 1, 2017, GOODS & SERVICES TAX (GST)) revealed from <https://www.ibef.org/research/india-study/goods-and-services-tax>

[8] S Subramaniam, Titan , Jun 05, 2017,3% GST rate would help the sector to shift from unorganized to organized, Revealed from

economictimes.indiatimes.com/articleshow/58996515.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

[9]Impact Of GST On Warehousing In India, Holisol supply chain management<http://holisollogistics.com/impact-of-gst-on-warehousing-in-india>

[10] CARE Rating , Impact of proposed GST on Indian Logistics Industry, July 11, 2016,

<http://www.careratings.com/upload/NewsFiles/SplAnalysis/Impact%20of%20proposed%20GST%20on%20Indian%20logistic%20industry.pdf>

Annexure I Impact on Transportation

S. No.	Company name	Impact on transportation
1	Hanchate Pharmasales	<ul style="list-style-type: none"> The tax rates are uniform across the borders and state boundaries are no longer a parameter in deciding the routes. Now route planning emphasis would be more upon route optimization to reduce cost and time rather than tax avoidance. Outbound Transit lead time has been reduced
2	Bosch	<ul style="list-style-type: none"> In place of LTL, usage of full truck loads have been and organization is further planning for new trucks with increased capacity. This would further help in controlling transportation cost. Delivery of raw materials from vendor's location to plant became fast i.e. Inbound transit time has also been reduced.
3	Reliance Industry	<ul style="list-style-type: none"> Overall Transit time has been reduced Overall transportation has become bit smooth

4	3iInfotech Limited	<ul style="list-style-type: none"> There is no as such impact on transportation
5	ABG Trader	<ul style="list-style-type: none"> Post GST the organization does not have to pay octroi or Local Body Tax during transportation as everything has converted now to GST only one tax which made the entire process easier. In transit time has been reduced.
6	Dabur India	<ul style="list-style-type: none"> Reorganized manufacturing plants and warehouses would reduce the primary transportation cost. Apart from that the route planning for freight movement is now based more upon route optimization algorithms that minimize the cost and time of delivery rather than tax avoidance Average size of shipment has increased leading to usage of bigger vehicles and moving Full truck loads further resulting in efficiency in transportation Overall resulted in hassle free transportation and operational efficiency
7	ACC India Ltd	<ul style="list-style-type: none"> In-transit time is declined as vehicles are spending lesser time at checkpoints. This will lead to lower transportation costs and in turn, the cement industry will save transport costs.
8	Monginis	<ul style="list-style-type: none"> Do not see any impact on transportation
9	U-Trans India Pvt. Ltd	<ul style="list-style-type: none"> Reorganized manufacturing plants and warehouses would reduce the primary transportation cost as they are located close to each other irrespective of which state they are in. However, secondary freight may increase because of the fewer warehouses. The unified tax regime has obviated the need for interstate check posts. This will result in reducing the transportation time of long-haul trucks and other cargo vehicles by at least one-fifth.
10	Namokar Marble	<ul style="list-style-type: none"> The major changes have been made in Transportation of material. Company need to generate E way bill for different user i.e. supplier, buyer and transporter. Overall transportation lead time has been reduced Goods Transportation Agency or service providers cost increased for transporting material
11	Sigma Couriers	<ul style="list-style-type: none"> GST has excludes the check border posts which resulted in hassle free transportation and operational efficiency
12	Mahindra Logistics	<ul style="list-style-type: none"> The tax rates are uniform across the borders and state boundaries will no longer be the parameter in deciding the routes Focus of route planning would be more on optimizations in term of time and cost rather than Tax
13	Kreativ Tooling Solutions Pvt. Ltd.	<ul style="list-style-type: none"> Do not see any impact on transportation
14	Godrej Consumer Products Limited (GCPL)	<ul style="list-style-type: none"> The tax rates are uniform across the borders and state boundaries will no longer be the parameter in deciding the routes With the convenience of entry across states by measures like the-waybill transportation delays will be reduced Primary transportation cost and transit time has been reduced
15	Sagar Plastics	<ul style="list-style-type: none"> Transit time had been reduced.

Annexure II Impact on Warehouse

S. No.	Company name	Impact on Warehousing
1	Hanchate Pharmasales	<ul style="list-style-type: none"> No Impact
2	3i-Infotech Limited	<ul style="list-style-type: none"> The company has its own small warehouse located at Mumbai headquarter. There are no impact on warehousing since company keeps minimum inventory
3	Bosch	<ul style="list-style-type: none"> All the quarantine stores were cleared to reduce inventory hence reduction in inventory holding costs

4	Reliance Ind	<ul style="list-style-type: none"> • Planning for warehouse consolidations and inventory reduction
5	ABG Traders	<ul style="list-style-type: none"> • No Impact
6	Dabur India	<ul style="list-style-type: none"> • Availability of input tax credit on state supply of goods and services lead to warehouse re-engineering that removed an extra level of warehousing in the supply chain ie warehouse consolidation, hence leading to greater cost benefit. • With the implementation of GST, Dabur India will restructure their warehouse locations and will have one central warehouse as with GST the local state taxes are eliminated and there will be only one Goods and Services Tax across the entire country. This enables Dabur India to achieve cost efficiency in their operations and thereby transferring this cost benefit to the end consumer in the supply chain. • Automation - Because of the fewer warehouses, the warehouses have been ramped up and equipped with state of the art technology to facilitate long term benefits. Latest warehouse management systems (WMS) and modern robotics are used for the effective and efficient warehouse management.
7	ACC India Ltd	<ul style="list-style-type: none"> • The cement companies will also consolidate their warehouses and maintain warehouses in areas where it is most beneficial thus leading to operational economies. Company is also planning for warehouse automation
8	Monginis	<ul style="list-style-type: none"> • No impact
9	U-Trans India Pvt. Ltd	<ul style="list-style-type: none"> • Reduction in warehouses in each state. Consolidation of warehouse by 20-30%. Warehouse re-engineering that can remove an extra level of warehousing in the supply chain, hence leading to greater cost benefit.
10	Namokar marble	<ul style="list-style-type: none"> • No impact
11	Sigma Couriers	<ul style="list-style-type: none"> • No impact
12	Mahindra Logistics	<ul style="list-style-type: none"> • Planning to restructure their warehouse locations and can have one central warehouse or can go for warehouses at specific locations or can adopt a hub and spoke model. Companies can consolidate stock at their warehouses
13	KreativTooling SolutionsPvt.	<ul style="list-style-type: none"> • No impact
14	GodrejConsumerProductsLimited (GCPL)	<ul style="list-style-type: none"> • Number of warehouse decreases and many other reasons for reduced in overall stock consolidation in their respective warehouse improving demand planning and the inventory management. • After the elimination of multiple state-level taxes in lieu of uniform GST rates, the stock points have been optimized and channel inventories reduced. With more potential for consolidation, warehouse management can also become more efficient.
15	Sagar Plastics	<ul style="list-style-type: none"> • Consolidation of inventory across multiple locations into single and centralized location which resulted in warehouse consolidation and reduced inventory level.

Annexure III

Challenges & Problems Face by the Company During GST Implementation and Post Implementation

S. No	Company name	• Challenges faced during implementation of GST
1	Hanchate Pharmasales	<ul style="list-style-type: none"> • Small transporters faced a huge problem because many did not have GST no. Renowned companies soon adopted GST and had their own GST nos. But it was difficult for small companies to adopt GST faster because of lack of knowledge and awareness. This caused delay in distribution and about 20% decrease in their sales.
2	Bosch	<ul style="list-style-type: none"> • Implementation of GST was smooth
3	Reliance Industries	<ul style="list-style-type: none"> • Small vendors/service providers faced huge problem because many did not have GST No. This caused delay in some operations/distribution or time being orders given to some other vendors or service providers.
4	3i Infotech Limited	<ul style="list-style-type: none"> • Invoice has code with maximum 16 digits as per GST standard along with name of goods, price of the goods. Service Accounting Code (SAC) – for Services delivered – 8 digit, Harmonized System Nomenclature (HSN) – for Goods – 8 digit, SAS code and HSN code is given for each goods and services by Service Tax Department of India.

		<ul style="list-style-type: none"> The courier company like Overnight Express, Shree Maruti Couriers, Skylink Express etc. delivers the goods from warehouse to client location. During this movement of courier, paper work was not mandatory before GST. After the implementation of GST Invoice Proforma became mandatory along with the value of goods being transported, and it was mandatory to mention that the goods were not for sale. If the value of the good being shipment is more than 50000 rupees, e-way bill mandatory. Initially there was delay in distribution because of lack of knowledge
5	ABG Trader	<ul style="list-style-type: none"> For the first 3 months after GST implementation, there was an error in confirmation between the supplier and the manufacturer (GST filing) which took months to get resolved because of which tax benefits were hampered because of lack of knowledge. Understanding various tax slabs and exemption codes for various goods was difficult which resulted in delay in overall operations
6	Dabur India	<ul style="list-style-type: none"> Due to different tax slabs on different products changes had to be made. As Dabur India has a huge product range it was difficult in updating the system and bringing about the change. Because of this Dabur India did not implement GST as soon as it was rolled out, it went ahead with Letter of undertaking and after all its systems were updated it then implemented GST. Delay in IT system Updation resulted in delay in distribution. Was managing the existing inventory which had the old price. Though Dabur India was distributing stickers to trade, but physically getting the stickers on existing stock was difficult. While covering distributors stock wasn't that difficult, but the retail trade was vast and so the pricing change to reach the last mile took some time, which also resulted in loss of sales
7	ACC India	<ul style="list-style-type: none"> It was a smooth process
8	Monginis	<ul style="list-style-type: none"> Small vendors/service providers faced huge problem because many did not have GST No. This caused delay in some operations or time being orders given to some other vendors or service providers
9	U-Trans India Pvt. Ltd	<ul style="list-style-type: none"> Due to delay in filing, the company has to pay the penalty
10	Namokar Marble	<ul style="list-style-type: none"> Lack of understanding about concept of GST and GST Network delayed the entire operations. Absence of enough infrastructure Training cost of GST increases as a result business operation hamper. To get GST number it was difficult task and time consuming because of newly adopted verification process Expensive implementation of GST Network Expensive IT system Updation
14	Godrej Consumer Products Limited (GCPL)	<ul style="list-style-type: none"> One of the biggest challenges being faced by organizations and ERP systems is the change off rates and requirements for GST which resulted in cost to update IT system. Due to the introduction of GST, organizations will have to revisit their procurement / sourcing, financial and supply chain models in the ERP System Lack of clarity on local exemptions delayed some operations Increased training cost
15	Sagar Plastics	<ul style="list-style-type: none"> Difficulty in understanding HSN code GST preparedness was very slow at client's place, which resulted in delay in overall operations Increased compliance, with increased in the number of returns to be filled annually.

S. No	Company name	Problems facing post implementation
1	Hanchate Pharmasales	The stockists had to prepare an e-bill for bill of more than 50,000. But the website is still not fully developed which causes frequent incidence of crashing of the server . This consumes a lot of time.
4	3i Infotech Limited	No, currently there are no such problems related to GST, the overall supply chain process is now completely in sync with GST.
5	ABG Trader	The organization is currently not facing any problems after the implementation of GST.
6	Dabur India	It is observed that Dabur India's GST refund is delayed on its exports .
9	U-Trans India Pvt. Ltd	Since all the transactions have become online so this created traffic on the server which causes inconvenience while filing GST. As this industry runs on credit so the normal credit period is 6 months but GST should be paid within 3 months, so this creates problems for the company as it's not able to receive money from its clients.

10	Namokar Marble	<p>Tax audit above if turnover crosses above 1.5 Cr , which again increase auditing cost</p> <p>Tax liability increases on company</p> <p>Difficult to avail Input Tax Credit: Before GST, it was easy to get input tax credit. if company owner have paid half amount of tax they can easily get input tax Credit. It became difficult to get input tax credit. Transaction has to be completed within same month to avail benefit of input tax credit.</p>
----	----------------	---

Annexure IV

Other Impact of GST on Logistic Industry

Comapany Name	Other Impact
Hanchate Pharmasales	Earlier taxes had to be paid monthly or yearly with respect to the income of the organization but after the implementation, it was a compulsion to pay monthly tax
Reliance Industries	<p>Invoicing of bills payable has been consolidated which waves off quite a percentage of tax payable</p> <p>Tax return filling of all entities of rel group has also been consolidated which benefits firm in increased returns</p>
3i Infotech Limited	<p>The major impact was on the tax rates of the goods and services, which increased as compared to pre GST rates. All the goods and components 3i Infotech buys comes under the tax rate of either 18% or 28% slab</p> <p>Before the implementation of GST there was VAT for intra-state supply of goods and Sales Tax for inter-state supply of goods. This led to huge complications in buying and selling of goods.</p>
ABG TRADERS	<p>After the implementation of GST, the process of filling the C form got eliminated.This reduced the number of fraudulent cases which resulted in increase in trust level on one another.This also helped the organization to procure and store more inventory, thus increasing the operational efficiency</p> <p>Before the implementation of GST, the organization used to pay 5% tax on raw materials procured from the other states and also 2% for 'C' form</p> <p>Decreased paper work and pertinent documentation</p> <p>Easy purchases from other states as all the other taxes have been scrapped off and only one tax, that is, GST is levied making interstate movements much smoother.</p>
DABUR INDIA	<p>Online system Update</p> <p>Sourcing raw material for manufacturing from any state</p> <p>No more cascading and hence significant reduction of the tax burden on the retailers</p> <p>compliance and formalities have reduced and trucks don't spend as much waiting time as they are spending now</p> <p>distributors can operate in more than one state and do business for the same company in multiple states. This helped Dabur India to cut costs and reduce prices for their products.</p> <p>Market for sourcing raw materials by the manufacturer will become more competitive due to dilution of state boundaries. A manufacturer will perceive the supply market as one entity rather than as different states and will have increased bargaining power of the manufacturer and hence a reduced cost of goods sold. Also service tax paid while procuring these raw materials can now be credited by the manufactures</p> <p>Due to removal of one link in between the whole supply chain, the inventory will definitely reduce leading to an improved Inventory Turnover for the firms, cost reduction related with the holding cost of inventories and the overall Cost to Cash cycle will improve.</p> <p>Most of the FMCG products like oil and soaps mostly lie in the 18% bracket where as currently these items attract around 20-25% tax upon application of various state and central taxes and hence GST shows positive impact for certain category of products. But apart from the alteration of the tax slabs, all the cost savings, improved efficiency and <i>no cascading effect of taxes</i> will finally trickle down to improved margins for the seller or lower price for the customer</p> <p>Due to GST, tax exclusion benefits will continue with minimum effect on the bottom line, and a streamlined tax system will help in promoting more exports.</p>
ACC India Ltd	<p>Tax on warehouse and services involving manual labor has increased to 18% from 15%</p> <p>Superior inventory management</p> <p>Decreasing Incoming Logistics Costs</p>

	Online system Update
	Sourcing raw material for manufacturing from any state
	No more cascading and hence significant reduction of the tax burden on the retailers
	There is less hassle for the border area distributor and hence the distributors can go inter-state since double taxing is curbed
	Use of technology (GPS & RFID) in logistics safety, • Driver Management Centre (DMC), • Reduced dependence on market trucks
	reduced tax complexity and compliance
	The one tax system removes the need to manage separate records for various taxes and is also easier to understand as there is one standard tax rate on cement.
Monginis	Better inventory management
	New online system updation for faster accessibility
	No more cascading effect resulting in reduction of the tax burden on the retailers
	Modified after-sales distribution models
	there was an 18% rise in GST against the earlier 5% tax rate, the sales growth is positive but on an overall there has been a dip in the net growth because of the tax difference and also because of the cost of egg prices jumping to over 50% and other factors raising the total cost of production.
U-Trans India Pvt. Ltd	Pre- GST, the complex tax structure and paper work forced the transport industry to spend a lot of resources on tax compliance and deposit of interstate sales tax.
	Earlier their was service tax which was applied 12% on 30% of total sales.
	This, coupled with the proposed E-way bill that will require online registration for movement of goods worth more than Rs 50,000, will ease the movement of freight further, and bring in more transparency in the whole process. Efficient freight movement will also boost the demand for high tonnage trucks, which will in turn reduce the cost of transportation of freight. Post GST-5% on total sales is applied on transportation of goods. Now, intra-state 2.5% CGST, 2.5% SGST is applied. Between inter state integrated GST is applied i.e., 5% on transportation of goods.
	Reduction in lengthy clearance processes and complex paperwork at numerous inter state points. Reduction in supply chain cost between 2-8%.
	Cascading effect of tax stopped which benefitted the customers and the suppliers.
	Individuals service providers were affected as reverse charge was additional burden on the company.
	Interstate sourcing of raw materials became easy and resulted in improved price negotiation power
	Improved inventory management
	Better trade-off between cost and customer service
	new GST administration and one of them is reduced cost of production that is expected to be spurred by tax reduction
The new GST model will unify the Indian market and assist the smooth flow of goods within the country.	
Namokar Marble	Earlier IT System was not required , now to generate invoice and to pay tax they required IT System
	Calculation of different tax slab become easy through IT system - no need to do different calculation for excise duty , VAT or any other tax
	Earlier business is done with an adjustment , less number of documentation ,on trust basis but GST has increased the documentation part
	Time consuming process
	Previously , VAT tax on product was near to 5 % but now it comes under 18% tax slab of GST so overall profit margin has reduced
	Product Cost has increases due to increases in tax
	Process become transparent
	Reduction in Cascading system
	Its online system does not need to go in any government office to pay
	Unorganized company shifted to organized compnay
Sigma Couriers	There are several taxes under GST, some of the categories under Courier Services are exempted from paying GST.

	Positive impact on courier service- GST 18%
	Shipping includes service of trucks for transportation which has to pay service duties even if the trucks are not on road
	Franchise of the company will have to pay royalty on which GST is applicable.
	Franchise will not have any exemptions on GST and the tax will be paid by the company.
	GST implies additional operational costs for Small businesses.
Mahindra Logistics	face challenges during route planning while having to deal with deliveries across a bigger geography. In case of services or deliveries which requires lower lead times, the service level might be impacted.
Kreativ Tooling Solutions Pvt. Ltd.	Some out of state business added Business scope for expansion, because of common taxation.
	Cascading effect of tax stopped
	Manpower cost increased.
	Return Filing (increment in operational cost)
	Repeat Training of various aspects of GST / E-way Bills etc.
	Investment increased on Technology / IT infrastructure cost
	Additional cost on manpower
	Had to reduce suppliers, because they were non-compliant with GST.
	Cost of Auditors / Chartered Accountant fee increased
	Reduced unwanted inventory & stocks
	Material movement on challan stopped
	Online has made it very easy to check on the credentials of the suppliers
	Always on the toes every month keeps you active in understanding the business growth
Godrej Consumer Products Limited (GCPL)	Removal of multiple valuations will creates implification
	Entry tax sub summation will reduce cost of production
	Improved cash flows
	Single registration process will provide ease of registration
	Removal of cascading will lead to lower cost-to-consumer
	Other than SCM companies try to work on other technology for improvement That also affect the airline services and currier services atmost
	More stringent and elaborate transaction management
	Increase in immediate working capital requirements
	Overall revenue and sales of Godrej is increased. The amount which is saved by Godrej they are using it for different purpose like acquisition,use of different technology
	After the introduction of GST, the tax regime has got simplified, causing all distributors to operate in more than one state and proceed with their business for the same company in multiple states.This helped Godrej to cut cost sand reduce prices for their products, Contributing to hassel free inter distribution channel
	There will be more compliance and adjustment costs because the frequency of filing returns has increased for businesses.