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ANALYSIS OF GOODS SERVICES TAX (GST) IMPACT ON ASHOK LEYLAND PVT.LTD.

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ABSTRACT:- Automobile industry is one of the fast-growing industries in the world. It contributes significantly to global value chain. Growth of automobile industry is highly correlated with the development of other sectors in the economy. India is the world's largest producer of heavy motor vehicles. The share of automobile sector in GDP is 7.1 percent and provides employment opportunities to over 35 million people and its share in total exports is 4.3 percent (Invest India, 2020). Increasing population and growth in per capita income have provided stimulus for growth of Indian automobile industry. The government of India envisioned making India a manufacturing hub of automobiles; it brought many initiatives to make India an attractive destination for automotive companies. Among the initiatives taken by the government, the most important one is replacing the multiple indirect tax system with Goods and Services Tax (GST). GST is one of the biggest tax reforms in the history of Indian taxation. It impacted significantly almost all sectors of the economy. GST has also significantly impacted automobile industry. An attempt is made in this study to examine the impact of GST on production, sales, exports, registrations, crude oil imports, and FDI inflows to automobile and petroleum, and natural gas sectors. It is found that there are no significant differences in production, sales, FDI inflows to automobile sector after implementation of GST. However, it is noticed that there is a significant increase in the registrations and exports of automobiles after the GST implementation.

Ashok Leyland Ltd is an automobile manufacturing company. The company manufactures commercial vehicles, engines, and spare parts and accessories, with the vast majority of revenue derived from commercial vehicle sales. Ashok Leyland organises its business into two segments: Commercial vehicle and Financial Service. The company derives more than half of consolidated revenue domestically.

Ashok Leyland is an Indian multinational automotive manufacturer, headquartered in Chennai. It is owned by the Hinduja Group. It was founded in 1948 as Ashok Motors and became Ashok Leyland in the year

1955. Ashok Leyland is the second-largest manufacturer of commercial vehicles in India, the third-largest manufacturer of buses in the world, and the tenth-largest manufacturers of trucks.

Keywords: Automobile Industry, Goods and Services Tax (GST), Commercial and Passenger vehicles, GST, VAT

Introduction: - Goods and Services Tax (GST) is an indirect tax (or consumption tax) used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

Goods and services are divided into five different tax slabs for collection of tax: 0%, 5%, 12%, 18% and 28%. However, petroleum products, alcoholic drinks, and electricity are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax system.[citation needed] There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre- GST, the statutory tax rate for most goods was about 26.5%, Post-GST, most goods are expected to be in the 18% tax range.

The tax came into effect from 1 July 2017 through the implementation of the One Hundred and First Amendment of the Constitution of India by the Indian government. The GST replaced existing multiple taxes levied by the central and state governments.

Different Types of Taxes in India:

Prevalence of various kinds of taxes is found in India. Taxes in India can be either direct or indirect. However, the types of taxes even depend on whether a particular tax is being levied by the central or the state government or any other municipalities. Following are some of the major Indian government are:

1. Direct Taxes:

a) Banking cash Transaction Tax

b) Corporate Tax.

c) Capital Gains Tax.

d) Double Tax Avoidance treaty.

e) Fringe Benefit Tax.

f) Securities Transaction Tax

g) Personal Income-tax

h) Tax Incentives

2. **Indirect Taxes**
3. **Local Taxes in India:**
4. **Income Tax:**
5. **Consumption Tax:**

Theoretical Background:- The Goods and Service Tax is a single rate tax levied on the manufacture, sale and consumption of goods as well as services at a national level. In this system the GST is implemented only on the value added at every stage of production. This will ensure there is no cascading effect of taxes (tax on tax paid) on inputs that are used in manufacturing goods. With the GST in place, the prices of goods are expected to fall, and in the long term we can expect the dealers to pass on these benefits to the end consumer as well. The Automobile industry has seen significant disputes under central excise valuation like, sale below the cost for market penetration, inclusion of State Industrial Promotion subsidies retained by the manufacture, deductibility of past sale discounts from value under excise, valuation of demo cars treatment of PDI charges and other dealer reimbursement advertisement charges recovered from dealers etc., and sales though marketing companies and mutuality of interest. The model GST law continues with the concept of transaction value which is a welcome measure, however the powers for rejection of the transaction value are very wide, and could lead to significant valuation disputes.

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With the corporate office located in Chennai, its manufacturing facilities are in Ennore (Tamil Nadu), Bhandara (Maharashtra), two in Hosur (Tamil Nadu), Alwar (Rajasthan) and Pantnagar (Uttarakhand). Ashok Leyland also has overseas manufacturing units with a bus manufacturing facility in Ras Al Khaimah (UAE), one at Leeds, United Kingdom and a joint venture with the Al teams Group for the manufacture of high-press die-casting extruded Aluminium components for the automotive and telecommunications sectors. Operating nine plants, Ashok Leyland also makes spare parts and engines for industrial and marine applications.

Review of Literature: - Benedict, (2011)-The author studies the law provisions dealing with financial services under the Australian GST law with the intention to verify whether the provisions have been construed correctly in light of the original purpose of the legislation and how the concerns identified may be rectified.

Bikas, (2013) - The authors have studied the VAT rate and the EU economy and also the link between the VAT and macroeconomic indicators and their influence on the VAT rate. The authors conclude that there is a positive relation between macroeconomic indicators like GDP, per capita income and consumption, export, import etc and the VAT rate applicable.

Bovenberg, (1992)- the author uses a general equilibrium model to assess different instruments of indirect taxation in middle income countries. The author has specifically studied Thailand and concluded giving various methods to increase the effectiveness of indirect taxes.

Brew, (2012)- The authors have studied the relation between the mode of collection of VAT revenues with the target of VAT collection for the municipality of Tarkwa Naeem in West Ghana. The authors have used questionnaires and interviews to collect the data and then analysed it using the regression analysis and established that the method of VAT collection in the said.

OBJECTIVES OF STUDY:-

- To Analysis employee's perception regarding Goods and Service Tax (GST).
- To Asses Employees view regarding importance of GST in India.
- To find out the perception and their views on new implemented taxation system.

Research Methodology:- Research is a logical and systematic search for new and useful information on a particular topic. Research methodology is a systematic way to solve a problem. It is a science of studying how research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomenon are called research methodology. The present research is exploratory in nature. Since GST is a new phenomenon in India, there are hardly any studies in this area. Especially there is a huge gap of empirical and behaviour studies on GST in India. The study tries to find the significance of popular perception regarding GST.The data collection of this study is based on two sources of data which are as follows:

The study is largely based on the primary data which has been collected through the

Primary Data:- Structured Questionnaire Method.

Secondary Data: - This type of data has already been collected by someone else and has already passed through statistical process. This type of data has been collected from the following resources:

Sampling Technique and Size:- The sampling method was Judgment Sampling (only those respondents were chosen who had some knowledge about GST). The sample size of the study was 50. The responses were captured from respondents on a 5 point Likert scale. The area of study was industrial area Pantnagar (employees of Ashok Leyland PVT. LTD. PNR Plant).

Research Instruments:

• QUESTIONNAIRE: -

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for Statistical Analysis of the responses.

RESEARCH DESIGN

- Data Source- Primary Data
- Research Approach- Survey
- Research Instrument- Questionnaire
- Method of Contact- Personal
- Sample Size- 50 Respondents

Tools of Analysis:-

❖ Mathematical Tools:

In the present research work, mathematical tools are used. In this method are including the percentage and simple average has been used to analysis and interpretation or collection of data.

✓ Percentage Method:

It was used to draw specific inferences from the collected data that fulfil the objective of the study. **The formula used was:**

$P = Q/R * 100$

Whereas,

P = Reading in Percentage

Q= Number of respondents falling in specific Category to be measured

R = Total Number of respondents or it is the population.

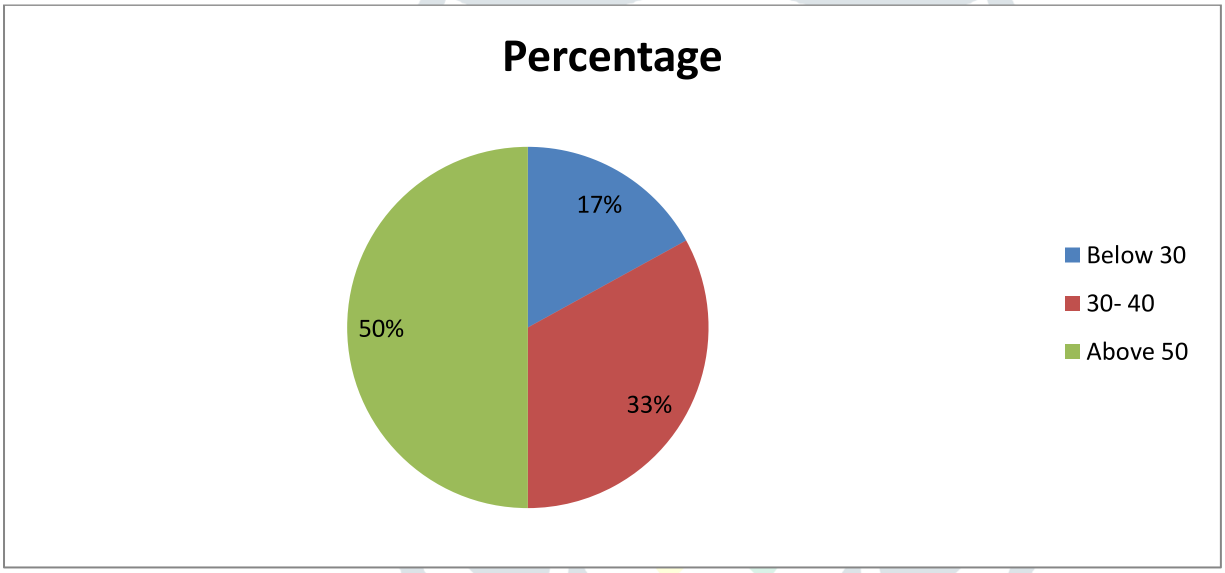
Data Analysis and Interpretation

1. Classification of respondents on the basis of Age.

Table1 (a)

Sr.No.	Age group	No. of Respondents	Percentage (%)
1	Below 30	8	17
2	30- 40	16	33
3	Above 50	29	50
	Total	**50**	**100**

Figure 1(a)



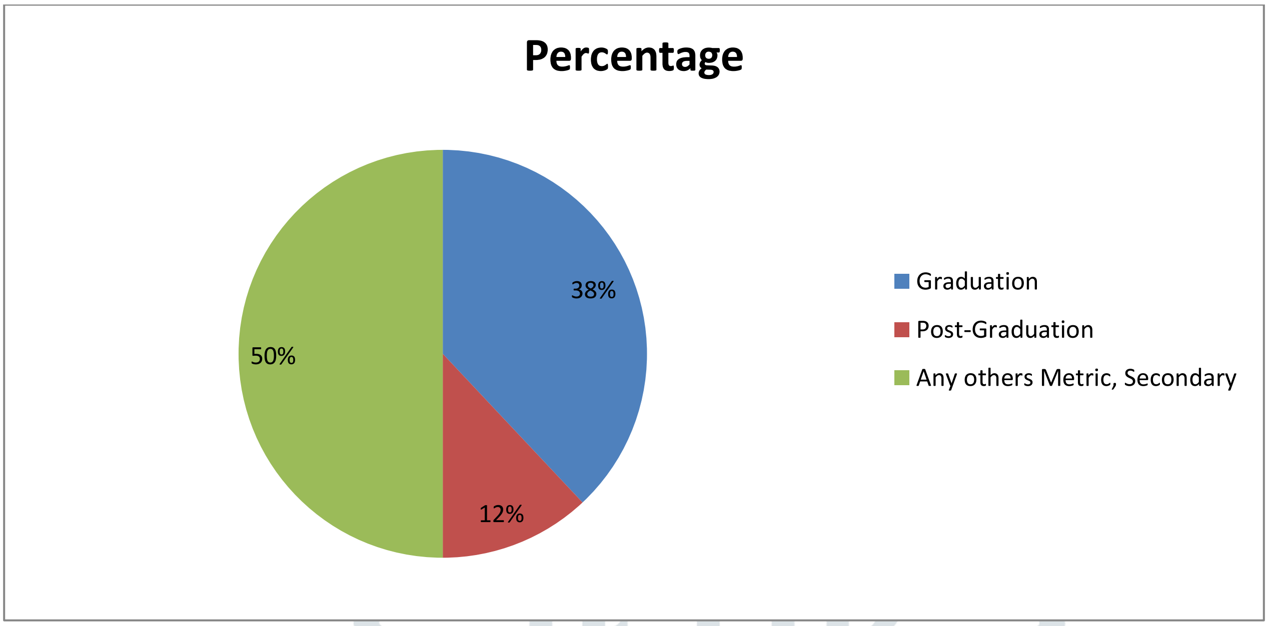
Interpretation: - From the above table and figure it is clear that majority of respondents that is 50% are above 50 years where as 33 % belongs to 30 – 40 years are and rest of 17 % are below 30 years. Thus it can be concluded that there are majority of the respondents are above 50 years.

2. Classification of respondents on the basis of Qualification.

Table1 (b)

Sr.no.	Qualification	No. of Respondents	Percentage (%)
1	Graduation	19	38
2	Post-Graduation	11	12
3	Any others Metric, Secondary	20	50
	Total	**50**	**100**

Figure 1(b)



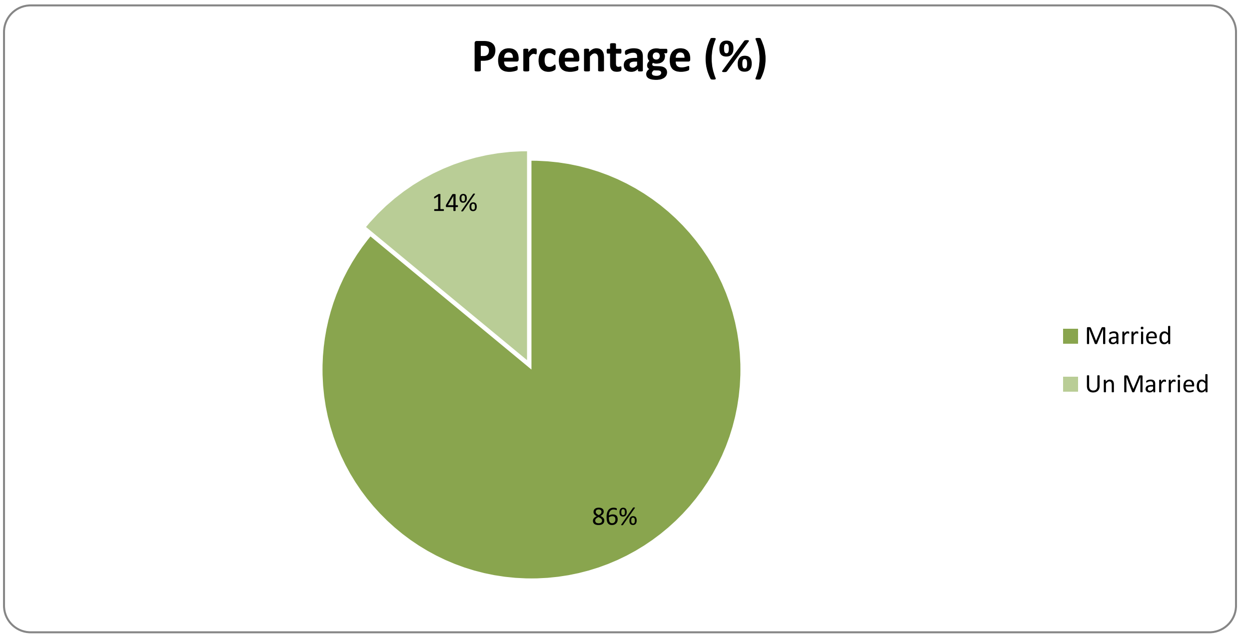
Interpretation:- From the above table and figure it is depicted that majority of respondents i.e. 40% are related to high and low background that means other areas, where as 38% are Graduation and 22 % are Post Graduate. Thus it can be concluded that majority of the respondents are Concerned Graduation and other Qualifications.

3. Classification of respondents on the basis of Status:

Table1 (c)

Sr. No	Status	No. of Respondents	Percentage (%)
1	Married	42	86%
2	Un Married	8	14%
	Total	50	100%

Figure 1(c)



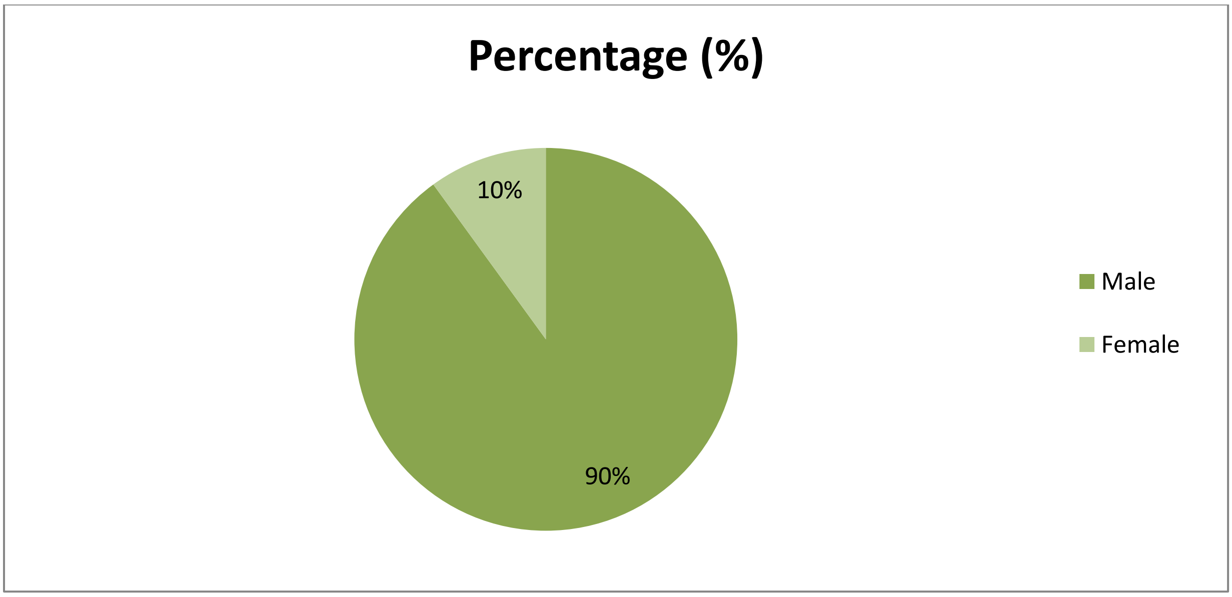
Interpretation: From the above table and figure it is clear that majority of respondents are Married i.e. 86% and rest of the 14% are Unmarried. Therefore, according to this observation maximum respondent are married.

4. Classification of respondents on the basis of Gender.

Table 2 (a)

Sr. No.	Gender	No. of Respondents	Percentage (%)
1	Male	42	90%
2	Female	8	10%
	Total	**50**	**100%**

Figure 2(a)



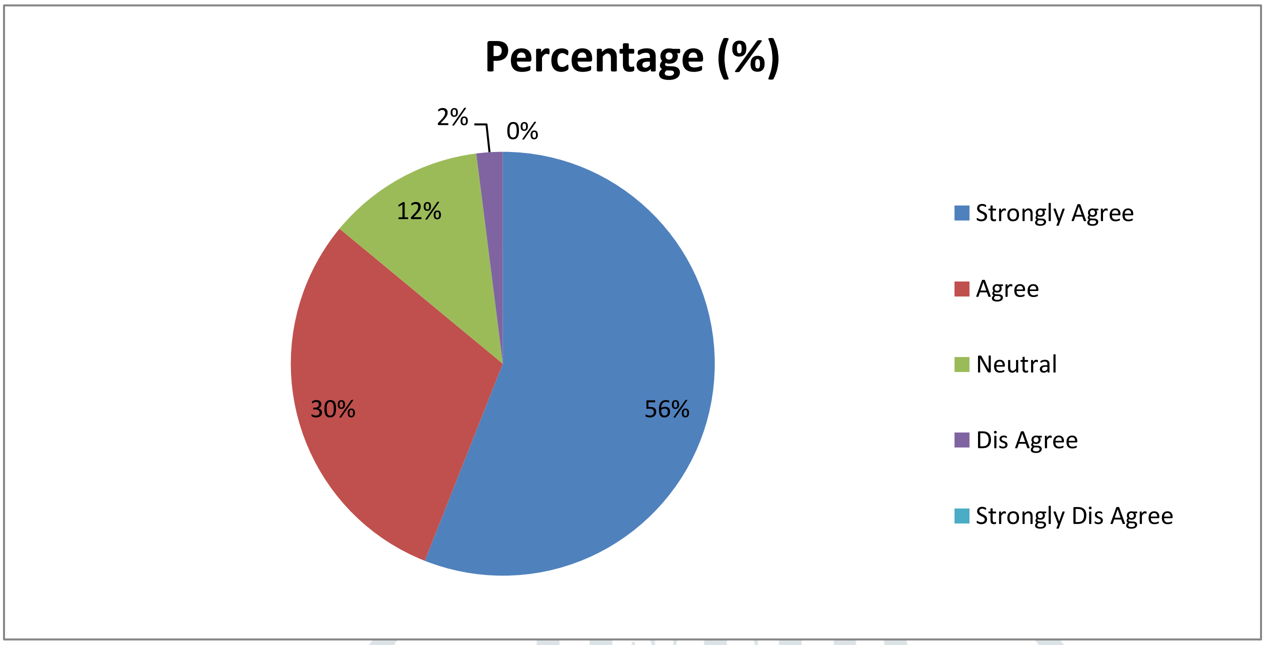
Interpretation:- From the above table and figures it is show that majority of respondents are Males 90% and Females are 10%. Thus it can be concluded Males are show in high Interest in business activities.

5. Classification of respondents on the basis of their perception regarding "GST is a very Good Tax reforms for India":

Table 2 (b)

Sr. No.	Response	No. Of Respondents	Percentage (%)
1	Strongly Agree	28	56
2	Agree	15	30
3	Neutral	6	12
4	Dis Agree	1	2
5	Strongly Dis Agree	-	-
	Total	**50**	**100**

Figure 2(b)

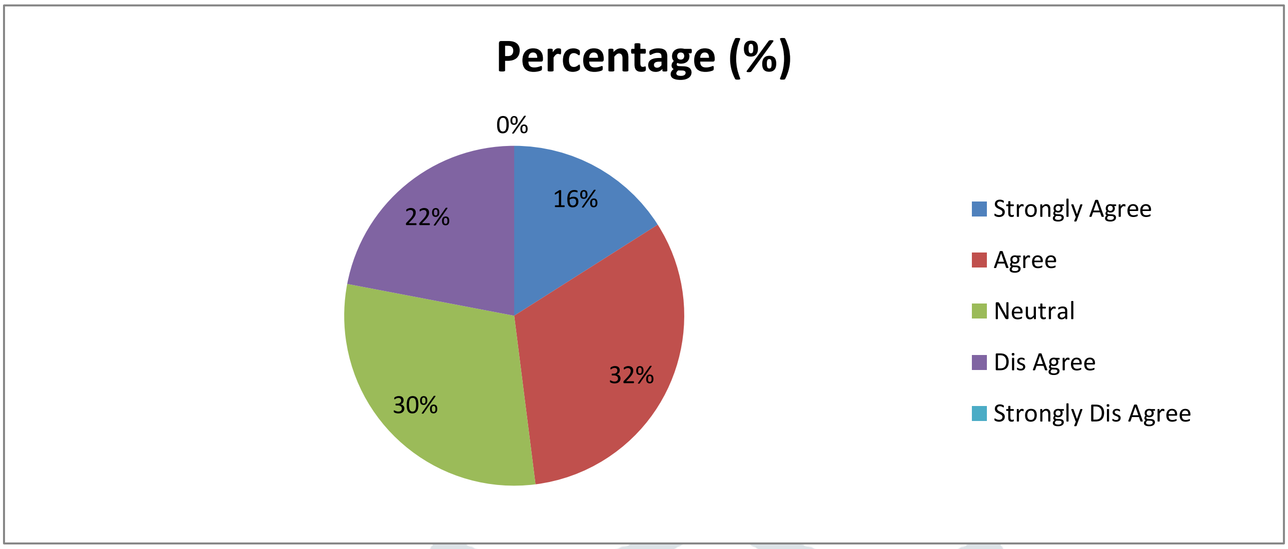


6. Classification of respondents on the basis of response of the respondents regarding the statement GST has increased tax burden on common man.
7.

Table 2 (c)

Sr. No.	Response	No. of Respondents	Percentage (%)
1	Strongly Agree	8	16
2	Agree	16	32
3	Neutral	15	30
4	Dis Agree	11	22
5	Strongly Dis Agree	0	0
	Total	**50**	**100**

Figure 2(c)



Interpretation: - According to above table, it is shows that majority of the respondents i.e. 32% are agree with this statement and 30% are neutral and also 22% are Dis Agree for this statement. 16% are strongly agreed. So it is concluded that majority and cum majority peoples are said that GST has increased the burden of Common man.

CONCLUSION

This study highlighted the overall overview of GST in India. The Government to put in more effort to ensure that Employees have a clear understanding and develop a positive perception towards GST, leading to its acceptance. Good understanding among employees or customers is important as it can generate a positive perception towards the taxation policy. The India Custom Department could initiate and promote an extensive publicity programmes which could help to create awareness and generate positive perception among customers in understanding the rationale and importance of GST in India.

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