

27. The Study of Influence of GST on Supply Chain of Automobile Service Centers-An Exclusive Case Study of Businesses in Chhattisgarh Region

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Abstract:

This research study focuses on dynamics of supply chain of “Goods and Service Tax “in the automobile sector, businesses in Chhattisgarh region, India. The study aims to unfold the multiple impact of GST on the facets of operation of automobile service centers, exploring its effect on return, inventory management, and dynamics of supply chain.

In the manufacturing arena, India stands outstanding players in the manufacturing arena globally; with its automotive sector playing a key role in contribute to the nation’s economy. The automobile industry has come up as a key driver of both GDP growth and employment generation in India. Utilizing a case study approach, the research employs qualitative and quantitative methodologies to assess the transformations brought about by GST.

Through in-depth interviews, surveys, and analysis of financial data, the study aims to capture the nuanced experiences and perspectives of key stakeholders, including service center owners, suppliers, and customers.

Key focal points of study include the assessment of tax of Goods and Service induced changes in procurement costs, supply chain transparency, and compliance requirements. Additionally, the study explores the adaptability of automobile service centers to the altered tax structure and its subsequent effects on inventory management strategies.

By examining the shifts in cost structures and operational practices, the research seeks to offer valuable insights into the evolving landscape of the automotive service industry. The outcome of study gives GST’s impact dynamics of supply chain and provides implications practically for the owners of businesses and practitioners of industry. This study aims to enhance knowledge base surrounding GST implications on supply chains, offering that can inform decision-making processes and encourage the sustainable growth and its development within the automobile sector.

Keywords:

GST, Supply Chain Dynamics, Automobile Service Centers, Inventory Management, Operational Efficiency, Tax Impact.

27.1 Introduction:

The study aims to enhance the relationship between the application of GST and the dynamics of supply chain within the verge of automobile service centers in Chhattisgarh region, India. GST, introduced as a Tran's formative tax reform, has had profound implications for businesses across sectors.

to motive service sector, with numerous service centers playing a pivotal role in maintaining and enhancing vehicle performance. This study seeks to dies sect the lot of consequences of Tax of Goods and Service on the operational frame works of the eservice centers. The shift from a complex tax structure to the T ax of Goods and Service regime is anticipated to influence procurement processes, alter inventory management strategies, and reshape overall supply chain efficiency. As the Tax of Goods and Service framework imposes changes in tax rates, compliance requirements, and reporting mechanisms, the adaptation of automobile service centers becomes crucial for sustained business growth. This research employs a comprehend save case study approach, incorporating qualitative and quantitative analyses, to unravel he nuanced years of Tax of Goods and Service induced changes. By examining the experiences and perspectives of key stakeholders, service center owners, suppliers, and customers, the study objects to contribute valuable insights for both academic discourse and practical decision-making within the dynamic landscape of the automotive service sector.

27.2 Objective of the Study:

The first and fore most objective of the study is to analyze the influence of the Tax of Goods and Services on the supply chain dynamics of automobile service centers in the verge of businesses operating in Chhattisgarh State. The study evaluates the specific impacts, changes, and challenges that the Goods and Service Tax has brought to the supply chain processes within the automobile service sector.

27.2.1 Research Objectives:

Assess Tax of Goods and Service Implementation Effects: Evaluate how the introduction of Tax of Goods and Service has affected the overall operational dynamics of supply chains within automobile service centers in Chhattisgarh State.

Analyze Compliance Changes: Check the difference in requirements and procedures that automobile service centers in Chhattisgarh State have undergone post-Tax of Service and Good simple mentation, and how these changes affect the supply chain.

Assess Competitiveness: Assess the effect of Tax of Goods and Service on the competitiveness of automobile service centers in Chhattisgarh, exploring whether it has led to increased efficiency or posed challenges in maintaining competitiveness.

Explore Adaptation Strategies: Identify and analyze the strategies employed by automobile service centers in Chhattisgarh to adapt to the Tax of Service and Goods driven changes in channel dynamics, including changes in and logistics and inventory management

27.3 Importance of the Study:

Policy Implications: The outcome of the study can contribute valuable insights to policy makers and regulatory bodies, aiding the finer tuning and optimizing Tax of Goods and Service-related policies in the theme of the automobile service sector.

Business Decision-Making: The study's outcomes will provide evaluable information for businesses operating in the automobile service sector in Chhattisgarh, enabling informed decision-making in response to the challenges and opportunities brought about by Tax of Goods and Service.

Academic Contribution: This research adds to the academic discourse by offering an entailed case study on the specific impacts of Tax of Service and Goods on supply chain dynamics, addressing a critical gap in the existing literature, and potentially serving for future search.

Deep understanding of Industry: Automobile service centers, logistics providers, and related businesses can benefit from the insights gained, helping them make a better strategy, enhance efficiency, and stay competitive in the post-Tax of Goods and Service supply chain and scope.

Economic Impact: Understanding how Tax of Goods and Service influences the supply chain dynamics of automobile service centers in as specific strategies broader comprehension of the economic implications of Goods and Service Tax implementation at the regional level.

27.4 Literature Review:

Tiwari and Singh (2018) have examined that this taxation reform seeks to divide the tax regime, contributing to equal distribution of the tax burden, particularly within the corporate sector. The Tax of Services and Goods, implemented on July 1, 2017, marked a significant shift towards a unified taxation system in India, embodying the 'one-country tax' principle.

This transformative tax reform pledged to streamline and simplify the taxation structure, fostering an environment conducive to growth of economy. Notable features of the Tax of Goods and Service framework include State Goods and Services Tax, Central GST, and Integrated IGST, collectively replacing an erstwhile fragmented tax structure that comprised various issues like value added tax, excise tax, among others. The initiation of this system was a particular way to create a more direct tax and credit mechanism, thus propelling anticipated economic expansion.

Malhotra (2018). Logistics operators in India have historically maintained an extensive network of warehouses across different states to circumvent tax. Associated with Tax of Central Sales and entry taxes. This approach, however, has resulted in a proliferation of underutilized warehouses, contributing to inefficiencies in service provision.

The announcement of the GST is poised to bring about a transformative shift in this sector, rendering many of the prevailing challenges obsolete. With GST's simple mutation, India is poised to function as a unified market, eliminating barriers to the free movement of commodities across states.

The anticipation of a seamless national market under GST has sparked a paradigm shift in the logistics landscape. Notably, there are houses catered across the country that are likely to be placed by strategically located structures, including mega logistics hub-and-spoke infrastructure projects, often featuring 100% foreign investment.

The Tax of Goods and Service initiative has already garnered significant interest, prompting warehouse development plans from both domestic and international players. E-commerce entities, in particular, are strategically calling for blushing warehouses in key locations, such as Nagpur, situated in India's zero-mile area, showcasing the transformative impact of Tax of Goods and Service on the logistics and warehouse sector.

Kour, Milan Deep (2016), in their study, elucidates the fundamental framework of the GST based on secondary data. The study explores that the Tax of Goods and Service system is fundamentally designed to streamline the existing direct tax structure in India.

A well-constructed GST is identified as an effective means to eliminate distortions in the tax system in the current system of multiple taxation. The Government's commitment to reducing the compliance burden is a key aspect, promising a more efficient tax administration.

The study highlights that under the GST regime, there will be no differentiation between imported and domestically produced goods; both will be subject to taxation at this rate. The amalgamation of various indirect taxes such as Sales Tax and VAT into a unified Tax of Goods and Service system.

While acknowledging that the implementation of GST will encounter challenges, the study suggests that the benefits arising from it seen for cement will be substantial. In essence, the study concludes that GST is poised to play a dynamic role in fostering the growth and development of the country, reflecting its potential to reshape the tax landscape and contribute positively to the overall economic scenario. The estimation involves a comprehensive analysis of the decrease in labor supply, considering three employment statuses, industry levels, and professions.

The effect of pandemic on the labor market is thoroughly examined, particularly for those employees in essential industries and positions that cannot be executed remotely. The study introduces a novel metric, categorizing four groups: Remote Classified Work and Remote Non-exempt Work.

Using data from the Periodic Labour Force Survey (PLFS) from 2017 to 2018, the study reveals that during Lockdown 1, 116.18 million employees (25% of total employed) were affected, and during Lockdown 2, 78.93 million employees (17% of total employed) faced impact. The anticipated total income loss is estimated at Rs. 864.5bn (2017–2018 prices), based on the expected monthly salary for employees.

The study forecasts a decrease of 14% in Gross Value Added in 2012–2013 prices compared to a scenario without COVID-19. This projection highlights the far-reaching economic consequences of the pandemic, emphasizing the substantial impact on both the labor market and overall economic productivity.

27.5 Research Methodology:

The analysis and interpretation of data generated from primary and secondary sources are discussed. This research focuses on the dimensions related:

- **Cost Efficiency:** GST implementation in the automobile industry is hypothesized to lead to increased cost efficiency in manufacturing processes, as the unified tax structure reduces complexities and streamlines financial operations.
- **Price Impact:** It is hypothesized that GST influences the pricing strategies of automotive products, with potential effects on consumer prices. The hypothesis explores whether GST has a significant impact on the overall cost and pricing dynamics within the automobile sector.
- **Supply Chain Optimization:** The introduction of GST is expected to optimize supply chain processes in the automobile industry. This hypothesis investigates whether Goods and Service Tax encourages improvements in logistics, inventory management, and distribution channels, ultimately enhancing supply chain efficiency.
- **Competitiveness:** GST is hypothesized to affect competitiveness of automobile manufacturers. This hypothesis explores whether changes in the tax structure influence market dynamics, competition among manufacturers, and markets within the automotive sector.
- **Adaptability of SMEs:** Small and medium-sized enterprises in the automobile industry are hypothesized to face specific challenges and opportunities due to Goods and Service Tax. The hypothesis examines whether Goods and Service Tax has differential effects on SMEs compared to larger enterprises and investigates the adaptability of SMEs to the new tax regime.
- **Policy Impact:** This explores the role of policy measures in mitigating challenges and fostering growth within the automobile industry under Goods and Service Tax. It checks whether targeted policy adjustments are essential for the sustained development of the sector.
- **Consumer Behavior:** Changes in Goods and Service Tax may impact consumer behavior in the automobile market. This hypothesis searches whether alterations in taxation influence consumer preferences, purchasing decisions and demand of market for automotive products.

27.6 Conclusion:

The aim of the study is to provide a thorough understanding of how supply chain processes get influenced by Goods and Service Tax of automobile service centers in Chhattisgarh region, offering valuable insights for the policy makers and the industry stakeholders.

27.7 References:

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