

# A Study on Plastic Manufacturing Industries After Implementation of GST

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**Abstract:** In the study of plastic manufacturing industries in India after implementation of GST majority of the respondents agreed that GST is beneficial for plastic industry and government also. This paper will throw light on GST its features and also impact of GST on plastic manufacturing industries According to the responses collected by me from various manufacturers GST is beneficial for plastic industry as well as for other sectors also. Manufacturers were facing difficulty when GST was implemented but some after manufacturers got a big relief when tax rates were reduced to 18% from 28%. This was a very big change because of reduces tax rate foreign direct investment was boosted according to the manufacturers.

**Keywords:** Plastic industry, GST.

## 1. Introduction

Due to a promising beginning plastic industry made an emerging growth in production of plastic products. Typically, in an emerging market, demand growth for plastics is 2 to 2.5 times the GDP growth.

But this is not the case in India where the growth at times has been lower than the GDP growth. Today in India there are about 22000 plastic processing units and 150 plastic processing manufactures. The machinery units supply over 2500 machineries per annum. Plastic plays a significant role in the key sectors of the economy, including agriculture, water management, automobiles, transportation, construction, telecommunication and electronics, besides defense and aerospace, computers and power transmissions. Indian plastics industry is set to be the global trend of rapid growth by emerging as one of the fastest growing markets with 12 percent growth rate this year. By 2020, plastics consumption of the country is expected to increase from the current 12 million metric tons per annum to 20 MMTPA.

## 2. Literature Review

1. (Garg, 2014) in this research paper the researcher analysed the impact of GST on Indian tax scenario. He tried to highlight the objectives of the proposed GST plan along with the possible challenges and opportunity that GST brings for plastic and other industries as well. He concluded that GST is the most logical step in Indian indirect tax reforms for all the sectors including plastic. Further he

mentioned that experts say that GST is likely to improve the tax collection and boost the economic development of the country.

2. (Dhanda, 2015) in this research paper the researcher conducted a study focused on advantages and challenges of GST faced by India in execution. They concluded that a simplified and transparent tax system was the need of Indian economy. Pointing out the various advantages they said that GST will provide India a world class tax structure and a seamless tax system but it will depend upon effectiveness of its implementation.
3. (Xavier, 2017) in this research paper the researcher conducted a study based on exploratory research technique on the basis of past literature to study the opinions of manufacturers, traders, society etc. about the GST and the challenges and prospects of introducing GST in India. They concluded that no doubt GST stands with one tax one nation slogan and will provide relief to producers as well as consumers. Its efficient implementation will lead to resource and revenue gains. They also said that seamless credit and return processing without human intervention requires educating, training, and conducting workshops on GST on the part of government.

## 3. Research Methodology

This is a descriptive cum conceptual research paper, which studies the effect of GST on plastic manufacturing industries based on literature, books, journal; magazines etc. As per the need of the study, further considerations have been made. The study is based on primary data collected from various manufacturers, from various websites which focused on various aspects of Goods and Service tax.

*Objective of study:*

1. To predict the future prospects of GST in Indian economy perspective.
2. To study the concept of GST and its impact on Plastic industry & Indian Economy.
3. To know the advantages and challenges of GST in context of plastic manufacturing Industry.

*Type of Research:*

-Informative cum Explanatory research

*Source of Information:*

- Primary data or primary information

*Tool used:*

- Google form

*Sample size:*

- Sample size was decided 100 and fortunately all 100 sample were gathered and responses were collected.

*Sample design:*

- The sample size consists of different responses collected from the various respondents of bilimora chikhli and navsari.

**4. Need for GST on Indian Plastic Manufacturing Industries**

The introduction of CENVAT removed to a great extent cascading burden by expanding the coverage of credit for all inputs, including capital goods. CENVAT scheme later also allowed credit of services and the basket of inputs, capital goods and input services could be used for payment of both central excise duty and service tax. Similarly, the introduction of VAT in the States has removed the cascading effect by giving set-off for tax paid on inputs as well as tax paid on previous purchases and has again been an improvement over the previous sales tax regime. But both the CENVAT and the State VAT have certain incompleteness. The incompleteness in CENVAT is that it has yet not been extended to include chain of value addition in the distributive trade below the stage of production. Similarly, in the State-level VAT, CENVAT load on the goods has not yet been removed and the cascading effect of that part of tax burden has remained unrelieved.

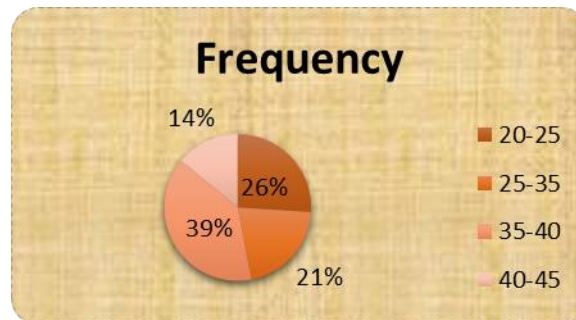
**5. Impact of GST on Plastic Manufacturing Industries**

1. Removal of multiple valuations will create simplification
2. Make In India & Manufacturing
3. Manufacturing growth
4. Easier Interstate Buying and Selling
5. Reduced Production Costs
6. Entry tax sub summation will reduce cost of production
7. Improved cash flows
8. Single registration process will provide ease of registration
9. Removal of cascading will lead to lower cost-to-consumer
10. Restructuring of supply chain

**6. Research Work and Data Analysis**

Q1- Age of the respondent

Age	Frequency	Percent
20-25 years	26	26
25-35 years	21	21
35-40 years	39	39
40-45 years	14	14
Total	100	100

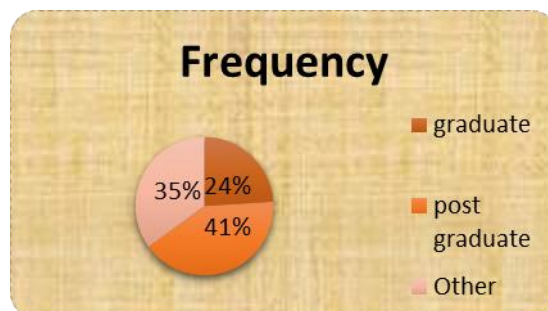


Interpretation:

Majority of responses were from age group of 35-40 years.

Q2- Education qualification

Education Qualification			
	Frequency	Percent	
Graduate	24	24	
Post Graduate	41	41	
Other	35	35	
Total	100	100	

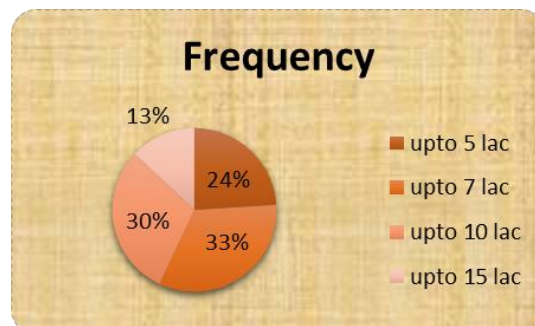


Interpretation:

- Majority of respondents were post graduates.

Q3- approx. Income

Approx. Income			
	Frequency	Percent	
up to 500000	24	24	
up to 700000	33	33	
up to 1000000	30	30	
up to 1500000	13	13	
Total	100	100	

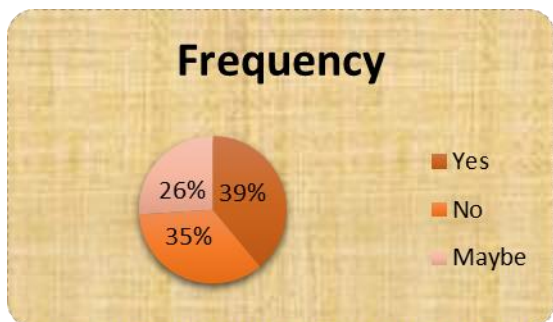


Interpretation:

Majority of the respondents were having an income of 700000 approx.

Q4- Has implementation of GST affected the turnover positively.

Turnover		
	Frequency	Percent
yes	39	39
no	35	35
Maybe	26	26
Total	100	100

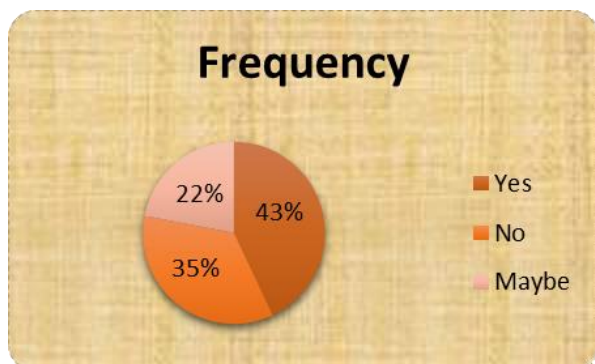


Interpretation:

Majority of the respondents agrees upon question.

Q5- Do you face any compliances while generating E-way bill from GST portal.

E-way bill compliances		
	Frequency	Percent
yes	43	43
No	35	35
Maybe	22	22
Total	100	100

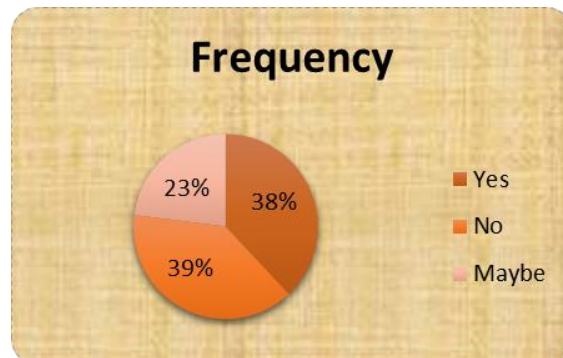


Interpretation:

Majority of respondents finds compliances while generating E-way bill.

Q6- Is 18% GST rate applicable on plastic industry is fair enough

GST rate		
	Frequency	Percent
yes	38	38
No	39	39
Maybe	23	23
Total	100	100

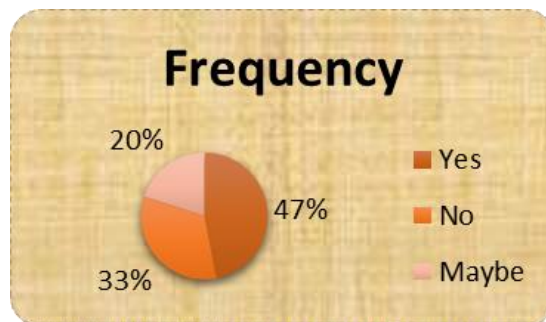


Interpretation:

Majority of the respondents agrees upon question.

Q7- Do you think that all business should be registered under GST

Registration		
	Frequency	Percent
yes	47	47
no	33	33
Maybe	20	20
Total	100	100

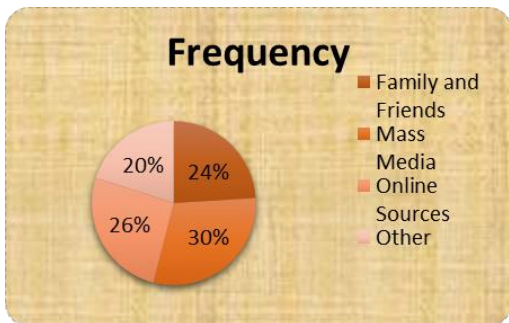


Interpretation:

Majority of the respondents think all business should be registered under GST.

Q8- How do you get to know about GST?

Acknowledged by		
	Frequency	Percent
Mass media	30	30
Family or Friends	24	24
Online source	26	26
other	20	20
Total	100	100

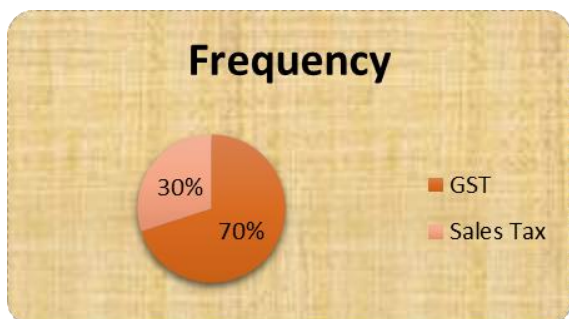


Interpretation:

Majority of them came across GST through mass media.

Q9- Which taxation system is beneficial to both government and public

Tax Regime		
	Frequency	Percent
GST	70	70
Sales tax	30	30
Total	100	100

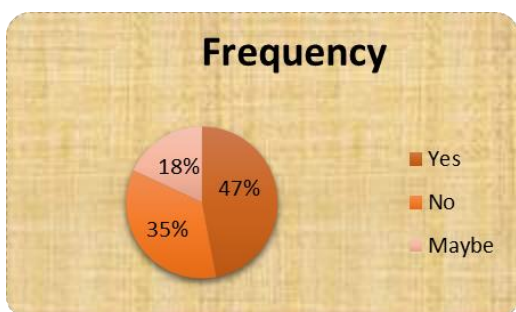


Interpretation:

Majority of them thinks that GST is beneficial for both government and public.

Q10- Do you think any changes are required under current Tax regime.

Changes under current tax		
	Frequency	Percent
yes	47	47
no	35	35
Maybe	18	18
Total	100	100

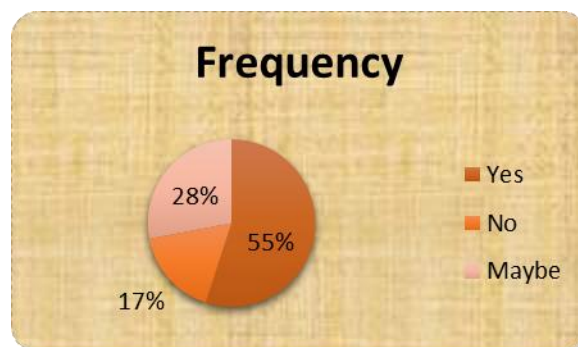


Interpretation:

Majority of them agrees upon nominal changes under current tax regime.

Q11- Has implementation of GST boosted foreign investment in India.

FDI		
	Frequency	Percent
yes	55	55
no	17	17
Maybe	28	28
Total	100	100



Interpretation:

Majority of them agrees upon the question.

### 7. Interpretation

From the responses collected we can conclude that major responses collected were from age group of 35-40 years. And have completed their post-graduation in their respective sectors. We came to know that majority of the respondents were having their income up to 700000 in a financial year. And their turnover on yearly basis was affected in a positive direction. As we can conclude from the responses that majority respondent's faces issues while generating E-way bill from the portal so on that basis system need to be updated or corrected. Even the respondents are satisfied with the current tax rate applicable on plastic industry after reduction of tax rates. As we can conclude from the responses that majority of the respondents agrees that all businesses should be registered under GST.

As we can see that 70% of respondents believes that GST is more beneficial to both government and people. Where 47% of respondents agree for some nominal changes under current Tax regime and 55% of the respondents believe that GST has boosted foreign direct investment in India.

### 8. Conclusion

GST was the most logical step taken in the history of Indian economy. GST was applicable to all types of goods and services exceptions allowed. For plastic manufacturing industries it came up with 28% rate of GST but as plastic industry was growing rapidly tax rate further was reduced to 18%. Most of

the respondents think that GST is beneficial for the plastic industry as well our economy. Plastic manufactures faced difficulty in the beginning but as the taxation system was simplified and transparent with time all the sectors accepted the change with implementation of GST it came up with many benefits that lead emerging growth to plastic manufactures. Because of GST foreign investment was boosted with those, exports of Indian manufacturer also raised. All sections of economy viz., big, medium, small scale units, intermediaries, importers, exporters, traders, professionals and consumers shall be directly affected by GST. One of the biggest taxation reforms in India the Goods and Service Tax (GST) is all set to integrate State economies and boost overall growth for plastic manufactures and other sectors also. GST will create a single, unified Indian market for plastic industries to make the economy stronger.

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