

# An Analytical Study on Goods and Services Tax and Ecommerce Sector in India

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**Abstract:** *The research paper focuses on the study of Goods and Service Tax and E-commerce in India. GST is also called as Goods and Service tax. It is an Indirect Tax which is applicable on goods and services to grow the Indian economy. E-commerce is the industry where the large information, technology helps in managing the records of the business. In India it helps for the transaction of the money to other. We can purchase anything anytime from anywhere online with the help of cards and other online payment apps like:- Debit cards, Credit cards, Google pay, Paytm etc. E-commerce, or electronic commerce, is only an additional means of maintaining or improving current business operations. E-commerce is a change instead. The Goods and Service Tax has a great impact on the E-commerce sector in India. It is growing rapidly in India. People buy the goods and services through the E-commerce. The research study is basically on the behavior of consumers towards the Goods and Service Tax and E-commerce in India. This "disruptive" invention is drastically altering the way that business traditionally conducted. It is demonstrating the amazing expansion of commerce in our nation. Its growth has been significantly aided by the rise in internet users.*

**Keywords:** Goods and Service Tax, E- Commerce, Flipkart, Amazon

## I. INTRODUCTION

Goods and Service Tax was introduced in the year 2017 on 1<sup>st</sup> of July. Goods and Services Tax is an indirect tax which is imposed on the supply of goods and services. Many countries have adopted the goods and service tax, one of which India has also implemented so far. It is the tax on which every value addition is done, replaced by multiple indirect taxes like VAT, Excise duty, service taxes etc. There are different types of GST in India which is charged by the government on goods and services supplied and they are IGST, CGST, SGST, UTGST. Further by using the GST, the Indian economy is getting more and more globalised.

E-commerce is the industry where the large information, technology helps in managing the records of the business. In India it helps for the transaction of the money to other. We can purchase anything, anytime from anywhere online with the help of cards and other online payment apps like :- Debit cards, Credit cards, Google pay, Paytm etc. E-Commerce is a method of buying and selling of goods and services online. There are various websites and apps through which buying and selling takes place, some of which are Amazon, Flipkart etc. It act as a retailer in the Indian market. E-commerce is a form of marketing where products are marketed through the internet and sold through various online apps. Now a days it is beneficial to the customers for buying the products. E-commerce is easy way where the stuff can be provided to you easily on your doorstep just on your fingertips.

### 1.1. Impact of GST on E-Commerce in India

E-commerce has benefited various businesses and created a new sales channel for our nation's online retail sector. The current investigation has been made to outline the current state of e-commerce in India following the implementation of the GST on July 1st, 2017. This research would help us comprehend the effects of GST and the issues it has with the e-commerce industry, which has caused enormous chaos in a number of sectors.

## **II. REVIEW OF LITERATURE**

### **2.1. Manjushree Yewale and TruptiKalyankar (2017):**

The Goods and Services Tax or GST, as it is known, will change the rules of the game for the Indian economy. Generally, it is known to be beneficial to both the consumer and business and government. In India, central and state governments charge different indirect taxes on goods and services. GST intends to include all these taxes in one tax with transparent ITC and applies to both goods and services. Therefore, excise duties, excise duties, service taxes, VAT to name a few will be repealed and added to the GST. For this, GST will have 3 parts CGST, SGST and IGST. Central taxes such as excise duties will be included in the CGST and state taxes such as VAT in the SGST. This will apply to all transactions of goods and services, only one tax will be applied, which is the GST which includes CGST and SGST. The IGST would be applied in place of the SGST for interstate transactions. Entry credit for all these fees will be available for all respective products. This document is the result of a review of several research studies conducted on the impact of GST on e-commerce. This document examines several aspects such as No threshold for GST registration, No advantage under the settlement scheme, Collection at source by the market operator. Finally, in conclusion, a country and a tax will help the Indians. The economy is growing rapidly.

### **2.2 Anand Nayyar and Inderpal Singh (2018):**

The Goods and Services Tax (GST), implemented on July 1, 2017, is considered a major tax reform to date implemented in India. Since independence in 1947. The implementation of the GST was planned in April 2010, but was postponed due to political issue and conflicting interests of stakeholders. The main objective behind the development of GST is to include all kinds of indirect taxes in India, such as central consumption tax, VAT / sales tax, service tax, etc. and implement a tax system in India. The GST-based tax system provides more transparency in the tax system and increases the GDP rate from 1% to 2% and reduces tax theft and corruption in the country. The paper highlighted the context of the tax system, the concept of GST along with significant work, comparing the rates of the Indian GST tax system with other world economies, and also presented in-depth coverage on the benefits for various sectors of the economy. Indian after applying the GST and described some challenges of implementing the GST.

### **2.3. Sachin Abda (2017):**

The current Indian tax system is very complex as it includes cascading tax effects. GST, being a single indirect tax regime for the whole nation, will seek to make India a united common market. GST known as the Goods and Services Tax is an important tax regime developed to achieve economic growth. However, the GST proposal had already been initiated in 2000 by the Vajpayee government. Although the constitutional amendment was approved by Lok Sabha in May 2015, Rajya Sabha has yet to ratify it. India needs a strong and defined GST system to overcome VAT shortages. This document highlights GST's benefits, goals and history.

**2.4. N. Kumar, 9 (2014)** concluded that GST will help in eradicating economic distortion by current Indian tax system and is expected to encourage unbiased tax structures which will be indifferent to geo locations. Jaiprakash ( 2014) in his research study mentioned that the GST at the Central and the State level are expected to give more relief to industry, trade, agriculture and consumers through a more comprehensive and wider coverage of input tax set-off and service tax setoff, subsuming of several taxes in the GST and phasing out of CST.

**2.5 Saravanan Venkadasalam, 10 (2014)** has analysed the post effect of the goods and service tax (GST) on the national growth on ASEAN States using Least Squares Dummy Variable Model (LSDVM) in his research paper. He stated that seven of the ten ASEAN nations are already implementing the GST. He also suggested that the household final consumption expenditure and general government consumption expenditure are positively significantly related to the gross domestic product as required and support the economic theories. But the effect of the post GST differs in countries.

**Objective of the study :-**

- To study the importance of goods and service tax and E-commerce in India.
- To analyse the behaviour of consumer towards the GST and E-commerce sector.
- To study the features and benefits of GST and E-commerce in India.
- To study the consumer behaviour towards the GST applicability on E-commerce sector.

**III. RESEARCH METHODOLOGY**

According to the secondary data the data which is collected are from various research papers, internet, journals and newspapers. The primary data which is collected is from the survey form.

**IV. DATA ANALYSIS AND DATA INTERPRETATION**

The above table shows the following:-

Security in Digital transaction while using E-commerce apps

Digital transaction security	Percentage
Yes	87.5%
No	12.5%

Table

Awareness of GST Tax while purchasing products.

Awareness on GST tax on products	Percentage
Yes	62.5%
No	37.5%

Table

Consumers behaviour towards the GST Tax and E-commerce

Online Purchasers	Percentage
Less	37.5%
More	25%
Most	25%
Never	12.5%

Table

GST affected on E-Commerce Sector

GST affected on e-commerce sector	Percentage
Yes	25%
No	25%
Maybe	50%

Table

Participation in the loyalty programmes on E-commerce websites

Participation in loyalty programmes	Percentage
Less	37.5%
More	37.5%
Most	25%

Table

Consumer behaviour towards the GST applicability on E-commerce

Applicability of GST on products	Percentage
Yes	62.5%
No	37.5%

Table

According to the data analysis (primary data) it is found that people in city of Mumbai (India) responded to the survey form provided out of 20 people 8 people responded to the survey form that around 85.7% people found the digital transaction in E-commerce is secure and 12.5% people found it is not secure. Almost people knows the GST and E-commerce businesses in India. The online purchaser use the online purchasing apps more and most which is 25% for both and less 37.5% and never used are the people around 12.5%. The people found that the GST is affected to them while purchasing the online goods and services. Around 62.5% people are ok with the GST applicable on goods and services and 37.5% are not ok with the GST applicable on goods and service. Many people not actively participate in the loyalty programmes provided by the E-commerce websites which is around 37.5% .. According to the secondary data the data which is collected are from various research papers, internet , journals and newspapers.

**V. FINDINGS AND SUGGESTIONS**

Consumers are ok with the GST Tax applicable on E-commerce products

The consumers are aware of the GST Tax applicable on products and wants more clarity for purchasing products through the E-commerce apps

Consumers mostly do not participate in the loyalty programmes organized by the E-commerce sector.  
Consumers needs more advantages and benefits in the E-commerce products.

#### **VI. CONCLUSION**

The GST has a positive impact on the E-commerce sector. It is growing rapidly in India. The E-commerce business has many consumer benefits in India. It is helpful for the long run and it advances the Indian digital marketing. The Goods and Services Tax is also beneficial for the E-commerce operator to a large extent. Goods and Service Tax has simplified the tax system with various other taxes for the small scale and large scale businesses. Due to the higher rate of India's population the E-commerce sector is growing immensely with benefits. The GST is not affected mostly to the E-commerce buyers and they buy the goods and services mostly online. Employment in the E-commerce sector is increasing now-a-days. The individual can get job opportunities in the E-commerce sector. The goods and service provided on E-commerce may have GST inclusive or sometimes exclusive. Therefore E-commerce has proved to be important tool for the growth of Indian economy.

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