



Prospects And Problems Of Sme In Post Gst Era-A Study

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Abstract

Small and medium-sized enterprises (SMEs) exist in all countries with the aim of creating new employment opportunities. Encouraging Entrepreneurial Efforts. Improving the living conditions of the poor. Increasing the contribution of the SME sector to the country's GDP. The world is trending toward industries with technologically advanced and highly skilled workers. Protection against unemployment and opportunities for older employees on the one hand and achieving competitiveness and performance excellence for employers can be achieved with a skills strategy. As India emerges as a manufacturing hub for Newline, the sector grew 7.7 percent in 2017. SMEs contribute nearly 45 percent to newline manufacturing and about 40 percent to India's manufacturing export sector. This document highlights various problems faced by SMEs in India and seeks to find solutions to these problems so that the SMEs can become more energetic and move into new unexplored areas such as infrastructure.

Key words: GST, MSMEs, SMEs GDP, GSTN.

1. Introduction

SMEs account for more than 80% of all industrial enterprises and support industrial development. SMEs contribute almost 45% to the manufacturing sector and about 40% to the Indian export sector. Its contribution to Indian GDP is 8% and the sector has recorded a growth rate of 10.8%. There are three categories of small businesses; those below the threshold do not need to register for the GST. Those falling between the thresholds and selling compositions have the option of paying a sales tax or opting to join the GST scheme. Those above the marginal limit must be related to the GST. Regarding the central GST, the situation is somewhat complex; It is expected to boost

compliance and also expand the tax base by up to 2% of GDP. Less taxes with GST credit to be paid by manufacturers and dealers.

According to the MSME at a Glance report (2016) published by the Ministry of Small and Medium-sized Enterprises (2016), the micro, small and medium-sized enterprises (MSMEs) sector has proven to be an impressive and dynamic sector in the Indian economy for the past five years. MSMEs not only contribute to the creation of jobs with a lower cost of capital, but also contribute to the industrialization of the country and underdeveloped places, which reduces inequalities and ensures that national income and wealth can be distributed equally.

MSMEs complement large organizations and participate in the 3 main production areas. They also make an important contribution to the socio-economic development of the country. Clusters are at the heart of policies pursued by government agencies and have proven to be very powerful tools in accessing workers, R&D, operations, competitive intelligence, employee benefits and creating connected enterprises, thereby increasing India's overall productivity and effectiveness

(Indo-German SME Forums, 2013). In recent years, it has been noted that awareness of the complex nature of organizing creative activities has increased worldwide, particularly among SMEs. The remarkable contribution of SMEs to the development of the economy has encouraged academics, policy makers and development practitioners to value and promote this vital sector. Important concerns are the acquisition of in-depth knowledge of the similar dominance of elements such as markets, hierarchies and relationships in SMEs

2. Theoretical frame work:

a. MSMEs in India

Small industries, also known as micro, small and medium-sized enterprises (MSMEs), are defined, categorized and treated by the Micro, Small & Medium Enterprises Development Act of 2006. This particular law categorizes different industries based on plant and machinery investment in manufacturing and equipment investment in services.

b. Classification of MSMEs

On May 13, Wednesday, the center officially revised the MSME definition. In October 2019, Union Minister Nitin Gadkari said the revised definition of micro, small and medium-sized enterprises could provide a unified description for all things related to taxes, investments and more. The amended definition was to be implemented through an amendment that would further refine the business case for Indian companies

Classification	Micro	Small	Medium
Manufacturing and services	Investment <Rs 1 crore and	Investment <Rs 10 crore and	Investment <Rs 20 crore and turnover

	turnover <Rs 5 crore	turnover <Rs 50 crore	<Rs 100 crore
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The Union Cabinet had approved the amendment to change the criteria for classifying MSMEs from investment in plant and machinery to annual turnover. On May 13, 2020, Finance Minister Nirmala Sitharaman added the additional principle of turnover along with investment.

Revised MSME Classification, Composite Criteria: Investment and Annual Revenue
Announcing the change, Finance Minister Nirmala Sitharaman also explained why. She said the new definition will bring many benefits that will help MSMEs grow in size. This was done as part of the Atma-nirbhar Bharat Abhiyaan economic package to ease India's economic hardship amid the pandemic. Combined with all previous economic stimulus efforts, the total amount of the aid package comes to a whopping Rs. 20 lakh crore.

3. Review of Literature

1. Pashupathi Natha and Dr. Shailendra Kumar Verma (2014) an article on Entrepreneurship: Opportunities and Obstacles in India shows that entrepreneurship is seen as an important factor in the development of the economy. This paper suggests that in order to strengthen the economy through entrepreneurial development, the government should take various measures to curb corruption, facilitate access to finance, create fewer procedures and regulations in financial systems, and develop infrastructure.....

2. Nishanth P. and Dr. Zakkaria K.A. (2014), A technical paper entitled Barriers Micro, Small and Medium Enterprises Face in Raising Finance highlights various limitations of MSMEs, such as materials. These restrictions vary from industry to industry. The barriers can be reduced by initiating measures by government and commercial banks in providing finance and other facilities.

3. Anita Devi 6 (2016) The introduction of the GST is a historic reform of the Indian tax system. It allows the offsetting of primary level taxes and also consolidates comprehensive central and state taxes. It will mitigate the cascading effect and pave the way for growth. Since the GST is an equal tax system, it has proved to be an effective tax policy tool. The government collects most of its revenue through taxes. Overall, India is building tax revenues of 17.7% of its GDP, according to a survey report; It brings the international market more competitive and promotes export. However, this entirely depends on rational design and timely implementation. There are common weaknesses and threats of GST that should be overcome by focusing on strengths and opportunities. When discussing the GST, there is an urgent need to establish a dispute resolution body for conflicting recommendations on goods and services. The Canadian government introduced the Synchronized Sales Tax, also known as SST, by merging their respective

sales taxes. The current Synchronized Sales Tax/Harmonized Tax Rate (HTR) is 13 percent in the province. The federal government administers the HST, and according to a formula, the revenue is divided among the governments in power. With the exception of Alberta, all other provinces continued to enact a discriminatory sales tax only at the retail level, and Alberta has no provincial sales tax. In the 2009 budget, Ontario proposed to reconcile its 8% retail sales tax with the current GST.

4. AkankshaKhurana, Aastha Sharma (2016): - It is none other than the Product and Services Tax (GST), which is the most sweeping and important tax change since 1947. It will be introduced from 1947. Excise tax, VAT, excise tax and repair tax. It is mandatory for the manufacture, sale and consumption of products and services. The GST is expected to address the prevailing effects of the prevailing tax structure and result in unifying the country economically. The paper focuses on previous studies, objectives of the proposed GST tax regime and hence the impact of the GST on the gift tax situation in the Republic of India. The paper also examines numerous benefits and opportunities of GST. Finally, the work is analyzed and conclusions are drawn. Section 1, Republic of India is one of 123 countries around the world that follows VAT mode. Basic style study for VAT was released on the seventeenth month of the Gregorian calendar 2005 by Minister of Finance P. Chidambaram. Value added tax was introduced at the center and state level. it was enacted in Haryana in 2003. Associate in Nursing just before the first Gregorian calendar month 2005 it was introduced in the remaining states as a tax within the Indian tax system. The central consumption tax is replaced by the price-side tax and thus the consumption tax system at the national level and thus at the state level individually. Therefore, it changed the country's indirect tax system. Products and Repairs Act, officially known as the Constitutional Act (One Hundred and Twenty-second Amendment). In India, this 2014 law stipulates that from June 2016 a national price-side tax known as national VAT will be known and implemented. GST implementation in the Republic of India is dual in nature, i.e. H. it could have two components: one collected by the Center (CGST) and another collected by the States and Union Territories (SGST). However, the assessment basis would be identical. The introduction of the Product and Services Tax (GST) at the national level was the original plan. But because the 1st discussion on the tenth Gregorian calendar month 2009 was canceled by the scepter committee of the finance ministers of the countries, the dual GST was created within the country. Each center and state government has the right to levy taxes on the products and services. Nearly one hundred and fifty countries have implemented GST in some form.

5. A. Sathish, (2014) Highlighted key issues and issues in the growth of MSMEs in Goa. The study found that in Goa, according to the MSMED law, completing the Entrepreneur Memorandum Part-II registration is not mandatory. Registration is important to claim incentives under various schemes. The researchers also found that many of the registered entities close their business without requesting a de-registration at the DIC offices. As a result, there are mismatch numbers of temporary and permanent units.

6. T.A. Lone and M.Z. Mehraj (2015) attempted to analyze the performance of MSMEs in relation to different parameters, examining the different issues hampering their growth and different policy initiatives taken by the government for their growth. Your paper is entirely based on the secondary data. The researcher concluded that significant attention should be paid to the MSME sector given its contribution to every aspect of economic progress.

7. G. Farajollahzadeh, A.R. Noorinasab and B. Yazdanpanah (2016) attempted to analyze the performance of MSMEs in relation to different parameters, examining the different issues hampering their growth and different policy initiatives taken by the government for their growth. Their work is entirely based on the secondary data. The researcher concluded that the MSME sector deserves a lot of attention given its contribution to every aspect of economic progress.

8. M.K. Jain and S.K. Gandhi (2016) seeks to examine the evolution of SME post-independence definition and criteria for SME identification in various regulations or laws in India. They have tried to highlight the problems and different approaches in defining SMEs in India. They conclude that the definition of SMEs in the MSMED Act 2006 needs to be revised and adjusted. The themes and concepts emerging from the literature review are Employment, Productivity, Performance, Competitiveness, Product Quality, Product Innovation, Entrepreneurship Skills, Financial Challenges, Relative Cost Effectiveness, Growth Rate, Management Skills, Technological Improvement and Infrastructure Facilities, Various Issues and Perspectives of SSIs.

4. Objective of the study

1. Studying the operational problems of SMEs in the GST era
2. Studying the marketing problems of SMEs in the GST era
3. Studying the overhead problems of SMEs in the GST era
4. Studying the performance monitoring problems of SMEs in the GST era
5. To understand the reasons for to examine the unstable cash flow of SMEs in the post-GST era

5. Research Gap

The literature review revealed that little work has been done on the impact of GST on SMEs. However, it has been noted that there is no research on the prospects and operational problems of SMEs in the post-GST era, so there is a need to examine the prospects and operational problems of SMEs post-GST era - A study

6. Statement of the problem

It is widely believed that GST is difficult to understand. As GST tax reforms are happening continuously, understanding the GST tax reforms is the biggest problem as there are no standardized tax reforms that we can see in direct tax system in India. For

example, ever-changing GST tax reforms are confusing entrepreneurs. This study explains the perspectives and problems of SMEs in the post-GST period. A study.

7. Need for the study

GST implementation in India is very challenging as India is a developing country which needs to focus on developing SMEs, but due to GST implementation, majority of small industries are sick as they are faced with the problem of overhead costs, excessive time and waste of labor and materials, no performance monitoring, unstable cash flow and lack of planning especially for uncertain times and compliance with GST in India has seen a huge improvement since 2017. So there is no study on the prospects and problems of SMEs in the post-GST era, so there is a need to study the prospects and operational problems of SMEs in the post-GST era.

8. Hypotheses of the study

Objective 1: to study the operational problems of SMEs in post GST Era

HO: There is no significance impact for operational problems of SMEs in post GST Era

H1: There is significance impact for operational problems of SMEs in post GST Era

Sub hypothesis-1

HO: There is no significance impact of excessive waste of time is the operational problem of SMEs in post GST Era

H1: There is significance impact of excessive waste of time is the operational problem of SMEs in post GST Era.

Sub hypothesis-2

HO: There is no significance impact of excessive waste of Labour is the operational problem of SMEs in post GST Era

H1: There is significance impact of excessive waste of Labour is the operational problems of SMEs in post GST Era.

Sub hypothesis-3

HO: There is no significance impact of excessive waste of material is the operational problem of SMEs in post GST Era

H1: There is significance impact of excessive waste of material is the operational problem of SMEs in post GST Era.

Objective 2: To study the marketing problems of SMEs in post GST Era

HO: There is no significance impact for marketing problems of SMEs in post GST Era

H1: There is significance impact for marketing problems of SMEs in Post GST Era

Sub hypothesis-1

HO: External experts are not significance impact for marketing problems of SMEs in Post GST Era

H1: External experts are significance impact for marketing problems of SMEs in Post GST Era

Sub hypothesis-2

HO: Adoption of technology is not a significance impact on marketing problem of SMEs in post GST Era

H1: Adoption of technology is a significance impact on marketing problem of SMEs in post GST Era

Objective 3: To study the overhead cost problems of SMEs in Post GST Era

HO: There is no significance impact for overhead cost problems of SMEs in post GST Era

H1: There is significance impact for overhead cost problems of SMEs in post GST Era

Objective 4: To study the performance monitoring problems of SMEs in post GST Era

HO: There is no significance impact of performance monitoring problems of SMEs in Post GST Era

H1: There is significance impact of performance monitoring problems of SMEs in Post GST Era

Objective 5: To study the reasons for unstable cash flow of SMEs in post GST Era

HO: There is no significance impact of unstable cash flow of SMEs in post GST Era

H1: There is significance impact of unstable cash flow of SMEs in post GST Era

Objective 6: To analysis reduction of tax burden is an opportunity to SMEs in Post GST Era.

HO: There is no significance impact to analysis reduction of tax burden is an opportunity to SMEs in Post GST Era.

H1: There is significance impact to analysis reduction of tax burden is an opportunity to SMEs in Post GST Era.

9. Scope of the Study

The focal point of the study is prospects and problems of SMEs in post GST Era–A study. To maintain the quality of research, A study restricted to SMEs situated at Peenya industrial Area Bengaluru.

10. Research Methodology

The study focuses on secondary data collected from various journals, books, articles in the newspaper, government reports publication from various resources which focused on Goods and Services Tax.

11. Conclusion

95.2% of micro, 94.1% of small and all medium-sized businesses are created by entrepreneurs and their ancestors themselves, while 4.8% of micro and 5.9% of small businesses are created by the entrepreneurs due to the opportunities in the clusters, the availability of Funds and other required resources are purchased and the lack of managerial and technical skills of the existing entrepreneur or the entrepreneur's

willingness to sell. Overall, 95.30% of the companies are created by the entrepreneurs themselves and 4.7% of the companies are bought by the entrepreneurs. 26.60% of entrepreneurs have no professional experience. For her, the source of knowledge acquisition was working on her own family business, started by father or relatives; Interacting with employees of the company, etc. 73.40% of the entrepreneurs have their work experience from lower management to top management with an average number of years of experience ranging from 5 to 15 years, some of the entrepreneurs started their careers as helpers, supervisors, shop managers and end with their designation as the responsible production department. Most entrepreneurs said the current business is not their first business. They have entrepreneurial experience as well as their family members who started the business and currently these entrepreneurs are running the same. Most companies have outsourced some of their activities to local suppliers as entrepreneurs trust these suppliers and they deliver on time.

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D. Weblinks

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