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ECONOMIC DEVELOPMENT INDICATORS AND GST: A CASE STUDY OF THE AUTOMOBILE SECTOR

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ABSTRACT
India is on track to become the world's third-largest economy by 2030, thanks to its very rapid economic development. Indian automakers crank out thousands of vehicles every year to meet the demands of the country's massive population. India is home to a massive automotive industry. India's automobile industry is one of the fastest-growing in the world. The expansion of the automotive industry is closely tied to the progress of other economic sectors. There have been major policy shifts recently that aim to increase the rate of economic growth across the board, like All products and services, including food, clothing, gadgets, necessities, transportation, tours, and many more, are subject to the products and Services Tax. One important idea behind products and Services Tax (GST) is that it is a "indirect tax" rather than a direct tax that consumers pay to the government. Instead, it is a tax that is imposed on businesses that produce or sell products or provide services. In order to do research on a certain issue, one must first engage in data collecting, which entails Typically, data collection begins at the beginning of an improvement effort. The vendors usually include in the tax expenditure when setting their pricing, and the amount that customers pay includes GST. Therefore, even if you aren't a taxpayer for income, you will still likely end up paying taxes in most situations. A centralized hub for all compliance-related issues has superseded the prior state-by-state arrangement.
Keywords: *Automobile Industry, GDP, FDI. India, Economy, Tax rates*

INTRODUCTION

Indian automakers crank out thousands of vehicles every year to meet the demands of the country's massive population. India is home to a massive automotive industry. Industries in this sector contribute 7.1% to the GDP of the nation. When it comes to manufacturing various types of vehicles, India ranks high. The country is a leading producer of tractors, two-wheelers, buses, heavy trucks, cars, and commercial vehicles. The objective of the Automotive Mission Plan 2026 is to position the Indian automotive industry as one of the world's leading manufacturers, engineers, and exporters of automobiles and components. By the end of the following decade, the industry is projected to contribute 12% to India's gross domestic product. Due to the growing middle class and younger population in the nation, the two-wheeler industry makes up 80% of the Indian car market, while the passenger vehicle (PV) segment accounts for 14%. Also contributing to the sector's expansion is the fact that India is a leading exporter of autos, and that automakers are actively courting customers in rural areas. Coming up soon. Presently, this industry is subject to a number of taxes, including excise, value-added tax, sales tax, road tax, motor vehicle tax, and registration charge on cars and motorcycles, all of which will be absorbed by GST.

GST

There will be significant changes to India's taxes and economic policies in the near future. India is on track to become the world's third-largest economy by 2030, thanks to its very rapid economic development. In order to increase the country's total economic development, the government is implementing many noteworthy projects. The Goods and Services Tax (GST), which is divided into three categories—CGST, SGST, IGST, and UTGST is a useful tool in supporting such large-scale economic growth initiatives. The Goods and Services Tax is one of the biggest tax changes in India's economic history. Under this plan, all taxes are combined into a single system. Taxes such as VAT, SST, Excise duty, entertainment and luxury tax, CST, and others would be absorbed by it. Time, money, and effort may all be saved with GST. The Goods and Services Tax was created by the Constitution Amendment Act of 2016 and is administered by the financial bureaucracy of the Indian

government. This tax, which is based on consumption rather than production, is applied at every point in the supply chain, from procurement to final sale, using the input tax credit system. With its foundation in a unified tax system, Goods and Services Tax (GST) would facilitate easier company operations in India and unite the country's economy into a single market. Logistics and supply chain costs will be significantly reduced for industries as a result of GST. A lower GST rate compared to the present taxation system will be more beneficial to certain businesses, while a higher GST rate compared to the current tax structure may boost the rate for a small number of organizations.

"Goods and services tax" is the official name of this tax. It is an indirect tax that has replaced several others in India, such as the value-added tax, the excise duty, the offerings tax, and so on. Parliament enacted the Goods and Provider Tax Act on 29 March 2017, and it went into effect on 1 July 2017. Basically, when goods and services are supplied, a tax called Goods and Service Tax (GST) is applied. Things and presents on top of every charge, A thorough, multi-stage, destination-based tax is imposed by Indian legislation. The sole domestic indirect tax law in the US is the Goods and Services Tax (GST).

With ties to other industries, the automotive sector—which include both vehicles and their components—is vital to India's economy, adding to manufacturing GDP, exports, and the number of jobs created. Historical competence in casting, forging, and precision machining, the availability of cheap skilled labor, and large influxes of FDI have all contributed to the industry's rapid expansion. Welding, grinding, and polishing are among of the industry's historic capabilities, and they've helped propel it forward. The Indian economy benefits from the country's automobile sector. Nearly half of India's manufacturing GDP and around 7.5% of overall GDP are attributed to it. Furthermore, around 36 million individuals find work in the sector either directly or indirectly. By 2026, this is projected to reach 65 million. An announcement was made by the Indian government during the 55th SIAM Annual Congress in Chennai about the second automotive mission plan, AMP, which would run from 2016 to 2026. With this strategy, the car sector will be guided in the right path. From 2006 until 2016, the AMP was in operation. The Indian government and the automotive industry have come together to create AMP 2026, a plan outlining the size and contribution of the main divisions of the automotive and automotive supply industries by the year 2026.

LITERATURE REVIEW

Rama Krishna Yelamanchili (2020) The automobile index, economic statistics, and informal link are tracked here. Economic leading and coincident data can cause and anticipate automobile index changes. We test our assumptions using the Bombay Stock Exchange (BSE) sensitivity index (SENSEX) as a leading indicator and four coincident indicators: IIP, MVI, TEI, and WTI crude oil price. BSE car serves the Indian car market. From 2012 to 2019, we monthly collect research variable data. We split our sample in half and analyse each half using the AUTO index break point. SENSEX and AUTO index move concurrently, according to our analysis. None of the three time periods showed that the AUTO index caused the SENSEX. Granger testing with delays corroborate this. Second subsample period indicated five-lag intervals between AUTO index and MVI and three-lag intervals between it and TEI. The automotive industry affects India's stock markets and auto production, according to our analysis. Our research shows that the Indian government's eagerness to assess the car sector could affect the economy. Therefore, a cautious person would act carefully and assess the repercussions.

P. Mohammed BuhariSaleem (2019) Indian automobile manufacturers have a large market share due to their annual production of cars and motorcycles. Significant impact comes from the nation's large population. This industry was subject to excise, value-added tax, sales tax, road tax, motor vehicle tax and motorbike and automobile registration duty under the old tax system. GST will cover these taxes. Free services and warranties will be taxed under GST. The Goods and Services Tax on cars has cut delivery costs. Because transportation can happen anywhere in India without checkpoints or charges. Automobile prices have dropped nationwide since the GST was implemented. Auto, VAT, and GST are keywords.

S. Charumathi ,R. Mahesh and R.S. Kumar (2019) People nowadays are often quite well off due to the fact that personal and family income is the main factor determining living standards. A family can live more lavishly when their incomes are merged. Copying and comparing are the two main vices that keep people from stepping out of their comfort zones. Preference for public transport has contributed to an increase in isolation during the past 20 years. People desire to buy cars because they

hate constantly changing traffic. A culture of healthy competition motivates them to release cutting-edge two- and four-wheelers equipped with a variety of features at affordable costs. Additionally, banks are assisting them by allowing them to purchase cars with affordable monthly installments. Lastly, this has led to an increase in the number of car items. Our nation's gross domestic product is directly affected by these automotive industry. Furthermore, the recent GST encourages the acquisition of automobiles. This tax reform has undeniably a beneficial effect on the car industry. The possible tax implications of automobile items have been sought to analyse in this study, with a focus on TATA motors. Valid information from the company's website and financial records were the basis for the study, which spanned the years 2014–2018. Observational methods were also used to discover how consumers, merchants, and dealers felt about the automobile sector's adoption of the GST.

Sharma, Ashok & Sharma, Dr. (2018). The reforms-related policies impacting domestic demand patterns and trade have a direct association with India's fastest-growing sector: the automobile industry. India is home to a massive automotive industry. Industries in this sector contribute 7.1% to the GDP of the nation.India is a major player in the global tractor market, ranking second in two-wheeler production, second in bus manufacturing, fifth in heavy truck manufacturing, sixth in automobile manufacturing, and eighth in commercial vehicle manufacturing. As part of its Automotive Mission Plan 2026, India aims to position its automotive industry as one of the world's leading manufacturers, engineers, and exporters of automobiles and components. According to estimates, the sector will contribute 12% of India's GDP by the end of the next ten years. The Department of Industrial Policy and Promotion (DIPP) announced that the industry got US$ 17.40 billion in Foreign Direct Investment (FDI) between April 2000 and June 2017. Due to the growing middle class and younger population in the nation, the two-wheeler industry makes up 80% of the Indian car market, while the passenger vehicle (PV) segment accounts for 14%. Automobile businesses are also venturing into rural areas, which will contribute to the sector's development, and India is a leading exporter of autos. Coming up soon. It is now crucial to project how this economic sector will be impacted by the Goods and Services Tax (GST), which unifies all taxes into a single rate. Attempting to highlight the effects of GST on India's automotive sector is the primary goal of this article.

Pooja Jha and F. B. Singh (2017) The Goods and Services Tax (GST) would significantly alter the reach of indirect taxes in India; this page offers a brief overview of the proposed law. Indirect taxes will see a dramatic shift as a result of the GST. It is called the "mother of indirect tax" since it will include most indirect taxes and make them easier for taxpayers to understand and handle. A more accurate description would be the "mother of indirect tax." With a focus on the automotive industry, this paper attempts to provide a brief overview of the background and objectives of the proposed Goods and Services Tax (GST) and how it will impact Indian industry. Furthermore, the Goods and Services Tax (GST) is examined in further detail throughout the rest of the article, leading up to its conclusion, regarding its significance.

METHODOLOGY

Research is systematically seeking out fresh and relevant information on a certain subject. An organized approach to finding a solution is known as research methodology. It is a branch of study concerned with the study of research methods. The methods used by researchers to characterize, interpret, and predict occurrences are referred to as research techniques.

Sample Design

In statistics, sampling plays an essential role. Because it is usually impractical to study every single person of a community, researchers must rely on samples to get insight into that group.

Sample size

Since the project's participants comprise both automobile dealers and end users, the sample size is 25. Commercial and non-commercial vehicles are both categorized as vehicles.

Data collection

Information pertaining to the study's pertinent subject is gathered via data gathering, which entails. Data gathering is a common first step in most improvement projects and is often codified in a data collecting strategy that includes the following steps:

Goals, target data, definitions, and procedures pre-collection activity

➢ **Collection of Data.**

Presenting conclusions employing some type of sorting analysis. Data collection has made use of both primary and secondary sources in order to achieve the study's purpose**.**

PRIMARY SOURCE

Questionnaires, in-person interviews, and casual conversation are all viable options for gathering this information.In order to help get the necessary data from the research, a draft questionnaire was made before the structured questionnaire was finalized. With just 25 respondents, both the questionnaire and the replies are on the small side.

Secondary Data:

Someone else has already gathered and processed this kind of data statistically. The following sources provided the data used in this analysis:

Sources of Collection of Secondary Data

- Internet
- Books
- Journal
- Government gazettes
- Magazines, etc.

ANALAYSIS

We have given the data obtained from the questionnaire in this chapter. Various sorts of graphs, diagrams, and tables are used to show the gathered data.

Table 1 Age

Age	**Count of AgeGroup**	**percentage**
18-30	27	65.18%
30-40	14	34.15%
above 40	0	0.00%
GrandTotal	41	100.00%

The table represents the age group of various respondents and the graphical representation ofthe above table is given below

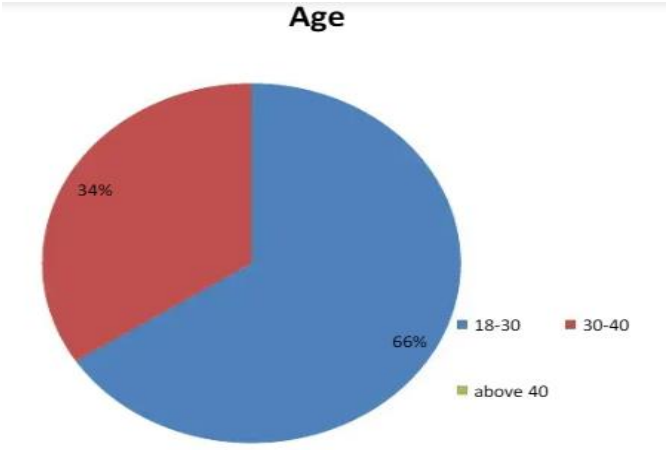

Fig 1: Age

The above pie diagram represents the age of the various respondents, and we can see thatthere are 34% respondents of age 18-30 and 66% respondents of the age 30-40

Table 2 Marital Status

Maritalstatus	**Count of Maritalstatus**	**percentage**
Married	20	48.78%
Unmarried	21	51.22%
Grand Total	41	100.00%

The said table states the marital status of the respondents out of 41 respondents 20 aremarried respondents and 21 are unmarried respondents the above data is represented in theform of the pie diagram below

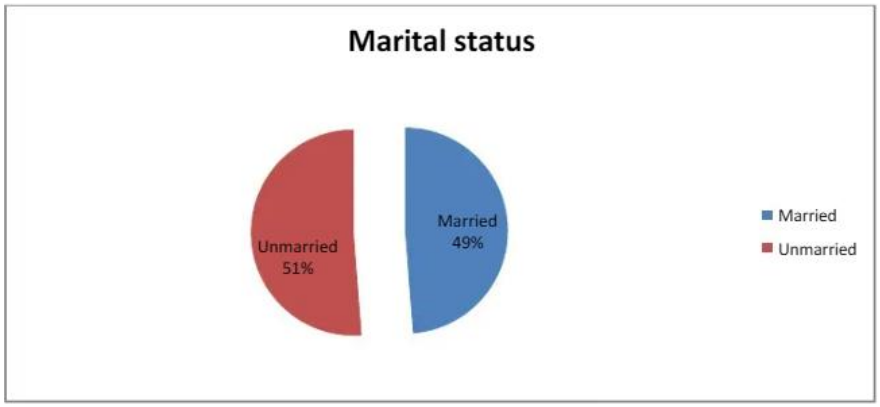

Fig 2: Marital Status

With 49% of respondents being married and 51% being single, the data above shows the marital status of the individual respondents.

Table 3 Educational Qualification

Educationalqualification	**Count of Educational Qualifications**	**percentage**
Graduate	**23**	**56.10%**
HSC	**10**	**24.39%**
Post Graduate	**5**	**12.20%**
SSC	**3**	**3 7.32%**
Grand Total	**41**	**100.00%**

Of the 41 responders, 23 have a graduate degree, 10 have an HSC, 5 have a postgraduate degree, and 3 have an SSC. This information is based on the table provided.

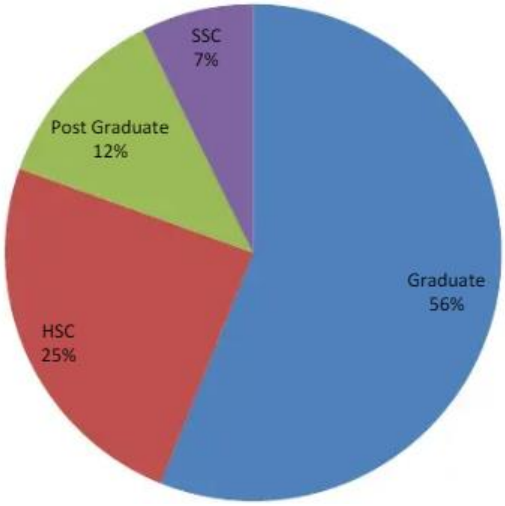

Fig 3 Education

The above data represents the educational qualification of the respondents the data is asfollows 7% ssc, 12% post graduate, 25% hsc, and 56% of respondents are graduates.

Table 4 Occupation

Occupation	**Count ofOccupation**	**percentage**
Private job	14	34.15%
Retired	1	2.44%
Self-employed	26	63.41%
Grand Total 100.00%	41	100.00%

Out of 41 respondents, 14 are working for a private company, 1 is retired, and 26 are self-employed, as shown in the table above. The following pie chart illustrates the aforementioned facts.

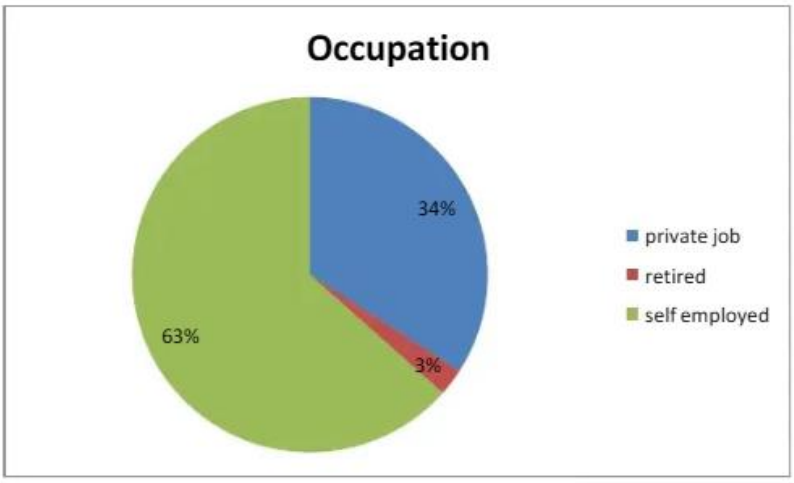

Fig 4 Occupation

The following graph shows the respondents' occupations as a proportion of the total: 14 are working in the private sector, 1 is retired, and the largest group, comprising 63% of the total, 26 are self-employed.

Indian Automobile Sector

The core of India's industrial economy, the car industry greatly boosts employment and development. It also has a sizable, labor-intensive auxiliary industry and vital connections both vertically and horizontally with other sectors, making it a reliable indicator of the Indian economy's present status. The combined aggregate growth rate (CAGR) for the automotive industry in India is expected to be 9% between FY 2022 and FY 2023, bringing the sector's valuation to US$ 300 billion by 2026 from US$ 222 billion in FY 2022.This sector makes up around 49% of India's manufacturing economy and contributes 7.1% of the country's GDP. India's domestic market is strong in terms of demand, and exports have grown significantly in recent years.

India, the world's fourth-largest vehicle market, has just 23 automobiles per 1000 people, compared to 349 in the USA, 580 in Europe, and 11622 in China. Two-wheelers account for the bulk of sales in this industry, with passenger automobiles following in second. Small- and mid-size automobiles also dominate the passenger car industry.The sector is anticipated to develop rapidly in FY 2023, with good sales of electric vehicles (EVs), particularly two-wheelers, predicted to continue the pattern of prior years (see Figure 5). Up to 2026, the Indian EV market is anticipated to expand at a 36% CAGR. Furthermore, the market for EV batteries is anticipated to grow at a 30% compound annual growth rate over the same time frame, reaching a high of US$ 200 billion by 2030.

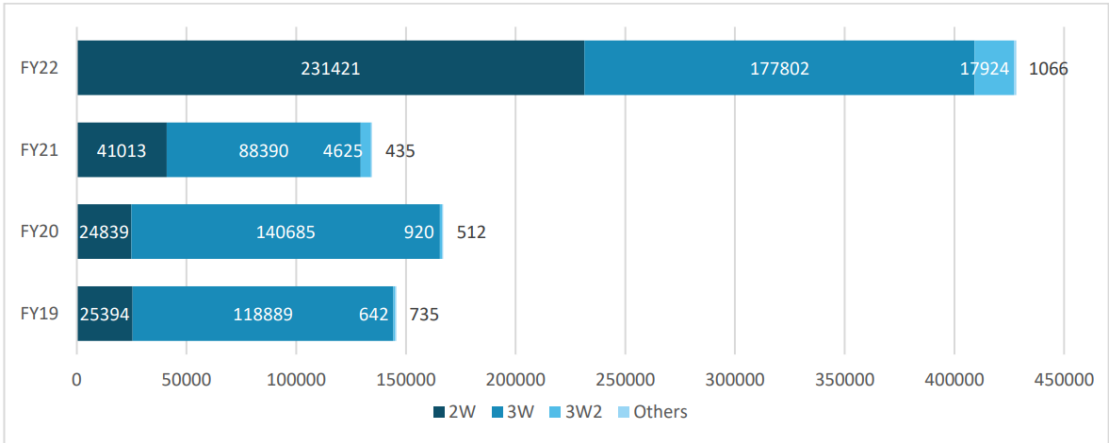

Figure 5: EV sales category-wise

Although the growth of EVs is admirable (Mohile, 2022), it's vital to remember that the industry supports over 37 million direct and indirect employment, with 5 million of those jobs being directly related to the car component business.The ACMA reports that approximately 60% of the jobs created

in the component industry are related to ICE powertrains. By 2025–2026, the transition to all-electric powertrains may affect up to 5.6 million employments.

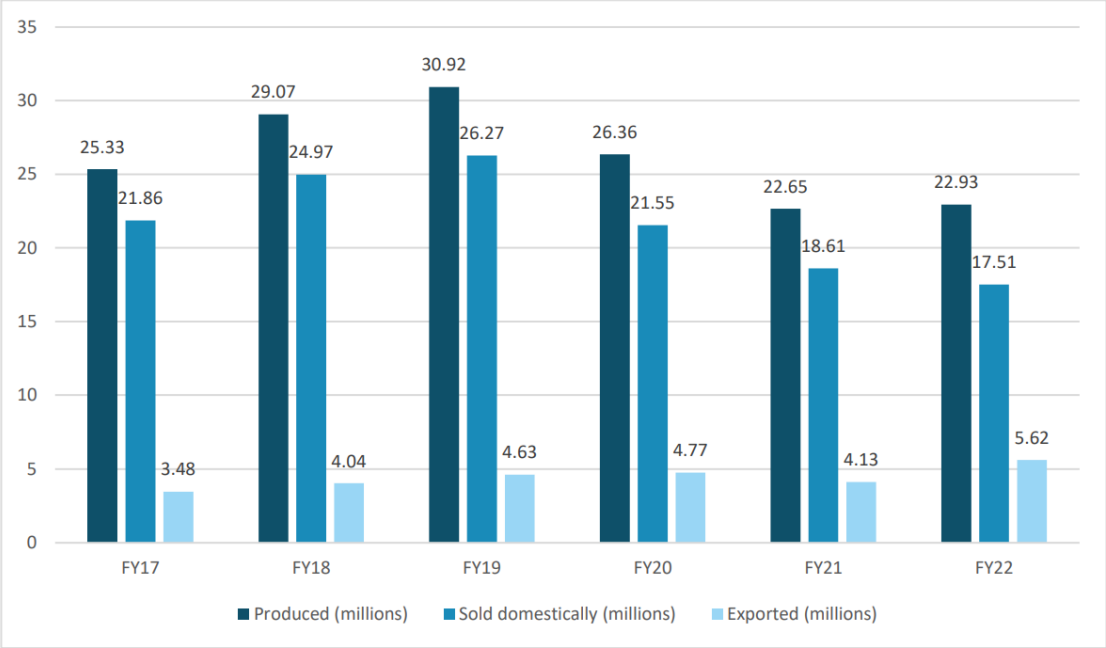

Figure 6: Production, sales and export data of Indian automobile industry

Figure 6 generally illustrates that most interactions between the participants in the sectorial system of innovation are proportionate. Initially, for the quantity of participants, the players that made up the order of magnitude are the government, financial institutions, knowledge-based institutions, and intermediaries, followed by industry.The government interacts with industry and intermediaries, industry actors mostly engage with themselves, knowledge-based institutions primarily deal with industry and government, and intermediaries primarily interact with themselves.

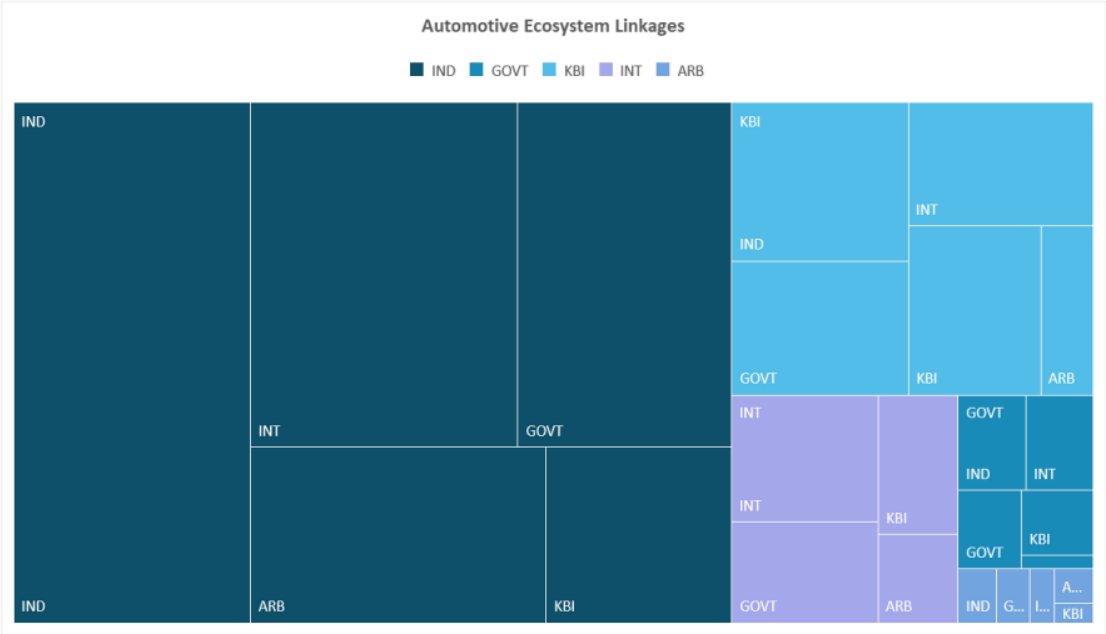

Figure7: Ecosystem Relationships

The different interaction kinds and the overall cumulative number of all actors participating in these kinds of interactions are shown on the diagram's right side. However, this visualization does not show the precise number of interactions for each actor.

CONCLUSION

The automotive industry has reaped the benefits of GST in terms of compliance. A centralized hub for all compliance-related issues has superseded the prior state-by-state arrangement. Central Sales Tax,

Value-Added Tax, Service Tax, Entry Tax, Excise Duty, and many more have been merged into GST. Companies no longer have to deal with many officials from different tax authorities; instead, they must deal only with GST officers.Since the GST allows the federal government and individual states to split the tax money, it has been good for the government as a whole. The Goods and Services Tax (GST), which is founded on the notion that it is a consumption-based tax rather than an origin-based tax, would improve the revenue of many states as there are more consumers than producers. From the perspective of the end-users, GST has had both beneficial and bad effects. Why? Because, on the one hand, the price of commonly consumed commodities is driven up by the higher cost of commercial vehicles. On the other side, end-users were rescued when the GSTN Council, under the Anti-Profiteering Act, streamlined the input creditmechanism on produced and sold items. Businesses and corporations will be incentivized to reduce the maximum retail pricing of items in order to transfer the advantage of the input tax credit on to the common man.

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