Project Dissertation on

Impact of GST on Transport and Logistics Industry in India

Submitted by:

SUNIL KUMAR

ROLL NO-2K16/MBA/71

Under the guidance of

Dr. Archana Singh (assistant professor)

DELHI SCHOOL OF MANAGEMENT

Delhi Technological University

Bawana Road Delhi 110042

MBA 4th Semester (2016-18)

CERTIFICATE

This is to certify that the project report entitled "Impact of GST on Logistics Sector in India" is the bona fide research work of SUNIL KUMAR student of MBA at Delhi School of Management, Delhi Technological University. It has been submitted by him as summer internship project report in partial fulfillment of the requirements for the award of the Degree of Master in Business Administration and that the same has not formed the basis for the award of any degree, diploma, associate ship, fellowship or any other similar title in the past.

Dr. Archana Singh
Assistant Professor
Delhi School of Management

Dr. Rajan Yadav
(Professor, HOD
Delhi School of Management
Delhi Technological University)

Declaration

I, SUNIL KUMAR, hereby declare that the work presented herein is genuine work done originally by me and has not been published or submitted elsewhere. Any literature, data or work done by others and cited in the report has been given due acknowledgement.

Student's Name SUNILK KUMAR *Signature*

Roll No-2K16/MBA/71

Date-

Acknowledgement

I would like to express my gratitude to all those who gave me the opportunity and who helped me to complete this project. I express my thanks to Delhi School of Management, DTU for giving me the opportunity to explore and do topic of my own interest.

I have also to thank my respected Project Guide Dr Archana Singh who encouraged me to go ahead with my Project. She always guided me in the right direction whenever I asked her for help.

I would also like to thank my friends and my brother who supported me and helped me in all ways. Without them, I could not have completed my project successfully, properly in time with adequate data and relevant substance in it.

Sunil Kumar.

Roll No- 2K16/MBA/71

TABLE OF CONTENTS

1. Abstract

Logistics sector plays an important role in economic development of any nation. An efficient logistics sector is necessary for high pace industrialization of any economy. In an emerging economy like India, this sector even commands higher importance so that it does not end being bottle-neck in the process of development. Traditionally, logistics industry of India has been seen as slow and expensive. However, it has begun to command ample attention from industry as well academia in recent times. Currently, logistics industry in India is evolving rapidly and it is the interplay of infrastructure, technology and new types of service providers that will define whether the industry is able to help its customers reduce their logistics costs and provide effective services (which are also growing). Changing government policies on taxation and regulation of service providers are going to play an important role in this process. Coordination across various government agencies requires approval from multiple ministries and is a road block for multi modal transport in India. At the firm level, the logistics focus is moving towards reducing cycle times in order to add value to their customers. Consequently, better tools and strategies are being sought by firms in order to enhance their decision making. In this paper, we provide a perspective on these issues, outline some of the key challenges with the help of secondary information, and describe some interesting initiatives that some are required to compete through excellence in managing their logistics.

2. Introduction

GST (Goods and Service tax) is often referred as the single most important indirect tax reform in India. Looking at the vast size of India’s economy and demography, it would not be wrong even if it is labelled as the biggest tax reform in the world. GST is one indirect tax for the whole nation, which aims to make India one unified common market. The GST subsumes most indirect taxes under a single taxation regime. GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stages of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages. This is expected to help broaden the tax base, increase tax compliance, and reduce economic distortions caused by inter-state variations in taxes.

Reasons for adopting GST

Our Constitution empowers the Central Government to levy excise duty on manufacturing and service tax on the supply of services. Further, it empowers the State Governments to levy sales tax or value added tax (VAT) on the sale of goods. This exclusive division of fiscal powers has led to a multiplicity of indirect taxes in the country. In addition, central sales tax (CST) is levied on inter-State sale of goods by the Central Government, but collected and retained by the exporting States. Further, many States levy an entry tax on the entry of goods in local areas.

This multiplicity of taxes at the State and Central levels has resulted in a complex indirect tax structure in the country that is ridden with hidden costs for the trade and industry. In order to simplify and rationalize indirect tax structures, Government of India attempted various tax policy reforms at different points of time. A system of VAT on services at the central government level was introduced in 2002. The states collect taxes through state sales tax VAT, introduced in 2005, levied on intra-state trade and the CST on inter-state trade. Despite all the various changes the overall taxation system continues to be complex and has various exemptions.

This led to the idea of "One nation One Tax" and introduction of GST in Indian financial system. This is simply very similar to VAT which is at present applicable in most of the states and can be termed as National level VAT on Goods and Services with only one difference that in this system not only goods but also services are involved and the rate of tax on goods and services are generally the same.

Major chronological events that have led to the introduction of GST

GST is being introduced in the country after a 13 year long journey since it was first discussed in the report of the Kelkar Task Force on indirect taxes. A brief chronology outlining the major milestones on the proposal for introduction of GST in India is as follows:

- In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensive Goods and Services Tax (GST) based on VAT principle.
- A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07.
- Since the proposal involved reform/restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).
- Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.
- In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.
- In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.
- Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, 'Committee on GST Design', consisting of the officials of the Government of India, State Governments and the Empowered Committee was constituted.
- This Committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.
- The Empowered Committee in the Bhubaneswar meeting also decided to constitute three committees of officers to discuss and report on various aspects of GST as follows:- (a) Committee on Place of Supply Rules and Revenue Neutral Rates; (b) Committee on dual control, threshold and exemptions; and (c) Committee on IGST and GST on imports.
- The Parliamentary Standing Committee submitted its Report in August, 2013 to the Lok Sabha. The recommendations of the Empowered Committee and the recommendations of the Parliamentary Standing Committee were examined by the Ministry in consultation with the Legislative Department. Most of the recommendations made by the Empowered Committee and the Parliamentary Standing Committee were accepted and the draft Amendment Bill was suitably revised.
- The final draft Constitutional Amendment Bill incorporating the above stated changes were sent to the Empowered Committee for consideration in September 2013.
- The EC once again made certain recommendations on the Bill after its meeting in Shillong in November 2013. Certain recommendations of the Empowered

Committee were incorporated in the draft Constitution (115th Amendment) Bill. The revised draft was sent for consideration of the Empowered Committee in March, 2014.

- The 115th Constitutional (Amendment) Bill, 2011, for the introduction of GST introduced in the Lok Sabha in March 2011 lapsed with the dissolution of the 15th Lok Sabha.
- In June 2014, the draft Constitution Amendment Bill was sent to the Empowered Committee after approval of the new Government.
- Based on a broad consensus reached with the Empowered Committee on the contours of the Bill, the Cabinet on 17.12.2014 approved the proposal for introduction of a Bill in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country. The Bill was introduced in the Lok Sabha on 19.12.2014, and was passed by the Lok Sabha on 06.05.2015. It was then referred to the Select Committee of Rajya Sabha, which submitted its report on 22.07.2015.
- Lok Sabha and Rajya Sabha have unanimously passed the 122nd Constitutional Amendment Bill in August, 2016 which later got the assent of the President.
- After majority of states' assemblies ratified the GST Act, it was launched on 1st July, 2017.
- The GST was launched at midnight on 1 July 2017 by the President of India, Pranab Mukherjee, and the Prime Minister of India Narendra Modi. The launch was marked by a historic midnight (30 June – 1 July) session of both the houses of parliament convened at the Central Hall of the Parliament. Though the session was attended by high-profile guests from the business and the entertainment industry including Ratan Tata, it was boycotted by the opposition due to the predicted problems that it was bound to lead to for the middle and lower class Indians.

States which have ratified the One Hundred and Twenty Second Amendment Bill of the Constitution of India, officially known as The Constitution (One Hundred and First Amendment) Act, 2016, introduced a national Goods and Services Tax in India from 1 July 2017:

Name of Sates	Date in which the assembly ratified th bill
1. Assam	12/08/2016
2. Bihar	16/08/2916
3. Jharkhand	17/08/2016
4. Chhattigarh	22/08/2016
5. Himachal	22/08/2016

6. Gujarat	23/08/2016
7. Delhi	24/08/2016
8. Madhya pradesh	26/08/2016
9. Nagaland	26/08/2016
10. Haryana	29/08/2016
11. Maharashtra	29/08/2016
12. Mizoram	30/08/2016
13. Sikkim	30/08/2016
14. Telangana	30/08/2016
15. Goa	31/08/2016
16. Odisha	01/09/2016
17. Puducherry	01/09/2016
18. Rajasthan	02/09/2016
19. Andhra Pradesh	08/09/2016
20. Arunachal Pradesh	08/09/2016
21. Meghalaya	09/09/2016
22. Punjab	12/09/2016
23. Tripura	26/09/2016
24. Uttarakhand	02/05/2017
25. Uttar Pradesh	16/05/2017
26. Tamil Nadu	19/06/2017
27. Jammu & Kashmir	5/07/2017

Table-1

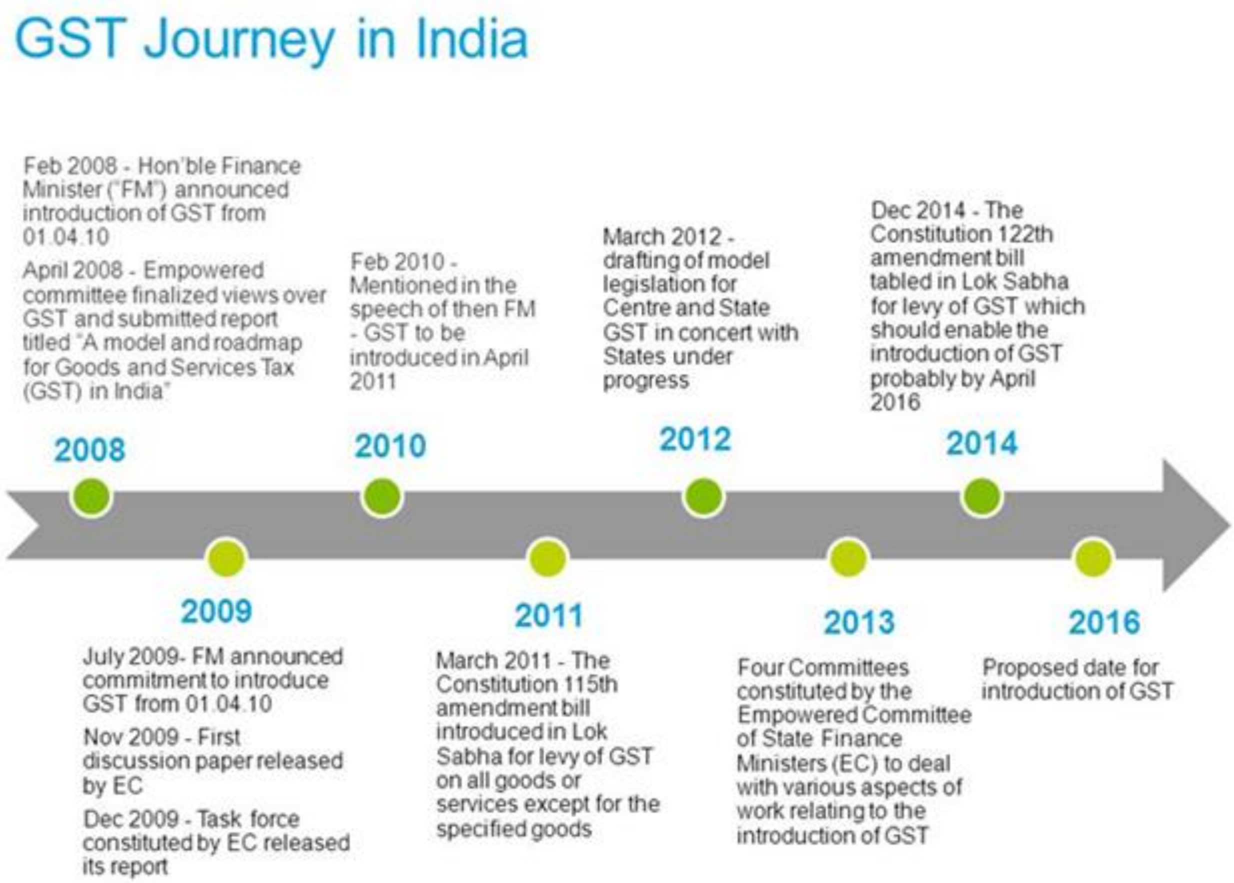

GST Journey in India
Feb 2008 - Hon'ble Finance Minister ("FM") announced introduction of GST from 01.04.10
April 2008 - Empowered committee finalized views over GST and submitted report titled "A model and roadmap for Goods and Services Tax (GST) in India"
2008
July 2009- FM announced commitment to introduce GST from 01.04.10
Nov 2009 - First discussion paper released by EC
Dec 2009 - Task force constituted by EC released its report
2009
Feb 2010 - Mentioned in the speech of then FM - GST to be introduced in April 2011
2010
March 2011 - The Constitution 115th amendment bill introduced in Lok Sabha for levy of GST on all goods or services except for the specified goods
2011
March 2012 - drafting of model legislation for Centre and State GST in concert with States under progress
2012
Four Committees constituted by the Empowered Committee of State Finance Ministers (EC) to deal with various aspects of work relating to the introduction of GST
2013
Dec 2014 - The Constitution 122th amendment bill tabled in Lok Sabha for levy of GST which should enable the introduction of GST probably by April 2016
2014
Proposed date for introduction of GST
2016

Figure:1

3. Industry Profile

Logistics sector forms backbone of industrialization in any economy. It is not a coincidence that focus of any emerging economy is on roadways and other transport systems before building any other infrastructure. Efficient logistics sector will help a country in building other infrastructures easily. It will help in moving of material, machines and men to build those infrastructures. For India, good logistics will play a major role in success of make in India and other such initiatives which aim to promote local industries. Good logistics and transport industry will help small producers to access new market and it will also help farmers in timely uptake of perishable products.

The global logistics industry mainly comprises a complex range of freight and cargo related transportation sectors, such as shipping, warehousing, courier, and road/rail/air freight. According the report from C and M Research, the total global logistics market reached a value of about $4 trillion in 2013, representing an almost 10% of global GDP. The global transportation services market is fastest growing sector with more 7% year on year growth since 2011, now it is expected to generate revenue of 3.8% trillion in 2016. The US currently accounts for more than a 42% of global transportation services sector. Over the next few years the global logistics market will see the growth in demand away from traditional Western economies to the emerging markets of China, India, other Asian economies, the Middle East and Latin America. However the size of the US and European logistics industries will still remain strong.

Indian Scenario: The Logistics sector in INDIA has today become an area of priority. One prime reason for the same stems from the fact that Indian economy has grown at considerable pace in last few years. It resulted in a significant rise in the volume of freight traffic moved. The large volume of traffic has provided for growth opportunities in all facets of logistics including transportation, warehousing, freight forwarding, express cargo delivery, container services, shipping services etc. The growth path also suggests that increase is demand is being placed on the sector to provide the solutions required for supporting future growth. Strength of the logistic sector is likely to be one of the key determinants of the pace of the future growth of the economy. The market size of the logistics sector in INDIA is estimated to be between USD 90-125 billion. Given that the Indian economy has grown to over USD 1.73 trillion, these estimates may already be well below the actual size of the industry. Sources estimates that the industry employs over 45 million people and is going at the rate of 15% with sub-sector growing at even 30-40% per annum. Due to these reasons the Indian logistics sector is viewed as one of the most attractive in the world. Recent policies by the government have attracted a strong growth area for logistics in the future.

India’s logistics sector is currently not only constrained by lack of infrastructure; it is perhaps even more restricted by the misuse of transportation modes for certain types of commodity, as well as limits on the free use of transportation modes for others. In terms of volumes involved, cargo in India can be classified in a pyramid-like fashion, with each category entailing distinct logistical considerations. The optimal movement of freight by matching cargo categories with transportation modes will be crucial for expanding volumes across categories. The lopsided utilization of transportation infrastructure such as roads and railways (as is the case currently) stresses networks and adds to inflating costs and turnaround times. Deriving the best possible selection of modes to lower congestion and facilitate the smooth movement of cargo is the need of the hour.

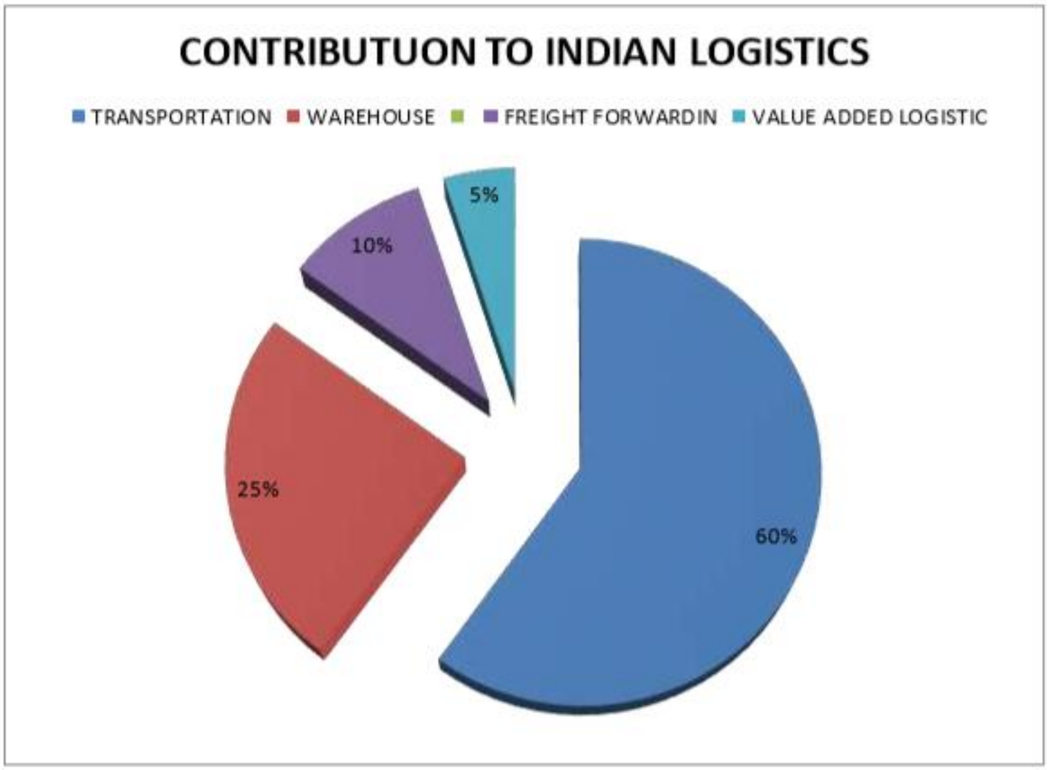
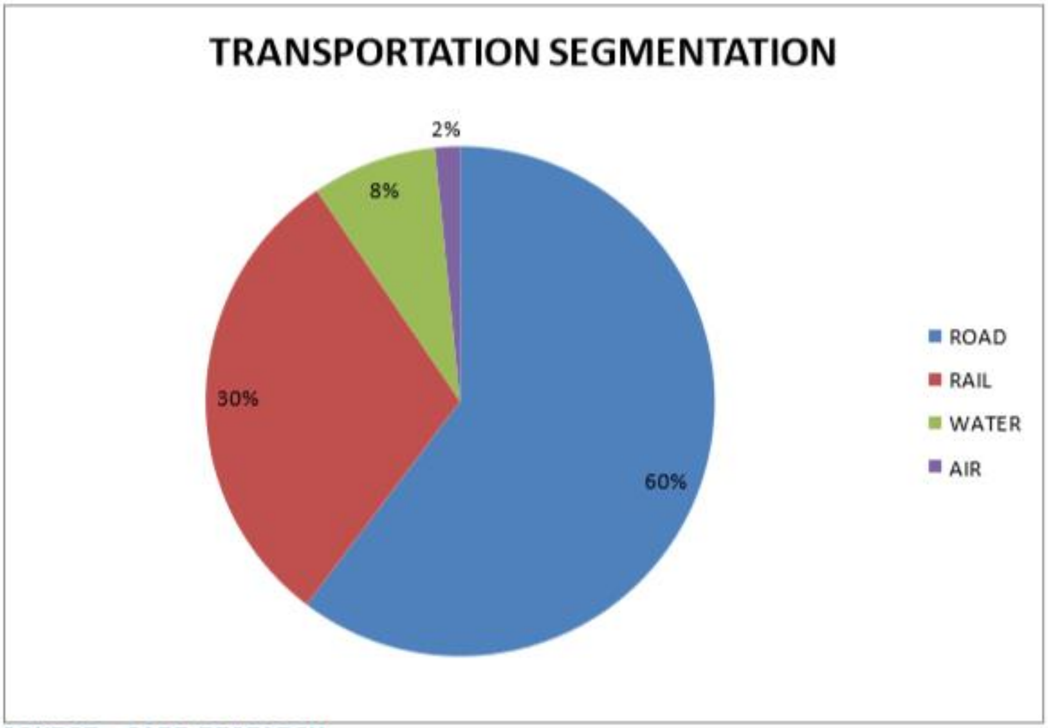
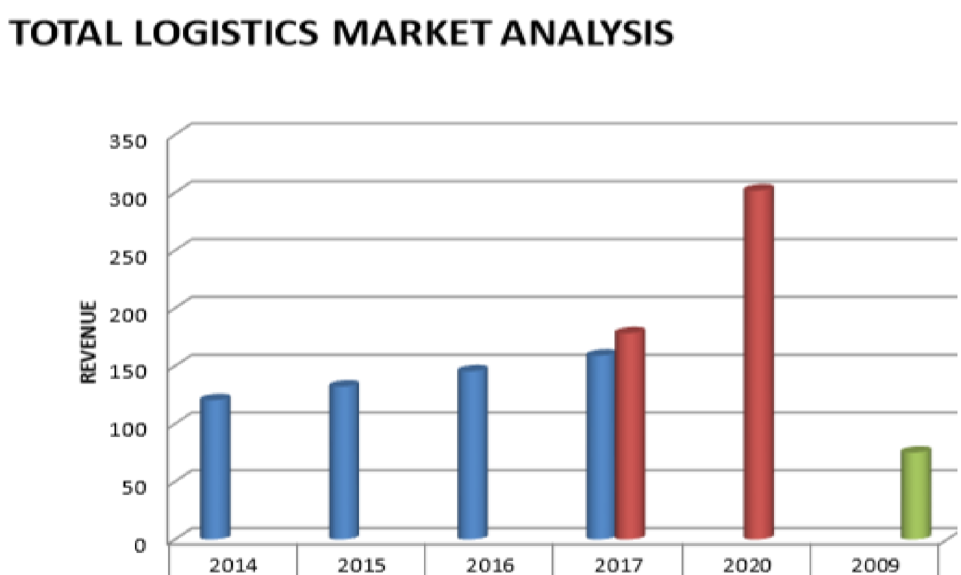


Figure:2



SOURCE: CARE RESEARCH

Figure:3



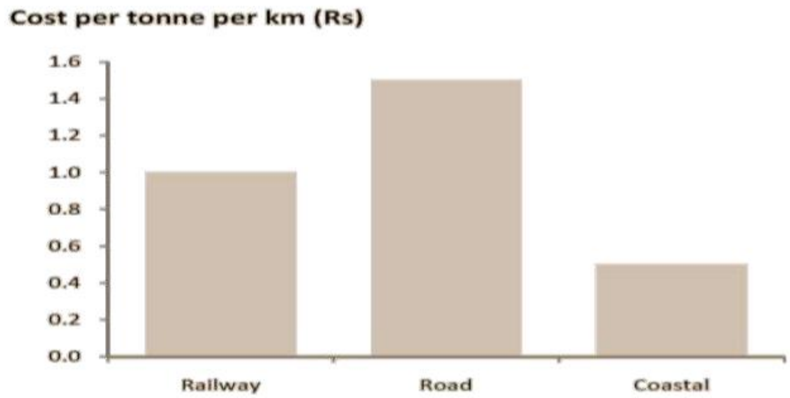
Source: Care Research

	2014	2015	2016	2017	2020	2009
TOTAL LOGISTIC MARKET: REVENUE FORCASTS AT 9.9% FOR TOTAL LOGISTICS MARKET INDIA 2014-2017	120.4	132.3	145.4	159		
FORE CASTED FOR 2020 AT 12.17 CAGR				178.35	301.89	
TOTAL LOGISTICS MARKET IN INDIA WAS US$75.19BN, APPROX 6.2%						75.19

Figure: 4

In 2009 the total logistics market in India was about US $75.19 billion, representing approx. 6.2% of the country's GDP. The CAGR2009-2016 is 9.9% in current tax system but after implementation of GST it is forecasted that CAGR will be 12.17 by 2020. In 2016 logistic contribution to Indian GDP was 15% after implementation of GST it is expect that it will contribute to 17% in Indian GDP.

Figure : 5



Source: World Bank, Industry, PhillipCapital

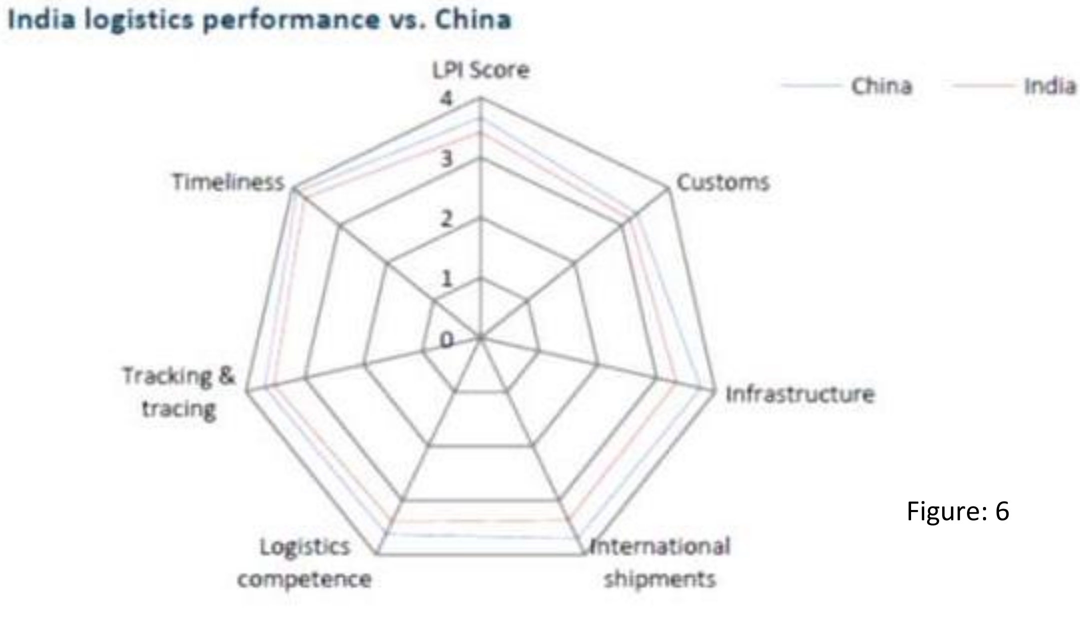
As Indian logistics majorly dependent on road transportation and from above chart we come to know that it is the costliest way of transportation i.e. Rs.1.5 per ton per km.If we are talking about other medium of transport like Railway and Coastal it will have low cost per ton per km (Rs.) which give indication to low our transportation cost by road.

Now let us have a look the different segments of Indian logistics industry:

Rail Cargo

India has largest network in Asia and second largest in world only after USA. Spanning 64,456 km with more than 7,133 railway stations, the Indian Railways operates 19,000 trains daily, transporting 2.65 MMT of freight and 23 million passengers across the country. However India's rail infrastructure suffers from chronic under-investment, due to which its potential for freight movement remains largely untapped.

Rail has consistently lost out to road as the preferred mode for goods movement across the country. While traffic on rail has grown more than tenfold since 1951, rail track length has only grown 1.4 times during the same period. Moreover, trunk routes constitute merely 16 percent of the network and transport more than 50 percent of total traffic, resulting in major congestion and a low average speed of 25 km/hr for freight trains. As compared to global standards, India's track length per sq. km. is unfavorable at 44 km of track per 1,000 sq. km. of arable land, as against 137 km in the US and 417 km in Germany.



Source: World Bank database

Figure: 6

Development of dedicated rail freight corridors: The project involves the construction of two corridors in the west and east, spanning a total length of about 3,300 km. The Indian Railways expect that the work on the dedicated freight corridor will be completed by the end of 2019, which will result in enhanced profits and punctuality.

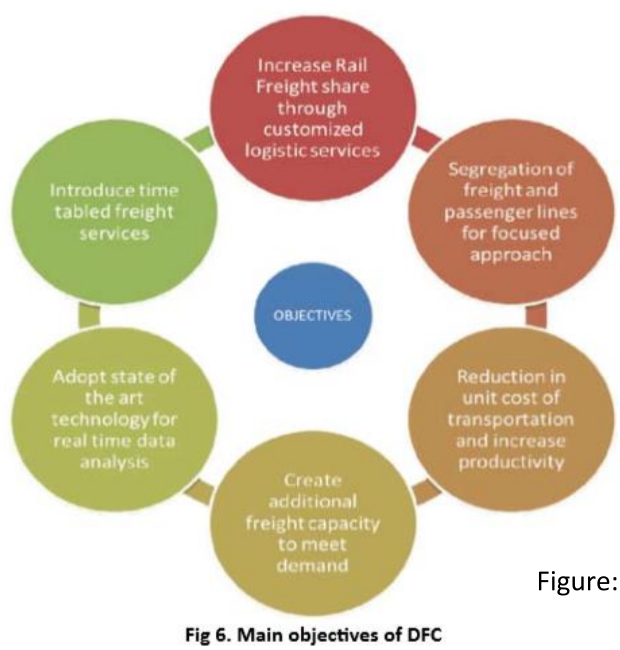


Figure: 7

Fig 6. Main objectives of DFC

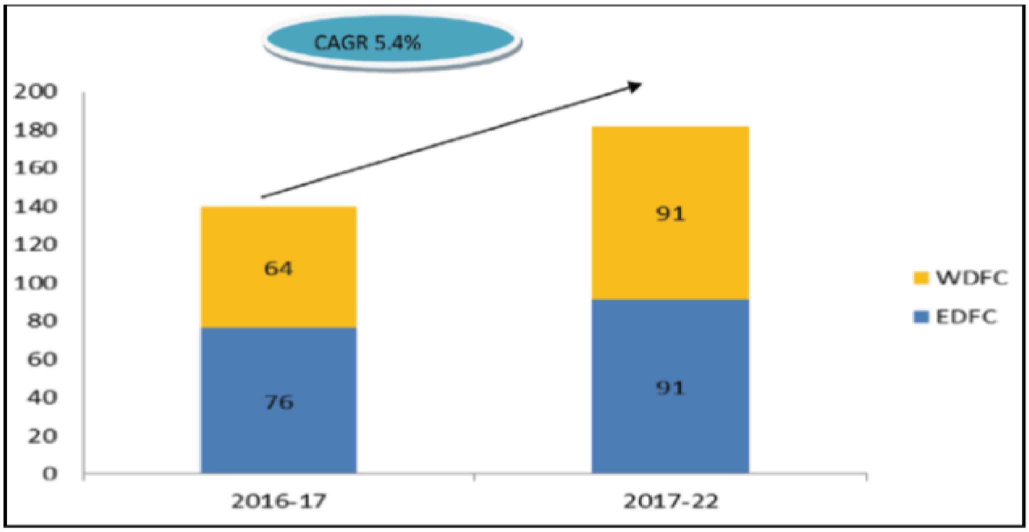


Fig. 5 Freight Traffic Projections on DFC (in MMT)

Source: KPMG

Figure: 8

Road Transport:

Roads continue to constitute the most significant component of India's logistics industry, accounting for 60 percent of total freight movement in the country. As the demand for goods either for mass consumption or industrial development grows beyond the conventional demand supply hubs of metropolitan cities to a number of widely dispersed tier-I and tier-II cities, the share of road transport can expect additional growth, given its ability to facilitate last-mile reach and limited supporting rail infrastructure.

National Highways constitutes about 2 percent of total road network and accounts for more than 40 percent of total road freight. During the first eight Five-year plans (spread over 40 years from the First Plan in 1951–56 to the Eighth Plan in 1992– 97), the total length of the developed national Highways stood at 11,930 km; in contrast, over the last three plans (spread over 15 years from the ninth Plan in 1997–2002 to the Eleventh Plan in 2007–12) stood at 43,050 km — almost 3.6 times in length in 0.4 times the time period. A comparison of the Twelfth Plan versus Eleventh plan suggests a 3.6-fold increment in proposed construction and upgrades of the national Highways.

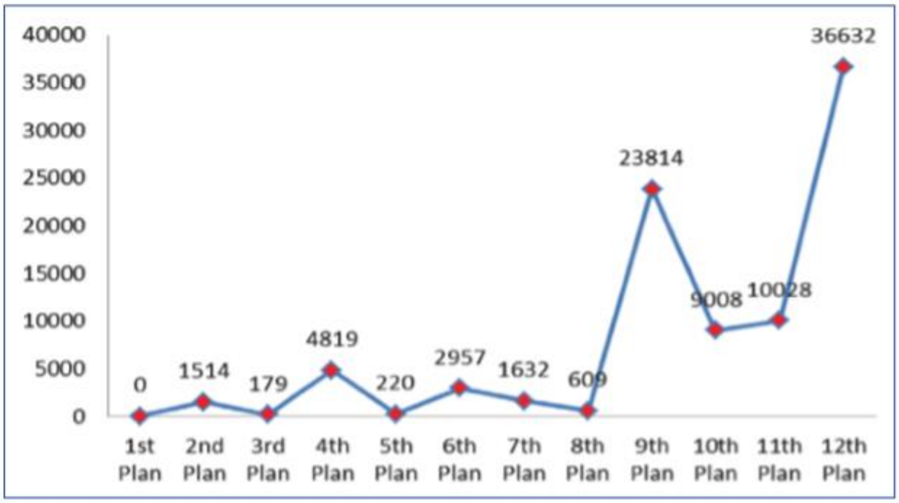


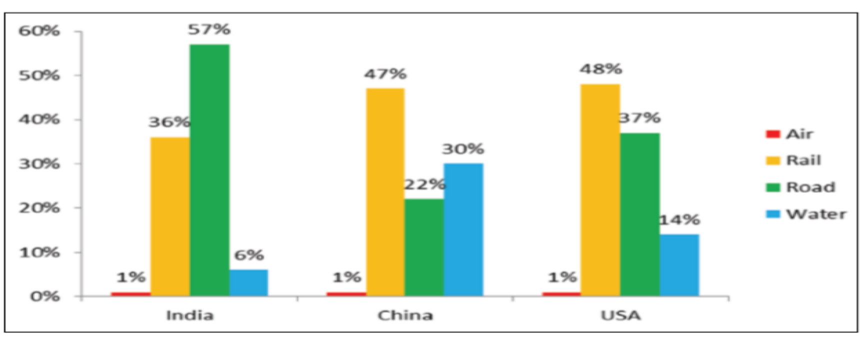
Figure: 9

National Highways construction during different 5-year plans.

Water Transport and Ports:

India has a long coastline, spanning 7516.6 kilometers, forming one of the biggest peninsulas in the world. It is serviced by 13 major ports (12 government and 1 corporate) and 187 notified minor and intermediate ports. These ports account for nearly 90% (by volume) of India's international trade. yet, coastal shipping accounts for only 6 per cent of the country's total domestic freight (on a tonne-km basis).

Waterways are 50% cheaper than road and nearly 30% cheaper than rail. The coastal leg, apart from being more fuel efficient, can also carry larger parcel sizes and provides a great opportunity for consolidation of loads. In spite of this, water transport carries only minor fraction of India's cargo. Government has come up with a vision document with a purpose of increasing water transport cargo by 2020. Yet, a lot remains to be done.



A comparison of different modes of transport in three countries

Source: ASSOCHAM sectoral Report.

Figure:10

Air Cargo:

Air cargo serves as a vital link between domestic and international markets. The contribution of air cargo, thus, needs to be adequately and appropriately focused upon, so that India’s fast growing international and domestic trade by air is facilitated, integrated and expanded. While the total volume of air cargo traffic currently constitutes about 1 percent of total trade, it accounts for close to 29 percent of total trade value.

In the early 1990s, Government of India adopted the Open Sky policy for the air cargo sector, under which Indian or foreign carriers were allowed to operate both scheduled and non-scheduled cargo services between all airports in India. Air cargo volume grew at a compound annual growth rate (CAGR) of about 8.5 per cent from 0.7 MMT in 1998-99 to 2.2 MMT in 2012-13. International traffic accounts for about 64 per cent of the total air cargo traffic and domestic cargo accounts for the remaining 36 per cent. Between 1998-99 and 2012-13, domestic and international cargos have grown at a CAGR of 10.4 per cent and 7.6 per cent, respectively. Expanding cargo-handling infrastructure at airports, demand for speedy delivery, greater trade and commerce and increase in the number of flights operating – are some of the key reasons for this growth.

Inadequate cargo handling and storage infrastructure at airports across India has been a longstanding challenge. Historically, India’s airports have been primarily developed to cater to passenger traffic, thus, the requirement of air cargo traffic has not been given significant importance to date. Infrastructure related to effective cargo handling — including satellite freight cities with multi-modal transport, cargo terminals, cold storage, automatic storage and retrieval systems, and the mechanized transportation of cargo — needs attention not only at metro airports but across the country

4. Objectives of the Study

This study has been carried out to assess and analyze the impact of GST on the logistic sectors of India. Logistic sector often involve inter-state operations in as it involves transport of goods from one state to other. Trucks of logistics companies pass through numerous states on its each haul. Since India in a union of state, each state here has its own system of taxation and also its own industry regulations. This implies that a truck will have to pay taxes at multiples points in it way. It slows down the movements of goods and also increases the cost of transportation.

GST (Goods and Service Tax) aims to transform India into a single market with unified taxation and coherent industry policies throughout the country. Therefore logistics industry has high expectation form GST Act. GST will eliminate the need to pay taxes at each of the borders of states that a truck crosses. It will save time as huge queues of truck pile up at every border to pay taxes. This study attempts the study the effectiveness of GST in achieving those said objectives.

In brief the objectives of the study are following:

1. To analyze the process of taxation for logistics companies under GST vis-à-vis taxation under earlier system.
2. To examine the challenges of Logistics sector in adopting the new process of Taxation.
3. To find out the impact of GST on share prices companies of logistics sector listed on BSE.

5. LITERATURE REVIEW

There is not much literature about GST and its impact written after launch of GST. Researches were carried before actual implementation of GST. Mostly they dwell on what form the GST should take and what would be the rate best suited for India. However they are important from the point of view that they explain the mechanism through which GST would benefit Indian economy. A larger number them which I came express also explores the relation between GST and Logistics industry in India. Here are the papesr which were relevant for the preparation of this project.

1. Dr. Gyanesh Kumar Sinha(2016) studied ”Indian Logistics Industry in changing global scenario’’ He discussed the problems of the Indian Logistics industry. He also discussed problems with the taxation in the logistics industry.
2. Dr.Anitha.M.N “Impact of Goods and Service Tax (GST) on Logistics Sector in India” Concludes that effective tax rate will come down for Transport and Logistics industry after GST and that it will help increase the pace of development of the Logistics Industry.
3. Dr. Rashi Gupta “GOODS AND SERVICE TAX- A POSITIVE REFORM IN INDIAN TAXATION SYSTEM” Concludes that Goods and Services Tax will benefit different industries and also economy as a whole.
4. Sebaestin Saez and Arnab Bandopadhyaya “Connecting India’s states with Good Logistics” They suggested that India should focus not only on Hard Infrastructure but also soft infrastructure that is processes associated with logistics taxation and regulation.
5. Nitin Kumar (2014)6 studied, “Goods and Service Tax- A Way Forward”and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.
6. Nishita Gupta Assistant Professor ,UNIVERSITY OF DELHI “Goods And Services Tax: IT’S Impact On Indian Economy : Concluded that tax policies play an important role on the economy through their impact on both efficiency and equity. A good tax system should keep in view issues of income distribution and, at the same time, also endeavor to generate tax revenues to support government expenditure on public services and infrastructure development. Cascading tax revenues have differential impacts on firms in the economy with relatively high burden on those not getting full offsets. This results in loss of income and welfare of the affected economy.
7. Deccan Chronicle May 15, 2016. The ambitious GST would help the transport sector in improving its efficiency besides reducing the logistics costs. GST will help the country in two areas- logistics cost will come down and efficiency will increase both within India and exports.
8. S. Ramachandran, Mayur S Nakhava, Kumar Pratik, “Logistics in India: Challenges and Scope” The paper concludes that Logistics sector in India suffers from lack of Infrastructure as well as Irrational Taxation.

9. Nishant Ravindra Ghuge, Assistant Professor KCES's Institute of Management and Research, Jalgaon; Dr Vivek Vasantrao Katdare, Director KCES's Institute of Management and research, Jalgaon "Indian Tax Structure- An Analytical Perspective". The paper examines the tax structure of India and comments on the drawbacks of pre-GST tax structure.

6. RESEARCH METHODOLOGY

The objective of the study is to estimate the impact of GST on logistics industry. The research method adopted is the secondary research. Required data have been collected from different sources. Important among them are publications of ministry of road transport, ministry of finance, ministry of corporate affairs, FICCI (The Federation of Indian Chambers of Commerce and Industry) and many other media organizations. Research data of independent consulting agencies like PwC, CARE research, Crisil etc. have also been used intensively. Data of international organizations like World Bank have also been used. They have also been referenced appropriately.

Considering the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. Data acquired from sources mentioned above have been intensively used for research study.

7. ANALYSIS AND DISCUSSION
7.1 GST in current form

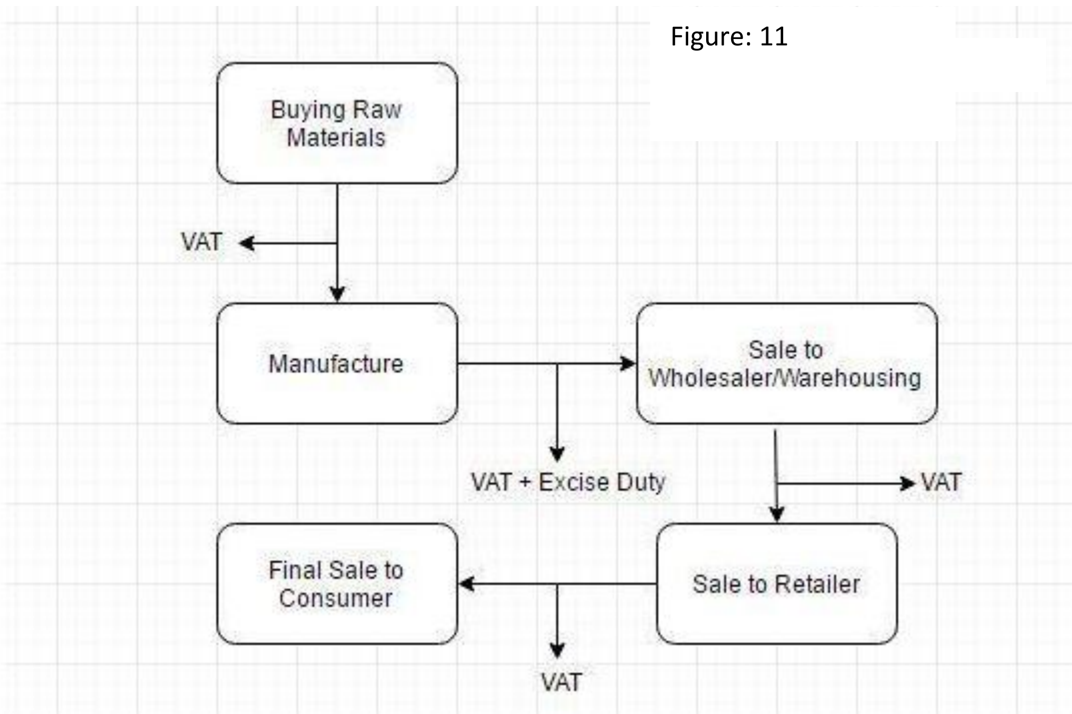
Goods & Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.

In simple words, Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

GST is one indirect tax for the entire country.

So, before Goods and Service Tax, the pattern of tax levy was as follows:

Figure: 11



Under the GST regime, the tax will be levied at every point of sale. In case of intra-state sales, Central GST and State GST will be charged. Inter-state sales will be chargeable to Integrated GST.

Now let us try to understand the definition of Goods and Service Tax – "GST is a comprehensive, **multi-stage**, **destination-based tax** that will be levied on every **value addition**."

Multi-stage

There are multiple change-of-hands an item goes through along its supply chain: from manufacture to final sale to the consumer.

Let us consider the following case:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Sale to wholesaler
- Sale of the product to the retailer
- Sale to the end consumer

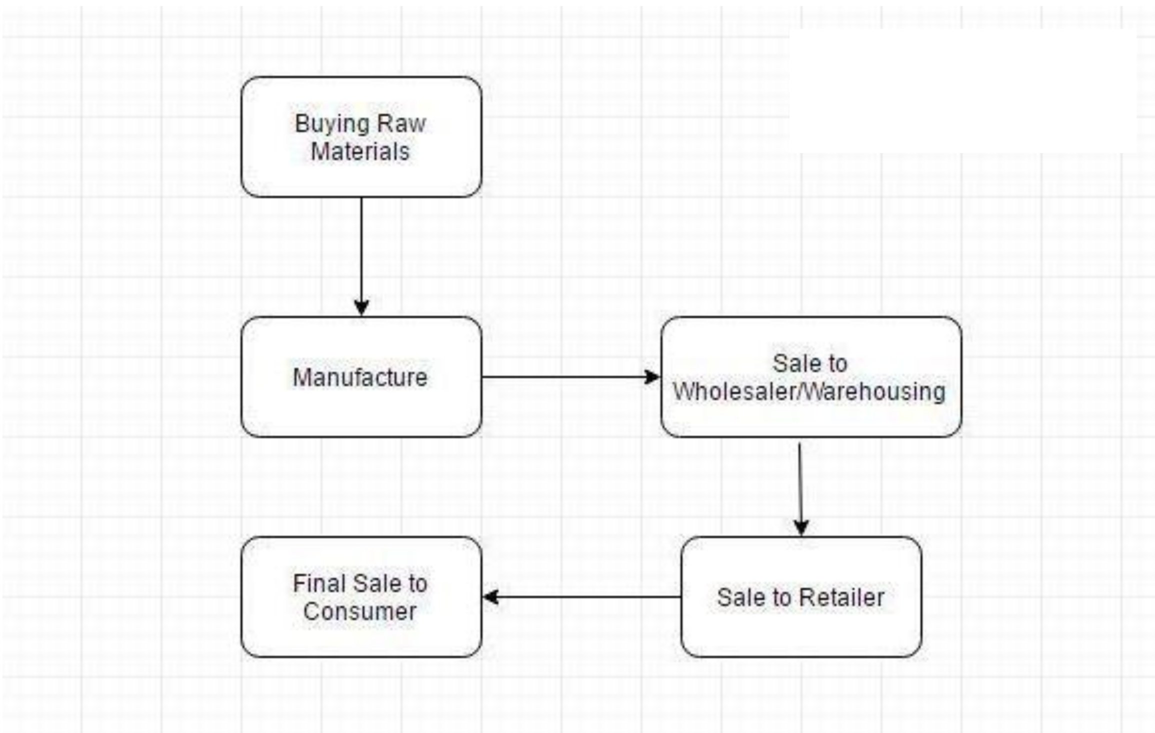


Figure: 12

Goods and Services Tax will be levied on each of these stages which make it a multi-stage tax.

Value Addition

The manufacturer who makes biscuits buys flour, sugar and other material. The value of the inputs increases when the sugar and flour are mixed and baked into biscuits.

The manufacturer then sells the biscuits to the warehousing agent who packs large quantities of biscuits and labels it. That is another addition of value after which the warehouse sells it to the retailer.

The retailer packages the biscuits in smaller quantities and invests in the marketing of the biscuits thus increasing its value.

GST will be levied on these value additions i.e. the monetary worth added at each stage to achieve the final sale to the end customer.

Destination-Based

Consider goods manufactured in Maharashtra and are sold to the final consumer in Karnataka. Since Goods & Service Tax is levied at the point of consumption, in this case, Karnataka, the entire tax revenue will go to Karnataka and not Maharashtra.

Working of Multiple Stage Destination Based Taxation:

The new tax regime follows a multi-stage collection mechanism wherein tax is collected at every stage and the credit of tax paid (input tax credit) at the previous stage is available as a set-off at the next stage of transaction. This helps to eliminate "tax on tax" or the cascading impact of tax. GST shifts the tax incidence near to the consumer and benefits the industry through better cash flows and better working capital management. From consumer point of view, GST helps to bring down overall tax.

Input tax credit: This means that at the time of paying tax on output manufacturers or service providers, for example, can reduce the tax by the amount they have already paid on inputs. For example, a manufacturer's total tax on output comes to Rs. 5,000 while tax paid on input (purchases) is Rs. 3,000. In this case, the manufacturer needs to deposit only Rs. 2,000 (Rs. 5,000 - Rs. 3,000) as tax, after claiming credit of Rs. 3,000, thus reducing the overall incidence of tax on final product. But credit available to the recipient (the manufacturer in this case) only if invoice is matched. So GST helps in checking evasion of taxes.

Current Rates of GST

Currently GST in India has 5 slabs. It means the there are five rates of taxes for different kind of Goods and Services. These rates are:

1. **No Tax (zero percent slab)** : Goods - No taxes will be levied on goods like milk, fruits, vegetables, bread, salt, bindi, curd, sindoor, natural honey, bangles, handloom, besan, flour, eggs, stamps, printed books, judicial papers, and newspapers. Services - All hotels and lodges who carry a tariff below ₹ 1,000 are exempted from taxes under GST.
2. **Five percent Slab**: Goods - The goods which will attract a taxation of 5% under GST include skimmed milk powder, fish fillet, frozen vegetables, coffee, coal, fertilizers, tea, spices, pizza bread, kerosene, ayurvedic medicines, agarbatti, sliced dry mango, insulin, cashew nuts, unbranded namkeen, lifeboats etc,

   Services - Small restaurants along with transport services like railways and airways, Standalone ACs non-ACs Restaurants and those which serve liquor, Takeaway Food, Restaurants in hotels with a room tariff less than ₹7,500 (no input credit for these restaurants), will come under this category.

3. **Twelve Percent Slab:** Goods - Items coming are the tax slab of 12% include frozen meat products, butter, cheese, ghee, pickles, sausage, fruit juices, namkeen, tooth powder, medicine, umbrella, instant food mix, cell phones, sewing machine, man-made yarn, etc. Services - Business class air tickets will attract a tax of 12% under GST.
4. **Eighteen Percent Slab**: Goods - As mentioned above, most of the items are part of this tax slab. Some of the items are flavored refined sugar, cornflakes, pasta, pastries and cakes, detergents, washing and cleaning preparations, safety glass, mirror, glassware, sheets, pumps, compressors, fans, light fitting, chocolate, preserved vegetables, tractors, ice cream, sauces, soups, mineral water, deodorants, suitcase, brief case, vanity case, oil powder, chewing gum, hair shampoo, preparation for facial make-up, shaving and after-shave items, washing powder, detergent, stones used in flooring, marble & granite, sanitary ware, leather clothing, wrist watches, cookers, stoves, cutlery, telescope, goggles, binoculars, oil powder, cocoa butter, fat, artificial fruits, artificial flowers, follage, physical exercise equipment, musical instruments and their parts, stationery items like clips, some diesel engine parts, some parts of pumps, electrical boards, panels, wires, razor and razor blades, furniture, mattress, cartridges, multi-functional printers, door, windows, aluminum frames, . Services - Restaurants located inside hotels with tariffs of ₹7,500 and above, outdoor catering (input tax credit to be available) , IT and Telecom services and financial services along with branded garments will be part of this tax slab.
5. **Twenty-Eight Percent Slab:** Goods - Over 200 goods will be taxes at a rate of 28%. The goods which will be part of this category under GST are sunscreen, pan masala, dishwasher, weighing machine, paint, cement, vacuum cleaner. Other items include automobiles, hair clippers, and motor-cycles. Services - As mentioned above, five-

star hotels, racing, movie-tickets and betting on casinos and racing will come under this category.

Some of the items have been kept out of GST purview. They are:

1) Alcohol for human consumption: Alcohol for human consumption has been kept outside the purview of GST in India at present. However, the taxes imposed to alcohol for human consumption will continue as per the structure before GST implementation.

2) Petroleum products: Petroleum Products such as petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel etc. are also kept outside the purview of GST in India. However, the taxes for these products will be charged as per the structure before introduction of GST.

3) Electricity: The electricity has been kept outside the purview of GST at present. However, the taxes applicable at present for electricity will continue as before.

7.2 GST for Transport and Logistics Industry

Transportation is a vital part of economy as any problem in transportation disrupts the entire business channel. This is why any petrol price change has a far-reaching effect in disruption of business.

The most popular form of goods transport in India is via road. As per the National Highways Authority of India, about 65% of freight and 80% passenger traffic is carried by the roads. Transportation of goods by road is done by transporter or courier agency.

Services by way of transportation of goods are exempted of GST in following cases:

(a) by road except the services of:

(i) a goods transportation agency;

(ii) a courier agency

(b) by inland waterways.

Therefore, the service of transportation of goods by road continues to be exempt even under the GST regime. GST is applicable only on goods transport agency, **GTA.**

Goods Transport Agency:

As per Notification No. 11/2017-Central Tax (Rate) dated 28th June, 2017, "goods transport agency" or GTA means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.

This means, while others might also hire out vehicles for goods transportation, only those issuing a consignment note are considered as a GTA. Thus, a consignment note is an essential condition to be considered as a GTA.

Consignment note:

A consignment note is a document issued by a goods transportation agency against the receipt of goods for the purpose of transporting the goods by road in a goods carriage. If a consignment note is not issued by the transporter, the service provider will not come within the ambit of goods transport agency. If a consignment note is issued, it means that the lien on the goods has been transferred to the transporter. Now the transporter is responsible for the goods till its safe delivery to the consignee.

A consignment note is serially numbered and contains –

- Name of consignor

- Name of consignee
- Registration number of the goods carriage in which the goods are transported
- Details of the goods
- Place of origin
- Place of destination.
- Person liable to pay GST – consignor, consignee, or the GTA.

Services provided by GTA as defined in GST:

The service includes the actual transportation of goods, and also other intermediate/ancillary service provided such as-

- Loading/unloading
- Packing/ unpacking
- Trans-shipment
- Temporary warehousing etc.

If these services are included and not provided as independent activities, then they are also covered under GTA.

Rate of GST for GTA:

Service by GAT	**GST Rate**
Carrying • agricultural produce • milk, salt and food grain including flour, pulses and rice • organic manure • newspaper or magazines registered with the Registrar of Newspapers • relief materials meant for victims of natural or man-made disasters • defense or military equipment	0%
Carrying- • goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage is less than Rs. 1,500	0%
Carrying- • goods, where consideration charged for transportation of all such goods for a single consignee does not exceed Rs. 750	0%

Any other goods	5% with No ITC or 15% with ITC
Used household goods for personal use	0%
Transporting goods of unregistered persons	0%
Transporting goods of unregistered casual taxable persons	0%
Transporting goods (GST paid by GTA)*	5% No ITC or 12% with ITC
Transporting goods of 7 specified recipients*	12% with ITC (paid by GTA) Or RCM 5% with ITC
Hiring out vehicle to a GTA	0%

As per Notification No. 5/2017- Central Tax dated 19/06/2017, a person who is engaged in making only supplies of taxable goods/services on which reverse charge applies is exempted from obtaining registration under GST.

7.3 Major Changes Expected in Transportation and Logistics due to GST:

Consolidated Warehousing:

Industry players could consolidate their warehouses and set up larger facilities, which would bring in supply- chain efficiencies. Current supply- chain models have to depend more on tax considerations instead of the more logical operational considerations. Tax rationalization is also likely to increase third- party outsourcing for logistics and lead to companies focusing more on their core competencies.

Improved efficiencies due to reduction of trade barriers

With the removal of trade barriers, the downtime of vehicles (check- post inspection, filing of waybills/entry permits, compliances under entry tax laws, and local levies) is likely to reduce. After GST, interstate movement of goods will be subject to IGST, under which all movements will be 'tax paid'. Additionally, the GSTN will have an audit trail of the movement of goods across state boundaries, which would lead to optimization of delivery schedules and operational costs of transporters, resulting in competitive pricing.

Shift in sourcing and manufacturing decisions

Currently sourcing and manufacturing decisions are dependent on indirect tax considerations. Under the GST regime, due to fungibility of credits, these decisions will be made from a supply- chain perspective – which will lead to logistics hubs in new locations. Free- flowing movement of goods across the country would result in logistics players gaining larger volumes and nationwide contracts from clients. To fulfil large and long- distance consignments in the new scenario, logistics players would need a significantly larger share of heavy trucks (20+ tonnes); they would also need mini trucks for efficient last- mile delivery. Currently most logistics service providers have a large share of medium- sized trucks in their fleet and a very low share of large truck- trailers or small trucks.

Ecommerce and Free Trade Warehousing Zones (FTWZ)

Under the present indirect tax regime, the ecommerce industry is facing significant challenges in terms of VAT payments in destination states. Clear guidelines on the taxability of ecommerce transactions would provide much- needed relief to the ecommerce industry. If GST extends benefits of tax- free supply to an FTWZ unit for onward exports, these units will be able to attract significant volumes.

Emergence of Multimodal Logistics Parks (MMLP)

The focus of logistics companies is shifting towards handling multiple cargos and increasing the share of value- added services. Leading players are setting up Multimodal Logistics Parks

(MMLP) instead of simple ICDs/CFS. MMLP are mainly connected with rail network (for efficient handling of large cargo parcels),container yards, and warehousing (with value added services such as cross docking, palletization, inventory management, wrapping, packing, bar coding and labelling). The following table summarizes the changes before and after GST:

	Pre GST	**Post GST**
Intestate tax burden	Currently, e ach of India's 29 states taxes goods that move across their borders at different rates and apart from that Corporate state tax of 2% is levied for inter-state goods transfer.	Not applicable. Uniform taxation and no varying tax structures would be allowed across states.
Nature of the Industry	Current interstate taxation has resulted in a large number of unorganized players in this industry resulting in fragmented industry.	With the introduction of GST, there is likely to be major consolidation in the industry. It could see the emergence of major large players who can span the entire logistics chain.
Logistic time	Due to trade barriers such as entry taxes, local body taxes, OCTROI and other hurdles, trucks lie idle for the 30 to 40% of their time as per industry estimates during their delivery schedule. .	Improvement in the logistic time after phasing out border check posts resulting in improvement in operational efficiency through quicker and increased number of deliveries along with reduction in logistic cost during the transit. As per world bank estimation Indian corporates can save up to 30-40% of logistic costs incurred due to stoppages at various tolls and check posts.
Cost	The existing interstate taxation system has forced the companies to create and maintain warehouses in each state. Currently, there are around 20-30 warehouses per company, one in every state, in addition to this 20-30 Carry & Forwarding agents per state making the supply chain longer and inefficient.	GST tax will be levied on transportation of goods and full credit will be available on interstate transactions. Logistic costs are expected to go down by 1.5-2.00% of sales on account of optimization of warehouses leading to lower inventory costs which are set up across states to avoid paying 2% corporate sales tax and phasing out of interstate sales tax. There is immense scope for optimization of costs.

The rollout of GST, in India would dissolve the existing indirect tax structure, multiple taxes that are being split between center and state governments leading to reduction of about 20% of current logistic costs.

8. Analysis of Shares of Sample Companies listed on BSE

Companies whose shares have been analyzed for this Study:

These companies together form the sample of this study. The companies have been selected based on convenience and relevance to the industry. The two most important criteria are that a) company is listed on BSE and b) the company have been trading actively since starting of year 2017.

1. **Sical Logistics:** S**ical Logistics Ltd,** founded in 1955 and with revenues in excess of Rs. 800 Cr. is India's leading integrated logistics solutions provider with over five decades of experience in providing end to end logistics solutions. In 2011 Sical was acquired by Coffee Day group, with interests ranging from coffee Retail Business, stake-holdings in leading IT and embedded technology companies, to technology parks and SEZs, hospitality and financial services.
   While traditionally known for its stevedoring, customs handling, trucking and steamer agency businesses, Sical today has made significant investments in logistics related infrastructure and has expanded and developed in various business segments such as Mining, Port Logistics, Road and Rail Transport, Container Freight Station, Warehousing, Shipping. In addition to above Sical also provides offshore support services to the oil and gas industry and owns and operates a 2006 built cutter suction dredger.

2. **VRL Logistics: VRL Group** (**Vijayanand Roadlines Limited**) or ***VRL*** is an Indian conglomerate headquartered in Hubballi, Karnataka, India with operations in around 23 states and 4 union territories in the country. Business operations of VRL Group include road transportation, logistics, publishing etc. *VRL Group* is one of the large logistics and transport companies in India (incl.4360 vehicles, comprising 419 tourist buses and 3941 transport goods vehicles). Limca Book of Records mentioned it as the single largest fleet owner of commercial vehicles in the country's private sector.

3. **Snowman:** Snowman Logistics Limited, founded in 1993, is an integrated pan-India temperature-controlled logistics services provider. Gateway Distriparks Limited, our promoter and largest shareholder, creates a bank of shared knowledge and valuable experience for us to build our operations. Snowman's investor profile includes Mitsubishi Corporation, Mitsubishi Logistics Corporation, International Finance Corporation and Norwest Venture Partners.

4. **Corporate Courier**: The Company was originally incorporated in the state of Maharashtra as Premier Corporate Services Pvt. Ltd. on 1st July 1986 under the companies act 1956 and subsequently converted into a Public Limited Company by passing a Special Resolution at the extra-ordinary general meeting held on 10th September 1994 under Section 31 of the Companies Act, 1956 and obtained a fresh certificate of incorporation on 3rd October 1994. Subsequently the name of the company was changed from Premier Corporate Services Ltd. to Corporate Couriers Ltd and a certificate of change of name was obtained on 5th October 1994. The Company then came out with a Public Issue of 22, 00,000 equity shares on 19th December 1994.

The share of company has originally shared loss after GST but since the starting of year 2018, It has gained considerably.

5. **Asis Logistics:** ASIS Logistics Ltd is a part of ASIS Group, the promoters of Shirdi Industries Ltd & Eximkey.com. ASIS is one of the India's leading integrated logistics solution providers covering all the aspects of supply chains like transport, Custom Clearance (CHA), Warehousing, Freight Management etc. It has developed capability of handling huge quantity of materials, ODC cargo with Loading / Unloading, warehousing and transportation services.

6. **Arshiya Industries: *Arshiya Limited*** is India's leading logistics and supply management service provider. The Group offers a wide range supply chain infrastructure services including free Trade & Warehousing Zones (FTWZs), Rail & Rail Infrastructure, Industrial & Domestic Hub, Forwarding, Supply Chain Technology & Management.

7. **Tiger Logistics (India)** Limited was founded on 23rd May, 2000 in New Delhi, India by Mr. Harpreet Singh Malhotra, who is also the Chief Managing Director of the company. At the time of its inception, Tiger Logistics was a custom house corporate with 8 employees. It is an ISO 9001:2008 certified company and it exceeds industry standards by providing quality services, integrated supply chain and logistics solutions to consistently meet the requirements of clients all over India. It is the 9th and youngest Indian logistics company to be listed on the main board of the country's premier "Bombay Stock Exchange" (BSE).

8. **TCI Express limited: Transport Corporation of India Limited** is an integrated multi-modal logistics and supply chain solutions provider in India with a Global presence, headquartered in Gurugram, Haryana, India. It was founded in 1958 as a 'one man one truck' company by Shri Prabhu Dayal Agarwal fondly known as PD JI at Kolkata, India. TCI has 1400+ offices all across India with 6000+ employees. The whole corporation is composed of six special divisions catering to the various needs of logistics, namely: TCI Freight, TCI Express (formerly TCI XPS), TCI Supply Chain Solution, TCI Global, TCI Seaways and TCI Foundation.

9. **Allcargo Logistics Ltd**, part of the Avvashya Group, is a logistics firm headquartered in Mumbai. Its services comprise global multimodal transport operations (non-vessel-operating common carrier, less than container load, and full container load), pan India container freight stations, inland container depots, third-party logistics, warehousing, ship owning and chartering. The company operates across 90 countries through 200 offices. As one of India's largest publicly listed logistics companies, Allcargo Logistics has a consolidated turnover of INR 56.18 billion (approx USD 900 million) as of March 2015.

10. **Blue Dart:** Blue Dart was founded in 1983 by Tushar Jani. He is still the chairman of the company. It is head quartered in Chennai. It operates in whole of India. Its services include Delivery, express mail, freight forwarding, and third party logistics.

11. **Gati Limited: Gati** is an Indian multinational courier delivery services company headquartered in Hyderabad, India. It is known for supply chain solutions with express distribution and also offers warehousing, freight forwarding, trading, cold chain, e-commerce and fulfilment services. Gati has offices in all major cities of India, with presence in Singapore, Hong Kong, China, Nepal and Thailand. Gati was founded in 1989 by Mahendra Agarwal and first started their operations between Madras and Madurai. It is listed on the National Stock Exchange and Bombay Stock Exchange.

12. **Gateway Distriparks: Gateway Distriparks Limited** is based in Mumbai, India. It is a logistics facilitator with three verticals: Container Freight Stations (CFS), Inland Container Depots (ICD) with rail movement and Cold Chain Storage & Logistics. The company was founded in April 1994, and originally promoted by Newsprint Trading & Sales Corporation (NTSC), CWT Distribution Limited, NUR Investment and Trading Pvt. Ltd. and Intercontinental Forest Products Pte. Ltd. (IFP) as a joint venture company to conduct the business of warehousing, container freight stations and all related activities. As of November 2015, Prism International Private Limited (same group as NTSC) is the sole promoter of the company.

13. **Kesar Terminals:** Kesar Terminals & Infrastructure Limited (KTIL) was incorporated on 21st January, 2008 as a wholly owned subsidiary of Kesar Enterprises Ltd. (KEL). KEL has over 75 years of experience in diversified activities of manufacturing sugar, alcohol, production of hybrid seeds and storage terminals. Kesar Terminals and Infrastructure Limited is a bulk liquid storage and logistics company. It has 2 terminals. The tanks at Terminal No. I at Kandla are situated right in front of the Jetties ensuring a quick and smooth loading and off-loading of bulk liquids at a high pumping rate. Multiple Jetty Lines permit simultaneous discharge of cargo from more than one vessel at any time.

Gain in prices of Securities of companies of logistics sector listed on BSE after launch of GST

A large number of studied that were conducted before the GST came into force, concluded unanimously that GST would be beneficial to transport and logistics sector. Looking at the share market the effect appears to be of mixed nature. Rise in trading of shares can be seen for all companies in week of GST implementation; however gain is not uniform for all. Some of the companies gained considerably, some gained only minor gains and some others even lost their value.

In the week succeeding the GST launch (3rd to 10th July, 2017), eight companies listed on the BSE in the category of transport and logistics industry showed positive gain. Companies like TCI Express Ltd, Kesar Terminals and Asis Logistics gained more than 10%. In the same period BSE Sensex gained 1.58%. In total, five companies Tiger Logistics and Gateway Distrikparks along with the three companies mentioned above showed returns those were greater than the return of BSE Sensex.

Other companies which showed positive returns but the gain was considerably low are VRL logistics limited, Snowman Logistics Limited and Sical Logistics Limited. All other companies showed negative returns in the week.

Company	**Gain in 1 week after GST Launch**
TCI Express Ltd	14.31%
Kesar Terminals	11.66%
Asis Logistics	10.02%
Tiger Logistics	6.09%
Gateway Distriparks	5.03%
bse sensex	**1.58%**
VRL logistics Ltd	1.47%
Snowman Logistics	0.93%
Sical Logistics Ltd	0.64%
Blue Dart	-1.14%
All Cargo	-1.20%
Gati Ltd	-1.53%
Arshiya	-3.47%
Corporate Courier	-4.94%

Table : 2

If we look at the data of 1 month after the launch of GST, three companies show gain greater than that of BSE Sensex and only five companies showed positive returns. The data is as follow:

Company	gain in 1 month after GST launch
Asis Logistics	16.63%
TCI Express Ltd	11.24%
Kesar Terminals	5.71%
bse sensex	**4.34%**
Gateway Distriparks	4.32%
Sical Logistics Ltd	3.86%
All Cargo	-0.38%
VRL logistics Ltd	-1.53%
Arshiya	-3.75%
Corporate Courier	-5.44%
Tiger Logistics	-5.46%
Snowman Logistics	-5.85%
Gati Ltd	-8.68%
Blue Dart	-12.54%

Table: 3

Similarly data for other periods are as follows:

Company	gain in 3 months after GST	gain up to december 2017	gain upto 19 April 2018
Corporate Courier	-22.81%	38.06%	62.43%
VRL logistics Ltd	9.72%	30.39%	23.45%
Asis Logistics	-100.00%	-8.32%	16.42%
bse sensex	**0.88%**	**8.30%**	**10.27%**
Arshiya	5.67%	50.71%	4.96%
Tiger Logistics	-19.33%	12.35%	0.40%
TCI Express Ltd	1.81%	12.83%	-2.22%
All Cargo	-0.15%	22.19%	-12.34%
Sical Logistics Ltd	-17.42%	2.49%	-17.78%
Snowman Logistics	-15.93%	0.68%	-18.58%
Blue Dart	-14.71%	-4.65%	-20.50%
Gati Ltd	-17.51%	3.21%	-22.98%
Gateway Distriparks	-10.13%	-8.39%	-30.54%
Kesar Terminals	-8.85%	-11.88%	-31.55%

Table: 4

Now let us have a look at the gains/losses made by these companies until now. It has been three financial quarters since the launch of the GST. Lot has changed working of transport companies in India. Apart from GST, other bills like E-way should also help logistics industry by making statutory compliances easy for them. It has also been widely reported that waiting time for trucks has reduced on Indian highways, especially on interstate borders. This has resulted into saving of manpower, time as well as fuel for Goods Transport Agencies.

Quarterly Figures of the Company after GST:

The revenue in following table is only from operating activities. As discussed earlier GST should help improve the operating efficiency of the transporting companies. It will also help increase the speed of transportation. This will enable a company to carry more goods with same number of trucks. This should reflect on the revenue of the company. Analysis of the quarterly revenue figures proves the same. Many companies have seen the positive growth after in following quarters after the launch of GST. Sical, Ashiya, TCI, Tiger Logistics and Blue Dart are the major gainers in term of revenue figure.

Revenue in Cr. Rupees

	Q3'17	Q2'17	Q1'17	Q4'16
Sical Logistics	271.56	192.2	190.81	210.28
Arshiya	24.92	24.04	18.15	18.81
Tiger Logistics	80.09	78.14	69.11	89.2
TCI express	229	203.57	203.17	202.82
Blue Dart	704.59	702.83	666.66	676.28
Snowman Logistics	49.81	44.82	47.83	44.57
VRL logistics	489.34	451.93	491.87	442.86
Gateway Districtparks	80.37	80.19	80.91	74.37
Kesar Terminals	10.34	10.52	10.66	11.71
Gati Limited	110.82	104.59	119.36	121.76
All Cargo	274.4	286.62	312.59	311.14
Corporate Courier	0.08	0.12	0.1	0.4
Asis logistics	0.83	2.68	2.6	4.24

Table: 5

*All monetary figures in crore rupees.

*****financial year has been taken as April to March cycle. Thus April- June quarter is 1st quarter; July-September is second and so on.

Similar pattern is observed when we look at the quarterly operating profits of the companies. Profits show a regular growth pattern quarter after quarter.

Profit before interest, taxes and other exceptional items

	Q3'17	Q2'17	Q1'17	Q4'16
Blue Dart	69.41	65.3	34.43	43.86
VRL logistics	37.29	31.42	48.03	17.91
All Cargo	10.72	20.9	21.83	33.56
TCI express	22.75	18.54	17.29	17.69
Sical Logistics	16.26	14.37	20.7	24.75
Arshiya	8.59	11.87	4.82	7.63
Gateway Districtparks	15.52	9.8	8.24	6.61
Kesar Terminals	2.69	4.88	4.93	7.33
Gati Limited	4.61	4.28	5.64	4.21
Tiger Logistics	5.03	3.69	3.09	4.94
Corporate Courier	0.07	0.1	0.05	0.18
Snowman Logistics	3.09	-0.53	-0.74	-2.45
Asis logistics	-1.42	-1.03	-1.32	-71.35

Table: 6

*figures in crore rupees

*****financial year has been taken as April to March cycle. Thus April- June quarter is 1st quarter; July-September is second and so on.

The operating profit figures have also increased in quarters after the GST. The efficiency of the companies has increased. However the increment seems to be considerable only in bigger companies. This is because GST had helped in the interstate transportation. Intra-state logistics has been same altogether. Therefore companies which were not involved much in interstate logistics and were still performing poorly, they were suffering from some other management issues. GST will of course, not help them with those issues. Therefore they did not gain much after GST.

9. CONCLUSION AND RECOMMENDATIONS:

GST is a boon for the economy and for transport and logistics sector. It will make India increasingly conducive to business and trade. India has already seen a high jump in its rank in World Bank's ease of doing business ranking after launch of GST. GST is considered one of most important factor in this jump (from 130th to 100th).

GST has simplified the state-wise differential tax structure with a uniform single lower tax. It would also drive operating efficiencies as the time spend to pay octroi duty, border checks could now be used to move goods further. According to report of PTI dated 31st December 2017, average distance covered by trucks in a day is already up by 100-150 kms after GST. This has also brought down the maintenance costs of vehicles by up to 30 per cent. Due to uninterrupted journeys, the mileage has also improved by 10-15 per cent. The harassment of truck drivers by authorities on highways has ended due to which no money has to be paid to anyone except for the government duties. These observations prove that Logistics sector has gained not only in monetary terms but also in terms of improved business environment.

In light of recent performance of the sector, a growth estimate of the sector has been revised upward by many research institutions. According to research firm CRISIL, the Indian logistics industry that was estimated at Rs 6.4 trillion in FY17 is forecasted to reach Rs 9.2 trillion by FY20 representing a CAGR of 13% driven by growth across all segments. Within the logistics segment, Third-Party Logistics (3PL), a service that allows a business to outsource operational logistics from warehousing to delivery, is expected to grow the fastest. As per CRISIL estimates, the 3PL market in India stood at Rs 32,500-33,500 crore in FY17 and is expected to grow at a CAGR of 19-21% to reach Rs 57,000-58,000 crore by FY20.

The removal of tax boundaries across states would aid the consolidation of warehouses as logistics companies are increasingly focusing on the hub and spoke model. A new era of opportunities open for warehouse companies. They will have to align their model with this new dynamics.

Overall increase in speed of vehicles and also utilization rate of hardware will lower the cost of logistic services. This will increase the demand. It presents an opportunity to the companies. They must prepare to utilize this opportunity and make most of it. The industry is very competitive and only the best will win.

The GST will cause formalization of fragmented industry. In GST credit of taxes paid is carried forward in the supply chain. Thus each buyer of goods or services insists for receipt from the supplier. Thus sellers of services as well as goods are forced pay taxes and make original receipt. This process will affect the logistics industry too. Small, unregistered firms which did not pay taxes earlier will have to pay taxes now. Small companies lose this important advantage as compared to large registered firm. Thus all firms would be registered and also this will lead to a phase of consolidation in the industry.

From the analysis of the selected firms we see that the best performing companies are big companies which operate nation-wide. Perhaps this is because all other parameters being equal national carriers had a clear disadvantage in previous tax regime. Their trucks often crossed interstate borders. They had to wait in huge ques at borders and also pay multiples taxes. This wasted their time as well as increased effective tax rate. GST removed these bottlenecks for them. Thus pan India carriers show better improvement in their performances.

Smaller companies will find it difficult to compete in new era. They need to improve their operational efficiency. GST has also brought different kind of paper works with itself. Smaller companies need to develop their capabilities in this field too.

GST has also opened a giant avenue of opportunities for 3PL and 4PL service providers. Companies which provide whole package of services including transportation, warehousing as well as supply chain management, will also benefit greatly form GST. Warehouses near state borders can serve bigger geographical areas now. It is not necessary to have a warehouse in each state any longer as goods can move easily from one state to other.

GST also presents some temporary challenges for the business including logistics sector. GST network is still evolving. It suffers from glitches very often. Also successful GST needs internet connectivity of supplier, buyer and logistics companies. Some areas in India still do not have uninterrupted internet services and also accounting professionals of will need to train themselves in GST.

References:

- http://www.internationaljournalssrg.org/IJEMS/topics.html
- https://www.livemint.com/Opinion/NbSCQ2KGNEcTGf1PA7IxcM/GST-impact-on-the-logistics-sector.html
- https://www.thehindubusinessline.com/economy/gst-a-boon-for-the-logistics-sector/article9994087.ece
- https://economictimes.indiatimes.com/markets/stocks/news/how-gst-will-impact-sectors/goods-services-tax/slideshow/59408800.cms
- https://www.moneycontrol.com/news/business/moneycontrol-research/logistics-sector-outlook-long-and-exciting-road-ahead-2542993.html
- http://www.moneycontrol.com/financials/allcargologistics/results/quarterly-results/AGL02
- https://www.businesstoday.in/current/economy-politics/truckers-strike-gst-diesel-price-goods-transport-diwali-trucks/story/261681.html
- https://www.thehindubusinessline.com/economy/logistics/gst-or-less-traffic-what-led-to-cut-in-interstate-truck-travelling-time/article9775955.ece
- https://timesofindia.indiatimes.com/business/india-business/avg-distance-covered-by-trucks-up-by-100-150-km/day-post-gst/articleshow/62316504.cms
- https://economictimes.indiatimes.com/news/economy/policy/gst-impact-over-25-of-trucks-idle-amid-drop-in-interstate-movement/articleshow/59779231.cms
- https://www.moneycontrol.com/news/technology/auto/even-after-gst-did-away-with-check-posts-trucks-run-just-25-km-more-a-day-survey-2434017.html
- https://premium.thehindubusinessline.com/portfolio/firm-calls/transport-corporation-of-india-en-route-to-growth/article8804127.ece
- https://www.moneycontrol.com/news/business/united-breweries-united-spirits-ifb-agro-radico-khaitan-to-get-astrological-support-satish-gupta-2558705.html
- https://cleartax.in/s/goods-transport-agency-under-gst
- https://taxguru.in/goods-and-service-tax/transportation-goods-gst.html
- http://www.moneycontrol.com/financials/allcargologistics/results/quarterly-results/AGL02
- https://www.moneycontrol.com/news/business/moneycontrol-research/logistics-sector-outlook-long-and-exciting-road-ahead-2542993.html
- https://www.businesstoday.in/current/economy-politics/truckers-strike-gst-diesel-price-goods-transport-diwali-trucks/story/261681.html