



“Emerging Trends and Challenges in Commerce, Management and Information Technology”



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***“Emerging Trends and Challenges in Commerce, Management
and
Information Technology”***

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IMPACT OF E-WAY BILL ON LOGISTICS INDUSTRY IN INDIA

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ABSTRACT

Given the complex structure the transport industry ends up spending 30-64% of its time and resources on tax compliance, out of which nearly 16% of its time is spent by the trucks queuing up at interstate check points for tracking and inspection according to a report by ministry of road transport and highways.

Now the introduction of GST is expected to increase the need for integrated logistics arrangements as companies decrease the number of warehouses they keep up in different states. The changes achieved by GST are likewise expected to solve one of the significant problems this sector faces the inter-state transport of goods without the hassle of documentation and long holding up queues at check posts. The GST Council and CBEC's answer to this problem is the GST E way bills which will replace the way bills and transport bills that transport companies use today.

If implemented wisely, e-way bills have the potential to reshape the logistics industry and make transport of goods easier and faster.

This paper highlights the impact of this e-way bill on various stake holders, especially on Logistic industry in India .



KEY WORDS: E-Way Bill, GST, Logistic Industry, GST Council, CBEC, Road Transport Industry.

INTRODUCTION

Given the complex structure the transport industry ends up spending 30-64% of its time and resources on tax compliance, out of which nearly 16% of its time is spent by the trucks queuing up at interstate check points for tracking and inspection according to a report by ministry of road transport and highways.

A truck in India covers an annual average distance of 85,000 km as compared to 1,50,000 to 2,00,000 km in advanced countries which pose a clear indication that our logistics industry needs some reforms. Now the introduction of GST is expected to increase the need for integrated logistics arrangements as companies decrease the number of warehouses they keep up in different states. The changes achieved by GST are likewise expected to solve one of the significant problems this sector faces the inter-state transport of goods without the hassle of documentation and long holding up queues at check posts. The GST Council and CBEC's answer to this problem is the GST E way Bills which will replace the waybills and transport bills that transport companies use today.

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OBJECTIVES OF THE STUDY:-

1. The primary goal of this study is to examine the provisions of E-Way Bill introduced under GST Act, 2017 and its impact on Logistic Industry in India.
2. The secondary objectives are
 - a. To study the need for E-Way Bill provisions .
 - b. To create awareness amongst various stakeholders about the E-Way Bill provisions

LIMITATIONS:

This is a conceptual study. It is supported more by facts than by numerical data. The study is further limited to the discussion of the need of E-Way Bill and its impact on Logistic Industry in India.

HYPOTHESIS

If implemented wisely, e-way bills have the potential to reshape the logistics industry and make transport of goods easier and faster

METHODOLOGY

This study is based on secondary data's. The information has been collected from Acts, books, journals, magazines, newspaper and websites.

STATEMENT AND SIGNIFICANCE

Compliance related to E-Way bill :-

Compliance has been the bane of the Indian logistics industry for some time now. The waybill obtained currently from VAT authorities are famous for restricting movement of goods crosswise over states. While e-way bills should help in free-stream of goods, it does not mean that transporters don't need to take after rules anymore. The CBEC has already released a detailed guideline on the use of e-way bill which drill down the accompanying compliances:

- Whenever the mode of transport of a consignment is changed, the transporter or the generator of E-way bill has to update the changed vehicle number.
- In case the transporter, carrying the multiple consignments of various consignors and consignees in one vehicle he is required to carry one consolidated e-way bill instead of carrying multiple e-way bills for those consignments.
- E-way bills generated for goods not transported must be canceled inside 24 hours. They can't be canceled if verified amid travel.
- Recipient of the consignment must accept or reject the bills. The system will assume the bill has been accepted if no alternate correspondence is provided inside 72 hours.
- The person-in-charge of the conveyance must convey certain documents, for example, the invoice and bill of supply for verification.
- The transporter can likewise convey the details of the e-way bill on a RFID device (Radio Frequency Identification Device).
- Physical verification of the consignment should be possible if there is any 'specific data' relating to tax avoidance or some other malpractice. Otherwise, goods once verified can continue unimpeded through the rest of the journey.
- Verifying officers would need to present a rundown of inspection inside 3 days of verifying consignment.

- Transporters will have the privilege to transfer queries on the GSTN entrance if their vehicle is detained for more than 30 minutes without substantial reason.
- E-way bills will be substantial just for certain period of time.

IMPACT OF E-WAY BILL ON LOGISTICS INDUSTRY

Let us toss some light on the effect of e-way bill on the logistics industry. The e-way bill recording promises better revenue utilizing the benefits of Information Technology. It is additionally expected that the E-way bill mechanism would be an effective instrument to track movement of goods and check tax avoidance and will ensure that goods being transported follow the GST Law.

The E-Way Bill promises multiple benefits for the transporters. The advantages of E-Way Billing can be summarized along these lines:

Reduce Documentation – All the existing state-wise documentation required for movement of goods will never again be required. Another beneficial alternative that is available for the transporters is the establishment of RFID device in the vehicle used to transport consignments on a regular premise. The person in charge of the vehicle never again needs to convey physical copies as the device is attached to the vehicle and the e-way bill can be mapped and verified through the device itself.

Quicker movement of Consignment – Another huge advantage of E-Way Billing will be the removal of the large number of check-posts crosswise over state borders and national highways, resulting in ease of movement of goods.

Reduced Logistics Cost – E-Way Bill would reinforce proper invoicing and along these lines would reduce tax avoidance. In the longer run this bill is expected to reduce our Logistic cost to GDP proportion, which is currently very high when compared to other countries.

DISADVANTAGE OF E-WAY BILL

However there are some bottlenecks which are issues of concern for the logistics industry. Putting the disadvantages of E-Way Billing in a nutshell we have:

Accessibility to IT Infrastructure – Small transporters especially from provincial areas will face trouble in securing access to GSTN gateway for generating the e-way bill. The government now faces the mammoth assignment of ensuring that all transporters enormous or little from country or urban areas do have access to internet even in a hurry.

Unless an organization has the IT system to help and generate e-way bills in real time, it will be a huge issue. We have very less time to get the necessary infrastructure up.

Different implementation timelines in states. Industry analyst and businesses are confused state as currently 15 states have notified the implementation of e-way bill from February 1, 2018 but some states like Maharashtra and West Bengal have decided to defer it which is creating confusion for the businesses which have inter-state operations, as there is no clarity over this situation from CBEC as of now.

Keeping up multiple bills – E-commerce retailers use several modes of transport to ensure that goods reach the customers from the warehouse or the manufacturer's area on time. Since a fresh e-way bill must be generated every time the mode of transport is changed E-com will definitely end up generating a large number of bills for every shipment.

Potential delays in generating e-way bills – Many a times customers end up canceling orders even while the goods are in travel, or return goods already purchased. Fresh e-way bills have to be generated each time this happens. This poses an issue for E-com retailers who use outsider logistics. They will be able to generate e-way bills simply after the transporter additionally transfers details on the GSTN, which can cause potential delays in shipment.

Summing up, we find that there are expected positive effect of e-way bill and furthermore visible loopholes in the realization of the vision of the bill. At this juncture when the e-bill is in the genesis stage, it will be too soon to reach a determination with reference to whether the advantages of e-way bill outweigh

disadvantages or vice-versa. Implementation is the key and that would decide what e-way bill would end up being like!!

COMPLIANCES ASSOCIATED WITH E-WAY BILLS

Compliance has been the bane of the Indian logistics industry for a while now. The waybills obtained currently from VAT authorities are notorious for restricting movement of goods across states. While e-way bills should help in free-flow of goods, it does not mean that transporters do not need to follow rules anymore. The CBEC has already released a detailed guideline on the use of e-way bills which list out the following compliances:

- A new e-way bill must be generated whenever the mode of transport of a consignment is changed.
- When more than one consignment is transported across state borders, the serial number for the e-way bill associated with each consignment must be indicated on the common portal.
- E-way bills generated for goods not transported must be cancelled within 24 hours. They cannot be cancelled if verified during transit.
- Recipient of the consignment must accept or reject the bills. The system will assume the bill has been accepted if no alternate communication is provided within 72 hours.
- The person-in-charge of the conveyance must carry certain documents such as the invoice or bill of supply for verification.
- The transporter can also carry the details of the e-way bill on a RFID device (Radio Frequency Identification Device).
- Physical verification of the consignment can be done if there is any 'specific information' relating to tax evasion or any other malpractice. Otherwise, goods once verified can continue unimpeded through the rest of the journey.
- Verifying officers would need to submit a summary of inspection within 3 days of verifying consignment.
- Transporters will have the right to upload queries on the GSTN portal if their vehicle is detained for more than 30 minutes without valid reason.
- E-way bills will be valid only for certain period of time.

Many a times customers end up cancelling orders even while the goods are in transit, or return goods already purchased. Fresh e-way bills have to be generated each time this happens. E-com retailers who use third party logistics will be able to generate e-way bills only when the transporter also uploads details on the GSTN, which can cause potential delays in shipment.

The major reason for concern is the strict timelines for validity of e-way bills. The validity has been calculated according to the distance travelled and some industry leaders find it unrealistic. Below is a table with the proposed validity of e-way bills for different distances:

So, we see that an e-way bill for a distance of 1000 kms is valid only for ten days from the date on which it is generated. A report by EY and RAI published in December 2013 clearly states that the average speed of Indian truck drivers is 20-40 km/hour, and the average distance covered daily is 250-400 km. Compare this to the average speed of 60-80 km/hour and daily distance of 500-800 kms that truck drivers cover in developed countries and the problem becomes apparent. It needs to be seen how realistic the timelines will be. Besides, truck industry is very fragmented and riddled with theft and driver downtime.

CONCLUSION

Road transport in India is a crucial part of the country's transport and logistics industry. With a 10% annual growth every year, the sector has reaped the benefits of rapid expansion in the automobile industry, changes in taxation, and the boom of the e-com sector which relies on logistics for pan-India service.

Now, the introduction of GST is expected to increase the need for integrated logistics solutions. Companies will decrease the number of warehouses they maintain in different states. The changes brought

about by GST are also expected to solve one of the major problems this sector faces – the inter-state transport of goods without the hassle of documentation and long waiting queues at check posts. The GST Council and CBEC's answer to this problem is the GST E way Bills which will replace the waybills and transport bills that transport companies use today.

If implemented wisely, e-way bills have the potential to reshape the logistics industry and make transport of goods easier and faster. However, one cannot unequivocally say that they are the panacea to all the woes of this sector, yet.

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