

A Study on Implications of Goods and Services Tax on Automobile Industry in Dharmapuri

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Abstract:

The Automobile industry in Dharmapuri is one of the most successful manufacturing spaces from past liberalization. The industry has potential to grow to become a major economic contributor. The government of India has also recognized the importance of automobile industry holds in the Indian economy and hence is currently working on automotive mission plan 2026 to set targets for the industry for the year 2016. The government of India has planned to implement of GST to the manufacturing sector in Dharmapuri district.

Keywords

GST, Automobile sector, Economy Development,

1. Introduction

The word 'Automobile' comes, via the French automobile from the ancient Greek word (autos. "self") and the Latin mobiles ("movable"), means a vehicle that moves itself, rather than being pulled or pushed by a separate animal or another vehicle. The alternate name "car" is believed to originate from the Latin word carries or cur rum ("wheeled vehicle"), or the Middle English care ("cart") (from Old North French). By definition, an automobile or car is a wheeled vehicle that carries its own motor and transport passengers, as we know the automobile was not invented in a single day or by a single inventor.

Today Automobiles have become a central part of our lives, an extension of the human body that provides is faster, cheaper and more convenient mobility every passing day the history of automobile is very fascinating as it reflects an evolution of the automobile that took place worldwide. The growth for automotive industry is important for growth in economy, particularly because the automotive industry has strong multiplier effect. It is capable of being the

driver if economic growth. High direct to indirect employment ratio of about 1:10 is estimated for the automobile industry, because automobile industry has potential to generate employment for about 10 more for every person employed directly in automobile manufacturing industry.

These indirect employments include employments in ancillary and component industries, automobile service stations mechanics, loaders and cleaners of commercial vehicles, institutions financing purchase of vehicles and people who drive commercial vehicles and hired vehicles.

Automobile sector is leader in product and process technologies in the manufacturing sector. It has been recognized as one of the drivers of economic growth and the domestic automobile industry is believed to be the barometer of the economy. Such a belief is in line with international trends since in most mature economies the automobile industry's performance is viewed as a reflection of the economy's health. This sector has emerged as sunrise sector in the Indian economy. According to data published by Department of Industrial Policy and Promotion (DIPP), ministry of Commerce, the amount of cumulative foreign direct investment (FDI) inflow into the auto sector from April 2000 to November 2012 was worth US\$7,518 million. The auto sector accounts for 4 per cent of the total FDI Inflows (in terms of US \$) in India. According to the recent data released by Society of Indian Automobile Manufacturers (SIAM) India's scooter and motorcycle manufacturers have registered 4 per cent growth during April-November, 2012. The Global and Indian manufacturers are focusing their efforts to

develop innovative products, technologies and supply chains. India is one of the key markets for Global Manufacturers for hybrid and electronic vehicles, which is the new development in automobile sector. With a turnover of almost \$59 Million US Dollars, Automobile industry Provides employment to 13 million people in the India Work-class.

2. Review of Literature

Abhijeetn sikh (2017) - Tata motor's user a customer relationship management and dealer management system (CRM - - DMS) which integrates one of the largest applications in the automobile industry linking more than 1200 dealers across India. CRM DOS has helped Tata motors to improve its inventory management, tax calculation and pricing. This system has also proved to be beneficial to dealers because it has reduced their working capital cost.

Susan suffer (2016) - Audi (UK), a leading manufacturer in the prestige automobile market implemented CRM successfully and this helped Audi to develop a model to drive growth and engineer a dramatic customer experiences.

Kevin Keller (2012) - Caterpillar has becomes a leading firm by maximizing the total customer value with the help of effective CRM. Best after sales service in the industry and better trained dealer. This allows the firm to command a premium price of 10% to 20% higher than competitors such as Volvo, comets etc.

Shashank srivastava (2012) - Gm. Martin Suzuki has mentioned that the consumer is price conscious and the brand loyalty is diminishing because of the number of options in each segment more over the customer are ready to experiment today.

Abhijeet Singh and Brijesh Kumar (2011) - Hero Honda motor ltd, is running a program called good life passport to relationship a program called Good life passport to Relationship Reward, with the objectives to create an innovative environment for interaction between Hero Honda and its customers, members of this

program are given a magnetic card in which all information is stored and this card is swiped when using any service at a showroom or workshop and it works like a loyalty benefit card,

Arvind sienna (2010) - Director and board member (marketing and sales), Hyundai motor India (HMIL) "No company in automobile sector can fight computations pan price. Companies need to have the right product. Distribution, CRM and after sales service network to grow.

Mona j Fitzsimons (2010) - Has concluded that the manufacturers depends on exploiting value added services for instance automobile manufacturers have discovered that financing and after sales services can achieve significant profits.

VS Ramaswamy (2010) - CRM is not merely the response of the times, but the necessity of the time as well it is the effective CRM which converts buyers into profitable customer and then builds relations and retains them as a customer for life.

Shapur Kotwal, 2009, "The Article the automobile segment is all poised for steady growth", (FEB 2009)" Focuses on growth of Indian automobile sector. The Article highlighted that, with new models and easy finance at competitive rates, the automobile players are rapidly making inroads into the yet to be tapped areas. With an intention to increase the market share, automobile companies are focusing on increasing their dealer networks and are planning to frame some innovative strategies to cover the untapped market especially the automobile manufacturers are eyeing on small cities and rural urea's.

Biswajit Mahanoy and Virupaxi Bagodi (2008) - It is an era of customer delivered for the two wheelers industry and the services organizations tend to be inadequate to attract customer persistently.

Biswajit Mahanty and Virupaxi Bagodi (2006) - The success of two wheeler manufacturers in India depends on the competition advantage gained by them through after sales services and providing and maintaining customer satisfaction in the face of repaid changes in technology is a difficult task, which can be overcome by timely addition manpower and focusing on the CRM programmers.

3. Need for Study

- i. To bring about the uniformity in the system of indirect taxation.
- ii. To remove the cascading effects of tax
- iii. To bring about the economic integration
- iv. Generally, the taxes are imposed at various rates among various states in India.
- v. Reduces complexities and increases more number of economic transactions,
- vi. The country is said to have one market economy, as through GST the number of numerous markets divided by various tax will be avoided.
- vii. To avoid the tax burden of the common consumers and the public by making it into a single tax system,

4. Statement of the Problem

Automobile plays vital role in industrial development as well as individual's life. No invention in modern times has had as much of an impact on human life as the invention of the Automobile. Currently, India is emerging as one of the world's fastest growing passenger car markets and second largest two wheeler manufacturer, the automobile industry is an important global driver of growth, income, employment and innovation. According to the society of Indian automobile manufactures, annual vehicle sales are projected to increase to 5 million by 2015 and more than 9 million by 2020. By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads. The growths of Indian middle class with strong growth of economy over a past few years have

attracted the major auto manufacturers to Indian market.

4.1 Objectives of the Study

The objectives of the research are,

- i. To understand the different marketing strategies of martin & Hyundai.
- ii. To evaluate the comparative performance of martin & Hyundai
- iii. To study government policies regarding automobile industries
- iv. To understand the promotional and distribution strategies of martin and Hyundai in context of globalized economy
- v. To study branding & brand loyalty and customer perceptions regarding martin & Hyundai brands.

5. Methodology

Research plays vital role in human as well organizational life. Research is the need of today's era as in each and every sphere of life research helps us in getting & understanding the problems with their appropriate solutions. Research is the nothing but search for real and original knowledge, no doubt research might be for personal, societal, organizational and for many more purposes.

Business research is a systematic way to collect information and get the accurate knowledge can be used to make decisions. In short, business research is a process of planning, acquiring, analyzing and disseminating relevant data, information, and insights to decision makers in ways that mobilize the organization to take appropriate actions that, intern, maximize business performance.

The study to be conducted is based on a descriptive approach since we aim to establish outline existing models used for evaluating "Make in India" campaign. Additionally, report is also going to document and describe what companies consider costs and benefits with "Make in India" campaign, and this is based on the findings of the empirical study. This study will also include some explorative elements,

mainly during its early. Stages, when examined the secondary sources available in order to develop understanding of the research area. During this phase we were also able to more clearly define purpose as well as the limitations adopted for the descriptive part of the research. Some part of this thesis will be prescriptive in nature, since this part focuses on constructing a method for identifying and measuring the benefits and effectiveness “Make in India” campaign investments.

6. Limitations of the Study

Reliability is important aspect in research; the reliability of the study may depend on the authenticity of the information provided by the respondents, The method of data collection, analysis and interpretation may have their own limitations.

Cost and time constraints may affect the effectiveness of the study through every attempt will be made to keep the spirit of the objectives and research methodology intact,

The limitation of the study is simple size, through marathwada consists large number of car owners; the researcher has selected a limited and specific number of sample

7. Suggestions

- i. To provide literacy and awareness about the GST.
- ii. Effective spending on efficient tax amonization staff.
- iii. Well maintenance and frequent follow ups of GSTN (Goods and services tax network) portal for better relationship with various stakeholders.
- iv. In order to avoid the unnecessary loss of revenue to the state government, the central government may think about the considerable percentage of GST which will be helpful, for all stakeholders of GST.

- v. Consent from all states and suggestions from every state for betterment of GST and the source of tax revenue.
- vi. The central and the state government should be in proper understanding and cooperative with each other for the successful implementation of GST.

Conclusion

The issue is being discussed much recently. Indian Government proposing to implement GST as a tool increases its revenue and reduces its deficit. An earlier plan by the government was to implement GST in the beginning of April 2017. The Government both central and state has to conduct awareness programmers and various stakeholders. Nevertheless, Automobile industry is looking forward to introduction of GST. However, there are quite a few concerns in the draft model GST law, including some of the key aspects highlighted above, which need to be addressed. so, GST will act as boon for automobile industry

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