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Review Article



## IMPACT OF GST ON WOMEN ENTREPRENEURSHIP IN INDIA - JOURNEY AHEAD

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### ABSTRACT

The position of women and their status in any society is an indicator of its civilization, social and economic development of women is necessary for overall economic development of a country. Women Entrepreneurship, an act of business ownership and business creation that empowers women economically, increases their economic strength as well as position in society. The various policy-driven reforms undertaken over the past years have taken our country from 'third world' status to one that plays a part, albeit small, in defining the fate of the global economy. The introduction of Goods and Services Tax (GST) would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. The journey for the Indian women and young entrepreneur has been nothing short of interesting from finding a niche in a segment which was not defined to keeping practice afloat during the initial years. Finance Minister Arun Jaitley has said the anti-profiteering provisions are not to be used unless the government is forced to do so. The GST is set to be rolled out on 1<sup>st</sup> July, 2017, the authority can order a reduction in prices and ask companies to return money to customers. Indian women entrepreneurs are set ahead to cope in open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully are the strengths of women entrepreneurs.

Keywords: Women Entrepreneurship , GST, Government scheme, Make in India

### INTRODUCTION

In India women with much potential are available to compete among the global women on their entrepreneurial ability apart from motivating and de-motivating internal and external factors of women entrepreneurship. The position of women and their status in any society is an indicator of its civilization. Social and economic development of women is necessary for overall economic development of any society or a country. Schumpeter, J.A (1951), defined women entrepreneur as "Women who are innovative, starts or takes up a business activity are women entrepreneurs". Poornima Charantimath (2009) quotes Kamal Singh's definition as- "A woman entrepreneur can

be defined as confident, innovative and creative woman capable of achieving self-independence singly or in aggregate, creates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with their personal, family and social life." Economic reforms since 1991 have produced some spectacular results, but there's lots more that is required to ensure 'inclusive growth' in the country. The various policy-driven reforms undertaken over the past years have taken our country from 'third world' status to one that plays a part, albeit small, in defining the fate of the global economy. The Make in India campaign is an international campaign launched by the Prime Minister of India Mr Narendra Modi on 25<sup>th</sup> September 2014 to attract business around the globe and to invest and manufacture in India with main focus to make India a leading manufacturing hub by the year 2020.

The introduction of Goods and Services Tax (GST) would be a very significant step in the field of indirect tax reforms in India by amalgamating a large number of Central and State taxes into a single tax, mitigate cascading or double taxation in a major way and pave the way for a common national market. GST is a single comprehensive tax levied on goods and services consumed in an economy. It would mainly subsume union excise duties, customs duties (CVD/SAD), service tax and state VAT into a single levy. Introduction of GST would be the second major reform in India in the area of Indirect Taxes after Value Added Tax in the State in 2005. The idea of moving towards the GST was first mooted by the then Union Finance Minister in his Budget for 2006-07. Initially proposed that GST would be introduced from 1st April, 2010. The Empowered Committee of State Finance Ministers (EC) which had formulated the design of State VAT was requested to come up with a roadmap and structure. GSTs objective is to simplify and streamline the indirect tax regime in the country. It is a single comprehensive tax regime that will be applicable across all states in India on the sale, manufacture and consumption of goods and services. A uniform tax regulation apply across different states, e-commerce and other startups that fall under the purview, relaxed with layered tax structures of different states, this can be a major advantage for stability in doing business. GST helps create a single unified market across India and allow free movement and supply of goods in every part of the country by eliminate the cascading effect of taxes on customers which will bring efficiency in production cost and from the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25%-30% this system of taxing would make Indian products competitive in the domestic and international markets further studies show that this Goods and Services Tax would have a boosting impact on economic growth.

#### **EFFECTS OF GST ON ENTREPRENEURS**

In a recent survey it is revealed that the female entrepreneurs from India are generating more wealth than the women in any part of the world. The basic requirements for entrepreneurs and the basic input characters of this potential is to be recognized, brought out and exposed for utilization in productive and service sectors for the development of the nation. "Women Entrepreneurship" we mean, an act of business ownership and business creation that empowers women economically, increases their economic strength as well as position in society, ability to learn quickly from her abilities, her persuasiveness, open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully are the strengths of the Indian women entrepreneurs. The prevailing economic environment is one of the important influencing factors. The availability of funds, prevailing interest rates, inflationary situation, incentive schemes available are some of the economic variables which should be considered while planning a new venture.

Economic reforms in the country started in the trade sector, went on to industrial licensing, and then on to the financial sector, where too it was more rapid in the equity sector rather than in the banking segment.. The situation of money market will influence the sources for raising funds and if the money market is easy then new enterprises can raise funds by issuing shares and debentures,

credit availability is easy when banks are ready to extend loan facilities, no doubt interest rates in the market will influence the cost of production.

#### **BUSINESS CONCERNS EFFICIENT TAXING**

Due to lowered effective tax in the market the GST Bill brings efficiency in product costs but also leads to significant costs and time investment in regulation management, and compliance. Though the Government schemes and taxing system have the simplified regime encourage businesses to pay taxes thereby filling tax coffers it might also lead to a situation where small businesses circumvent tax for fear of past tax history being exposed. Small businesses are already wary of GST as it seeks to do away with kacha or fake bills, which were the mainstay of small business operations so far. Income tax for small entrepreneurs might also be bought under the radar in case of inconsistency with business incomes and expenses. It is harder for women entrepreneurs to negotiate this as among businesses, it is generally not considered women's work to partake in negotiation of bills, and deal with middlemen and suppliers. Hence, it is presumed that women entrepreneurs will benefit from the digitization and organization of operational processes

#### **OBJECTIVE**

Goods and Services Tax comes into effect as an important growth engine with clarification on indirect taxes which include excise, value added taxes and others streamlining operations, lift doubts for marketplaces and product manufacturers and bring in simplicity as the manufacturing sector go through many tax regime, various tax levies both in state and central. A single most important thing is that industry should welcome this Uniform Tax.

#### **ORGANISING AND STREAMING**

India's startups organising and streaming decisions evaluates and experiments with new models of business and commerce, there have been several issues being raised by government authorities putting them at loggerheads. Some of these challenges will be a thing of the past with GST coming into effect this helps to focus on core business rather than worrying about start own business in another place only to avoid certain taxes and more cost competitiveness.

#### **BETTER BUSINESS ENVIRONMENT**

In order to build a more conducive business environment, and for ease of doing business, the government has been progressively pushing towards Startup India campaign with GST in place could more be on the anvil of Manufacturing companies which helps to figure out other taxes in other countries like entry tax, Octroi, either in departure material and procurement stages. Women entrepreneurs from the garment manufacturing benefited from GST rather than paying different taxation and different logistics which were making it hard but it's too early to comment on how affective or how bad it turns out to be starting to centralise benefits.

#### **PAYMENT AND COMPLIANCE WITH TAX RULES**

Small businesses no longer have to deal with multiple taxes in terms of compliance of GST rules however, small businesses need to have clear invoice-by-invoice updates for every transaction to avail the benefits posed by GST this effectively, means that small businesses will have to increasingly organize their businesses and formalize their processes to ensure compliance with GST norms and avail benefits. The key objectives of the government to bridge the gap between the organized and the unorganized sector. In fact, organized firms cannot avail of the benefits of Input tax credit, if the preceding business in the supply chain usually a small business does not maintain sacrosanct records and compliance.

#### **GST AND PRICING**

Since GST will decrease effective rate of taxes on the manufacturing sector, and increase tax base and tax on service sector goods, it is difficult to clearly ascertain the impact that GST will have on inflation. However, global practices show that GST has helped in reduction of inflation, especially in the longer run, another critical area of GST affect is on small businesses in inflation GST affects small businesses considerably and can aid in formalizing and structuring not just taxation but

business practices as a whole Goods and Services Tax will significantly reform the landscape of Indian Business.

### **MERITS AND DEMERITS**

It is a mammoth process of overturning years of convoluted tax regime however, GST is perhaps the largest reform since the era of liberalization, privatization and, globalization. In the startup ecosystem, entrepreneurs and emerging businesses were hoping for some exciting announcement to encourage entrepreneurship and innovations. The silver lining was the announcement for women and SC/ST entrepreneur with Rs 500 crore allotments it would be welcoming offer R&D credits and lower costs for innovations.

The announcement during the budget also include a 100 per cent tax exemption for 3 years for start-ups for women entrepreneurs a desirable step. The Minister also proposed an amendment of Companies Act to allow new start-ups to register and these steps will help to create a favorable business environment in the country increasing the ease of doing business by amending the companies act, changes in the patent law and tax deductions is a great step in ensuring that startups are not bogged down with paperwork and bureaucracy.

Encouraging digital literacy in educational institutions will lead to employment generation and ensure that a billion plus Indians use the web towards the aim of a digital economy more than being a pro-startup budget which was expected, the financial layout for FY 2016-17 has taken into account the need to create entrepreneurs across the digital divide for emerging businesses there's a slew of incentives to encourage angel investment.

The execution of one nation and a one-tax regime is full of hurdles in a chaotic and diverse nation like India however the government aims to have a fully integrated, technological back-end that leads to destination in the journey ahead. Change in the definition of SME, focused intent on the GST bill and added infrastructure spending are all boosters for the economic environment and startups stand to gain from them and startup activity in the process to create additional jobs from the government focus on employment and employability.

### **CONCLUSION**

The business environment is becoming more gender neutral, allowing women to find their feet and unlock their potential. The stereotypical image of women as home makers, kitchen fixtures, doting mothers and economically non-productive members of society is fast changing. Women are now successfully negotiating family and work, finding support to explore their creativity, taking risks and nurturing sustainable enterprises, women entrepreneurs could make a large impact on GDP. India implements pro-growth and pro-gender policies last but not the least, GST tax, because of its transparent and self-policing character, would be easier to administer.

The repercussion of how GST affects small businesses and women entrepreneurs is something only time decides till then, small business owners must stay updated with the changing dynamics and regulations. Goods and Services Tax might be a small amendment in terms of tax regulations, but it is a giant leap in attempting to organize Business practices in the country. Women entrepreneurship in India have tremendous momentum building up as more and more women are educated and increasing awareness in respective area but there are lots of challenges which still negatively affect this development in order to have sustained and dependable development of the country, more Indian women should jump the band wagon, and start making a difference to the world.

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