

An Analysis of Sports Goods Industry after the Implementation of GST: A Case of Jalandhar

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[Abstract: This study examined the effects of GST on sports industry of Jalandhar. Data were collected from 50 respondents via questionnaire and analyzed using statistical methods. The key findings of the study are GST does not has positive impact on business and there are practical difficulties in compliances under the current service tax requirement. The main objective of this paper is to analyze the effects of GST on Sports Goods Industry of Jalandhar after the implementation of GST.

Keywords: Exporters, GST, Sports Goods,

I. Introduction

Punjab is the largest and most important producer of sports goods in the country. Punjab is also an important exporter of sports goods. The industry in Punjab became important after 1947 when most of skilled labourers migrated from Sialkot (Pakistan) and settled at Jalandhar. Therefore Jalandhar has become the chief centre for sports goods industry. Wood is available from Kashmir and high quality goods are produced.

Jalandhar is the second largest city with urban population in India. The main reason behind this is the rapid growth of industrial sector in the district. Jalandhar is famous for the production of sports goods, hand tools and leather and leather products. But the scope of this paper is limited to sports goods. Production of sports goods at industry level began on a small scale after the independence. After that, the industry has shown an impressive growth and now the sports goods of Jalandhar have exported to other countries. Jalandhar has more than 100 large scale industries and 20,000 small scale units. The production of sports goods involves inflatable balls, badminton racquets and shuttle cocks, cricket bats and balls, different kinds of gloves and protective equipment. ((jalandhar.nic.in)

II. Research Methodology

The study was conducted to have a deep understanding about the effect of GST on Sports Industry of Jalandhar. The respondents were the sports traders of Jalandhar City.

H1: GST has Positive impact on business

H2: Prices of sports goods not increased after the introduction of sports goods

H3: The demand of sports goods is not affected after the introduction of sports goods.

H4: The GST has not affected the production of sports goods.

H5: After introduction of GST, the sales of sports goods have increased

H6: Sports industry has applied the existing service tax laws fairly.

H7: After the GST, the export of sports goods has increased.

H8: There are not any kind practical difficulties in compliances under the current service tax requirement.

Sports Industry: In 1994-95 Punjab produced sports goods worth Rs. 9, 68,657 thousands. There is a great demand for the goods produced in this industry in the country and abroad. There are 758 units registered with the district industries centre. Basti Nau, Basti Danish Mandan, Basti Sheikh and Bhargo Camp. Localities of Jalandhar are important for the manufacture of sports goods. Entire range of sports goods are manufactured here. In the year 2012-13 the production of sports goods is worth Rs. 5,920.42 lakh and it direct employment to about 10,000 workers and indirect employment to 40,000 workers.

Table 1: Production and Employment in Sports Industry of Punjab
(Production in Rs. lakh and workers in numbers)

Years	Production	Employment
1988-89	6,105.32	8,50
1990-91	6,282.40	8,716
1991-92	6,514.03	9,108
1992-93	7,268.20	9,385

1993-94	9,416.21	9,317
1994-95	14,929.56	6,020
1995-96	15,807.48	5,780
1996-97	18,316.30	5,884
1998-99	20,585.67	6,018
1999-2000	3834.31	6243
2000-2001	21239.38	6553
2001-02	24002.97	8276
2002-03	26766.56	10000
2003-04	28970.55	10045
2004-05	30072.54	10067
2005-06	31174.54	10089
2006-07	34174.52	10089
2007-08	40088.00	10053
2008-09	44762.00	10905
2009-10	45500.00	11700
2010-11	5234.92	5792
2011-12	6771.39	6096
2012-13	6602.86	6091
2013-14	28187.52	7389
2014-15	5234.92	6001

Source: Govt. of Punjab, Statistical Abstract of Punjab, (various issues)

Table 1.1 describes the position of sports industry in Punjab. Table contains various year's corresponding production and employment provided by the sports industry.

2.1 Analysis and Interpretation

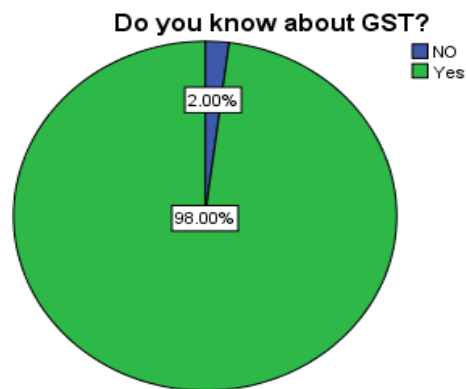


Fig. 1.1 GST

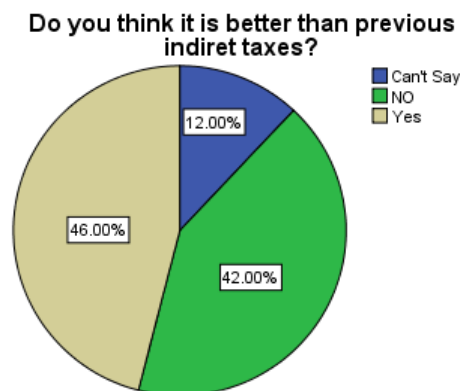


Fig. 1.2- Indirect Taxes

Fig. 1.1 explains that 98 per cent of the respondents were aware about the GST and Fig. 1.2 depicts that 46 per cent of the respondents were in the opinion that GST is better than the previous indirect taxes , while 42 per cent were not in favour and 12 per cent refused to give their views regarding the GST.

GST has positive impact on my bussiness?

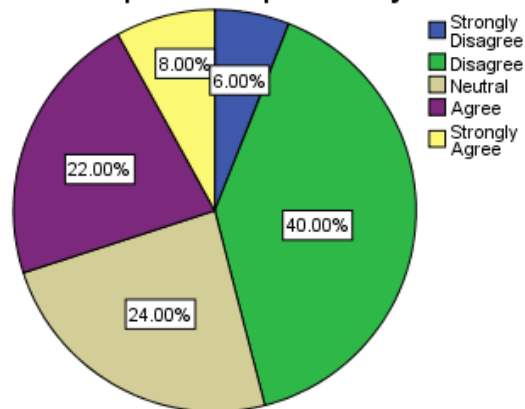


Fig. 1.3- GST Impact

GST has increased the prices of sports good

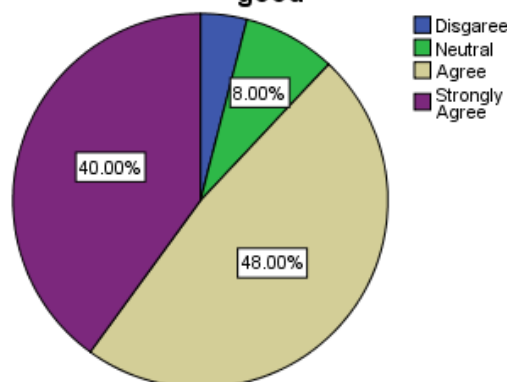


Fig. 1.4- GST Impact

Fig. 1.3 explains that 46 per cent of the respondents were disagree and had the opinion that GST has a positive impact on sports industry. Fig. 1.4 explained that 88 per cent of the respondents have the opinion that GST has increased the prices of sports goods.

The demand of sports goods is affected after introduction of GST

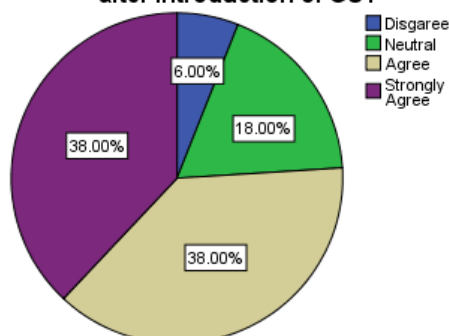


Fig. 1.5- Affect of GST

The GST has affected the production of sports good

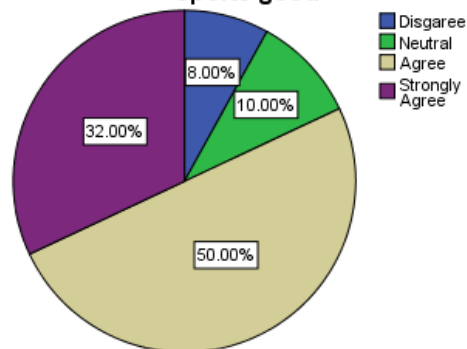


Fig. 1.6- Production of sports good

Figure 1.5 and 1.6 depicts that GST influenced the demand and production of sports goods. 76 per cent of the respondents were agree that demand of sports goods is affected after the introduction of GST and 82 per cent of the respondents were in favour that GST has also affected the production of sports goods.

After introduction of GST, the sales of sports goods have increased

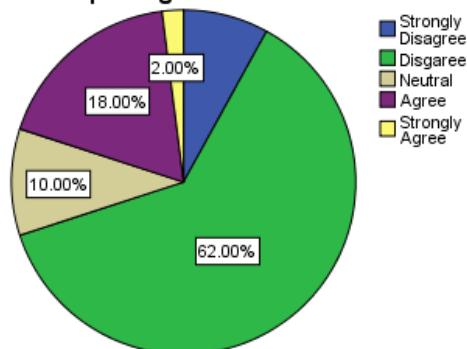


Fig. 1.7- Sales increased

After the GST, the export of sports goods has decreased

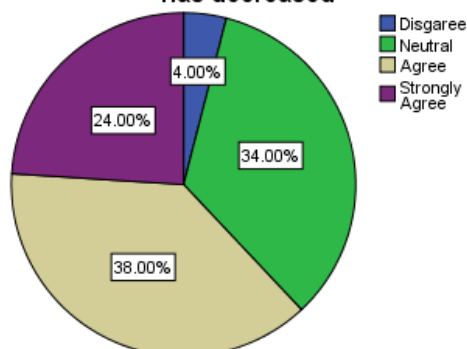


Fig. 1.8- Sales decreased

Figure 1.7 and 1.8 b after the introduction of the GST the sales and exports of sports goods had decreased. 70 per cent of the respondents were disagreeing with the statement that after the introduction of GST, the sales of sports goods have increased. In the similar manner 62 per cent of respondents were agreed with statement that there has been a decrease in the exports after the implementation of GST.

Sports industry has applied the existing service tax laws fairly?

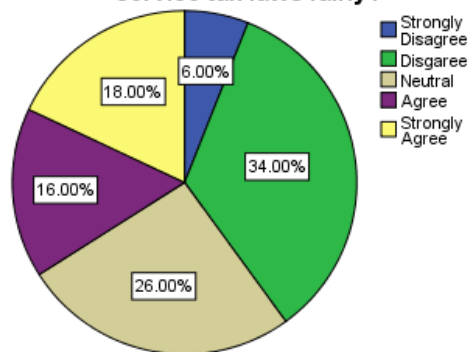


Fig. 1.9- Tax laws fairly

Have you faced practice difficulties in compliances under the current service tax requirement?

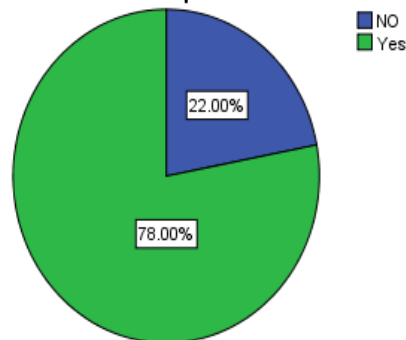


Fig. 1.10- Service Tax requirement

Fig.e 1.9 and **1.10** explains that sports industry has fairly applied the existing service tax laws and sports industry faced practical difficulties in compliances.

Table 2: Descriptive Statistics

	Median	Variance
Do you know about GST?	2	.020
Do you think it is better than previous indirect taxes?	1	.91
GST has positive impact on my business?	3	1.184
GST has increased the prices of sports good	4	.594
The demand of sports goods is affected after introduction of GST	4	.810
The GST has affected the production of sports goods	4	.751
After introduction of GST, the sales of sports goods have increased	2	.904
Sports industry has applied the existing service tax laws fairly	3	1.48
After the GST, the export of sports goods has decreased	4	.722
Have you faced practical difficulties in compliances under the current service tax requirement?	2	.175

Table 3: Chi Square

	Chi-Square	Df	Asymp. Sig.
GST has positive impact on my business?	19.000 ^a	.001	4
GST has increased the prices of sports good	29.680 ^b	.000	3
The demand of sports goods is affected after introduction of GST	14.960 ^b	.002	3
The GST has affected the production of sports goods	23.760 ^b	.000	3
After introduction of GST, the sales of sports goods have increased	58.400 ^a	.000	4
Sports industry has applied the existing service tax laws fairly	11.200 ^a	.024	4
After the GST, the export of sports goods has decreased	13.840 ^b	.003	3
Have you faced practical difficulties in compliances under the current service tax requirement?	15.680 ^c	.000	1

Table 3 explains that GST does not has positive impact on business, after the introduction of GST the prices sports goods has increased after the introduction of GST, the demand of sports goods has been affected, the sales of sports goods have been decreased, the exports have been decreased and there are practical difficulties in compliances under the current service tax requirement.

III. Conclusion

Jalandhar is the centre of sports goods industrial production and sports industry in Jalandhar provides employment to 1.5 lakh workers. In India sports goods manufacturing units are also present in Jammu and Meerut. In the states of J&K and UP no tax is imposed on the industry, but in case of Punjab manufacturing units were paying 8 per cent of the tax but after the implementation of GST the rate of tax has increased to 12 , 18 and 28 per cent.

The sports industry is already facing a cut throat completion from China in International market. After the 1 July 2017 there has been 90 per cent decline in daily sales of Jalandhar based sports industry. There is a great confusion as far as billing process is concerned. (indianexpress.com)

The main conclusion of the current study suggest that GST does not has positive impact on business, after the introduction of GST the prices sports goods has increased after the introduction of GST, the demand of sports goods has been affected, the sales of sports goods have been decreased, the exports have been decreased and there are practical difficulties in compliances under the current service tax requirement.

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