

'IMPACT OF INDIRECT TAXATION ON COSMOS WITH SPECIAL IMPACT ON GST'

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ABSTRACT

This study examines the impact of indirect taxation, with a special emphasis on the Goods and Services Tax (GST), on Cosmos Integrated Solutions Private Limited. GST, introduced to unify and simplify India's tax structure, has significantly influenced businesses by replacing multiple taxes with a single framework. For Cosmos, GST has improved supply chain efficiency and reduced the cascading effect of taxes, but it also poses challenges such as increased compliance requirements and adapting to evolving tax policies. This research highlights how the company navigates these changes, balancing operational efficiency and financial management within the GST regime, while providing insights into optimizing business performance under the new taxation system.

KEYWORDS: Indirect Taxation, Goods and Services Tax, Tax Reforms in India, Cosmos Integrated Solution Pvt. Ltd, Taxation Policies, GST Compliance, Input Tax Credit.

INTRODUCTION

Taxation plays a crucial role in shaping the economic and business environment of any country. In India, indirect taxation forms a significant part of the tax system, impacting businesses and consumers alike. Indirect taxes are levied on goods and services rather than directly on income or profits, making them a critical revenue source for the government. Over the years, India has undergone significant reforms in its indirect tax structure, with the implementation of the Goods and Services Tax (GST) in 2017 marking a landmark change.

This research focuses on the impact of indirect taxation on Cosmos Integrated Solutions Pvt. Ltd., with a special emphasis on the Goods and Services Tax (GST). GST, designed to simplify the tax structure, replaced a complex web of multiple indirect taxes such as VAT, service tax, and excise duty, creating a unified tax regime across the nation. While the reform aimed to enhance ease of doing business, reduce cascading tax effects, and promote transparency, its implications on businesses have been multifaceted.

The study investigates how indirect taxation, particularly GST, has influenced the operational efficiency, compliance burden, and overall financial health of Cosmos Integrated Solutions. It evaluates the challenges the company faced during the transition to GST, such as adapting to new compliance norms and managing cash flows, as well as the benefits accrued, including streamlined taxation and potential cost reductions through input tax credits.

By analyzing the pre- and post-GST taxation scenarios, this research aims to provide insights into the practical impacts of India's indirect tax reforms on medium-sized enterprises like Cosmos Integrated Solutions. This study contributes to understanding the broader implications of GST on the corporate sector while identifying potential areas for policy

improvement to enhance its effectiveness.

OBJECTIVE OF STUDY:

1. To study the effect of GST on the financial performance of Cosmos Integrated Solution private ltd.
2. To study the impact of GST on the company's supply chain and vendor relationships.
3. To study the overall effect of GST on the operational efficiency of Cosmos Integrated Solution pvt ltd.
4. To examine the overall impact of indirect taxation on the growth and scalability of Cosmos Integrated Solution Private Limited.

RESEARCH METHODOLOGY:

The research methodology for studying the impact of GST on Cosmos Integrated Solutions Pvt. Ltd. involves a structured approach, starting with a literature review of relevant academic and industry sources. Data will be collected through secondary sources, such as financial reports, and primary sources, including interviews and surveys with key stakeholders. The study combines quantitative analysis of financial data with qualitative thematic analysis of operational insights. A comparative approach will assess pre- and post-GST performance, benchmarked against industry peers, to provide recommendations for optimizing GST compliance and improving operational efficiency.

SURVEY RESEARCH:

The survey research on the impact of indirect taxation, with a special focus on GST, on Cosmos Integrated Solutions Pvt. Ltd. will utilize both primary and secondary data. Primary data will be collected through surveys and interviews with key stakeholders, including financial managers and tax consultants, to understand their experiences with GST implementation and its effects on compliance, cost structures, and operational efficiency. Secondary data will include financial reports and GST compliance records to assess changes in

the company's financial performance. This combined approach will provide comprehensive insights into the impact of GST on the company.

DESCRIPTIVE RESEARCH:

The descriptive research on the impact of indirect taxation, with a special focus on GST, on Cosmos Integrated Solutions Pvt. Ltd. aims to provide a detailed account of how GST has affected the company's operations and financial performance. The study will collect both primary data through surveys and interviews with key stakeholders and secondary data from financial statements and compliance reports. The research will describe the changes in cost structures, pricing strategies, and profitability pre- and post-GST. It will also explore the challenges faced by the company in adapting to GST and its overall impact on operational efficiency.

RESEARCH DESIGN:

The research design for this study adopts a mixed-method approach combining qualitative and quantitative data to provide a comprehensive analysis of GST's impact on Cosmos Integrated Solutions Private Limited.

POPULATION: The population for this study consisted of the employees who worked at Cosmos integrated solution pvt. ltd. Lower parel, Mumbai.

SAMPLE:

The sample size for the study on the impact of indirect taxation, with a special focus on GST, on Cosmos Integrated Solutions Pvt. Ltd. was determined using Google Forms to collect responses from employees across various departments within the company. The survey targeted key stakeholders, including financial managers, tax consultants, and operational staff, who are directly involved in GST compliance & its impact on company operations. A total of 55 respondents participated in the survey, providing insights into the company's experiences with GST and its effects on financial performance and operations.

PRIMARY DATA:

Conducting interviews and surveys with key company stakeholders, including financial managers, tax consultants, and operational staff, to gather first hand insights into the effects of GST on operational and financial aspects.

SECONDARY DATA:

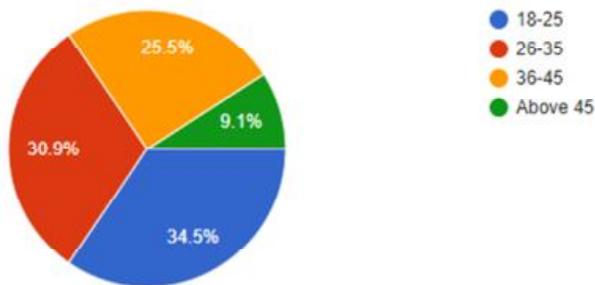
Collection of secondary data from the company’s financial statements, GST compliance reports, and industry benchmarks to assess historical performance and regulatory impacts.

DATA ANALYSIS AND INTERPRETATION:

Questionnaire for better understanding about impact of indirect taxation on cosmos with special impact on GST.

1. 1.Age

Fig 5.1. Age

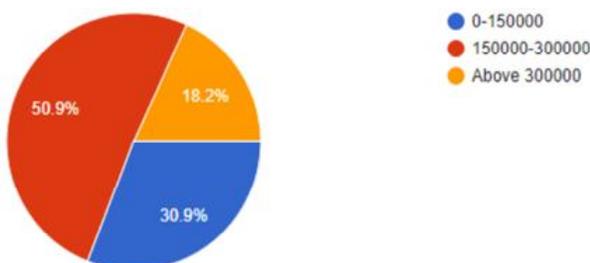


Interpretation:

In the above figure majority of the group falls within the 18-25 age range (34.5%), followed closely by those aged 26-35 (30.9%). A smaller portion is in the 36-45 range (25.5%), and the fewest are above 45 (9.1%). This suggests a youthful demographic with a decreasing representation as age increases.

2. Annual income

Fig 5.2. Annual income

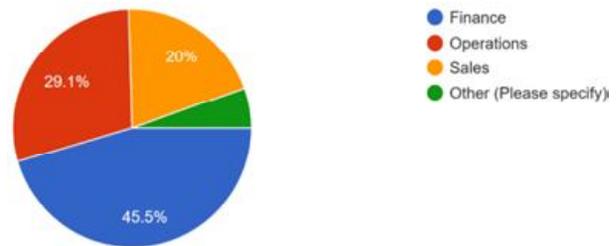


Interpretation:

The chart displays the annual income distribution of respondents. The majority, 50.9%, fall within the 150,000 - 300,000 income bracket, indicating a significant portion of the population earns a middle-range income. Around 30.9% of respondents have an annual income below 150,000, representing a lower income group. Only 18.2% of respondents earn more than 300,000 annually, suggesting that a smaller proportion of the population has higher earnings. This distribution provides insight into the income levels of the surveyed population, with most respondents earning between 150,000 and 300,000 per year.

3. Which department are you currently working in?

Fig 5.3. currently working department

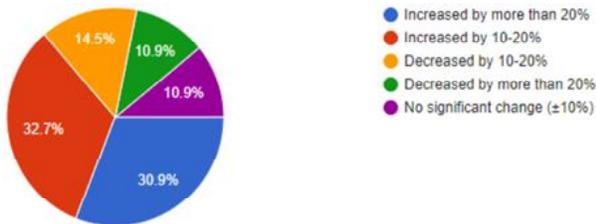


Interpretation:

The chart illustrates the distribution of employees across different departments. The majority, 45.5%, work in the Finance department, indicating that nearly half of the respondents are engaged in financial roles. Operations is the next largest department, with 29.1% of respondents, showing that a significant portion of employees are involved in the core activities of the organization. Sales accounts for 20% of respondents, suggesting a moderate focus on the sales function. Lastly, 5.5% of respondents are in other departments, highlighting a smaller representation in less common or specialized roles. This distribution helps in understanding the organizational structure and workforce allocation.

4. How many percentage change in departmental budget due to GST?

Fig 5.4. percentage change in departmental budget due to GST

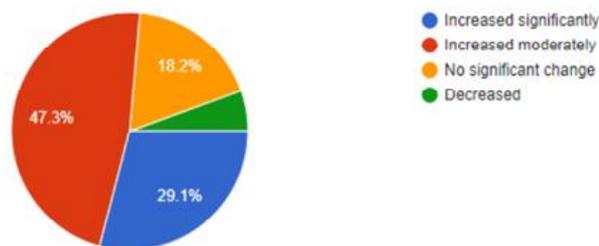


Interpretation:

The pie chart represents the impact of GST on departmental budgets based on responses from 55 participants. The most significant change observed is a budget increase of 10-20%, which accounts for 32.7% of the responses. Additionally, 30.9% of respondents reported an increase of more than 20%. On the other hand, 14.5% experienced a decrease of 10-20%, while 10.9% saw a decrease of more than 20%. Lastly, 10.9% of participants indicated that there was no significant change (±10%) in their departmental budget due to GST. This suggests that a majority perceived an increase in their budgets due to GST implementation.

5. How does GST impacted the company's overall revenue?

Fig 5.5. GST impacted the company's overall revenue



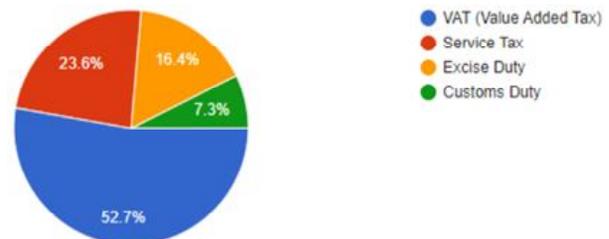
Interpretation:

The pie chart illustrates the impact of GST on the company's overall revenue based on 55 responses. A significant portion of respondents, 47.3%, reported a moderate increase in revenue due to GST, while 29.1% indicated a significant increase. On the other hand, 18.2% observed no significant change in revenue, and a smaller group, 5.5%, experienced a decrease. Overall, the chart suggests that GST

has positively impacted the revenue for most companies, with the majority reporting some level of increase.

6. Which of the following taxes does GST replace?

Fig 5.6. taxes does GST replace

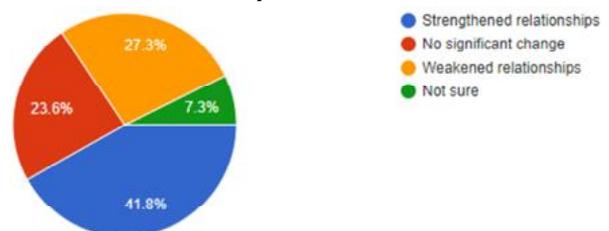


Interpretation:

The pie chart depicts the distribution of responses regarding which taxes GST replaces. Out of 55 respondents, the majority (52.7%) believe that GST replaces VAT (Value Added Tax). This is followed by 23.6% who think it replaces Service Tax, 16.4% who selected Excise Duty, and a smaller group of 7.3% who indicated that GST replaces Customs Duty. The data highlights that most participants recognize VAT as the primary tax replaced by GST, with Service Tax and Excise Duty also being significant, though to a lesser extent.

7. How has GST affected the company's relationship with its vendors?

Fig 5.7. GST affected the company's relationship with its vendors



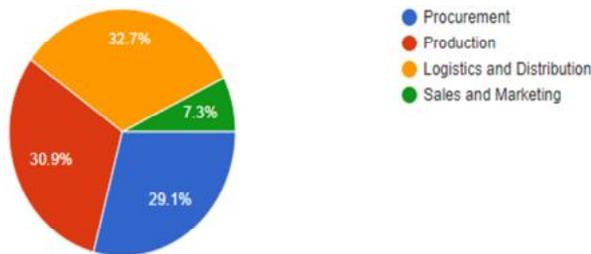
Interpretation:

The chart depicts the impact of GST on the company's relationship with its vendors based on 55 responses. A significant portion, 41.8%, believes that GST has strengthened relationships with vendors. Meanwhile, 27.3% feel that GST has weakened these relationships. Another 23.6% see no significant change due to

GST. A small minority, 7.3%, are unsure about its impact. Overall, the results suggest that GST has had a varied effect on vendor relationships, with a slight leaning towards positive outcomes.

8. Which area of cosmos integrated solution private limited has been more effected by GST?

Fig 5.8. area of cosmos integrated solution private limited has been more effected by GST

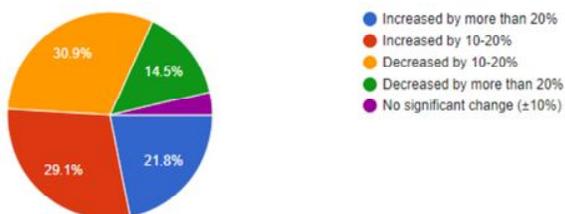


Interpretation:

The chart illustrates which area of Cosmos Integrated Solutions Private Limited has been most affected by GST, based on 55 responses. The highest impact is observed in “Logistics and Distribution,” with 32.7% of respondents indicating this area is most affected. “Production” follows closely with 30.9%, while “Procurement” has been identified by 29.1% of respondents as significantly impacted. “Sales and Marketing” is seen as the least affected, with only 7.3% noting its impact. This suggests that GST has had a substantial effect across various operational areas, particularly in logistics and production.

9. How percentage change in compliance costs due to GST?

Fig.5.9. percentage change in compliance costs due to GST



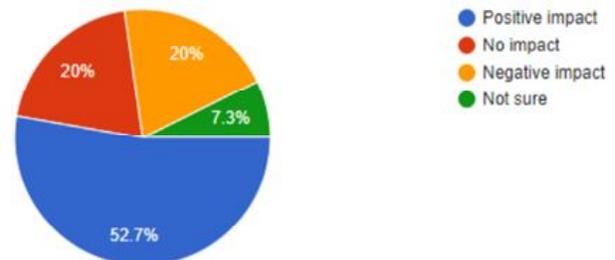
Interpretation:

The chart displays the percentage change in compliance costs due to GST, based on 55 responses. The majority, 30.9%, indicate

that compliance costs have decreased by 10-20%, suggesting that GST has brought some cost efficiencies. However, 29.1% report an increase in costs by 10-20%, indicating a varied impact. Additionally, 21.8% experienced an increase of more than 20% in compliance costs, while 14.5% saw a significant decrease of more than 20%. Only 3.6% observed no significant change. Overall, the responses indicate a mixed impact, with some businesses benefiting from cost reductions and others facing increased compliance costs.

10. How has the GST regime affected your company’s ability to expand or enter new markets?

Fig. 5.10. GST regime affected company’s ability to expand or enter new markets

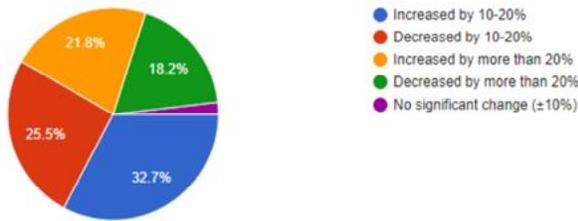


Interpretation:

The pie chart illustrates the impact of the GST (Goods and Services Tax) regime on companies’ ability to expand or enter new markets based on 55 responses. The majority of respondents (52.7%) believe that the GST regime has had a positive impact on their business expansion or market entry. However, 20% of respondents feel that it has had no impact, and an equal 20% view it as having a negative impact. A smaller percentage (7.3%) are unsure of the GST regime’s impact on their business in this regard. This suggests that while the GST is generally seen as beneficial, opinions are mixed, with a notable minority expressing concerns or uncertainty.

11. How many percentage change in customer demand due to GST?

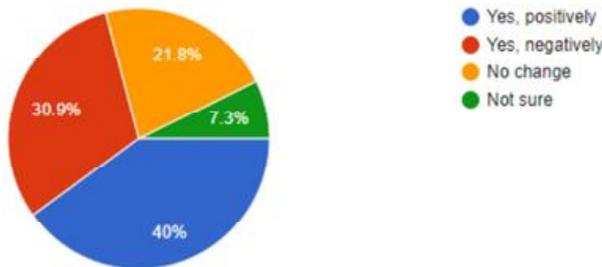
Fig. 5.11. percentage change in customer demand due to GST



Interpretation:

The pie chart shows the percentage change in customer demand due to GST (Goods and Services Tax) based on 55 responses. The largest portion, 32.7%, indicates that customer demand increased by 10-20%. On the other hand, 25.5% of respondents noted a decrease in demand by 10-20%. Additionally, 21.8% observed an increase in demand by more than 20%, while 18.2% reported a decrease in demand by more than 20%. A small portion, 1.8%, indicated no significant change (±10%) in customer demand. This suggests that the impact of GST on customer demand varies, with both increases & decreases reported by respondents.

Fig. 5.12. GST affected customer satisfaction with pricing and services



Interpretation:

The pie chart illustrates the impact of GST (Goods and Services Tax) on customer satisfaction with pricing and services based on 55 responses. The largest segment, representing 40% of respondents, indicates a positive impact. However, a significant 30.9% feel negatively affected. About 21.8% perceive no change in their satisfaction, while 7.3% remain unsure about the impact. This suggests that while GST has been positively received by a substantial portion of respondents, a notable

minority still view it unfavourably or are unaffected.

13. What are your expectations for the future impact of GST on the company?

Fig.5.13. expectations for the future impact of GST on the company



Interpretation:

The chart illustrates the expectations for the future impact of GST on the company, based on 55 responses. A majority of 41.8% of respondents expect GST to continue having a positive impact. Meanwhile, 27.3% foresee a negative impact, and 23.6% predict a neutral effect. A smaller portion, 7.3%, is uncertain about the future impact. This distribution suggests a general optimism regarding GST's future effects, although there is a significant portion that remains concerned or neutral about its potential outcomes.

FINDINGS:

The research on the impact of GST on Cosmos Integrated Solutions Private Limited reveals that while GST has increased input costs, effective use of input tax credits has helped mitigate these expenses. Adjustments in pricing strategies have allowed Cosmos to remain competitive despite potential shifts in consumer demand. Cash flow management has been challenged by upfront GST payments, requiring improved liquidity practices.

The administrative burden of compliance has driven investments in technology and staff training. GST has streamlined supply chain operations and leveled the competitive playing field, enabling Cosmos to compete more effectively across sectors. Additionally, changes in consumer behavior, demand elasticity, and customer perception have influenced marketing

strategies, while the company has reconsidered long-term investments and strengthened its risk management approach.

CONCLUSION:

The impact of indirect taxation, particularly the Goods and Services Tax (GST), on Cosmos Integrated Solutions Private Limited has been both transformative and challenging. GST has simplified the tax structure and improved supply chain efficiency by removing interstate tax barriers. However, it has also led to higher input costs and cash flow pressures, requiring the company to adjust its pricing strategies & strengthen liquidity management.

The increased compliance burden has prompted investments in technology and staff training to ensure accurate reporting. Despite these challenges, GST has provided opportunities for market expansion, enhanced competitiveness, and long-term operational improvements, enabling Cosmos to adapt and thrive in the evolving business landscape.

RECOMMENDATION:

Cosmos Integrated Solutions continue to leverage the benefits of GST, particularly the input tax credit mechanism, to optimize cash flow and reduce the overall tax burden. To maintain competitiveness, the company should focus on further enhancing its supply chain management and pricing strategies.

However, given the increased compliance requirements, it is crucial for Cosmos to invest in advanced accounting systems and ongoing staff training to ensure efficient GST reporting and adherence. Additionally, exploring automation tools could streamline compliance processes and improve operational efficiency, helping the company adapt to future changes in the tax landscape.

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