Project Report

(Submitted for the Degree of B.Com. Honours in Accounting & Finance under the University of Calcutta)

The Before and After effects of GST implementation in the FMCG and Real Estate markets (Nestle India LTD and DLF India LTD).

Submitted by

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Month & Year of Submission: February,2018

Annexure- **I**

Supervisor's Certificate

This is to certify that Mr./Ms **……………………………………………….**

a student of B.Com. Honours in Accounting & Finance / Marketing / Taxation / Computer Applications in Business of ....(Name of the College) under the University of Calcutta has worked under my supervision and guidance for his/her Project Work and prepared a Project Report with the title………..
which he/she is submitting, is his/her genuine and original work to the best of my knowledge.

Signature

Place: Name:

Date: Designation:

Name of the College:

Annexure- II

Student's Declaration

I hereby declare that the Project Work with the title (in block letters) ……………………………………………………………………………………… ………………………………………………submitted by me for the partial fulfilment of the degree of B.Com. Honours in Accounting & Finance / Marketing / Taxation / Computer Applications & e-Business under the University of Calcutta is my original work and has not been submitted earlier to any other University /Institution for the fulfilment of the requirement for any other course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from any earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in the references.

Signature

Name:

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Place:

Date:

Acknowledgement

I would like to express my special thanks of gratitude to all those who have provided me with guidance and assistance in doing this project. I would like to thank **Mrs.Moumita Sarkar, the Professor of Commerce Department, Bangabasi Morning College, Kolkata** for allowing me the opportunity to do this wonderful project and helping me complete this project with her wide experience and knowledge.

I would also like to thank all the other teachers who provided me all the necessary information in the completion of the project report. Last but not the least, I would like to extend my thanks to University of Calcutta, Kolkata for allowing me the opportunity to do this project.

I would also like to thank my fellow batchmates who extended their support and valuable feeds, in helping me complete this project in due time.

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Chapter 1: Introduction

1.1 Background of the Project

The research study has been formulated keeping in mind the recent change in the tax regime of India, with respect to the implementation of the new tax law called GST or Goods and Service Tax. The Goods and Service Tax implemented in India from 1st July 2017, was formulated to absorb and reduce the burden of multiple taxes on the consumers and suppliers as a whole. The research has been done on this topic, choosing two fast growing economies, mainly the FMCG (Fast Moving Consumer Goods) and Real Estate, taking Nestle India LTD and DLF India LTD as their respective case studies to understand and check the viability of such a tax regime in India.

The research study vows to help make understand the importance of such a tax regime in a developing country such as India, and the future effect of such regime in lifting the Gross Domestic Product (GDP) of the country as a whole. It would also focus on the disadvantages and ill effect of such a tax regime in India.

The research study also answers some questions about the effect of the tax regime on the research companies, and the changes they implemented and the reason and effect of such changes on their overall market position. The research data have been categorised into Pre and Post GST period to help us better compare and understand the effect of GST on our research company.

1.2 Literature Survey

This section covers the review of literature of some of the important studies, research papers and articles on the various aspects of GST System.

The Goods and Service Tax or GST has been implemented in India from 1st July, 2017 to absorb over 26 different taxes under a single consolidated tax slab to be used all over India.

A number of studies have been conducted to examine various facets to the introduction of the GST. The studies suggested some important issues of GST like Dual GST Tax structure, where Federal and State Government will work mutually. Uniformity in Tax rate and distribution of the Tax between CGST and SGST etc. remain in the system.

M. Govinda Rao, (2009) has found that GST is not a new Tax. It is only the further improvement over the existing consumption Tax system at the Central and States level. At present Federal and State Government levy Service Tax and VAT respectively and GST will be subsumed of all Indirect Tax.

According to the studies some of the greater shortcomings of the tax regime can be summarized as: How would it reform the consumption Tax system? What are the list of exempted goods and services? What will be the management of the Tax system? What will be the rate of Tax and who will decide the Tax structure etc?

G. C. Ruggeri & K. Bluck (1990) have examined that the Canada Federal Government implemented the GST as a replacement of the Manufacturers' Sales Tax (MST) in 1989. The study has focused the comparison between MST and broad-based VAT. They found VAT is more regressive than that of MST and at the same time GST is also found to be more regressive than MST. This weakness of GST can be reduced if Tax rate will be in progressive form, which indicates lower income credit financed by a high-income class pay surtax or higher GST rate.

1.3 Research Gap

The effect of the implementation of the Goods and Service Tax in India has not been studied deeply with respect to all the important economies and industries in India. Moreover, a question remains as to how aware the consumers of these industries are and how are they being affected by such changes and implementations in the tax regime.

In this project, we will analyse and report our observations and findings of two important consumer industries in India taking in consideration two different companies under these industries, namely the FMCG sector (Nestle India LTD) and the Real Estate sector (DLF India LTD) to both help bridge the study gap and to make the consumers of such industries aware of the implementation of the tax implementation in these industries and how it would affect them as the consumers of the industry.

1.4 Objectives of Study

1. To make a comparative study of two companies, under two study industries to understand the Pre and Post GST implementation effect on the markets.
2. To understand and study the various aspects of the Goods and Service Tax with respect to the study market.

1.5 Methodology

The research project has been designed to analyse and put forward the researcher's view points and findings on the implementation of GST on two companies under two broad industries namely the FMCG sector and the Real Estate Sector. The chapters also aim to put forward a comparative data structure for both the companies to give the readers of the project a better view of the effect of the tax implementation on these industries and it's companies.

The research project will be carried on and formulated keeping in mind past, and present data and studies already been done or carried upon on the topic or on the industries keeping in mind the implementation of GST and its effect.

The research project has been made taking the period of study as September 2016 to December 2017, and Quarters from Q1 to Q3. The completion date of the research project is estimated to be February 2018.

1.6 Limitations of Study

The section states the various limitations and problems the researcher faced while researching and formulating the interpretations based on the datas being collected with respect to the study topic in question.

1. Accessibility was an issue in terms of extracting data relevant to the Post-GST quarters, which had to be shortened and kept limited to only Q3. The report could have been presented in a much wider mannerism if we had access to Q4 as well.

2. The report could have been researched for a longer period of time, but had to be kept limited due to certain time constraints influencing the study.
3. The researcher notes the unavailability of certain important data that are relevant for the project's interpretation.

1.7 Chapter Planning

- Chapter 1: Introduction
- Chapter-2: Conceptual Framework/National and International Scenario
- Chapter-3: Presentation of Data, Analysis and Findings
- Chapter-4: Conclusion and Recommendations

Chapter 2: Conceptual Overview

Chapter 2.1: Conceptual Framework

This section of the project, aims to analyse the research gap that we wish to bridge with our research material and the analysis of the available material. In seeing the analysis of the data, that is the share prices of the companies, Nestle India Ltd and DLF India Ltd, the sectoral performances of the industries they belong to that is FMCG and Real Estate and the profits and sales of the company we can in a general perspective, notice clear differences in the way both the companies and their respective broad sectors reacted owing to the implementation of the GST.

The Conceptual Framework depicts the relationship between the GST implementation (Independent Variable) and the companies we have taken into consideration for our study (Dependent Variable). The new GST implementation has greatly affected the Indian economy, from current research materials available and other data sources we have observed that while the FMCG sector has taken the implementation of the GST as a positive factor, the Real Estate sector has suffered lows with the implementation of the GST bill and the RERA Act.

This leads us to the following hypothesis:

H1. The FMCG sector, and NESTLE INDIA LTD as a part of the FMCG sector has shown positive growth in terms of sales performance, share performance and profits.

H2. The fall in the market conditions of the Real Estate sector, and DLF INDIA LTD as a part of the Real Estate sector can be attributed to the introduction of the RERA Act as well as the GST implementation.

Chapter 2.2: Global/National Scenario

Before India decided upon the implementation of GST, different countries throughout the world had already adopted this unified tax system. It should be noted here that France was the first country in the world to first implement GST in their country. Apart from France countries like, Canada, New Zealand, Australia, Malaysia, The European Union and many other countries have successfully implemented GST.

The Goods and Services Tax (GST) also known as the National VAT (Value Added Tax) has been introduced in more than 150 countries. France was the first country to introduce GST system in 1954. The standard GST rate in most countries ranges between 15-20%. Most of the sectors are taxed except for few exemptions. The United States of America does not have a national level VAT.

Canadian GST: Canada charges GST on the supply of all goods and services, similar to that of India. The Canadian GST is governed by the Excise Tax Act. Canada too has a Federal Government that introduced a Federal GST in 1991 to omit and replace the sales tax imposed on certain licensed wholesalers and manufacturers at the rate of 13.5%**.** Canada has a dual taxation system wherein some provinces follow the Provincial Retail Sales Tax (PST) while those provinces that have already harmonised their sales tax with the GST follow the Harmonized Sales Tax (HST). GST in Canada is charged at a rate of 5% or HST of 13%-15% (containing the federal component of 8% and the provincial component of 10% or 8%) throughout its provinces.

New Zealand: The New Zealand GST was introduced in 1988 to include difficult-to-tax goods and services in a unified tax regime. The New Zealand GST is applicable on most goods and services including most imported goods at a rate of 15%. Under this GST regime, the supply of private property, interest payment on loans or bank fees, donated products sold by not-for-profit organisations, interest penalties and rentals of residential property are exempted from tax.

European Union (EU): The European Union charges GST at a standard rate of 15% on all goods and services. The unified tax rate was implemented in EU to (or "intending to") ease cross-border transaction and facilitate development. Goods and Services falling under the purview of the public interest such as medical care and insurance services are exempted from the EU GST.

Iceland: In Iceland, VAT is split into two levels: 24.5% for most goods and services but 7% for certain goods and services. The 7% level is applied for hotel and guesthouse stays, licence fees for radio stations (namely RÚV), newspapers and magazines, books; hot water, electricity and oil for heating houses, food for human consumption (but not alcoholic beverages), access to toll roads and music.

India: The Indian GST differs from the GST implemented by the other countries in the following way:

- Food grains have been exempted under the Indian GST, whereas other goods and services attract tax at 5%, 12%, 18% and 28%. The extreme limit of the Indian GST is higher than those charged in countries such as Canada (5%-15%),UK (20% unified), Singapore (7%) and Malaysia (6%).

- Sellers and Business with a turnover up to 20 lakhs (10 lakhs for the North Eastern States) have been exempted from paying GST. The limit set by the Canadian government in this case is $30,000 (Rs.15.6 Lakhs), £73,000 (Rs. 61.32 Lakhs) in the UK, $1 Million (Rs. 4.8 crore) in Singapore and MYR 500,000 (Rs. 75 Lakhs).

The GST model in other countries is almost similar to India with certain variations. However, the threshold limit of other countries is lower compared to that of India, thus reducing the burden of tax on small businesses.

Chapter 2.3: Benefits & Challenges

The Goods and Service Tax, was implemented with a view to absorb 26 different taxes that used to prevail in the previous tax regime into a single consolidated tax slab under GST. However, the implementation has proved to pose some problems in the economy post 1st July 2017. The Benefits and Challenges of such implementation has been elucidated below:

Benefits of GST implementation in India:

1. GST will bring about a uniformity in process and centralized registration that will make starting a business and expanding in different states much simpler. Since startups lack the resources to hire tax experts or a dedicated team for handling varied forms of tax compliance, GST's objective is to simplify the tax regime by reducing the multiplicity of taxes. This will not only bring compliance costs down but also make taxation transparent with digital tax processing. This Do It Yourself (DIY) model will enable startup founders to complete taxpayer registration, tax return submission, tax payments, and claim refunds online, thereby saving money for all sorts of enterprises irrespective of sector.

2. The implementation of GST ensured that interstate movement becomes cheaper and is less time consuming, by eliminating small border taxes and resolving check post issues.This inevitably reduced the costs associated with upholding high stocks, as there will be a smooth movement of goods. As per a CRISIL analysis, GST reduced logistics costs of companies producing non-bulk goods (comprising all goods

besides the primary bulk commodities transported by railways – coal, iron ore, cement, steel, food grains, fertilizers) by as much as 20%.

3. GST also introduced an optional scheme called the composition scheme, which empowers small businesses with turnover between $30,000 and $77,000 (Rs 20 and 50 lakhs) to pay lower taxes. This will bring respite from tax burdens to newly established businesses. Earlier, as per the Value Added Tax (VAT) structure, any business with a turnover of more than $7000 (Rs 5 lakh) was to get VAT registration. Under GST this threshold for registration has been increased to $30,000 (Rs 20 lakhs), thus providing respite for founders of many startups and small businesses.

4. In the long run, GST will enable financial inclusion in the economy. With the startup community migrating towards digital book-keeping and optimizing existing processes, they would be better predisposed towards fulfilling the eligibility criteria for credit facilities by banks and investors in India and abroad. Furthermore, FinTech organizations will find have easy access to the young and fast-growing ventures digitally, and extend them the line of credit needed to establish and grow their businesses.

5. In addition to the above mentioned benefits, GST plays an intricate role in boosting country's GDP and reducing fiscal deficit. It creates a win-win situation both for the government and the taxpayers.

<u>Challenges of GST implementation in India:</u>

1. GST system is totally dependent on the online submission of taxes which in result overburdens the online system of the Ministry Of Corporate Affairs and the online infrastructure existing is not very sound, so the problem of hanging and website crashes occurs repeatedly which makes tax filing more adverse than before.

2. Due to the implementation of the present GST system in the country it also increases the problem of tax evasion which results in huge loss in the economic condition of the country due to the following provision existing in the Bill which states that business entity with an annual turnover less than Rs. 20 lakhs is given exemptions under GST registration. The above provision provided in the bill is the biggest loophole which can increase the problem of tax evasion.

3. In the agro industry, India's milk production in 2015-16 was 160.35 million ton, increased from 146.31 million ton in 2014-15. Previously only 2% VAT tax was charged on milk and certain milk products but under GST the rate of fresh milk is nil and skimmed milk is kept under 5% bracket and condensed milk is taxed under 18% tax slab which again is burden on farmers and cattle farmers.

4. Tea is considered as a crucial item in the Indian household but its prices are also increased due to imposed 5% GST more than previous VAT rate of 4-5% with Assam and West Bengal with the exception of 0.5% and 1%. So, imposing heavy taxes on the agricultural is not justified with the poor section of the society which includes farmers and peasants, this will not only increase the cost of production for farmers but also decrease their profit margin which will subsequently

result in increase in credibility among farmers and instead of giving them support this tax system is increasing insecurity and due to which suicidal cases among farmers, peasants will take a boost.

Chapter 3: Analysis & Findings

3.1 Sample (Company Profile)

We have for our research project considered two companies, NESTLE INDIA LTD, pertaining to the FMCG sector and DLF INDIA LTD pertaining to the Real Estate sector. The company profile of the following companies have been elaborated below, we have also included study materials and relevant information we have to tie the company's efforts in coping up with the new tax implementation.

1. **NESTLE INDIA LTD.**

Industry Type: FMCG/Packaged Food
ISIN Number: INE239A01016
Security ID: NESTLEIND
Category Listed: BSE INDIA

Nestlé is the world's largest food and beverage company, having more than 2000 brands ranging from global icons to local favourites, and are currently present in 191 countries around the world.

Nestle’s history began in 1866, with the foundation of the Anglo-Swiss Condensed Milk Company. Henri Nestlé developed a breakthrough infant food in 1867, and in 1905 the company he founded merges with Anglo-Swiss, to form what is now known as the Nestlé Group. During this period cities grew and railways and steamships brought down commodity costs, spurring international trade in consumer goods.

Today Nestlé articulates its Creating Shared Value approach to business and launched its Nestlé Cocoa Plan and Nescafé Plan to further develop sustainable supply chains in cocoa and coffee. While strengthening its position in traditional segments, infant formula and frozen foods, Nestlé strengthened its focus on medical nutrition.

In 2017, Nestlé announced that it will explore strategic options for its US confectionery business and extended its consumer healthcare portfolio with the acquisition of Atrium Innovations. The move supports Nestlé’s pursuit of growth opportunities in consumer healthcare, complements the company’s focus on high-growth food and beverage categories such as coffee, petcare, infant nutrition and bottled water. US investments are also made in Chameleon Cold–Brew coffee, Blue Bottle Coffee, Sweet Earth and Freshly.

Nestlé's purpose is enhancing quality of life and contributing to a healthier future. They want to help shape a better and healthier world. Nestle also wants to inspire people to live healthier lives. This is how they contribute to society while ensuring the long-term success of our company.
Nestle have defined three overarching ambitions for 2030 which guide their work and support the achievement of the UN Sustainable Development Goals. Nestle has successfully implemented the following development goals:

A. To help 50 million children live healthier lives.
B. To help improve 30 million livelihoods in communities directly connected to their business activities.
C. To strive for ZERO environmental impact in their operations.

Nestle's Corporate Business Principles are at the heart of our company. Available in more than 50 languages, they reflect the basic ideas of fairness, honesty and a concern for individuals and families, communities and the planet.
Ever since Henri Nestlé first developed his successful infant cereal "Farine Lactée", they have built our business on the conviction that to have long-term success, they not only had to comply with all applicable legal requirements while ensuring our activities are sustainable, but they must also create value for society.
Nestle has also always been committed to fostering responsible practices in our supply chain, while ensuring that our sourcing and supplier relationships deliver a competitive advantage.

The company is looking into the details of GST rate changes made across categories and has made price revisions, spokesperson said, adding, there will be a transition time before new price stocks are available in the market. They have also mentioned in their reports that they will be passing on the benefits of the GST to the consumers.

2. DLF INDIA LTD:

Industry Type: Realty/Real Estate

ISIN Number: INE271C01023

Security ID: DLF

Category Listed: BSE INDIA

DLF Limited (**D**elhi **L**and & **F**inance) is the largest commercial real estate developer in India. It was founded by Chaudhary Raghvendra Singh in 1946 and is based in New Delhi, India . DLF developed residential colonies in Delhi such as Shivaji Park (their first development), Rajouri Garden, Krishna Nagar, South Extension, Greater Kailash, Kailash Colony, and Hauz Khas. DLF builds residential, office, and retail properties.

With the passage of Delhi Development Act in 1957, the local government assumed control of real estate development in Delhi and banned private real estate developers. As a result, DLF began acquiring land at relatively low cost outside the area controlled by the Delhi Development Authority, in the district of Gurgaon, in the adjacent state of Haryana. In the mid-1970s, the company started developing their DLF City project at Gurgaon. Its plans include hotels, infrastructure and special economic zones-related development projects.

The company is headed by Kushal Pal Singh. Kushal Pal Singh, according to the Forbes listing of richest billionaires in 2009, was the 98th richest man in the world and the world's richest property developer. The company's US$2 billion IPO in July, 2007 was India's biggest IPO in history.In its first quarter results for the period ending 30 June 2007, the company reported a turnover of

₹31.2098 billion (US$490 million) and profits after taxes of ₹15.1548 billion (US$240 million).

As of March 31, 2012, the Company had a 1,380 square feet of leased retail space across the country.In 2013–14, it leased out 3 million sq ft of office space in India.In August 2011 a penalty of ₹6.3 billion (US$99 million) was imposed on DLF by the Competition Commission of India (CCI) after finding DLF guilty of breaching laws regarding the unfair pricing of goods and services. The complaint was lodged against DLF by buyers in its residential projects Belaire & Park Place, located in Gurgaon. DLF has paid part of the penalty, and the matter is currently in the Supreme Court of India. In February 2015, the CCI ordered its investigative arm to probe two more projects of DLF in Gurgaon, namely, DLF Regal Gardens and DLF Skycourt.

DLF has nearly 70 years of track record of sustained growth, customer satisfaction, and innovation. The company has 235 msf of development potential with 19 msf of projects under construction.

DLF's primary business is development of residential, commercial and retail properties. The company has a unique business model with earnings arising from development and rentals. Its exposure across businesses, segments and geographies, mitigates any down-cycles in the market. From developing 22 major colonies in Delhi, DLF is now present across 15 states-24 cities in India. The company currently has land resource of 46 msf for office and retail development.

Post implementation of GST has hit the Real Estate market well, and with the addition of the RERA Act, DLF found itself to be in shaky ground with constant dips in profits and share prices. Implementation of RERA Act and GST has continued to elongate the sales cycle. The company expects the sector would achieve normalcy over the next two-three quarters. With reduction in benchmark interest rate by the Reserve Bank of India and markets guiding towards further softness in interest rate, the sector should witness a recovery soon. The company said that it shall have a healthy pipeline of finished inventory for sale in the foreseeable future when the demand returns.

3.2.1 Data Type

We have for our research purpose used the Secondary data type, containing data collected but not limited to the internet and includes data from sources obtained from various GST implementation discussion papers, published article in journals, web articles (internet sources), past studies and news paper etc.

3.2.2 Data Source

For the research project, the researcher has used the secondary data source, that is data that have been collected or created by people other than the researcher themselves, but are being used by the researcher for their project to reach a logical conclusion.

3.2.3 Period Of Study

The period of study for the research project has been taken as 16 months, starting from the 30th of September 2016 up till the 31st of December 2017. The months have further being segregated and divided into two parts, the Pre-Gst period considered to be 10 months starting from the 30th of September 2016 up till the 30th of June 2017 and the Post-GST period considered to be of 6 months starting from the 1st of July 2017 up till the 31st of December 2017.

We have for certain parts of the analysis also considered Quarters, the Quarters used in the research project are Q1, Q2 and Q3 taken as March up till September.

3.2.4 Tools Used

For the analysis of data we have used trendlines, for all our data sources by plotting them into a graph. A trendline can be defined as a line drawn over pivot highs or under pivot lows to show the prevailing direction of price. Trendlines are a visual representation of support and resistance in any timeframe.
We have our our study, used the technical stock analysis and trendlines to reach the conclusions and interpretations in our study of the available data with respect to the current market scenario.
Technical Stock Analysis can be defined as the academic study of historical chart patterns and trends of publicly traded stocks.Much of this practice involves discovering the overall trend line of a stock's movement.Technical analysis of stocks and trends employs chart patterns, such as head-and-shoulders formations and drop-base-rallies.

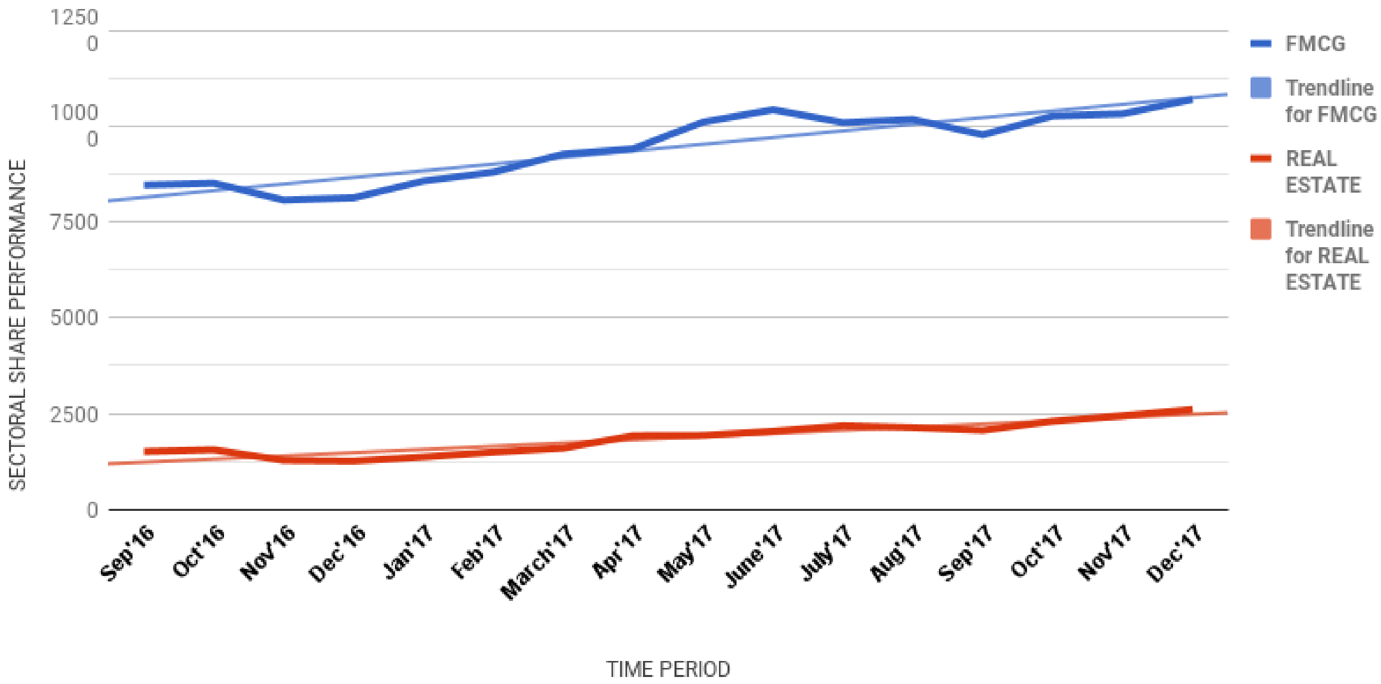
3.3 Analysis Of Findings

TABLE:1

SECTORAL PERFORMANCE OF MARKETS (BSE)

	PRE-GST										POST-GST					
YEAR	**SEP ’16**	**OCT ’16**	**NOV ’16**	**DEC ’16**	**JAN ’17**	**FEB ’17**	**MAR ’17**	**APR ’17**	**MAY ’17**	**JUN ’17**	**JUL ’17**	**AUG ’17**	**SEP ’17**	**OCT ’17**	**NOV ’17**	**DEC ’17**
FMCG	8461.02	8510.52	8070.77	8130.87	8567.58	8799.89	9270.25	9412.29	10106.15	10428.17	10093.85	10174.12	9772.71	10,263.72	10,321.18	10,695.18
REAL ESTATE	1512.19	1556.14	1,281.82	1,263.94	1,369.73	1,495.60	1,599.97	1,923.92	1,931.11	2,043.23	2186.28	2137.67	2065.41	2,301.28	2,445.67	2,608.25

FIGURE: 1



Sources: www.bseindia.com

INTERPRETATION:

The above graph represents the sectoral performance of two sectors, namely the FMCG (Fast Moving Consumer Goods) sector and the Real Estate or Realty sector. The sectoral performance of the two sectors have been estimated from the stock market data available in the Bombay Stock Exchange, with respect to the historical share prices of the two sectors.

We have for our representation considered the Pre-GST period to be from September 2016 to June 2017 and the Post-GST period from July 2017 to December 2017.

The table has been plotted in the illustrative graph keeping the time period, that is the Pre-GST period and the Post-GST period in the X-axis and the sectoral performance in the Y-axis.
As reflected in the table, the FMCG sector, has seen considerable highs and lows in the Pre-GST period from September 2016 to June 2017. However the trend line shows a slight increase in the sectoral performance of the stocks of the FMCG sector in the earlier days of the GST implementation, followed by a downfall in the graph from August 2017 onwards.
As observed, the FMCG sector has shown considerable changes in the share market post-GST implementation. In relation with the result of, Figure: 1 it can be concluded that the FMCG sector has neutrally reacted to the implementation of GST from July 2017. However from the numbers we have, the FMCG sector is slowly rising as depicted in the trendline post November 2017. According to our research, the FMCG sector has the potential to grow Post-GST as a direct result of the shift from the sector being unorganised to organised.

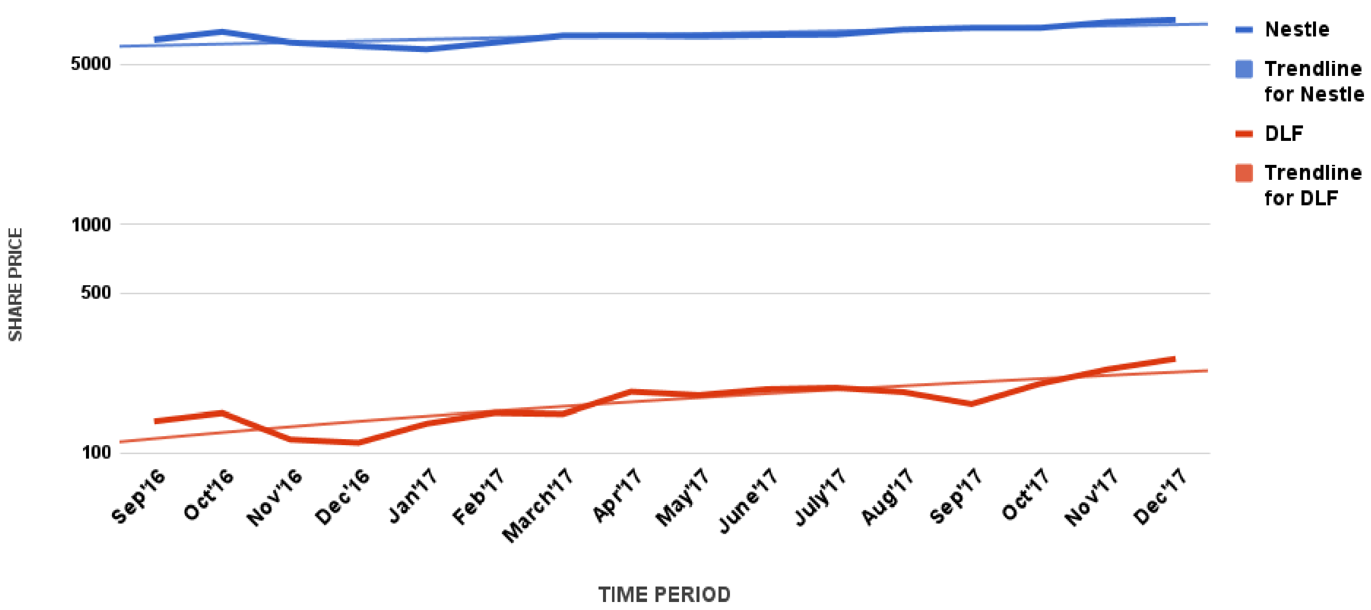
On the other hand, the Real Estate or Realty sector depicted in red in the illustrative graph did not show much spikes and was mostly stable Pre-GST implementation. However, following the trendline of the Realty sector closely shows a minimal but considerable increase in the share performance Post-GST implementation, which goes on to show that the Realty sector is reacting positively to the new tax law. According to our research, the growth of this sector is in harmony with the increase in the corporate sector and the rising demand for office space as well as urban and semi-urban accommodations.
The real estate industry looks upon the Goods and Services Tax bill (GST) as an indication of change as many complicated tax issues torment the sector both at the Central and State levels.

TABLE:2

SHARE PRICE PERFORMANCE (BSE)

	PRE-GST										POST-GST					
YEAR	**SEP ’16**	**OCT ’16**	**NOV ’16**	**DEC ’16**	**JAN ’17**	**FEB ’17**	**MAR ’17**	**APR ’17**	**MAY ’17**	**JUN ’17**	**JUL ’17**	**AUG ’17**	**SEP ’17**	**OCT ’17**	**NOV ’17**	**DEC’ 17**
NESTLE	8461.02	8510.52	8070.77	8130.87	8567.58	8799.89	9270.25	9412.29	10106.15	10428.17	10093.85	10174.12	9772.71	10,263.72	10,321.18	10,695.18
DLF	1512.19	1556.14	1,281.82	1,263.94	1,369.73	1,495.60	1,599.97	1,923.92	1,931.11	2,043.23	2186.28	2137.67	2065.41	2,301.28	2,445.67	2,608.25

FIGURE: 2



Source: www.bseindia.com

<u>INTERPRETATION:</u>

The above graph represents the share performance of two companies, namely **NESTLE INDIA LTD** and **DLF LTD**. The share price performance of the two companies have been estimated from the stock market data available in the Bombay Stock Exchange, with respect to the historical share prices of the two companies.

We have for our representation considered the Pre-GST period to be from September 2016 to June 2017 and the Post-GST period from July 2017 to December 2017.

The table has been plotted in the illustrative graph keeping the time period, that is the Pre-GST period and the Post-GST period in the X-axis and the share price performance in the Y-axis.

Based on the trendline for **NESTLE INDIA LTD,** it can be observed that the share prices saw a steady increase in prices from February 2017 onwards in the Pre-GST period. However, it can also be noticed that Post-GST specifically from the period starting July 2017, NESTLE INDIA LTD has seen a visible rise in the prices of its shares in the share market with a slightly more higher incline in the share market price from November 2017. According to our research, NESTLE INDIA LTD, as a part of the FMCG sector has shown considerable positive growth with and as a respect of GST implementation.

Based on the trendline for **DLF LTD,** it can be observed that DLF LTD faced a lot of lows throughout the study period. Post-GST period starting from July 2017 however saw a stable trendline in the share prices of DLF LTD, which subsequently decreased Post-GST from August 2017 to October 2017. Post October 2017, DLF LTD share prices saw a positive hike. We assume the hike could be a result of the positive implication of GST in the real estate sector as a whole.

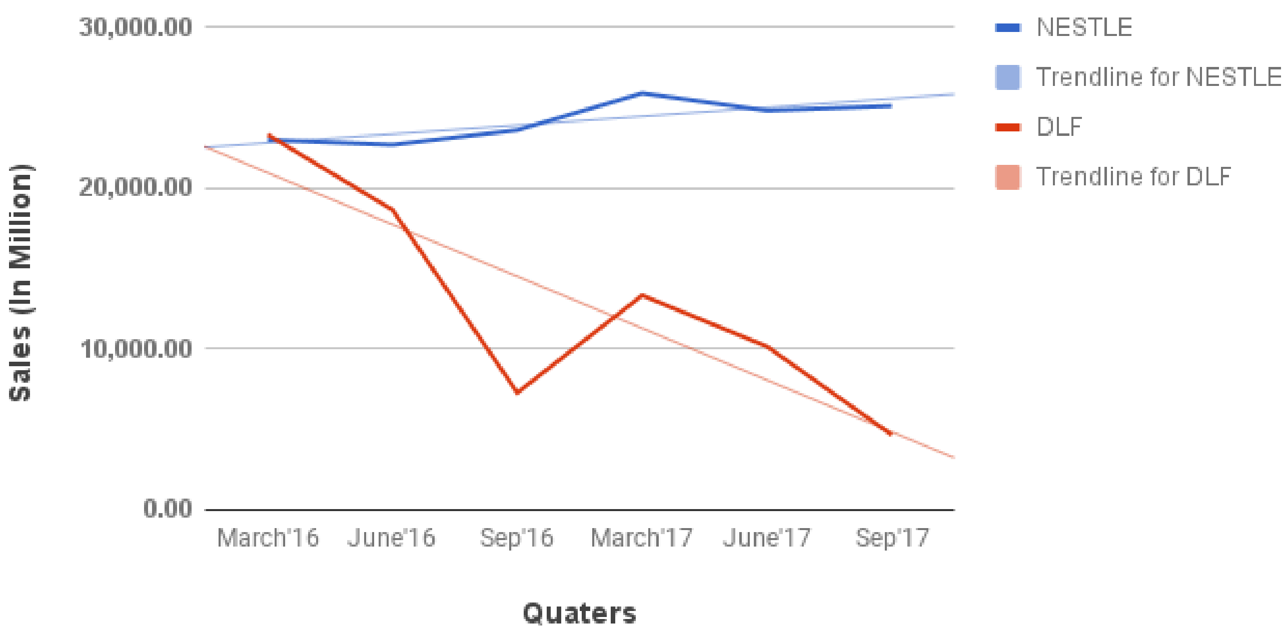
TABLE:3

Trend in Sales (in millions) as per BSE

		PRE-GST			POST-GST		
QUARTERS		Q1	Q2	Q3	Q1	Q2	Q3
		March'16	June'16	Sep'16	March'17	June'17	Sep'17
SALES	NESTLE	23,024.60	22,716.90	23,634.90	25,919.40	24,847.30	25,140.50
	DLF	23,355.60	18,674.60	7,305.60	13,355.30	10,177.40	4,679.10

Source: BSE INDIA

Figure: 3



INTERPRETATION:

The above graph represents the sales performance of two companies, namely **NESTLE INDIA LTD** and **DLF LTD**. The sales performance of the two companies have been estimated from the financial data available in the Bombay Stock Exchange.

We have for our representation considered the Pre-GST period to be from Quarter 1 to Quarter 3 that is from the month March 2016 to September 2016 and the Post-GST period from Quarter 1 from March 2017 to Quarter 3 to September 2017 .
The table has been plotted in the illustrative graph keeping the time period, that is the Pre-GST period and the Post-GST period in the X-axis and the sales performance in the Y-axis.

Based on the trendline for **NESTLE INDIA LTD,** it can be observed that the sales saw a steady increase during September 2016, and reached a peak point at March 2017, that is the first quarter of the Post-GST period. However, it can also be noticed that Post-GST specifically from the period starting July 2017, NESTLE INDIA LTD has seen a slight fall in the sales. According to our research, NESTLE INDIA LTD, as a part of the FMCG sector has shown minimal increase in sales with and as a respect of GST implementation

Based on the trendline for **DLF LTD,** it can be observed that DLF LTD faced a steep low especially in the Pre-GST Quarter 1 and Quarter 2.The post-GST period starting from March 2017 however saw a stable rise in the trendline of DLF LTD, which subsequently saw a heavy dip Post-GST from Quarter 3. We assume the dip could be a result of the changes in the market price of Real Estate as a direct impact of the implementation of the GST bill.

4. Conclusions and Recommendations

4.1 Summary Observation

The project report on the pre and post GST changes in two wide and important consumer sectors in India namely the FMCG (Fast Moving Consumer Goods) sector and the Real Estate or the Realty sector, due to the size of the sectors we have considered two of the top companies from each sector- Nestle India Ltd and DLF India Ltd, was supervised by Mrs. Moumita Sarkar.

The objectives of the study was to compare the post GST effects on the two sectors, and to estimate if the said implementation of the new tax reform was a boon or bane for the sectors upon comparing it with the data and observations collected from the Pre GST period. The other objectives have been highlighted below:

1. To make a comparative study of two companies, under two study industries to understand the Pre and Post GST implementation effect on the markets.
2. To understand and study the various aspects of the Goods and Service Tax with respect to the study market.

Only secondary data has been used to find the relevant data and to formulate our analysis of the effects of GST on our study market. The project report has also further been divided into various chapters such as Introduction to the project, the overall scenario of GST applications both nationally and internationally, the analysis of all the data we have collected to reach a specific analytical conclusion as to how the implementation affected various aspects of the company and the sector it represents as a whole. The last chapter focuses on the researchers conclusions and recommendations based on the overall analysis of the complete project.

4.2 Recommendations for Improvement

During the course of the project research, the researcher has found that there are certain loopholes in the general implementation of the GST bill, both in the FMCG sector and the Real Estate sector, making it hard to asses the exact impact of the bill.
However, there seems to be an added issue in the form of GST rates applied to certain goods falling under the FMCG sector. We find such rates slightly absurd based on the necessity of such good in a person's daily life.

1. Our recommendation would be to exempt or lower the tax rates on goods that are necessary for human survival, such as hygiene products, medicines and baby food.

2. We also recommend the council to introduce workshops relating to GST and its implementation in order to induce a better understanding of the subject amongst the general public and others.
3. We recommend an uniform implementation of GST across all states (unlike the staggered implementation of VAT) as many issues might arise in case of transactions between states who comply with GST and states who are not complying with GST.

4. We would also recommend the council to look into the standardisation of the systems and procedures with respect to GST implementation.

4.3 Scope for further Research

1. It would be very interesting to conduct another study within the same area of research, with the incorporation of more industries and more departments, which will give us a much better integrated result to the topic and better utility to the users of this report.

2. The report took into consideration the main aspects of the study companies to make a comparison with respect to the impact of GST during the pre GST period and Post GST period. It would be interesting to conduct another study, taking into consideration the other minor and variable factors that have been affected by the GST implementation.

3. Here the study concentrates only on two sectors of the Indian economy. While a comparative study of the other sectors which are a part of the greater Indian economy would be an interesting study as it would help us analyse the overall sectoral effect of GST on the Indian economy.

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Annexure

1. Annual and Quarterly report statements of Nestle India Ltd and DLF India Ltd as per BSE INDIA.
2. Sectoral reports of FMCG and Real Estate as per BSE INDIA.