

An Introduction to E-Way Bill in Indian Economic System

Surender Partap Chitra

Research Scholar, Department of Management, Baba Mastnath University, Rohtak (India)

Dr. Satish Chander Sharma

Professor, Department of Management, Baba Mastnath University, Rohtak (India)

Date of Submission: 18-11-2021

Date of Acceptance: 02-12-2021

ABSTRACT: India, being a fast developing nation, faces the problem of tax evasion in the significant areas of the economy. A new digital reform as part of the Goods and Services Tax implementation in India, named as E-Way bill, has surely become a game-changer in this matter recently. If the states in India could implement it successfully, that would surely have a positive impact on the economic system as the concept of Goods and Service Tax and the Goods and Service Tax Network (GSTN) becomes more transparent and the new digitalization technique renders a number of benefits to the parties involved and protects the interest of the Government. This paper is a conceptual study on the E-Way bill system introduced in India and is done on the basis of secondary data collected from various websites. This study attempts to understand the functioning of E-Way bills mechanism. The study found that the mechanism of E-Way bill is an excellent step taken by the Government of India to facilitate transportation of goods, both inter-state and intra-state, avoiding completely the scope for tax evasion. The e-way bill system, to a great extent, renders transparency in the transit of goods and changes the image of the country at large by transforming the methods of verifying and validating the authenticity of the transactions. It had proven that the corruption reduces as the human intervention is eliminated. If implemented properly, e-way bills would have the potential to re-structure the entire logistics industry and bring a revolution in the transportation of goods throughout the country.

KEYWORDS: E-Way Bill, GST, Goods & Services Tax Network.

I. INTRODUCTION

E-way bill is a compliance mechanism conceptualized by the Goods and Service Tax Council headed by Shri Arun Jaitley, the Union Minister of Finance & Corporate Affairs. In the 24th meeting of the GST Council it was propounded that

the e-way bill system will be implemented for inter-state transit of goods from 1st February, 2018. Under this scenario understanding the implication of e-way bill in our country is crucial. A way bill is a document issued by the carrier, relating to the details of the shipment of goods. Therefore, an e-way bill or electronic way bill is an electronic document produced, containing details regarding the consigned goods for transit prior to the commencement of movement. Under rule 138 of the CGST Rules, 2017 "information is to be furnished prior to the commencement of movement of goods" and "is to be issued whether the movement is in relation to a supply or for reasons other than supply". An e-way bill can be generated using the GST portal with the help of GST Network or GSTN. An e-way bill should be furnished either by the consignor or consignee if he/she is consigning goods of value more than ₹50,000. E-way is considered as an effective tool to track movement of goods and check tax evasion. Therefore, in view of this present scenario our study intends to throw light on the concept of e-way bill and its functioning mechanism in our economy.

II. REVIEW OF LITERATURE

The relevant literature review related to the topic is as follows:

- **Shaik, Sameera & Firoz (2015)** conducted a study on the topic "Does Goods and Service tax (GST) leads to Indian economic Development. In this the research focused on the impact of GST on Indian economy and its positive as well as negative impacts. The study concluded that the impact of GST will not only affect the national economy but also international trade, firms and the consumers.
- **Venkatesh & Vulugandam (2016)** on their study on the topic "Impact of GST on supply chain strategy and its effect on warehousing & transportation." focused on the implication of GST on supply chain strategies, warehousing and

transportation industries. It was found that the implementation of GST would have a positive impact in warehousing and transportation sectors. Moreover it was concluded that the implementation delays of GST resulted in opportunity loss for various stakeholders.

- **Dani (2016)** conducted a study on the topic "A research paper on an impact of GST on Indian economy" analyzed the negative implications of GST on the Indian economy. The analyst is of the view that GST implementation in India is improper and would result in inflation which would negatively impact the poor population of India.
- **Singhal (2017)** conducted a study on the topic "Impact of Goods and Service tax (GST) in Indian Economy" studied the sector wise impact of GST in India. Through this analysis it was found that GST had a positive impact in Automobile industries, construction sectors, education and healthcare sectors etc. But the prices were hiked in case of Hotel Industries and Branded apparels.
- **Jha (2017)** in his study on the topic "Effect of Goods and Service Tax on logistics and transportation sectors in India" emphasised on the impact of GST act in the logistics and transportation value chain in India. It was concluded that the consolidated tax system would instil a dramatic change in India's inefficient logistics sector.

III. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

- To understand the concept of E-way bill.
- To study the functioning of E-Way bill mechanism.

IV. RESEARCH METHODOLOGY

This study is conceptual and descriptive in nature. The data is collected from secondary sources, i.e. various national & international journals, research papers, magazines, annual reports, official websites and newspapers.

V. ANALYSIS & DISCUSSION

5.1. Concept of E-Way Bill

Way bill is not a new concept at all instead existed, before GST regime came into existence, under the VAT regime in the name of Way bill or road permit, etc. But the same was applicable only in the case of inter-state movement of goods, whereas in the GST e way bill system, both inter-state and intra-state transportation of goods are considered. Earlier, in order to verify the bulk transport, it was made compulsory to carry delivery note, along with the consignment, issued by the VAT offices. At the end of every month, the tax

payer concerned should submit the statement of forms issued till date to the authority concerned. The implication under this system was that the system would ensure systematic recording of transits he/she has come across. But the system was found inefficient since the forms were maintained in duplicate by the taxpayers by mistake and there were even forged delivery notes. All these necessitated a more efficient system and thus came the E-way system under GST. E-Way bill or Electronic Way bill is an electronic documentary evidence of a transaction committing the transit of goods worth more than ₹50,000 from one place to another. This is a document which is now made mandatory, after the arrival of GST, for the smooth movement of goods having a value of more than ₹50,000 cannot be made without an e-way bill even if the person involved is a registered participant. However, even an unregistered participant also needs to generate an E-way bill before transport and the registered person to whom the goods have been transported must validate the authenticity of it by looking into all the aspects regarding the requirements of transit. It is normally made by the transporter i.e. the person causing the movement of goods, consisting of all the details regarding the name of the consigner, consignee, value of consignment, origin and destination, reason for supply, etc. This document must be created prior to the commencement of movement of goods. However, the unregistered transporters will receive a transporter ID upon enrolling on to the E-way bill portal, after which he/she can generate E-way bill as per their requirements.

5.2. Purpose and Validity

The concept of introducing E-way bill system in the country was brought forward by the GST Council of India. The main purpose behind the implementation of this system is to detect the track of movement of goods and to make sure that the payment of tax in connection with the same is duly made. The other purposes may include realising the concept of one E-Way bill for the transportation of goods all across the country to eliminate the transit pass that are existing currently in the country and to make sure easier verification of goods by the officers. The validity of E-Way bill solely depends upon the distance over which the goods are to be travelled. The validity will be a day from the date of bill in case of distance less than 100 km. For every additional 100 km, the validity is considered to be another additional day from the date of E-Way bill.

Implementation E-way bill is used to transport goods between two different states and

even between two places with the same state. It is now considered as a mechanism for replacing the way bill system already existing in different states. E-way bill is an electronic bill which is to be generated from the government's GST portal. This bill generally has two parts; Part A consisting of the shipment and destination details and Part B consisting of the vehicle & transporter details. The rules in connection with the E-way bill mechanism are present under various sections of Central Goods and Service Tax Act and the provisions under the same have come into effect from 1st February 2018. However, the 24th GST council has extended to the states, the choice of deciding when to implement intra-state e-way bill system in their respective states by giving a deadline which is 1st June 2018.

1.3. Documents required For the Generation of E-way Bill

There are some documents required for the generation of a valid e-way bill. They are:-

1. Invoice or supply bill or challan in connection with the consignment of goods.
2. Transporter ID or Vehicle Number in case the goods are transported by road.
3. Transporter ID or Transport Document Number and Date on the document in case the goods are transported by ship, air or rail.

5.4. Functioning of E-Way Bill System under GST

The idea behind GST E-way bill is that the tax payer has to upload all the relevant details regarding the transaction to the common portal and obtain a unique ID & use this unique ID to accompany the vehicle as a proof of uploaded information. The bill can be generated on computers through mobile application or through SMS system. If a person wants to create multiple e-way bills then he should go web-based. But people who intend to generate a single e-way bill and do not have access to the web may resort to SMS facility for generating e-way bill. Only the mobile number which is registered against GSTIN under the GSTN can be utilised for this purpose. The same may be verified and the SMS system can be utilized for the generation and cancellation of e-way bill.

5.5. Who will generate an E-Way bill?

E-Way bill must be generated by registered person if he/she causes movement of goods in relation with supply or for reasons other than supply or for receiving the goods from an unregistered person and by every unregistered person who causes transit of goods.

➤ E-Way bill in case of registered person

If the movement of goods is initiated by the consignor, who is a registered person or the consignee, the recipient of goods, either in his own means of conveyance or in hired one or through road, rail, or ship, the registered person or the recipient may generate the E-Way bill Form named as "GST EWB 01" on the official portal after entering Part B of Form "GST EWB 01". If the movement of goods is done by a registered person to the transporter, then the responsibility of generating E-way bill lies with the transporter.

➤ E-Way bill in case of unregistered person

If the movement of goods is caused by an unregistered person, either in his own means of conveyance or in a means hired from anybody, the bill must be generated by the unregistered person himself or the transporter. If the unregistered person makes the transport of goods to a registered person, then the registered person is deemed to have complied with completing all the formalities regarding e-way bill.

In fact, the consignor is to generate the bill if he is a registered person, the consignee is to generate the bill if the consignor is an unregistered person and the consignee is a registered person, and the transporter of goods is to generate the bill if both consignor and consignee are unregistered persons or else if the registered consignor makes use of the transportation means of the transporter himself for the conveyance and not his own way of conveyance. To be more specific, E-way bill may be generated either by the registered person, who is a consignor, where the goods are transported by his own conveyance or through hired one, or by the recipient, who is also a consignee, and the goods are transported by the consignor, or by the transporter himself when neither the consignor nor the consignee creates the bill and the goods are handed over to the transporter to the transporter.

5.6. Responsibilities of the Transporter

➤ If the consignor or the consignee has not generated the e-way bill prior to the conveyance, the transporter has the responsibility of generating e-way bill from the official portal.

➤ If the goods are being transferred from one conveyance to another in between the transit, the transporter has the responsibility of updating the details of such transfer in the generated bill.

➤ In case two or more shipments are to be transported under one conveyance, the transporter shall upload respective bill numbers serially on the consolidated E-Way bill in Form GST EWB 02.

The intimation about the generation of E-Way bill may be made available on the portal in the form of a unique e-way bill number and the same can be utilised for generating GSTR-1. The person concerned can refuse or confirm the conveyance within 72 hours of time.

5.7. Exemptions to the E-Way bill

There are situations when e-way bill is not required to be prepared. Those are:-

- When the means of transport is non-motor vehicle and the goods are of perishable nature, like fruits, vegetables, fish and water.
- When the goods are transported with customs seal or under customs supervision.
- When the goods are transported by rail and the consignor in such a case is the central, state government or local authority.
- In case goods are transported from the place of business of the transporter to that of the consignee, where the distance is less than 10 km.
- In case the goods are transported from the place of business of the consignor to that of the transporter, for the purpose of further transportation, where the distance is less than 10 km.

5.8. Verification of the Documents

The verification process is done as follows:-

- The officer authorized for the verification may verify the validity of the e-way bill and the EWB number physically.
- The commissioner may install the Radio Frequency Identification Device readers at the places of verification and the verification of vehicles (RFID embedded thereon) can be done that way.
- Physical verification of the conveyance can also be carried out, where any information about the evasion of tax has been received, by the authority.

5.9. Cancellation of E-Way Bill

If an E-Way bill has been generated, but the goods are not intended to be transported on the specified dates, in accordance with the details uploaded, the bill can be cancelled electronically, if needed, within 24 hours of the generation of E-Way bill. But there is a condition attached to this provision, that, the bill in no way be cancelled if the same has already been verified in transit as per the rule 138B of CGST Act.

5.10 . Consequences of non-compliance of E-Way Bill

As per section 122 of the CGST Act, 2017, it is said that if a taxable person is transporting goods without the accompany of required fundamental documents (E-way bill being one of the important documents), it is obligatory on the part of

the transporter to pay a penalty of ₹10,000 or the amount of tax intended to be evaded, whichever is higher. If any person transports or stores any goods during the time of transit in contrary to the provisions of CGST Act, 2017, all such goods and means of transport used for the conveyance including all the documents shall be made under custody by the authority.

VI. CONCLUSION

The system of E-way bill, being an intelligent digitized step, will become the game-changer of the Indian economic system. Though its simple and time-bound process, the system will prove to be a transformer of the overall logistics scenario in India. If the system is effectively implemented throughout the nation, it would result in a more organized and efficient tax system, which would in turn result in the country's development in terms of revenue generation and reduction of tax evasion. Rather than judging the system with political biases, we should try to see the future prospects that the system would bring to the nation in the long run and should work together to make it an effective system that would contribute to the overall development of our country, India.

REFERENCES

- [1]. Chaurasia, P., Singh, S., & Sen, P. (2016). Role of Goods and Service Tax in the growth of Indian economy. *International journal of science technology and management*, 5(2).
- [2]. Dani (2016). A Research Paper on an Impact of Goods and Service Tax (GST) on Indian Economy. *Business and Economics Journal*, 7(4), 1-2.
- [3]. Garg & Girish (2014). Basic concept and features of GST in India.
- [4]. <http://www.financialexpress.com/economy/e-way-bill-heres-how-transporters-andmanufacturers-will-benefit-from-it/1018469/>
- [5]. http://www.icsi.edu/Webmodules/FAQs_on_E_Way_Bill.pdf
- [6]. <http://www.economicstimes.indiatimes.com/news/economy/policy/e-way-bill-for-inter-stategoods-movement-from-april-1-recommends-gom/articleshow/63056558.cms>
- [7]. <https://www.charteredclub.com/e-way-bill/>
- [8]. <https://tallysolutions.com/gst/eway-bill-rules/>
- [9]. <https://cleartax.in/s/eway-bill-gst-rules-compliance#what>
- [10]. <https://www.gstindia.com/e-way-bill-under-gst/>
- [11]. http://wbcomtax.nic.in/GST/GST_e-Waybill/E_Way_Rules-1.pdf

- [12]. Kelkar & Vijay (2004). Report on implementation of the fiscal Responsibility and Budget Management Act 2003, Ministry of finance, Government of India, New Delhi.
- [13]. Khan, M., & Shadab, N. (N.D). Goods and Service Tax (GST) in India: Prospect for states.
- [14]. Kumar, N. (2014). Goods and service tax in India- A way forward. *Global Journals of multidisciplinary studies*, 3(6).
- [15]. Ministers, T., (2009). First discussion paper on good and service tax of India, New Delhi.
- [16]. Pinki, Kamna, S., & Verma, R. (2014). Good and Service Tax: Panacea for Indirect Tax System in India. *Tactful Management Research Journal*, 2(10).
- [17]. Sehrawat, M., & Dhanda, U. (2015). GST in India: A key tax reform. *International journal of research granthaalayah*, 3(12).