

# Impact Of GST On the Indian Automobile Companies

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**Abstract—** In India, GST was come in July 2017 and it was a major affected to Indian economy. It became impact all the area of business. Mainly, I want to talk about the selected two-wheeler Indian Automobile Companies with impact of GST. How many changing factors had affected to two-wheeler Vehicles? The objective of this paper is to study the effect of GST on the profitability of two-wheeler. The focus of the study is to selected (Bajaj Auto and TVS Motor) motorcycle. When the consumer purchased motorcycle after implementation of GST. The Secondary data for analysis of the financial report of the Indian automobile companies for compared preceding data from when GST was enforced in India. Using Correlation, t-test and another Statistical tools for analysing the data. There are no association between Pre-GST and Post-GST of Two-wheeler Automobile. There are no association between Average Sales and Average Net Profit of selected (Bajaj Auto and TVS Motor) two-Wheeler automobile companies. However, After the implementation of GST, how did become impact on sales and profitability of Indian Automobile Companies? I have to analyse the impact of GST on the sales and profitability of India Automobile Companies.

**Index Terms—** Indian Automobile companies, Sales, Profitability, Pre-GST, Post-GST, Bajaj Auto and TVS Motor.

## I. INTRODUCTION

in India, GST is biggest form of source of income. Government has taken taxes in two ways; first is direct tax it means Income tax and second is indirect tax who had applicable goods and services. Mainly I focus on the product of Indian automobile companies. In this industry government lavy GST on the Indian automobile products. Under the Indian automobile companies, It talk about two-wheeler vehicles what would be impact of GST on selected two-wheeler vehicle like Bajaj Auto, TVS motor with the help before 9 year and after 9-year Statement of Profit & Loss of Company. What will be impact of GST on the

selected (Bajaj Auto and TVS Motor) two-wheeler vehicles? I shall analyse the profitability and GST both with help of two companies. Each company have to analyze with two variables; one is sale and other is NP. With the help of these variables will be find Paired t-test using SPSS and concluded that what will be impact of Pre-GST and Post-GST yet now.

## II. LITERATURE REVIEW

Jha, P., & Singh, F. B. (2017). A study on implementation of GST and its repercussion on Indian automobile sector: in this paper I understand that paper depicts the background and mission of proposed GST and its repercussion on Indian automobile sector.

Sharma, A., & Sharma, D. (2018). Impact of GST on automobile Industry in India: This paper, I understood about automobile industry included Commercial Vehicles, Passenger Vehicles, Two-wheeler what impact on the GST and detailed about it.

Jain, A. (2018). Effect of goods and service tax on small business enterprise in reference to automobile industry: The main aim behind the implementation of GST was to upliftment of people below poverty line and the boost in business activities. It is a tax imposed at each point of supply of the goods.

Nayaka, B. (2021). Analysis of Goods and Services Tax (GST) impact on Indian automobile industry: In this paper, I understand that how to analysis the Pre-GST and Pre-GST.

Agrawal, N., & Mehta, D. (2021). Effects of GST on Automobile Dealers Industry: I studied this paper and concluded that the government of India has known the importance of the automobile industry. There are many changes made for simplicity in the GST tax system.

Ashokbhai, S. B. (2022). The Impact of GST on The Indian Automobile Industry: It about this paper, GST has become necessary for manufacturer to adjust the prices according to changing tax structure, leading to an increase in the price of vehicles. India's GST has

more impacted the automobile industry, affecting buyers and the government.

Chauhan, P. M., & Bhutada, P. R. (2022). The impact of the goods and services tax (GST) on the Indian Automobile Industry: In this research paper talk about to study the impact of GST on production, sales, import and export of two-wheeler and four-wheeler motor vehicle and electric segments before and after the implementation of GST the export of traditional motor and electric vehicle of two-wheeler and four-wheeler has increased more.

Kumar, S. (2022). GST and Automotive Sector in India: Issue and Challenges Addressed So Far: They talk about the positive as well as negative aspects and impact of GST implementation of Indian automobile industry.

Hegde, S., Hegde, D., & Salanke, P. (2024). Measuring Implications of Statutory Compliance Like GST on Sustainability-A Case Study on Automobile Industry: This paper is to study the consumer behaviour by analysing the impact of GST /tax policies on automobile industry. The main focus on the study is LMV(Car).

Kamat, S., & Sen, S. (2024). Accelerating market dynamics: The Impact of GST on Stock Prices and Profitability of Leading Automobile Companies: This paper explores the effect of GST on the net profit and stock prices of (Maruti Suzuki, Tata motors Mahindra & Mahindra, Honda, Ashok Leyland, Bajaj Auto, TVS motors) Pre GST and Post GST analysis was conducted through a paired t- test using SPSS.

### III. OBJECTIVE

1. To compare Pre-GST and Post-GST of selected two-wheeler vehicles.
2. To examine the impact of GST on the Sales and Net Profit of selected two-wheeler Automobile Companies with the help of T-test using SPSS.

### IV. RESEARCH GAP

I studied many research paper related to The Impact of GST on the Indian Automobile Companies. This Area is too vast but selected the Two-Wheeler companies with choosen parameters. Comparison between Pre-GST and Post-GST of Selected (Bajaj Auto and TVS Motor) Two-Wheeler Automobile Companies. The gap exists in the literature to the selected two-wheeler

companies because recently, lot of the changes in economics, governance and technology.

### V. SCOPE OF THE STUDY

It has been useful to understanding the impact of GST performance on the selected (Bajaj Auto and TVS Motor) two-wheeler automobile companies for certain duration. The Result will be helpful for stakeholders and Companies 's regulation.

### VI. METHODOLOGY

Research Design- This study is analytical research method for companies the GST on Sales and Net Profit of selected (Bajaj Auto and TVS Motor) Automobile companies.

Data Collection- It will be collected Secondary data for official sources such as Money Control and NSE website.

Sampling- It will be covered Baja Auto and TVS Motor automobile companies and It will select variable for comparison Sales and NP. These data of the Automobile companies have compared from 9 year before and after GST Implementation.

Statistical Tools- It will be used, Mean, Standard Deviation, Correlation and Paired T-test using SPSS.

### VII. DATA ANALYSIS & INTERPRETATION

GST Rate on Two-Wheeler in Indian  
In 2026, The GST Rate on Two-Wheeler in India is primarily based on the engine capacity.

Engine Capacity	GST Rate
Up to 350 cc (Petrol/Diesel bikes and scooters)	18%
Above 350 cc	40%
Electric Two-Wheeler (all capacities)	5%

For example:

Company	Model	Engine Capacity	GST Rate
Bajaj Auto	Pulsar NS200	199.5 cc	18%
TVS Motor	Raider 125	124.8 cc	18%
Hero MotoCorp	Splendor Plus	97.2 cc	18%
Honda Motorcycle & Scooter India	Activa 6G	109.51 cc	18%
Royal Enfield	Classic 350	349 cc	18%

Royal Enfield	Himalayan 450	452 cc	40%
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Source: cleartax.in

In this table show the figure of GST about two-wheeler based on the engine capacity after GST Implementation in 2017 but now, in 2026 such as change the GST Rate, according to above figures up to 350cc bikes levied 18% GST, if above 350cc bikes levied 40% GST and if Electric bikes then it has levied 5% GST.

Sales And Net Profit of Two-Wheeler Automobile Before and After Gst

The Impact of GST (implemented on 1<sup>st</sup> July 2017) on the Indian automobile industry. To compare the Sales (Revenue) and Net profit of Bajaj Auto and TVS Motor automobile companies during the pre-GST period (2008-2017) and post-GST period (2017-2026). Each company has showed the data respectively and after than comparison between Pre and Post GST.

H<sub>0</sub>: There is no association between Sales and NP of Bajaj Auto Vehicles before and after GST.

Sales and Net Profit of Bajaj Auto Two-Wheeler Vehicle (₹ in crore)

Year	Pre-GST		Year	Post-GST	
	Sales	NP		Sales	NP
2008-09	9319.13	597.58	2017-18	25617.27	3931.34
2009-10	12455.61	1697.08	2018-19	30357.63	4577.86
2010-2011	16429.09	3431.68	2019-20	29918.65	4890.4
2011-2012	19594.65	2990.18	2020-21	27741.08	4550.7
2012-2013	21170.9	3048.09	2021-22	33144.71	5586.34
2013-2014	2167.69	3234.4	2022-23	36455.38	5530.92
2014-2015	22523.55	2811.9	2023-24	44870.43	7440.65
2015-2016	23883.2	3839.8	2024-25	50994.55	8240.21
2016-2017	23088.03	3824.87	2025-26	62905	10013.76

H<sub>0</sub>: There is no association between Sales and NP of TVS Motor Vehicles before and after GST.

Sales and Net Profit of TVS Motor Two-Wheeler Vehicle (₹ in crore)

Year	Pre-GST		Year	Post-GST	
	Sales	NP		Sales	NP
2008-09	4061.58	-64.18	2017-18	16656	651.78
2009-10	4820.6	33.51	2018-19	20159.99	702.97
2010-2011	7104.04	127.94	2019-20	18849.31	633.21
2011-2012	8037.8	132.33	2020-21	19420.82	602.01
2012-2013	8114.5	198.35	2021-22	24355.31	754.33
2013-2014	9112.93	186.88	2022-23	31973.99	1369.4
2014-2015	11079.86	320.22	2023-24	39144.74	1729.84
2015-2016	12423.93	423.8	2024-25	44089.01	2309.68
2016-2017	13573.89	511.04	2025-26	56069.52	3227.49

Paired Samples Correlations					
		N	Correlation	Significance	
				One-Sided p	Two-Sided p
Pair 1	PreGST-PostGST	9	0.527	0.072	0.145
Pair 2	PreGST-PostGST	9	0.657	0.027	0.054
Pair 3	PreGST-PostGST	9	0.931	<.001	<.001
Pair 4	PreGST-PostGST	9	0.911	<.001	<.001

Pair 1: In this pair, Sales of Bajaj Auto from during 9 years before and after GST. It has been positive

moderate degree correlation between Sales of Pre-GST and Post-GST.

Pair 2: About this pair, Net Profit of Bajaj Auto from during 9 years before and after GST. It has been positive moderate degree correlation between NP of Pre-GST and NP of Post-GST.

Pair 3: This pair related to Sales of TVS Motor from during 9 years before and after GST. It has been

positive high degree correlation between Sales of Pre-GST and Post-GST.

Pair 4: In this pair, The value of Net Profit of TVS Motor from during 9 years before and after GST. It has been positive high degree correlation between NP of Pre-GST and NP of Post-GST.

Showing Paired t-Test Result for Sales and NP of Bajaj Auto and TVS Motor

Paired Samples Test										
		Paired Differences					t	df	Significance	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				One-Sided p	Two-Sided p
					Lower	Upper				
Pair 1	PreGST-PostGST	-21263.65	10630.00583	3543.33528	-29434.5958	-13092.7042	-6.001	8	<.001	<.001
Pair 2	PreGST-PostGST	-3254.06667	1560.58476	520.19492	-4453.6383	-2054.49503	-6.255	8	<.001	<.001
Pair 3	PreGST-PostGST	21376.61778	10789.97247	3596.65749	29670.52482	13082.71073	5.943	8	<.001	<.001
Pair 4	PreGST-PostGST	-1123.42444	767.14324	255.71441	-1713.10294	-533.74595	-4.393	8	0.001	0.002

Pair 1: About the Sales of Bajaj Auto from during 9 years before and after GST. The Null hypothesis is rejected because p value is 0.001 and the level of significance is 0.05. Thus, p value is less than 0.05 i.e.,  $p < 0.05$ .

Pair 2: In this pair, the NP of Bajaj Auto from during 9 year before and after GST. The Null hypothesis is rejected because p value is less than 0.05.

Pair 3: About the Sales of TVS Motor from during 9 years before and after GST. In the t-test, The Null hypothesis is rejected because p value is less than 0.05.

Pair 4: In this pair, the NP of TVS Motor from during 9 years before and after GST. The Null hypothesis is rejected because p value is less than 0.05.

So, overall concluded that all four-pair variables (Sales and NP for Both companies), The two-sided p values are extremely low, it means All variables are significant and it has been more impact on two-wheeler automobile companies between Pre-GST and Post-GST.

Note:

Pair 1- Sales of Pre-GST and Post-GST of Bajaj Auto.

Pair2- NP of Pre-GST and Post-GST of Bajaj Auto.

Pair 3- Sales of Pre-GST and Post-GST of TVS Motor.

Pair4- NP of Pre-GST and Post-GST of TVS Motor.

VIII. CONCLUSION

The Study concluded that there is significant between Pre-GST and Post-GST of two-wheeler automobile companies. Mainly, I choose two companies i.e., Bajaj Auto and TVS Motor. The Study has compared between 9 Year of before and after GST. With the help of Paired t-test using SPSS to reach the conclusion. The Test showed that the average difference is significant for the paired variables i.e., Sales and NP. So, The Overall conclusion of the study had significant impact on the two-wheeler automobile companies between Pre-GST and Post-GST.

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