

## **AN INTRODUCTION TO E-WAY BILL; A GAME CHANGER OF THE INDIAN ECONOMIC SYSTEM**

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### **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 very purpose behind such a digital movement and how this would transform the logistics industry of the country. The study also focuses on the importance of the system and its current state of operation. The study gives due importance to the analysis of e-way bill system with special reference to the case of Uttar Pradesh. 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-

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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.

**Key Words:-E-Way Bill, GST, GSTN (Goods and Services Tax Network)**

## **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 24<sup>th</sup> meeting of the GST Council it was propounded that the E way bill system will be implemented for inter-state transit of goods from 1<sup>st</sup> 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 Rs. 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, its implication on our economy and its effective implementation with reference to the case of Uttar Pradesh.

## IMPORTANCE OF THE STUDY

E-way bill is an electronically generated document which is required to be generated for the movement of goods of more Rs.50000 from one place to another. The e-waybill under the GST regime replaces the way bill which was required under the VAT regime for the movement of goods as the waybills obtained from VAT authorities are notorious for restricting movements of goods across states. This study is to understand the concept of e-way bills and its implications and the effective implementation in the Indian economy. This paper also analyse the effective implementation of e way bill by Uttar Pradesh.

## RESEARCH METHODOLOGY

This study is intended to throw light on the concept of e-way bill, its implications on our economy and its effective implementation with reference to the case of Uttarpradesh .The data is collected from secondary sources such as newspapers, books and websites which focused on various aspects of e-way bill

## OBJECTIVES

- To understand the concept of E-way bill.
- To study the functioning of E-Way bill mechanism.
- To understand the implications of E-way bill in the Indian Economy.
- Study on effective implementation of E-way bills system by the state of Karnataka.

## REVIEW OF LITERATURE

**Apoorv 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.

**Abilash venkatesh A & Aravind 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.

**Dr Shakir shaik, Dr S a Sameera & Mr SK C Firoz** conducted a study on the topic "**Does Goods and Service tax (GST) leads to Indian economic Development.**"(2015). 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 effect the national economy but also international trade, firms and the consumers.

Study conducted by **Shefali Dani** on the topic "**A research paper on an impact of GST on Indian economy.**"(2016) 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.

Study on the topic "**Impact of Goods and Service tax(GST) In Indian Economy**" conducted by **Saakshi Singhal (2017)** 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.

## **ANALYSIS**

### **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 Rs. 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 between destinations. The movement of goods, having a value of more than Rs.50000 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.

### **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 and 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 1<sup>st</sup> 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 1<sup>st</sup> June 2018.

## **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.

## **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, and 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, the 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.

**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.

**1. 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.

**2. 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.

### **Responsibilities of the Transporter**

1. 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.
2. 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.
3. 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.

### **Exemptions to the E-Way bill**

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

1. When the means of transport is non-motor vehicle and the goods are of perishable nature, like fruits, vegetables, fish and water.
2. When the goods are transported with customs seal or under customs supervision.
3. When the goods are transported by rail and the consignor in such a case is the central, state government or local authority.
4. 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.
5. 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.

### **Verification of the Documents**

The verification process is done as follows:-

1. The officer authorized for the verification may verify the validity of the e-way bill and the EWB number physically.



2. 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.
3. Physical verification of the conveyance can also be carried out, where any information about the evasion of tax has been received, by the authority.

### **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.

### **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 Rs.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.

### **IMPLICATIONS OF E-WAY BILL IN THE INDIAN ECONOMY**

E-way bill, now being the hot topic for all discussions and debates trending in India, its impact or the likely impact, to be expected to follow in our economy, is to be analyzed. There exist diverse opinions regarding this matter. In this scenario we try to analyze the positive as well as the negative impact of E-way bill system as a whole.

One of the major game-changing industries in India is the logistics sector which is a rapport of infrastructure, technology and multiple service providers. It is an area where the advent of e-commerce is crucial. Therefore the implementation of the e-way bill is expected to have an

impact in this sector. The positive implications regarding this sector is that the introduction of e-way bill will considerably reduce the documentation process, moreover another advantage of this system is the use of RFID (Radio Frequency Identification Device). By attaching this device on the vehicle, the e-way bill can be mapped as well as verified through this device itself. Another major advantage put forth is the faster movement of the consignment unlike VAT way bills, which used to restrict movement of goods. The reduction in the number of cross border check posts and the hassle of long lines and verification process will help reduce the overall time needed for delivery of consignment. The start-ups in the logistics sector of the economy is looking forward because it seems to them that there are ample amount of opportunities that the GST e-way bill opens its doors to.

If we take into consideration the organised sector of the economy at large, it can be concluded that this movement will remove the unorganised sector, which is causing continuous loss for the government always. Since the unorganised sector cannot move forward without complying with the system of GST, that will start seeking the services of organised sector, which necessitate them to be organised in the near future. However, it is analysed that the revenue and margin growth is to increase from 18-20 and to 40% respectively in the near future. It is inferred that E-way bill will surely act as a time-saver as it helps both the tax-payers and officials in automatically filling up the GSTR-1 form thus making the entire process of documentation an easy task. This will help in reducing the manual data entry work of the concerned people to a great extent. This system will prove to be more user-friendly and will help in the easy and fast generation of e-way bills.

If we look into the negative implication of this system on the people or sectors of the nation, the main problem will be the lack of technical knowledge about the procedure to be followed and moreover, the technical glitches that have been taking place in the implementation of the system till date. Then the implementation timelines of the system in various states is not at all clear. Since the system intervenes with E-Commerce industry in an extensive manner, the parties coming under this industry will have to maintain a number of documents for the purpose of shipment as they resort to different modes of transport every time they go for a transit. Thus, as

far as they are concerned, they will have to generate an e-way bill for every mode of transport they choose to take up.

## **KARNATAKA STATE**

Being the first state to successfully implement the system of e-way bill, Karnataka stands at the top priority for understanding the smooth implementation of the system. E-way bill was implemented in Karnataka on 12<sup>th</sup> September 2017. The Central Government is looking at the scenario of Karnataka as a epitome to be followed for the successful implementation of e-way bill nation-wide. The state of Karnataka had followed a system similar to that of the e-way bill system during the VAT regime. This helped the state for the smooth transition of the VAT system to the GST e-way bill system.

### **Way Bill under VAT Regime**

Under the VAT regime Karnataka followed a system known as E-SUGAM (Simple Uploading of Goods Arrivals and Movement) which was implemented in the year 2008. In this system a delivery note was generated with a unique number to the taxpayers who entered the details of the transactions to the server. This unique number posed as a proof of transaction. The system was made mandatory, by the Karnataka Government, to the dealers who consign goods of value more than Rs. 20,000. After the implementation of this system there showed 25% revenue incline as tax evasion was reduced. Therefore this system was considered as one the efficient mechanism to prevent tax evasion and an initiative to e-governance.

### **GST E-Way Bill System Adopted By Karnataka.**

The system followed in the GST e-way bill adopted by Karnataka is very simple and easy to be followed by the taxpayers. Moreover the Government has conducted various awareness programmes to the stakeholders of this system to make the transition for them less difficult. The system followed by them is as follows:

- A registered taxpayer in the VAT regime can use the same ‘username’ and ‘password’ to generate the GST e-way bill.
- If they are directly registered in the GSTN under the Goods and Service tax they have to obtain their credentials from the local GST officer.

- If GSTN is not accessible e-way bill can be generated using the TIN number used in the VAT regime.
- E way bill is mandatory for goods valuing Rs 50000 and is optional in case of goods valuing less than Rs. 50000.
- The validity of the e-way bill depends upon the distance covered by the transportation vehicles. For example
  - 100 km - 2 days
  - 101-500 - 3 days
  - 501-1000 – 5 days
  - 1001-2000-10 days
  - More than 2001 – 12 days
- Transit pass is not required for goods passing through Karnataka from one state to another.
- For bulk generation of e-way bill conversion of EXCEL to XML option is available.
- Moreover Karnataka government has made it mandate for all transit vehicles to carry RFID (radio frequency identification) cards which will help track the vehicles and for the smooth transit of the consignment.

### **Success of the System**

Within one month of the implementation of the e-way bill system a total of 23.8 lakh bills were generated in which only about 187 bills were rejected and 157 physically verified. This shows that the only in rare cases the vehicles were stopped for physical verification. These have resulted in a seamless transit of consigned goods. Moreover the number of registered dealers and transporters have increased considerably( approx 1,20,000 and 947 respectively) which would reduce the chances of tax evasion and bring more transparency to the transportation system prevailing. Moreover the system adopted by Karnataka is very simple in which the dealer have to enter only 6-7 required fields to generate an e-way bill. The implementation of this scheme in the state of Karnataka had turned out to be a huge success in its first phase of initiation itself due to the sound information and communications technology (ICT) of the State Government. The National Informatics Centre (NIC) found themselves confident in implementing this scheme

nation-wide due to their previous experience of success while dealing with similar project in Karnataka.

## **FINDINGS**

- E way bill is one of the major digitalization movement put forth by the Government of India.
- It is in its implementation process and not yet been established in majority states of India. So its success rate is not predictable.
- The system can be considered an intelligent step towards E-Governance.
- It poses a major threat to the unorganized segment of the Indian economy through more transparent documentation processes and tax payment system which is being undertaken by way of E-way bills.
- E-way bill results in a smooth and efficient transportation system and paves way to a more systematic and developed logistics industry.
- The mandatory enrollment in E-way bill portal ensures elimination of tax evasion.
- In the case of Karnataka, the simplicity in their rules and regulations made the scheme easily implementable and adaptable among the users.
- The earlier existence of a similar system, E- SUGAM, made the transition to GST E-way bill more consistent.

## **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.

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