



International Journal of Multidisciplinary Research in Science, Engineering and Technology

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 8.206

Volume 8, Issue 3, March 2025



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

Impact of GST E-Invoicing Mandate on Digital Transformation of MSMEs in Bangalore: A Study of Operational Efficiency and Compliance

Sujit M¹, Poorvi Sudhakar Shetty², Anchal Sharma³, Tamilprakash⁴, Mansi Jain⁵, Tejaswini S⁶

Department of MBA, CMS B School, Jain (Deemed to be University), Bangalore, India^{1,2,3,4&5}

Assistant Professor, Department of Finance, Faculty of Management Studies, CMS B School, Jain (Deemed to be University), Bangalore, India⁶

ABSTRACT: The Goods and Services Tax (GST) e-invoicing implementation system delivers digital modifications for Micro Small and Medium Enterprises (MSMEs) in all areas of India. The research investigates e-invoicing processes that affect MSMEs operating in Bangalore while analyzing their compliance with regulatory standards. Shareholders of secondary data reveal that e-invoicing brings several strengths as well as obstacles to businesses through automation and cost minimization along with regulatory compliance capabilities. E-invoicing implements better tax compliance transparency yet MSME businesses experience issues during their digital system adjustments. This paper offers both readiness recommendations for MSMEs and guidelines to optimize digital transformation benefits in GST.

KEYWORDS: GST (Good and Service Tax), E-Invoicing, MSME (Micro Small Medium Enterprises), Operational Efficiency, Digital Transformation

I. INTRODUCTION

The government of India adopted GST e-invoicing as a system to develop tax compliance and fight fraud. The original target of GST e-invoicing operated for big companies until it expanded to several MSMEs which received different feedback. Most MSMEs encounter barriers in adopting digital transformation tools because they lack both financial resources and technological expertise though digital transformation serves as an essential catalyst for business expansion. This research explores the operational efficiency and compliance aspects of the e-invoicing requirement for MSMEs in Bangalore.

II. REVIEW OF LITERATURE

The Indian tax authority implemented GST to streamline complex indirect tax procedures and minimize fraudulent tax activities as well as promote tax transparency. MSMEs encounter multiple challenges because of difficulties in compliance as well as operational inefficiency and digital adaptation.

1. Technical and Administrative Complexities in GST Implementation

- Tiwari and Nema (2024) highlight the difficulties MSMEs face due to frequent amendments in GST regulations. The study notes that the framework, while aimed at enhancing digital compliance, has led to confusion due to continuous modifications. E-invoicing, though intended to streamline tax filing, has faced issues related to transitional credit and operational inefficiencies.

2. GST: Opportunities and Challenges for MSMEs

- Pandit (2017) discusses the advantages and challenges MSMEs have faced post-GST implementation. While GST simplifies taxation and eliminates the cascading tax effect, compliance



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

costs have increased. The research emphasizes the need for robust IT infrastructure and digital literacy among MSMEs.

3. Exploring Opportunities and Challenges in the MSME Sector

- Jain (2022) explores how GST has influenced MSMEs by improving tax rationalization and compliance. The study finds that while GST brings transparency, small businesses face complex compliance procedures. The research suggests that government support, including tax education and simplified return filing, could ease MSME adaptation.

4. Impact of GST on MSMEs

- Kumari (2023) analyzes the impact of GST on MSME operations, particularly in terms of e-invoicing and digital tax filing. MSMEs contribute significantly to India's GDP and exports, yet transitioning to GST has been challenging due to increased compliance costs and digital adaptation requirements. The study recommends simplifying tax procedures to support MSME efficiency and sustainability.

5. Assessment of GST Rollout on MSMEs

- Mohan and Ali (2018) provide empirical evidence on the impact of GST on MSMEs, using survey data. The study reveals that MSMEs struggle with tax compliance due to limited digital literacy and financial constraints. It emphasizes the importance of government-led training programs and tax awareness initiatives to improve MSME efficiency.

Objectives of the Study

1. To assess the impact of GST e-invoicing on MSMEs' operational efficiency in Bangalore.
2. To analyze compliance challenges arising from the e-invoicing mandate.

Research Methodology

1. This research design uses description to evaluate how the GST e-invoicing requirement affects digital improvements for MSMEs operating in Bangalore. The study combines primary and secondary data sources to assess operational efficiency as well as compliance obstacles which affect MSMEs.

III. DATA COLLECTION METHODS

1. Primary Data Collection:

An organized questionnaire served to collect data from MSME owners together with accountants and finance professionals. The survey presented questions using closed-ended and Likert-scale response types to explore automation and cost efficiency and simplification of compliance together with e-invoicing implementation difficulties.

The team obtained responses through Google Forms.

The research surveyed a total number of 52 participants.

III. DATA INTERPRETATION

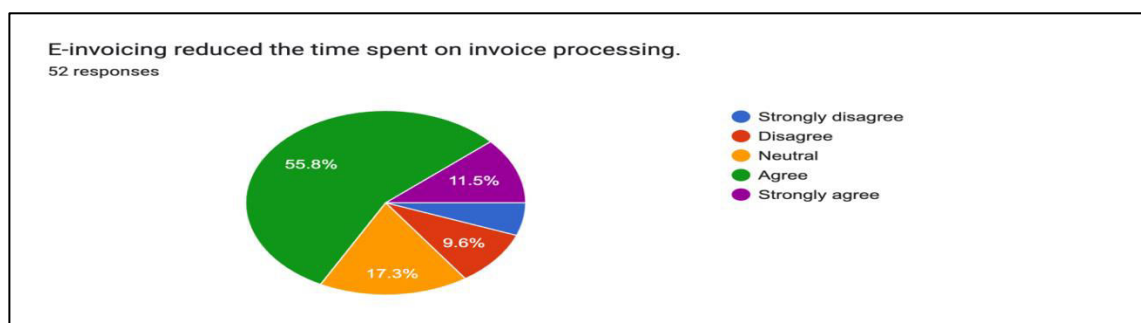


Figure showing impact of E-Invoicing on Invoice Processing Time



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

The majority of survey participants (55.8%) reported that electronic invoicing technology decreased invoice processing times among MSMEs thus leading to more efficient operations. The survey showed conflicting results regarding the impact of e-invoicing on invoice processing time because 17.3% maintained a neutral stance and 9.6% disagreed along with 11.5% who strongly disagreed with the statement.

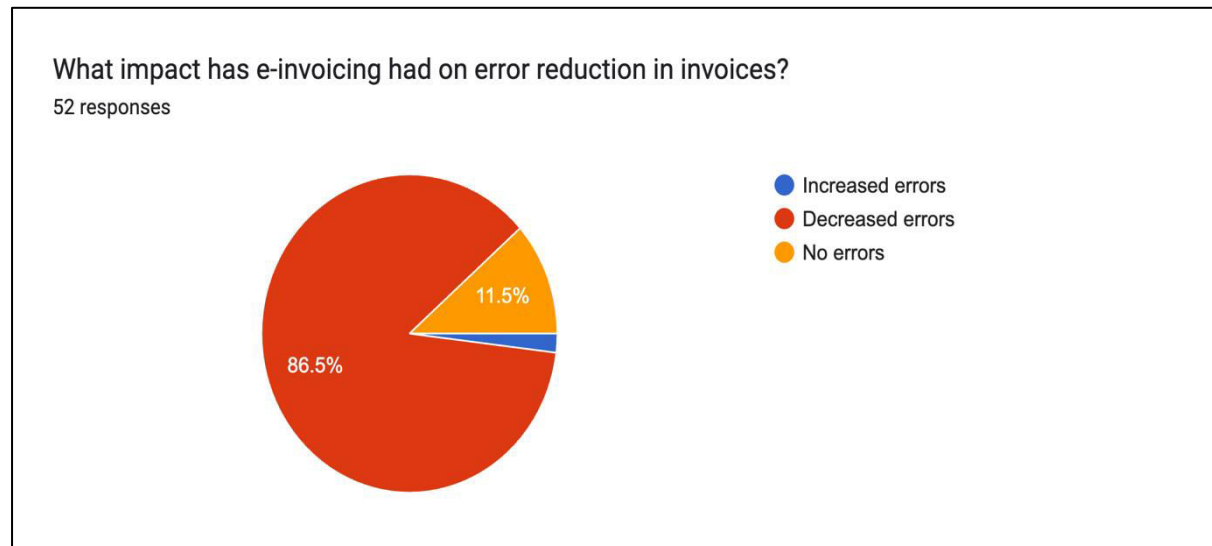


Figure showing impact of E-Invoicing on Error Reduction in Invoices

The surveyed respondents noted that e-invoicing improved accuracy so much that 86.5% experienced fewer invoice errors. Among respondents 11.5% recorded an increase of invoice errors probably because of technical problems or insufficient experience with digital invoicing methods.

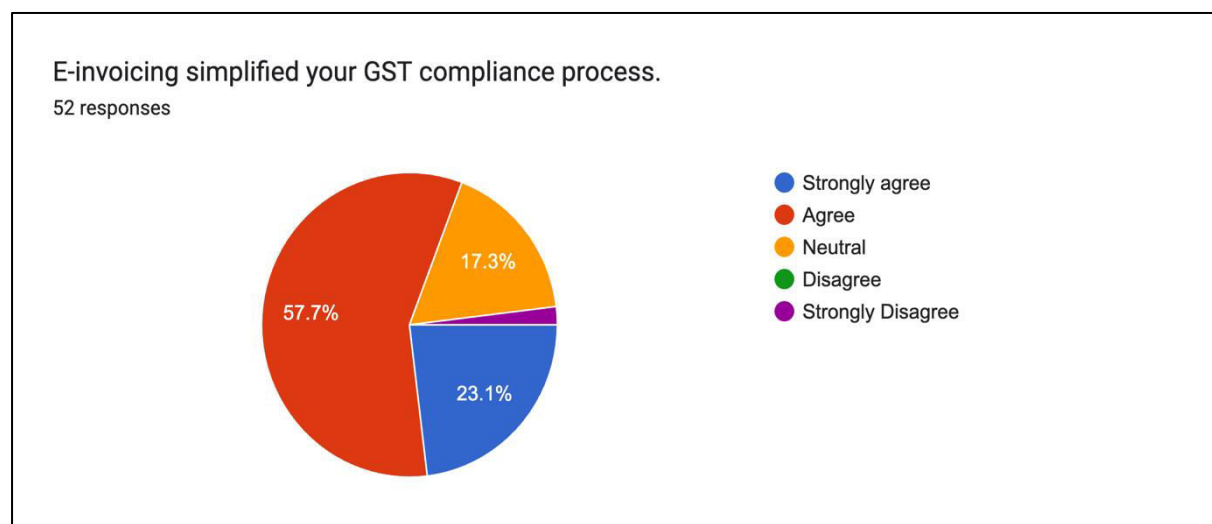


Figure showing effect of E-Invoicing on GST Compliance Process

According to survey findings a majority of 57.7% of MSMEs stated that e-invoicing made their GST compliance simpler and 23.1% strongly supported this assessment. E-invoicing automation has decreased manual mistakes according to 17.3% of the respondents however the figures remained neutral as some companies continue to adjust to the new system.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

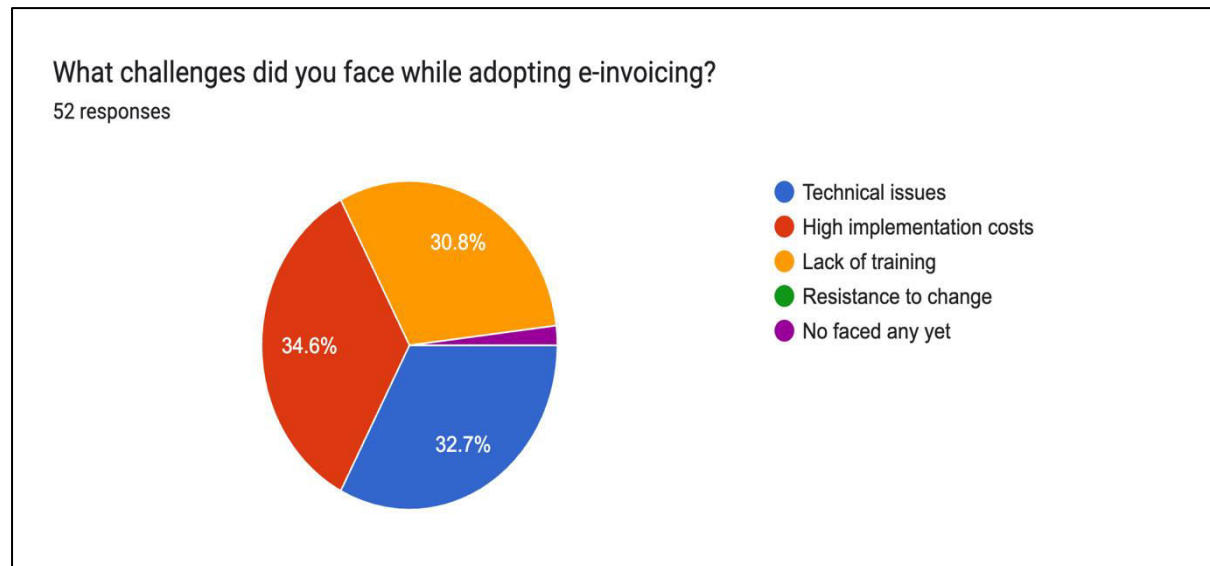


Figure depicting challenges faced while adopting to E- Invoicing

When MSMEs implemented e-invoicing many encountered technical problems along with insufficient training. A minority subsection of respondents faced barriers to change implementation alongside a minimal count of individuals who experienced no issues with transition.

IV. DISCUSSION

MSMEs use E-invoicing to enhance operations through speedier processes and reduced mistakes and better workflows while spending less money. Several businesses encounter problems with compliance because they do not have enough technical skills or proper training or sufficient infrastructure. The implementation barriers impede the smooth implementation of automated GST procedures even though automation brings simplicity to compliance tasks. E-invoicing benefit utilization by businesses becomes complete with increased awareness and proper technical assistance and training resources.

V. CONCLUSION

The GST e-invoicing directive acts as an engine for digital transformation which simultaneously strengthens tax compliance and operational efficiency among MSMEs in Bangalore. Government enterprises should collaborate on financial programs that incorporate tax incentives together with digital literacy training schemes and easy tax submission solutions. Time-based implementation phases would help MSMEs adapt more easily to changes without causing financial problems. E-invoicing adoption will increase through these initiatives as they reduce business operational costs which enhances local enterprises' benefit utilization of the system.

The study examines MSMEs based in Bangalore but its results only apply to this particular geographic area. The GST compliance experiences of individuals create perceptions about the system which they report in their responses. A continuous review process is required to analyze how the changing GST framework affects business operations through e-invoicing in the long term.

REFERENCES

1. Tiwari, A., & Nema, K. (2024). Technical and administrative complexities in the evolution and implementation of India's GST system. *The IUP Law Review*, 14(4), 66-70.



International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)

2. Pandit, S. S. (2017). GST: Opportunities and challenges for Indian MSMEs. *Inspira-Journal of Commerce, Economics & Computer Science*, 3(3), 208-214.
3. Jain, N. (2022). Exploring opportunities and challenges in the MSME sector: Navigating the GST landscape. *AIJRA*, 6(2), 30-34.
4. Kumari, R. L. (2023). Impact of Goods and Services Tax (GST) on Indian MSMEs. *International Journal of Research in Economics & Social Sciences*, July Issue, 334-340.
5. Mohan, V., & Ali, S. (2018). Assessment of the implications of GST (Goods and Services Tax) rollout on Indian MSMEs. *Theoretical Economics Letters*, 8(15), 3567-3580.



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA



INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH IN SCIENCE, ENGINEERING AND TECHNOLOGY

| Mobile No: +91-6381907438 | Whatsapp: +91-6381907438 | ijmrset@gmail.com |

www.ijmrset.com