

# Re-look at the supply chain strategies - Role of professionals

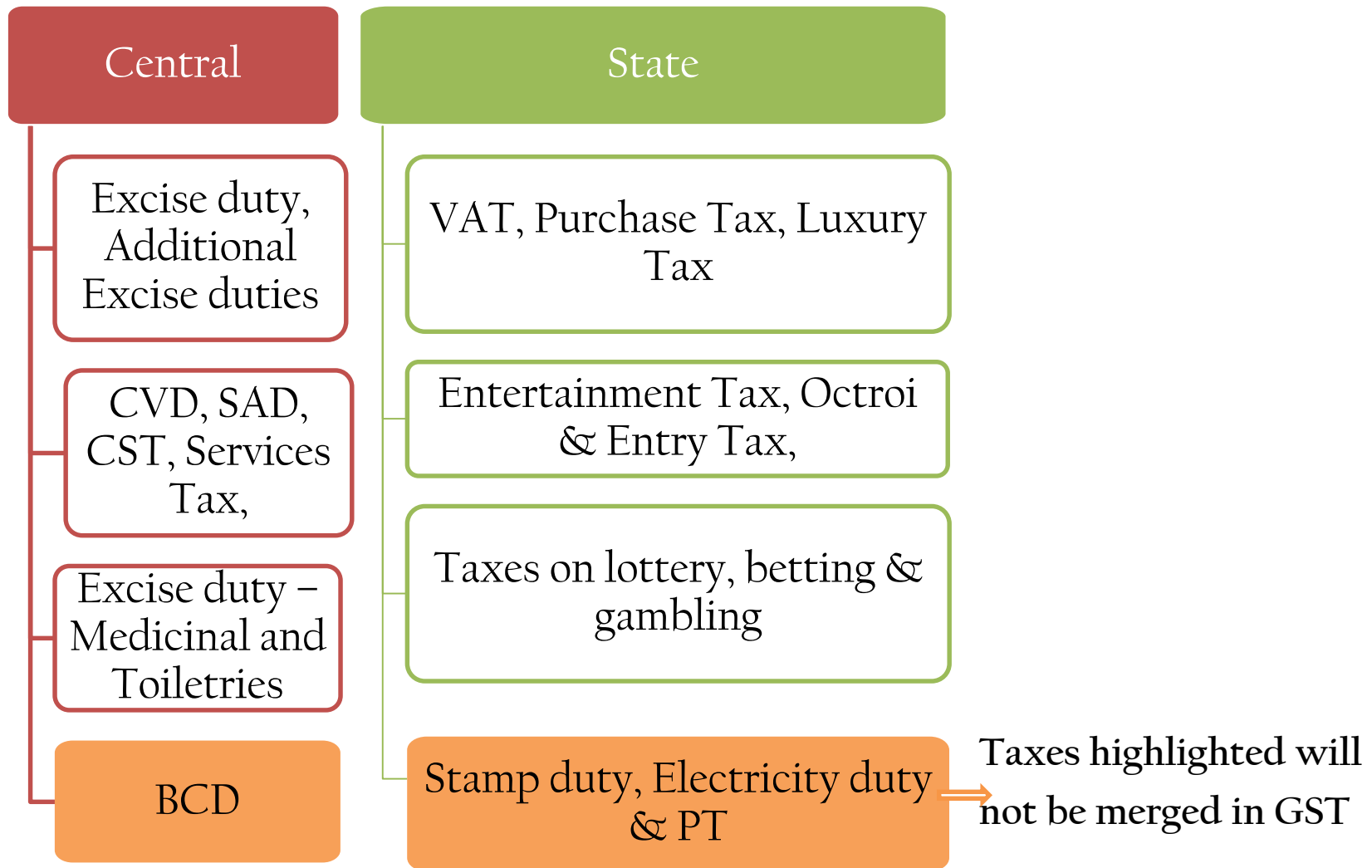
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- Taxes subsumed in GST
- Key Features of GST
- Supply Chain Strategy
- Typical Supply Chains in India
- Current trends in Supply Chain
- Role of Professionals

# Taxes Subsumed in GST



- GST is a destination based consumption tax on supply of goods and services
- Will have a Dual Tax structure – both Centre (CGST) & State (SGST) to levy tax

- Intrastate supply of goods/services will be subjected to SGST and CGST at the specified rate
- On interstate supplies, Integrated GST (IGST) would be payable (levied by Centre)

- Import of goods / services subjected to IGST
- Exemptions to be converted to refunds
- Alcoholic Liquor for human consumption, Power & Oil and Gas would temporarily be excluded. Old taxes to continue on these products

# Key features of GST - ITC

- Three pools of credit per state of operation are:

– IGST

– CGST

– SGST

Input credit mechanism			
Input	Output		
	IGST	CGST	SGST
IGST	✓	✓	✓
CGST	✓	✓	×
SGST	✓	×	✓

- Fundamental goal of a supply chain  
Delivering the right products/services at  
the right time at the right place and at the  
right cost, every time
- Largely influenced by tax considerations



- Intra-State sourcing as against Inter-State sourcing
- Heavy dependence on job-working
- Large scale movement of goods – From to manufacturing locations
- Large number of finished goods depots

- Evolving Supply Chain ecosystem:
  - Suppliers
  - 3PLs
  - contract manufacturers
  - distribution channel partners
- Flexible asset-light customer centric supply chain

## Improving Infrastructure

- Logistics & storage infrastructure
- Quality & network of roads
- Dedicated freight corridors
- Increasing waterway & airway networks and ports infrastructure

- More efficient storage infrastructure
- Bigger automated warehouses
  - Improved cold chain infrastructure.
- Partnering with 3PLs with multimodal capabilities

## Fast evolving Consumer Landscape:

- income inequality
- purchasing power disparity
- infrastructure imbalances
- digital divide
- “Top of the Pyramid” right up to the  
“Bottom of the Pyramid”

- Rapid pace of Digitalization
  - Digital technologies like Social, Mobile, Cloud, Analytics, IOT, 3D printing
  - Rapidly improving cost economics
  - Fast improving maturity
  - Focus on customer facing processes

- Digitally ready supply chain designs
- Right foundations of data
- IT architecture & security
- Risk management frameworks
- Partner networks
- Organization design & culture
- Program management capabilities

## Supply Chain Strategy - competitive tool to positively impact revenues

- increasing market reach & penetration
- differentially delivering to the individual needs of diverse customer segments
- achieving high efficiency and aligning supply chains to business strategy



- Re-evaluate & redesign supply chain
  - pure economic considerations
  - warehousing model & network
  - vendor base
  - manufacturing set-up/strategy

- Kitting / bundling activities
- Imports vs indigenous sourcing
- Job-work vs Trading
- Inter-State vs Intra-State
- Bill to – Ship to models
- Small vs Large warehouses

- Evaluating supply chain options
  - Cost impact
  - Cash flow impact
- Services procurement evaluation
- Pricing analysis
- Distribution analysis

- Negotiations with Vendors & Customers
- GST compliance
  - Vendor rating
- GST Advocacy and Representation

# Thank you



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