



E-Way Bill Mechanism in India

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The Electronic Way Bill (E-way bill) system in India, introduced in April 2018 under the Central Goods and Services Tax (CGST), aims to streamline the movement of goods for tax purposes. It serves as an electronic document generated prior to transportation, facilitating smoother interstate movement, enhancing service delivery, and reducing paperwork. The descriptive analysis of the number of E-way bills from 2018-2023 within and across 15 non-special category states, highlighting Maharashtra as the leader in e-way bill generation. The system, which requires e-way bills for goods valued over Rs. 50,000, has improved compliance with GST regulations, reduced transit times, and eliminated the need for multiple interstate clearances. Overall, the e-way bill mechanism promotes transparency, accountability, and tax compliance in India's logistics ecosystem.

Keywords: E-way Bill, Goods and Services Tax (GST), Movement of goods, Inter State, Tax compliance

1. Introduction

The Electronic Way Bill (e-way bill) mechanism in India was introduced under Central Goods and Services Tax (CGST) on 1st April 2018 as a way to track the movement of goods for tax purposes. It is electronic document that must be generated by the person responsible for transporting the goods before they are moved from one place to another. This document is essential for the transportation of goods and contains information such as the name of the consignor, consignee, and transporter; the point of origin; and its destination. It is a compliance mechanism that involves the person responsible for the movement of products uploading the necessary information through a digital interface prior to the commencement of the movement, then generated on the GST portal. The government may mandate the person responsible for a conveyance to carry prescribed documentation and devices for any consignment of goods valued over a particular amount, in accordance with Section 68 of the CGST Act, 2017. In the context of the e-way bill mechanism, Rule 138 of the CGST Rules, 2017 stipulates that "information must be provided prior to the initiation of goods movement" and "must be issued regardless of whether the movement pertains to a supply or other reasons," *Central Board of Indirect Taxes & Customs (CBIC)*.

The objectives of the E-way bill system are as follows:

- Single-consolidated E-way bill for the self-service transportation of products within and between states throughout the entire nation.
- Facilitate the smooth movement of products across all states by implementing a paperless and completely online system.
- Enhance service delivery by ensuring a rapid turnaround time for the entire supply chain and enabling access to data and services at any time and from any location.
- Eliminate inter-state checkpoints throughout the nation to simplify the transportation of products without any complications.

2. Review of Literature

The literature on the concept of E-way Bill is very limited. The study can review the literature on broader aspects of E-way Bill such as E-invoice and taxation. The mechanism on the E-way bill has been implemented in countries worldwide.

Sheng-Chi Chen, 2015, examined the experience of Denmark and Taiwan that implemented e-taxation and e-invoice systems in the early 21st century. It showed that the e-invoicing process may enhance business company interactions and decrease operational costs in both the commercial and government sectors.

Brun, 2007, investigated the use of electronic invoicing (e-invoicing) across the Danish public sector. The research focuses on the pragmatic implementation of e-invoicing in a public sector framework. Further examines the broader context of e-invoicing, including its impact on small and medium-sized enterprises (SMEs).

Hashmi, 2008 examines the several phases of e-government deployment, beginning with the basic step of offering online information ("presence"), progressing to citizen engagement, transactions, and ultimately integration with other systems. This approach makes governance more efficient at all levels of government. Similarly, e-way bills related to ICT in administration and planning enhance the quality of governance.

Pashev, 2007, explained the Bulgarian experience regarding fake exports, applying zero VAT as well as claiming credits on the inputs without sale invoices. Tax evasion is a threat, and it was recognised by the European Commission. The tax frauds can be overcome by the mechanism of E-way Bill implementation.

Soni, 2017, examines the notion of "grey areas" in e-governance, denoting sectors where governmental services remain partially digitised and inaccessible online, and explores the use of grey system theory to identify and rectify these sectors for enhanced service delivery. Thus, the stakeholders can consider the E-way bill system or e-invoicing for tax compliance and better revenue growth, keeping track of all movement within and across the economy.

Silpa et.al. 2018, emphasized that the E-way bill represents a digital advancement that would enhance the entire logistics landscape in India. Effective implementation will provide increased revenue collection, reduce tax evasion, and contribute to the general growth of our nation.

Chandak, 2019, examined the significant impact of the E-way bill on the logistics and supply chain industries, as it enhances revenue through the advantages of Information Technology. This would serve as an excellent instrument for monitoring the flow of products and detecting tax evasion in accordance with GST regulations.

3. Objective and Methodology

The objective of the paper is to understand and examine the concept of the E-way Bill mechanism under GST law in India. The selected includes 15 non-special category states. It includes Andhra Pradesh, Bihar, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. The secondary data is collected from the Goods and Services Tax Network (GSTN) portal. The descriptive analysis of number of E-way bills inclusive of intra-state and interstate supplies for the selected 15 states for the period 2018-2023 is done to elucidate the fundamental patterns and variations in number of E-way Bills. The dataset provides a clear summary for policymakers.

4. Waybill under the previous VAT framework

The notion of a waybill is not novel to India. Nonetheless, under the framework of the Value Added Tax (VAT)/Central Sales Tax (CST) system, waybills were not linked to tax returns. VAT regulations required that to oversee the bulk trade conducted via trucks, each consignment be accompanied by a 'Delivery Note' issued by VAT offices to taxpayers. This was aimed at regulating tax evasion perpetrated by a minority of taxpayers. The taxpayer experienced significant difficulty in obtaining the blank delivery notes, necessitating multiple visits to the tax office. The authorities' ability to verify the movement of commodities against the returns submitted by taxpayers was constrained. Trucks at check-posts often experience prolonged detentions based on trivial justifications. Moreover, waybills caused jams at checkpoints and complicated compliance since each state established its own procedures and paperwork requirements for the waybill. Consequently, it resulted in an unfavourable outcome for both the trade sector and the government. A new system was introduced to address these challenges and would inherently guarantee that the issuance of a delivery note eliminates any potential for tax evasion. It represented a highly effective system for preventing tax evasion while simultaneously serving as an e-governance initiative that delivered prompt and efficient services to taxpayers. Several states implemented and utilised this system. Taking the issue of tax evasion for decades at multiple points of taxation, the government of India was preoccupied in reducing tax evasion and making tax compliance effective.

5. E-Way Bill System

An extensive E-Way Bill system aims to address this issue by associating tax returns with the E-Way Bill, serving as a robust mechanism to monitor the transportation of products and mitigate tax evasion. With the implementation of GST in India on 1st July 2017, the issue of tax evasion was only intensified. The collection of GST showed a decline in the initial months. Central and state governments were concerned about tax avoidance by business enterprises, and the introduction of the e-Way Bill was considered an effective strategy to mitigate such fraud. However, the implementation of the E-way bill has been postponed on numerous occasions due to technical complications with the portal's hardware and software and the unorganised logistics sector.

The government implemented the E-way bill on 1st April 2018, an effort to prevent tax evasion and ensure compliance with GST law and regulations. The E-way bill method is compulsory under GST for the inter-state

transportation of goods valued above Rs. 50,000. This requirement helps tax authorities keep track of high-value transactions and ensure that the appropriate taxes are paid. It also abolished the check-posts and offered uninterrupted transit of products inside a state and across several state boundaries. It enhances India's logistics ecosystem, leading to decreased congestion on primary transportation routes, a decline in transportation expenses, and a reduction in transportation lead time.

Additionally, the E-way bill system also helps in reducing paperwork and streamlining the process of transporting goods across state borders. By digitising this process, businesses can save time and resources that would otherwise be spent on manual documentation and verification.

5.1. E-way Bill under GST law

The Electronic Way Bill (e-Way Bill) mechanism is an essential element of the Goods and Services Tax (GST) regime in India. It is a digital mechanism that is intended to simplify the transportation of products throughout the nation. This system has replaced the previous waybill system under the value-added tax (VAT) regime and is designed to standardise and expedite the process of transporting products.

The E-way bill (FORM GST EWB-01) is an electronic document that is issued on the common portal and is accessible to the supplier, recipient, and transporter. It serves as evidence of the movement of products with a consignment value exceeding Rs. 50000/-. Part A includes the GSTIN of both the supplier and recipient, the delivery location (including PIN code), the document number and date (tax invoice, bill of supply, delivery challan or bill of entry), the value of the items, the HSN code, and the rationale for transportation. Part B includes the transportation particulars, including the transport document number (Goods Receipt Number, Railway Receipt Number, Airway Bill Number, or Bill of Lading Number) and the vehicle identification number for road transport. All registered individuals that facilitate the transportation of goods, regardless of supply, with a consignment value surpassing Rs. 50,000, are required to provide the specified information in Part A of the e-way bill, in accordance with Rule 138 of the CGST Rules, 2017. The e-waybill is created using component B, which includes transportation data, *Central Board of Indirect taxes & customs, (CBIC)*

After entering all the necessary information, the user can generate the E-way bill, which will then be assigned a unique number for tracking purposes. This number will be linked to the GST portal to ensure seamless tax compliance and transparency in the transportation of goods. For example, a manufacturer shipping a large order of electronics to a retailer can use the E-way bill portal to generate the necessary documentation for the transport. By entering all the required information accurately, such as the invoice number and transporter details, the manufacturer can ensure that the goods reach their destination without any delays or complications. The unique E-way bill number assigned to the consignment will also help in tracking the shipment and ensuring compliance with GST regulations during transportation. While the E-way bill system may improve efficiency and transparency in transportation, it is still prone to errors or fraud. Additionally, reliance on electronic systems may also pose a risk of technical glitches or cyber-attacks, leading to potential disruptions in the supply chain.

Upon the generation of an e-way bill, the supplier's GSTR-1 form will automatically update with the Return of Outward Supply details. It is anticipated that online reporting of document inspection and verification will further guarantee a unified, compliant environment. The current e-way bill system will facilitate a more rapid and precise examination of the entire value chain, thereby minimising the likelihood of revenue evasion and frauds.

Additionally, a single e-way bill will eliminate a significant amount of documentation and eliminate the need for purchasers, sellers, and transporters to engage in multiple interstate clearances for the movement of products across the country.

6. E-way bill for States

Under GST, the E-way bill mechanism is compulsory for inter-state transport of goods with a value exceeding Rs.50000, but states have their own intra-state E-way bill limits. The following table 1 shows the threshold limit for 15 selected states in India as per the press release of the vide notification issued by CBIC/GSTN.

Table 1: E-Way Bill Threshold Limit

States	Particulars	E-Way Bill Threshold Limit
Andhra Pradesh	All taxable goods	Rs.50000 for all taxable goods. For intrastate movement of goods, if the value is more than 50,000
Bihar*	For taxable and non-taxable goods	Above Rs. 100000 for intrastate movement of goods (from 21st Jan 2019) Above Rs. 50000 for interstate movement of goods
Goa	Only for specific 22 goods	Rs. 50000
Gujarat	Not applicable except for specific goods categories	Rs.50000 is the limit for both interstate and intrastate movement of goods.
Haryana	For all taxable goods	Rs. 50000
Karnataka	For all taxable goods	Rs. 50000
Kerala	For all taxable goods	Rs. 50000
Madhya Pradesh	For specific 11 goods	Rs.100000 for all goods except tobacco products, pan masala, medicine, surgical goods and active pharmaceutical ingredients
Maharashtra	For all taxable goods	Rs. 100000 for all taxable goods in case of intrastate movement Rs. 50000 for interstate movement of goods
Odisha	For all taxable goods	Rs. 50000
Punjab	For all taxable goods	Rs. 100000
Rajasthan	For goods except those under Chapter 24	Rs.200000 within the city for all goods except tobacco products, pan masala, articles of wood, iron and steel. Rs. 100000 for intrastate movement
Tamil Nadu	For all taxable goods	Rs. 100000 for all taxable goods in case of intrastate movement Rs. 50000 for interstate movement of goods
Uttar Pradesh	For all taxable goods	Rs. 50000
West Bengal	For all taxable goods	Rs. 100000

Source: Press release of vide notification issued by CBIC/GSTN in 2018, *2019.

The Government of India keeps the updates of the states' threshold limits, penalty and fines for non-compliance and tracking systems. The states also keep revising the e-way bill to facilitate better trade. The key implications on the states are as follows:

- i. **Efficiency Improvement:** Streamlined intra-state product movement through reduced documentation and expedited processing.
- ii. **Reduced Costs:** Businesses can reduce logistics costs and save time by limiting checkpoint delays.
- iii. **Regulatory Compliance:** Minimising tax evasion and ensuring improved tax compliance.
- iv. **Regional Flexibility:** States may overcome their transport obstacles by implementing tailored regulations.

6.1. E-way bill: Descriptive Analysis

In the study, secondary data from all 15 states were collected. Table 2 shows the results of detailed analysis on the yearly data of the number of E-way bills.

Table 2: Descriptive Analysis: Number of E-way Bills (intra- and Inter State Supplies) of selected States in India for the period 2018-2023

State	Mean	Std. Deviation	Skewness	Kurtosis	Minimum	Maximum
Maharashtra	120745547	38343309.40	1.68	3.28	86283546	185841306
Gujarat	93329438	25613131.20	1.00	2.17	63659508	133943295
Uttar Pradesh	77832975	19463849.00	0.25	-0.15	53052868	104547887
Tamil Nadu	70138833	36221864.10	0.40	1.11	23811941	123121990
Karnataka	68457153	27431862.00	1.15	1.49	41967549	112171703
Haryana	64195864	35356874.80	-0.24	0.93	13980630	110941813
Punjab	45908827	24731972.00	1.69	2.95	25222286	87730556
Odisha	39091347	53887727.80	2.20	4.88	10182114	135206332
West Bengal	35399690	10675253.80	1.23	2.82	23507807	52834876
Rajasthan	34830798	19561758.20	-1.35	2.07	2957104	54134863
Andhra Pradesh	31314321	9506743.30	0.10	-2.26	19705406	41224364
Bihar	27774298	34589786.50	2.18	4.79	7715038	89324345
Kerala	21980845	6728875.10	1.40	2.29	15609359	33034857
Madhya Pradesh	19548344	6173492.56	1.12	1.98	12772528	29408173
Goa	11258881	19298097.80	2.23	4.98	1971520	45763397

Source: GST Statistics portal; Author's own computation

The results reported in Table 2 show that the state of Maharashtra has the highest mean value (120745547) of E-way bills for intra and inter-state supplies for the period 2018-2023. This is followed by Gujarat (93329438), Uttar Pradesh (77832975) and Tamil Nadu (70138833). These states are large economies showing a high number of E-way bills within and across the states, better compliance and logistics activity. Goa (11258881) has the lowest number of E-way bills. The descriptive analysis also reported the variations in the number of E-way bills by standard deviation; the distribution of the number of E-way bill values is reported with the help of skewness and kurtosis. The range of the number of E-way bills for each state is reported with the help of minimum and maximum values. The threshold for producing E-way bills varies by state, with some requiring them for intrastate transportation of products valued at more than Rs 50,000, while others have higher thresholds.

According to GSTN Statistics portal, the total number of E-way Bill generated is 370,78,91,135, from April 2018 to May 2023, with taxpayers registered with the E-way bill system (46,79,276) as of 25th June 2023 and transporters registered with the E-way bill system (75,749). This growth of the E-way Bill relies on the performance of the manufacturing and services sectors, which enhance both domestic and international demand. It is also an indicator of macroeconomic indices showing improved industrial activity, tax receipts and economic strength.

7. Conclusion

The E-Way Bill is required for the transportation of products with a value exceeding Rs 50,000 from one location to another. This initiative has eliminated the necessity for multiple e-way bills and replaced them with a single e-way bill. The E-way Bill has facilitated the reduction of the conveyance time for products in transit. It has facilitated the eradication of the static check posts at the state borders and has enhanced the collection and compliance with tax laws. The user experience and accessibility of the system have been consistently improved through regular enhancements. The primary improvements implemented include the automatic calculation of the distance between the source and destination pin codes for the transportation of products and the validation of the vehicle number with the VAHAN system. For the GST officers, various analytical reports, including trend analysis, supply chain analysis, risk analysis, and data analysis, are generated using the E-way bill system. These reports facilitate the identification of a significant number of tax evasions. Consequently, the officers are able to improve tax collection by utilising these reports from the E-Way bill system. The E-way bill

system has been integrated with Fastag data. The new analytical reports will enable GST officers to monitor the movement of e-waybills with the assistance of the details. All individuals in the country must adhere to a single set of regulations for e-way bills under GST.

The E-way bill system is required for maintaining openness and accountability in the transportation of commodities in India. Consequently, the E-way bill system aids in the prevention of tax evasion and fraud since all transactions are documented electronically and can be readily examined by tax authorities. This process not only preserves the integrity of the tax system but also fosters fair competition among enterprises. Furthermore, the real-time tracking capability of the E-way bill system facilitates enhanced oversight of items in transit, mitigating the risk of theft and assuring prompt delivery. The E-way bill process has transformed the transportation of commodities in India by enhancing efficiency, transparency, and adherence to tax requirements.

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