"A COMPARATIVE STUDY OF OLD GST AND NEW GST 2.0 REFORMS IMPACT ON SHARE RETURN OF INDIAN STOCK EXCHANGE"

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147

Abstract:

The foremost purpose of this paper is to analyse the impact of Old GST and New GST 2.0 Reforrms on the share return of Indian Stock Exchnage. The term "tax" originates from the Latin word "taxare," meaning "to estimate." Taxes are essential for economic stability, influencing both income distribution and government revenue. For developing nations like India, GST is a key policy to optimize resources and boost economic competitiveness. The main objective of the present study Comparative Study of Old GST and New GST 2.0 Reforms Impact on Share Return of Selected Automobile, FMCG & Alcohol manufacturing sector. The present research study is based on Descriptive, Exploratory and Event Study. In present study is selected according to the date of implementation of New GST 2.0. Date of GST implementation is 22/09/2025 (Monday). So before and after implementation selected share opening and closing price taken. The entire sample period is divided into two parts i.e. the estimation window and event window. The event window again was classified as event window before the event day. (t 0 to t-10) and event window after the event days (t 0 to t+10). Here sample has been selected by Non-Probability sampling method. For selecting the first stage sample, convenient sampling method is used, where for selecting the second stage sample proportion stratified sampling is used. Here, the researcher has used paired sample T-test, Event Study & Graphical representation for the Analysis. Here in Research having two variable first is Independent variable that is GST (Goods and Services Tax) and Second is Dependent Variable that is Stock Return of Indian Stock Exchange. The Event study conclude that there is no significant difference between New GST 2.0 Reforms and Abnormal returns (ARs) and Cumulative Abnormal Returns (CARs) [means Ho is failed to rejected] and Paired T-test conclude that There is significant difference in share returns of selected companies [means Ho is Rejected].

Introduction:

Taxation is a compulsory financial contribution imposed by governments to fund public services and infrastructure. The term "tax" originates from the Latin word "taxare," meaning "to estimate." Taxes are essential for economic stability, influencing both income distribution and government revenue. A good tax system helps reduce inequality while supporting services like healthcare, education, and infrastructure. Over 130 countries have adopted the Goods and Services Tax (GST), which has become a critical tool for indirect taxation, contributing to one-fifth of global tax revenue. For developing nations like India, GST is a key policy to optimize resources and boost economic competitiveness.

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Volume No.5 Issue No.:1 January to March 2026

148

Governments use tax revenues to fund various functions, including law enforcement, public works, and social welfare programs. Taxation has four key objectives: generating revenue, redistributing wealth, managing inflation, and promoting civic responsibility. A well-designed tax system ensures that resources are efficiently allocated, fostering social equity and economic development. Through taxes, governments provide essential services and maintain societal stability.

REVIEW OF LITERATURE:

Jignesh B Togadiya & Dr. Vigna Oza (May 2019, "GST Impact on Share Return of Selected Indian FMCG Companies", Journal of Emerging Technologies and Innovation Research (JETIR)) This study is based on Descriptive, Exploratory, and Event Study. Sample has been selected by convenient sampling method. Out of numbers of companies of FMCG sector, researcher has selected Top 5 companies in a sample on the basis of market capitalization. Here, researcher has used paired sample T-test for the study of impact of GST on share returns of Indian FMCG Companies. Here, researcher conclude that, overall there is no significant difference in share returns of Indian FMCG Companies due to GST implementation.

Riya Gulati, Anuradha Agrawal & Saurav Panda (December 2018, "Impact of GST on Stock Price of FMCG Companies", Journal of Management Research and Analysis (JMRA)) In order to carry out the research effectively, Primary and Secondary Data was collected. Sample was collected in random manner , researcher was taken Three leading listed companies Nestle, Hindustan Unilever & ITC were chosen for the research. Here, researcher used Linear Regression Analysis to determine the significance between two variable (i) Stock Price (dependent) and timeline of data (independent) were used to perform linear regression in the SPSS software. Thus it can be concluded after the research that share of companies in FMCG sector were affected due to the implementation od GST and the sector faced a sea change due to the tax reform. Implementation of GST led to boom in the stock price of companies of FMCG sector. Also there was a 5.4% increase in the sale revenue within a week of GST implementation in FMCG sector.

Raghav Tapurai, Dr. Leena james (March 2019, "Study of Impact of GST on the FMCG Industry of India", Journal of Emerging Technologies and Innovative Research (JETIR)) This study shows that Goods and Services tax and its impact on Fast Moving Consumer Goods Industry that is prevalent in India from the view point of the consumer as well as the view point of the companies. The data needed for the conduct of GST will be collected via secondary mode. The data collected will be analyzed by using various statistical tools like : Co-relation,

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

149

Independent Sample T-test, Comparative Statements. This research shows that GST implementation is expected to produce impetus to various reforms and policy measures envisaged by the government for the ease of doing business and to usher India into a simple, transparent, and tax friendly regime, after the analysis, it is presumed that it has brought upon positive changes in the FMCG sector.

RESEARCH METHODOLOGY:

Research Statement:

"A Comparative Study of Old GST and New GST 2.0 Reforms Impact on Share Return of Indian Stock Exchange"

About the Research Problem:

The present study focuses on "A Comparative Study of Old GST and New GST 2.0 Reforms Impact on Share Return of Indian Stock Exchange". This study aims to find the reaction of Indian Capital Market with respect to the announcement of GST rates and also tries to test efficiency of the stock market. The performance of stock market and its behavior service as an indicator of the reactions of the economy in the nation. The Goods and Services Tax is a major tax reform in India which is most likely to boost the economic growth of the country. This expectation of the investors is assumed to be transformed to stock price returns that are either negative or positive. To find sectoral impact of GST here the researcher has selected Three sectors: Automobile, FMCG & Alcohol manufacture sector. So, for GST impact is concerned, here Daily, Weekly and Monthly, Old GST and New GST 2.0 Reforms share return are taken and different statistical tools applied to find impact of GST on these returns.

Research Design:

The present study entitled **"A Comparative Study of Old GST and New GST 2.0 Reforms Impact on Share Return of Indian Stock Exchange". The present research study is based on Descriptive, Exploratory and Event Study.**

Objective of the Study:

1. To evaluate the impact of Goods and Services Tax (GST) 2.0 on share returns of selected Automobile companies of NSE.

2. To evaluate the impact of Goods and Services Tax (GST) 2.0 on share returns of selected FMCG companies of NSE.

3. To evaluate the impact of Goods and Services Tax (GST) 2.0 on share returns of selected Alcohol companies of NSE.

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

150

Scope of the Study:

1. To understand the volatility of share prices of selected companies of Automobile,FMCG & Alcohol manufacture sector.

2. It is useful to society to know the performance of the selected companies in the particular Event and see the change in share price of companies before and after New GST 2.0 implementation.

3. Investor can identify that which companies is batter for the further investment and which companies share should be sell out.

Hypothesis:

1. H_0: There is no significant difference in share return of the selected Automobile Companies of NSE Old GST and New GST 2.0 implementation.

2. H_0: There is no significant difference in share return of the selected FMCG Companies of NSE Old GST and New GST 2.0 implementation.

3. H_0: There is no significant difference in share return of the selected Alcohol Companies of NSE Old GST and New GST 2.0 implementation.

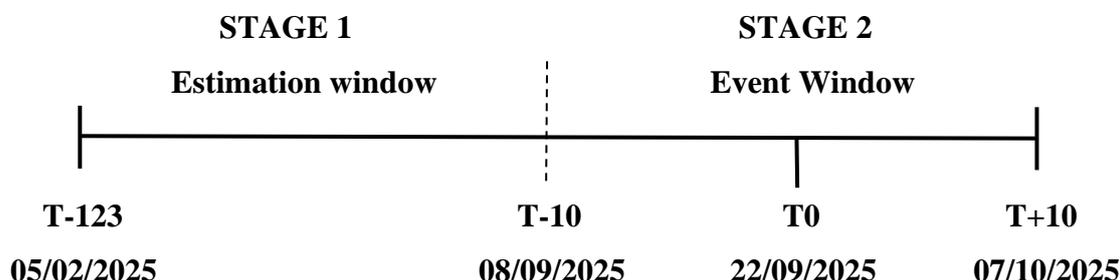## Nature and Sources of data:

The present study is mainly based on secondary data. Secondary data are those which have been collected by someone else and which have already been passed through the statistical process. All the related data are collected from the official sites of the companies and financial website like (www.nseindia.com). In addition to that, financial literature and published articles on the related aspects have been considered. Other information related to the sector and company has been collected from the Economic Time, Financial Express, Business Standard, RBI Bulletin, research publications, consultant's reports, other periodicals, journals and other various documents of the companies.

Period of the study:

Analysis period	Old GST Implementation	New GST Implementation
7 Working Days Analysis	11Th September to 19th September 2025	23rd September to 1st October 2025
15 Working Days Analysis	1st September to 19th September 2025	23rd September to 14th October 2025
30 Working Days Analysis	7th August to 19th September 2025	23rd September to 6th November 2025

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
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Volume No.5 Issue No.:1 January to March 2026

151

2 months (60 Days) Analysis	26th June to 19th September 2025	23rd September to 18th December 2025

We have taken our event date as 22nd September, 2025.

STAGE 1	STAGE 2
Estimation window	Event Window

T-123	T-10	T0	T+10
05/02/2025	08/09/2025	22/09/2025	07/10/2025

Sample Design:

Here sample has been selected by **Non-Probability sampling method**. For selecting the first stage sample, **convenient sampling method** is used, where for selecting the second stage sample proportion stratified sampling is used.

Sample Unit and Sample Size:

Automobile, FMCG & Alcohol Manufacturing companies are working in India are the sampling Units in the first stage sample, whereas the companies listed on NSE India are the sampling units for drawing the second stage sample. Out of numbers of companies of automobile, FMCG & Alcohol manufacture sector, the researcher has selected companies in a sample on the basis of Market Capitalization and Non-probability convenience sampling method. Following table shows the details of selected companies.

TABLE NO: 3.1 LIST OF SELECTED COMPANIES			
Sr No.	Type	Company Name	Market Capitalization (Cr.)
1	Automobile	MARUTI SUZUKI INDIA LTD	5,14,900
2		MAHINDRA & MAHINDRA LTD	4,25,990
3		BAJAJ AUTO LTD	2,54,627.1
4	FMCG	HINDUSTAN UNILEVER	5,35,000
5		ITC LTD	5,26,953
6		NESTLE INDIA LTD	2,47,401
7	Alcohol	UNITED SPIRIT (Diageo India)	1,05,568
8		UNITED BREWERIES	42,614
9		RADICO KHAITAN	41,088

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

152

Tools & Techniques:

Here, the researcher has used **paired sample T-test, Event Study & Graphical Presentation** for the study.

Variables under Study:

Here in Research having two variable first is **Independent variable that is GST** (Goods and Services Tax) and Second is **Dependent Variable that is Stock Return** of Indian Stock Exchange.

Limitation of The Study:

1. The study is based on secondary data taken from published reports and various websites so accuracy and reliability of data depends on secondary data sources.

2. The study is primarily based on a sample of selected companies only. Therefore, it will have all the limitations normally associated with such studies based on sample information.

3. The study is related to the NSE listed companies only it may not cover other market index so, whole market effect we can be not measured.

ANALYSIS:

Calculation used for Event Study Analysis

- **The daily returns (Rt) = [(Pt – Pt-1)/Pt-1]**
  - ➤ Pt = Closing price of today
  - ➤ Pt-1 = Previous closing price
- **Expected Returns = intercept + (slop*market return)**
  - ➤ Intercept = intercept (return of company, return of market)
  - ➤ Slop = Slop (return of company, return of market)
- **Abnormal returns (AR) = (Actual return – Expected returns)**
- **Cumulative abnormal returns (CAR) =** after calculating AR for all the days of the Event window, it is summated to get cumulative abnormal return.
- **T value (AR) = AR/Standard deviation of AR**
- **T value (CAR) = CAR/Standard deviation of CAR**
- **Ho: There are no abnormal returns within the event window.**

Note : ARs is also known as Event Study Returns.

: CARs also known as Sum of Abnormal Returns.

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

153

EVENT STUDY ANALYSIS

Sr. No.	Company Name	Day	T table value @ 5%	T value of AR	T value of CAR	*Ho* (Result) for AR	*Ho* (Result) for CAR
1	Maruti Suzuki India Ltd	0	1.96	-0.160	-0.172	Failed to reject	Failed to reject
2	Mahindra & Mahindra Ltd	0	1.96	0.616	0.661	Failed to reject	Failed to reject
3	Bajaj Auto Ltd	0	1.96	0.639	0.696	Failed to reject	Failed to reject
4	Hindustan Unilever Ltd	0	1.96	1.809	2.060	Failed to reject	Rejected
5	ITC Ltd	0	1.96	-1.364	-1.167	Failed to reject	Failed to reject
6	Nestle India Ltd	0	1.96	0.638	0.665	Failed to reject	Failed to reject
7	United Spirit (Diageo India) Ltd	0	1.96	0.805	0.649	Failed to reject	Failed to reject
8	United Breweries Ltd	0	1.96	-0.611	-0.734	Failed to reject	Failed to reject
9	Radico Khaitan Ltd	0	1.96	-2.672	-2.166	Failed to reject	Failed to reject

(Source : computed and complied by the researcher.)

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
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Volume No.5 Issue No.:1 January to March 2026

154

T-TEST PAIRED FOR TWO SAMPLE MEANS ANALYSIS

Sr. no.	Company name	t-test : paired Two Sample for Mean		P(T<=t) Two-tail	Result	Impact
1.	Maruti Suzuki India Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
2.	Mahindra & Mahindra Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
3.	Bajaj Auto Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
4.	Hindustan Unilever Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	0.004	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
5.	ITC Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

155

6.	Nestle India Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
			Change in price After GST 2.0			
7.	United Spirit (Diageo India) Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
8.	United Breweries Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
9.	Radico Khaitan Ltd	60 Working Days Pre and Post GST 2.0 Analysis	Change in Price Before GST 2.0	<0.001	H_0 rejected	There is significant difference
			Change in price After GST 2.0			
			Change in price After GST 2.0			

(Source : computed and complied by the researcher.)

TABLE FOR SUMMARY OF T-TEST PAIRED FOR
TWO SAMPLE MEANS

SR	Company Name	Paired T Test Analysis			
		7 working Days	15 working days	30 working days	60 working days
1	MARUTI SUZUKI INDIA LTD	H_0 rejected	H_0 rejected	H_0 rejected	H_0 rejected
2	MAHINDRA & MAHINDRA LTD	H_0 rejected	H_0 failed to reject	H_0 rejected	H_0 rejected
3	BAJAJ AUTO LTD	H_0 rejected	H_0 rejected	H_0 failed to rejected	H_0 rejected
4	HINDUSTAN UNILEVER	H_0 rejected	H_0 rejected	H_0 rejected	H_0 rejected
5	ITC LTD	H_0 rejected	H_0 rejected	H_0 failed to rejected	H_0 rejected

VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

156

6	NESTLE INDIA LTD	H_0 rejected	H_0 rejected	H_0 rejected	H_0 rejected
7	UNITED SPIRIT (Diageo India)	H_0 failed to reject	H_0 failed to reject	H_0 rejected	H_0 rejected
8	UNITED BREWERIES	H_0 failed to rejected	H_0 rejected	H_0 rejected	H_0 rejected
9	RADICO KHAITAN	H_0 failed to reject	H_0 rejected	H_0 rejected	H_0 rejected

(Source : computed and complied by the researcher.)

FINDINGS & CONCLUSION:

This study examined the impact of the Old GST and the New GST 2.0 reform announced on 22 September 2025 on the share returns of selected companies listed on the Indian stock market. The event study method with a 10-day pre-event and post-event window was used to analyze abnormal returns and cumulative abnormal returns around the event date. **The findings show that most companies did not experience significant abnormal returns on the event day**, indicating that the information related to the **reform was already anticipated by the market or gradually reflected in stock prices.** However, some companies showed noticeable reactions due to their strong connection with sectors directly affected by the tax reform.

The paired t-test analysis was conducted to compare stock returns before and after the reform. The results suggest that there is a difference in average returns between the pre-event and post-event periods, indicating that the GST reform influenced investor expectations and market behaviour to some extent**. Overall, the study concludes that government policy reforms like GST can influence stock market performance, but the level of impact varies across companies and sectors depending on their exposure to tax policy changes.**

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VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
ISSN:2583-584X
Volume No.5 Issue No.:1 January to March 2026

157

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VNSGU Journal of Research and Innovation (Peer Reviewed / Refereed)
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Volume No.5 Issue No.:1 January to March 2026

158