

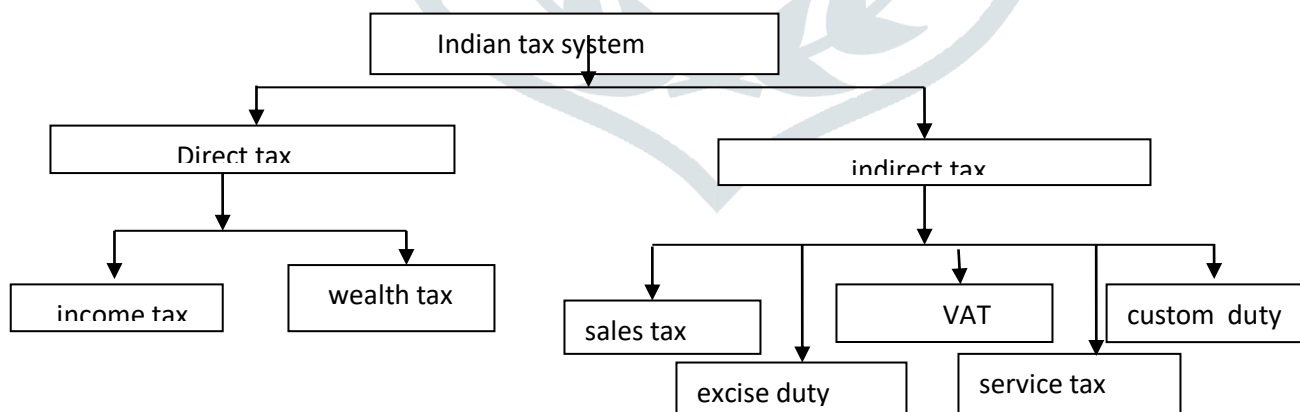
# An overview and impact of goods and service tax(GST)

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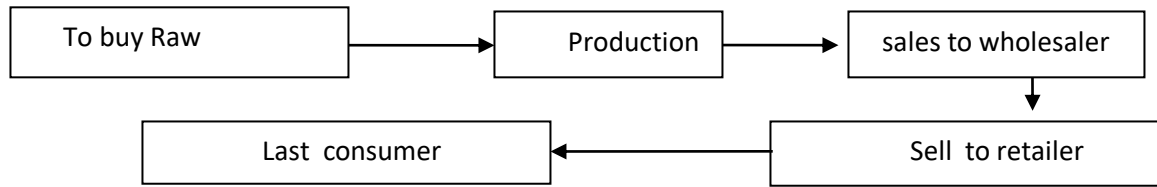
**Abstract** - GST known as goods and service tax. GST is one of the most crucial tax reforms in India. It is a comprehensive tax system that subsumed all indirect taxes of the state and central government. GST removes the tax burden of indirect taxes. GST helps us to growth of Indian economy and proves that more beneficial to the economy. The main aim of this research paper regarding impact of GST on various sectors with the introduction of GST. There is confusion among a common man and business man. The main aim of the GST is to transform India into a unified market. GST breaks the barriers among states and improves tax compliance. GST also helps in growth of Indian economy. It is helped to accurate the overall Gross Domestic Product (GDP). This paper will show that what will be the impact of GST after its implementation.

**Keyword's**-GDP, growth, GDP, VAT, impact.

**Introduction:-** India is a developing country. Tax is very important in the economy of any country. Tax is a major source of revenue in India. Before July 2017 there are many different taxes like direct & indirect taxes, income tax, wealth tax, capital gain tax, import tax are major. On the other hand entertainment tax, service tax, production tax, import tax are major tax in indirect tax system. In India tax reforms start from 1997. The main purpose of tax reforms in India is that tax system makes simple and easy to collect. In taxation system of India before GST there are two types of taxes present in the Indian economy. Direct & indirect tax. We clear by the following structures:-

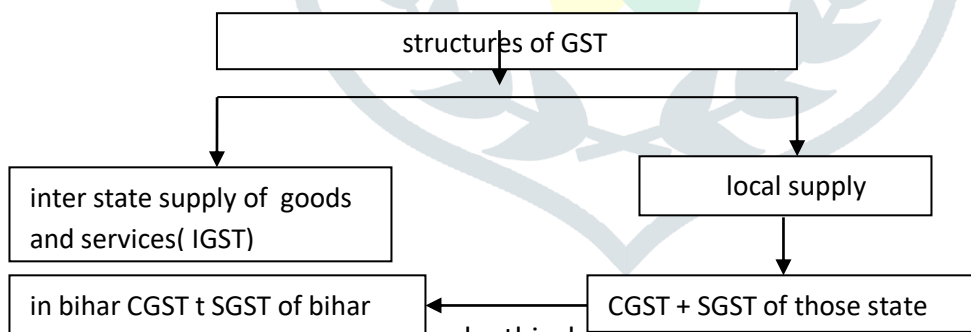


There are many difficulties in these taxation system . To make easy taxation system Indian government issued effective form on 01 July 2017 . GST is a new indirect tax system in India. GST came first in France in 1954 in the world. GST is a multi tier tax because at every stage tax is paid in the value addition. Multi tier means that from production to consumption there are many steps like to buy raw materials after production product go to the retailer. Retailer sales product to the consumer. Who consume it now we can clear GST system by this figures:-



So GST works above all the stages. There are three types of taxation under GST-

1. CGST ( Central goods and service tax) - CGST applies to intra-state supply of goods and services. GST replaces central excise duty tax service tax customs duty etc . this is collected by central government.
2. SGST (State good and service tax)- SGST applies intra-state supply of goods and services . SGST replaces VAT, Entry tax, luxury tax, purchase tax, state cesses, central sales tax , entertainment tax , state excise duty, stamp duty all state taxes. SGST is collected by state government.
3. IGST(Integrated goods and service tax)- IGST applies inter state supply of goods and service tax .it is collected by central government . IGST is an approach which is not used in the works. IGST is collected by Indian government .In IGST both CGST and SGST will have same ratio.  $IGST = CGST + SGST$
4. UGST/UTST ( Union territories goods and service tax)- it is applies by union territories of India where legislative assembly is not available .In India Andaman and Nicobar islands , Dadar and nagar haveli , chandigarh , Daman and diu have no legislative assembly. Structures of GST in India as follows:-



Now we will clear GST system by this hypothetical examples- let us assume that a producer produces a product. The cost of production is 10,000 . We cleared this GST system by the following tables. Here we want to clear difference between after GST and before GST

Particulars	Withought GST	With GST
Manufacturer to wholesaler	In RS	In RS
Cost of production	10000	10000
Add profit	1000	1000
Manufacturer price	11000	11000
Excise duty(13.5%)	1375	-
Total value	123785	-
Add VAT(20%)	16780.25	-
Add GST(9%)	-	990
Add SGST(9%)	-	990
Total invoice value	14045.625	12800
Wholsale to retailer	14045.625	12800
Add value profit(10%)	1404.5625	1280
Total value	15450.175	14080
Add VAT(13.5%)	2085.77853	-
18255.96		16614.4

The above table explains about the systematic representation of impact or difference between old taxation and GST .There are five stables rates of GST in India 0%,5%,12%,18%,and 28%.Definition of goods and service. New articles 366 (12A) of Indian constitution defines goods and services tax as any tax on supply of goods or service or both except taxes on supply of alcoholic liquor to human consumer .

## 2. Review of literature-

Dr. Shant Kumar Das studied that goods and service tax with end to end It enabled tax mechanism is likely to bring good amount of revenue to government . It is expected that the nasty activity of tax theft will be drastically reduce under GST regime . In order to benefit government and consumers.

Chaurasia et all (2016)- studied that role of goods and service tax in the growth of Indian economy and concluded that overall GST will be helpful for the development of Indian Economy and this will also help in improving the gross domestic products of the country more than two percent.

.Mandeep Kaur At all (2016)-studied that GST system simplified indirect tax system in India as well as designed GST is an attractive method to get rid of determination of the existing process of multiple process of taxation also. GST play a dynamic role in the growth and development of our country.

Sangara Manaj (2019)- Studied that the implementation of GST would pave way for a simple and understandable tax structure and would keep in avoiding any evasion taking place at any level . GST will give Indian economy a string and smart tax system for economic development .

Yogesh (August 2017) - studied that the implementation of GST will have positive impact on Indian economy . It may assume the possibility of overall gain for industry trade, agriculture and also to central and state government .It is sure that India will join the intentional standard of taxation. Corporate laws and managerial practices and also be among the works leaders.

### 3. Objective of the study-

\* to study the taxation system in India after and after implementation of GST.

\* To study that impact of GST after its implementation.

4. Research methodology- To study attempted at descriptive analysis which is based on secondary data source for, newspapers , articles , media reports , journals and available secondary data in internet used for study.

5. Research and discussion- GST subsumed many different taxes of indirect taxes likes VAT , excise duty, service tax etc . The impact of GST are as follows-

(i)Impact on Indian economy - GST is impact the overall taxation system of Indian economy . It improves the GDP ratio and also controlled inflation to a certain extent. After implementation of GST there are big reforms in all sectors of Indian economy . This reforms is mainly in manufacturer industry . Although this is made some challenges the service sectors After implementation of GST in domestic markets cost of production felled which is increased competitiveness towards the international markets .After implementation of GST GST growth rate is increasing expects from 1% -2% it is also different in the way that it is levies at the final point of consumption.

Centres debt level has declined over the last decades and established global growth rates are recovering . global economy and trade are poised at healthy rates in the current year and in future doing business 2018 recognised India for being one of the top 10 improving countries among 190 countries in the world. At present time the India GST system has five slabs . Most of the counties around the world 160 countries implemented GST . India has among highest GST rates in the world. Some countries where are fair or more slabs of GST have faced decreasing GDP and faced mixed response in the growth .

Implementation of GST reduced the barriers between states and will make the country a common market in the national and international market our trade and industry between more competitive.

(ii)impact on Real estate sectors- GST is going to be highest beneficial in real estate. Before the implementation of GST the tax slables in real markets between 24-26% . After implementation of GST rate are between 17-19% . This will be abatement for land cost.

(iii) Impact on Transportation - Those who travelled by sleeper are not affected by the GST but those who travelled by first class are charged GST . Under GST is favourable as tax rate is lowered 5% for the economy class and 12% for the business class.

(iv) Impact on FMCG goods - FMCG sectors got benefits from GST due to decreased rate of tax. Before FMCG companies paid 24-25% . Tax inclusive if excise duty tax , VAT entry tax , however after implementation of GST 17-19% will pay tax . Companies such as Hindustan Unilever , Colgate , Asian Paint , Petroleum , liquor , Tobacco , HVL , Britannia Heritage Good etc. got benefits from the implemented GST .

(v) Impact on automobiles- The automobile companies got benefits from GST because of the efficiency and the removal of cascading effect is expected GST. It is largely positive for demand . It got lead upto 10-17 % . Falls in prices . After implemented GST. Car , tractors and other parts of automobiles demand are increased. But there are no more differences from the last years organised battery and other sources parts of automobiles became more cost competitive and gain market share .

(vi) Impact on consumers- All consumers got benefits after implemented GST. There are only one tax from producer to the last consumer which leads to transparency of taxes paid to the final consumers . The overall tax burden come down which benefits consumers.

(vii) Impact on government- This system is beneficial for government because GST decreases the cost of collection of tax . It lead higher revenue efficiency . GST given results a better tax compliance because it result information technology infrastructure GST is simple and easy to administration . After implementation of GST the revenue of government more increased on July 2017 . The government revenue was Rupees 21573 thousand crore . After GST the government revenue increased on January 2019 is rupees 1,02,503 thousand crore . From 01 July 2017 to last January 2019 total collected revenue is 17,14,195.Thousand crore by the government .Thus it is bi benefits for government in January 2019 the total numbers of tax payers is 1,28,17,377 which is increased from before GST.

(8) Impact on industry and agriculture-GST is given more relief to industry and agriculture through a more comprehensive and coverage of input tax in agricultural area some foods prices are increased because after many food product came under GST which increased in price. GST increased the transparency at each level of supply chain of every product of supply chain of every product /service /item and made the tax regime simple after GST fertilizer prices increased this is the cause of increasing production cost of farmers, so it is clear that there are mixed impact on agricultural from GST.

(ix) Impact on insurance and banking - there are negative impact on insurance and banking sectors because GST like the tax rates from 15% to 18% GST increased that pay for health, life and car on motorcycles, and some other insurance and banking sectors, both policy holder general insurance and corporate policy holders effected by Negatively although some insurance plans like PMJPY, PMMY, PMVY, JBY, AABY are exempted from GST Banking service also become more expensive to the customers because increased in taxes. most of the banks have charged transaction tax on cash with draws from bank ATMS cash with draws from branches these service tax increased from 15% to 18%

conclusions- the implementation of GST would give a way for a simple and under standable tax structures, the GST system basically structured for simplifying the indirect tax system in India.GST is the game changing biggest tax reforms in India. it reducing the cascading effect of tax on the cost of goods, GST promotes ease of doing business help in reduction of transaction cost increasing price cost margins of manufactured generate employment, opportunities push overall GDP growth rate of the economy GST is beneficial for consumers tax payers , and government at made India into a single common market by broken different barriers GST provides India comparing the result of GST is one nation one tax and one marking

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