

# IMPACT OF GST ON GOVERNMENT REVENUE AND NATIONAL INCOME OF INDIA

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**ABSTRACT:-** The GST (Goods and Services Tax) is a major milestone in reforming India's indirect tax system. GST gives a lot of forward motion to our development projects such as Make in India, Digital India and so on. This will further improve relieve of doing interstate trade and with other countries. GST (Goods and Service Tax) will further improve foreign direct investment in our country (Press Trust of India, 2017). In the earlier system of multiple taxes, the foreign companies are wary of coming to India. Now, this new concept of one nation one tax will attract a lot of overseas investors to invest in India. GST will enhance our trade which will improve the wealth of our nation. It will attract foreign investment which will improve foreign exchange reserve and current account balance of our country. If foreign companies will set their overseas operations in India, it will give numerous employment opportunities to Indian youth. In this way, GST will help to improve per capita income and national income of our country. It will be interesting to see The Goods and Services Tax (GST) will increase the government's revenue in the long term and increase national income.

**KEYWORDS:-** GST, GDP, government revenue, NNP, national income.

**INTRODUCTION:-** GST was launched at the stroke of midnight hour of June 30-July 1, 2012 by Prime Minister Shri Narendra Modi, in the presence of President Shri Pranab Mukharjee from the Central Hall of Parliament. The power to levy GST is derived from Article 246A of the constitution which confer concurrent power to both Parliament and State Legislatures to make laws concerning to GST.

In the field of indirect tax, the introduction of the Goods and Services Tax will be a very major step for India. By merging a large number of Central and State taxes like VAT, Excise duty, Service Tax, CST, etc. into a single tax, GST is expected to drastically relieve double taxation and make taxation overall easy for the industries. For the end-user, the most useful will be as far as a decrease in the overall tax burden on goods and services. Presentation of GST will likewise make Indian items focused on the domestic and global markets. Last but not the least the GST, on account of its straightforward character, will be simpler to oversee. Once implemented, the proposed taxation system holds great promise in terms of supporting growth for the Indian economy.

In the long term, the Goods and Services Tax (GST) will build the government's income, then for the time being, as tax consistence increments and GDP development is reinforced. The brought together national framework should offer critical open doors for efficiency. It will become a lot faster and less expensive to travel goods across the country so trucks won't be held up at checkpoints at State borders. Smoother logistics should reduce retailers' need for working capital and allow them to operate centralized warehouses, rather than in every State.

## LITERATURE REVIEW

**Subodh Kumawat (2019) studied,** "GST Impacts on Gross Domestic Product (GDP) in India" and found that GST with both perspectives, positive things are GST regime has although a very powerful impact on many things including the GDP also. And GST scheme improve the indirect revenue to the government and negative side having some factor which is being expected to affect the Economy adversely there are so many other things which are expected with a positive impact on GDP.

**Akansha Khurana and Aastha Sharma (2016)** in their research paper on GST- A positive reform for Indirect taxation system concluded that the GST will provide relief to producers and consumers by providing wide and comprehensive coverage of input tax credit set-off, service tax set off and subsuming the several taxes.

**Dr. Shakir Shaik, Dr. S.A. Sameera, Mr. Sk.C. Firoz** in their paper on Does Goods and Services Tax (GST) Leads to Indian Economic Development? Stated in conclusion that GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government

**Kankipati Ajay Kumar (2017)**, in their research paper, "journey of goods and services tax and structural impact of GST on the Growth of GDP in India." avowed in conclusion that implementation of dual model of GST from will result in generation more employment opportunities. Therefore, it is very important that the government make efforts to make the GST applicable all over the country with clear law and industry friendly so that industry, consumers and the economy benefits as a whole.

### OBJECTIVE OF STUDY:-

1. To study about what means will the GST help Government revenue?
2. Collection from GST in CGST, SGST, IGST level.
3. To study the role of GST in GDP and National Income of India.

**RESEARCH METHODOLOGY:-** this is a conceptual framework research, the entire sources of collection of data is secondary that includes government websites various journals and articles, publications and books too.

### HOW GST BOOSTS GOVERNMENT REVENUE

1. **Simple and Easy to Administer:-** . GST will bring transparency in our existing system. Now, customer will aware the amount of tax charges on any good. Being transparent in nature, it is quite easy to administer it.[5]
2. **Uniform tax system:-** There is only one tax rate for all which will create a unified market in terms of tax implementation and the transaction of goods and services will be seamless across the both state as well as country.
3. **Enhance FDI:-** GST is on the way for implementation it is going to boost the confidence of foreign investors in the economy. The GST opens up more opportunities for doing business in India, so the business-operation environment will be enhanced. The expectation of the approach producers was that a financial specialist attractive system will support the remote interests in India. So it will improve our foreign exchange reserve and current account balance of our country.[15]
4. **Attract foreign business:-** Simple, Stable, transparent and predictable tax regime will encourage local and foreign investment in India creating significant job opportunities. It will represent India as a common market and make our product competitive in domestic and international market the nation will at long last become one normal market, with uniform estimating crosswise over states, and ideal distribution of assets, making our products progressively aggressive. [15]
5. **Reduce cascading on tax:-** Seventeen different taxes levied by the Central and State/UT Governments with cascading effect of tax on tax, were consolidated into one GST. India became a common market. GST has resulted in increased tax base, higher collections and simplicity of doing business. It will give impetus to production by removal of double tax system. In this way, it will reduce selling price of consumer in so many goods.[7]
6. **Remove Location bias and support to small business:-** Introduction of GST will reduce the cost of the transaction. In an overview, it was discovered that 10-11 sorts of assessments demanded out and about vehicle organizations. So the GST will be useful to lessen transportation cost by killing different assessments. This will reduce the interface between the tax payers and the Government for day-to-day operations and assessments.
7. **Increase Real Estate Sector:-** In India, after agriculture the construction sector is second largest employment generator medium for the country which accounts for a significant proportion of the GDP. the real estate sector has strong multiplier effect through backward and forward leakages.[6]
8. **Input tax credit to exporter:-** Export are treated as Zero-rated supplies. No assessment is payable on export of goods or services. However, input tax credit is available and the same is available as refund to the exporters. GST will evacuate the custom obligations relevant on fares. The country's intensity in foreign market will increment by virtue of lower expenses of exchange.[14][7]

- 9. Remove custom duty on export and improve export:** - GST will subsume all other taxes, the exemption available for manufacturers in regards of excise duty will be taken off which will be an expansion to Government income and it could bring about an increment in GDP.
- 10. GST Schemes:-** GST aims to benefit small traders, manufacturers and service providers. Exemptions from GST the **GST scheme** (turnover of less than Rs. One crore or 75 lakhs for the specified states) will certainly improve the indirect revenues to the government as the tax compliance will be further enhanced and rigid, extending the assessment paying base which will add to the revenue.[13]
- 11. Make in India Program:-** Make in India will get a boost with high profits arising out of the manufacturing sector which is brick and mortar of the economy. In a report issued by the Finance Ministry, it was mentioned that Make in India program will be more benefited by the GST structure due to the availability of input tax credit on capital goods.[14]

## GST COLLECTIVE GAIN FOR CENTRAL AND STATE GOVERNMENT

India follows a dual model of GST that is levy by Central and State as well .Central GST, collected by central Government and State GST collected by State Government and Integrated GST collected by the Central Government. Firstly to determine the total gross GST revenue collections whether in Central Goods & Services Tax (CGST), State Goods & Services Tax (SGST) or Integrated Goods & Services Tax (IGST). It is important to first know if the transaction is an Intra State or an Inter-State supply.

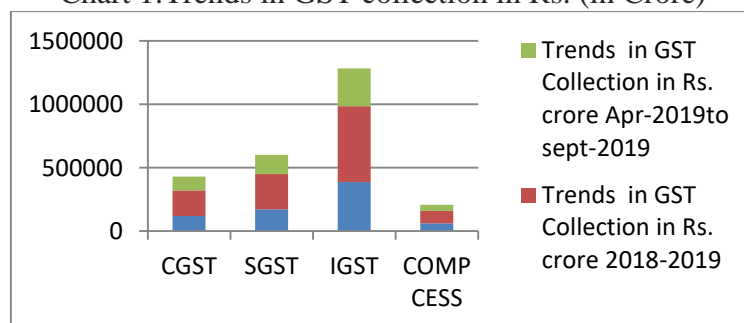
**Intra-State supply of goods or services** is when the location of the supplier and the location of the buyer are in the same state. In Intra-State transactions, a seller has to collect **both CGST and SGST** from the buyer. The CGST gets kept with Central Government and SGST gets stored with State Government.

**Inter-State supply of goods or services** is when the location of the supplier and the location of buyer are in different states. as well, in instance of export or import of goods or services or when the supply of goods or services is made to or by a SEZ unit, the transaction is assumed to be Inter-State. In an Inter-State transaction, a seller has to collect **IGST** from the buyer.

Table 1: Comparison of GST revenue collection.

Trends in GST Collection in Rs. (in Crore)			
	2017-2018	2018-2019	Apr-2019 to sept-2019
CGST	118876	202444	109615
SGST	171803	278817	150451
IGST	387356	598739	297035
Comp Cess	62614	97369	49194

Chart 1:Trends in GST collection in Rs. (in Crore)



As per above table and diagram we conclude that The total gross GST revenue collected in the month of June, 2019 is ₹.99,939 as compared to Revenue in June, 2018 was ₹ 95,610 crore and the revenue during June, 2019 is a expansion of 4.52% over the income around the same time a year ago. Total gross GST revenue collected in the month of July, 2019 is ₹ 1,02,083 crore Revenue in July, 2018 was ₹ 96,483 crore and the revenue during July, 2019 is a expansion of 5.80% over the revenue in the same time a year ago. Total gross GST revenue collected in the month of August, 2019 is ₹ 98,202 crore and Revenue in August, 2018 was ₹ 93,960 crore and the revenue during

August, 2019 is a expansion of 4.51% over the revenue in the same time a year ago.. Total gross GST revenue collected in the month of September, 2019 is ₹ 91,916 crore, and the revenue in September, 2018 was ₹ 94,442 crore and the revenue during September, 2019 is declined by 2.67% in comparison to the same time a year ago. During April-September, 2019 vis-à-vis 2018, the domestic factor has grown by 7.82% while the GST on imports has negative growth and the total collection has grown by 4.90%.

## GST IMPACT ON GDP AND NATIONAL INCOME OF INDIA

Firstly we found the GST Impact on GDP and National Income of India. We will understand meaning of various aspect related to National Income. **GDP** (gross domestic product) is the value of all final goods and services produced within the boundary of a nation during one year. Ultimately GDP gives picture of whole economy. **GVA** is the value addition done to a product resulting in the production of final product. GVA gives pictures at enterprises, government and households levels. **National Income** is the total amount accruing to country from economic activities in a financial years time is called as national income. **GNP**(gross national product)= GDP + various income from abroad ( trade balance, interest of external loan, private remittance) **NNI** (Net national income) = GDP + Income from Abroad – Depreciation (or)

Table 2: show the growth in GDP, GVA, GNI, NNI from 2011-2012 to 2018-19 As per <http://statisticstimes.com/economy/gdp-of-india.php> , Ministry of Statistics and Programme.

Year	At 2011-12 cost ( crore INR)				At current cost (crore INR)			
	GDP	GVA	GNI	NNI	GDP	GVA	GNI	NNI
2010-11	83,01,235	77,04,514	82,11,816	73,73,384	76,34,472	70,83,671	75,52,665	67,56,720
2011-12	87,36,331	81,06,947	86,59,507	77,42,332	87,36,330	81,06,947	86,59,506	77,42,332
2012-13	92,13,017	85,46,275	91,04,662	80,94,001	99,44,013	92,02,692	98,27,250	87,66,345
2013-14	98,01,370	90,63,649	96,79,027	85,78,417	1,12,33,52	1,03,63,13	1,10,93,68	98,97,663
2014-15	1,05,27,64	97,12,133	1,04,02,97	92,24,343	1,24,67,99	1,15,04,29	1,23,20,59	1,09,78,28
2015-16	1,13,69,43	1,04,91,80	1,12,34,51	99,63,681	1,37,71,84	1,25,74,49	1,36,12,05	1,21,62,38
2016-17	1,22,98,37	1,13,18,92	1,21,53,74	1,07,72,80	1,53,62,36	1,39,35,97	1,51,85,96	1,35,95,21
2017-18	1,31,79,87	1,21,04,15	1,30,34,11	1,15,31,19	1,70,95,05	1,54,82,75	1,69,10,12	1,51,28,44
2018-19	1,40,77,586	1,29,06,936	1,39,32,287	1,23,29,646	1,90,10,164	1,71,99,815	1,88,16,538	1,68,37,219

as per above table 2 show the Gross Domestic Product (GDP) at constant price in the year 2018-19 is assessed a growth rate of 6.81 percent over First Reconsidered Estimates of GDP for the year as compare to 2017-18. GDP at current costs in the year 2018-19 is evaluated growth rate of 11.20 percent against for year of 2017-18 in Indian rupee. At constant prices GVA (Gross Value Added), GNI (Gross National Income) and NNI (Net National Income) of India are estimated at ₹129.07 lakh crore, ₹139.32 lakh crore, and ₹ 123.30 lakh crore, respectively .At current prices, these figures are ₹172.00 lakh crore, ₹188.17 lakh crore, and ₹168.37 lakh crore. and GDP of India has expanded by 8.34 percent from 2010-11 to 2018-19. As per IMF World Economic Outlook (April-2019), India is at third position after China and Japan among Asian Countries. India shares roughly of 9% of total Asia's GDP (nominal) GDP of India at purchasing power parity (PPP) is 3.86 times greater than GDP at nominal.[12]

## CONCLUSION

GST is historic and game-changing tax reform in India. It is actually enhance growth rates and promote investment and capital accumulation in India. And it also helps to improve income, consumption and utility of households no matter whether they belong to poor, middle or rich income groups. It has lower the relative prices of commodities but raise the investment, capital stock and employment among production sectors of the model economy. Overall GST will improve the tax Compliances because GST is increasingly straightforward in contrast with the past law arrangement so it will produce more income to the Government and will be progressively powerful in. Our Government executed the GST, which is without a doubt the greatest tax collection change embraced since Independence Government will be able to follow more balanced budget following its strategy of minimal government and maximum governance as revenue increases to finance a reasonable growth in the public spending.

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