

A STUDY ON IMPACT OF GST IN INDIA

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Abstract: Traditionally India's tax regime relied heavily on indirect taxes. Goods and Services Tax is the greatest tax reform in India since independence. GST is the only indirect tax that directly connects all the sectors of Indian economy thus enhancing the economic growth of the country by creating the single unified market. It is basically a tax on final consumption integrates the Union Excise Duties, Custom Duties, Service tax and State VAT. The GST would be beneficial for the consumers as it reduces the final burden of taxation. GST bill will be a form for economic integration of India. GST is different in the way it is levied-at the final point of consumption and not at the manufacturing stage.

Index Terms - GST, economic growth, single tax, slab rates, goods.

I. INTRODUCTION

GST is a tax for goods and services. The India government implemented GST through one hundred and first amendment of the constitution this brought into effect from 1st July 2017. The central and state governments replaced existing multiple taxes into GST. It is levied on most goods and services sold for domestic consumption. It is remitted to the government by the businesses selling the goods and services which is paid by consumers. It is usually taxed as a single rate across a nation. This GST is a biggest reform in the country's tax structure in decades. The main objective of incorporating GST, was to eliminate tax on tax or double taxation which cascades from manufacturing level to consumption level. It is collected on value-added goods and services at each transactional stage of the supply chain or process. Already several countries have adopted GST based VAT systems.

II. REVIEW OF LITERATURE

Ranjana Upashi, "A Study on effects of Goods and services tax on different sectors in India" (2017). The study analyzed that the Companies and associations of corporations are used to pay indirect taxes, including excise duty, and custom duties. This tax reform was adopted by many countries; France was the first country to adopt GST. This article focuses on the benefits of GST and its effect on different sectors such as automobile, FMCG, banking, insurance, finance, pharmaceuticals, agriculture, real estate, oil and gas, cement, electronics, aviation and gold. The study emphasized how GST would help and motivate people and who are responsible for paying GST.

Naveen P Singh and Jai Prakash Bisen, "A Study on GST and its impact on Agricultural Sector" (2019). The study analyzed that the Government of India is delighted to take the new indirect tax reform on goods and services (GST). It is hoped that this structural reform would reduce indirect taxes, rationalize tax burden, and increase tax enforcement in the region. The improvement in the indirect fiscal policy such as GST is India's unflinching move. The tax collection from the Country, owing to a fiscal net expansion and subsuming majority of taxes on goods and services tax under a single umbrella, is expected to rise, and supply from the farming sector could in the short term initially jump as a result of price changes. The study concluded that reducing tax multiplicity, and increasing compliance, are the main and clear factors that are expected to deliver noticeable beneficial improvements for the future market.

III. VARIOUS GST TAX SLABS IN INDIA

3.1 GST Slab Of 5%

- Under this slab, the goods of basic amenities are covered such as sugar, oil, spices, coffee, coal, fertilizers, tea, ayurvedic medicines, agarbatti, sliced dry mango, cashew nuts, sweets, handmade carpets, lifeboats, fish fillet, unbranded namkeen, and life-saving drugs are covered.
- The services under this slab include railways, airways, takeaway food, AC and Non-AC restaurants, hotel rooms with a tariff less than ₹ 7,500, and special flights for pilgrims.

3.2 GST Slab Of 12%

- Under this slab, products like cell phones, sewing machine, umbrella, jewellery box, along with processed foods like frozen meat, fruit juices, butter, cheese, ghee are covered.
- The services under this slab include business class flight tickets and movie tickets below ₹ 100.

3.3 GST Slab of 18%

- Under this slab products like hair oil, safety glass, pasta, pastries, ice-cream, mineral water, hair shampoo, water heaters, washing machine, detergent, scent sprays, leather clothing, cookers, oil powder, cutlery, binoculars, artificial flowers, wristwatches, briefcase, shaving, after-shave, furniture, stationery items, mattress monitors, television screen, video games are covered.
- The services under this slab include restaurants within hotels whose tariffs are above ₹ 7,500, actual hotel bill below ₹ 7,500, movie tickets above ₹ 100.

3.4 GST Slab of 28%

- Under this slab, over 200 products are covered like cars, cigarettes, durable consumer products, high-end motorcycles, pan masala, weighing machine, cement are covered.
- The services under this slab include racing, betting in casinos, the actual bill of hotel stay above ₹ 7,500. A special rate of 0.25% is levied on semi-polished and cut stones.

3.5 No Tax Applicable on Goods & Services

- Goods: Rachis without precious metals, bread, salt, sanitary napkins, raw material, eggs, flour, natural honey, curd, bangles, handloom, newspapers, and deities made of stone, kaja, oat, rye, picture books, colour books, manuscripts.
- Services: The hotels and lodges with tariff below ₹ 1,000, plus IMM course books, bank charges on the savings account.

IV.PAST AND PRESENT UPDATE OF GST**4.1 In 1st GST Council Meeting**

The very first meeting of GST Council was placed on 22-23 September 2016 with the determination to roll out GST on 1 April 2017. The two-day meeting was accessed by 29 states and 2 union territories and headed by Finance Minister Arun Jaitley. The main focus of the meeting was to decide regulation under composition scheme and charge 1-2% tax which would be less than the GST rates from traders with a gross turnover of up to Rs. 50 lakhs. Some of the issues were also discussed regarding the GST rates and threshold limit to pay taxes.

4.2 In 43rd GST Council Meeting Updates

- ✓ The Center has released a borrowing calendar, and if it goes beyond that to borrow, G-Sec deals that are used as a benchmark for every other borrowing will go up, it will increase lending costs for the states and private sector.
- ✓ Most of the states have opted for option 1, while some other states have proposed to take decisions based on consensus.
- ✓ A 50-year interest-free loan of Rs 1,600 crore for the north-eastern states and Rs 900 crore for such loans for Himachal Pradesh and Uttarakhand announced. The amount needs to be spent by March 31, 2021.
- ✓ Other states will also get a loan of Rs 7,500 crore in proportion to their share in Finance Commission evolution.

Table.1 GST RATES FOR GOODS & SERVICES

SLAB RATES	POPULAR GOODS	POPULAR SERVICES
5%	Frozen vegetables, Fertilizers, Spices, Plastic waste	Newspaper printing, Takeaway Food, Restaurants
12%	Ghee, Nuts, Fruits, Pouches, purses and Handbags	Temporary basis IP rights, Building construction for sale
18%	Washing Machine, Camera, Shampoo	Outdoor Catering, IT services, Telecom services
28%	Sunscreen, Motorcycles, Pan Masala	Cinema, Food/Drinks/Stay at AC Five Star Hotels

V. RESEARCH METHODOLOGY

Research Methodology is way to systematically solve a problem. It may understand as a science of study where research is done scientifically. It includes various steps that are generally adopted by a researcher in studying his research problem. This is descriptive and analytical study based on both primary and secondary data.

5.1 Sampling design and size

A Sample design is a technique or the procedure that the researcher would adopt in selecting sample for the study. Under this study, convenience sampling is used for selecting the sample from the universe. Convenience sampling refers to the collection of data from members as population who are conveniently available to provide information about the GST System. The questionnaire has been issued to 100 respondents in Chennai city.

5.2 Period of study

The primary data required for study was collected during MARCH 2021 by contacting people through Google forms. During this period the researcher has collected all the information which is required for the study.

5.3 Data Collection

5.3.1 Primary data

Primary data consists of original information collected for the specific purpose only from persons of different age groups and gender.

5.3.2 Secondary data

Secondary data consists of information that already exists somewhere been collected for some other purpose. The secondary data is collected from the text book, interest, research articles and journals.

5.4 Statistical Tools

The statistical tools applied is Percentage analysis.

VI.RESULTS AND DISCUSSION

6.1 Findings

- ❖ 87.5% of the respondents were female respondents.
- ❖ 87.5% of the respondents were between the age group of 20-29 years.
- ❖ 55% of the respondents were students.
- ❖ 75% of the respondents earn a monthly salary of below Rs.20000.
- ❖ 50% of the respondents positively feel that GST has been affected by demand.
- ❖ 72.5 % of the respondents were aware of implementation of GST System.
- ❖ 57.5% of the respondents think GST is more beneficial to both government & people.
- ❖ 85% of the respondents think that GST has impacted the pricing of goods & services.
- ❖ 70% of the respondents was confused about the GST has impacted our distribution supply chain.
- ❖ 32.5% of the respondents agree that GST is good method to place sales and service tax.

6.2 Discussion

1. Present tax system allows is diversity of taxes, the introduction of GST is likely to unique it.
2. Many areas of Services which are untaxed. After the introduction of GST, they will also get covered.
3. GST may help to avoid confusions caused by present complex tax structure and will help in development of a common national market.
4. GST will lead to credit availability on throughway purchases and reduction in obedience requirements.
5. Applying of GST will do more than simply redistribute the tax burden from one sector or Group in the economy to another.
6. Achieves, uniformity of taxes across the territory, regardless of place of manufacture or distribution.
7. The effective implementation of GST makes sure that India provides a tax system that is almost similar to the rest of world where GST implemented.
8. GST will also improve the International level cost competition of various native Goods and Services. GST will provide impartial tax structure that is neutral to business processes and geographical locations within India.
9. The GST Council should bring the four tire taxes under the net to prevent states from raising tax rates.
10. Special programs may be implemented to familiarize businesses and consumers with the functioning of GST.

VII.CONCLUSION

This study highlighted the overall overview of GST in India. The federal nature of the country also accounts for its own share of complications and delays. The government to put in more effort to ensure that customers have a clear understanding and develop a positive perception towards GST, leading to its acceptance. Good understanding among customers is important as it can generate a positive perception towards the taxation policy. It could initiate and promote an extensive publicity program which could help to create awareness among customers in understanding the rational and importance of GST in India. For the Centre to be able to impose tax at the retail level and for states to be able to tax services will require constitutional amendments, which will further need to be passed by the Parliament and state legislatures. For nearly ten years, India has been on the verge of implementing a GST. But now, with political consensus close to being secured, the nation is on the cusp of executing one of the most ambitious and remarkable tax reforms in its independent history.

VIII.REFERENCES

- [1] Ranjana Upashi, "A Study on effects of Goods and services tax on different sectors in India" (2017).
- [2] Naveen P Singh and Jai Prakash Bisen, "A Study on GST and its impact on Agricultural Sector" (2019).