

IMPACTS OF GST IN INDIA - A STUDY

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ABSTRACT:

Goods and Services Tax (GST) was launched on 1st of July 2017. It is an indirect tax applicable throughout India. Now single tax would be levied on all goods and services. Around 160 countries have implemented GST. GST will ensure a comprehensive tax base with minimum exemptions, which will help the industry. GST will help the economy to grow in more efficient manner by ameliorating the tax accumulation as it will disrupt all the tax barriers between states and integrate country via single tax rate. It will benefit the Indian economy in many ways-help in reducing the price for consumers, rate of tax will be uniform, reduce multiple taxes. GST will affect many sectors in positive or negative manner. Goods and Service Tax(GST) aims to standardize India's disparate indirect tax structure and prevent the tax burden from multiplying on itself. The GST would have far-reaching consequences for India's tax structure. Today marks the official start of GST. As one country, one tax, and one market, GST contributes to the development of the new India. GST. a blessing for ordinary people. The implementation of GST would have a profound effect on tax collection in India. As of July 1, 2017, a simplified GST has replaced a convoluted array of indirect tax rates. The paper's focus is on how GST has affected the Indian economy economically. This study is exploratory in nature, and secondary sources provide the bulk of the information used. According to the results, implementing GST will have positive effects on tax collection, tax compliance, and state-testate relations.

Keywords: - Goods and Services Tax(GST), Taxation reforms, GST Council.

INTRODUCTION;

GST was first introduced during 2007-08 budget session. On 17th December 2014, the ahead of its time Union Cabinet ministry approved the proposal for inauguration of GST Constitutional Amendment Bill. On 19th of December 2014, the bill was presented on GST in Lok Sabha. The Bill was absorbed for discussion far and wide for the coming Budget session. The President of India canonical the Constitution Amendment Bill for Goods and Services Tax (GST) on 8 September 2016, consequently the bill's article in the All previous indirect taxes will be phased out in favor of the government's GST. India's Task Force on the implementation of the Fiscal Responsibility and Budget Management Act, 2003 (the "Kelkar Committee") started considering adopting a GST in 2004. The Kelkar Committee believed that a dual GST system would be able to tax virtually all goods & services, resulting in a larger tax base for the Indian economy, increased revenue collection via

the imposition and collection of indirect tax, and a more realistic and effective method of allocating resources. All businesses in the GST network will be required to collect tax on the sale of their finished goods, but will be reimbursed for taxes previously paid on their inputs. GST seeks to eliminate the "cascading effect," or tax on tax, in an effort to make products and services more competitive on local and worldwide markets. Under the GST system, which is based on the idea of tax integration, input taxes are to be completely returned. In India, the federal government and various states have merged their respective taxes into a single system known as the GST. It is recommended that GST be levied and collected at each stage of the sale or purchase of goods or services utilizing the input tax credit method. Registered businesses may claim a refund on the GST they paid while purchasing supplies and services.

Features of GST:

- Registration of taxpayers: Every person with a turnover exceeding Rs 20 lakh will have to register in every state in which he conducts business. This threshold will be
- Rs 10 lakh for special category states (i.e. Himalayan and North-Eastern states).
- Returns: Every taxpayer is required to file tax returns on a monthly basis by submitting: (i) details of supplies provided, (ii) details of supplies received, and (iii) payment of tax. In addition to the monthly returns, an annual return will have to be filed by each taxpayer.
- Exemptions from GST: There are certain goods and services which are exempted from GST. Taxable amount (value of supply):
- The GST would be applicable on the supply of goods and services, whose value will include: (i) price paid on the supply, (ii) taxes and duties levied under other tax laws, (iii) interest, late fee, penalties for delayed payments, among others.
- Payment of GST: The CGST and SGST needs to be paid in the accounts of the central and states government.
- Goods and Services Tax Network (GSTN): It is a non-profit, Non-Government Company called Goods and Services Tax Network (GSTN). It will manage the entire IT system of GST portal.
- Input Tax Credit (ITC) Set Off: ITC for CGST & SGST will be taken for taxes allowed against central and state respectively.
- GST on Imports; Centre will levy IGST on inter-State supply of goods and services.

Maintenance of Records: An exporter needs to maintain separate details of utilization or refund of Input Tax Credit of CGST, SGST and IGS. The GST is an idea whose time has finally come. The new tax system was unveiled during a ceremony at Central Hall of Parliament on Friday, July 1st, 2017 (at midnight). The GST is a manifestation of the "one nation, one tax, one market" idea, which aims to combine the \$2 trillion economy and 1.3 billion people into a single market. Under GST, there are a total of five tax rates that may be applied to purchases of goods & services: 0%, 5%, 12%, 18%, and 28%. Business operations will be simplified when redundant taxes are eliminated. Reduced product taxes would primarily benefit consumers by lowering price points. During the GST launch ceremony in Parliament, then-Finance Minister Late Shri. Arun Jaitley said that inflation would decrease, tax evasion would be more difficult, India's GDP would increase, and the additional funds would be used for the welfare

of poor and weaker sections of society. The GST Bill, which has been hotly debated in India's Lower House of Parliament (Lok Sabha), has been adopted. Primarily, it's meant to make the current system work better, but it also hopes to boost the Indian economy. This will be done by simplifying and standardizing indirect taxes throughout all of India.

REVIEW OF LITERATURE;

Ahamed E. and Poddar S. (2009), An examination of " GST reforms and Inter-Governmental Consideration in India" concluded that the implementation of GST will simplify the tax system, make it more transparent, and lead to an expansion of the Indian economy's production and productivity. However, the advantages of GST depend heavily on its rational design. Kumar N. (2014), The research team behind the report " GST- A Way forward" came to the conclusion that introducing GST in India would be beneficial in neutralizing the distorting effects of the country's present indirect tax system and would boost morale thanks to its location-agnostic, fair tax system. Pallavikapila (2018), According to the findings of her investigation, India has been subject to the GST ever since the 1st of April 2017. The Indian Constitution Act, 2016, was responsible for its implementation, and it is widely regarded as one of the most significant achievements in terms of India's ongoing efforts to restructure the country's indirect tax system. By taxing all goods & services, from their creation to their consumption, the GST, was established in India with the intention of establishing a single market there. Following the implementation of the GST, numerous criticisms of varying degrees were made. She said that the GST will help simplify India's tax system since it incorporates all four forms of taxes that are now in use in the country: value-added tax, excise duty, service tax, and sales tax.

OBJECTIVES OF THE STUDY

- To overview the concept of GST and its impact on Indian economy.
- To study the aptness and apparatus of GST.
- To analyze the role of GST on household expense.

RESEARCH METHODOLOGY;

Exploratory in nature, the study work relies heavily on secondary sources for its information. Literature, research articles, newspapers, published sources including reports, periodicals, journals, and legitimate websites have all been scoured for the necessary material s.

IMPACT OF GST ON INDIAN ECONOMY Table 1: Impact of GST on Domestic Expenses

EXPENSES	AFTER GST	BEFORE GST
Entertainment	28%	30%
Household Personal Care	18%	28%
Food	5%	12.5%
Mobile Phone Services	18%	15%
Transportation	18%	15%

Table 2: Current Tax Rate on Different Sectors.

DIFFERENT SECTORS	CURRENT GST RATE
Automobiles	30-47%
Banking / Financial	14%
Capital Goods	24-32%
Cement	27-32%
Consumer Durables	7-30%
FMCG	20-35%
IT /ITES	14%
Media	20-21%
Metals	19-20%
Pharma	6%
Services / Insurance	15%
Telecom	14%
Textiles	6-7%

POSITIVE IMPACTS OF GST IN INDIA:

1. The GST unifies and simplifies several indirect levies into a single payment. This consolidated terminology for indirect taxes will be implemented immediately.
2. It consolidates all indirect taxes levied by the federal and state governments under a single umbrella, making life easier for both.
3. The manufacturing sector is no longer subject to the cascading effect (i.e., Tax on Tax) of taxes, which improves cost competition of products and services.
4. The decrease in inflation rate and the improvement in the tax-GDP ratio make the economy more conducive to business.
5. A taxation system based on GST will be devoid of corruption.
6. As a result of the decrease in production costs, consumer product prices should go down.
7. The ordinary people would benefit indirectly from a unified tax system since it will reduce corruption.
8. Long-term, GST's contribution to government income would help the Indian economy grow.

NEGATIVE IMPACTS OF GST IN INDIA:

1. The introduction of GST has a significant impact on the real estate industry.
2. Most retailers avoid the central excise tax by charging customers the value-added tax instead. However, GST would now be owed by all of those merchants.

3. The general economy is likely to suffer from GST's immediate effects.
4. The GST is a confusing concept where a double tax is converted into a single tax.
5. As some items become cheaper while others become more expensive, GST is like a bag of mixed vegetables for consumers.
6. Telecom, banking, airline, and other such services will increase in price.
7. Due to the GST, internet purchases will be costlier.
8. The price of items may go up if the vendor raises his profit margin.

CONCLUSION;

GST will be a very noteworthy step in the field of indirect tax reforms in India. Multiple taxes are eliminated and there is only a single tax. GST will make taxation easy for the industries. Customer will also be benefitted as the overall tax burden on goods and services are reduced. GST will also make Indian products competitive in the global markets. GST will be easier to administer. Once implemented, the proposed taxation system holds great promise in terms of sustaining growth for the Indian economy. According to the regulations of the GST, many existing indirect taxes will be consolidated into a single rate. According to the National Council of Applied Economic Research, GST would increase India's GDP. The GST is an effective method to raise revenue and lower the budget deficit. GST will have an impact on every part of the economy, from large corporations to sole proprietors, from importers to exporters, from retailers to service providers, and from consumers to the general public. By broadening the tax base and reducing exemptions, GST will also aid in fairly redistributing the tax burden now borne by the manufacturing sector at the expense of the service sector. It is expected that GST would increase tax revenue and stimulate growth in India's economy.

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