

GOODS AND SERVICES TAX (GST) AND IT'S IMPACT ON GROWTH PROCESS OF INDIAN ECONOMY

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ABSTRACT

Goods and services tax or GST may well be a vital fiscal instrument to form sure efficient, equitable and sustainable process. It's genuine assessment structure which is in a position to subsume each circumlocutory charge of states and central governments and bound together economy into suffering national market. It is basically imposed to cut out the existing system of cost to identify the basic activities relating to manufacturing activities from the India. If retail industry increase paying tax also increase and increase the wealth our country its benefit to our nation moreover as people. Taxes are the charges which are imposed by the government on the various taxpayers to make finance to various public expenditures. In keeping with a report of the World Bank, India is the world's sixth largest economy (different authors and agencies claim differently during this respect) and shortly is the world's fifth largest economy in terms of Gross Domestic Goods ion. Under Goods and service tax Retailer or other business persons don't have to get registered if their aggregate turnover doesn't exceed to limit prescribed in a very fiscal year. To handle the challenges/problems of VAT system, in 2017 India converted to GST; a destination based tax on consumption of Goods and services. It's levied the tiniest amount bit stages, right from manufacturing to final consumption with provision of decrease at previous stage as a set-off. In short only that portion will be taxable which is in form of value addition and undoubtedly the burden will going to shift on the final consumer. It's considered to be a transparent and effective system enhancing tax compliance and reducing the cascading effect of taxation.

Keywords: Goods, Services, Government, Fiscal, Consumption, Manufacturing, Activities, Industry, Taxes.

Introduction

Probably in India, Retail sector is that the main source of aggregation of Goods & Service Tax. For Developing countries like India, Retail sector may be a fast growing industry which perhaps generates maximum earnings for the country. The retailers aren't only the intermediary between manufacturer and consumer but also an intermediary between Consumer and tax authorities. Retail mutually of the faster growing sector in India, Government also to facilitate the retail industry by foreign direct investment it become increase the expansion of retail sector. Tax incidence machines and equipments employed in agro-processing has increased. These changes in tax rates are likely to influence prices of inputs and their usage; adoption of technologies and costs of agricultural commodities and thereby farm profits. During this paper, we've attempted to focus on likely impacts of GST on input prices and value of cultivation of important crops. These led to differential tax rates for the identical commodity, multiplicity of taxes, lack of compliance and conflicts between state governments and central endorsement of GST. Exclusion of services from VAT was also a significant weakness. To handle the challenges/problems of VAT system, in 2017 India converted to GST; a destination based tax on consumption of Goods and services. It's levied the tiniest amount bit stages, right from manufacturing to final consumption with provision of decrease at previous stage as a set-off. In nutshell, only value addition goes to be taxed, and also the burden is to be borne by the last word consumers. It's considered to be a transparent and effective system enhancing tax compliance and reducing the cascading effect of taxation.

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Objectives of Study

The study has been conducted with the item to seek out the effect of Goods & Service Tax on whole economy of India, considering its impact on various retail sectors. The explanation of evaluating impact of GST through Retail Sector is, retail sector accumulates a bigger portion of Indian Economy. The government has definitely secured rather more benefits compare to Public due to involvement of assorted complexities in the management of Goods & Service Tax. Hence we've got evaluated the impact of the Goods & Service tax thoroughly. With this object the various other objects also cited like:

- To gauge and study the perception of various parties of Indian Economy about Goods and service Tax
- To judge and study the benefits obtained by various segments of Indian Economy from Goods and service Tax
- To judge and study about the Goods & Service Tax as effective measure for Indian Economy.

Review of Literature

Dr. G. H. Barhate (May2017) the Author has studied that the insight in Goods and service Tax among trader of assorted rural areas that too of various categories considering their turnover, problems and challenges faced by them. They concluded that implement the Goods & Service legal system isn't a well decision specially in small towns or villages where still not one location even has been implemented or maybe planned.

Haiderkhan S. Pathan (2017) In his research he has given analysis of the Goods & Service legal system in India furthermore as in another countries and to has tried to own an understanding of Harmonised System of Nomenclature and Harmonized excise tax. Differing kinds of code are employed in India. The 2 countries have implemented the twin tax of GST and most of the countries are follow single unique tax code system. He says the history of GST implementation of India and briefly explains the cascading effect that's tax on tax.

Benedict, (2018) creator considers law game-plans managing money related associations under GST law with target to certify whether blueprints are seen sufficiently considering intriguing motivation driving request and therefore the way concerns apparent can be changed. Producer moreover observes blueprints followed in Australia to overview money related associations courses of action and whether want for regulating body in upsetting financial associations is important. Through paper creator has shown how clear drafting of said approaches has acknowledged extreme cognizance of same by Courts and has subsequently accomplished disappointment of complete point behind blueprints.

Sanjoy Roy (2016) stated that GST is one among the foremost important reform agenda which might provide a replacement input to economy and helps to realize inclusive growth. Further, the researcher has also recommended that the Central Government together with all other political parties shall close to seek out out a standard and acceptable solution to conclude the obstacles in implementation of GST.

Mukhopadhyay Sukumar (2005) His study was with focus of successful implementation of VAT in Haryana. Study reveals that success of VAT is measured with the revenue collection of State. However, since this study was conducted shortly after implementation of VAT in Haryana, the outcome will take time to determine the revenue growth.

Shakir Shaik, Dr. S. A. Sameera, Mr. Sk. C. Firoz (2015) GST is broad cost demand on affair, course of action and utilization of things and endeavors at national level. Extraordinary compared to other evaluation get-together changes in India (GST) is good thought to go to wire State economies and lift generally progression.

Ramesh R Kulkarni (2016) finds out the reality by conducting primary level study that the bulk of the traders had awareness about the upcoming new tax reform but they need not prepared themselves to implement and execute the Goods and Service Tax in their Business.

Vishwanathan Renuka (2005) Movement towards a more rational and economically neutral system of consumption taxation in an exceedingly federal country during which sub-national governments are constitutionally empowered to levy taxes on goods and a few services concerns consultation and compromise, consensus and conflict resolution among states as a gaggle also as between federal and provincial governments. the chief and procedural requirements for introducing VAT are laid are available some detail. Modifications in present procedures are essential to retort to legitimate fears of harassment expressed by dealers, which have proved to be a significant barrier in introducing the tax. Unfortunately, much still should be done on this count likewise as in IT based networking and governance.

Hypothesis for Study

H₀1: Null Hypothesis: There is no Negative Impact of Goods and Service Tax on Indian Economy.

H₀1: Null Hypothesis: The Government has not obtained benefit of increased Tax Collection due to implementation of Good and service Tax.

Research Methodology

Research methodology is also some way, through which we are going to find the solution or solve the research problem. In other words, research methodology is thought because the science of studying how research is finished scientifically. The trends are analyzed by using the statistical techniques.

Source of Data

The study is much supported primary data. The Source of primary data is collected using questionnaire through interview schedules and Collection of data through questionnaire in variety of opinions schedules. The Secondary data is collected through various approaches. A separate secondary data is run to gather related data from various journals, magazines, newspapers and textbooks. For this purpose of collecting primary data from the sample respondents, a well-structured questionnaire has been designed and administered on sample respondents.

Sampling Technique

Personal Interview and Questionnaire techniques are used for obtaining the info and sampling techniques are used.

Sampling Design

A sample of 200 respondents from different regions of the state has been chosen randomly for the first level survey. Issues regarding the opinion about Goods and Service Tax implementation, their short term additionally as long run impacts on businesses, People attitude for acceptance and other related questions were established to spot the opinion of companies about the Goods and Service Tax enforcement in the selected region.

Results and Analysis

Table 1: Opinion of Various Respondent's about Goods and Service Tax

Modes	Blocks of Sample	Opinion of Retailers' on Goods and Service Tax		Indirect Tax Burden	
Textile Industry	60	Very Happy	36 (18%)	Increases	90 (45%)
Automobile Sector	30	Happy	86 (43%)	Reduces	110 (55%)
FMCG Sector	56	Satisfactory	40 (20%)		
Aviation Industry	32	Unhappy	26 (13%)		
Retail Industry	22	Very unhappy	12 (6%)		
Total	200 (100%)	Total	200 (100%)	Total	200 (100%)

Section A of Table Researcher has divided all sectors into five major categories, for collecting the first level data. All category people has been divided among almost equal size of samples and various blocks has been created. In section B of the Table the opinion of the respondent has been noticed regarding the impact of Goods and Service Tax which indicates unexpected results. Only 18 percent of total respondent are proud of this system of tax. However on the contrary 55 percent of the retailers accept that yes tax burden has reduced because of introduction of Goods and Service Tax.

Table 2: Short run and Long Run effect of Goods and Service Tax

Effect	Short Run Effects	Long Run Effects
	No. of Respondents	No. of Respondents
Positive	110	140
Negative	70	30
No effect	20	30
Total	200 (100%)	200 (100%)

As shown clearly by the table 2, fifty five percent of the respondents accept that yes it'll have short run impact but in negative sense because it has reduced the effect of money by making a cash crunch. Only 35 percent respondent has accepted that in and of it there'll not be any impact in

brief run. Same as around 10 percent has accepted that it'll also not have long run impact but contrary to them 70 percent has accepted that it'll change the Taxation structure in the country with positive impact in the long term.

From the above conclusion it's noticeably clear that undoubtedly Goods and Service Tax has impacted the business and government both. The effect isn't on short run only but also in the future. Hence both the null hypothesis has been rejected.

Conclusion

The Goods and Service legal system is essentially structured to simplify and replace the multiple legal systems which was existing in India. Since it has been claimed that it is a Goods and Service Tax hence attractive method to chop back the tax burden are visiting be introduced. The above research traced out the particular undeniable fact that retailers do have piecemeal opinion regarding the implementation Goods and Service Tax in the selected area. All of them have thought that in future days this move goes to be beneficial for retail traders. However few respondents are found to be politically influenced and hence their views are against central government intention of introduction of Goods and Service Tax through intending that it's negatively impacted the sales or turnover volume also as income of retail business. It's clear from the sphere that industries haven't greatly angered with the central government move of implementation of Goods s and Service Tax in the study region. Goods and Service Tax may become superb and simple, only if the full country works as a full towards making it success and easy. Goods and Service Tax undoubtedly helped bent avoid the tax on tax (i.e. Cascading effect of taxation) of Goods ion distribution chain of the business. By implementation of Goods and Service Tax many changes will occur in the taxation system. By the Goods s and Service taxation return are drafted and designed in such how that it very easy to grasp to everyone. Goods and Service Tax increase the paying of tax payer and also increase the revenue level of the county. Now the bulk of the businesses are well-known and conscious of Goods and Service Tax.

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