

IMPACT OF GST IN INDIAN ECONOMY

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ABSTRACT

Goods and service tax is referred to as GST. GST was implemented to replace a variety of previous indirect taxes, including the value added tax, service tax, purchase tax, excise duty and others. GST is a tax that India imposes on the contribution of specific products and services. There is only one tax that is imposed in India. The major focus of this tax collection system is to control the declining effects of other indirect taxes. This will support to generate a coalesce usual national market for India, allowing a raise to outward investment and "Make in India" campaign.

Keywords: Goods and Service Tax, Taxation, Economy, Product and Service.

Introduction

GST is a personal tax on the contribution of goods and services. That means the end consumer will only bear the GST charged by the last salesman in the distribution chain. It is the most ambitious tax reform since independence. It replace all indirect taxes charged on goods and services by the state and central governments and how it is anticipate to free India from its complex indirect taxation structure. It remove the geographical barriers and create a single market that is open to all, to buy, sell, import and export within the country.

This new tax system was came effect from 1 July 2017. GST is suggested to be a dual levy where the central administration will charge and accumulate Central GST (CGST) and the state will charge and accumulate state GST (SGST) on intra-state contribution of commodities. Under GST, this tax define five categories of tax as 0%, 5%, 12%, 18% and 28%.

The elimination of multiple taxes will improve the ease of doing business, it also reduce the level of tax evasion and the corruption and also reduce the tax burden of the public. This have productive effect on Indian tax system.

Review of Literature

Yadav, A. (2017) : conducted a research on "Impact of Goods and Service Tax on Indian Economy". The main motive of conducting this research was to study how will GST work in Indian economy and also to study the benefits of GST. The data required to conduct this research was collected from secondary source i.e. from newspapers, journal etc. At the end of the research concluded that GST will have a positive effect on Indian economy by providing relaxation to consumers and producers by allowing extensive participation of input credit set off. GST will help in boosting India's economic development.

Singhal, S.(2017) : examine a research on "Impact of Goods and Services Tax on Indian Economy". The main objective of conducting this research was to study which sectors are positively and negatively affected by GST. The data was collected from secondary source to conduct this research. At the end we can say clearly that it is the biggest every change in tax structure of India. It can be come to an end that GST has been proceeding to be an ancient data for its full fledged execution.

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Objectives

- To full-grown the effect of GST on Indian economy.
- To describe the functioning of GST in India.
- To collect current tax system information and analysis of tax by GST.

Research Methodology

The study focuses on extensive study of secondary data collected from various sources i.e. books, Government delineate, national and international journals, notification from various websites which fascinated on various feature of Goods and Service Tax.

Positive Impact of GST

GST is beneficial for different peoples like Consumers, Industry, Government.

Advantage for Consumers

- Reduction in prices of commodities and goods in long run due to reduction in cascading impact of taxation.
- Final price of goods is anticipated to be translucent due to smooth flow of input tax credit between the manufacture, retailer and service supplier.
- Poverty reduction by creating more financial resources and employment.
- Small business will be either free from tax or will bear very low tax rates under a compounding scheme purchases from such organizations will cost less for the consumers.

Advantages to Trade and Industry

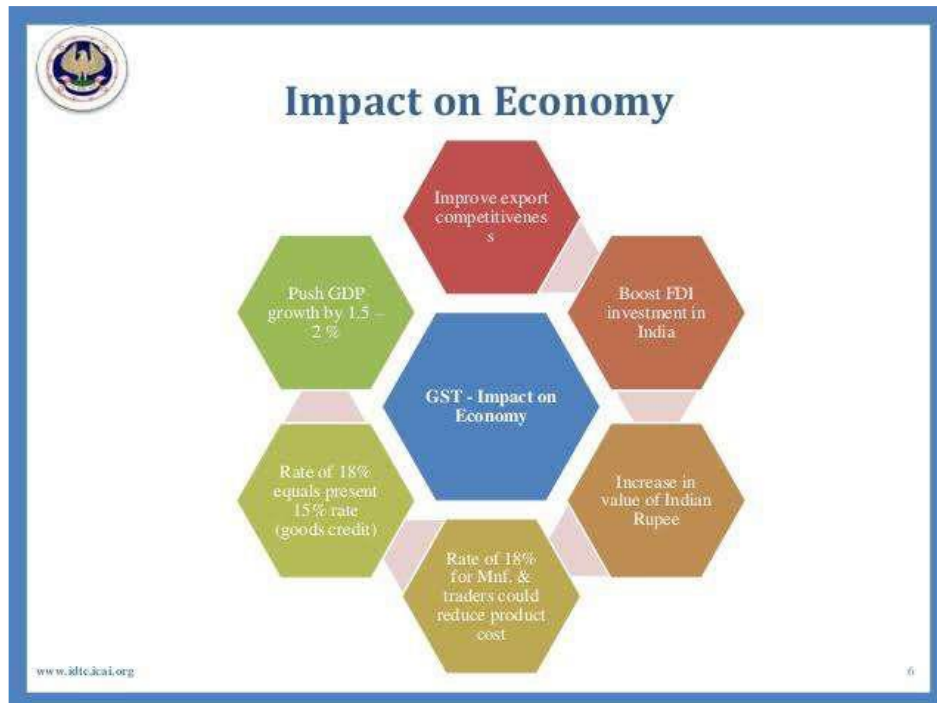
- Cutting in variety of taxes leading to simplification and uniformity.
- Elimination of dual tax system on different sectors like software, work contract and hospitality sector.
- At every stage of supply, there is input tax credit will be available.
- There is a lessor investment of resources and manpower in maintaining records due to no multiple record keeping for a different kind of taxes.
- It makes our product more competing in the Global market and give raise to Indian exports due to more well organized counterate of taxes especially for exports.
- It makes clear and robotic course of action for different actions such as registration, refunds, return, tax payment etc.
- Services is expected to come down which would lead to more consumption due to average tax burden on supply of goods it make more production so it is assessing in the extension of the enterprises, business and trade.

Advantages for the Government

- It will help to raise to foreign investment and "Make in India" campaign by creating unified common national market for India.
- At every step of supply, there is input tax credit will be available over goods and services.
- It makes modification of laws, procedures and tax rates between state and centre and across states.
- Constant SGST and IGST rates will bring down the motivation for tax evasion.
- It boost conditions for obedience as all return are to be filled online, input credits to be confirm online, encouraging more paper chain of transactions at each extent of supply chain.
- Greater use of IT will reduce human confluence in the middle of the tax administration and tax payers which will go a long way in reducing corruption.
- It will raise manufacturing and export activity, create more employment, thus it increase GDP with lucrative employment leading to sustainable economic growth.
- It will help in poverty reduction by giving rise to more financial resources and more employment.

Negative Impact of GST

- GST is not a single tax, it has dual tax system for the reason that the centre and state both will collect separate tax on a single transaction of sale and service. Sectors like pharma, textile, diary, media, IT and telecom are bearing the brunt of a higher tax.
- There is also price of commodities has increased like mobile phones, jewellery and credit cards.
- According to Economists GST has adverse effect on the real estate market. It has added upto 8 percent of the cost of new homes and reduces demand by about 12 percent.
- It increase the price of essential product and services which is presently exempted.



- GST effects a nation both ways, positively and negatively, if we disregard the unfavourable aspects and consider the constructive effect, then it is a way to bringdown the black money. GST is having a few inceptive problems, but with time, we will be able to see the great concept and it will give the result as an economic consolidation.

Procedure of GST

All the taxes like excise duty, sales tax, custom tax etc. are integrated in a single tax that is called GST which will be charged on supply of goods and services at each phase of supply chain from manufacturer to till last retailer.

So all the taxes presently collect by the state or central Government on the supply of goods or services is moving to be merged into GST. GST is offered to be a dual collect where the central Government will collect central GST (CGST) and the state will collect state GST (SGST) on intra-state supply of goods or service. The central will also collected integrated GST (IGST) on inter-state supply of goods and service. Thus GST is a integrator that is going to consolidated various taxes being collect by the centre and state at present and provide a manifesto for build up an economic communities of the country.

Finding and Suggestion

- Prospective impact of GST on business operations.
- The Harmonized tax structure should be guiding principles.
- Great consciousness with in the institution about the changes.
- The formation of GST assessment committee should detect and assess the execution of GST.

Conclusion

We should like to wind up that there are some vital provocations before the Government and the industry, ahead of actual implementation of GST. GST has an important role to play in the Indian economy. GST offers a solution to the multiplicity of taxes breakdown, it concluded in the single tax. GST will reduce the tax evasion process. The government both central and state should conduct consciousness initiatives and various learning schemes about GST to its various collaborator.

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