

GOODS AND SERVICE TAX AND INDIAN ECONOMY

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ABSTRACT

Probably Demonetization and Goods and service Tax are the two major reforms ever taken in Indian economy, that too in exactly a brief span of two years. The Goods and service Tax has been imposed with the intention that Goods and service Tax will transform India's tax structure, and can make the complete system taxation system, easy and transparent. In any developing country Small and medium traders are the real economic pillars of the economy and are verity Growth Drivers of developing economy. India too could be a developing economy hence the rule is applicable without exception. Around three and half million small and medium enterprises carrying on the business in India together with generation of employment at vast level. Since it's contributing to Business, hence it's Tax Generator in two forms. One is for tax and other one is for revenue enhancement. Generation of Goods and Services attracts tax and Generation of employment regimes tax to government by putting revenue enhancement on salary. However the tactic of charging revenue enhancement in slab system is usually a matter of debate on different class of Goods and Services. Various studies are conducted considering the above cited aspect and considering the assorted pros and cons of enforcing the Goods and service tax system. The Object of the said research is to make an evaluation of the impact of the Goods and Service Tax on Indian Economy with respect to all kinds of the business. Hence the scholar has tried to seek out out How the Goods and Service tax has impacted the Indian economic System.

Keywords: Goods and Service Tax, Employment, Taxation, Indirect Tax and Direct Taxes.

Introduction

Goods and services tax or GST could be a crucial fiscal instrument to create sure efficient, equitable and sustainable process. It's genuine assessment structure which is able to subsume each circumlocutory charge of states and central governments and bound together economy into suffering national market. It's trusted to iron out wrinkles of existing variant cost system and recognize basic activity being manufactured from India. Most agricultural services remain exempted from GST, and tax rates on several inputs and commodities are reduced. 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 target 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 major weakness. To handle the challenges/problems of VAT system, in 2017 India converted to GST; a destination based tax on consumption of products and services. It's levied the smallest 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.

Objective of Study

The study has been conducted with the object to find out the effect of Goods and service Tax on whole economy of India, considering its impact on various retail sectors. The reason of evaluating impact of GST through Retail Sector is, retail sector accumulates a larger portion of Indian Economy. The

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Government has definitely secured much more benefits compare to Public because of involvement of various complexities in the management of Goods and Service Tax. Hence we have evaluated the impact of the Goods and Service tax in detail. With this object the many other objects also cited such as

- To evaluate and study the perception of different parties of Indian Economy about Goods and Service Tax
- To evaluate and study the advantages obtained by various segments of Indian Economy from Goods and Service Tax
- To evaluate and study about the Goods and Service Tax as effective measure for Indian Economy.

Review of Litreature

A. yashoda (2016) nowadays, charges are requested self-governing on item and adventures. Goods and Services Tax is uniform pace of assessment. Proposed GST is claimed to supersede each and every roundabout evaluation that are constrained on item and undertakings by Government, both Central and States, when it's finished.

Bagchi Amresh (2005): in line with the research conducted by him, it isn't appropriate to impose a single/uniform rate structure in VAT on the States because it's against the principles of fiscal autonomy. Instead of strengthening the State, it's erosion of the federal foundations. Nothing should hurt the India's federalism. However, the uniform rate of VAT is that the apparent appeal from businessmen.

Benedict, (2011) 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 the way concerns apparent may well 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 vital. 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.

Das - Gupta Arindam (2005): The authors have critically examined the India VAT structure and have observed that it is not been implemented as a transparent destination based consumption tax. It's not even a worth added tax. The State VAT in India cascades and is an income based rather than a consumption base because it's not been implemented supported destination principal a bit like the central excise on interstate sales. Though there are various weaknesses within the Indian VAT system it deserves support because of the strengthening of tax administration and also the lowering of taxpayer compliance costs. The VAT should be seen as a success say three years from now, if revenues improve, compliance and administration costs per rupee of revenue falls, and exports, including national exports, increases.

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 000 outcome will take time to see 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 nice thought to visit wire State economies and lift generally progression.

Shashank S. Dhond (2010): The study on 'Impact of indirect tax, VAT & GST on the Profitability of Organisations' mainly relates to the old regime of taxation laws with special consideration to Maharashtra indirect tax.

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 some 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 major 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 may be a way, through which we will find the answer or solve the research problem. In other words, research methodology is known as the science of studying how research is finished scientifically. The trends are analyzed by using the statistical techniques.

Source of Data

The study is especially supported primary data. The Source of primary data is collected using questionnaire through interview schedules and Collection of knowledge through questionnaire in type of opinions schedules. The Secondary data is collected through various approaches. A separate secondary data is run to collect 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 has been used for obtaining the data and random sampling techniques has been used.

Sampling Design

A sample of 100 respondents (of various natures in different Business segments) from different regions of the state have been chosen randomly for the primary level survey. Issues relating to the opinion about Goods and Service Tax implementation, their short term as well as long term impacts on businesses, People attitude for acceptance and other related questions were established to identify the opinion of businesses about the Goods and Service Tax enforcement in the selected region.

Results and Analysis

Table 1: Opinion of Various Retailers about Goods and Service Tax

Modes	Blocks of Sample	Opinion of Retailers' on Goods and Service Tax		Indirect Tax Burden	
Electronic Goods Sector	28	Very Happy	18 (18%)	Increases	45 (45%)
Automobile Sector	16	Happy	43 (43%)	Reduces	55 (55%)
FMCG Sector	24	Satisfactory	20 (20%)		
Apparel Industry	18	Unhappy	13 (13%)		
Entertainment Industry	14	Very unhappy	6 (6%)		
Total	100 (100%)	Total	100 (100%)	Total	100 (100%)

Section A of Table Researcher has divided all sectors into five major categories, for collecting the primary 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 happy with the present system of tax. However on the contrary 55 percent of the retailers accept that yes tax burden has reduced due to 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	53	72
Negative	35	13
No effect	12	15
Total	100 (100%)	100 (100%)

As shown clearly by the table 2, fifty three percent of the respondent accepts that yes it will have short run impact but in negative sense as it has reduced the effect of cash by making a cash crunch. Only 12 percent respondent has accepted that as such there will not be any impact in short run. Same as around 13 percent has accepted that it will also not have long term impact but contrary to them 72 percent has accepted that it will change the Taxation structure in the country with positive impact in the long run. From the above conclusion it is very much clear that undoubtedly Goods and Service Tax has impacted the business and government both. The effect is not on short run only but also in the long run. Hence both the null hypothesis has been rejected.

Conclusion

The Goods and service tax system is largely structured to simplify and replace the multiple tax system which was existing in India. Since it's been claimed that it's a Goods and service Tax hence attractive method to cut back the tax burden are going to be introduced. The above research traced out the actual fact that retailers do have piecemeal opinion regarding the implementation Goods and service Tax within the selected area. All of them have thought that in future days this move is going 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 field that industries haven't greatly angered with the central government move of implementation of goods and service Tax within the study region. Goods and service Tax may become superb and straightforward, given that the whole country works as a full towards making it success and simple. Goods and service Tax undoubtedly helped bent avoid the tax on tax (i.e. Cascading effect of taxation) of production distribution chain of the business. By implementation of Goods and service Tax many changes will occur within the taxation system. By the Goods and service income tax return are drafted and designed in such some way that it really easy to know to everyone. Goods and service Tax increase the paying of tax payer and also increase the revenue level of the county. Now the majority of the companies are well-known and awake to Goods and service Tax.

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