

IMPACT OF GST ON INDIAN ECONOMY - A STUDY

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Abstract

GST The Indian tax has an important place in the framework. The goods and services tax is a type of indirect tax. Which has been applied to the supply of all goods and services from manufacturer to consumer. GST The law has removed many indirect taxes which were in India. GST was first launched in France in the world. In India the implementation of GST has begun on 1st July, 2017. There are three major types of GST taxes in India. CGST, SGST / UGST and IGST. The research presented presents a study on the impact of GST on the Indian economy. How GST has impacted sales of goods and services. Explained its effect on production cost of goods etc. The resources presented include GST in India. The gradual development of the law is discussed. This research focuses on the GST sequence development, how it works. It has also been presented about the impact it has on the Indian economy.

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1. Introduction

The main purpose of collecting taxes by the government is to reach the country's economic needs. There are two main types of taxes. (2) Direct taxes (1) Indirect taxes. The Goods to Service Tax (GST) is implemented in about 160 countries worldwide. GST It is a place-based tax on the use / consumption of goods and services. Simply put, GST It is an indirect tax levied on consumption of goods and services. India is beginning a new era with GST in the context of indirect taxation in the country.

GST in India With the advent of the law, it eliminated many of the previous indirect tax related laws. Earlier, under the Indian constitution, the central government and the state government were

collecting indirect taxes on goods and services. State the coming of VAT law.

2. Problem statement and definition of words

The title of the problem chosen by the researcher is as follows.

"A Study of GST Impact on Indian Economy"

Here are the definitions of important terminology under the heading of research presented.

GST:

The full name of GST is the Goods and Services Tax which in Gujarati we call goods and service tax. Which is an indirect tax levied on the consumption of goods and services.

Indian Economy:

Economy is the system of economic system. Thus, the Indian economy is the system of economic system of India.

3. Research purposes

The research presented was conducted with the following objectives in mind.

- (1) To know the impact of GST on Indian economy.
- (2) GST and other indirect tax information.
- (3) Compare between GST rates in India and GST rates in other countries of the world.
- (4) To know the impact of GST on various business in India.

4. Research questions

The research presented was conducted with the following questions in mind.

- (1) GST How does a tax based system affect the Indian economy?
- (2) GST And what's the difference between those indirect taxes?
- (3) What is the change in the rate of GST in India and other countries of the world?
- (4) How will GST affect India's various industries?

5. The importance of research

Every research is useful because, "Nesociety is the mother of Invention." That is the basic necessity of each exploration. That is, necessity becomes its importance. GST Tax patterns are found in most countries of the world. The rate of GST is different in different countries of the world. The country of India is also different on different GST rates. Which is a maximum of 28%. The tax system has a different impact on different sectors in the Indian economy.

In addition, the importance of the research presented can be demonstrated as follows.

- (1) Information on the positive effects of GST on the Indian economy will be found.
- (2) The negative effects of GST on Indian economy can be known.
- (3) The change in GST in different sectors of the Indian economy can be known.
- (4) This research was conducted by GST. Will be directional to deal with future problems regarding
- (5) It will be useful for the government to formulate a policy.
- (6) GST between India and other countries of the world. The difference in rates will be known.

6. Information collection

This research paper is based on descriptive research. So this research paper is based on

secondary information. This secondary information includes government circulars, advertisements, current papers, different books, research papers, government websites, etc.

7. Taxation system in India before GST

GST Earlier in India, the following indirect taxes were levied in the State / UT.

1. Value Added Tax
2. Purchase tax
3. Sales tax
4. Entertainment tax
5. Enjoyment tax
6. Tax on entry
7. Tax on advertising

Similarly, the following indirect taxes were taken by the Central Government.

1. Central sales tax
2. Central excise duty
3. Extra custom duty
4. Service tax etc.

8. Taxation system under GST

Five laws have been formulated for the implementation of GST in India for the purpose of equality in transactions with regard to taxation of goods, services and services of Central, State and Union Territories.

- (1) The Central Goods and Services Tax Act (The CGST Act)

The Act includes tax provisions on central goods and services transactions.

- (2) State Goods and Services Tax Act (The SGST Act)

This law includes the tax provisions on transactions related to the goods and services of those states.

- (3) Union Territories Goods and Services Tax Act (The UGST Act)

This law includes tax provisions on transactions relating to goods and services of the Union Territory.

- (4) Integrated Goods and Services Tax Act (The IGST Act)

The Act includes tax provisions on transactions relating to goods and services for (interstate) transactions between two states or union territories.

- (5) Goods and Services (State Compensation) Act (The GST Compensation Cess Act)

The implementation of GST under this Act refers to the reduction of taxable income to the states which will reduce the tax.

Different rates have been set for basic goods and services, from basic necessities to luxury amenities. Which includes rate is ranging from 0% to 28%.

GST on goods and services in and out of state the rates are as under:

Appendix	Interstate (Supplement between two states or Union Territories)	Interstate (which is an internal supplement only within that State or Union Territory)	
		CGST	SGST
1	5%	2.5%	2.5%
2	12%	6%	6%
3	18%	9%	9%
4	28%	14%	14%
5	3%	1.5%	1.5%
6	0.25%	0.125%	0.125%

9. Impact of GST on Indian Economy

The impact of GST on the Indian economy can be reached in two parts

- (A) Positive effects
- (B) Negative effects

(A) Positive Effects:

- (1) A single tax system has been created in place of various indirect taxes of the Central Government and the State Government.
- (2) There is a system of uniform taxes across the country.
- (3) The tax payer's accounting performance has decreased.
- (4) Tax collection has reduced the functioning of government offices.
- (5) GST is being replaced by different types of indirect taxes. By coming in, the indirect tax system has become easier.
- (6) GST paid on purchase, GST payable on sale. Subtract from. So the taxpayer has to pay a net amount.
- (7) The Indian economy has become stronger.
- (8) It has removed the obligation of the taxpayer to pay double tax before the implementation of GST.
- (9) The prices of goods and services for the consumer have decreased.
- (10) Reduction in tax evasion and transparency in the tax system has been established.
- (11) The reduction of regional inequality will lead to equal development of the state.
- (12) Production costs have decreased.
- (13) New job opportunities are being created due to increased demand and supply.
- (14) The bad effects of cascading have been eliminated by consolidating the taxes of different state and central government by raising the same tax and reaching the goods and services to the customer.

(B) Negative effects

- (1) GST in 29 states and 7 union territory of the whole country. Entry to the traders and GST is not enough to make them available. It is difficult to file a return.

- (2) The consumer has not benefited in some respects. Because more than the tax deduction in some items, the tax on more items has increased.
- (3) The cost of services for the common man has an impact on his household budget.
- (4) Proper vouchers and accounting systems are needed to ensure better GST compliance.
- (5) GST With this new tax, it will take some time for Indian people to understand it.
- (6) GST There is a tax based on usage so where service is provided in case of services. It is necessary to decide the place.
- (7) GST There is a tax based on usage. So in the case of services where the service is provided. It is necessary to decide the place.
- (8) GST The more obvious point is that the umbrella of sectors like mineral oil, diesel, petrol, real estate and electricity will not reduce the cascading effect of indirect taxes as expected.
- (9) For effective implementation of GST and the administrative department employees need to be properly trained in terms of law and procedure at the central and state level.

The impact of GST on other sectors of the economy is as follows.

(1) MSME On units:

Taxpayers are exempted from tax with a total turnover of up to 20 million in the current financial year. In which the tax exemption limit for the eastern state and Sikkim is up to a turnover of Rs 10 million.

(2) Impact on the pharmaceutical industry:

The impact of GST on the pharmaceutical industry is constructive. GST In the past, the drug industry used to collect about six to eight taxes on different types. It has now helped to streamline the tax structure on the industry. At present, the rate of GST on this sector is around 5% to 12%.

(3) Impact on the Auto Mobile Industry:

On the automobile industry, the rate of GST is 28%. Which was the first 30%. But above this rate of GST, additional taxes are also levied on it.

(4) Impact on Textile Industry:

The rate of GST on the work for textile and textile related products has been reduced from 18% to 5%. Another effect of GST on the textile industry is the input tax credit.

(5) Impact on Telecom Industry:

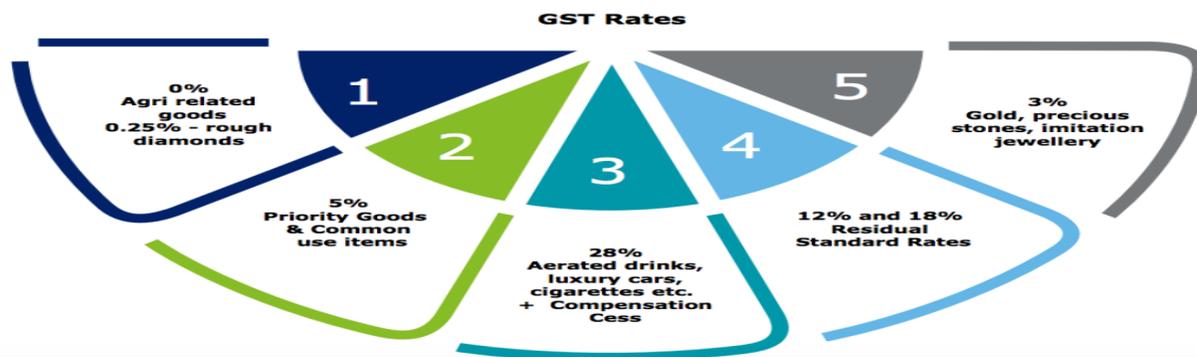
18% of GST rate has been applied to the telecom industry. Which is higher than the previous rate. So the services of the telecom sector are now very expensive.

(6) Impact on Agriculture:

GST The arrivals have increased the cost of planting limbs considerably. Zero GST on most used commodities like vegetables, milk cereals etc. The rate is 5% to 12% of GST on process based items.

10. GST rates in other countries of the world:

Implementation of GST is seen in over 160 countries worldwide. GST was first introduced to the world in France in 1954. The rate of GST is different in different countries of the world. E.g. France, England, Ukraine GST rate is 20%. The rate of GST in New Zealand is 15%. Australia has a GST rate of 10%. The rate of GST in Canada is 5%. Etc.



11. Research conclusion:

Economy and viability can be brought to the economy through proper taxation system in the country. By focusing on the centers of income through a good taxation system, the government can get the revenue it needs to mobilize the economy of the country. The main purpose of the implementation of GST is to maintain ease and transparency in the tax system of the country. India, like many other countries in the world, is moving forward to join the global standards in taxation, corporate law and management practices. GST Based taxation system will make India's indirect tax structure more and more similar to that of countries around the world. Thus, we are the GST of India. Be prepared to deal with relevant and many other changes.

● Reference

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