



Impact of GST in India

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Abstract

The Goods and Services Tax (GST) is implemented on July 1, 2017, a major taxation reform. GST is a giant indirect tax structure designed to sustain and augments the economic growth of a country. More than 150 countries have implemented GST still now. The primary objective for the development of GST is to include all types of indirect taxes in India like Central Excise Tax, VAT/Sales Tax, Service tax, etc. and implement one taxation system in India.

Keywords: GST, tax, economic growth

Introduction

GST is the biggest tax reform in India founded on the concept of "one nation, one market, One tax". The Indian government was waiting for a decade has finally arrived. The single biggest indirect tax administration has kicked into force, dismantling all the inter-state barriers with admiration to trade. The GST rollout, with a single stroke, has converted India into a combined market of 1.3 billion citizens. Basically, the \$2.4-trillion economy is attempting to convert itself by doing away with the internal tariff barriers and subsuming central, state and local taxes into a unified GST.

The level has changed the hope of India's fiscal reform program recapture momentum and widening the economy. Then again, there are fears of interruption, embedded in what's perceived as a rushed transition which may not assist the interests of the country.

The achievement over ambiguity would be determined by how our government works towards making GST a "good and simple tax". The idea after implementing GST across the country in 29 states and 7 Union Territories would suggest a win-win situation for everyone. Manufacturers and traders would benefit from fewer tax filings, apparent rules, easy accounting, consumers would be paying less for the goods and services and the government would engender more revenues.

Review of Literature

Khurana & Sharma (2016) ^[1], conducted a study with an outlook to explore various benefits and opportunities of GST by throwing a light on its' surroundings, objectives of future GST plan and its impact on Indian tax scenario. They concluded that GST implementation will certainly benefit to producers and consumers although its execution requires concentrated efforts of all stake holders especially central and state government.

Munde & chavan (2016) ^[2], explained in his study about the pros and cons of GST and in view of that make suggestions to minimise loopholes and make it more effective. They concluded that if the possible loopholes are dealt efficiently, tax payers will accept the change brought upon and if measures in GST proves to be simple and assures the involvement of interest of all stakeholders then certainly it

will lead to financially viable and rationalization of prices.

Lourdunathan & Xavier (2017) ^[3], conducted a study based on exploratory research technique on the basis of past literature to study the opinions of manufacturers, traders, society etc., regarding the GST and the challenges and prediction of introducing GST in India. They concluded that no doubt GST stands with one tax one nation slogan and will suggest relief to producers as well as consumers. Its Well-organized implementation will lead to resource and profits gains. They also said that flawless credit and return processing without human involvement requires educating, training, and conducting workshops on GST on the component of Government.

Objectives

1. To understand the concept and types of Indian Goods and Services Tax (GST).
2. To highlight the contribution of GST for Sustainable Economic Development.
3. To summarise the findings and conclusion of the study.

Concept of GST

The Goods and Services Tax (GST) is a vast concept that simplifies the massive tax structure by supporting and attractive the economy of a country. GST is a widespread tax levy on manufacturing, sale and consumption of goods and services at a national level. The Goods and Services Tax Bill or GST Bill, also referred to as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014, initiates a Value added Tax to be implemented on a national level in India. GST will be an indirect tax at all the stages of production to bring about standardization in the system.

Types of GST in India

Central Goods and Services Tax (CGST)

It means intrastate transactions of goods and service within one State.

State Goods and Services Tax (SGST)

It means intrastate transaction of goods and service within one State.

Integrated Goods and Services Tax (IGST)

It is applicable on Interstate transactions of goods and

services between two States or one State and one Union Territory.

Union Territory Goods and Services TAX (UTGST)

It is applicable on transaction of goods and services within one Union Territory.

GST subsumed both indirect taxes of Central government & State governments making both the government dependent on GST for their indirect tax revenue. Therefore the GST

rate is composed of two rates where intra-state transactions are involved, one of CGST and one of SGST (in case of State) or CGST and UTGST (in case of union territory). Therefore, while making an intra-state sale CGST collected will set out to the central government and SGST collected will set out to the respective State government in which sale is made. Similarly, SGST or UTGST are replaced with IGST where intra-state transactions are involved. The table shows an outline of CGST, SGST, IGST and UTGST.

Table 1

Basis of difference	CGST	SGST	IGST	UTGST
Applicable transactions (Goods & Services)	Intrastate (within one state)	Intrastate (within one state)	Interstate (between two states or one state and one union territory)	Within one Union territory
Tax credit use priority	CGST IGST	SGST IGST	IGST, CGST & SGST	UTGST IGST
Collected by	Central Government	State Government	Central Government	Union Territory Government
Benefitting authority	Central Government	State Government	Central and State Government	Union Territory Government

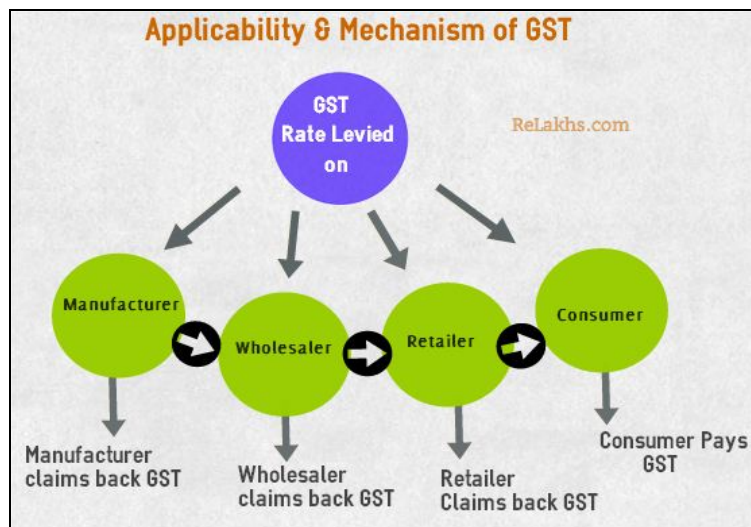


Fig 1

Contribution of GST towards Economic Development

The introduction of GST in India is likely to provide much needed nourishment growth to the economy as it has changed the base of indirect tax structure towards free flow of Goods and services. It is usual to eliminate the cascading effect of taxes. Further the support of GST to the economy can be taking away of abundant taxes and less obedience and easy tax policy as compared to earlier one. It will also lead to fall in manufacturing cost of goods and services which will reduce the burden from consumer's head. Due to lower price of product the demand may increase leading to increased production indirectly to meet the demand. Hence production of goods is also normal to increase. GST is an attempt to regularize the taxes applies on various goods and services. This will cut off the cascading effect of the taxes and in turn bring out a superior place for the customers and suppliers. With GST brought into place a uniform price shall be maintained all over the country and most of the Implementation of GST has led to turn down in prices of cotton textiles, wool, silk and synthetic fibres. Increase in economic activity resulting in advanced growth, increase in employment opportunities will directly benefit to the urban poor. In addition, health sector and education sector services are exempted from getting taxed under GST administration. These services contribute to basic human needs the exemption for these services will enable the poor to have cheaper accessibility. So, GST have direct impact on

accomplishing sustainable development goals. As a result of reducing the price of goods consumed and exempting basic goods of daily expenses the GST system ensures to contribute towards economic growth of the country.

Suggestions

1. GST filing is very time consuming and costly matter and the process must be a long. So process must be simplified.
2. In case of purchase from non-registered dealer, reverse charge payable by registered dealers shall be completely withdrawn.
3. Training must be needed to officers those who filing the return.
4. Conducting of workshops and conferences helps to increase the knowledge about GST.

Conclusion

India has practised one of the maximum indirect tax reforms in its history. It has subsumed almost all the indirect taxes and combined the nation under one tax umbrella of GST. It has reduced the burden of numerous tax difficulties, which has made the products of basic need much cheaper than earlier. It is available for poor section of the society. Sustainable development refers to development that sustains the resources for outlook generations along with satisfying the existing needs for human development. The foremost

benefits include the reduction in tax multiplicity, free flow of goods and services etc. these benefits have a chief contribution towards sustainable development of the country.

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