

IMPACT OF GST ON INDIAN ECONOMY

¹Vicky, ²Rakesh kumar

¹Research Scholar, ²Student
MDU Rohtak

Abstract: The research paper is regarding Impact of GST on Indian Economy. The Goods and Service Tax is implemented on July 1, 2017 at a function in Central Hall of the Parliament. The Lok Shaba has finally passed the GST Bill and it is expected to have a significant impact on every industry and consumer. More than 160 countries have implemented GST. The council of the GST will be headed by the Union Finance Minister that is currently Arun Jaitley. The Goods and Service Tax will be levied on the manufacture, sale and the consumption of the goods and services in India. On the basis of this paper, we can understand about the concepts, objectives and the implications of the Goods and Service Tax in India.

Keywords: GST, Indian Economy, Service Tax etc.

Introduction:

The full form of GST is “Goods and Service Tax”. The GST is levied by the Govt. to replace all the indirect taxes. Under GST, every person is liable to pay tax on output and shall be entitled to enjoy credit on input tax paid and tax shall be only on the amount of value added. The main function of GST is to eliminate cascading effect is tax on tax. Under GST, Goods and Service 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. The new tax system was launched on 1st July, 2017 in the Central Hall of Parliament. The Govt. must provide awareness about the concepts of GST to the public. It will replace all the indirect tax systems such as sales tax and value added tax. The GST is also reduce the level of tax evasion and the corruption and it also reduce the tax burden of the Public. The Goods and Service Tax have positive impact 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 relief to producers and consumers by providing comprehensive coverage of input tax 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 ever change in tax structure of India. It can be concluded that GST has been going to be an historical record for its full fledge implementation.

Objectives:

- To highlight the impact of GST on Indian economy.
- To explain the working mechanism 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, National and international Journals, government reports, publications from various websites which focused on various aspects of Goods and Service Tax.

Why is GST important?

- The average tax burden on companies will fall which reduce the costs of Indian goods and services in the international markets.
- To improved disclosure of economic transactions.
- To increase revenue at the centre at the tax collection system.
- It will extenuate cascading and double taxation system.
- It removed various types of taxes and introduced a new concept of tax.
- It helps to encourage online system.
- It provide Make In India by making one India programme.
- The tax structure will be made clean and simple.



Benefits of GST:

- To improve the tax structure.
- To reduce the transaction costs of businesses.
- Better control on leakage.
- Increase in real income and purchasing power.
- To remove the effect of cascading and double taxation.
- Higher revenue collection and efficiency.

Positive Effects of GST:

- To lead more transparent and neutral manner to raise funds.
- GST is beneficial for both economy and corporations.
- It will reduce the transaction cost.
- To abolish the cascading effect on tax.
- Only three types of accounts are maintain; CGST, SGST and IGST.
- It will provide more employment opportunities and economy boom.

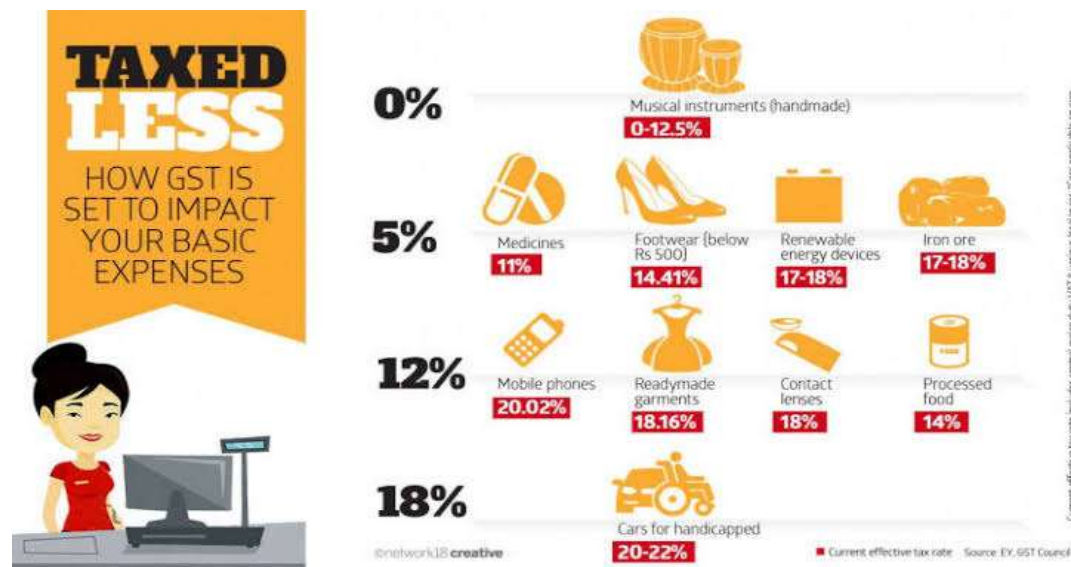
Negative Effects of GST:

- GST would impact negatively on the real estate market.
- Majority of dealers are not covered the central excise.
- To increase the price of essential products and services which is presently exempted.
- To increase the cost of transactions.

Different Types of tax rates:

- 0%
- 5%

- 12%
- 18%
- 28%



Findings and Suggestions:

- The Harmonized Tax Structure should be guiding principles.
- Potential impact of GST on business operations.
- Great awareness within the organization about the changes.
- The formation of GST evaluation committee should monitor and evaluate the Implementation of GST.

Conclusion:

We would like to conclude that there are some of major challenges before the Government and the industry, ahead of actual implementation of GST. GST has an important role to play in the Indian economy. GST also offers a solution to the multiplicity of taxes break down, it concluded in the single tax. GST will reduce the tax evasion process. There is threat of inflation before GST rolled out. The government both central and state has to conduct awareness programmes and various literacy programmes about GST to its various stakeholders.

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