

The Effect of GST on Several Sectors of the Indian Economy

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Abstract: *GST is a synthesis of all indirect taxes in India, as well as a value added tax imposed on products and services by both the central and state governments. The largest tax overhaul in India will be launched and implemented on July 1, 2017. Thus, the goods and services tax (GST) was characterized as a consumption-based tax collected from manufacturers, sales, and consumption of products and services, which contributes to the country's transformation into a single integrated common market. Following its adoption, several ambiguous disputes about the goods and services tax (GST) arose. Secondary data for the study was gathered from periodicals, journals, articles, and other sources. This paper clarifies the concept of GST and explores its benefits in depth*

Keywords: GST

I. INTRODUCTION

Tax is derived from the Latin word "taxare," which meaning "to estimate." A tax is a levy levied by the government. Contribution is known by many different names, including (subsidy, custom, duty, impost, excise, tribute, supply), among others. The first well-known taxing system was introduced in Ancient Egypt (3000 BC- 2800 BC) in the empire of Pharaoh.

the previous realm, and revenue was collected from the people in the form of pharaoh at the time. In India, tax is currently collected in two forms: direct tax and indirect tax. The government collects direct taxes (income tax, corporate tax, and wealth tax) from taxpayers.

Indirect tax (goods and services) is not collected directly from the taxpayer, but rather through intermediaries such as retailers and the individuals or consumers who ultimately face the tax burden. The Goods and Services Tax is an indirect tax that covers all indirect state and federal taxes. GST is a single tax levied on a variety of goods and services. GST will encompass all CENVAT, central sales tax, state sales tax, octroi, and other taxes. GST was implemented in India on July 1, 2017 at the central hall of parliament.

II. LITERATURE REVIEW

Shetalidani et al (2016): in her study "impact of GST on Indian economy" main aim of her study was to understand why the GST rule may slow down the growth and development of Indian economy. She stated that India government should think before implementing GST by studying the failures which occurs in the countries previously implemented GST. Government should also protect the huge poor population from the probable inflation occurs due to implementation of GST.

Shakir et.al. (2015): study entitled "Does Goods and Services Tax (GST) Leads to Indian Economic Development?" aim of their study was to examine the concept and impact of Good and Service Tax on Indian economy and also its challenges. They concluded that slowly India should adopt worldwide standards related to taxation, corporate laws and managerial practices and try to be a leader in these specified fields. GST is not to be considered as a simple tax but it is an improvement over the previous disorganized indirect tax and VAT. A single rate should be applied to entire goods and services rather than giving special treatment to certain good and service.

Jadhav Bhika Lala et al (2017): in his paper "Impact of GST on Indian economy" discussed GST features and its effect on goods and services. Good and Service Tax is fundamentally restructured to simplify the indirect tax system in India.

Many changes occurred after the implementation of GST and also result in many benefits. He concluded GST play an energetic role for the growth and expansion of the country. So a well-planned process of GST is attractive for the existing multiple taxation system and government also promised GST will reduce compliance burden and there is no price variation between imported goods and Indian goods.

Milandeep Kaur et.al (2016): in their study "A Study on impact of GST after its implementation" focused on identifying the impact of GST after its implementation and also the benefits and challenges of GST. GST play a vital role in the growth and development of the country. Goods and Service Tax is a most significant tax reform in India. GST comprise of all indirect taxes which further helps in progress of economy and proves to be a favorable than the prevailing tax system.

Monika and Upasana et al (2015): their study "GST in India: A Key Tax Reform" focused on GST advantages and various challenges faced by India in implementation. They also stated that a user friendly and simple GST system is required for implementation. Successful Implementation of GST will result in higher output, increase employment opportunities and also helpful for fiscal policy management. An analytical research is needed in this field for resolving the interest of different stakeholders and to fulfill the obligation for a key reform in tax structure of India.

III. OBJECTIVE

1. Research the idea of the tax on goods and services in India.
2. To assess the impact of Goods and Services Tax on various sectors in India.

IV. GST

Many taxes are imposed from people in India, such as VAT, Excise duty, entertainment tax, luxury tax, and so on, which causes confusion among the people. Previously, India relied heavily on indirect taxes due to political pressure, the agricultural economy, low income levels, and a lack of infrastructure to identify personal income. The Indian government strives for various tax reforms from time to time in order to simplify things and intellectualize the indirect tax structure. According to entry list II of the seventh schedule of the constitution, the state government implemented VAT in 2005 in place of revenue taxes.

VAT was a welcome development; but, after a while, people discovered a flaw in the system by extracting VAT from both the central and state governments, and CENVAT also had the disadvantage of excluding some taxes such as VAT, ACD, surcharge, and so on.

It also ensures that a tax payer receives credit for taxes paid on inputs when discharging his output tax liability, thereby minimizing the downward trend in taxes and simplifying the tax structure at the state level. The complexity of taxes at the state and central levels has made indirect taxation more challenging in India. As a result, GST is implemented to address the issue of "tax on tax" and to simplify the tax structure.

The President and Prime Minister of India will announce the largest tax overhaul in India on July 1, 2017 in the central hall of Parliament. Minister and Minister of Finance GST in India is launched and introduced in front of the assembly and the president and prime minister. It would be a momentous time for India, governed by modern information. system (IT), as well as 1.25 crore. GST is a synthesis of all indirect taxes in India, as well as a value added tax imposed on products and services by both the central and state governments. This all-inclusive tax will be levied on value added throughout the process, from production to sale. Many countries use an integrated Goods and Services Tax, however some, such as the United Kingdom, do not.

As a result, both the federal and state governments are authorised to charge taxes on products and services at various levels, such as

From the point of manufacture to the point of consumption, products are manufactured. Credit for GST charged on inputs will be accessible at the time of release of GST liability on output, ensuring that GST will be charged on the components of production. It ensures that there is no 'tax on tax' in the country by adding value at every level. The implementation of the Goods and Services Tax will constitute a clear exodus from the legislatively envisioned framework of fiscal power allocation. The reasons for the implementation of GST are as follows: inconsistency in tax rates and tax systems across states, decreases in taxes and the

This led in an unnatural increase in the prices of products and services to the point where 'Taxation on taxation'. Its inclusion was also required due to the high sales tax and customs, which encourage cheating and smuggling. The implementation of GST in India is a chaotic development, similar to the implementation of VAT and encountering opposition at the start. People will have equal possibilities for development as a result of the implementation of GST. GST is applicable to the following items:

Mechanism of GST how to calculate

- GST covers 1,211 items on which tax rates are applied, a majority of which comes under the 18% slab. Goods and services have four tax slabs 5%, 12%, 18% and 28%. Number of items like gold and diamond has exclusive tax rates while a few has been exempted. With implementation of GST items became costlier and also cheaper.
- Ice cream
- Cheese Masala
- Sweets
- Packed curd and Paneer
- Economy class air travel
- Corn flakes
- Toothpaste
- Soap
- Packaged coffee & tea
- Atta (branded and packed)

V. ADVANTAGE OF GST IN INDIA

Various indirect taxes, such as CST, VAT Service tax, SAD, CAD, and excise, were replaced by GST. GST simplifies and transparentifies the tax structure, which helps to reduce unnecessary lawsuits.

By eliminating tax on tax, GST decreases the falling effect of taxes. GST has lowered the tax burden on the manufacturing sector. Because production costs are lower now, quality goods will be available at lower prices.

GST has aided the average man to some extent by lowering the pricing of previously expensive goods. GST also helps to create demand and increase consumption by delivering high-quality goods at reasonable costs. Increased demand also increases supply, which benefits producers.

In the long run, the Indian economy will improve, and black money circulation will decrease.

GST simplifies and simplifies the tax structure, resulting in increased foreign direct investment.

GST also raises the Indian government's revenue by an estimated \$15 billion and contributes to economic growth by creating jobs, increasing exports, building foreign revenue reserves, and so on.

Tax regulations are being made more consistent in order to increase tax assesses, and there is single point taxation for the provision of goods and services throughout India. It will be achievable thanks to GST.

VI. SECTOR-WISE IMPACT OF GST IN INDIA

1. E-commerce:

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2. Pharma:

In terms of the total impact of GST, the pharmaceutical and healthcare industries benefit the most. It will establish a standard of performance for generic medication manufacturers, promote medical tourism, and clarify the tax system. As

a result, a major concern for the pharmaceutical industry will be the pricing tax system. As a result, this industry anticipates tax relief, which will result in affordable healthcare services for all. The healthcare sector will continue to be free from GST, but all of its inputs will be taxed at an 18% rate, raising the healthcare sector's operating costs.

3. Textile:

As we all know, the textile sector in India employs a significant number of both skilled and unskilled individuals. It also contributes 10% of total exports and will continue to expand under GST. Because cotton and textiles formerly attracted zero central excise duty (optional), GST would have an impact on small and medium-sized businesses. The expected rate after GST is 15%, which will have a moderate impact on the industry. In comparison to the current taxing structure, the impact will be neutral or slightly negative. However, they will profit from lower shipping costs, savings, and so on.

4. Agriculture

Agriculture is the foundation of the Indian economy because it employs a huge portion of the people and contributes a significant portion of Indian GDP, accounting for 16% of total GDP.

The implementation of GST will address the agriculture sector's biggest concern, which is the transportation of agricultural products. Because it includes all types of taxes on agricultural product marketing, the implementation of the Goods and Services Tax is a step closer to creating a single national agricultural market.

The GST tax rate on seeds is zero, 12% on tractors, 5% on fertilisers, and 12% on fertilisers.

VII. CONCLUSION

The implementation of the Goods and Services Tax (GST) is one of the government's most significant statements.

The use of a goods and services tax in conjunction with an IT mechanism aids in the transparency of government revenue. It is expected that mischievous conduct related to theft will be eradicated with the implementation of GST, the benefit of which is shared by both the government and the consumer. The extra income that the government expects to generate will not come from consumers' pockets, but from reduced tax evasion. GST is our country's most significant step towards comprehensive indirect tax reform. The goods and services tax is equally applicable to all sectors of the economy, including business, government departments, industry, and the service sector. GST was developed to integrate state economies and boost general economic development. Changes to the goods and services tax (GST) rule, which is followed by 159 nations, will be challenging; confusion and difficulties are to be expected. Because of the multiple tax rates levied by the Centre and the states, GST is a widely recognised and respected scheme. Currently, India is comprised of twenty-nine small tax economies and seven union territories, each with its own set of taxes. However, while the structure is not flawless, it will result in India being a superior economy that is attractive to global investment. Someone who is interested in any type of business should register for goods and services tax (GST), which will not only benefit the Indian government but also the consumer.

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