

A Study on the Impact and Problems of GST on Various Products of the Indian Economy

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Abstract: *The Indian economy is a testament to rapid growth in a short period of time. Direct and indirect taxes are important sources of government revenue. Dr. Chairman of the 13th Finance Commission, Vijay Kelkar, said that India should create a reasonable, scientific and modern tax system suitable for developing countries to lay the foundation for the introduction of Goods and Services Tax (GST) in India. The tax structure is planned and used to promote the development of the country. A tax structure that is suitable for business and where tax evasion is not possible will lead to success for the country's economy. The Goods and Services Tax (GST) is a major and comprehensive direct tax reform since 1947. Replacing existing taxes such as VAT, excise tax, service tax and sales tax is the next strategy after GST. It will ban the production, sale and use of goods and services. GST is expected to lead to economic integration in the country by disrupting the existing tax structure. This article explains the background of the GST proposal, its objectives and the impact of GST on various sectors of the Indian economy. This article explains the various benefits and opportunities of GST in more detail. Finally, this article conducts experiments and draws some conclusions.*

Keywords: GST, indirect tax, fiscal federalism, tax reform

I. INTRODUCTION

The word "tax" derives from the Latin word "taxare"; This means that the government's estimate must contribute to the national income from the income of employees and economic benefits or contribute to the value of certain goods. services and intermediate goods. business. Taxes are inputs collected by law. Indian tax system consists of indirect tax and in direct tax. Goods and Services Tax (GST) is one of the most beneficial direct tax reforms. The only way to provide financing is through a tax on the public budget because they cannot be priced appropriately in the market. These are provided solely by the government and are financed by taxes.

The concept of goods and services tax relates to goods and services and is an additional tax levied on most goods in Canada. These taxes are collected to generate revenue for the state. Goods and Services Tax (GST) is a service to consumers, but it is collected by businesses selling goods and services and remitted to the government.

India is one of the 123 countries in the world that has adopted the VAT model. Center and state. GST in the country is a full indirect tax levied on the production, sale and consumption of goods and services. All direct taxes imposed on goods and services by the central and state governments of India under GST. Its purpose is widely used for most products and services. France became the first country in the world to impose a goods and services tax in 1954.

- The Bagchi Report of 1944 recommended the introduction of Value Added Tax (VAT), a tax on goods and services, in India.
- In 2000, the Vajpayee government started this. A discussion on GST was held by the Additional Services Committee under the leadership of West Bengal Finance Minister Asim Dasgupta, with the aim of creating a GST model and auditing IT backend information.
- India's Goods and Services Tax includes the integration of indirect tax, which was proposed to be strengthened by Vijay Kelkar in 2004.
- In late 2006, Union Finance Minister Shri P. Chidambaram supported the implementation of GST in his budget and further It is expected to be used on the previously planned date of April 1, 2010.
- The Constitution (122nd Amendment) Bill was introduced in Parliament in December 2014.
- On 6 May 2015, the Lok Sabha approved the postponement of the Revised Customs, Goods and Services Tax (GST)

Bill. was introduced along with a new framework that proactively takes into account the needs of the people.

- 2017 - GST Council finalizes GST rules and GST rates
- bill (Chapter 10 First Amendment) Bill, 2017 Modi government announces implementation Goods and Services Tax T axes, effective as of July 1, 2017,

New form of GST:

Implementation of VAT/GST Around 160 countries around the world have GST/VAT and there is no distinction between taxation of goods and services under the GST scheme. It defines the same tax rate for goods and services. India now plans to bring in 8 billion rupees to the government at tax rates of 5%, 12% and 18%. Tax rates are 5 percent, 12 percent, 18 percent and 28 percent; Lower prices on essential goods are taxed at four levels of GST and luxury goods are taxed at the highest rate determined by the powerful GST Council. Under the GST scheme, input tax (ITC) is levied irrespective of whether services are provided to individuals or goods. Goods and Services Tax (GST) has attracted the attention of the market and has become one of the most important issues considering its impact on companies' revenues. The government keeps the tax rate below 18% on many products.

Literature Review:

- Study of Goods and Services Tax in India discussed by Vasantha gopal (2011): A major step forward in direct taxation, The article focuses on the impact of Goods and Services Tax on various areas of the economy. . The article also stated that GST is a huge leap forward and a new impetus for India's economic transformation. The article concludes that the positive impact of different sectors depends on the fairness and appropriateness of GST.
- "Study on Impact of Implementation of Goods and Services Tax in India" by Pinki, Supriya Kamma and Richa Verma (June 2017) focuses on the implementation of goods and services tax in India and provides this understanding for a system and process. They concluded that organizations and consumers can help the government accelerate the development of the Indian economy by accepting new tax reforms
- Jaiprakash (2014) talked about the national level in his article on Central and GST in India. You need more help. Expanding and making more comprehensive tax credits and service tax credits should be provided to business, industry, agriculture and consumers through integration of many Taxes into GST and phase-out of GST. GST offers us the best option to expand the tax base and we need to seize this good opportunity and implement it when the situation is very good, and the economy is growing steadily with low inflation.

Research objectives:

1. Examine the meaning of Goods and Services Tax in the Indian context
2. Learn about the impact and challenges of GST on various aspects of the Indian economy.
3. Recommend measures to address adverse impacts on multiple stakeholders

Research Methods:

This research focuses on a comprehensive study of secondary data collected from various books, journals and government publications focusing on the subject of Supplies and Taxes.

Impact of Goods and Services Tax on various industries:

Goods and Services Tax has a positive impact on industries and various industries such as:

Impact on Product:

Use tax, service tax along with products and services and express customer commerce will really change. The food service industry accounts for 50% of the food and beverage industry and 30% of home and personal business. FMCG sector, also known as consumer packaged goods, is an important source of direct and indirect income in the industry. Tax differences affect a company's decision about where to produce a product and how to distribute it. Companies are looking for factories and warehouses where they can gain tax advantages. They have to pay taxes to move goods from warehouses to states. The FMCG industry will be affected by GST as the tax will affect the prices of companies.

Impact on workers and equity investment:

With the introduction of service tax under GST, the GST rate on financial services remained unchanged and was adjusted from 15% to 18%. For long-term investors, this will not be too much of a problem because the entire change consists of just 3 principles. For short-term investors, these 3 principles will revolutionize the business of mixing their money in the stock market. It is not yet known whether this will have an impact on business volume and revenue.

Part of the Cement Industry:

According to Angel Broking, the implementation of GST should be neutral for the cement industry. Previously, cement was taxed at 12.5 percent Special Consumption Tax and 12.5-15.5 percent VAT. Under GST, cement will be taxed at 28%, which is almost identical to the current tax structure.

Implications for the food industry:

Since food accounts for the majority of consumer spending for low-income families, any food tax is inherently regressive. Since the food industry and distribution are not well integrated in India, the food industry will face problems in the continuation of GST, which is kept low by many countries in the name of fairness and international justice. In countries such as Canada, the UK and Australia, the share of food in the consumer market is low and there is no food tax. In some countries, food is even taxed at a standard rate; When GST was implemented, this rate dropped to 3% in Singapore and Japan. Categorizing the level of food production globally does not have to be boring. Therefore, all food products in India should enjoy reduced or zero duty, regardless of the level of processing.

Impact on Information Technology Services:

GST rate for IT sector has not been decided yet. The combined GST rate of the goods in question is 27%. For the purposes of the GST regulation, software in electronic form will be treated as a service (intellectual property rights) if it is replaced by software in electronic form. If it is sent through social media or other tangible things, it should be considered goods. The cost will be reduced by simplifying the integration and single taxation of GST.

Part of Infrastructure Sector:

India's infrastructure mainly includes energy, roads, ports, railways and mining. Direct taxation systems are different, unique and a combination. Although the sector has different interests and concerns due to its importance within the National Front. While there are exemptions and national interests and development concerns, many taxes will be abolished and the tax base will be increased due to the impact of GST.

Impact on small businesses:

Small businesses are divided into three categories and the following are not required to register for excise tax. Initial and transitional losses can choose to pay tax on a transitional basis or opt for the GST regime. Those beyond the marginal limit should come under GST. This picture is somewhat complicated in the case of Central Goods and Services Tax, which is expected to increase compliance and also expand the tax base to 2% of GDP. Manufacturers and traders will have to pay less GST.

Impact on Telecom:

The industry is facing pressure from intense competition from Reliance Jio. Under the GST regime, mobile services will be taxed at 15%.

Impact on Automobiles and Auto Products:

As for the automobile industry, GST rates are expected to be moderate, except for competitive automobiles, which will be subject to 28% Taxation. There will be no significant change in the current tax structure for other vehicles. Tractor companies will face a bad situation as the tractor tax rate will increase from the current 6-7 percent to 12 percent.

Challenges of GST in Indian context:

GST is a very effective tax and has been implemented successfully. Similarly, there are some difficulties in implementi

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ng GST in India. Here are some points to keep in mind regarding GST

- Understanding GST provisions and its impact on business GST is still in a nascent stage and many people are still searching for where and where they should register.
- Many provisions of the GST are still unclear. The distribution of many goods and services remains uncertain. The current bill delaying the use of market protection and electronic tracking of shipments from state to state is unclear.
- Businesses have not yet developed accounting software and IT systems for new tax laws, creating GST invoices and is suing required information
- Employees have a say in the skills they have, good GST knowledge and training content Not easy. to call. This means businesses must send out a large number of returns, typically at least 37, and depending on the business model, returns can increase severalfold.

Research results:

1. GST will directly reduce the tax gap as there will be no hidden taxes and thus become transparent.
- It will eliminate trade barriers due to a tax such as Goods and Services Tax and help improve the country's economy.
 - This is an important step to promote Make in India and Digital India leaders

Recommendations:

- It is recommended that the government choose plans and policies in this area and actively use them to achieve results.
- GST group should net four-wheeler tax to prevent states from hiking rates.
- A suitable and efficient system for digitalization of the GST system should be developed and maintained.
- Special programs can be used to familiarize businesses and consumers with the operation of GST.

II. CONCLUSION

Tax plays an important role in business as it is a source of revenue and has a positive impact on employment and equality. Considering the income distribution problem, a good tax system should be based on this and try to generate tax revenue that will support the state's service, population and infrastructure revenues.

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