



“Effects of GST on Indian Economy”

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Abstract:

Goods and Services Tax is popularly known as GST. This is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage, be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. This research paper highlights the positive and negative impact of the GST in Indian Tax System. It is a modern tax reform which will conduct in growth and opportunities for businesses in India. It is a tax generator, which will lead to business transformation for the industry. It will have a long term impact on production time, supply chain, compliance, business average, compelling organizations to realign bottlenecks such as production cost, logistics etc. with change in indirect tax structure. Most countries have a unified GST system. However India is opted for a dual system prevalent in Brazil and Canada. Under this Model both the centre and states have the right to levy and collect tax on the sale of Goods and Service. It is a single tax on the supply of goods and services, right from the manufacturer to the consumer. GST will replace the current taxes such as excise and service tax and excise. It will bring uniform taxation system across the country. It will also allow for tax credit from the procurement of capital goods and inputs. It can later be set off against GST output tax liability. This reform gives equal footing to the big enterprises as well as SMEs. The main object of the concept of GST, its need, its impact i.e. both positive and negative impact on Indian Economy

Keywords: - GST, Effects, Need, Indian Economy,

Introduction:

India's alarming phenomenon in the new regime is Goods & Service Tax (“GST”). It is a modern tax reform which will conduct in growth and opportunities for businesses in India. It is a tax generator, which will lead to business transformation for the industry. There will be 3 types of GST: CGST- Collected by Centre, SGST- Collected by State, IGST- Applicable on inter-state sales. It will help in smooth transfer between states and the Centre. The Goods and Services Tax would be a very noteworthy step in the field of indirect tax reforms in India. From the consumer point of view, the biggest advantage would be in terms of reduction in the overall tax burden on goods and services. The prices of products and services would reduce, thus this system would prove to be beneficial for the people who are fed up of paying high prices. Last but not the least, this tax, because of its transparent character, would be easier to administer. However, once implemented, the system holds great promise in terms of sustaining growth for the Indian economy. Thus, the impact of GST on Indian Economy is going to be very significant.



Objective of the study:

- 1) To study the concept of GST and its related aspects.
- 2) To study the need of GST in Indian Scenario.
- 3) To point out positive and negative impact of GST model in Indian Economy.
- 4) To provide necessary suggestions for better implementation of GST in the context of Indian Economy.

Research Methodology:

The present research is Descriptive Research. For present research, data have been collected through secondary sources such as reference books, journals, articles published on internet websites etc.

Need of the study:

This study will elaborate the GST impact on various sectors of economy after its implementation, it will point out the gap between current indirect taxes and new tax system i.e. GST. Also the study will show positive and negative impact of GST after implementation. It will prove to be of great help to a common man to understand the concept the GST. In addition to that it will eradicate the unnecessary fear of GST from among the business community members.

Features of GST:

- 1) Goods and Service Tax is one indirect tax for the entire nation, it will make India "one unified common market".
- 2) There are four types of GST namely:
 - a) SGST – State GST, collected by the State Govt.
 - b) CGST – Central GST, collected by the Central Govt.
 - c) IGST – Integrated GST, collected by the Central Govt.
 - d) UTGST – Union Territory GST, collected by the Union Territory
- 3) It will replace multiple taxes like VAT, CST, Excise Duty, Entry Tax, Octroi, LBT, Luxury Tax ect.
- 4) Tax Payers with an aggregate turnover in a financial year up [Rs. 20 Lakhs & Rs. 10 Lakhs for North Eastern States and Special Category States] would be exempted from tax.
- 5) GST slabs are pegged at 5%, 12%, 18% & 28%.
- 6) Through GST the government receives more amount of Tax revenue which will be utilized for the services to the public
- 7) As there is more transparency in the system of GST and since it is a system of single taxation, the chances of corruption will be very low.
- 8) The main reason behind introducing GST is to improve the economy of the nation.
- 9) VAT rates and regulations differ from state to state. It is also seen that states often choose to slash these rates for attracting investors. This results in loss of revenue for both the Central as well as State government.