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GOODSAND SERVICE TAX: A STUDY OF IMPACT ON INDIAN ECONOMY AND COMMON MAN \* Shivam Agnihotri                                                                                          \*\* Vaishali Kajaria(M.

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, CA-Inter)                                               (M. Com.-Gold Medalist, CS- Executive) Mail Id: [email protected] ScholarsDept. of Accountancy & LawDayalbaghEducational Institute, Agra (India) ABSTRACTThe GST also Known as Goods and ServiceTax is said the biggest tax reform in indirect tax since 1947. However, theidea of GST in India was mooted by Vajpayee Govt.

in 2000. It was supposed toimplement from April 2010 by UPA Govt., but due to political issues it was notimplemented at that time. The GST is came into force from 1st July2017 and levied on manufacture, sale and consumption of goods and services inIndia. GST is designed to support and enhance the economic growth of India andmore than 150 countries have implemented GST so far. The Basic aim of GST is toavoid cascading effects of taxation and make single tax system for themanufacturing and selling of goods at the both central and state level in thecountry.

The GST is mainly implemented to remove all other indirect taxes likeVAT (Value Added Tax), Excise duty and Service tax. It is expected to reducecost of production and inflation in the economy, thereby making the Indiantrade and industry more competitive, domestic as well as internationally. GSTis also very much helpful for the consumers in the aspects for payment of taxesas all consumers or common man was paid separate tax at state level and centrallevel for goods and service purchased and consumed, now after GST there is onlyone tax is paid for goods and services consumed. This Paper is attempt to studypositive and negative impact of GST on Indian economy and common man throughvarious aspects. The present study is based on secondary data. The data isextracted from various sources such as research articles, working papers, magazines, annual publications and various authenticated websites. Key Words: Goodsand Service Tax, Indian Economy, Common man, Indirect tax system, Impact ofGST, Indirect tax reform, GST ratesINTRODUCTIONTaxation plays avery important role in economic development of country. A good tax systemshould keep in view issues of income distribution and, at the same time, alsogenerate tax revenues to support government expenditure on public services andinfrastructure development.

GST known as Goods and Service Tax levied by thegovernment to replace all indirect taxes and make uniform indirect tax system. In India, the idea of GST was contemplated in 2004 by the task force onimplementation of the Fiscal Responsibility and Budget Management Act 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GSTsystem shall be able to tax almost all the goods and services and the Indianeconomy shall be able to have wider market of tax base, improve revenuecollection through levying and collection of indirect tax and more pragmaticapproach of efficient resource allocation. Under the Goods and Service Taxsystem, every person is liable to pay tax on output and entitled to enjoycredit on input tax paid and tax is levied only on the amount of value added. GST is levied and collected at each stage of sale or purchase of goods orservices based on input tax credit method. Under this system, GST-registeredcommercial houses is entitled to claim credit of the tax as they paid onpurchase of goods and services as a part of their day to day businesses.

GSTremoves “ Tax on Tax Effect” and also prepared a common national market forGoods and Services under Single Umbrella Tax Rate which harmonized indirecttaxes being levied by Union and State Governments. The reference of GST was firstmade in the Indian Budget in 2006-07 by the then Finance Minister Mr. P. Chidambaram as a single centralized Indirect tax.

The Bill was introduced onDecember 19, 2014 and passed on May 6, 2015 in the Lok Sabha and Passed inRajya Sabha on 3rd August 2016. The GST was levied in India from 1stJuly 2017 on the place of all indirect taxes such as Excise Duty, Service Taxand Value Added tax etc. by Central and State Government separately. Most ofthe countries followed unified GST while some countries like Brazil, Canadafollow a dual GST system where tax is imposed by central as well as stategovernment both, similarly India GST mechanism is also followed dual GST system.

Under GST system goods and Services fall under five categories: 0%, 5%, 12%, 18% and 28% through comprehensive tax imposition system. The luxuries items arecome under the category of 28 % tax bracket and normally common use items arecome under the category of 5%, 12%, and 18% brackets and goods and serviceswhich are not taxable in nature as per provisions of GST is fall under thecategory of 0% tax bracket. The GST Council in its 23rd meeting on November 10, 2017recommended widespread changes in the Goods and Services Tax (GST).

The councilhas decided to keep the highest 28% tax on luxury and sinful items, as a result177 items has been shifted to the 18% bracket from 28% bracket. GST on manyitems has also been reduced in this meeting. For corporate, the eliminationof multiple taxes are improved the ease of doing business and from the commonman point of view, the biggest advantage would be in terms of a reduction inthe overall tax burden on goods, which was estimated to be around 25%-30%. REVIEW OF LITERATURE Ehtisham Ahmed and Satya Poddar (2009) havestudied, “ Goods and Service Tax Reforms and Inter-governmental Consideration inIndia” and found that GST introduction will provide  simple and transparent tax system withincrease in output and productivity of economy in India. But the benefits ofGST are critically dependent on rational design of GST. Dr. R.

Vasanthagopal (2011) hasstudied “ GST in India: A Big Leap inthe Indirect Taxation System” and concluded that switching to seamless GST fromcurrent complicated indirect tax system in India will be a positive step inbooming Indian economy. Success of GST will lead to its acceptance by more than150 countries in world and a new preferred form of indirect tax system in Asiaalso. Pinki, Supriya Kamma and Richa Verma (July 2014) have studied,” Goods and Service Tax- Panacea For Indirect Tax System in India” and concludedthat the new NDA government in India is positive towards implementation of GSTand it is beneficial for central government , state government and as well asfor consumers in long run if its implementation is backed by strong ITinfrastructure. Dr. Shakir Shaik, Dr. S. A.

Sameera andMr. Sk. C. Firoz (2015) have studied” Does Goods and Service Tax (GST) leads to Indian economic Development?” andfound that implementation of GST in the Indian framework will lead tocommercial benefits which were untouched by the VAT system and wouldessentially lead to economic development. Hence GST may usher in thepossibility of a collective gain for industry, trade, agriculture and commonconsumers as well as for the Central Government and the State Government. Monika Sehrawatand Upasana Dhanda (2015) have studied “ GST in India: AKey Tax Reform” and concluded that GST will give India a world class tax systemby grabbing different treatment to manufacturing and service sector. But allthis will be subject to its rational design and timely implementation. It will also lead tohigher output, more employment opportunities and flourish GDP by 1-1.

5%. Dr. Pradeep Chaurasia, Shweta SinghandPrakash Kumar Sen (2016) havestudied “ Role of Goods and Service Tax in the growth of Indian Economy” andconcluded that Overall GST is helpful for the development of Indian economy aswell it will be very much helpful in improving the gross domestic product ofthe country more than two percent. Now the government of India should takefinal step to pass the GST bill in parliament with removing all hurdles. Sankar R (2017) hasstudied the “ GDT: Impact and Implications on various Industries in Indianeconomy” and concluded that GST is very crucial tax reform since independenceof India, so it must be better handled with utmost care and analyzed wellbefore implementing it. And, both central and state governments have to conductawareness programs and various literacy programs about GST to its variousstakeholders.

Dr. Anita Modi (2017) has studied “ Impact of GST on CommonMan” and her study is concluded that GST will ensure a comprehensive tax basewith minimum exemptions, will help industry, which will be able to reapbenefits of common procedures and claim credit for taxes paid. GST, as pergovernment estimates, will boost India’s GDP by around 2 per cent. MOTIVATION TO THE STUDY (RESEARCHPROBLEM)Various studies have been carried on preimplementation era of GST in India. So, most of the studies are hypothetic innature. Now the GST is came into force since 1st July of 2017, sothis has enhance the curiosity to study the actual impact of GST on IndianEconomy as well common man, because both are directly or indirectly effectedwith each other.

So, researcher is intend to study about the actual concept, mechanismand impact of Goods and Service Tax. OBJECTIVES OF THE STUDYØ  ToStudy the concept of Goods and Service Tax. Ø  Tostudy the impact of Goods and Service Tax on various industrial sectors. Ø  ToStudy the impact of Goods and Service Tax on pricing of product and Common Man. Ø  ToStudy the impact of Goods and Service Tax on Indian Economy.

Ø  Tostudy the various advantages and challenges of Goods and Service Tax withspecial reference to Indian scenario. RESEARCH MEHODOLOGYThestudy in this research paper is based on secondary data which extracted fromvarious sources such as articles, research papers, international and nationalpublications, periodicals, newspapers, magazines,  govt. publications and authenticatedwebsites. As per the objectives of the study descriptive type research designis adopted to have more accuracy and rigorous analysis of research study. Theaccessible secondary data is intensively used for research study. The study isused the exploratory technique to find the objective of the study.