

Goods consumption of goods and services in india.

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GOODS AND SERVICE TAX: A STUDY OF IMPACT ON INDIAN ECONOMY AND
COMMON MAN * Shivam

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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

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and central level for goods and service purchased and consumed, now after GST there is only one tax is paid for goods and services consumed. This Paper is attempt to study positive and negative impact of GST on Indian economy and common man through various aspects. The present study is based on secondary data. The data is extracted from various sources such as research articles, working papers, magazines, annual publications and various authenticated websites. Key Words: Goods and Service Tax, Indian Economy, Common man, Indirect tax system, Impact of GST, Indirect tax reform, GST rates

INTRODUCTION Taxation plays a very important role in economic development of country. A good tax system should keep in view issues of income distribution and, at the same time, also generate tax revenues to support government expenditure on public services and infrastructure development.

GST known as Goods and Service Tax levied by the government 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 on implementation of the Fiscal Responsibility and Budget Management Act 2003, named Kelkar Committee. The Kelkar Committee was convinced that a dual GST system shall be able to tax almost all the goods and services and the Indian economy shall be able to have wider market of tax base, improve revenue collection through levying and collection of indirect tax and more pragmatic approach of efficient resource allocation. Under the Goods and Service Tax system, every person is liable to pay tax on output and entitled to enjoy credit 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 or services

based on input tax credit method. Under this system, GST-registered commercial houses is entitled to claim credit of the tax as they paid on purchase of goods and services as a part of their day to day businesses.

GST removes “ Tax on Tax Effect” and also prepared a common national market for Goods and Services under Single Umbrella Tax Rate which harmonized indirect taxes being levied by Union and State Governments. The reference of GST was first made 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 on December 19, 2014 and passed on May 6, 2015 in the Lok Sabha and Passed in Rajya Sabha on 3rd August 2016. The GST was levied in India from 1st July 2017 on the place of all indirect taxes such as Excise Duty, Service Tax and Value Added tax etc. by Central and State Government separately. Most of the countries followed unified GST while some countries like Brazil, Canada follow a dual GST system where tax is imposed by central as well as state government 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 are come under the category of 28 % tax bracket and normally common use items are come under the category of 5%, 12%, and 18% brackets and goods and services which are not taxable in nature as per provisions of GST is fall under the category of 0% tax bracket. The GST

Council in its 23rd meeting on November 10, 2017 recommended widespread changes in the Goods and Services Tax (GST).

The council has decided to keep the highest 28% tax on luxury and sinful items, as a result 177 items have been shifted to the 18% bracket from 28% bracket. GST on many items has also been reduced in this meeting. For corporate, the elimination of multiple taxes has improved the ease of doing business and from the common man point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which was estimated to be around 25%-30%. REVIEW OF LITERATURE Ehtisham Ahmed and Satya Poddar (2009) have studied, "Goods and Service Tax Reforms and Inter-governmental Consideration in India" and found that GST introduction will provide a simple and transparent tax system with an increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST. Dr. R.

Vasanthagopal (2011) has studied "GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from the current complicated indirect tax system in India will be a positive step in the booming Indian economy. Success of GST will lead to its acceptance by more than 150 countries in the world and a new preferred form of indirect tax system in Asia also. Pinki, Supriya Kamma and Richa Verma (July 2014) have studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state

government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure. Dr. Shakir Shaik, Dr. S. A.

Sameera and Mr. Sk. C. Firoz (2015) have studied "Does Goods and Service Tax (GST) leads to Indian economic Development?" and found that implementation of GST in the Indian framework will lead to commercial benefits which were untouched by the VAT system and would essentially lead to economic development. Hence GST may usher in the possibility of a collective gain for industry, trade, agriculture and common consumers as well as for the Central Government and the State Government. Monika Sehrawat and Upasana Dhanda (2015) have studied "GST in India: A Key Tax Reform" and concluded that GST will give India a world class tax system by giving different treatment to manufacturing and service sector. But all this will be subject to its rational design and timely implementation. It will also lead to higher output, more employment opportunities and flourish GDP by 1-1.5%.

Dr. Pradeep Chaurasia, Shweta Singh and Prakash Kumar Sen (2016) have studied "Role of Goods and Service Tax in the growth of Indian Economy" and concluded that Overall GST is helpful for the development of Indian economy as well it will be very much helpful in improving the gross domestic product of the country more than two percent. Now the government of India should take final step to pass the GST bill in parliament with removing all hurdles. Sankar R (2017) has studied the "GDT: Impact and Implications on various Industries in Indian economy" and concluded that GST is very crucial tax reform since independence of India, so it must be better

handled with utmost care and analyzed well before implementing it. And, both central and state governments have to conduct awareness programs and various literacy programs about GST to its various stakeholders.

Dr. Anita Modi (2017) has studied “ Impact of GST on Common Man” and her study is concluded that GST will ensure a comprehensive tax base with minimum exemptions, will help industry, which will be able to reap benefits of common procedures and claim credit for taxes paid. GST, as per government estimates, will boost India’s GDP by around 2 per cent. MOTIVATION TO THE STUDY (RESEARCH PROBLEM) Various studies have been carried on preimplementation era of GST in India. So, most of the studies are hypothetical in nature. Now the GST is came into force since 1st July of 2017, so this has enhance the curiosity to study the actual impact of GST on Indian Economy as well common man, because both are directly or indirectly effected with each other.

So, researcher is intend to study about the actual concept, mechanism and impact of Goods and Service Tax. OBJECTIVES OF THE STUDY

- Ø To Study the concept of Goods and Service Tax.
- Ø To study the impact of Goods and Service Tax on various industrial sectors.
- Ø To Study the impact of Goods and Service Tax on pricing of product and Common Man.
- Ø To Study the impact of Goods and Service Tax on Indian Economy.

Ø To study the various advantages and challenges of Goods and Service Tax with special reference to Indian scenario. RESEARCH METHODOLOGY The study in this research paper is based on secondary data which extracted from various sources such as articles, research papers, international and

national publications, periodicals, newspapers, magazines, govt. publications and authenticated websites. As per the objectives of the study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. The accessible secondary data is intensively used for research study. The study is used the exploratory technique to find the objective of the study.