



## AN IMPACT OF GOODS AND SERVICE TAX (GST) ON INDIAN ECONOMY

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### ABSTRACT

However, there is a huge hue and cry against its implementation. It would be interesting to understand why this proposed GST regime may hamper the growth and development of the country.

**KEYWORDS:** Goods and service tax; Indian economy.

### INTRODUCTION:

The Goods and Services Tax (GST) is a vast concept that simplifies the giant tax structure by supporting and enhancing the economic growth of a country. GST is a comprehensive tax levy on manufacturing, sale and consumption of goods and services at a national level [1]. GST will be an indirect tax at all the stages of production to bring about uniformity in the system.

On bringing GST into practice, there would be amalgamation of Central and State taxes into a single tax payment. It would also enhance the position of India in both, domestic as well as international market. At the consumer level, GST would reduce the overall tax burden, which is currently estimated at 25-30%.

### Why no to GST?

However, the question is: is the picture as rosy as it is portrayed?

Wall Street firm Goldman Sachs, in a note 'India: Q and A on GST — Growth Impact Could Be Muted', has put out estimates that show that the Modi Government's model for the Goods and Services Tax (GST) will not raise growth, will push up consumer prices inflation and may not result in increased tax revenue collections.

There appears to be certain loopholes in the proposed GST tax regime which may be detrimental in delivering the desired results. They are:

India has adopted dual GST instead of national GST. It has made the entire structure of GST fairly complicated in India. The centre will have to coordinate with 29 states and 7 union territories to implement such tax regime. Such regime is likely to create economic as well as political issues. The states are likely to lose the say in determining rates once GST is

implemented. The sharing of revenues between the states and the centre is still a matter of contention with no consensus arrived regarding revenue neutral rate.

Electricity is essential for the growth and development of India. If electricity is included under standard or luxury goods in future then it would badly affect the development of India. It is said that GST would impact negatively on the real estate market. It would add up to 8% to the cost of new homes and reduce demand by about 12%.

#### **Awareness of Implementation of Goods and Services Tax (GST) :-**

GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading.

#### **The Effect of the GST on Indian Growth :-**

The GST bill will unify at least ten types of indirect taxes into one tax to be collected at the

#### **AN EXPLORATORY STUDY ON EVOLUTION IMPLEMENTATION OF GST IN INDIA :-**

A brief description of the historical scenario of Indian taxation and its tax structure. Then why there is a need for the change in tax structure from traditional system to GST model. Goods and service tax is a new story of VAT which gives a

#### **GOODS AND SERVICE TAX (GST) IN INDIA AND ITS IMPACT ON INDIAN ECONOMY :-**

The impact of Goods and Services Tax (GST) on Indian Economy. GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. The Government GST regime seeks to replace excise duty.

#### **Goods and Service Tax (GST) and its outcome in India :-**

The present research paper is an attempt to study the concept of Goods and Service tax over the current taxation system in India. India is a federal country where Indirect Tax is levied by Federal and State Government.

#### **The Proposed GST (Goods and Services Tax) and Indian Economy :-**

The GST (GOODS AND SERVICES TAX) is defined as the vast indirect tax structure which is a game changer of the Indian economy. GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of

#### **GST: Positive and Negative Effects on Common Man in India :-**

The Goods and Services Tax is considered as a biggest tax reform since 1947. It seeks to stream line the taxation system so that there is a single tax paid for supply of goods and services. The bill will replace nearly 15 states and federal taxes which is in line with the If an authorized official provides evidence that the services/supplies are being purchased by a provincial or territorial department or entity, you do not charge the GST/HST on taxable services/supplies of property and services made to certain governments (including all their

**GST rollout, a revolutionary step towards strengthening economy of India :-**

The roll out of GST will be a revolutionary step in seventy years of independence in the field of indirect taxation reform in India. By amalgamating a large number of Central and state taxes into a single entity, it will mitigate the cascading or double taxation effect.

**CONCLUSION :-**

The proposed GST regime is a half-hearted attempt to rationalize indirect tax structure. More than 150 countries have implemented GST. The government of India should study the GST regime set up by various countries and also their fallouts before implementing it. At the same time, the government should make an attempt to insulate the vast poor population of India against the likely inflation due to implementation of GST. No doubt, GST will simplify existing indirect tax system and will help to remove inefficiencies created by the existing current heterogeneous taxation system only if there is a clear consensus over issues of threshold limit, revenue rate, and inclusion of petroleum products, electricity, liquor and real estate. Until the consensus is reached, the government should resist from implementing such regime.

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