

Impact of GST On Indian Economy

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Abstract : Every economy depends on its fiscal policy and momentary policy to regulate its public finance. Goods and Services Taxes is the most effective tax reborn in global scenario. In 20th century, it attracts both developed and developing economy. It influences the taxation system to introduce uniform tax or a single tax to be paid for supply of goods and services. At present 160 plus countries introduced and followed with compliance of law to make a remarkable economic growth. In this context, India took a bold decision and implemented Goods and Services Tax Act 2017. For this purpose 101st Amendment was made in the constitution and incorporate new Articles required to enact GST Law and the president ascent was received. Here an attempt is made to study the concept of GST benefits and impact on Indian Economy.

I. Introduction:

As we know that GST was first introduced by France in 1954 and now more than 160 countries following the same. An effective taxation policy draws an important role on the economy of a country. Initially, the concept of single tax system on sales and services was introduced in European countries and later this tax system is reformed as GST. It is a comprehensive tax system and that will merge almost all the indirect taxes of states and central governments. In India, this concept was promoted by Shri. A.B.Vajapayee, NDA Govt. by making announcement to constitution of India with the consent of president of India and the bill passed in both the houses. Ultimately, Govt. of India forced to introduce GST on 1st July 2017. It is the most significant tax reform since independence. It contributes a major shock to revenue and stimulate doing business in India with standard liberty. The Govt. should take necessary steps to plug the loop holes in the system and encourage tax payers to make prompt payment of tax.

Concept of GST :

GST is a comprehensive tax regime imposed on manufacture, sales, consumption of goods and services with single tax rate from both goods and services. It would be based on the principle of destination based consumption taxation or against the present principle of origin based taxation. It would be dual GST with the centre and the states simultaneously levying it on a common base. The GST to be levied by the centre called central Goods and Service Tax (CGST) and to be levied by the state be called State GST and Union Territory GST without legislature would levy Union Territory GST (UTGST). An integrated GST (IGST) would be levied on interstate supply as well as imported goods and services in addition to the applicable customs duties including education cess. GST subsumes (merges) the following Central and State Tax laws.

Central Indirect Taxes		State Indirect Taxes	
1.	Central excise duty	1.	Value added tax (VAT)
2.	Additional excise duty	2.	Central sales tax (CST)
3.	Excise duties levied under medical and toilet preparatory	3.	Entertainment tax collected by local Govt.
4.	Service tax	4.	Octroi duty
5.	Countervailing duty	5.	Entry tax
6.	Special additional duty	6.	Purchase tax
7.	Additional customs duty	7.	Luxury tax
8.	Central surcharges	8.	Lottery tax, betting & gambling tax
9.	Central cesses	9.	State cess.

Timelines of implement of GST in India :

- Constitution (101st Amendment) Act, 2016 was passed on 08-09-2016.
- Govt. of India selected and decided, 16th Sept 2016 as the date on which the provision of the constitution Act shall come into force; and with one year deadline existing provision will continue till 15th Sept 2017.
- Section 12 of the Act (GST council provisions) was made effective by Govt. of India on 12th Sept 2016.
- First GST council met on 22nd Sept 2016.

- Finally through constitution (101st Amendment) Act, 2016 introduced a national Goods and Services Tax in India with effect from 1st July 2017.

Objective of the Study:

- To study the concept of GST.
- To study how GST is important for the growth of Indian economy.
- To examine of GST.
- To furnish some records for further research on GST.

Impact of GST on Indian Economy :

India is projected to play an important role in the world economy in the year to come. The implementation of GST creates economic progress not only within the country, but also within the neighboring countries and developed economies of the world.

- Removal and bundled indirect taxes such as VAT, CST, Service Tax, CAD, SAD and Excise.
- Less tax compliance and a simplified tax policy compressed to existing tax structure.
- Removal of cascading effect of taxes (tax or tax removal or avoid double taxation)
- Increased demand and consumption of goods.
- Boost Indian economy in the long run.
- More transparency in the system as the customers will know exactly how much taxes they are being charged and on what base.
- In addition to the above GST influence on economic sector, manufacturing sector, information and technology, enables services, impact on textiles, small enterprises, FMCG sector.

II. Conclusion :

Finally we can conclude that GST will reduce the double taxation effect of present system. It reduces complexities in business as it merges almost all the indirect taxes to be imposed in states and central. This implementation leads to commercial benefit, employment opportunities and economic development by means of GDP. In addition to this, programs to be conducted to provide more awareness of tax payment, educative programs and workshops to taxpayers by the Govt. institutions and resourceful persons.

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